

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: October 23, 2008

SUBJECT: PROCUREMENT AUTHORIZATION - SUPPLY OF VARIOUS
ELECTRONIC PARTS

ACTION ITEM: X

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various electronic parts to the following companies for the period from November 2008 to November 2011:

- CEA Telecom Incorporated for \$680,000 including applicable taxes.
- Newark for \$558,000 including applicable taxes.
- Electro Sonic Incorporated for \$395,000 including applicable taxes.
- Wesco Distribution Canada LP for \$192,000 including applicable taxes.
- Richardson Electronics Canada Limited for \$45,000 including applicable taxes.
- Anixter Canada Incorporated for \$13,000 including applicable taxes.

FUNDING

Sufficient funds are available 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 electronic parts are used for varying maintenance needs throughout the Commission.

DISCUSSION

Proposals were invited from twenty-seven known companies coupled with an advertisement on the TTC internet website on July 28, 2008. Seven companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 693 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 586 part types are being recommended for award. The 107 part types that are not being recommended for award are comprised of 105 part types where no pricing was received, 1 part type that was deselected due to excessive price increases and 1 part type that was deselected as the only proponent to offer pricing did not include the required delivery lead time. Staff will investigate these parts and they may subsequently be the subject of a future tender.

CEA Telecom Incorporated submitted prices on 167 part types and has the lowest price on 59 part types. Of the 59 part types, 1 was deselected as the pricing received was approximately 2,700% higher than current pricing. There were no other prices received for this part type. Staff deemed this as an obvious error. As well, they were tied as the low bidder with two other companies for 1 additional part type, however the other two companies offered better delivery lead times, therefore CEA Telecom Incorporated are recommended to be awarded an upset limit contract of \$680,000 for 58 part types.

Newark submitted prices on 435 part types and has the lowest price on 358 part types. As well, they were tied as the low bidder with Richardson Electronics Canada Limited for 1 additional part type. Though Newark offered the same delivery lead time as Richardson Electronics Canada Limited (Richardson), their on-time delivery performance rating was not as good as Richardson's, therefore the part is being recommended for award to Richardson. Of the 358 part types, 1 was deselected from their evaluation as the only pricing received was 99% lower when compared to the next low bid and current pricing. Staff have deemed this as an obvious error and recommend this part type to be awarded to the next lowest proponent – Electro Sonic Incorporated. Their offer also included qualifications regarding minimum orders and packaging for 44 part types within the 358. These were reviewed by staff and deemed as acceptable. They are recommended to be awarded an upset limit contract of \$558,000 for 358 part types.

Electro Sonic Incorporated submitted prices on 376 part types and has the lowest price on 127 part types, inclusive of the 1 part type deselected from Newark. Their proposal also contained pricing for 1 other part type, however they did not provide the required delivery lead time for that part type thereby rendering it as non-compliant and was not considered further. As no other prices were received for this part type, it was no longer considered in the evaluation. They are recommended to be awarded an upset limit contract of \$395,000 for 127 part types.

Wesco Distribution Canada LP submitted prices on 39 part types and has the lowest price on 24 part types. They are recommended to be awarded an upset limit contract of \$192,000 for 24 part types.

Richardson Electronics Canada Limited submitted prices on 74 part types and has the lowest price on 9 part types inclusive of the 1 part type deselected from Newark. They are recommended to be awarded an upset limit contract of \$45,000 for 9 part types.

Anixter Canada Incorporated submitted prices on 159 part types and has the lowest price on 11 part types. Their proposal also contained pricing for 1 other part type, however that part type was deemed as an alternative thereby rendering it as non-compliant and was not considered further. Their offer also included qualifications regarding minimum orders and packaging for 2 part types within the 11. These were reviewed by staff and only 1 part type is deemed as acceptable. They are recommended to be awarded an upset limit contract of \$13,000 for 10 part types.

Intrepid Distributors submitted prices on 362 part types, however they did not provide the required delivery lead times in the proposal thereby rendering their proposal as non-compliant 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 inventory supply contracts are approximately 11% lower in the first year of the contract based on current pricing. The pricing will be approximately 4% higher in year two based on year one pricing and approximately 5% higher in year three based on year two pricing.

JUSTIFICATION

These electronic parts are required in order to support varying electronic maintenance needs throughout the Commission.

September 30, 2008
9-118-55
Attachment

APPENDIX 'A'

SUPPLY OF VARIOUS ELECTRONIC PARTS

PROPOSAL SUMMARY

Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Recommended Upset Limit Amount
CEA Telecom Incorporated	167	\$1,353,649.40	58	\$680,000.00
Newark	435	\$ 986,594.06	358	\$558,000.00
Electro Sonic Incorporated	376	\$1,292,039.40	127	\$395,000.00
Wesco Distribution Canada LP	39	\$ 182,782.63	24	\$192,000.00
Richardson Electronics Canada Limited	74	\$ 605,234.60	9	\$ 45,000.00
Anixter Canada Incorporated	159	\$1,088,143.78	10	\$ 13,000.00
Intrepid Distributors *	362	\$4,859,657.44	--	--

*Submitted Non-Compliant Proposal