

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: FEBRUARY 27, 2008

SUBJECT: PROCUREMENT AUTHORIZATION – PURCHASE OF
BOMBARDIER PARTS

RECOMMENDATION

It is recommended that the Commission authorize the awarding of a three year inventory supply contract for Bombardier parts to Bombardier Transportation Canada Inc. for the period of March 2008 to February 2011 for an upset limit of \$7,716,000 including applicable taxes.

FUNDING

Sufficient funds are available 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 parts are used to maintain the Commission's subway and streetcar vehicle fleet as Bombardier is the original manufacturer of both these vehicles. Several examples of parts are body parts, truck parts, propulsion cooling system parts, electrical components and parts for door assemblies.

DISCUSSION

Bombardier was invited to submit a proposal on August 1, 2007 on the basis of single source as they are the only approved supplier of the subject parts.

The proposal called for 679 pre-approved part types of which 434 are being recommended for award. Their total proposal value was \$6,493,198.97 and included minimum buy quantities and price breaks for many of these part types. All minimum quantities submitted were deemed acceptable by staff. A price comparison with the last purchase price revealed an overall decrease of 5.17% during the first year of the contract, an increase of 2.42% during the second year of the contract compared to the first year and an increase of 2.58% during the third year of the contract compared to the second year prices.

Staff contacted Bombardier Transportation Canada Inc. to negotiate price reductions. This resulted in reduced pricing on 6 part types resulting in a revised total of \$6,430,125.40. As a result of this negotiation a further comparison of the revised pricing with the last purchase price revealed an overall decrease of 6.14% during the first year of the contract, an increase of 2.39% during the second year of the contract compared to the first year and an increase of 2.56% during the third year of the contract compared to second year prices. Staff will continue to negotiate pricing in an attempt to obtain further reductions.

The 245 part types, which were not quoted on by Bombardier Transportation Canada Inc., were as a result of low demand/usage and these parts are produced only for the T.T.C. Staff will investigate these parts and they will be included in future proposals.

The contract includes approximately 20% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added.

JUSTIFICATION

These Bombardier parts are required in order to support maintenance needs.

February 5, 2008
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