

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** May 28, 2014

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

## **ACTION ITEM**

---

### **RECOMMENDATION**

It is recommended that the Board authorize the award of a contract for the supply of Cummins factory remanufactured ISB 6.7L diesel engines to Cummins Eastern Canada LP in the amount of \$5,150,472.43 including applicable taxes for a period of 24 months.

### **FUNDING**

Sufficient funds are included in the 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**

A requirement for Cummins ISB 6.7L diesel engines was approved at the Board meeting on November 18, 2013 and a contract was awarded to U.S. Engine Production MI, Inc. Subsequent to award TTC determined there was a clear misunderstanding on the part of both parties with respect to the requirement (TTC required Cummins supplied engines and U.S. Engine Production MI, Inc. believed it could remanufacture the Cummins engine itself). Staff cancelled the Contract and re-bid the work. The subject engines are used as maintenance stock to maintain the TTC's Orion 7 second generation Hybrid bus fleet. TTC currently have approximately 691 Hybrid buses that will be entirely off warranty by the end of 2014. In addition, the current fleet's engine was expected to have a life expectancy of approximately nine years. Unfortunately, TTC are experiencing significant premature failures after 6 – 7 years. As a result of this, inventory demands on these engines to fulfill maintenance needs are significantly higher.

### **DISCUSSION**

Fifteen known companies were made aware of this requirement coupled with an advertisement on the TTC internet website on March 25, 2014. Three companies submitted Tenders as summarized in Appendix 'A'.

The tender called for Cummins factory remanufactured ISB 6.7L diesel engines, whereby material would be released in various lot sizes as required over a period of 24 months.

Ashcon International Inc. submitted the apparent low bid, however its tender submission did not meet the technical requirements of the RFT and was deemed as non-compliant and was not considered further.

Cummins Eastern Canada LP submitted the lowest compliant bid. The bid price for the requirement is approximately 13% higher than the previous purchase price in October 2013. Cummins' bid did not state any exceptions or qualifications and are considered compliant.

Wajax Power Systems submitted the highest bid and did not acknowledge Addendum No. 1. Since it was not the low bidder, its bid was not considered further.

Baker Transit Parts submitted a No Bid response.

**JUSTIFICATION**

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

-----

May 6, 2014  
9-122-122  
Attachment

**APPENDIX "A"**

**SUPPLY OF CUMMINS FACTORY REMANUFACTURED ISB 6.7L DIESEL ENGINES**

**TENDER SUMMARY**

<b><u>TENDERER</u></b>	<b><u>TOTAL</u></b>	
ASHCON INTERNATIONAL INC.	\$4,945,213.35	*
CUMMINS EASTERN CANADA LP	\$5,150,472.43	**
WAJAX POWER SYSTEMS	\$6,641,869.57	

\* Non-compliant

\*\* Recommended for Award