

**MEETING DATE:** JULY 19, 2006

**SUBJECT:** Purchase Of Rockwell Meritor Brake Parts

### **RECOMMENDATION**

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

1. Additional funds for the purchase order with Orion Bus Industries Limited for \$221,000 resulting in a revised upset limit of \$6,538,000 (including applicable taxes) to the period ending November 2007.
2. Additional funds for the purchase order with Fort Garry Industries for \$455,000 resulting in a revised upset limit of \$588,000 (including applicable taxes) to the period ending November 2007.
3. The award of an inventory supply contract for the supply of various Rockwell Meritor brake parts to New Flyer Industries Canada ULC for \$17,000, including applicable taxes, for the period commencing award following Commission approval to November 2007.

### **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**

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 Rockwell Meritor brake parts are used for maintaining the Commission's bus braking system. Several examples include braking camshafts and front and rear brake spiders.

At its meeting of November 17, 2004, the Commission approved the award of three-year inventory supply contracts for various Rockwell Meritor parts for the period from January 2005 to January 2008 for 167 part types to:

- Orion Bus Industries for \$6,317,000 including applicable taxes.
- Neopart for \$750,000 including applicable taxes.
- Metro International Toronto Incorporated for \$244,000 including applicable taxes.

- Fort Garry Industries Limited for \$133,000 including applicable taxes.
- Neudoerffer Truck Supply Incorporated for \$11,000 including applicable taxes.
- MCI Service Parts Incorporated for \$3,000 including applicable taxes.
- Prevost Car Incorporated for \$1,000 including applicable taxes.

Subsequent to those awards, 63 additional part types were identified as candidates to be added to the existing contracts.

## **DISCUSSION**

Proposals were invited from eleven known companies coupled with an advertisement on the TTC internet website on May 26, 2006. Seven companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 63 pre-approved part types. The proponents were advised that alternatives would not be considered during the evaluation. In addition, where more than one source of supply for a part was identified, the proponents were required to indicate the source they intend to supply in order to be considered. In cases where a bus assembler has had a part approved for purchase, then only that bus assembler may submit an offer using their respective part number. Offers received from any other company using that bus assembler's part number were considered alternates and not considered in the evaluation. A total of 62 part types are being recommended for award. The 1 part type that is not being recommended for award was removed during the evaluation as its pricing was deemed excessive. Staff will investigate this part and determine a course of action for future purchases.

Orion Bus Industries Limited submitted prices on 58 part types and has the lowest price on 53 part types. They are recommended to be awarded 53 part types totalling \$221,000 resulting in a revised upset limit contract for \$6,538,000.

Fort Garry Industries submitted prices on 43 part types and has the lowest price on 3 part types. Their proposal contained pricing for 1 part type that was deemed excessive by staff and was not considered further. Therefore, they are recommended to be awarded 2 part types totalling \$455,000 resulting in a revised upset limit contract for \$588,000.

New Flyer Industries Canada ULC submitted prices on 59 part types and has the lowest price on 7 part types. They are recommended to be awarded an upset limit contract for \$17,000 for 7 part types.

MCI Service Parts submitted prices on 22 part types, however they are not the lowest price on any of those part types.

Harper Detroit Diesel Limited submitted prices on 53 part types, however they are not the lowest price on any of those part types.

Neudoerffer Truck Supply submitted prices on 39 part types, however they are not the lowest price on any of those part types.

Metro International Toronto submitted prices on 57 part types, however their proposal was incomplete as it

did not include 2 pages of the required Form of Proposal document, thereby rendering their proposal as non-compliant and was not considered further.

Each contract 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 21% lower in the first year of adding these parts to the inventory supply contract. The pricing will be the same in year two based on year one pricing.

### **JUSTIFICATION**

These various Rockwell Meritor parts are required in order to support maintenance of the Commission's bus braking system.

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

**APPENDIX 'A'**

**PURCHASE OF ROCKWELL MERITOR BRAKE PARTS**

**COST SUMMARY**

<b>PROPONENT</b>	<b>NO. OF ITEMS PRICED</b>	<b>AMOUNT PROPOSED</b>	<b>NO. OF ITEMS RECOMMENDED</b>
Orion Bus Industries Limited *	58	\$211,842.30	53
Fort Garry Industries *	43	\$978,195.12	2
New Flyer Industries Canada ULC	59	\$260,479.98	7
MCI Service Parts	22	\$195,042.96	--
Harper Detroit Diesel Limited	53	\$312,799.67	--
Neudoerffer Truck Supply	39	\$249,788.94	--
Metro International Toronto	57	\$770,519.59	--

\* The value in the Recommended Upset Limit Amount column is the additional funds being recommended for the existing contracts.

Note: The Proposal from Metro International Toronto was incomplete and not considered further.