

Item No. 6



For Action

Supply of Rockwell/Meritor Parts

Date: November 12, 2019
To: TTC Board
From: Chief Executive Officer

Summary

The purpose of this report is to obtain procurement authorization for the supply of Rockwell/Meritor parts for a three-year term. These parts are required to maintain the TTC's fleet of Orion VII buses.

Recommendations

It is recommended that the TTC Board:

1. Authorize issuing contracts for the supply of Rockwell/Meritor parts for the three-year period from December 13, 2019 to December 12, 2022 to 10 companies in the upset limit amounts as follows:
 - a. Neopart Transit LLC for the supply of 76 parts in the total upset limit amount of \$5,643,000 USD, including applicable taxes (which is equivalent to \$7,515,911.17 CDN).
 - b. Rush Truck Centres of Canada Limited for the supply of 13 parts in the total upset limit amount of \$236,000 CDN, including applicable taxes.
 - c. The Aftermarket Parts Company, LLC for the supply of 20 parts in the total upset limit amount of \$224,000 CDN, including applicable taxes.
 - d. Performance Equipment LTD. O/A Vision Truck Group for the supply of four parts in the total upset limit amount of \$122,000 CDN, including applicable taxes.
 - e. Baker Transit Parts Inc. for the supply of two parts in the total upset limit amount of \$21,000 CDN, including applicable taxes.
 - f. Prevost, a Division of Volvo Group Canada Inc. for the supply of one part in the total upset limit amount of \$20,000 CDN, including applicable taxes.

- g. CBM N.A. INC. for the supply of two parts in the total upset limit amount of \$16,000 CDN, including applicable taxes.
- h. Kenworth Montreal, Division of Paccar Canada for the supply of three parts in the total upset limit amount of \$13,000 CDN, including applicable taxes.
- i. Fleet Brake Parts & Service LTD. for the supply of two parts in the total upset limit amount of \$9,000 CDN, including applicable taxes.
- j. Traction Heavy Duty Parts – Division of UAP Inc. for the supply of one part in the total upset limit amount of \$1,000 CDN, including applicable taxes.

Financial Summary

Sufficient funds are included in the TTC's 2019 Operating Budget as approved by City Council on January 24, 2019. Funds will be included in future budgets based on each year's anticipated usage requirements and subject to the annual budget approvals. The inventory parts will be charged to the appropriate department budget at the time of issuance from TTC Stores. Anticipated usage requirements, under this contract by year are as follows:

	2019	2020	2021	2022	Total
Anticipated part requirements	\$200,000	\$2,423,000	\$2,459,000	\$2,282,000	\$7,364,000
Rebateable portion of HST	\$22,000	\$268,000	\$272,000	\$252,000	\$814,000
Total	\$222,000	\$2,691,000	\$2,731,000	\$2,534,000	\$8,178,000

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

Equity/Accessibility Matters

No equity or accessibility impacts were identified.

Decision History

The current Rockwell/Meritor contracts cover the supply of 139 parts over a three-year period which ends December 12, 2019. The contracts were awarded to 11 companies

under staff authority as a result of a competitive bid process. The individual contract award amounts ranged from \$12,500 to \$4,399,000 CDN.

Issue Background

The TTC has an ongoing requirement for various Rockwell/Meritor parts, which are inventoried and used to maintain and repair TTC's fleet of Orion VII buses. The Rockwell/Meritor inventory group includes both major components (differential carriers, brake parts, gear sets, etc.) and minor components (hardware, gaskets, shims, etc.) for a variety of critical mechanical systems such as axle, brake, steering and transmission systems.

Repetitively ordered inventory parts are grouped by staff into categories, such as Rockwell/Meritor parts, whereby the basket of parts are competitively tendered, where possible, in order to set up multi-year contracts with suppliers. These 'supplier blanket' contracts leverage aggregated quantities to maximize supplier volume discounts. Furthermore, the purchasing function is largely automated under a supplier blanket, which results in improved effectiveness and efficiency.

Comments

A Request for Bid (RFB) was publically advertised on the MERX website for the supply of 125 various Rockwell/Meritor parts for up to a three-year term. In addition, 26 companies were notified of the requirement, 15 companies downloaded the bid documents from MERX. Twelve companies submitted bids, each of which was considered commercially and technically acceptable. Refer to the attached Appendix A for details regarding the bid values and recommended award amounts.

These Rockwell/Meritor parts are pre-approved by engineering/technical staff based on the designs and recommendations of the original equipment manufacturer, and as noted above, are used to maintain safety critical vehicle functions (axle, brake, steering and transmission operation). Any substitution or alternate parts would require design review and approval from TTC engineering/technical staff as well as in-field testing. Therefore, the RFB indicated that only the approved parts listed in the bid solicitation would be considered by TTC for award under this bid request and any proposed alternates would be subject to review and may be considered for future bid requests.

