

MEETING DATE: SEPTEMBER 21, 2005

SUBJECT: Purchase Of Electronic Parts

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various electronic parts to the following companies for the period from September 2005 to September 2008:

- Newark In One for \$1,053,000 including applicable taxes.
- CEA Telecom Incorporated for \$798,000 including applicable taxes.
- Wesco Distribution Canada LP for \$526,000 including applicable taxes.
- Intrepid Distributors for \$356,000 including applicable taxes.
- Richardson Electronics Canada Limited for \$11,000 including applicable taxes.

FUNDING

Sufficient funds are available in the 2005 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 electronic parts are used for varying maintenance needs throughout the Commission. Several examples include integrated circuits, resistors and micro-switches.

DISCUSSION

Proposals were invited from eighteen known companies coupled with an advertisement on the TTC internet website on July 22, 2005. Eight companies submitted proposals.

The proposal called for 302 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 268 part types are being recommended for award. The 34 part types that are not being recommended for award are comprised of 25 part types where no pricing was received. Staff will investigate these parts and they may subsequently be the subject of a future tender. Also, there were 7 part types which had identified excessive price increases and 2 part types that will be re-categorized by staff.

During evaluation of the eight proposals received, three companies submitted commercially non-compliant proposals.

Electro-Sonic's submission did not include required lead times, thereby rendering their proposal as incomplete and was not considered further.

Electric Depot's submission did not include required lead times, thereby rendering their proposal as incomplete and was not considered further.

Digi-Key's submission noted pricing that was valid to July 28, 2005, thereby rendering their proposal as non-compliant and was not considered further.

The remaining five proposals were evaluated and will be receiving contracts as discussed below and as summarized in Appendix 'A'.

Newark In One submitted prices on 193 part types and has the lowest compliant price on 137 part types. Their offer included qualifications regarding minimum orders and packaging for 34 part types within the 137. These were reviewed by staff and deemed as acceptable. Their proposal also included pricing for 17 part types that were alternatives and were not considered further for these parts. They are recommended to be awarded an upset limit contract for \$1,053,000 for these 137 part types.

CEA Telecom Incorporated submitted prices on 187 part types and has the lowest compliant price on 65 part types. They are recommended to be awarded an upset limit contract for \$798,000 for these 65 part types.

Wesco Distribution Canada LP submitted prices on 28 part types and has the lowest compliant price on 19 part types. They are recommended to be awarded an upset limit contract for \$526,000 for these 19 part types.

Intrepid Distributors submitted prices on 187 part types and has the lowest compliant price on 45 part types. They are recommended to be awarded an upset limit contract for \$356,000 for these 45 part types.

Richardson Electronics Canada Limited submitted prices on 15 part types and has the lowest compliant price on 2 part types. They are recommended to be awarded an upset limit contract for \$11,000 for these 2 part types.

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 2% higher in the first year of the contract based on current pricing. The pricing will be approximately 3% higher in year two based on year one pricing and approximately 2% higher in year three based on year two pricing.

JUSTIFICATION

These electronic parts are required in order to support varying electronic maintenance needs throughout the Commission.

September 6, 2005

9-118-55
Attachment

APPENDIX 'A'

PURCHASE OF ELECTRONIC PARTS

COST SUMMARY

Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Recommended Upset Limit Amount
Newark In One	193	\$1,633,528.17	137	\$ 1,053,000
CEA Telecom Incorporated	187	\$1,591,853.84	65	\$ 798,000
Wesco Distribution Canada LP	28	\$534,553.43	19	\$ 526,000
Intrepid Distributors	187	\$13,623,333.04	45	\$ 356,000
Richardson Electronics Canada Limited	15	\$270,899.92	2	\$ 11,000
* Electro-Sonic	158	\$1,119,632.46	--	--
*Electric Depot	14	\$30,107.44	--	--
*Digi-Key	55	\$135,647.67	--	--

*The submissions were non-compliant