



Procurement Authorization – Supply of Mobile Climate Control Bus Parts

Date: June 20, 2024
To: TTC Board
From: Chief Financial Officer

Summary

The TTC's fleet of 503 Orion, 174 New Flyer, 10 BYD, and 1,392 Nova buses are equipped with heating, ventilation and air conditioning (HVAC) systems manufactured by Mobile Climate Control (MCC). The TTC requires MCC replacement parts for the ongoing state of good repair of these HVAC systems. These HVAC parts, including but not limited to, blowers, motors, compressors, and filters, are inventoried by the TTC and issued throughout the year on an as-required basis.

The purpose of this report is to obtain Board authorization to award contracts for the supply of 179 MCC parts to five companies in the total amount of \$17,294,000 CAD, inclusive of HST, for a three-year term commencing July 2, 2024 through to July 2, 2027 for the supply of MCC parts.

Recommendations

It is recommended that the TTC Board:

1. Authorize the award of contracts for the supply of MCC parts for a three-year term commencing July 2, 2024, with a cumulative upset limit of \$17,294,000, inclusive of HST, to the following five companies:
 - a. Reefer Sales and Service for the supply of 134 parts in the total upset limit amount of \$6,147,000 USD (equivalent to \$8,277,000 CAD).
 - b. North American Transit Supply Corporation for the supply of 16 parts in the total upset limit amount of \$3,524,000 USD (equivalent to \$4,745,000 CAD).
 - c. CBM N.A. Inc. for the supply of 11 parts in the total upset limit amount of \$3,906,000 CAD.
 - d. Ashcon International Inc. for the supply of 12 parts in the total upset limit amount of \$265,000 USD (equivalent to \$357,000 CAD).
 - e. Baker Transit Parts Inc. for the supply of six parts in the total upset limit amount of \$9,000 CAD.

Financial Summary

Sufficient funds are included in the TTC's 2024 Operating Budget, as approved by the TTC Board on December 20, 2023 and approved by the City Council on February 14, 2024. Funds will be included in future budgets based on each year's anticipated usage requirements and are subject to annual budget approvals. The inventory parts will be charged to the appropriate departmental budget at the time of issuance from TTC Stores.

Anticipated annual expenditures based on forecasted usage requirements under this contract term are shown in Table 1 below:

Table 1: Annual Contract Value

	2024 July to December	2025 January to December	2026 January to December	2027 January to June	Total
Requested Contract Authority (without HST)	2,524	5,119	5,128	2,533	15,304
Non-Rebatable HST 1.76%	44	90	90	45	269
Total Contract Expense	2,568	5,209	5,218	2,578	15,573
Rebatable HST	284	576	577	284	1,721
Total Authority, including HST	2,852	5,785	5,795	2,862	17,294

(in \$ thousands)

Equity/Accessibility Matters

A cornerstone of the TTC's 2024-2028 Corporate Plan is accessibility, and as a proud leader in providing accessible public transit to the residents in the city of Toronto and surrounding municipalities, the TTC is committed to ensuring reliable, safe, accessible and inclusive transit services for all of its customers. The vehicle parts being recommended for the award of this contract will ensure that the TTC can continue to offer reliable, safe, accessible, and inclusive transit services for all customers.

Decision History

At its meeting on June 16, 2021 the TTC Board authorized the award of six contracts for the supply of 115 MCC parts for a three-year term commencing July 1, 2021, with a total award value among the six companies of \$8,050,000.

Report: [June 16 - Procurement Authorization – Supply of Mobile Climate Control Parts](#)
Decision: [Procurement Authorization – Supply of Mobile Climate Control Parts](#)

Issue Background

The TTC has an ongoing requirement for various MCC parts (blowers, motors, compressors, filters, etc.), which are inventoried and used to maintain and repair the TTC's fleet of Orion, New Flyer, BYD and Nova buses. MCC parts are used in the heating, ventilation and air conditioning (HVAC) systems of TTC buses.

