

MEETING DATE: APRIL 19, 2006

SUBJECT: Purchase Of Abrasives

RECOMMENDATION

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

- Wolseley Industrial Products Group for \$293,000 including applicable taxes;
- Hansler Smith Limited for \$210,900 including applicable taxes;
- Spectrum Abrasives for \$174,000 including applicable taxes;
- Canadian Motivel Incorporated for \$5,400 including applicable taxes;
- Colville Fasteners Limited for \$3,500 including applicable taxes;
- Barnes Distribution for \$2,300 including applicable taxes;
- Commercial Solutions Incorporated for \$1,300 including applicable taxes.

FUNDING

Sufficient funds to cover these items have been included in the 2006 TTC Operating Budget and will be included in future budgets as required. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject abrasives are used for varying bus, streetcar and subway car maintenance needs. Several examples include sand paper, sanding discs, grinding and cutting wheels.

DISCUSSION

Proposals were invited from twenty-eight known companies coupled with an advertisement on the TTC internet website on November 29, 2005. Fourteen companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 117 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 111 part types are being recommended for award. The 6 part types that are not being recommended for award are comprised of 5 part types where no pricing

was received and 1 part type that had pricing deemed too excessive for acceptance. Staff will investigate these parts and will try other sources of supply for these items.

Pneutool Parts & Service submitted prices on 41 part types and has the lowest price on 1 part type. However, the total three year value is approximately \$9 which is too low to justify the cost of administering a contract. As a result, staff recommend the award of this part type to the next lowest proponent - Wolseley Industrial Products Group.

Hansler Smith Limited submitted prices on 74 part types and has the lowest price on 24 part types. However 1 part type's pricing was determined to be significantly lower in price when compared to previous pricing and other proponents' pricing thereby rendering this as an obvious error. As a result, staff recommends the award of this part type to the next lowest proponent - Wolseley Industrial Products Group. Therefore, Hansler Smith is recommended to be awarded an upset limit contract for \$210,900 for 23 part types.

Wolseley Industrial Products Group submitted prices on 107 part types and has the lowest price on 33 part types. They are also being recommended for the award of 1 part type deselected from Hansler Smith Limited and 1 part type deselected from Pneutool Parts & Service. Further, their proposal contained pricing for 1 part type that was deemed excessive by staff and that part type was not considered further. Therefore, Wolseley is recommended to be awarded an upset limit contract for \$293,000 for 34 part types.

Spectrum Abrasives submitted prices on 69 part types and has the lowest price on 37 part types. Their proposal included an exception to 1 part type regarding a sizing change. This exception is deemed acceptable by staff. They are recommended to be awarded an upset limit contract for \$174,000 for 37 part types.

Canadian Motivel Incorporated submitted prices on 23 part types and has the lowest price on 5 part types. However, 1 part type's pricing was determined to be significantly lower in price when compared to previous pricing and other proponents' pricing thereby rendering this as an obvious error. As a result, staff recommend the award of this part type to the next lowest proponent – Commercial Solutions Incorporated. Therefore, Canadian Motivel is recommended to be awarded an upset limit contract for \$5,400 for 4 part types.

Commercial Solutions Incorporated submitted prices on 58 part types and has the lowest price on 2 part types. They are also being recommended for the award of 1 part type deselected from Canadian Motivel Incorporated. Therefore, they are recommended to be awarded an upset limit contract for \$1,300 for 3 part types.

Colville Fasteners Limited submitted prices on 28 part types and has the lowest price on 9 part types. They are recommended to be awarded an upset limit contract for \$3,500 for 9 part types.

Barnes Distribution submitted prices on 67 part types and has the lowest price on 2 part types. Of these 2 part types, 1 part type's pricing was based on an alternative rendering that part type as non-compliant and was not considered further. Therefore, they are recommended to be awarded an upset limit contract for \$2,300 for 1 part type.

Praxair submitted prices on 17 part types, however they are not the lowest price on any of those part types.

Gard-X Automotive submitted prices on 31 part types, however their proposal did not contain the required three-year pricing thereby rendering their proposal as non-compliant and was not considered further.

Micronex Incorporated submitted prices on 110 part types, however their proposal was incomplete as it did not contain the required lead times thereby rendering their proposal as non-compliant and was not considered further.

Kwik-Way Canada submitted prices on 5 part types, however their proposal was incomplete as it did not contain the required lead times thereby rendering their proposal as non-compliant and was not considered further.

Modern Track Machinery submitted prices on 1 part type, however their proposal was incomplete as it did not contain the required lead time thereby rendering their proposal as non-compliant and was not considered further.

Windsor Factory Supply submitted prices on 107 part types, however their proposal did not contain firm pricing thereby rendering their proposal as non-compliant and was not considered further.

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 16% lower in the first year of the contract. The pricing will be approximately 2% higher in year two based on year one pricing and approximately 3% higher in year three based on year two pricing.

JUSTIFICATION

These abrasives are required in order to support varying bus, streetcar and subway car maintenance needs.

March 29, 2006
9-118-55
Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF ABRASIVES

PROPOSAL SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITEMS RECOMMENDED	RECOMMENDED UPSET LIMIT AMOUNT
Wolseley Industrial Products Group	107	\$972,483.77	34	\$293,000.00
Hansler Smith Limited	74	\$478,286.74	23	\$210,900.00
Spectrum Abrasives	69	\$673,294.16	37	\$174,000.00
Canadian Motivel Incorporated	23	\$212,693.68	4	\$ 5,400.00
Colville Fasteners Limited	28	\$240,959.74	9	\$ 3,500.00
Barnes Distribution	67	\$731,031.33	1	\$ 2,300.00
Commercial Solutions Incorporated	58	\$329,769.76	3	\$ 1,300.00
Pneutool Parts & Service	41	\$330,025.64		
Praxair	17	\$238,531.17		
Gard-X Automotive*	31	\$528,194.67		
Micronex Incorporated*	110	\$704,944.49		
Kwik-Way Canada*	5	\$996,785.49		
Modern Track Machinery*	1	\$62,790.00		
Windsor Factory Supply**	107	\$643,696.25		

* Submitted incomplete proposal rendering their submission non-compliant.

** Submitted proposal without firm pricing rendering their submission non-compliant.