

TORONTO TRANSIT COMMISSION

REPORT NO.

MEETING DATE: June 13, 2007

SUBJECT: Supply Of Lumber Procurement Authorization

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RECOMMENDATION

It is recommended that the Commission approve the issuance of purchase orders for the supply of lumber for a three year term, from July 1, 2007 to June 30, 2010 as follows:

- To Hanford Lumber Limited (Hanford), in the upset limit amount of \$480,000, including taxes for the Supply of Plywood; and
- To Weston Forest Products Inc. (Weston), in the upset limit amount of \$260,000, including taxes for the Supply of Miscellaneous Hardwoods and Softwoods.

FUNDING

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

BACKGROUND

The current contract for the supply of lumber is based on firm pricing for year one and the ability to negotiate pricing for years two and three, and was awarded to Weston Forest Products (Weston) on the basis of the only compliant bid. In an attempt to generate competition for the Commission's Request For Proposal (RFP), staff met with all known lumber suppliers to review the Commission's lumber requirement.

The companies advised that they could supply all the lumber requirements, but that due to the fluctuating price of lumber, firm pricing may not be available. Staff also contacted the City of Toronto's Purchasing Department and learned that they had a similar contract with Hanford Lumber Ltd. (Hanford) for the supply of lumber that included firm pricing. Due to the nature of this contract, firm pricing is required and since at least two companies indicated they could provide this, the RFP was issued requesting firm pricing.

DISCUSSION

A Request for Proposal (RFP) was issued to twenty-one known suppliers in addition to a public advertisement on the Commission's web-site on March 26, 2007, out of which two companies submitted Proposals, as summarized in the attached Appendix 'A'.

The lumber requirement has been divided into two Price Schedules; Price Schedule A - for the supply of plywood sheets, and Price Schedule B - for the supply of hardwoods, softwoods and miscellaneous products. For each group, proponents were required to submit firm pricing for each year of the contract. Proponents were given the option of providing pricing on either or both product groups. The Commission reserved the right to award a single contract to one proponent for the

supply of both product groups or to award two separate contracts to two proponents for a period up to three years at its sole discretion.

In order to be considered acceptable, proponents were required to submit firm unit prices on a minimum of 90% of the items in Price Schedule A, which must represent approximately 90% of the estimated value of Price Schedule A and on a minimum of 80% of the items in Price Schedule B, which must represent approximately 80% of the estimated value of Price Schedule B.

The items listed in both Price Schedule A and B represent approximately 95% of the total requirements in each category. For items that are not included in either Price Schedule, proponents were requested to submit a firm cost plus factor that is applied to their invoiced cost from their supplier. Should the proponent not be able to submit a cost plus factor, contract pricing will be based on successful negotiations between the contractor and TTC's Contract Administrator at the time of an actual order and should an agreeable price not be reached, the TTC reserves the right to purchase the item(s) from another company.

Proponents were also required to provide the following services: next business day delivery directly to 10 separate work locations, customized invoices and packing slips, technical support and the supply of custom reports.

Both proponents submitted firm pricing for all three years of the contract and bid on all of the items requested in both Price Schedules. Both proponents submitted proposals that were commercially and technically acceptable. No exceptions or qualifications to the Commission's terms and conditions were taken by either of the proponents.

Hanford submitted the lower total proposal price for the items in Price Schedule A, and a higher total proposal pricing than the second bidder (Weston) for the items in Price Schedule B. They did not submit a cost plus factor, which is acceptable.

As Hanford has not performed work for the Commission in the past, staff performed reference checks and found that Hanford's performance was acceptable. In addition, staff visited Hanford's facilities and determined that Hanford demonstrated the capacity to perform the required work. On this basis, staff recommend award of a contract to Hanford for Price Schedule A - plywood sheets.

Weston submitted a higher total proposal price than Hanford for the items in Price Schedule A, and the lower total proposal pricing for the items in Price Schedule B. Their submission included a cost plus factor.

Weston is the current contractor for the supply of all types of lumber and their performance is satisfactory. Weston is recommended for award of Price Schedule B - hardwood, softwood and miscellaneous lumber.

Staff conducted a price comparison which revealed that the first year pricing submitted by both companies is approximately 17% less than the current contract pricing with Weston. The prices for both years two and three are the same as year one.

The recommended upset limit amounts include an allowance of approximately 20% to allow for the purchase of items not in the Price Schedules and the addition of new requirements and fluctuations in usage over the three year term of the contracts.

JUSTIFICATION

Award of the contracts will ensure the uninterrupted supply of lumber for the Commission's on-going vehicle and facilities maintenance requirements for a three year period.

May 25, 2007

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Attachment - Appendix 'A'

APPENDIX “A”

SUPPLY OF LUMBER

PROPOSAL SUMMARY

3 YEAR TOTAL EVALUATED PRICES

	Hanford Lumber Limited	Weston Forest Products Inc
Plywood	\$478,684.25*	\$504,537.36
Miscellaneous Hardwoods and Softwoods	\$309,188.93	\$254,048.59*

* Recommended for Award.

