

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: NOVEMBER 23, 2011

SUBJECT: PROCUREMENT AUTHORIZATION - SUPPLY OF VARIOUS
ORION BUS REBUILD KITS

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize the award of an inventory contract for Orion VII Bus rebuild kits to Daimler Buses North America Limited for an approximate three-year period commencing February 2012, in the total amount of \$8,899,032.92 including applicable taxes, subject to receiving confirmation of City Toronto Council approval of the 2012 Capital Budget and Plan.

FUNDING

Sufficient funds have been included in the TTC 2012-2021 Capital Budget and 10-year forecast approved by the Commission on September 16, 2011 under 4.13 Bus Rebuild Program. City of Toronto Council approval of the 2012 Capital Budget and Plan is anticipated to be granted in January 2012. These inventory materials will be charged to the appropriate project account at the time of issuance from Stores.

BACKGROUND

The subject parts are used to maintain the Commission's Orion Bus vehicle fleet.

DISCUSSION

Daimler Buses North America Limited (Daimler) was invited to submit a proposal on April 19, 2011 on the basis of single source as they are the only approved supplier of the subject parts to be kitted.

The proposal called for 4 pre-approved kit types, in the quantities indicated below, to be supplied on an as required basis over an approximate 36 month period to meet the demands of the Orion VII Bus Rebuild Program. As well, the proposal noted that Daimler will be required to keep a minimum of 5 of each of the respective kits ready for shipment to the Commission so as not to disrupt the Rebuild program.

The total respective proposed values received are:

- \$3,289,340.29 for 481 Front and Rear Axle Kits
- \$3,440,523.16 for 481 Walking Beam Kits
- \$269,916.89 for 450 HVAC Kits
- \$1,899,252.59 for 450 Engine Module Off Line Kits

Staff contacted Daimler to negotiate price reductions but was advised that the proposal received is the best they could offer and were not able to reduce the prices any further as their kitting costs were higher than they had anticipated.

As the first two bus rebuild kits are new to the Commission, a price comparison is not available on the complete kit. On the latter two kits, the pricing is the same for a quantity of 31 of each kit last purchased in August 2011.

Staff note that these four (4) kits are made up of 142 component parts out of which 100 parts were purchased previously in the past five (5) years. A price comparison of the current kit pricing compared to the non-kitted pricing revealed an overall decrease of approximately 0.5%.

JUSTIFICATION

These bus rebuild kits are required in order to support the Commission's approved Orion VII Bus Rebuild Program in order to ensure these buses continue to provide safe, reliable service until they reach retirement.

November 14, 2011
9-118-55