

Procurement Authorization - Supply Of Various Fasteners

Meeting Date: April 23, 2008

Subject: Procurement Authorization - Supply Of Various Fasteners

Action Item: X

Recommendation

It is recommended that the Commission authorize the award of five year inventory supply contracts for the supply of various fasteners for the period of April 2008 to April 2013 to the following:

- Colville Fasteners Limited for three categories of fasteners:
- \$1,615,000 including applicable taxes for various screws.
- \$214,000 including applicable taxes for various bolts.
- \$125,000 including applicable taxes for various rivets.
- Barnes Group Incorporated for \$33,000 including applicable taxes for various pins.

Funding

Sufficient funds have been included 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 fasteners are widely used throughout the Commission for a vast array of maintenance needs.

Discussion

A proposal was invited from fifteen known companies coupled with an advertisement on the TTC internet website on July 17, 2007. Six companies submitted proposals as summarized in Appendix 'A'.

The proposal was issued for an 11 week period closing on October 1, 2007, and called for a grand total of 1,268 pre-approved part types of which 1,005 part types are being recommended for award with the groups below.

The part types were categorized into 6 groups as follows:

- Screws – a quantity of 845 part types
- Bolts – a quantity of 98 part types
- Rivets – a quantity of 21 part types
- Pins – a quantity of 54 part types
- Washers – a quantity of 110 part types
- Nuts – a quantity of 140 part types

The intent of the proposal was for the Commission to award a contract(s) for the supply of these six groups for up to a 5 year period. The proponents were given two options:

The first option allowed them to submit firm unit prices for each year of the contract(s) for up to a 5 year term.

The second option allowed them to submit unit prices that were firm for the first year of the contract(s), and thereafter, the unit prices will be subject to adjustment at 6 month intervals based on published indices for material and labour for the duration of the contract(s). There were no submissions received for this option.

Further, proponents were advised that the listing of part types within each group would be awarded as a group, and the part types within one group would not be disseminated. In order to qualify for award of a complete group, the proponents were required to submit pricing for at least 95% of the part types, totalling at least 95% of the value of the part types in that respective group.

The proponents were also advised alternatives would not be considered during the evaluation.

The following 4 groups are being recommended for award:

1. Screws

Colville Fasteners Limited submitted prices on 840 of the 845 part types in the screws group (approximately 99%) and was the lowest proponent for this group. They are recommended for the award of an upset limit contract for \$1,615,000 for the screws.

Barnes Group Incorporated submitted prices on 422 of the 845 part types in the screws group (approximately 50%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

Fastenal Canada submitted prices on 69 of the 845 part types in the screws group (approximately 8%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

2. Bolts

Colville Fasteners Limited submitted prices on 94 of the 98 part types in the bolts group. During the review, staff de-selected 4 part types in this group as the pricing received was deemed as excessive, when compared to current pricing. The remaining 90 part types (approximately 96%) resulted in them being the lowest proponent for this group. They are recommended for the award of an upset limit contract for \$214,000 for the 90 part types in the bolts group.

Barnes Group Incorporated submitted prices on 53 of the 98 part types in the bolts group (approximately 54%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

Fastenal Canada submitted prices on 87 of the 98 part types in the bolts group (approximately 89%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

3. Rivets

Colville Fasteners Limited submitted prices on all 21 part types in the rivets group and was the lowest proponent for this group. They are recommended for the award of an upset limit contract for \$125,000 for the rivets.

Barnes Group Incorporated submitted prices on 12 of the 21 part types in the rivets group (approximately 57%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

Fastenal Canada submitted prices on 19 of the 21 part types in the rivets group (approximately 90%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

4. Pins

Barnes Group Incorporated submitted prices on all 54 part types in the pins group and was the lowest

proponent for this group. They are recommended for the award of an upset limit contract for \$33,000 for the pins.

Colville Fasteners Limited submitted prices on all 54 part types in the pins group but are the second lowest proponent.

Fastenal Canada submitted prices on 49 of the 54 part types in the pins group (approximately 91%) thereby rendering their submission as commercially non-compliant and were not considered further for this group.

The following 2 groups are not being recommended for award:

5. Washers

The washers group is not being recommended for award due to excessive pricing variances when compared to current prices (i.e. 50% - 970% price increases).

Staff will investigate and clarify specifications prior to the re-issuance of another proposal for this group. Therefore, staff are recommending that this group not be awarded at this time.

6. Nuts

The nuts group is not being recommended for award as all the submissions received did not meet the 95% pricing requirement, thereby rendering their submissions as non-compliant.

The following three proponents quoted on all the fastener groups. However, by failing to submit the required Form of Proposal document, they submitted incomplete proposals thereby rendering their proposals as commercially non-compliant and were not considered further:

- L&M Fasteners
- Process Products
- Niagara Fasteners

The 263 part types that are not being recommended for award are comprised of 110 part types in the washer group where there were pricing issues, 140 part types in the nuts group where none of the proponents met the proposal requirement of pricing 95% of the part types, 9 part types where there was no pricing received and 4 part types which had pricing increases that was deemed excessive by staff. Staff will investigate and subsequently take appropriate action on these groups and part types.

This contract includes approximately 25% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

The approximated pricing for the new five-year inventory supply contract groups are identified below:

	Year 1 to last buy	Year 2 to Year 1	Year 3 to Year 2	Year 4 to Year 3	Year 5 to Year 4	Justification
Screws	-8%	+4%	+2%	+3%	+3%	These various fasteners are required in order to support the Commission's varying maintenance needs.
Bolts	-13%	+3%	+3%	+3%	+3%	
Rivets	-11%	+3%	+3%	+3%	+3%	
Pins	-21%	+2%	+2%	+3%	+3%	April 7, 2008 Attachments - Appendix 'A'

Appendix A

Supply of various fasteners

Cost summary

Group	Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Recommended Upset Limit Amount
Screws	Colville Fasteners Limited	840	\$1,290,777.62	840	\$1,615,000
Screws	Barnes Group Incorporated	438	\$1,114,336.69	-	-
Screws	Fastenal Canada	69	\$3,233,848,701.03	-	-
Bolts	Colville Fasteners Limited	94	\$170,539.47	90	\$214,000
Bolts	Barnes Group Incorporated	53	\$2,066,631.78	-	-
Bolts	Fastenal Canada	87	\$113,356,070.38	-	-
Rivets	Colville Fasteners Limited	21	\$98,804.53	21	\$125,000
Rivets	Barnes Group Incorporated	12	\$230,253.57	-	-
Rivets	Fastenal Canada	19	\$971,736.101.62	-	-
Pins	Barnes Group Incorporated	54	\$26,106.80	54	\$33,000

Pins	Colville Fasteners Limited	54	\$35,365.64	-	-
Pins	Fastenal Canada	49	\$71,880,196.34	-	-

Note: L&M Fasteners, Process Products and Niagara Fasteners submissions were commercially non-compliant and were not considered further. Fastenal Canada's pricing was received with obvious pricing errors.