

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** DECEMBER 17, 2008

**SUBJECT:** PROCUREMENT AUTHORIZATION - SUPPLY OF VARIOUS  
ADHESIVES

**ACTION ITEM:**

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## **RECOMMENDATION**

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various adhesives to the following companies for the period from January 2009 to January 2012:

- Reliable Bearing Co. Ltd for \$680,000 including applicable taxes.
- Hansler Smith Limited for \$300,000 including applicable taxes.
- Motion Industries Canada for \$92,000 including applicable taxes.
- Wolseley Industrial Products Group for \$85,000 including applicable taxes.
- Charles Jones Industrial for \$23,000 including applicable taxes.
- Electro Sonic for \$10,000 including applicable taxes.
- Davies Auto Electric Ltd for \$3,500 including applicable taxes.
- S.B Simpson Group Inc. for \$2,500 including applicable taxes.

## **FUNDING**

Sufficient funds have been included in the 2009 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 adhesives parts are used for varying maintenance needs throughout the Commission's vehicles and properties.

## DISCUSSION

Proposals were invited from sixty-two known companies coupled with an advertisement on the TTC internet website on September 29, 2008. Fourteen companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 82 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. A total of 79 part types are being recommended for award. The 3 part types that are not being recommended for award are comprised of 1 part type that has been discontinued by the manufacturer with no identified replacement; 1 part type that is not recommended for use as directed by the TTC's Safety Department; and 1 part type where the only pricing received was based on an alternative. Staff will investigate other products on the first two part types that may fulfil the requirement and may amend the specification accordingly. All three part types that were deselected may subsequently be the subject of a new proposal.

Reliable Bearing Co. Ltd submitted pricing on 56 part types and has the lowest price on 35 part types. They are recommended for the award of an upset limit contract for \$680,000 for 35 part types.

Barnes Group Inc. submitted pricing on 47 part types and had the lowest price on 2 part types. However 1 part type was removed from the evaluation as the Commission had received recommendation from its Safety Department to discontinue use of the product being offered. The remaining part type being offered revealed a total three-year value of \$311.52. Staff considers this value too low to justify administering an additional order. Staff determined the difference in the three-year order between Barnes Group Inc. and the next lowest proponent – Hansler Smith Limited - was approximately \$140. As such, staff recommends the award of this part type to Hansler Smith Limited. Therefore Barnes Group Inc. are not recommended award of any part types.

S.B. Simpson Group submitted pricing on 57 part types and has the lowest price on 5 part types. However, 1 part type was deselected as it has been discontinued by the manufacturer with no identified replacement. Of the remaining 4 part types, staff determined that the pricing on 3 part types to be significantly lower when compared to current pricing and other proponents' pricing. Staff considers this an obvious error and as a result these part types were not considered further in their evaluation. Staff recommend award of these part types to the next lowest proponent – Hansler Smith Limited. Additionally, they are recommended to be awarded 1 part type that was deselected from Charles Jones Industrial (discussed in the upcoming paragraphs) therefore, they are recommended for the award of an upset limit contract for \$2,500 for 2 part types.

Hansler Smith Limited submitted pricing on 70 part types and has the lowest price on 18 part types. They are also recommended for award of the 1 part type that was deselected from Barnes Group Inc. and the 3 part types deselected from S.B. Simpson Group. Therefore, they are recommended for the award of an upset limit contract for \$300,000 for 22 part types.

Motion Industries Canada submitted pricing on 35 part types and has the lowest price on 3

part types. They are recommended for the award of an upset limit contract for \$92,000 for 3 part types

Wolseley Industrial Products Group submitted pricing on 81 part types and has the lowest price on 8 part types. However 1 part type quoted in their submission is based on an alternative rendering it unacceptable and was not considered further. Since no other proponent offered pricing on this part type, it was removed from the entire proposal evaluation. Their proposal also contained a secondary bid based on alternatives, on 18 part types, which too was not considered in this evaluation. Therefore, they are recommended for the award of an upset limit contract for \$85,000 for 7 part types

Guillevin International Co. submitted pricing on 45 part types and had the lowest price on 1 part type. Their total three-year value for this part type is \$551.62. Staff considers this value too low to justify administering an additional order. Staff determined the difference in the three-year order between Guillevin International Co. and the next lowest proponent – Charles Jones Industrial - was approximately \$930. As such, staff recommends the award of this part type to Charles Jones Industrial. Therefore Guillevin International Co. is not recommended award of any part types.

Charles Jones Industrial submitted pricing on 78 part types and has the lowest price on 7 part types. Of these 7 part types, staff determined that the pricing on 1 part type to be significantly lower when compared to current pricing and other proponents' pricing. Staff considers this an obvious error and as a result this part type was not considered further in their evaluation. Staff recommend award of this part type to the next lowest proponent – S.B. Simpson Group. However, they are also recommended for award of the 1 part type that was deselected from Guillevin International Co. Therefore, they are recommended for the award of an upset limit contract for \$23,000 for 7 part types.

Electro Sonic submitted pricing on 39 part types and has the lowest price on 2 part types. They are recommended for the award of an upset limit contract for \$10,000 for 2 part types.

Davies Auto Electric Ltd. submitted pricing on 25 part types and has the lowest price on 1 part type. They are recommended for the award of an upset limit contract for \$3,500 for 1 part type.

Finchman Automotive Supplies Ltd submitted pricing on 19 part types. Unfortunately they submitted a commercially non-compliant proposal (i.e. lead times not indicated as required in the proposal) rendering their submission unacceptable and was not considered further.

Paisley Products of Canada Inc. submitted pricing on 39 part types. Unfortunately they submitted a commercially non-compliant proposal (i.e. Exceptions to bid validity period, not firm pricing) rendering their submission unacceptable and was not considered further.

Each 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 contracts

during the contract term.

The pricing for the new three-year contracts are approximately 6% lower for the first year of the contract. The pricing will be 5% higher in year two based on year one pricing and 5% higher in year three based on year two pricing.

**JUSTIFICATION**

These adhesives are required in order to support varying Commission vehicle and property maintenance needs.

December 1, 2008  
9-118-55  
Attachments- Appendix 'A'

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APPENDIX 'A'

SUPPLY OF VARIOUS ADHESIVES

PROPOSAL SUMMARY

<b>Proponent</b>	<b>No. of Items Priced</b>	<b>Amount Proposed</b>	<b>No. of Items Recommende d</b>	<b>Recommended Upset Limit Amount</b>
Reliable Bearing Co. Ltd.	56	\$ 831,475.47	35	\$ 680,000
Hansler Smith Limited	70	\$ 685,399.41	22	\$ 300,000
Motion Industries Canada	35	\$ 397,335.27	3	\$ 92,000
Wolseley Industrial Products Group	81	\$1,136,849.99	7	\$ 85,000
Charles Jones Industrial	78	\$1,129,765.37	7	\$ 23,000
Electro Sonic	39	\$ 633,291.12	2	\$ 10,000
Davies Auto Electric Ltd.	25	\$ 292,333.94	1	\$ 3,500
S.B. Simpson Group Inc.	57	\$ 640,966.34	2	\$ 2,500
Barnes Group Inc.	47	\$ 875,564.63	-	-
Guillevin International	45	\$ 537,651.43	-	-
Finchman Automotive Supplies Ltd.*	19	\$ 241,279.02	-	-
Paisley Products of Canada Inc.*	39	\$ 147,717.69	-	-
Paul Wolf Lighting **				
Electrowind **				

\* Proposal was non-compliant thereby rendering their submission as unacceptable and was not considered further.

\*\* Did not submit a bid