

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 18, 2013

SUBJECT: Procurement Authorization – Supply of Cummins ISB 6.7L Diesel Engines

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize the award of a contract for the supply of 324 Cummins ISB 6.7L diesel engines to U.S. Engine Production MI, Inc. in the amount of \$6,544,232.28 CDN including applicable taxes for a period of 26 months.

FUNDING

Sufficient funds are included in the 2013 and 2014 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory parts will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject engines are used as maintenance stock to maintain the TTC's Orion 7 Hybrid bus fleet. The TTC has 691 Hybrid buses that will be entirely off warranty by the end of 2014. In addition, its current bus fleet engine is expected to have a life expectancy of approximately nine years. Unfortunately, it is experiencing significant premature failures after 6 – 7 years. TTC staff continues to work diligently in maintaining the bus fleet to ensure revenue service, noting higher than anticipated engine failures. As a result of this, inventory demands on engines to fulfill these maintenance needs will be significantly higher. TTC staff is meeting with the engine manufacturer to determine potential causes and long term impacts to the TTC.

DISCUSSION

Fifteen known companies were made aware of this requirement coupled with an advertisement on the TTC internet website on September 5, 2013. Four companies submitted tenders as summarized in Appendix 'A'.

The tender called for 324 Cummins ISB 6.7L diesel engines, whereby material would be released in various lot sizes as required over a period of 26 months.

U.S. Engine Production MI, Inc. submitted the lowest bid. Their bid for the requirement is approximately 4.6% lower than the previous purchase. Staff conducted reference checks on U.S. Engine Production MI, Inc. for whom they have completed works of a similar size and nature and received positive feedback on the company and they conducted similar work in a satisfactory manner. They are therefore recommended to be awarded a contract.

Cummins Eastern Canada LP submitted the apparent second lowest bid but they took exception on the full coverage warranty and to maintain a quantity of 20 engines in their inventory at all times as required in the tender. Therefore, their submission was considered non-compliant and was not considered further.

Wajax Power Systems submitted the third lowest bid. Wajax did not state any exceptions or qualifications to the TTC's terms and conditions.

Performance Equipment Ltd. submitted the highest bid and they took exception on the full coverage warranty, therefore, their submission was considered non-compliant and was not considered further.

JUSTIFICATION

These Cummins engines are required in order to support the TTC's bus engine maintenance needs.

November 7, 2013
9-122-122
Attachment

APPENDIX 'A'

SUPPLY OF CUMMINS ISB 6.7L DIESEL ENGINES

TENDER SUMMARY

TENDERER	TOTAL	
U.S. ENGINE PRODUCTION MI, INC.	\$6,544,232.28	
CUMMINS EASTERN CANADA LP	\$7,170,094.08	*
WAJAX POWER SYSTEMS	\$7,871,580.00	
PERFORMANCE EQUIPMENT LTD	\$9,666,666.36	*

* Non-compliant