

MEETING DATE: MAY 17, 2006

SUBJECT: Procurement Authorization - Supply Of Bus And Subway Car Batteries

RECOMMENDATION

It is recommended that the Commission approve the following:

1. The award of a contract for the supply of bus batteries to East Penn Canada in the upset limit amount of \$695,000 for a three-year period commencing June 16, 2006 on the basis of the lowest evaluated proposal pricing; and
2. Authorize staff to enter into negotiations for the supply of subway batteries with the proponents to establish an acceptable contract, as there were no compliant bids received, and to award a contract subject to obtaining appropriate authorization in accordance with the Authorization for Expenditure policy.

FUNDING

Sufficient funds are included in the 2006 TTC Operating Budget and will be included in future Operating Budgets as required.

BACKGROUND

The Commission currently has two three-year contracts for the supply of bus and subway car batteries which expire on June 15, 2006. The Commission has a continuing need for the supply of 12 volt bus batteries and 8 volt subway batteries to power its revenue service fleet and a new contract is required to cover the on-going requirements.

DISCUSSION

Ten (10) companies were invited to submit proposals in addition to the public advertisement on the TTC Web Site on February 23, 2006, out of which five (5) companies submitted proposals as summarized on the attached Appendix 'A'.

Proponents were requested to submit the following mandatory submission requirements: summary of corporate relevant experience, details of staff experience and qualifications, warranty information if the coverage exceeds 1 year from the date of installation by the TTC, MSDS's, and the manufacturer's recommended maintenance schedule on the batteries being offered. The usage of bus batteries has been higher than normal due to premature failure related to maintenance. Therefore, staff requested the proponents to submit their recommended maintenance schedule with their proposal.

Proponents were given the option to bid on bus and subway batteries separately or to submit pricing on both categories of batteries, based on firm pricing for each of the three years of the contract. The Commission reserved the right to award separate contracts for each type of battery or a single contract to one company depending on bid results.

East Penn Canada bid on bus batteries only and submitted the lowest pricing for this category. They previously supplied batteries to the Commission and their performance was satisfactory. They did not state any exceptions or qualifications to the Commission's Terms and Conditions and submitted all the mandatory requirements. Their proposal is considered acceptable and they are recommended for award for

bus batteries.

Great Northern Battery Systems submitted the second lowest bid for bus batteries and the lowest bid for subway batteries. They did not state any exceptions or qualifications to the Commission's Terms and Conditions, however they did not submit the manufacturer's recommended maintenance schedule, which was one of the mandatory submission requirements. Therefore, their submission is considered commercially non-compliant and they were not considered any further.

Magnacharge Battery Corp. submitted the third lowest bid for bus batteries and tied for the second lowest bid for subway batteries. They did not submit any of the mandatory requirements, except for the corporate summary. Additionally they only offered a 6 month warranty, as opposed to the minimum 1 year warranty requirement. Therefore, their submission is considered commercially non-compliant and they were not considered any further.

Crosstown Batteries submitted the fourth lowest bid for bus batteries and the highest bid for subway batteries. They did not submit the staff experience and qualifications, which are mandatory requirements and therefore, their submission is considered commercially non-compliant and they were not considered any further.

British Auto Supply submitted the highest bid for bus batteries and tied with the second lowest bid for subway batteries. They only submitted one of the mandatory requirements, staff experience and qualifications and therefore, their submission is considered commercially non-compliant and they were not considered any further.

The recommended pricing for the bus battery (from East Penn Canada) for year 1 of the contract is approximately 8% lower compared to the current contract pricing, 3% higher in year 2 over year 1 and 3% higher in year 3 over year 2.

The recommended upset limit amount of \$695,000 for the supply of bus batteries includes an allowance of approximately 20% to cover variation in usage over the three years of the contract.

As a result of the evaluation, no company was found compliant for the supply of subway batteries. Therefore, staff recommends the cancellation of the subway batteries portion of the proposal and is requesting authorization to negotiate with the proponents to establish an acceptable contract, starting with the lowest bidder (Great Northern Battery Systems).

Staff contacted the proponents to understand why they did not submit the mandatory requirement related to the manufacturer's recommended maintenance schedule. All proponents indicated that the manufacturers do not all have a maintenance schedule for specific applications such as the Commission's, but proponents indicated they would be able to develop and provide a recommended maintenance schedule following award. Staff will adjust the terms for future contracts to reflect this approach.

JUSTIFICATION

Award of the above contract will ensure the uninterrupted supply of bus batteries for the Commission's ongoing requirements for the next three years.

May 1, 2006

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- Appendix – 'A'

Appendix 'A'

SUPPLY OF BUS AND SUBWAY CAR BATTERIES

PROPOSAL SUMMARY

(3 YEAR EVALUATED TOTAL)

Proponent	East Penn Canada*	Great Northern Battery Systems**	Magnacharge Battery Corp**
Bus Batteries	\$576,429.80	\$621,385.02	\$638,540.15
Subway Car Batteries	NO BID	\$76,656.41	\$89,182.50

* Recommended for award to East Penn Canada for the supply of bus batteries in the upset limit amount of \$695,000.

** Company is considered commercially non-compliant.