

# Procurement Authorization - Supply Of Kidde Parts

Meeting Date: August 27, 2008

Subject: Procurement Authorization - Supply Of Kidde Parts

## **Recommendation**

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of Kidde parts for the period of August 2008 to August 2011 to Kidde Aerospace & Defense for an upset limit of \$1,390,000 USD (\$1,400,000 CDN) including applicable taxes.

## **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 parts are used to maintain the Commission's fire suppression systems.

## **Discussion**

Kidde Aerospace & Defense was invited to submit a proposal on June 16, 2008 on the basis of single source as they are the only approved supplier of the subject parts.

The proposal called for 10 pre-approved part types of which all 10 part types are being recommended for award. Their total proposed value is \$1,108,821.70 USD (\$1,131,552.61 CDN) for the 10 part types.

Kidde Aerospace & Defense quoted in US funds and was converted by staff to Canadian funds at the published exchange rate of 1.0205 for comparison purposes only.

Staff have included an approximate 5% mark-up in the recommended upset limit amount to cover freight costs.

The pricing for the new three-year contract is approximately 4% higher in the first year of the contract. The pricing will be 3% higher in year two based on year one prices and 3% higher in year three based on year two prices. Staff attempted to negotiate further price reductions but were advised by Kidde

Aerospace & Defense that they were unable to provide further price reductions, as they have offered the Commission their best pricing.

They advised that the price increase was attributed to the increase in the price of steel, which has increased approximately 59% since January 2008.

This contract includes approximately 20% 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.

**Justification**

These Kidde parts are required in order to support the Commission's fire suppression maintenance needs.

July 31, 2008

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