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Form Revised: September 1999

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: JANUARY 25, 2006

SUBJECT: Purchase Of Weatherhead Parts

RECOMMENDATION

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

- New Flyer Industries Limited for \$226,000 including applicable taxes.
- Drive Products for \$223,000 including applicable taxes.
- Motion Industries (Canada) Incorporated for \$70,200 including applicable taxes.
- MCI Service Parts Company for \$50,300 including applicable taxes.
- DJ Industrial Sales and MFG. Incorporated for \$14,200 including applicable taxes.
- Multi Tech Fluid Power Incorporated for \$500 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 weatherhead parts are used for varying hose and fitting maintenance needs on the Commission's buses. Several examples include inserts, couplings and tubing.

DISCUSSION

Proposals were invited from sixteen known companies coupled with an advertisement on the TTC internet website on September 8, 2005. Ten companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 167 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 166 part types are being recommended for award. The 1 part type that is not being recommended for award is the result of receiving an excessive price increase. Staff will investigate this part and it may be the subject of a future Request for Proposal.

Except where noted, the proponents did not state any exceptions or qualifications in their proposals.

New Flyer Industries Limited submitted prices on 134 part types and has the lowest compliant price on 26 part types. They are recommended to be awarded an upset limit contract for \$226,000 for these 26 part types.

Drive Products submitted prices on 166 part types and has the lowest compliant price on 84 part types. On 3 of these part types they were tied for the lowest price with MCI Service Parts Company on 1 part type, DJ Industrial Sales and MFG Incorporated on another part type and Multi Tech Fluid Power Incorporated on a third part type. Drive Products are being recommended as they have offered a shorter lead time for all three parts. Within the 84 part types, 1 part type was deselected as pricing was deemed excessively high when compared to the previous purchase. Therefore Drive Products are recommended to be awarded an upset limit contract for \$223,000 for these 83 part types.

Motion Industries (Canada) Incorporated submitted prices on 153 part types and has the lowest compliant price on 8 part types. They are recommended to be awarded an upset limit contract for \$70,200 for these 8 part types.

Kinecor Incorporated submitted prices on 154 part types and has the lowest compliant price on 1 part type. However, the difference between their three-year total and the next lowest proponent – MCI Service Parts Company – is approximately \$20. On this basis, staff recommend deselecting this part type and awarding it to MCI Service Parts Company since the cost to administer this contract would exceed the \$20 therefore, they are not recommended for award of any part types.

MCI Service Parts Company submitted prices on 91 part types and has the lowest compliant price on 44 part types. Of these 44 part types, they are tied for the lowest price on 1 part type with Drive Products. This part was deselected and recommended for award to Drive Products based on a shorter lead time. Further, another part type where MCI are the second lowest proponent was deselected from Kinecor Incorporated as noted above and included in this award recommendation. MCI are recommended to be awarded an upset limit contract for \$50,300 for 44 part types.

DJ Industrial Sales and MFG. Incorporated submitted prices on 128 part types and has the lowest compliant price on 3 part types. Of these 3 part types, they are tied for the lowest price on 1 part type with Drive Products. This part was deselected and recommended for award to Drive Products based on a shorter lead time therefore DJ Industrial Sales and MFG. Incorporated are recommended to be awarded an upset limit contract for \$14,200 for 2 part types.

Multi Tech Fluid Power Incorporated submitted prices on 156 part types and has the lowest compliant price on 4 part types. Of these 4 part types, they are tied for the lowest price on 1 part type with Drive Products. This part was deselected and recommended for award to Drive Products based on a shorter lead time therefore Multi Tech Fluid Power Incorporated are recommended to be awarded an upset limit contract for \$500 for 3 part types.

Berco Automotive Supply Limited and British Auto Supply submitted proposals however neither company has the lowest prices on any part types.

Industrial Hose and Hydraulics submitted prices on 136 part types but their pricing was based on alternatives rendering their proposal as non-compliant and unacceptable.

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 32% lower in the first year of the contract. The pricing will be approximately 1% higher in year two compared to year one pricing and approximately 2% higher in year three compared to year two pricing.

JUSTIFICATION

These weatherhead parts are required in order to support bus fitting and hose maintenance needs.

January 4, 2005

9-123-55

Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF WEATHERHEAD PARTS

<u>Proponent</u>	<u>No. of Items Priced</u>	<u>Amount Proposed</u>	<u>No. of Items Recommended</u>
New Flyer Industries Limited	134	\$520,431.48	26
Drive Products	166	\$639,144.61	83
Motion Industries (Canada) Incorporated	153	\$724,107.57	8
MCI Service Parts Company	91	\$125,771.98	44
DJ Industrial Sales and MFG. Incorporated	128	\$632,154.12	2
Multi Tech Fluid Power Incorporated	156	\$799,402.87	3
Kinecor Incorporated	154	\$713,884.01	-
Berco Automotive Supply Limited	154	\$767,976.11	-
British Auto Supply	152	\$739,144.22	-
Industrial Hose and Hydraulics *	136	\$382,248.71	-

* Pricing submitted was based on alternatives rendering the submission non-compliant.