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**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: February 27, 2007

SUBJECT: Procurement Authorization - Supply Of Miscellaneous Hardware And Building Products

RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order for the supply of miscellaneous hardware and building products to Rona Ontario Inc. in the upset limit of \$1,293,000 for a three year period from April 1, 2007 to March 31, 2010.

FUNDING

Sufficient funds are included in the 2007 TTC Operating Budget and will be included in future Operating Budgets as required.

BACKGROUND

The Commission currently has six one year contracts for the supply of miscellaneous hardware and building products which will all expire on March 31, 2007. These contracts cover miscellaneous hardware and various building products (e.g. drywall, adhesives, ladders, nails, paint, insulation and cement, etc). A new contract is required to cover on-going maintenance requirements.

A Request for Proposal (RFP) was issued on July 14, 2006 and sixteen companies were invited to submit proposals in addition to a public advertisement on the TTC Web Site. Bids were received from two companies and both were considered commercially non-compliant for various reasons, such as: pricing submitted for only a one year period instead of the mandatory three year period; did not submit percentage mark-up for non-shopping basket items, etc. Based on the number of issues identified, the RFP was cancelled and staff revised the RFP based on feedback from the industry.

DISCUSSION

Seventeen companies were invited to submit proposals in addition to the public advertisement on the TTC Web Site on December 13, 2006, out of which two companies submitted proposals as summarized on the attached Appendix 'A'.

The Request for Proposal (RFP) included two Shopping Baskets: Shopping Basket A consisted of 423 Miscellaneous Hardware items and Shopping Basket B consisted of 148 Building Products items, which together represent approximately 75% of the anticipated expenditure. The remaining 25% of expenditures will consist of Non-Shopping Basket items. The RFP was issued based on a one year term with options for the award of a second and third year at the Commission's sole discretion.

Proponents were requested to submit firm pricing for year one for either one or both of the Shopping Baskets and to submit their percentage mark-up on cost for Non-Shopping Basket items. Proponents were also required to submit pricing on a minimum of 80% of the items in a Shopping Basket (either one or both) in order to be considered for the respective Shopping Baskets. In addition, proponents were requested to submit percentage increases/decreases to their year one pricing for Shopping Baskets A and B for optional years two and three.

The RFP indicated the Commission reserves the right to award one contract for both Shopping Baskets to one Company or separate contracts for each shopping basket to two companies.

Rona Ontario Inc. (Rona) submitted the lower overall evaluated priced proposal. They submitted pricing on 397 or 94% of the items of Shopping Basket A and 143 or 97% of the items of Shopping Basket B and provided the mark-up on their cost for Non-Shopping Basket items. They submitted the optional pricing with no increase in year 2 over their year one pricing and a 5% increase in year 3 over their year 2 pricing. Rona's past performance for a similar contract was satisfactory.

Rona has not taken any exceptions or qualifications to the Commission's Terms and Conditions and their proposal is considered commercially and technically acceptable. Since Rona's pricing for optional years two and three is considered acceptable, they are recommended for the award of a three year contract for the supply of both miscellaneous hardware and building products.

New Canadians Lumber (New Canadian) submitted the higher overall evaluated priced proposal. They submitted pricing on all of the items listed in Shopping Basket A and 143 or 97% of the Shopping Basket B items and provided the mark-up for the Non-Shopping Basket items. They did not provide the optional pricing for years 2 and 3. They have not taken any exceptions or qualifications to the Commission's Terms and Conditions and their proposal is considered commercially and technically acceptable for a one year contract period.

A price comparison between Rona's proposed pricing for the Shopping Baskets and the pricing under the current contracts revealed a price reduction of approximately 22%.

The recommended upset limit amount includes a 20% allowance to cover variation in usage over the three year contract term.

JUSTIFICATION

Award of a contract will ensure the uninterrupted supply of miscellaneous hardware and building products for the Commission's on-going maintenance requirements for a three year period.

February 12, 2007

9-118-67

- Appendix - 'A'

Appendix 'A'

SUPPLY OF MISCELLANEOUS HARDWARE & BUILDING PRODUCTS

PROPOSAL SUMMARY

	Based on Similar Items Bid by Both Companies		Based on All I
	Rona Ontario Inc.	New Canadians Lumber	Rona Ontario
1 YEAR EVALUATED TOTAL	\$353,257.21	\$414,031.24	\$353,576.9
3 YEAR EVALUATED TOTAL	\$1,077,434.50	**	\$1,078,409.8

* Recommended for award.

** New Canadians bid on year one only and did not price optional years two and three