

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JANUARY 23, 2008

SUBJECT: PROCUREMENT AUTHORIZATION AMENDMENT – SUPPLY
OF BUS BRAKE PARTS

RECOMMENDATION

It is recommended that the Commission authorize for inventory, additional authority in the amount of \$438,300 USD (\$449,500 CDN) to Graham-White Manufacturing Company for the additional supply of bus brake parts for the period ending August 2009 resulting in a revised upset limit of \$842,300 USD (\$863,800 CDN).

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

At its meeting of August 30, 2006, the Commission approved the award of six contracts for the supply of various bus brake parts. One of the awarded contracts was to Graham-White Manufacturing Company for \$440,000 CDN for a three-year period ending August 2009.

The subject bus brake parts are used for the maintenance of the Commission's bus braking systems.

DISCUSSION

Staff have recently introduced a brake retrofit program for the Orion VII bus. As this program was not in the original forecasted demand, staff have re-forecasted this contract's requirement to its current expiration of August 2009 and estimate that a total additional amount of \$461,800 USD (\$473,600 CDN) will be required to the upset limit of this contract to ensure brake parts availability for ongoing bus braking maintenance.

In the interim, staff received Senior Management approval for \$23,500 USD (\$24,100 CDN) raising the upset limit to \$404,000 USD (\$414,300 CDN) from \$380,500 USD (\$440,000 CDN) in order to allow for continued parts availability while this report was prepared for Commission information and requested authorization. Staff has re-forecasted

the requirements and estimate that an additional \$438,300 USD (\$449,500 CDN) will allow for the continued required parts supply until contract completion in August 2009.

Graham-White Manufacturing Company was contacted to determine if further reduction in prices could be obtained based on the increased needs. They advised staff that they were unable to offer any price reductions since they have incurred cost increases over the past year attributed to higher raw material, labour and transportation costs. Therefore, unit costs will remain the same as the initial contract.

Staff have converted references above to Canadian funds at the exchange rate of \$1.0255 for comparison purposes only, with the exclusion of the award in August 2006 where the exchange rate was \$1.1346.

JUSTIFICATION

This amendment to this supply contract will result in having sufficient inventory for Operation's bus braking maintenance needs to the end of the contract in August 2009.

January 10, 2008
9-118-55