

**MEETING DATE:** AUGUST 31, 2005

**SUBJECT:** Supply Of Various Bus Parts

**RECOMMENDATION**

It is recommended that the Commission authorize the following for inventory:

1. Additional funds for the existing purchase orders which terminate January 2008 with the companies noted below as follows:

- Orion Bus Ind. Limited for \$429,600 resulting in a revised upset limit of \$4,629,600
- NATSCO for \$141,200 resulting in a revised upset limit of \$823,100.
- Baker Transit Parts for \$78,800 resulting in a revised upset limit of \$958,400.
- Neopart for \$28,200 resulting in a revised upset limit of \$886,500.
- Prevost Car Incorporated for \$23,600 resulting in a revised upset limit of \$1,493,600.
- Harper Detroit Diesel Limited for \$10,300 resulting in a revised upset limit of \$137,900.
- Mohawk Mfg & Supply Company for \$800 resulting in a revised upset limit \$164,800.
- Gillig Corporation for \$400 resulting in a revised upset limit of \$82,400.

2. The award of inventory supply contracts for the supply of various bus parts to the following companies for the period September 2005 to January 2008:

- New Flyer Industries Limited for \$151,000 including applicable taxes.
- Frontier Laser for \$53,000 including applicable taxes.
- Monarch-Mclaren for \$18,300 including applicable taxes.

- J.R. Fibre Limited for \$18,000 including applicable taxes.
- Talfourd-Jones Incorporated for \$14,800 including applicable taxes.
- G.L. Stebbins Co. (1982) Limited Regulator for \$5,800 including applicable taxes.
- BCL Mechanical for \$4,400 including applicable taxes.
- Fort Garry Industries for \$1,400 including applicable taxes.
- Multi Tech Fluid Power Incorporated for \$1,400 including applicable taxes.
- D.J. Industrial for \$600 including applicable taxes.

### **FUNDING**

Sufficient funds are available in the 2005 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**

Over the past few years, staff has undertaken measures to use multiple year inventory supply contracts. These contracts allow the Commission the opportunity for improved pricing and committed vendor lead-time. During the course of these contracts, new parts are identified which necessitates the need to have them added to existing contracts. To accomplish this, staff issues proposals and subsequently recommend awarding accordingly.

The subject bus parts are used for varying bus maintenance needs. Several examples include evaporator fan housings, air conditioning belts and transmission clamps.

At its meeting of January 12, 2005, the Commission approved the award of three-year inventory supply contracts for various bus parts for the period from January 2005 to January 2008 for 671 part types to:

- Orion Bus Ind. Limited for \$4,200,000 including applicable taxes.
- Prevost Car Incorporated for \$1,470,000 including applicable taxes.
- Baker Transit Parts for \$879,600 including applicable taxes.
- Neopart for \$858,300 including applicable taxes.
- NATSCO for \$681,900 including applicable taxes.
- Mohawk Mfg & Supply Company for \$164,000 including applicable taxes.
- Harper Detroit Diesel Limited for \$127,600 including applicable taxes.

- Elreg Distributors Limited for \$126,500 including applicable taxes.
- Freightliner Mid Ontario Incorporated for \$109,600 including applicable taxes.
- Gillig Corporation for \$82,000 including applicable taxes.
- British Auto Supply Company Limited for \$17,900 including applicable taxes.
- Cadel for \$3,400 including applicable taxes.

Subsequent to those awards, additional part types were identified as candidates to be added to the existing or issued as new purchase orders.

## **DISCUSSION**

Proposals were invited from fifty-three known companies coupled with an advertisement on the TTC internet website on May 27, 2005. Twenty-five companies submitted proposals as summarized in Appendix 'A'.

The proposal called for pricing for 167 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 93 part types are being recommended for award. The 74 part types that are not being recommended for award are comprised of 60 part types that were not priced by any of the proponents and the remaining 14 part types had identified excessive price increases. Staff will investigate these parts and they will subsequently be the subject of a future proposal.

