

MEETING DATE: JUNE 21, 2006

SUBJECT: Purchase Of Ford Parts

RECOMMENDATION

It is recommended that the Commission authorize the following for inventory:

1. Additional funds for the purchase order with Thorncrest Sherway Incorporated for \$158,000 resulting in a revised upset limit of \$1,108,000.
2. The award of an inventory supply contract for the supply of various Ford parts to Donway Ford Sales Limited for \$286,000, including applicable taxes, for the period following Commission approval to April 2008:

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

Over the past few years, staff has undertaken measures to use multiple year inventory supply contracts. These contracts allow the Commission the opportunity for improved pricing and committed vendor lead-time. During the course of these contracts, new parts are identified which necessitates the need to have them added to existing contracts. To accomplish this, staff issues proposals and subsequently recommend awarding accordingly.

The subject Ford parts are used for varying ELF Wheel-Trans bus maintenance needs. Several examples include wiper motors, driver seat bases and engine modules.

At its meeting of May 11, 2005, the Commission approved the award of three-year inventory supply contracts for various Ford parts for the period from May 2005 to April 2008 for 297 part types to:

- Thorncrest Sherway Incorporated for \$950,000 including applicable taxes.
- Yorkdale Ford Lincoln Sales for \$82,000 including applicable taxes.

Subsequent to those awards, 70 additional part types were identified as candidates to be added to the existing contracts.

DISCUSSION

Proposals were invited from nine known companies coupled with an advertisement on the TTC internet website on March 16, 2006. Two companies submitted proposals as summarized in Appendix 'A'. The remaining seven companies did not submit proposals because they felt they would not be competitive, could not provide firm pricing or did not have enough time to respond.

The proposal called for 70 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 69 part types are being recommended for award. The 1 part type that is not being recommended for award was removed during the evaluation as it was determined that that part type is obsolete.

Thorncrest Sherway Incorporated submitted prices on 69 part types and has the lowest compliant price on 2 part types. They are recommended to be awarded these 2 part types totalling \$158,000 resulting in a revised upset limit contract for \$1,108,000.

Donway Ford Sales Limited submitted prices on 69 part types and has the lowest compliant price on 67 part types. They are recommended to be awarded an upset limit contract for \$286,000 for 67 part types.

Each contract includes approximately 15% 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 amended and new inventory supply contracts are approximately 1% lower in the first year of the contract. The pricing will be approximately 2% higher in year two based on year one pricing.

JUSTIFICATION

These various Ford parts are required in order to support varying Wheel-Trans bus maintenance needs.

June 1, 2006
9-118-55
Attachment - Appendix 'A'

PURCHASE OF FORD PARTS

APPENDIX 'A'

PROPOSAL SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITE RECOMMEN
Thorncrest Sherway Incorporated *	69	\$413,215.75	2
Donway Ford Sales Limited	69	\$385,137.37	67

*** The value in the Recommended Upset Limited Amount column is the additional funds being recommended for the existing contract.**