The TTC establishes multi-year contracts for parts that need to be repetitively ordered. These "supplier blanket" contracts leverage aggregated quantities to maximize supplier volume discounts. Furthermore, the issuance of Purchase Orders (PO's) is largely automated under a supplier blanket, which results in improved effectiveness and efficiency.

Comments

The supply of replacement MCC parts is critical to maintaining the MCC HVAC systems installed on TTC buses.

The MCC units have a life cycle of approximately six years and undergo overhaul work to replace major components based on that schedule. Outside of the overhaul process, parts are replaced as required with consumable parts being replaced on an approximate annual basis.

A Request for Bid (RFB) was publicly advertised on the MERX website on February 23, 2024, for the supply of 187 MCC parts for a three-year term. Six bids were received by the bid closing date of April 3, 2024. The bid validity date is August 3, 2024.

The requested parts are genuine MCC 'Original Equipment Manufacturer' (OEM) parts. Any proposed alternatives require review and potential testing by TTC technical staff to ensure alternates meet the required safety and performance standards. 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 opportunities.

The RFB allowed Bidders to offer discounted pricing for a specific part based on a minimum order quantity as proposed by the Bidder. Reefer Sales and Service (Reefer

Sales) provided price discounts on 77 parts and the proposed minimum order quantities were considered acceptable by staff. Therefore the price discounts were considered as part of the evaluation process.

Reefer Sales, North America Transit Supply Corporation (NATSCO) and Ashcon International Inc. (Ashcon) quoted in U.S. funds and their bid prices were converted to Canadian funds for evaluation purposes.

Reefer Sales submitted pricing on 179 parts, out of which 10 parts were based on alternative parts and were not considered further for evaluation as stated above. Reefer Sales submitted the lowest-priced bid on 134 parts and is being recommended for award for these 134 parts.

NATSCO submitted pricing on 42 parts and was the lowest Bidder on 16 parts; NATSCO is recommended for award for these 16 parts.

CBM NA (CBM) submitted pricing on 17 parts, out of which four parts were based on alternative parts and were not considered further for evaluation as stated above. CBM submitted the lowest-priced bid on 11 parts and is recommended for award for these 11 parts.

Ashcon submitted pricing on 179 parts, out of which two parts were based on alternative parts and were not considered further for evaluation as stated above. Ashcon submitted the lowest-priced bid on 12 parts and is recommended for award for these 12 parts.

Baker Transit Parts Inc. (Baker) submitted pricing on 65 parts, out of which three parts were based on alternative parts and were not considered further for evaluation as stated above. Baker submitted the lowest-priced bid on six parts and is recommended for award for these six parts.

The Aftermarket Parts Company, LLC (also known as New Flyer) did not submit pricing for the third year of the proposed contract term. The RFB indicated it was mandatory to provide pricing for all three years, therefore New Flyer's bid was considered commercially non-compliant and was not considered further.

A price comparison of the bid prices with the last purchase prices of the recommended parts was conducted and revealed an overall decrease of 8.93% during the first year of the contract, an increase of 3.24% in year two compared to year one pricing, and an increase of 3.31% in year three compared to year two pricing.

Out of 187 parts requested to be quoted, 179 parts are recommended for award while eight parts are not. Among the eight parts not recommended for award, two were identified as duplicates, four parts were quoted based on alternative parts only and two parts did not receive bids from any Bidders. These parts, some of which have low usage, will be reviewed and procured on an as required basis under separate procurement processes.

The recommended contract amount includes an approximate 10% contingency to cover variances between forecasted and actual usage over the contract period.

The recommended three-year contract in the amount of \$17,294,000 CAD for 179 parts captures 83 new parts compared to the current contract, which was awarded in the amount of \$8,050,000 CAD for 115 parts. The award value variance is attributed to the 83 new parts that represent an approximate value of \$5.73 million, in addition to increased forecasted quantities of parts, which amounts to an approximate value of \$3.3 million.

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Signature

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