



STAFF REPORT ACTION REQUIRED

Procurement Authorization – Supply of Ford Parts

Date:	June 15, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to obtain authorization for the award of contracts for a three-year term for the supply of Ford parts that are required to maintain the TTC's fleet of Ford non-revenue vehicles and Wheel-Trans buses.

Recommendations

It is recommended that the Board authorize the award of inventory supplier blanket contracts for the supply of Ford parts for the period July 2017 to July 2020 in the following upset limit amounts (including applicable taxes and an approximate 20% contingency) to the following companies:

- 1) Thorncrest Sherway Inc. for the supply of 52 parts in the total upset limit amount of \$513,800.
- 2) Donway Ford Sales Ltd. for the supply of 17 parts in the total upset limit amount of \$138,300.
- 3) Yonge-Steeles Ford Lincoln Sales Ltd. for the supply of 349 parts in the total upset limit amount of \$5,673,400.
- 4) East Court Ford Lincoln Sales Ltd. for the supply of 150 parts in the total upset limit amount of \$2,177,100.
- 5) Shanahan Ford Lincoln Sales for the supply of 4 parts in the total upset limit amount of \$66,400.
- 6) OEM Fleets Limited for the supply of 99 parts in the total upset limit amount of \$1,385,700.

Financial Summary

Sufficient funds are included in the 2017 TTC and Wheel-Trans Operating Budgets as approved by the TTC Board on November 21, 2016 and City Council on February 15, 2017 and will be included in future TTC Operating and Wheel-Trans Budgets as appropriate. These inventory items will be charged to the appropriate department budget at the time of issuance from Stores.

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

Accessibility/Equity Matters

Not having parts to maintain our vehicles may result in these vehicles being held back from service which has a direct impact on our customers.

Issue Background

The TTC has an on-going requirement for various Ford parts (gaskets, fuel filters, pumps, sensors, compressors, harnesses, etc.) that are used as maintenance stock to maintain the TTC's Ford non-revenue vehicles and Wheel-Trans buses. These parts are manufactured by Ford and are available through various dealers/distributors.

Repetitively ordered inventory parts are grouped by Staff into categories, such as Ford parts, whereby the large basket of parts are competitively tendered, where possible, in order to set up multiyear 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

On February 28, 2017 a Request for Bid (RFB) was advertised on the MERX website for the supply of 673 Ford parts for up to a three-year term. Eleven companies were notified of the requirement, out of which eight companies picked up the bid documents, and seven companies submitted a response as summarized in the attached Appendix A.

These Ford parts are recommended for use by the original equipment manufacturer (OEM) and are pre-approved by Staff, any substitution of alternate parts would require review and approval from TTC engineering/technical staff and may also require in-field testing. As such, the RFB indicated that only the approved parts listed in the bid solicitation would be considered by TTC for award and any proposed alternates would be subject to review and may be considered for future bid requests.

Twenty-four of the items being recommended for award are considered remanufactured (or reconditioned / exchange) parts. When purchasing a remanufactured item, a

damaged or worn unit (a core) is required by the applicable company. The company will then supply a remanufactured unit by either repairing that particular core, or supplying an existing unit that has previously been repaired. Where TTC does not have a core to supply the company when purchasing a remanufactured part, an additional core charge will be applied. The RFB contained a Price Schedule 2 - Core Price Schedule, for bidders to quote core prices for the applicable items.

Unless otherwise stated below, the bidders did not state any exceptions or qualifications to TTC's terms and conditions and their bids are considered commercially and technically compliant.

Thorncrest Sherway Inc. (Thorncrest) submitted prices on 663 items, which included 1 alternative item. Thorncrest was the lowest bidder for 51 items and the second lowest bidder for 1 item. Thorncrest is recommended for award for 52 items.

Donway Ford Sales Ltd. (Donway) submitted prices on 673 items, which included 88 alternative items. Donway was the lowest bidder for 17 items and the apparent lowest bidder for 2 items. Staff suspected the pricing on the apparent low items was erroneous as it significantly varied from the pricing submitted by other bidders as well as the last price the TTC paid. Staff subsequently contacted Donway who confirmed it made an error in its pricing for these 2 items, therefore it is recommended these items be awarded to the next lowest-priced bidders; East Court and Yonge-Steeles. Donway is recommended for award for 17 items.

