

MEETING DATE: November 17, 2004

SUBJECT: Purchase Of Steel Wheels

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various steel wheels to the following companies for the period from December 2004 to December 2007:

- TSS, Inc. for \$4,850,000 including applicable taxes.
- Penn Machine Company for \$474,000 including applicable taxes.
- CAF Components Div. – C/O JLB International for \$106,000 including applicable taxes.

FUNDING

Sufficient funds have been included in the 2004 TTC Operating Budget and will be included in future TTC Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject steel wheels are used for the Commission's subway, streetcar and ICTS vehicles. Staff has estimated that over the three year period, these 4 part types will be required to support maintenance needs.

DISCUSSION

Proposals were invited from twelve known companies coupled with an advertisement on the TTC internet website on July 2, 2004. Five companies submitted proposals as summarised in Appendix 'A'.

The proposal called for 5 pre-approved part types. Proponents were also advised that alternatives would not be considered during the evaluation. A total of 4 parts types are being recommended for award. The 1 part type that was not recommended was not priced by any of the proponents. Staff will investigate this part and it may subsequently be the subject of a future proposal.

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TSS, Inc. (TSS) submitted prices on 2 part types and has the lowest price on these 2 part types. They are recommended for the award of a contract in the upset limit amount for \$4,850,000.

Penn Machine Company (Penn) submitted prices on 2 part types and has the lowest price on 1 part type. They are recommended for the award of a contract in the upset limit amount of \$474,000.

CAF Components Div. – C/O JLB International (CAF) submitted prices on 2 part types and has the lowest price on 1 part type. They are recommended for the award of a contract in the upset limit amount of \$106,000.

Noram Rail Inc. (Noram) submitted prices on 3 part types and had the lowest price on 1 part type (item 3). Their proposal included a qualification indicating that 1 part type could be supplied only in the event of receiving an order for another part type. If Noram were to be awarded both part types, the total award would be approximately \$58,700 higher, hence Noram will not be considered further based on their conditional offer.

Valdunes submitted prices on 3 part types and were the lowest on one part type. However, their proposal included an exception indicating their prices are subject to adjustment based on “raw material cost adjustment” at time of shipment. As a result, their submission was considered non-compliant as the proposal requested firm prices, hence, they were not considered further for this requirement.

Each contract included approximately 20% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contracts during the contract term.

The pricing for the new three-year inventory supply contracts are approximately 1% higher in the first year of the contract. The pricing will remain the same in years two and three.

JUSTIFICATION

These steel wheels are required in order to support subway, streetcar and ICTS vehicle maintenance needs.

November 2, 2004

9-118-63

Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF STEEL WHEELS

COST SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITEMS RECOMMENDED	RECOMMENDED UPSET LIMIT AMOUNT
CAF-C/O JLB International Inc.	2	\$3,893,114.55	1	\$ 106,000.00
Penn Machine Company	2	\$2,641,803.00	1	\$ 474,000.00
TSS, Inc.	2	\$4,041,387.50	2	\$4,850,000.00
Noram Rail Inc.	3	\$4,321,297.50	--	--
Valdunes *	3	\$3,216,730.78	--	--

* Non-compliant