

# Procurement Authorization - Supply Of Thermo King Parts

Meeting Date: August 27, 2008

Subject: Procurement Authorization - Supply Of Thermo King Parts

## **Recommendation**

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various Thermo King parts to the following companies for the period from September 2008 to September 2011:

- Thermo King of Toronto for \$4,449,000 including applicable taxes.
- New Flyer Industries Canada ULC for \$10,200 including applicable taxes.

## **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**

The subject Thermo King parts are used for maintenance of the Commission's bus air conditioning systems.

## **Discussion**

Proposals were invited from fourteen known companies coupled with an advertisement on the TTC website on April 18, 2008. Five companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 222 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. A total of 219 part types are being recommended for award. The 3 part types that are not being recommended for award are comprised of 1 part type where there was no pricing received on the basis of the item being discontinued. Staff will investigate other products that may fulfil the requirement and amend the specification accordingly for a subsequent proposal. There was 1 part type where staff have recently identified that it will no longer be required by the Commission. The remaining part type was deselected from the evaluation as staff determined the pricing received is excessive (i.e. approximately 110% higher) when compared to the last purchase price.

Staff will re-categorize this part type and will issue a new proposal with the expectation of receiving improved pricing.

Thermo King of Toronto submitted prices on 221 part types and has the lowest price on 215 part types. Further, they are being recommended award for the 1 part type that has been deselected from New Flyer Industries Canada ULC as discussed below. Their proposal also included a qualification whereby 4 part types' part numbers were superseded for administration purposes, as they will provide the same fit, form and function. Staff find this qualification as acceptable. They are recommended to be awarded an upset limit contract for \$4,449,000 for 216 part types.

New Flyer Industries Canada ULC submitted prices on 216 part types and has the lowest price on 4 part types. During the evaluation, staff identified 1 part type where the pricing received was considered too low when compared to current prices. Staff deemed this as an obvious error and deselected this part type and have recommended its award to Thermo King of Toronto. Therefore they are recommended to be awarded an upset limit contract for \$10,200 for 3 part types.

Daimler Buses North America Limited submitted pricing on 210 part types and has the lowest price on 1 part type. Unfortunately, staff have recently identified that this part type will no longer be required by the Commission, therefore no part types are being recommended for award.

MCI Service Parts, Inc. submitted pricing on 158 part types but did not have the lowest price therefore they are not being recommended any award for any part types.

Prevost Car (US) Incorporated submitted pricing on 75 part types, however their proposal was based on alternatives thereby rendering their submission as unacceptable 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 contracts are approximately 10% lower for the first year of the contract. The pricing will be 5% higher in year two based on year one pricing and 5% higher in year three based on year two pricing.

### **Justification**

These Thermo King parts are required in order to support bus air conditioning maintenance needs.

July 29, 2008

9-118-55

Attachments - Appendix 'A'

**Appendix 'A'**

Supply Of Thermo King Parts

Proposal Summary

<b>Proponent</b>	<b>No. Of Items Priced</b>	<b>Amount Proposed</b>	<b>No. Of Items Recommended</b>	<b>Recommended Upset Limit Amount</b>
Thermo King of Toronto	221	\$3,788,522.22	216	\$4,449,000 .00
New Flyer Industries Limited	216	\$3,460,196.78	3	\$10,200 .00
Daimler Buses North America Limited	210	\$4,990,838.74	---	---
MCI Service Parts, Inc.	158	\$3,398,353.95	---	---
Prevost Car (US) Incorporated	75	\$1,250,961.54	---	---

Note: Proposal from Prevost Car (US) Incorporated was based on alternatives thereby rendering their submission as unacceptable and was not considered further.