

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 26, 2008

SUBJECT: PROCUREMENT AUTHORIZATION AMENDMENT
SUPPLY OF POWERED DUAL CAB FLATCARS
PURCHASE ORDER C31PJ06914

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order amendment to Arva Industries Inc. (Arva) to increase the contract amount of Contract C31PJ06914 by \$2,889,542.85 to add an option for an additional five powered flatcars for a revised total of \$5,412,771.93.

FUNDING

Sufficient funds for these expenditures are included in 4.23 Purchase of Rail Non-Revenue Vehicles under Vacuum Workcar, Replace H1 Workcars With H4's and Electric Flatcars for S/E/C and Structure Inspection as set out on pages 1147-49, 1151-54 and 1159-62, category Improvement of the 2009-2013 TTC Capital Program as approved by the Commission on August 27, 2008.

BACKGROUND

The current contract with ARVA was approved for award at the Commission meeting of February 28, 2007. The scope of this contract (#C31PJ06914) included an electrically powered flatcar, and an option for four additional units. The Commission elected to exercise the option, and all cars covered under this contract are scheduled to be received by December 31, 2008.

Contract details are as follows:

| | |
|---|-----------------------|
| Original contract amount | \$2,447,072.70 |
| Previously awarded amendments: Upgrade to stainless steel brake tubing, miscellaneous vehicle specific additions | \$76,156.38 |
| Amount of this amendment | <u>\$2,889,542.85</u> |
| Revised contract amount | \$5,412,771.93 |

Work on this amendment is 0% complete.

DISCUSSION

At the time of tender for Contract C31PJ06914, the ten companies that were identified as the only known potential manufacturers of this type of vehicle were advised of this requirement. Four of these companies requested copies of the proposal document of which only Arva submitted a proposal. Two of three the companies that did not bid stated that this type of vehicle was not part of their product line and other stated that they could not arranging financing and also advised that they have not manufactured vehicles in years.

The Commission now requires an additional five vehicles and ARVA was invited to submit a bid for an additional 5 cars on a negotiated single source basis as they are the only known source for these vehicles and they submitted a total price of \$2,889,542.85. Three cars are scheduled to be delivered in 2009, two cars in 2010.

Arva's average price represents an increase of \$76,900.79 per car since the contract was awarded in 2007. This represents a 16% increase over a three year period which is considered to be fair and reasonable. The main contributors to this increase are the impact of the change in steel prices, the price of purchased components, and freight charges. This pricing includes 8% PST and 5% GST and is FOB to the Commission's Greenwood Yard.

Arva was the only bidder on the 2007 procurement and finding another acceptable manufacturer is not likely. Their work to date has been outstanding. Scheduled milestones have been either adhered to or exceeded, generating every confidence that the next five vehicles will also arrive as scheduled.

JUSTIFICATION

Approval of this amendment will allow the Commission to procure new workcars that are critical to new and existing TTC subway infrastructure maintenance and installation projects performed by Track & Structure, Plant and Signals/ Electrical/ Communications departments.

November 6, 2008
6.79