

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: DECEMBER 6, 2007

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF PANDROL
PARTS

RECOMMENDATION

It is recommended that the Commission authorize the awarding of a three-year inventory supply contract for the supply of Pandrol parts for the period April 2008 to April 2011 to Pandrol Canada Limited for an upset limit of \$2,925,000 including applicable taxes.

FUNDING

Sufficient funds are available in the 2008 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 parts are used to maintain the Commission's rail car vehicles and surface and subway track maintenance. Several examples include clips for rail and kits for streetcar air dryers.

DISCUSSION

Pandrol Canada Limited was invited to submit a proposal on September 14, 2007 on the basis of single source as they are the only approved supplier of the subject parts.

The proposal called for pricing on 57 pre-approved part types. Pandrol Canada Limited submitted prices on 50 part types, of which 49 are being recommended for award. Pandrol Canada Limited were unable to quote on 7 part types because pricing was not available, and 1 part type was removed from the list because staff determined that this part type would not be required for the next few years. Their total proposed amount is \$2,436,837.19.

This contract includes approximately 20% contingency for variance between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

The pricing received for the new three-year inventory supply contract is approximately 17.28% higher in the first year of the contract compared to current pricing. There will be approximately a 3.94% increase in year two based on year one prices and approximately a 4.04% increase in year three based on year two prices. Staff contacted Pandrol to negotiate further reductions and as a result Pandrol Canada Limited was able to reduce prices resulting in a 16.17% increase during the first year of the contract and a 3.66% increase in year two based on year one prices and approximately 4.15% increase in year three based on year two prices. Staff will continue to negotiate pricing in an attempt to obtain further reductions.

Pandrol Canada Limited is recommended to be awarded a contract for an upset limit amount of \$2,925,000.

JUSTIFICATION

These Pandrol parts are required in order to support the Commission's rail vehicles and track maintenance needs.

November 14, 2007
9-118-63