

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: February 27, 2008

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF CLRV AIR
SUSPENSION KITS

RECOMMENDATION

It is recommended that the Commission authorize the issuance of a purchase order for inventory to Bombardier Transportation Canada Inc. for CLRV Suspension kits as follows:

- A quantity of 150 to be delivered in 2008 at a total cost of \$595,707.75 including applicable taxes.
- A quantity of 132 to be delivered in 2009 at a total cost of \$524,222.82 including applicable taxes.
- A quantity of 132 to be delivered in 2010 at a total cost of \$550,434.71 including applicable taxes.
- A quantity of 132 to be delivered in 2011 at a total cost of \$564,194.72 including applicable taxes.

FUNDING

Sufficient funds for these expenditures have been included under Project 4.15 – Overhaul of 132 Canadian Light Rail Vehicles (CLRVs), as set out on Pages 1085 – 1088 of the 2008 – 2012 TTC Capital Program, which was approved by City Council on December 11, 2007.

BACKGROUND

The CLRV Streetcar fleet is now approximately 30 years old. The CLRV air ride suspension system uses rubber air bags that are held in place by steel cast housing components. Kits that contain these steel cast components are required to replace the existing components as the original components are succumbing to corrosion, which results in suspension failures and service delays.

Seventy-eight CLRV's had their kits replaced under the 2006 and 2007 CLRV truck overhaul program and staff intends to continue to replace these kits under the current program at a planned rate of 33 CLRV's per year. Staff estimate the balance of the CLRV fleet would be completed in 2011 based on the current planned rate of consumption.

DISCUSSION

The original equipment manufacturer (OEM) of these kits is Firestone Industrial Products (USA), and as they only sell their products through distributors, a competitive Request for Tender (RFT) was issued for this requirement.

In November 2007, an RFT was issued to four companies. They were requested to submit bids for the supply of the air suspension kits, in addition to the public advertisement on the M&P web site, out of which one company submitted a response – Bombardier Transportation Canada Inc. (Bombardier). The following companies did not submit a bid: Daimler Chrysler Commercial Buses North America (not able to offer a competitive quote at this time), Baker Transit Parts (do not supply these parts), Siemens (was unable to obtain a quote from the manufacturer).

The 2008 requirement is for 150 kits. This quantity covers the program requirements and spares.

In addition, staff intend to use 132 kits per year over the next 3 years. The RFT requested pricing for future years (i.e. an additional 132 kits in 2009, an additional 132 kits in 2010, and an additional 132 kits in 2011).

The RFT indicated the pricing for future years would remain open for acceptance by the Commission until 2010 for 2011 delivery and the Commission would exercise each optional year by providing the supplier notice in the preceding year.

Bombardier did not state any exceptions or qualifications to the Commission's term and conditions. Their tender is considered commercially and technically compliant.

Bombardier provided pricing for scheduled deliveries and the one-time delivery options for all four years. Refer to Appendix "A" – Tender Summary for details.

Bombardier's pricing for scheduled deliveries in each of the four years was 3.9% higher than pricing for the one-time delivery options. However, the Commission has limited storage space which will necessitate receiving this material in scheduled deliveries to allow for efficient storage and handling.

The order for this requirement will be issued as follows: An initial order will be placed for 150 kits (schedule deliveries) in 2008 (\$595,707.75), and orders/amendments for future years will be released as required depending on actual requirements.

A price comparison of the bid price for 150 kits for 2008 (schedule deliveries) with the last purchase price, which was an order for 313 kits in February 2005, revealed a 19.7% increase. This increase is attributed to the lower quantity being ordered, and the fact that since the last order (3 years ago) steel prices have increased by approximately 8%. These kits are comprised entirely of steel.

Bombardier's unit price for the additional 132 kits in 2009 was the same as their 2008 price; their bid price for the 2010 kits is 5.0% higher than the 2009 kit price; and their bid price for the 2011 kits is 2.5% higher than the 2010 price.

Staff investigated the fact Bombardier was the only bidder. Staff's experience indicated that the other companies invited previously supplied Firestone parts, however Firestone has advised they have recently changed the way in which they market their products by only permitting rail companies they have a relationship with to sell their rail components. Firestone indicated their major rail partner is Bombardier.

JUSTIFICATION

In order to continue to operate the CLRV's in a safe and effective manner, it is necessary for the Commission to authorize the purchase of these replacement kits for up to a 4 year term.

February 12, 2008
9-118-63
Attachments - Appendix 'A'

APPENDIX 'A'

SUPPLY OF CLRV AIR SUSPENSION KITS

TENDER SUMMARY

INITIAL REQUIREMENT (2008)	
150 Kits Scheduled Delivery (Base Requirement)	150 Kits One-Time Delivery
Total (Inc. Taxes)	Total (Inc. Taxes)
\$595,707.75	\$573,369.35

OPTIONAL YEAR 2009	
132 Kits Scheduled Delivery	132 Kits One-Time Delivery
Total (Inc. Taxes)	Total (Inc. Taxes)
\$524,222.82	\$504,565.02

OPTIONAL YEAR 2010	
132 Kits Scheduled Delivery	132 Kits One-Time Delivery
Total (Inc. Taxes)	Total (Inc. Taxes)
\$550,434.71	\$529,793.95

OPTIONAL YEAR 2011	
132 Kits Scheduled Delivery	132 Kits One-Time Delivery
Total (Inc. Taxes)	Total (Inc. Taxes)
\$564,194.72	\$543,037.86

Scheduled Deliveries

One-Time Deliveries

Total for 2008 –
2011 (546 KITS)

*\$2,234,560.00

\$2,150,766.18

* Recommended for Award