



## **Supply of Graham-White Parts**

**Date:** October 24, 2019  
**To:** TTC Board  
**From:** Chief Executive Officer

### **Summary**

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The purpose of this report is to obtain procurement authorization for the supply of Graham-White parts for a three-year term. These parts are required to maintain the TTC's fleet of Nova and Orion VII buses, and T1 subway cars.

### **Recommendations**

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It is recommended that the TTC Board:

1. Authorize issuing contracts for the supply of Graham-White parts for the three-year period from November 1, 2019 to October 31, 2022 to three companies in the upset limit amounts as follows:
  - a. The Aftermarket Parts Company, LLC for the supply of 11 parts in the total upset limit amount of \$6,895,700 CDN, including applicable taxes.
  - b. Wabtec Passenger Transit for the supply of 18 parts in the total upset limit amount of \$301,500 USD, including applicable taxes (which is equivalent to \$401,567.85 CDN).
  - c. Prevost, a Division of Volvo Group Canada Inc. for the supply of one part in the total upset limit amount of \$1,000 CDN, including applicable taxes.

### **Financial Summary**

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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 these contracts by year are as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Anticipated part requirements	\$354,000	\$2,134,000	\$2,198,000	\$1,886,000	\$6,572,000
Rebateable portion of HST	\$39,000	\$236,000	\$243,000	\$208,000	\$726,000
<b>Total</b>	<b>\$393,000</b>	<b>\$2,370,000</b>	<b>\$2,441,000</b>	<b>\$2,094,000</b>	<b>\$7,298,000</b>

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

### **Equity/Accessibility Matters**

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No equity or accessibility impacts were identified.

### **Decision History**

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The current Graham-White contract covers the supply of five parts over an approximate 1.5-year period, which ends October 31, 2019. The contract was awarded to The Aftermarket Parts Company, LLC under staff authority in the amount of \$804,500 CDN as a result of a competitive bid process.

### **Issue Background**

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The TTC has an ongoing requirement for various Graham-White parts (air dryers, filter kits, etc.) which are inventoried and used to maintain and repair the TTC's fleet of Nova and Orion VII buses, and T1 Subway Cars. The primary function of these parts is to filter the air and remove moisture from the pneumatic systems that operate the doors and braking systems.

Repetitively ordered inventory parts are grouped by staff into categories, such as Graham-White air dryer 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**

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A Request for Bid (RFB) was publicly advertised on the MERX website for the supply of 30 various Graham-White parts for up to a three-year term. In addition, 10 companies were notified of the requirement, eleven companies downloaded the bid

documents from MERX. Four 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 Graham-White 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 (braking and door 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 the TTC for award under this bid request, and any proposed alternates would be subject to review and may be considered for future bid requests.

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

The Aftermarket Parts Company, LLC (otherwise known as New Flyer) submitted pricing on 12 items. New Flyer submitted the lowest bid price on 11 items and is recommended for award of a contract for those items.

Wabtec Passenger Transit submitted pricing on 19 items. Wabtec's bid was quoted in US funds and was converted to Canadian funds at the exchange rate of \$1.00 USD = \$1.3319 CDN for evaluation purposes. Wabtec submitted the lowest bid price on 18 items and is recommended for award of a contract for those items.

Mohawk Mfg. & Supply Co. (Mohawk) submitted pricing on seven items. One item quoted was based on an alternative, and as a result, was not considered for award under this bid request (as stated above). The quoted price for the alternative product was lower compared to the lowest bid price from another bidder for the approved part. The alternative part information received from this bid process has been sent to appropriate staff for review and future consideration. Mohawk did not submit the lowest bid price on any items and is not recommended for the award of any items.

A price comparison of the bid prices with the last purchase prices of the recommended items was conducted and revealed an overall increase of 4.71% during the first year of the contract, a 2.98% increase in year two compared to the year one pricing and a 2.96% 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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## **Signature**

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Richard J. Leary  
Chief Executive Officer

## **Attachments**

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Appendix A – Supply of Graham-White Parts

**APPENDIX A**  
**SUPPLY OF GRAHAM-WHITE 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
*Wabtec Passenger Transit	19	\$334,364.04	\$251,042.90	18	\$401,567.85	\$301,500.00
The Aftermarket Parts Company, LLC	12	\$5,747,245.51		11	\$6,895,700.00	
Prevost, a Division of Volvo Group Canada Inc.	8	\$2,499,565.31		1	\$1,000.00	
Mohawk Mfg. & Supply Co.	7	\$2,712,813.20		0		
<b>TOTAL</b>				<b>30</b>	<b>\$7,298,267.85</b>	

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