

MEETING DATE: JANUARY 12, 2005

SUBJECT: Purchase Of Various Bus Parts

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various bus parts to the following companies for the period from January 2005 to January 2008:

- Orion Bus Ind Limited for \$4,200,000 including applicable taxes.
- Prevost Car Incorporated for \$1,470,000 including applicable taxes.
- Baker Transit Parts for \$879,600 including applicable taxes.
- Neopart for \$858,300 including applicable taxes.
- NATSCO for \$681,900 including applicable taxes.
- Mohawk Mfg & Supply Company for \$164,000 including applicable taxes.
- Harper Diesel Limited for \$127,600 including applicable taxes.
- Elreg Distributors Limited for \$126,500 including applicable taxes.
- Freightliner Mid Ontario Incorporated for \$109,600 including applicable taxes.
- Gillig Corporation for \$82,000 including applicable taxes.
- British Auto Supply Company Limited for \$17,900 including applicable taxes.
- Cadel for \$3,400 including applicable taxes.

FUNDING

Sufficient funds are available in the 2005 TTC Operating Budget which was approved by the Commission at its November 17, 2004 Commission meeting and will be included in future Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject bus parts are used for varying bus maintenance needs. Several examples include brake camshafts, lamp assemblies, motor starters and engine mounts.

DISCUSSION

Tenders were invited from twenty-seven known companies coupled with an advertisement on the TTC internet website on September 17, 2004. Sixteen companies submitted tenders as summarized in Appendix 'A'.

The tender called for 851 pre-approved part types. The tenderers were also advised that alternatives would not be considered during the evaluation. A total of 671 part types are being recommended for award. The 180 part types that are not being recommended for award are comprised of 82 part types where no pricing was received, 41 part types that will be re-categorized by staff for a subsequent tender, 29 part types which had identified excessive price increases and 28 part types that were resultant of non-compliant tenders. Staff will investigate these parts and they may subsequently be the subject of a future tender.

During evaluation of the 18 submissions received, two companies were unable to quote and three companies submitted invalid or non-compliant tenders and were subsequently not considered further.

MCI Service Parts Incorporated submitted a tender that they had modified the Commission's forecasted quantities on all of their quoted 59 part types thereby rendering their submission as a non-compliant tender and consequently was not considered further.

New Flyer Industries submitted a tender however they failed to complete the required Form of Tender document thereby rendering their submission as a non-compliant tender and consequently was not considered further.

Tor Truck Corporation submitted a tender however they failed to submit the required Form of Tender document thereby rendering their submission as a non-compliant tender and consequently was not considered further.

The remaining thirteen tenders were evaluated and ultimately twelve companies will be receiving contracts.

Orion Bus Industries Limited submitted prices on 463 part types and has the lowest compliant price on 250 part types. Of these part types, 2 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$4,200,000 for 248 part types.

Prevost Car Incorporated submitted prices on 342 part types and has the lowest compliant price on 97 part types. Of these part types, 11 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$1,470,000 for 86 part types.

Baker Transit Parts submitted prices on 492 part types and has the lowest compliant price on 144 part types. Of these part types, 6 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$879,600 for 138 part types.

Neopart submitted prices on 274 part types and has the lowest compliant price on 112 part types. Of these part types, 5 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$858,300 for 107 part types.

NATSCO submitted prices on 74 part types and has the lowest compliant price on 16 part types. They are recommended to be awarded an upset limit contract for \$681,900.

Mohawk Mfg & Supply Company submitted prices on 100 part types and has the lowest compliant price on 12 part types. Further, they submitted an additional offer that was based on alternatives. This additional offer was not considered further. They are recommended to be awarded an upset limit contract for \$164,000.

Harper Diesel Limited submitted prices on 38 part types and has the lowest compliant price on 14 part types. Of these part types, 1 part type was deemed as excessive in price when compared to the previous price paid and was not considered further. They are recommended to be awarded an upset limit contract for \$127,600 for 13 part types.

Elreg Distributors Limited submitted prices on 21 part types and has the lowest compliant price on 10 part types. They are recommended to be awarded an upset limit contract for \$126,500.

Freightliner Mid Ontario Incorporated submitted prices on 76 part types and has the lowest compliant price on 6 part types. Of these part types, 1 part type was deemed as excessive in price when compared to the previous price paid and was not considered further. They are recommended to be awarded an upset limit contract for \$109,600 for 5 part types.

Gillig Corporation submitted prices on 300 part types in US funds. Further their tender noted that the Commission would assume costs for freight, brokerage, customs clearance and other related costs incurred to clear goods from customs. For evaluation purposes, staff estimated that these costs would be covered by adding an estimated 5% to their unit pricing. They have the lowest compliant price on 31 part types. Of these part types, 2 part types were deemed as excessive in price when compared to the previous price paid and were not considered further. They are recommended to be awarded an upset limit contract for \$82,000 CDN (\$63,000 USD) for 29 part types.

British Auto Supply Company Limited submitted prices on 10 part types and has the lowest compliant price on 2 part types. Of these part types, 1 part type was deemed as excessive in price when compared to the previous price paid and was not considered further. They are recommended to be awarded an upset limit contract for \$17,900 for 1 part type.

Cadel submitted prices on 27 part types and has the lowest compliant price on 6 part types. They are recommended to be awarded an upset limit contract for \$3,400.

Groeneveld/CPL Systems submitted prices on 3 part types and has the lowest compliant price on 1 part type, however staff will be re-assigning this one part type to another grouping of parts more conducive to attaining better pricing on other CPL Systems manufactured parts. Therefore, this part will be the subject of another tender.

Each contract includes approximately 20% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contracts during the contract term.

The pricing for the new three-year inventory supply contracts are approximately 11% lower in the first year of the contract. The pricing will be approximately 4% higher in year two based on year one pricing and approximately 4% higher in year three based on year two pricing.

JUSTIFICATION

These various bus parts are required in order to support varying bus maintenance needs.

December 23, 2004
9-117-55
Appendix A

Tenderer	No. of Items Priced	Amount Tendered	No. of Items Recommended
Orion Bus Ind Limited	463	\$7,026,063.22	248
Prevost Parts Incorporated	342	\$7,159,408.88	86
Baker Transit Parts	492	\$9,479,374.57	138
Neopart	274	\$5,362,797.45	107
NATSCO	74	\$2,440,033.97	16
Mohawk Mfg & Supply Company	100	\$2,371,221.58	12
Harper Diesel Limited	38	\$703,678.98	13
Elreg Distributors Limited	21	\$110,594.34	10
Freightliner Mid Ontario Incorporated	76	\$1,560,811.77	5
Gillig Corporation	300	\$6,271,832.08	29
British Auto Supply Company Limited	10	\$35,403.77	1
Cadel	27	\$100,774.14	6
Groeneveld/CPL Systems	3	\$10,803.85	0
MCI Service Parts Incorporated	-		
New Flyer Industries	-		
Tor Truck Corporation	-		

Note: Gillig Corporation's \$82,000 CDN upset limit is derived when applying the Finance published exchange rate of 1.3026.