

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: FEBRUARY 27, 2008

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF BUS
STEERING PARTS

RECOMMENDATION

It is recommended that the Commission authorize the following for the supply of bus steering parts for inventory:

1. The award of the following contracts with expiry set for August 2009:
 - New Flyer Industries Canada ULC for \$160,000 including applicable taxes.
 - Prevost Car (US) Incorporated for \$52,000 including applicable taxes.
 - Baker Transit Parts for \$45,000 including applicable taxes.
 - MCI Service Parts, Incorporated for \$15,000 including applicable taxes.
 - Mohawk Mfg & Supply Company for \$7,000 including applicable taxes.
2. Additional authority in the amount of \$483,500 to DaimlerChrysler Commercial Buses North America Limited for the newly identified bus steering parts for the period ending August 2009 to be added to their existing contract resulting in a revised upset limit of \$564,500.

FUNDING

Sufficient funds have been included in the 2008 TTC Operating Budget and will be included in future Operating Budgets as appropriate. Inventory material is charged against 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. In some cases, they are added to existing contracts which may require additional funds. To

accomplish this, staff issues proposals and subsequently recommend awarding accordingly.

The subject bus steering parts are used for the maintenance of the Commission's bus steering system.

In August 2006, Senior Management approved the award of one contract for the supply of various bus steering parts to DaimlerChrysler Commercial Buses North America Limited (aka Orion Bus Industries) for \$81,000 for a three year inventory period ending August 2009.

Subsequent to this award, additional part types were identified as candidates to be added to the existing contract.

DISCUSSION

Proposals were invited from ten known companies coupled with an advertisement on the TTC internet website on December 5, 2007. Six companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 45 pre-approved part types. The proponents were also advised that alternatives would not be considered during the evaluation. A total of 41 part types are being recommended for award. The 4 part types that are not being recommended for award were not priced by any of the proponents. Staff will investigate these parts and they may subsequently be the subject of a future proposal.

New Flyer Industries Canada ULC submitted prices on 21 part types and has the lowest compliant price on 11 part types. They are recommended to be awarded an upset limit contract for \$160,000 for 11 part types.

Prevost Car (US) Incorporated submitted prices on 19 part types and has the lowest compliant price on 7 part types. They are recommended to be awarded an upset limit contract for \$52,000 for 7 part types.

Baker Transit Parts submitted prices on 19 part types and has the lowest compliant price on 6 part types. They are recommended to be awarded an upset limit contract for \$45,000 for 6 part types.

MCI Service Parts, Incorporated submitted prices on 30 part types and has the lowest compliant price on 11 part types. Their proposal included pricing for 2 part types that staff considered commercially non-compliant. These two part types were not considered further. They are recommended to be awarded an upset limit contract for \$15,000 for 11 part types. Mohawk Mfg & Supply Company submitted prices on 4 part types and has the lowest

compliant price on 1 part type. They are recommended to be awarded an upset limit contract for \$7,000 for 1 part type.

DaimlerChrysler Commercial Buses North America Limited submitted prices on 15 part types and has the lowest compliant price on 5 part types. Their proposal included pricing for 2 part types that staff considered commercially non-compliant. These two part types were not considered further. They are recommended to be awarded these 5 part types at an additional \$483,500 resulting in a revised upset limit contract for \$564,500.

NATSCO submitted prices on 3 parts types however they did not submit the required pages from the Form of Proposal documents as required in the proposal thereby rendering their submission as non-compliant and was not considered further.

Each contract 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 new inventory supply contracts and amended contract are approximately 7% higher until August 2008 when compared to current prices. The pricing will be approximately 5% higher for the balance of the contract based on stated first term pricing. The price increases can be attributed mainly to higher raw material costs (i.e. copper and aluminium) and energy for the production of the required parts.

JUSTIFICATION

These parts are required in order to support bus steering maintenance needs to the end of the contracts in August 2009.

February 7, 2008
9-118-55
Attachments - Appendix 'A'

APPENDIX 'A'

Supply of Bus Steering Parts

COST SUMMARY

Proponent	No. of Items Priced	Amount Proposed	No. of Items Recommended	Recommended Upset Limit Amount
New Flyer Industries Canada ULC	21	\$509,170.80	11	\$160,000
Prevost Car (US) Incorporated	19	\$107,866.41	7	\$ 52,000
Baker Transit Parts	19	\$257,980.09	6	\$ 45,000
MCI Service Parts, Incorporated	30	\$135,241.05	11	\$ 15,000
Mohawk Mfg and Supply Company	4	\$7,639.73	1	\$ 7,000
** NATSCO	--	--	--	--
*DaimlerChrysler Commercial Buses North America Ltd	15	\$483,317.11	5	\$483,500

* - The value in the Recommended Upset Limit Amount column is the additional funds being recommended for the existing contracts.

** Proposal was non-compliant.