

MEETING DATE: MAY 17, 2006

SUBJECT: Purchase Of Lift-U Parts

RECOMMENDATION

It is recommended that the Commission authorize the award of one-year inventory supply contracts for the supply of various Lift-U parts to the following companies for the period from May 2006 to May 2007:

- Midwest Bus Corporation for \$202,000 USD (approximately \$235,000 CAD) including applicable taxes.
- Orion Bus Industries Limited for \$147,000 CAD 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 Lift-U parts are used in the maintenance of wheelchair lifts on the Commission's equipped buses. Several examples include hydraulic hose assemblies, motor assemblies and compression springs.

DISCUSSION

Proposals were invited from ten known companies coupled with an advertisement on the TTC internet website on March 14, 2006 for a three-year contract term. Three companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 79 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. All 79 part types are being recommended for award.

Midwest Bus Corporation submitted prices on all 79 part types and has the lowest price on 61 part types for the one-year term. Their proposal was quoted in US dollars and was converted by staff using the exchange rate of 1.1616. They are recommended to be awarded an upset limit contract for \$202,000 USD (\$235,000 CAD) for these 61 part types.

Orion Bus Industries Limited submitted prices on 78 part types and has the lowest price on 18 part types for the one-year term. They are recommended to be awarded an upset limit contract for \$147,000 CAD for these 18 part types.

Gillig Corporation submitted prices on all 79 part types, however their proposal contained an exception to the Commission's one year warranty clause by offering a 6 month warranty validity. Further, their exception did not cover damage to other work caused by any defective Gillig Corporation part types. Staff deemed these exceptions to be unacceptable and considered their offer non-compliant and not considered further.

Each contract includes approximately 10% 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 one-year inventory supply contracts are approximately 22% higher in the year of the recommended contract. Staff investigated the causes of this increase and noted that the current existing contract with Midwest Bus Corporation contained pricing that was approximately 26% lower than the pre-contract pricing. Subsequent to issuing the existing contract, Midwest Bus Corporation contacted staff and advised that they had made an error in their quoted prices by not indicating that they were quoting in US dollars. Their claim was reviewed and denied by staff and Midwest Bus Corporation honoured their prices. During the claim review, staff did note that the next lowest price was approximately 23% higher than that of the current Midwest Bus Corporation contract. On this basis, staff considers this price increase to be acceptable.

Though pricing was received in years 2 and 3, staff have considered it too high to recommend acceptance at this time and maintain acceptance of the one-year contract term.

JUSTIFICATION

These Lift-U parts are required in order to maintain the wheelchair lifts on the Commission's equipped buses.

April 25, 2006

9-118-55

Attachment – Appendix 'A'

APPENDIX 'A'

PURCHASE OF LIFT-U PARTS

PROPONENT SUMMARY

PROPONENT	NO. OF ITEMS PRICED	AMOUNT PROPOSED	NO. OF ITEMS RECOMMENDED
Midwest Bus Corporation	79	\$1,024,822.79	61
Orion Bus Industries Limited	78	\$ 903,064.44	18
Gillig Corporation	79	\$ 984,779.59	--