

MEETING DATE: JULY 19, 2006

SUBJECT: Purchase Of Bendix Parts

RECOMMENDATION

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

- Bartlett-Provincial Brake Incorporated for \$2,670,000 including applicable taxes.
- Freightliner Mid Ontario for \$164,000 including applicable taxes.
- MCI Service Parts for \$146,000 including applicable taxes.
- Orion Bus Industries Limited for \$53,000 including applicable taxes.
- Fort Garry Industries Limited for \$41,000 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 parts are air dryer system parts used to maintain the Commission's bus braking system. Several examples of these parts include brake valve adaptors, air dryer maintenance kits and brake application assembly valves.

DISCUSSION

Proposals were invited from fourteen known companies coupled with an advertisement on the TTC internet website on March 7, 2006. Ten companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 169 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. All 169 part types are being recommended for award.

New Flyer Industries Canada ULC submitted prices on 158 part types and has the lowest price on 2 part types. However, these 2 part types pricing was determined to be significantly lower in price when compared to previous pricing and other proponents pricing, thereby rendering these as obvious errors. As a result, staff recommends the award of these part types to the next lowest proponents - Bartlett-Provincial Brake Incorporated and Freightliner Mid-Ontario Limited. Therefore, New Flyer Industries Canada ULC are not recommended to be awarded any part types.

Freightliner Mid-Ontario Limited submitted prices on 155 part types and has the lowest price on 15 part types. However, 2 part types pricing was determined to be significantly lower in price when compared to

previous pricing, thereby rendering these as obvious errors. As a result, staff recommends the award of these part types to the next lowest proponent - Bartlett-Provincial Brake Incorporated. Staff also recommend adding the 1 part type de-selected from New Flyer Industries Canada ULC. Therefore, Freightliner Mid-Ontario Limited is recommended to be awarded an upset limit contract for \$164,000 for 14 part types.

Bartlett-Provincial Brake Incorporated submitted prices on 163 part types and has the lowest price on 138 part types. Staff also recommend adding the 1 part type de-selected from New Flyer Industries Canada ULC and the 2 part types de-selected from Freightliner Mid-Ontario Limited. Therefore, Bartlett-Provincial Brake Incorporated is recommended to be awarded an upset limit contract for \$2,670,000 for 141 part types.

MCI Service Parts Company submitted prices on 125 part types and has the lowest price on 4 part types. They are recommended to be awarded a contract for \$146,000 for 4 part types.

Orion Bus Industries Limited submitted prices on 163 part types and has the lowest price on 5 part types. They are recommended to be awarded a contract for \$53,000 for 5 part types.

Fort Garry Industries Limited submitted prices on 167 part types and has the lowest price on 5 part types. They are recommended to be awarded a contract for \$41,000 for 5 part types.

Prevost Car Incorporated submitted prices on 159 part types, however they are not the lowest price on any of those part types.

Harper Detroit Diesel Limited submitted prices on 149 part types, however they are not the lowest price on any of those part types.

Baker Transit Parts submitted prices on 161 part types, however they are not the lowest price on any of those part types.

Metro International Toronto Incorporated submitted prices on 157 part types, however their proposal was incomplete as it did not contain the required lead times rendering their proposal as non-compliant 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 10% higher in the first year of the contract. The pricing will be less than 1% higher in year two based on year one pricing and less than 1% higher in year three based on year two pricing.

The price increase in year one is attributed to significant increases in the costs of steel, copper and aluminium which are used in the manufacture of these parts. There are also increased costs to be noted in energy, transportation and labour.

JUSTIFICATION

These Bendix parts are required in order to support bus braking system maintenance needs.

June 27, 2006
9-118-55
- Appendix 'A'

APPENDIX 'A'

PURCHASE OF BENDIX PARTS

COST SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITEMS RECOMMENDED
Bartlett-Provincial Brake Incorporated	163	\$2,815,129.12	141
Freightliner Mid-Ontario Incorporated	155	\$2,930,409.10	14
MCI Service Parts Incorporated	125	\$5,863,146.99	4
Orion Bus Industries Limited	163	\$2,386,211.37	5
Fort Garry Industries Limited	167	\$3,617,907.25	5
New Flyer Industries Canada ULC	158	\$2,787,945.07	--
Prevost Car Incorporated	159	\$2,565,720.85	--
Harper Detroit Limited	149	\$2,605,855.57	--
Baker Transit Parts	161	\$4,699,699.12	--
Metro International Toronto Incorporated *	157	\$2,749,499.27	--

* Proposal was incomplete rendering it non-compliant and was not considered further