

**MEETING DATE:** April 19, 2006

**SUBJECT:** Purchase Of Brake Component Parts

### **RECOMMENDATION**

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various brake component parts to the following companies for the period from April 2006 to April 2009:

- Rose Rail Components for \$609,000 including applicable taxes.
- Knorr Brake Limited for \$466,000 including applicable taxes.

### **FUNDING**

Sufficient funds to cover these items have been included in the 2006 TTC Operating Budget and will be included in future budgets as required. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

### **BACKGROUND**

The subject brake component parts are used to maintain the streetcar fleet. Examples of various parts are springs, gaskets, and rings.

### **DISCUSSION**

Knorr Brake Limited and Rose Rail Components were invited to submit proposals as they are the only two companies approved and only source of supply for these parts. The parts purchased on this contract must be pre-approved, which requires the submission of samples and long term testing by Vehicle Engineering staff.

The proposal called for pricing on 91 pre-approved part types. A total of 89 part types are being recommended for award. The 2 part types that are not being recommended for award were not quoted. Staff will investigate these parts and based on the outcome, they may be a part of a subsequent proposal.

Rose Rail submitted prices on 89 part types, of which they are the lowest proposal price on 71 part types. They are recommended to be awarded a contract for \$609,000.

Knorr Brake Limited submitted prices on 72 part types, of which they are the lowest proposal price on 18 part types. They are recommended to be awarded a contract for \$466,000.

The contracts include 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.

A price comparison with purchase prices over the last 36 months revealed an overall decrease of 5% in year 1 of the contract compared to previous purchase pricing, an increase of 2% in year 2 of the contract compared to year 1 pricing; and an increase of 2% in year 3 of the contract compared to year 2 pricing.

**JUSTIFICATION**

These brake component parts are required in order to support vehicle maintenance needs.

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March 27, 2006

9-118-63

Attachment – Appendix ‘A’

**APPENDIX 'A'**

**PURCHASE OF BRAKE COMPONENT PARTS**

**COST SUMMARY**

	<b>NO. OF ITEMS</b>	<b>TOTAL TENDERED AMOUNT</b>	<b>NO. OF ITEMS RECOMMENDED</b>	<b>RECOMMENDED UPSET LIMIT</b>
<b>Rose Rail Component</b>	89	\$1,090,449.68	71	\$609,000.00
<b>Knorr Brake Limited</b>	72	\$1,581,995.80	18	\$466,000.00