

# Procurement Authorization Amendment - Supply Of Bus Brake Drums

Meeting Date: August 27, 2008

Subject: Procurement Authorization Amendment - Supply Of Bus Brake Drums

## **Recommendation**

It is recommended that the Commission approve for inventory, additional funds in the amount of \$1,155,000 for the purchase order with Bartlett-Provincial Brake Incorporated for the supply of bus brake drums resulting in a revised total upset limit of \$2,108,000.

## **Funding**

Sufficient funds have been included in the 2008 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 bus brake drums are used for maintenance of the Commission's bus braking system.

At its meeting of February 27, 2007, the Commission approved the award of two three-year inventory supply contracts for various bus brake drums for the period from March 2007 to March 2010 for 5 part types to:

- Bartlett-Provincial Brake Incorporated for \$953,000 including applicable taxes.
- Harper Freightliner Incorporated for \$482,000 including applicable taxes.
- Subsequent to the award, another 1 part type was identified as a candidate to be added to the existing contracts.

## **Discussion**

Proposals were invited from thirteen known companies coupled with an advertisement on the TTC internet website on May 5, 2008. Five companies submitted proposals as summarized in Appendix 'A'.

Bartlett-Provincial Brake Incorporated submitted pricing on the 1 part type, however, they submitted two separate bids – each signed by a different representative of the company. Staff reviewed both submissions and considered the lowest proposal of the two. They are recommended to be awarded this 1 part type resulting in a revised upset limit contract for \$2,108,000.

The following companies also submitted pricing but were not the lowest bidder:

- Baker Transit Parts
- MCI Service Parts, Incorporated
- Prevost Car (US) Incorporated

New Flyer Industries Canada ULC submitted pricing on the 1 part type, however, they did not submit firm pricing as requested in the proposal thereby rendering their submission as unacceptable and was not considered further.

The revised upset limit amount includes 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 part type to be added to the amended contract is approximately 19% higher in the first term of the amendment. Staff investigated the cause of this increase and note that the major cause is the increase in the price of steel (21% higher since April 2008). The pricing will be approximately 5% higher for the remaining duration of the contract based on first term pricing.

### **Justification**

This bus brake drum is required in order to support the maintenance of the Commission's bus braking system.

July 31, 2008

9-118-55

Attachment - Appendix 'A'

### **Appendix 'A'**

Supply of Bus Brake Drums

Proposal Summary

<b>Proponent</b>	<b>No. Of Items Priced</b>	<b>Amount Proposed</b>	<b>No. Of Items Recommended</b>	<b>Recommended Addition To The Upset Limit Amount</b>
Bartlett- Provincial Brake Incorporated	1	\$1,003,139.78	1	\$1,155,000
Baker Transit Parts	1	\$1,462,735.10	---	---
MCI Service Parts, Incorporated	1	\$1,126,480.19	---	---
Prevost Car (US) Incorporated	1	\$1,082,675.69	---	---
New Flyer Industries Canada ULC	1	\$1,177,906.08	---	---

Note: New Flyer Industries Canada ULC Proposal did not offer firm pricing as requested thereby rendering their submission as unacceptable and was not considered further