Yonge-Steeles Ford Lincoln Sales Ltd. (Yonge-Steeles) submitted prices on 669 items. Yonge-Steeles was the lowest bidder for 346 items, the second lowest bidder for 3 items, the apparent lowest bidder for 1 item and the apparent second lowest bidder on 1 item (Donway was the apparent lowest bidder). Staff suspected the pricing on the apparent low and second low items was erroneous as it significantly varied from the pricing submitted by other bidders as well as the last price the TTC paid. Staff subsequently contacted Yonge-Steeles who confirmed it made an error in its pricing for these 2 items, therefore it is recommended these items be awarded to the next lowest-priced bidder; East Court. Yonge-Steeles is recommended for award for 349 items.

East Court Ford Lincoln Sales Ltd. (East Court) submitted prices on 660 items, which included 58 alternative items. East Court was the lowest bidder for 147 items, the second lowest bidder for 3 items, and the apparent lowest bidder for 1 item. Staff suspected the pricing on the apparent low item was erroneous as it significantly varied from the pricing submitted by other bidders as well as the last price the TTC paid. Staff subsequently contacted East Court who confirmed it made an error in its pricing for this item, therefore it is recommended this item be awarded to the next lowest-priced bidder; Yonge-Steeles. East Court is recommended for award of 150 items.

Shanahan Ford Lincoln Sales (Shanahan) submitted prices on 620 items, which included 66 alternative items. Shanahan was the lowest bidder for 4 items and is recommended for award of 4 items.

OEM Fleets Limited (OEM Fleets) submitted prices on 653 items, which included 96 alternative items. OEM Fleets was the lowest bidder for 99 items and is recommended for award of 99 items.

Baker Transit Parts Inc. (Baker) submitted prices on 370 items and was the lowest bidder for 3 items. However, Baker's three-year contract for the 3 items would be valued at \$624.21 which is considered too low to justify the cost of administering an additional contract. Staff recommends awarding these items to the next lowest-priced bidders; Thorncrest, East Court, and Yonge-Steeles. Baker is not recommended for award of any items.

A price comparison revealed an overall increase of 0.07% during the first year of the contracts compared to the last buy price, an overall increase of 2.28% in the second year of the contracts compared to the first year prices and an overall increase of 1.88% in the third year of the contracts compared to the second year prices.

Out of 673 items requested to be quoted, a total of 671 items are recommended for award. One item was deselected and removed from the evaluation as subsequent to the RFB being issued it was discovered that the specifications had changed (i.e. manufacturer part number change), while another item is not being recommended for award as only alternatives were quoted and not the part specified in the RFB. Staff will further review these items for future consideration.

Alternative part information received from this bid process has been sent to appropriate Staff for review and future consideration.

These contracts 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

Ted Zlotnik
Head – Materials & Procurement
Phone: 416-393-3113
Email: Ted.Zlotnik@ttc.ca

Attachments

Appendix A

APPENDIX A

SUPPLY OF FORD PARTS

Bidder Name	Total Quoted Parts	Total Quoted Value (CDN)	Total Recommended Parts	Total Recommended Upset Limit Amount (Includes Contingencies) CDN
THORNCREST SHERWAY INC.	663	\$ 8,927,580.55	52	\$ 513,800
DONWAY FORD SALES LTD.	673	\$ 9,158,414.37	17	\$ 138,300
YONGE-STEELES FORD LINCOLN SALES LIMITED	669	\$ 8,715,933.59	349	\$ 5,673,400
EAST COURT FORD LINCOLN SALES LTD.	660	\$ 8,486,201.58	150	\$ 2,177,100
SHANAHAN FORD LINCOLN SALES	620	\$ 7,075,318.33	4	\$ 66,400
OEM FLEETS LIMITED	653	\$ 9,011,722.42	99	\$ 1,385,700
BAKER TRANSIT PARTS INC.	370	\$ 1,121,286.67	0	\$ 0
TOTAL			671	\$ 9,954,700