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Form Revised: September 1999

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: APRIL 18, 2007

SUBJECT: PROCUREMENT AUTHORIZATION – Supply Of Mobile Climate Control Parts

RECOMMENDATION

It is recommended that the Commission approve for inventory, additional funds in the amount of \$139,000 for the purchase order with DaimlerChrysler Commercial Buses North America Limited for the supply of Mobile Climate Control parts resulting in a revised total upset limit of \$150,000.

FUNDING

Sufficient funds are available in the 2007 TTC Operating Budget and will be included in future Operating Budgets as appropriate. 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 parts are used for bus defroster maintenance needs.

In January 2006, Management approved the award of three three-year inventory supply contracts for various Mobile Climate control parts for the period from February 2006 to February 2009. One of the contracts was awarded for 3 part types to DaimlerChrysler Commercial Buses North America Limited

(formerly Orion Bus Industries Limited).

Subsequent to the award, an additional 15 part types were identified as candidates to be added to the existing contracts.

DISCUSSION

Proposals were invited from three known suppliers of these types of parts. Two companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 15 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 14 part types are being recommended for award. The 1 part type that is not being recommended for award was not priced by any of the proponents. Staff will investigate this part and it may subsequently be the subject of a future proposal.

DaimlerChrysler Commercial Buses North America Limited submitted prices on 14 part types and has the lowest compliant price on 11 part types. Staff forecast that the existing contract upset limit of \$11,000 will not be sufficient to allow for the continued supply with the inclusion of these 11 part types. They are recommended to be awarded these 11 part types which will require an additional \$139,000 resulting in a revised upset limit contract for \$150,000.

Mobile Climate Control Incorporated submitted prices on 13 part types and has the lowest compliant price on 3 part types. Staff forecast that the existing contract upset limit of \$67,000 will be sufficient to allow for the continued supply with the inclusion of these 3 part types. They are recommended to be awarded these 3 part types with no increase required to the current upset limit contract of \$67,000.

The recommended additional funds include 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 parts to be added to the amended contract is approximately 2% higher for the balance of the second year of the contract than the last purchase price for these parts. The pricing will be approximately 3% higher for the third year of the contract based on year two pricing.

JUSTIFICATION

These various Mobile Climate control parts are required in order to support varying bus defroster maintenance needs.

March 30, 2007
9-118-55
- Appendix 'A'

APPENDIX 'A'

SUPPLY OF MOBILE CLIMATE CONTROL PARTS

PROPOSAL SUMMARY

Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Rec L
DaimlerChrysler Commercial Buses North America Limited	14	\$167,601.66	11	
Mobile Climate Control Incorporated	13	\$179,723.08	3	
Orion Bus Industrial Limited	38	\$772,660.02	28	
NATSCO	5	\$128,230.76	3	
Baker Transit Parts	34	\$510,690.79	10	

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

Note: The vendor's bolded above will have their existing respective contracts amended accordingly.