

TORONTO TRANSIT COMMISSION

REPORT NO.

MEETING DATE: SEPTEMBER 19, 2007

SUBJECT: PROCUREMENT AUTHORIZATION - SUPPLY OF SPRAGUE PARTS

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RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of Sprague parts to the following companies for the period from September 2007 to September 2010:

- DaimlerChrysler Commercial Buses North America Limited for \$570,000 including applicable taxes.

- MCI Service Parts Incorporated for \$86,000 including applicable taxes.

- Prevost Car Incorporated for \$41,000 including applicable taxes.

- Cadel A Division of UAP Incorporated for \$6,000 including applicable taxes.

- Mohawk MFG and Supply Company for \$2,000 including applicable taxes.

FUNDING

Sufficient funds have been included 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

The subject Sprague parts are used for maintaining the Commission's bus, streetcar, ICTS and subway vehicle fleet windshield wiper system.

DISCUSSION

Proposals were invited from seventeen known companies coupled with an advertisement on the TTC internet website on July 19, 2007. Six companies submitted proposals as summarised in Appendix 'A'.

The proposal called for 100 pre-approved part types. Proponents were also advised that alternatives would not be considered during the evaluation. A total of 97 part types are being recommended for award. The 3 part types that are not being recommended were not priced. Staff will investigate other sources for these parts and they may subsequently be the subject of a future tender.

DaimlerChrysler Commercial Buses North America Limited (Daimler) submitted prices on 83 part types and has the lowest price on 71 part types. They have the same lowest price as Cadel A Division of UAP Incorporated (Cadel) on 2 part types. Since Cadel offered a better lead time, staff recommend awarding these 2 part types to Cadel. Therefore Daimler are recommended to be awarded an upset limit contract for \$570,000 for 69 part types.

Cadel submitted prices on 95 part types and has the lowest price on 12 part types. Their submission contained pricing for 1 part type where the pricing seemed excessively low. Staff deemed this to be an obvious error and recommend the award of that part type to MCI Service Parts Incorporated. They also have the same lowest price on 2 parts types that were quoted on by Daimler. They offered a better lead time than Daimler and are being recommended to be awarded these 2 part types. Therefore Cadel are recommended to be awarded an upset limit contract for \$6,000 for 13 part types.

MCI Service Parts Incorporated (MCI) submitted prices on 79 part types and has the lowest price on 7 part types. Further, they are the lowest compliant price on the 1 part type that was de-selected from Cadel therefore MCI are recommended to be awarded an upset limit contract for \$86,000 for 8 part types.

Prevost Car Incorporated submitted prices on 83 part types and has the lowest price on 4 part types. They are recommended to be awarded an upset limit contract for \$41,000 for these 4 part types.

Mohawk MFG and Supply Company submitted prices on 76 part types and has the lowest price on 3 part types. They are recommended to be awarded an upset limit contract for \$2,000 for these 3 part types.

Gillig Corporation submitted prices on 90 part types however their proposal submission contained an exception to the Commission's warranty clause and did not cover damage to work caused by defective parts supplied during the course of the contract, thereby rendering their proposal as non-compliant and was not considered further.

Each contract includes approximately 20% 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 three-year inventory supply contracts are approximately 14% lower in the first year of the contract than current pricing. The pricing will be approximately 3% higher in year two based on year one pricing and approximately 3% higher in year three based on year two pricing.

JUSTIFICATION

These Sprague parts are required in order to support bus, streetcar, ICTS and subway vehicle windshield wiper system maintenance needs.

August 29, 2007

9-121-55

Attachment– Appendix “A”

APPENDIX "A"

SUPPLY OF SPRAGUE PARTS

PROPOSAL SUMMARY

Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Rec Up A
Daimler Chrysler Commercial Buses North America Limited	83	\$592,774.50	69	\$57
MCI Service Parts, Incorporated	79	\$551,328.61	8	\$8
Prevost Car Incorporated	83	\$687,085.08	4	\$4
Cadel A Division of UAP Incorporated	95	\$634,516.79	13	\$6
Mohawk MFG and Supply Company	76	\$794,945.75	3	\$2
Gillig Corporation *	90	-	-	

*** Non-Compliant submission**