

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** NOVEMBER 21, 2012

**SUBJECT:** PROCUREMENT AUTHORIZATION - SUPPLY OF ORION  
HYBRID NEXT GENERATION BUS PARTS

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of Orion Hybrid Next Generation (NG) Bus parts for the period of January 2013 to January 2016 to Daimler Buses North America Limited (Daimler) for an upset limit of \$7,400,000.00 including applicable taxes.

### **FUNDING**

Sufficient funds will be included in the 2013 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

### **BACKGROUND**

The subject parts are used to maintain the Commission's Orion Hybrid NG bus fleet.

### **DISCUSSION**

Daimler Buses North America Limited (Daimler) was invited to submit a proposal on September 13, 2012 on the basis of single source as they are the only approved supplier of the subject parts.

The proposal called for 320 pre-approved part types of which 314 part types are being recommended for award. The 6 part types not being recommended for award at this time are comprised of 4 part types that Daimler was not able to get pricing from their manufacturers in time to submit in their proposal plus 2 which had higher pricing than expected. Staff will review these items and address as add-ons to this Contract in the future, if required, which is anticipated as part of this type of contract.

As a result of negotiations, the revised pricing is approximately 18% lower in the first year of the contract based on current pricing. The pricing will be approximately 2% higher in year two based on year one prices and approximately 2% higher in year three based on year two prices. Daimler advised that they could not reduce pricing any further at this time citing anticipated increased costs from their parts manufacturers for the fabrication of these parts which are proprietary to Daimler. These parts are no longer purchased by Daimler in large quantities for bus production, but now will be subject to lower volumes to meet their aftermarket needs. They also noted anticipated increases in labour and transportation costs.

This contract includes approximately 20% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

**JUSTIFICATION**

These parts are required in order to support the Commission's Orion Hybrid (NG) bus fleet maintenance needs.

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October 25, 2012  
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