



# Liquidated Damages for the Supply of Additional Streetcars from Alstom

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# | Background

In October 2020, the TTC Board approved the staff recommendation to issue a contract change with Bombardier Transportation Canada Inc. (now Alstom) for the supply of the 13 additional streetcars.

Further, the TTC Board directed staff to:

1. Negotiate liquidated damages (LDs) to mitigate the risk of late vehicle deliveries;
2. Present LD terms to the TTC Board for approval; and
3. Make the LD terms public to provide reassurance of Bombardier's and TTC's commitment to on-time delivery.



# Liquidated Damage Terms

On February 10, 2021, the TTC Board approved LD terms as follows:

1. Amount for late delivery increased to \$3,500/day/vehicle
2. Cap for late delivery increased to 10% of the contract value
3. Aggregate total LD Cap increased to 15.5%.

Individual LD Category	2009 Original Contract	2021 LD Terms
LD Amount for Late Delivery of Vehicles	\$1,500/day/vehicle	<b>\$3,500/day/vehicle for delivery after contract milestone date</b>
LD Cap for Late Delivery of Vehicles	5% of Contract Value	<b>10% of Contract Change Value</b>
Aggregate Total LD Cap	12% of Contract Value	<b>15.5% of Contract Change Value</b>



# Industry Benchmark Comparison

TTC engaged Hatch LTK to review the LD terms on comparable rail projects in North America.

From their review, Hatch LTK confirmed that the LD terms proposed by TTC staff for the supply of additional streetcars are among the strictest in North America.

Rail Vehicle Type	LD Amount for Late Delivery (~\$USD/car /day)	Aggregate Total LD Cap (including Schedule LDs)
Commuter	\$400	7.5%
LRV	\$3,000	10%
LRV	\$500	10%
LRV	\$250	10%
Subway	\$750	8%
Subway	\$800	10%
Subway	\$600	7.5%
Subway	\$200	7.5%
Subway	\$1,200	10%
Subway	\$900	10%



