

Meeting Date: December 16, 2005

Subject: Purchase Of Adhesive Parts

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various adhesive parts to the following companies for the period from January 2006 to January 2009:

- British Auto Supply for \$358,400 including applicable taxes.
- Reliable Bearing Company Limited for \$281,000 including applicable taxes.
- Hansler Smith Limited for \$97,400 including applicable taxes.
- Dominion Sure Seal for \$72,000 including applicable taxes.
- Wolseley Industrial Products Group for \$71,000 including applicable taxes.
- Commercial Solutions Incorporated for \$64,400 including applicable taxes.
- Exceltec Incorporated for \$6,000 including applicable taxes.

FUNDING

Sufficient funds are included in the proposed 2006 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject adhesive parts are used for varying maintenance needs that require adhesion. Several examples include fastener thread locking compound, gasket maker and axle sealant.

DISCUSSION

Proposals were invited from twenty-nine known companies coupled with an advertisement on the TTC internet website on September 21, 2005. Nine companies submitted proposals and four companies identified that they were unable to quote as summarized in Appendix 'A'.

The proposal called for 77 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 67 part types are being recommended for award. The 10 part types that are not being recommended for award are comprised of 9 part types which had identified excessive price increases and 1 part type that will require technical review by staff. Staff will investigate these parts and they may subsequently be the subject of a future proposal.

British Auto Supply submitted prices on 44 part types and has the lowest compliant price on 27 part types. Of these part types, 1 part type was deemed to have a pricing error as the reduction in price seemed excessive when compared to the previous price paid and was not considered further. Staff recommend awarding this part type to Wolseley Industrial Products Group who were the next lowest proponent for this part type. Therefore, British Auto Supply is recommended to be awarded an upset limit contract for \$358,400 for 26 part types.

Reliable Bearing Company Limited submitted prices on 35 part types and has the lowest compliant price on 3 part types. They are recommended to be awarded an upset limit contract for \$281,000 for these 3 part types.

Hansler Smith Limited submitted prices on 44 part types and has the lowest compliant price on 12 part types. They are recommended to be awarded an upset limit contract for \$97,400 for these 12 part types.

Dominion Sure Seal submitted prices on 5 part types and has the lowest compliant price on all 5 part types. They are recommended to be awarded an upset limit contract for \$72,000 for 5 part types.

Wolseley Industrial Products Group submitted prices on 77 part types and has the lowest compliant price on 20 part types. Of these part types, 9 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$71,000 for 11 part types.

Commercial Solutions Incorporated submitted prices on 53 part types and has the lowest compliant price on 9 part types. Their submission included incomplete pricing on 2 part types (i.e. did not provide pricing for the second or third year). These were among the non-compliant part types that were not included in the evaluation. Further, their submission contained a discrepancy in the pricing of 2 part types whereby the written submitted price did not match their submitted electronic spreadsheet. Staff's evaluation was based on the

hard copy as identified in the proposal document conditions. They are recommended to be awarded an upset limit contract for \$64,400 for 9 part types.

Exceltec Incorporated submitted prices on 1 part type and has the lowest compliant price on this 1 part type. They are recommended to be awarded an upset limit contract for \$6,000 for the 1 part type.

Paisley Products of Canada submitted prices on 26 part types however their proposal was based on alternatives thereby rendering their proposal as non-compliant, hence it was not considered further.

ND Products Limited submitted prices on 1 part type however their proposal did not include the required lead time thereby rendering their proposal as non-compliant, hence it was not considered further.

Guillevin International, Milrail Incorporated, MacDermid Paper Converters and Lube Support Incorporated were unable to quote.

Each contract includes 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 21% lower in the first year of the contract. The pricing will be approximately 3% higher in year two based on year one pricing and approximately 3% higher in year three based on year two pricing.

JUSTIFICATION

These adhesive parts are required in order to support varying maintenance needs.

November 25, 2005
9-118-55
Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF ADHESIVE PARTS

COST SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITEMS RECOMMENDED
British Auto Supply	44	\$565,894.26	26
Reliable Bearing Company Limited	35	\$637,176.52	3
Hansler Smith Limited	44	\$613,607.04	12
Dominion Sure Seal	5	\$59,804.78	5
Wolseley Industrial Products Group	77	\$1,301,685.09	11
Commercial Solutions Incorporated	53	\$788,037.06	9
Exceltec Incorporated	1	\$4,877.44	1
Paisley Products of Canada	26	--	0
ND Products Limited	1	--	0
Guillevin International	0	--	0
Milrail Incorporated	0	--	0
MacDermid Paper Converters	0	--	0
Lube Support Incorporated	0	--	0