



## **Procurement Authorization – Supply of Vapor Bus Parts**

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

### **Summary**

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The TTC's fleet of 503 Orion, 174 New Flyer, 10 BYD, and 1,392 Nova buses are equipped with entrance and exit door systems manufactured by Vapor. The TTC requires Vapor replacement bus parts for the ongoing state of good repair of these door systems. These door parts, including but not limited to, doors, valves, rollers, springs, brackets, and rods 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 145 Vapor bus parts to four companies in the total amount of \$11,757,000 CAD, inclusive of HST, for a two-year term, with an option to extend the contracts for a period of up to 12 months.

### **Recommendations**

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It is recommended that the TTC Board:

1. Authorize the award of contracts for the supply of Vapor bus parts for a two-year period commencing November 1, 2024, with a cumulative upset limit amount of \$11,757,000 CAD, inclusive of HST, to the following four companies:
  - a. North American Transit Supply Corporation (NATSCO) for the supply of 71 parts in the total upset limit amount of \$7,240,000 USD (equivalent to \$9,872,000 CAD).
  - b. The Aftermarket Parts Company, LLC DBA New Flyer Parts (New Flyer) for the supply of 46 parts in the total upset limit amount of \$1,506,000 CAD.
  - c. Neopart Transit LLC (Neopart) for the supply of 25 parts in the total upset limit amount of \$230,000 USD (equivalent to \$314,000 CAD).
  - d. Prevest, A Division of Volvo (Prevest) for the supply of three parts in the total upset limit amount of \$65,000 CAD.

2. Delegate authority to the Chief Executive Officer to exercise the extension options in the four contracts by up to a period of 12 months (November 1, 2026 to October 31, 2027) and to increase the contract values among the four contracts in the total amount of up to \$6,790,000 CAD, inclusive of HST.

## Financial Summary

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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 department 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: Contract Value of Initial and Extension Term (\$)**

	<b>Initial Term Year 1 (2024-2025)</b>	<b>Initial Term Year 2 (2025-2026)</b>	<b>2-Year Term Total</b>	<b>Extension 1 (2026-2027)</b>	<b>Total</b>
<b>Requested Contract Authority (without HST)</b>	<b>5,203</b>	<b>5,202</b>	<b>10,405</b>	<b>6,009</b>	<b>16,414</b>
Non-Rebatable HST 1.76%	92	91	183	106	289
<b>Total Contract Expense</b>	<b>5,295</b>	<b>5,293</b>	<b>10,588</b>	<b>611</b>	<b>16,703</b>
Rebatable HST	585	584	1,169	675	1,844
<b>Total Authority, including HST</b>	<b>5,879</b>	<b>5,878</b>	<b>11,757</b>	<b>6,790</b>	<b>18,547</b>

*(in \$ thousands)*

## **Equity/Accessibility Matters**

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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 award under this contract will ensure that the TTC can continue to offer reliable, safe, accessible, and inclusive transit services for all customers.

## **Decision History**

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The current Vapor bus parts contract was awarded under staff authority in the upset limit amount of \$2,176,000 USD (\$2,925,000 CAD) and covers the supply of 80 parts over a one-year period from July 29, 2023 to July 28, 2024.

Under staff authority, the current contract expiry date was extended by three months from July 28, 2024 to October 31, 2024 under the existing pricing terms, with no change to the upset limit amount of \$2,176,000 USD.

## **Issue Background**

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The TTC has an ongoing requirement for Vapor bus parts (doors, valves, rollers, springs, brackets, rods, etc.) that are inventoried and used to maintain and repair the TTC's fleet of Orion, New Flyer, BYD, and Nova 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 purchasing function is largely automated under a supplier blanket, which results in improved effectiveness and efficiency.

## **Comments**

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The supply of replacement Vapor bus parts is critical to maintain the safe operation of Vapor door systems that are installed on TTC buses.

The Vapor door system has a life cycle of approximately six years and undergoes overhaul work to replace major components based on that schedule. Outside of the overhaul process, parts are replaced on an as-required basis.

A Request for Bid (RFB) was publicly advertised on the MERX website on March 13, 2024, for the supply of 145 Vapor bus parts for a two-year term. Five bids were received by the bid closing date of April 18, 2024. The bid validity date is September 30, 2024.

The requested parts are genuine Vapor bus 'Original Equipment Manufacturer' (OEM) parts, any alternatives proposed by Bidders 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.

NATSCO, Neopart and Ashcon International Inc. (Ashcon) quoted in U.S. funds and their bid prices were converted to Canadian funds for evaluation purposes.

NATSCO submitted pricing on 141 parts and was the lowest Bidder on 71 parts; NATSCO is recommended for award for these 71 parts.

New Flyer submitted pricing on 105 parts, out of which four parts were based on alternative parts and were not considered further for evaluation as stated above. New Flyer submitted the lowest-priced bid on 46 parts and is recommended for award for these 46 parts.

Neopart submitted pricing on 140 parts, of which four parts were based on alternative parts and were not considered further for evaluation as stated above. Neopart submitted the lowest-priced bid on 25 parts and is recommended for award for these 25 parts.

Prevost submitted pricing on 125 parts, of which six parts were based on alternative parts and were not considered further for evaluation as stated above. Prevost submitted the lowest-priced bid on three parts and is recommended for award for these three parts.

Ashcon submitted a price on one part and was not the low Bidder on that part; Ashcon is not recommended for award.

A price comparison of the bid prices with the last purchase prices of the recommended parts was conducted and revealed an overall increase of 1.04% during the first year of the contract and an increase of 5.09% in year two compared to the year one pricing.

Out of 145 parts requested to be quoted, all 145 parts are being recommended for award.

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

At the time the current contract was established not all requested Vapor Bus parts were quoted by Bidders, and there was market reluctance in committing to a longer-term contract, resulting in a one-year contract that covered 80 parts. Vapor Bus parts not captured under the supplier blanket were ordered on an as-required basis. The recommended two-year contracts cover the supply of 145 parts, with an option to extend the term by up to 12 additional months.

Exercising the optional extension period of up to 12 months for the contracts is dependent on the companies' acceptable performance during the initial two-year contract term and the negotiation of favourable pricing for the optional term.

## **Contact**

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## **Signature**

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