During evaluation of the 25 submissions received, four companies indicated they were unable to quote. They were Freightliner Mid Ontario Incorporated, I/O Controls, Colville Fasteners and Elreg Limited. Two companies submitted non-compliant proposals and they were MCI Service Parts Company and Thermex Incorporated, who were subsequently not considered further.

The remaining nineteen proposals were evaluated and none of these companies stated any qualifications or exceptions. Ultimately eight companies are being recommended to receive contract amendments and ten companies are being recommended to receive new contracts as discussed below.

Orion Bus Industries Limited submitted prices on 38 part types and has the lowest compliant price on 30 part types. Of these part types, 2 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded these 28 part types resulting in a revised upset limit contract of \$4,629,600.

NATSCO submitted prices on 5 part types and has the lowest compliant price on 3 part types. They are recommended to be awarded these 3 part types resulting in a revised upset limit contract of \$141,200.

Baker Transit Parts submitted prices on 41 part types. Of these, 7 part types were considered alternatives and were not considered further. From the remaining 34 part types, Baker had the lowest compliant price on 17 part types. Staff had also determined that 7 of these 17 part types were deemed as excessive in price

when compared to the previous price paid and were removed from the evaluation. They are recommended to be awarded the remaining 10 part types resulting in a revised upset limit contract of \$958,400.

Neopart submitted prices on 5 part types and has the lowest compliant price on 3 part types. They are recommended to be awarded these 3 part types resulting in a revised upset limit contract of \$886,500.

Prevost Car Incorporated submitted prices on 18 part types and has the lowest compliant price on 4 part types. They are recommended to be awarded these 4 part types resulting in a revised upset limit contract of \$1,493,600.

Harper Detroit Diesel Limited submitted prices on 3 part types and has the lowest compliant price on 2 part types. Staff had also determined that 1 of these 2 part types was deemed as excessive in price when compared to the previous price paid and was removed from the evaluation. They are recommended to be awarded the 1 part type resulting in the upset limit contract of \$137,900.

Mohawk Mfg & Supply Company submitted prices on 9 part types. Of these, 3 part types were considered alternatives and were not considered further. From the remaining 6 part types, Mohawk Mfg & Supply Company had the lowest compliant price on 4 part types. Staff had also determined that 1 of these 4 part types was deemed as excessive in price when compared to the previous price paid and was removed from the evaluation. They are recommended to be awarded the remaining 3 part types resulting in a revised upset limit contract of \$164,800.

Gillig Corporation submitted prices on 18 part types in US funds. Staff had conducted the evaluation using the posted exchange rate of \$1.2726 Cdn. = \$1.00 US. Of these, 5 part types were considered alternatives and were not considered further. From the remaining 13 part types, Gillig Corporation had the lowest compliant price on 1 part type. Further their proposal noted that the Commission would assume costs for freight, brokerage, customs clearance and other related costs incurred to clear goods from customs. For evaluation purposes, staff estimated that these costs would be covered by adding an estimated 5% to their unit pricing. They have the lowest compliant price on 1 part type. They are recommended to be awarded the 1 part type resulting in a revised upset limit contract for \$82,400 CDN (\$63,300 USD).

New Flyer Industries Limited submitted prices on 44 part types and has the lowest compliant price on 20 part types. Of these part types, 2 part types were deemed as excessive in price when compared to the previous price paid and were removed from the evaluation. They are recommended to be awarded an upset limit contract for \$151,000 for 18 part types.

Frontier Laser submitted prices on 6 part types and has the lowest compliant price on all 6 part types. They are recommended to be awarded an upset limit contract for \$53,000 for these 6 part types.

Monarch-Mclaren submitted prices on 1 part type and has the lowest compliant price on this part type. They are recommended to be awarded an upset limit contract for \$18,300 for this 1 part type.

J.R. Fibre Limited submitted prices on 4 part types and has the lowest compliant price on all 4 part types. They are recommended to be awarded an upset limit contract for \$18,000 for these 4 part types.

