



STAFF REPORT ACTION REQUIRED

Procurement Authorization – Supply of Thermo King Air Conditioning Parts For Buses

Date:	December 20, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to obtain authorization for the award of contracts for a three-year term for the supply of Thermo King Air Conditioning parts that are required to support the TTC's bus maintenance needs.

Recommendations

It is recommended that the Board authorize the award of inventory supplier blanket contracts for the supply of Thermo King air conditioning parts for the period of approximately February 2017 to February 2020 in the following upset limit amounts (including applicable taxes and a 20% contingency) to the following companies:

- 1) Neopart Transit, LLC. for the supply of 5 parts in the total upset limit amount of \$385,800.00 USD (which is equivalent to approximately \$516,750.00 CDN, based on the exchange rate of 1.3394 dated November 3, 2016).
- 2) The Aftermarket Parts Canada, LLC DBA New Flyer Parts for the supply of 6 parts in the total upset limit amount of \$79,800.00.
- 3) Thermo King of Ontario Inc. for the supply of 147 parts in the total upset limit amount of \$8,193,200.00.

Financial Summary

Sufficient funds are included in the 2017 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory items will be charged to the appropriate department budget at the time of issuance from Stores.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Issue Background

TTC has an ongoing requirement for Thermo King air conditioning parts (kits, controllers, dryers, sensors, pulleys, crankshafts, etc.) that are used as maintenance stock to maintain the TTC's Orion 7 Hybrid and Clean Diesel bus fleets. These parts are manufactured by Thermo King in the USA and are available through various dealers/distributors.

Accessibility/Equity Matters

Not having parts to maintain our buses may result in these vehicles being held back from service which has a direct impact on our customers.

Comments

On October 29, 2016 a Request for Bid (RFB) was issued and advertised on the Merx website for the supply of 160 Thermo King air conditioning parts for up to a three-year term. Ten companies were notified of the requirement, out of which six companies picked up the bid document, and three companies submitted a response as summarized in the attached Appendix A.

Unless otherwise stated below, the bidders did not state any exceptions or qualifications to TTC's terms and conditions and are considered commercially compliant.

Neopart Transit, LLC. (Neopart) submitted prices on 153 items and was the lowest bidder for 5 items. Neopart quoted in US funds and was converted to Canadian funds using the exchange rate of 1.3394 for evaluation purposes only. Neopart is recommended for award of these 5 items.

The Aftermarket Parts Canada, LLC DBA New Flyer Parts (New Flyer) submitted prices on 150 items and was the lowest bidder for six items and the apparent low bidder for one item. New Flyer's price for one item appeared to be an obvious error as it was much lower than the previous purchase price and the next low bid. Staff contacted New Flyer for clarification and New Flyer confirmed that its price for this item was an error. As a result, New Flyer's bid for the one item was considered commercially non-compliant and not considered further. This item will be awarded to the next low bidder, Thermo King. New Flyer is recommended for award of these 6 items.

Thermo King of Ontario Inc. (Thermo King) submitted prices on 158 items and was the lowest bidder for 146 items, and the second lowest bidder for one item. Thermo King is recommended for award of these 147 items.

A price comparison revealed an overall decrease of 3.25 % during the first year of the contract compared to the last buy price, an overall increase of 3.94% in the second year of the contract compared to the first year prices and an overall increase of 3.60% in the third year of the contract compared to the second year prices.

Out of 160 items requested to be quoted, two items were not quoted on by any bidders. Staff determined that these two items are discontinued by the manufacturer with no replacements available. As a result, 158 items are recommended for award.

These contracts include a contingency of approximately 20% 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.

Contact

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Attachments

Appendix A

APPENDIX A

SUPPLY OF THERMO KING AIR CONDITIONING PARTS FOR BUSES

Supplier Name	Total Quoted Parts	Total Quoted Value (CAD)*	Total Quoted Value (USD)	Total Recommended Parts	Total Recommended Upset Limit Amount (Includes Contingencies) CAD*	Total Recommended Value (Includes Contingencies) USD
NEOPART TRANSIT, LLC	153	\$8,109,685.86	\$6,054,715.44	5	\$ 516,750.00	\$385,800.00
THE AFTERMARKET PARTS CANADA, LLC DBA NEW FLYER PARTS	150	\$9,807,605.72		6	\$ 79,800.00	
THERMO KING OF ONTARIO INC.	158	\$ 7,453,029.46		147	\$8,193,200.00	
TOTAL				158	\$ 8,789,750.00	

*Neopart Transit, LLC. quoted in U.S. funds and was converted to Canadian Funds for evaluation purposes only.