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Form Revised: September 1999

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: MARCH 22, 2006

SUBJECT: Purchase Of Ingersoll-Rand Parts

RECOMMENDATION

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

- Ingersoll-Rand Canada Incorporated for \$1,550,000 including applicable taxes.
- MCI Service Parts Company for \$555,000 including applicable taxes.
- Neopart for \$71,000 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 Ingersoll-Rand parts are used for bus starter and subway car compressor maintenance needs. Several examples include air starter control valves, drain compressor traps and air starter cylinders.

DISCUSSION

Proposals were invited from thirteen known companies coupled with an advertisement on the TTC internet website on October 13, 2005. Seven companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 112 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 98 part types are being recommended for award. The 14 part types that are not being recommended for award are comprised of 10 part types that have been deemed obsolete by the manufacturer. Staff will investigate these parts and based on the outcome, they may be a part of a subsequent proposal. There are 3 part types where no pricing was received. Staff will investigate these parts and will try other sources of supply for these items. Finally there is 1 part type whereby staff recommend that it not be awarded to the lowest compliant proponent as the total three year value is approximately \$50 which would not warrant the issuance of a separate long term contract.

Ingersoll-Rand Canada Incorporated submitted prices on 98 part types and has the lowest price on 62 part types. Staff identified what appeared an obvious error in pricing on 1 part type and contacted Ingersoll-Rand Canada Incorporated who confirmed that they had indeed made an error in their pricing. In view of this significant and obvious error, staff did not consider this item further and recommended award of this part type to MCI Service Parts Company. Further, their proposal contained an exception regarding 20 part types. These changes were merely administrative with no change to fit, form or function. Therefore, they are recommended to be awarded an upset limit contract for \$1,550,000 for 61 part types.

MCI Service Parts Company submitted prices on 36 part types and has the lowest price on 30 part types. They are also the lowest compliant proponent on the 1 part type that was deselected from Ingersoll-Rand Canada Inc. Therefore, they are recommended to be awarded an upset limit contract for \$555,000 for 31 part types.

Neopart submitted prices on 37 part types and has the lowest price on 6 part types. They are recommended to be awarded an upset limit contract for \$71,000 for these 6 part types.

North American Transit Supply Company submitted prices on 37 part types and has the lowest price on 1 part type. However, the total three year value is approximately \$50 which would not warrant the issuance of a separate contract hence this part was not considered further. Staff will address the replenishment need of this part outside of a long term contract.

Elreg Distribution Ltd. submitted prices on 34 part types and was the apparent lowest proponent on 20 part types. They were not offering Ingersoll-Rand parts but rather alternatives therefore rendering their proposal as non compliant and they were not considered further.

Gillig Corporation submitted prices on 36 part types. Their proposal contained an exception stating that their warranty did not include liability to damages that may occur to Commission vehicles from any part found defective that they supplied on this contract. Staff determined this exception to be unacceptable thereby rendering their proposal as non compliant and they were not considered further.

New Flyer Industries Limited submitted prices on 98 part types, however they are not the lowest price on any of those 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 4% lower in the first year of the contract. The pricing will be approximately 1% higher in year two based on year one pricing and approximately 1% higher in year three based on year two pricing.

JUSTIFICATION

These Ingersoll-Rand parts are required in order to support varying bus starter and subway car compressor maintenance needs.

February 23, 2006
9-118-55
Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF INGERSOLL-RAND PARTS

COST SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF I RECOMM
Ingersoll-Rand Canada Incorporated	98	\$2,282,740.10	61
MCI Service Parts Company	36	\$ 514,761.61	31
Neopart	37	\$ 595,395.78	6
North American Transit Supply Company *	37	\$ 630,208.51	--
Elreg Distribution Ltd. **	34	\$ 515,352.77	--
Gillig Corporation ***	36	\$ 572,126.36	--
New Flyer Industries Limited ****	98	\$2,346,305.54	--

* The total three year value is approximately \$50 which would not warrant the issuance of a separate long term contract.

** Not offering Ingersoll-Rand parts but rather alternatives, therefore rendering their proposal as non-compliant.

*** Stated exception was deemed unacceptable.

**** Did not have the lowest price on any of the part types quoted.