Talfourd-Jones Incorporated submitted prices on 1 part type and has the lowest compliant price on this part type. They are recommended to be awarded an upset limit contract for \$14,800 for this 1 part type.

G.L. Stebbins Co. (1982) Limited Regulator submitted prices on 1 part type and has the lowest compliant price on this part type. Further their proposal noted that the Commission would assume costs for freight

from London, Ontario. For evaluation purposes, staff estimated that these costs would be covered by adding an estimated 5% to their unit pricing. They are recommended to be awarded an upset limit contract for \$5,800 for this 1 part type.

BCL Mechanical submitted prices on 2 part types and has the lowest compliant price on both part types. They are recommended to be awarded an upset limit contract for \$4,400 for these 2 part types.

Fort Garry Industries submitted prices on 2 part types and has the lowest compliant price on 1 part type. They are recommended to be awarded an upset limit contract for \$1,400 for this part type.

Multi Tech Fluid Power Incorporated submitted prices on 4 part types and has the lowest compliant price on 3 part types. They are recommended to be awarded an upset limit contract for \$1,400 for these 3 part types.

D.J Industrial submitted prices on 6 part types, however they did not provide the required lead-time for one part and it was not considered further. Of the remaining 5 part types, D.J Industrial has the lowest compliant price on 3 part types. They are recommended to be awarded an upset limit contract for \$600 for these 3 part types.

MCI Service Parts Incorporated submitted prices on 59 part types however their proposal submission was incomplete as they did not provide the required lead-times and their proposal was not considered further.

Thermex Incorporated submitted prices on 1 part type, however their submission was based on an alternative part and it was not considered further.

Winter's Thermogauges submitted prices on 1 part type but did not have the lowest price.

Each recommended amount includes approximately 15% 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 amended and new inventory supply contracts are approximately 20% lower in the first year of the amended and new contracts compared to current pricing. The pricing will be approximately 4% higher in the second year compared to first year pricing.

## **JUSTIFICATION**

These various bus parts are required in order to support bus maintenance needs.

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August 17, 2005

9-118-55

Attachment – Appendix 'A'

**APPENDIX 'A'**

**SUPPLY OF VARIOUS BUS PARTS**

**COST SUMMARY**

<b><u>Proponent</u></b>	<b><u>No. of Items Priced</u></b>	<b><u>Amount Proposed</u></b>	<b><u>No. of Items Recommended</u></b>	<b><u>Recommen Upset Lin Amount</u></b>
<b>1. PURCHASE ORDER AMENDMENTS</b>				
* Orion Bus Ind Limited	38	\$772,660.02	28	\$ 429
* NATSCO	5	\$128,230.76	3	\$ 14
* Baker Transit Parts	34	\$510,690.79	10	\$ 79
* Neopart	5	\$239,846.99	3	\$ 23
* Prevest Parts Incorporated	17	\$713,906.65	4	\$ 23
* Harper Detroit Diesel Limited	3	\$238,564.78	1	\$ 10
* Mohawk Mfg & Supply Company	6	\$477,193.16	3	\$
* Gillig Corporation	13	\$24,793.21	1	\$
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<b>2. NEW PURCHASE ORDERS</b>				
New Flyer Industries	44	\$476,106.38	18	\$ 15
Frontier Laser	6	\$46,002.48	6	\$ 5
Monarch-Mclaren	1	\$15,943.60	1	\$ 1
J.R. Fibre Limited	4	\$15,978.10	4	\$ 1
Talfourd Jones Incorporated	1	\$12,882.76	1	\$ 1
G.L. Stebbins Co. (1982) Limited Regulator	1	\$5,033.53	1	\$ 5
BCL Mechanical	2	\$3,835.54	2	\$ 4
Fort Garry Industries	2	\$4,522.03	1	\$ 1
Multi Tech Fluid Power Incorporated	4	\$3,900.20	3	\$ 3
D.J. Industrial	5	\$1,929.54	3	\$
Winter's Thermogauges	1	\$3,888.15	-	-

\* The recommended upset limit amounts for the proponents are the values that their current purchase orders will be amended by.