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Form Revised: February 2005

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: March 21, 2007

SUBJECT: PROCUREMENT AUTHORIZATION - Supply Of Various Pneumatic Hand Tools, Parts And Accessories

RECOMMENDATION

It is recommended that the Commission approve the issuance of purchase orders for the supply of various pneumatic hand tools, parts and accessories for a five year term, commencing on May 1, 2007 as follows:

1. Dobco Equipment Ltd. for the supply of Chicago Pneumatic tools, parts and accessories, in the upset limit amount of \$625,000.
2. Pneutool Parts & Service Co. Ltd. for the supply of Ingersoll Rand tools, parts and accessories, in the upset limit amount of \$730,000.

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 two separate contracts for Ingersoll Rand and Chicago Pneumatic tools, parts and accessories that will both expire on April 30, 2007.

The contracts include supply of hand held pneumatically powered tools such as drills, grinders, impact wrenches and related accessories. Shop equipment such as drill presses, table saws, starter motors, winches and cutting tools such as drill bits, grinding discs, finishing wheels, etc are not included in these contracts.

DISCUSSION

A Request for Proposal (RFP) was issued to five suppliers in addition to a public advertisement on the Commission's web-site on December 7, 2006, out of which two companies submitted Proposals, as summarized in the attached Appendix 'A'.

Proponents were required to submit firm percentage price discounts applicable to manufacturer's published list price for tools, parts and accessories for both Chicago Pneumatic and Ingersoll Rand tools, based on estimated annual usage of each.

Proponents were given the option of providing pricing on either or both manufacturers' pneumatic hand tools. However, the Commission reserved the option of awarding a single contract to one company for the supply of both manufacturers, or of awarding two separate contracts to two proponents depending on bid results.

Proponents were required to provide pricing for up to a five year term as well as an optional two year extension to be exercised at the Commission's sole discretion.

Both proponents provided pricing on all of the items requested in the Price Schedules and 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.

Dobco submitted the lowest evaluated proposal price for the supply of Chicago Pneumatic tools and the second lowest evaluated proposal price for the supply of Ingersoll Rand tools. Dobco is currently performing the contract for the supply of Chicago Pneumatic tools, parts and accessories to the Commission in a satisfactory manner.

Pneutool Parts and Service submitted the lowest evaluated proposal price for the supply of Ingersoll Rand tools and the second lowest evaluated proposal price for the supply of Chicago Pneumatic tools. Pneutool is currently performing the contract for the supply of Ingersoll Pneumatic tools, parts and accessories to the Commission in a satisfactory manner.

Therefore, Dobco is recommended for the award of Chicago Pneumatic tools, parts and accessories, and Pneutool is recommended for the award of Ingersoll Rand tools, parts and accessories, both for a five year term.

Staff conducted a price comparison which revealed that both of the recommended companies offered lower discounts (which are firm for the five year term of the contract) than those on the current contracts. As a result, the pricing for Chicago Pneumatic is 8% higher compared to the current contract pricing and the pricing for Ingersoll Rand is 6% higher. The discounts on the current contracts were firm for three years.

Staff contacted Dobco and Pneutool to inquire about the price increases and were advised that the increases are attributed to higher costs for energy, material and labour.

The recommended upset limit amounts include an allowance of approximately 20% to cover for fluctuations in usage over the five year contract periods.

JUSTIFICATION

Award of the contracts will ensure the uninterrupted supply of pneumatic hand tools, parts and accessories for the Commission's on-going maintenance requirements for a five year period.

March 2, 2007

9-118-30

Attachment - Appendix 'A'

Appendix 'A'

SUPPLY OF PNEUMATIC HAND TOOLS, PARTS AND ACCESSORIES

PROPOSAL SUMMARY

5 YEAR EVALUATED TOTAL

	Dobco Equipment Ltd.	Pneutool Parts & Service Co. Ltd.
Chicago Pneumatic	\$520,993.59*	\$692,884.62
Ingersoll Rand	\$623,600.00	\$609,405.13*
Total for both Chicago & Ingersoll	\$1,144,593.59	\$1,309,289.74
5 Year Total if the award was split (awarded to the lowest company for each category)	\$1,130,398.72	

* Recommended for Award. Taxes are included in the above amounts.