

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: November 18, 2009

SUBJECT: STATUS UPDATE PURCHASE OF NON-REVENUE
VEHICLES

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Committee receive the following status report on the purchase of Non-Revenue Vehicles at TTC for information.

FUNDING

No significant impact on funding.

BACKGROUND

At its meeting of July 14, 2008 the TTC Audit Committee received an Audit report concerning the purchase of non-revenue vehicles after which a request was made to staff to report on the progress made with respect to proposed improvements in the vehicle procurement process.

DISCUSSION

The original report discussed staff's plans to explore opportunities for the bulk purchase of some types of vehicles that required limited customization. Additionally, the report described a plan to develop specification packages that would allow for greater numbers of vehicles to be purchased simultaneously to improve supplier competition and reduce project costs.

Since this report was issued, staff have been successful in developing specification packages for base sedans, vans and pick-up trucks. These categories represent the bulk of TTC's annual vehicle purchases. Standard packages have been used to purchase 50 vehicles to date with plans to purchase at least 45 more vehicles in these categories in 2010.

Additional standard specification packages are currently being finalized for medium and heavy duty truck chassis including one for the inclusion of a hi-rail system for use on vehicles operated by the Track and Structure Department.

The bulk purchasing specification packages will continue to evolve to reflect on-going changes in products and features available in the industry.

Responses from dealers indicate an increasing interest in our business as a result of the opportunities to provide larger quantities of vehicles to TTC as single orders.

Further to the above, arrangements were made by staff, with the help of the City, to receive a special discount from auto manufacturers as a recognized participant in the "Broader Public Sector" discount plan. Since mid-2009, TTC has received the benefits of the preferred pricing on 21 vehicles. The savings realized were in excess of \$20,000 for the vehicles purchased. This program will continue with the reduced pricing reflected in future budget forecasts.

JUSTIFICATION

The processes previously described have been effective in reducing the costs of vehicles purchased as well as the time required to develop the specifications and purchase documents. Additionally, it appears that there may be more suppliers interested in bidding on TTC's work.

October 23, 2009
5-92-91
