
**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: April 18, 2007

SUBJECT: PROCUREMENT AUTHORIZATION – Supply Of Bearings And Seals

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of bearings and seals to the following companies in the upset limit amounts indicated (including applicable taxes) for the period from May 2007 to April 2010.

- Canadian Bearings Limited for \$3,950,000;
- Reliable Bearings Company Limited for \$2,608,000;
- Motion Industries (Canada) Incorporated for \$549,000;
- ZF Friedrichshafen AF for €18,000 (EURO) or \$334,000 (CAD);
- British Auto Supply Company Limited for \$294,000;
- DaimlerChrysler Commercial Buses North America Limited for \$293,000;
- Fort Garry Industries Limited for \$235,000;
- Elreg Distributors Limited for \$75,000;
- Mohawk Manufacturing & Supply Company for \$33,000.

FUNDING

Sufficient funds are available in the 2007 TTC Operating Budget and will be included in future Operating Budgets as required. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject bearings and seals are used to the Commission's revenue and non-revenue vehicle fleet and RSEM maintenance. Several examples of parts are bearings for subway safety gearboxes and bearings for ALRV axles, transmission seals for service vehicles and turnstile bearings.

DISCUSSION

Proposals were invited from 29 known companies coupled with an advertisement on the TTC internet website on January 5, 2007. Thirteen companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 306 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 275 part types are being recommended for award.

Unless otherwise stated below, the bidders did not state any exceptions or qualifications and are considered compliant.

Canadian Bearings Limited submitted prices on 54 part types and has the lowest compliant price on 9 part types. They are recommended to be awarded an upset limit contract for \$3,950,000 for the 9 part types.

Reliable Bearing Company submitted prices on 226 part types and has the lowest compliant price on 71 part types. They are recommended to be awarded an upset limit contract for \$2,608,000 for the 71 part types.

Motion Industries Canada Incorporated submitted prices on 228 part types and has the lowest compliant price on 49 part types. They are recommended to be awarded an upset limit contract for \$549,000 for the 49 part types.

ZF Friedrichshafen AF submitted prices on 2 part types and has the lowest compliant price on 1 part type. ZF Friedrichshafen AF's tender was in EURO funds and was converted to Canadian Funds at the February 2007, Bank of Canada exchange rate of 1.5315 for comparison purposes only. Prices quotes are F.O.B. Friedrichshafen, Denmark. A premium of approximately 5% was also factored into their unit price to cover freight costs. They are recommended to be awarded an upset limit contract for €218,000 (EURO), \$334,000 (CAD) for the 1 part type.

British Auto Supply Company limited submitted prices on 135 part types and has the lowest compliant price on 101 part types. They are recommended to be awarded an upset limit contract for \$294,000 for the 101 part types.

DaimlerChrysler Commercial Buses North America Limited submitted prices on 73 part types and has the lowest compliant price on 21 part types. They are recommended to be awarded an upset limit contract for \$293,000 for the 21 part types.

Fort Gary Industries Limited submitted prices on 111 part types and has the lowest compliant price on 18 part types. They are recommended to be awarded an upset limit contract for \$235,000 for the 18 part types.

Elreg Distributors Limited submitted prices on 13 part types and was the lowest compliant price on 2 part types. They are recommended to be awarded an upset limit contract for \$75,000 for the 2 part types.

Mohawk Manufacturing and Supply Company submitted prices on 44 part types and was the lowest compliant price on 3 part types. They are recommended to be awarded an upset limit contract for \$33,000 for the 3 part types.

Kinecor LP submitted prices on 41 part types and was the lowest compliant price on any part type. They are not recommended for award of any part type.

Koyo Canada Limited submitted prices on 4 part types; however, they did not submit a signed addendum as required in the tender. Therefore, their submission was considered commercially non-compliant and was not considered further.

Toronto Bearings & Belting Limited submitted prices on 261 part types; however, they did not submit a

signed addendum as required in the tender. Therefore, their submission was considered commercially non-compliant and was not considered further.

Brecon Automotive Supply Limited submitted prices on 95 part types; however, they did not submit a signed addendum as required in the tender. Therefore, their submission was considered commercially non-compliant and was not considered further.

During the evaluation of this proposal, 4 part types were removed because they were identified by staff as original equipment manufacturer parts and will be the subject of a new Request for Proposal. Twenty-seven part types were not quoted on by any potential tenderers. Staff will investigate these part types and may subsequently address these part types on a future proposal.

The pricing for the new three-year inventory supply contracts are approximately 0.4% higher in the first year of the contract. The pricing will be approximately 3% higher in year two compared to year one pricing and approximately 3% higher in year three compared to year two pricing.

The recommended upset limits include a contingency of approximately 20% to cover variances between forecasted and actual usage over the contract period and new parts not yet identified which may be added during the contract term.

JUSTIFICATION

These bearings and seals are required in order to support revenue and non-revenue vehicle fleet and RSEM maintenance.

April 4, 2007
9-121-63
- Appendix 'A'

APPENDIX "A"
SUPPLY OF BEARINGS AND SEALS

PROPOSAL SUMMARY

Proponents	No. of Items Priced	Total Tendered Amount	No. of Items Recommended	Recommended Upset Limit
CANADIAN BEARINGS LTD.	54	\$ 3,291,540.45	9	\$ 3,950,000.00
RELIABLE BEARING COMPANY LTD.	226	\$ 2,173,218.83	71	\$ 2,608,000.00
MOTION INDUSTRIES CANADA INC.	228	\$ 459,693.14	49	\$ 549,000.00
ZF FRIEDRICHSHAFEN AF	2	\$ 278,005.63	1	\$ 334,000.00
BRITISH AUTO SUPPLY COMPANY LTD.	135	\$ 244,935.66	101	\$ 294,000.00
DAIMLERCHRYSLER COMMERCIAL BUSES NORTH AMERICA LTD.	73	\$ 244,547.43	21	\$ 293,000.00
FORT GARRY INDUSTRIES	111	\$ 195,533.71	18	\$ 235,000.00
ELREG DISTRIBUTORS LTD.	13	\$ 62,618.83	2	\$ 75,000.00
MOHAWK MFG. & SUPPLY COMPANY	44	\$ 27,379.84	3	\$ 33,000.00
KINECOR LP	41	\$ 6,366,006.60	0	\$ -