

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** SEPTEMBER 27, 2012

**SUBJECT:** NOTICE OF AWARD - PROCUREMENT AUTHORIZATION  
AMENDMENT- SUPPLY OF DETROIT DIESEL BUS PARTS

## INFORMATION

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### RECOMMENDATION

It is recommended that the Commission receive the notice of award of Chair Stintz, Vice-Chair De Baeremaeker and the Chief Executive Officer authorizing for inventory, additional authority in the amount of \$5,200,000 to Wajax Power Systems for the additional supply of Detroit Diesel bus parts for the period ending April 2013 resulting in a revised upset limit of \$19,802,191.23.

### FUNDING

Sufficient funds are included in the 2012 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

At its meeting of July 14, 2010, the Commission approved the revisions and updates to the Authorization for Expenditures and Other Commitments Policy, effective August 1, 2010, which states that *'The Commission delegates authority to the Chair, Vice-Chair and the Chief Executive Officer to authorize items that would normally be authorized by the Commission when the approval is required before the next Commission meeting. If the Chair and/or Vice-Chair are not available, authority would be deemed to be delegated to any two (2) Commissioners and the Chief Executive Officer.'* These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information.

At its meeting of February 17, 2010, the Commission approved the award of an inventory supply contract for the supply of Detroit Diesel bus parts to Wajax Power Systems (known at that time as Harper Power Products Incorporated) for \$14,600,000 for a three year period ending April 2013.

In January 2012, due to a requirement change of one part type, unit pricing was amended resulting in the upset limit being increased by \$2,191.23.

The subject parts are used to maintain the Commission's bus fleet's engines and transmissions.

**DISCUSSION**

Staff have recently introduced a bus engine rebuild program for the series 50 bus engines, specifically on the Orion VII 1201 bus group. Staff have determined that at this time of the bus life, attention is required to the engines thereby necessitating the said program. As this program was not in the original October 2009 forecasted demand for the part types in this current contract, staff have re-forecasted this contract's requirement to its current expiration of April 2013 and estimate that a total additional amount of \$5,200,000 will be required to the upset limit of this contract to ensure the continued supply of these parts for ongoing bus engine and transmission maintenance.

Wajax Power Systems was contacted to determine if further reduction in prices could be obtained based on the increased needs. Staff were successful in attaining reduced pricing on eight part types where the actual demands significantly exceeded the original forecast, resulting in an overall decrease of approximately 3.2%.

**JUSTIFICATION**

This amendment to this supply contract will result in having sufficient inventory for bus engine and transmission maintenance needs to the end of the contract in April 2013.

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July 24, 2012  
9-118-55