Neopart Transit LLC (Neopart) submitted pricing on 120 items, which included six alternative items. Neopart's bid was quoted in US funds and was converted to Canadian funds at the exchange rate of \$1.00 USD = \$1.3319 CAD for evaluation purposes. Neopart submitted the lowest bid price on 76 items and is recommended for award of a contract for those items.

Rush Truck Centres of Canada Limited (Rush Truck) submitted pricing on 115 items. Rush Truck submitted the lowest bid price on 13 items and is recommended for award of a contract for those items.

The Aftermarket Parts Company, LLC (otherwise known as New Flyer) submitted pricing on 122 items, which included four alternative items. New Flyer submitted the lowest bid price on 20 items and is recommended for award of a contract for those items.

Performance Equipment LTD. O/A Vision Truck Group (Performance Equipment) submitted pricing on 113 items, which included five alternative items. Performance Equipment submitted the lowest bid price on four items and is recommended for award of a contract for those items.

Baker Transit Parts Inc. (Baker) submitted pricing on 63 items. Baker submitted the lowest bid price on two items and is recommended for award of a contract for those items.

Prevost, a Division of Volvo Group Canada Inc., submitted pricing on 118 items, which included seven alternative items. Prevost submitted the lowest bid price on one item and is recommended for award of a contract for that item.

CBM N.A. Inc. (CBM) submitted pricing on 112 items. CBM submitted the lowest bid price on two items and is recommended for award of a contract for those items.

Kenworth Montreal, Division of Paccar Canada (Kenworth), submitted pricing on 118 items, which included four alternative items. Kenworth submitted the lowest bid price on three items and is recommended for award of a contract for those items.

Fleet Brake Parts & Service LTD. (Fleet Brake) submitted pricing on 119 items, which included five alternative items. Fleet Brake submitted the lowest bid price on two items and is recommended for award of a contract for those items.

Traction Heavy Duty Parts – Division of UAP Inc. (Traction) submitted pricing on 104 items, which included 12 alternative items. Traction submitted the lowest bid price on one item and is recommended for award of a contract for that item.

Transaxle Parts (Hamilton) Inc. (Transaxle) submitted pricing on 13 items. Transaxle did not submit the lowest bid price on any items and is not recommended for the award of any items.

Fort Garry Industries LTD. (Fort Garry) submitted pricing on 97 items. Fort Garry did not submit the lowest bid price on any items and is not recommended for the award of any items.

The quoted prices for nine alternative products were lower compared to the lowest bid prices for the approved parts. The alternative part information received from this bid process has been sent to appropriate staff for review and future consideration. Following a design review and in-field testing process, the TTC's approval of all nine alternative parts would result in approximately \$41,000 in annual savings based on the present forecast.

A price comparison of the bid prices with the last purchase prices of the recommended items was conducted and revealed an overall increase of 4.73% during the first year of the contract, a 0.49% increase in year two compared to the year one pricing and a 0.55% increase in year three compared to year two pricing.

The recommended upset limit contract amounts 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

Signature

Richard J. Leary
Chief Executive Officer

APPENDIX A
SUPPLY OF ROCKWELL/MERITOR PARTS

Bidder Name	Total Quoted Parts	Total Quoted Value (CDN)	Total Quoted Value (USD)	Total Recommended Parts	Total Recommended Value (CDN) including contingency	Total Recommended Value (USD) including contingency
*Neopart Transit LLC	120	\$6,876,995.98	\$5,163,297.53	76	\$7,515,911.17	\$5,643,000.00
Rush Truck Centres of Canada Limited	115	\$8,772,415.79		13	\$236,000.00	
The Aftermarket Parts Company, LLC	122	\$7,247,760.31		20	\$224,000.00	
Performance Equipment LTD. O/A Vision Truck Group	113	\$7,434,393.15		4	\$122,000.00	
Baker Transit Parts Inc.	63	\$3,586,288.74		2	\$21,000.00	
Prevost, a Division of Volvo Group Canada Inc.	118	\$8,371,175.43		1	\$20,000.00	
CBM N.A. INC.	112	\$8,348,112.57		2	\$16,000.00	
Kenworth Montreal, Division of Paccar Canada	118	\$13,172,007.60		3	\$13,000.00	

APPENDIX A

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Fleet Brake Parts & Service LTD.	119	\$7,622,959.13	2	\$9,000.00
Traction Heavy Duty Parts – Division of UAP Inc.	104	\$6,332,750.59	1	\$1,000.00
Transaxle Parts (Hamilton) Inc.	13	\$1,648,879.05	0	
Fort Garry Industries LTD.	97	\$4,229,699.90	0	
TOTAL			124	\$8,178,000.00

*Neopart Transit LLC quoted in US funds and its bid pricing was converted to Canadian funds using the exchange rate of \$1.00 USD = \$1.3319 CDN.