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Form Revised: February 2005

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: MARCH 21, 2007

SUBJECT: Supply Of Synthetic Automatic Transmission Fluid

RECOMMENDATION

It is recommended that the Commission approve the award of contract for the supply of Synthetic Automatic Transmission Fluid (TranSynd) for buses for a five-year period from May 1, 2007 to April 30, 2012 to Harper Power Products Inc. (Harper), in the upset limit amount of \$5,200,000.00.

FUNDING

Sufficient funds for the purchase of transmission fluid in 2007 are included in the 2007 TTC Operating Budget. Adequate provisions will be made in the 2008, 2009, 2010, 2011 and 2012 Operating Budgets to cover expenditures for these years respectively.

BACKGROUND

The contract presently held by Harper will expire on April 30, 2007. Transmission fluid is used in the servicing of Commission buses.

DISCUSSION

TranSynd is the only approved automatic transmission fluid to be used in the Orion VII buses and also used in the Nova RTS buses. Use of TranSynd in the Orion VII buses is required while these transmissions are under warranty for a period of five years.

Staff contacted Castrol and were advised that Harper is the only authorized distributor in Ontario for the TranSynd product. Harper was invited to submit a Proposal for TranSynd to be delivered in bulk to various operating garages on a single source basis for a three-year term with an optional fourth and fifth year.

Staff contacted Harper to negotiate price reductions and as a result Harper was able to reduce their prices further by 3.5% overall for the five years. Harper did not submit any exceptions or qualifications to the Commission's Terms and Conditions and their proposal is considered commercially compliant.

A price comparison with the current contract price revealed an approximate 2.9% decrease in year one of the contract, an increase over year one pricing of approximately 3.0% in year two, an increase over year two pricing of approximately 2.9% in year three, an increase over year three pricing of approximately 2.9% in year 4 and an increase over year four pricing of approximately 2.9% in year five.

Based on the acceptable price increases for the optional years 4 and 5, staff is recommending the award of a 5-year contract to Harper.

The recommended upset limit amount includes an approximate 30% contingency for variation in usage over the term of the contract and to accommodate new vehicles requiring this product that are scheduled to be delivered during year 4 and year 5 of this contract (see Appendix "A").

JUSTIFICATION

TranSynd is required for the proper maintenance and operation of the new Orion VII and Nova RTS fleet.

March 2, 2007

5-41-34

Attachment: Appendix "A"

APPENDIX "A"

SUPPLY OF SYNTHETIC AUTOMATIC TRANSMISSION FLUID

PROPOSAL SUMMARY

HARPER POWER PRODUCTS INC.*

Original 5 Year Total	\$4,139,995.80
Negotiated 5 Year Total	\$3,995,257.20
Recommended 5 Year Total (including 30% contingency)	\$5,200,000.00

*Recommended for award