

MEETING DATE: JULY 13, 2005

SUBJECT: Purchase Of Thermo King Parts

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various Thermo King parts to the following companies for the period from September 2005 to September 2008:

- Thermo King of Toronto for \$3,000,000 including applicable taxes.
- New Flyer Industries Limited for \$168,000 including applicable taxes.
- Orion Bus Ind. Limited for \$98,000 including applicable taxes.
- Baker Transit Parts for \$20,000 including applicable taxes.

FUNDING

Sufficient funds have been included 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

The subject Thermo King parts are used for maintenance of the Commission's bus air conditioning systems. Several examples include temperature sensors, compressor valves and thermostats.

DISCUSSION

Proposals were invited from eleven known companies coupled with an advertisement on the TTC internet website on April 8, 2005. Six companies submitted proposals as summarised in Appendix 'A'.

The proposal called for 155 pre-approved part types. Proponents were also advised that alternatives would not be considered during the evaluation. A total of 154 part types are being recommended for award. The 1 part type that is not being recommended for award will be re-assigned to another grouping and may subsequently be included in a future request for proposal.

During the evaluation, two proponents – Thermo King of Toronto and New Flyer Industries Limited - identified 7 part types where part number changes were required. There was no change to the fit, form or function of these parts, but the changes were merely administrative in nature to address product improvements, hence these parts were not considered as alternatives.

Thermo King of Toronto submitted prices on 147 part types and has the lowest price on 129 part types.

They are recommended to be awarded an upset limit contract for \$3,000,000 for 129 part types.

New Flyer Industries Limited submitted prices on 150 part types and has the lowest price on 6 part types. They are recommended to be awarded an upset limit contract for \$168,000 for 6 part types.

Orion Bus Ind. Limited submitted prices on 150 part types and has the lowest price on 13 part types. One part type was deselected from their submission due an obvious error in their pricing. Therefore, staff recommend awarding this part type to New Flyer Industries Limited whose pricing submission is the next lowest price. Orion Bus Limited are recommended to be awarded an upset limit contract for \$98,000 for 12 part types.

Baker Transit Parts submitted prices on 151 part types and has the lowest price on 8 part types. During the evaluation, staff discovered that 1 part type was on the proposal in error. It was discovered that this part type should have been in another grouping supplied by the original equipment manufacturer. This part type will be re-assigned to a separate grouping, hence this part was de-selected. They are recommended to be awarded an upset limit contract for \$20,000 for 7 part types.

Reefer Sales and Service submitted prices on 151 part types however their submission was incomplete because they did not offer the year 3 pricing, rendering it unacceptable and was not considered further.

Mohawk Mfg. and Supply Company's submission did not provide pricing for the items requested and included pricing for 86 alternative part types thereby rendering it 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 inventory supply contracts are approximately 1% higher in the first year of the contract compared to current pricing. The pricing is approximately 4% higher in year two based on year one prices and is approximately 4% higher in year three based on year two prices.

JUSTIFICATION

These Thermo King parts are required in order to support the Commission's bus air conditioning systems' maintenance needs.

June 13, 2005
9-123-55
Attachment – Appendix 'A'

APPENDIX 'A'

<u>Proponent</u>	<u>No. of Items Priced</u>	<u>Amount Proposed</u>	<u>No. of Items Recommended</u>	<u>Recommended Upset Limit Amount</u>
Thermo King of Toronto	147	\$3,712,316.97	129	\$3,000,000
New Flyer Industries Limited	150	\$2,906,163.71	6	\$ 168,000
Orion Bus Ind. Limited	150	\$2,778,812.09	12	\$ 98,000
Baker Transit Parts	151	\$3,186,595.75	7	\$ 20,000
Reefer Sales and Service	151	\$2,731,257.01	-	\$ -
Mohawk Mfg. and Supply Company	-	-	-	\$ -