
**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: APRIL 18, 2007

SUBJECT: Procurement Authorization – Supply Of Steel Wheels

RECOMMENDATION

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of steel wheels to the following companies for the period from May 2007 to April 2010:

- TSS Incorporated for \$4,992,000 including applicable taxes.
- Penn Machine Company for \$504,000 USD, (\$598,000 CAD) including applicable taxes
- ORX for \$305,000 including applicable taxes.

FUNDING

Sufficient funds are available in the 2007 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 steel wheels are used for the Commission's subway, streetcar and ICTS vehicles. Staff estimated that over the three year period, these 4 part types will be required to support maintenance needs.

DISCUSSION

Proposals were invited from thirteen known companies coupled with an advertisement on the TTC internet website on December 1, 2006. Six companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 5 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. Four part types are being recommended for award. One part type was removed from the evaluation as the only 2 price submissions received included minimum buy quantities which were not acceptable to staff.

TSS Incorporated submitted prices on 2 part types and was lowest price on both part types, with no exceptions. They are recommended to be awarded a contract for an upset limit amount of \$4,992,000.

Penn Machine Company submitted prices on 2 part types and was the second lowest bidder for 1 part type. Their bid was quoted in U.S. funds and was converted to Canadian funds at the current exchange rate of 1.1866 for comparison purposes. Prices quoted are F.O.B. Blairsville, PA. A premium of 5% was also factored in to their unit price to cover freight costs. They are recommended for award of a contract in the upset limit of \$504,000 (USD), \$598,000 (CAD).

ORX submitted prices on 3 part types but were the lowest price on 2 part types only and included a minimum buy quantity for each part type. Staff advised that a minimum buy for 1 part was not acceptable. They are recommended for the award of a contract on 1 part type, as the minimum buy is acceptable, in the upset limit of \$305,000.

Triocel Incorporated submitted prices on all 5 part types, and was the lowest price on 1 part type which included a minimum buy quantity. Triocel was also the second lowest bidder on 1 part type which also included a minimum buy quantity. Staff advised that these minimum buy quantities were not acceptable. They are not recommended for award on any part type.

Valdunes S.A.S. submitted prices on 1 part type, however they did not submit firm pricing. Therefore, their submission was considered commercially non-compliant and their proposal was not considered further.

CAF Comp. Division – c/o JLB International Incorporated (CAF) submitted prices on 2 part types, however they did not submit 3 year pricing as required in the tender. Therefore, their submission was considered commercially non-compliant and their proposal was not considered further.

The contract includes approximately 20% contingency for variance between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

The pricing received for this new three-year inventory supply contract was approximately 4% lower in year one compared to the current pricing. There will be approximately 2% increase in year two based on year one prices and there will be approximately 1% increase in year three.

JUSTIFICATION

These steel wheels are required in order to support Commission's subway, streetcar and ICTS maintenance needs.

April 4, 2007

9-118-63

- Appendix 'A'

APPENDIX 'A'

SUPPLY OF STEEL WHEELS

TENDER SUMMARY

	NO. OF ITEMS	TOTAL TENDERED AMOUNT	NO REC
TSS Incorporated	2	\$4,159,586.40	
Penn Machine Company *	2	\$2,745,726.71	
ORX	3	\$3,198,714.60	
Tricoel Incorporated *	5	\$6,447,988.91	
CAF-C/O JLB International Inc.	2	\$2,311,749.00	
Valdunes-Immuble Elysees Le Defence	1	\$2,696,601.60	

*** Quote converted from US funds to CAD funds at an exchange of 1.1866**