

# Purchase Of Detroit Diesel And Allison Parts

Meeting Date: December 13, 2000

Subject: Purchase Of Detroit Diesel And Allison Parts

## Recommendation

It is recommended that the Commission authorize additional authority in the amount of \$1,400,000.00 for the supply of Detroit Diesel and Allison parts for inventory supply for the period ending April 23, 2001 from Harper Detroit Diesel Limited resulting in a revised upset limit of \$12,100,000.00 including applicable taxes.

## Funding

Sufficient funds will be included in the 2001 TTC Operating Budget. These inventory materials will be charged to the appropriate budget at the time of usage.

## Background

At its meeting of May 6, 1998, the Commission approved the award of a three year supply contract for the period of May 1998 to April 2001 to Harper Detroit Diesel Limited for \$4,200,000.00 for the supply of Detroit Diesel and Allison parts to the Commission. The subject parts are used on the Commission's bus fleet engine and transmissions for maintenance and the bus rebuild program and Harper Detroit Diesel Limited is the only approved supplier of the subject parts.

Subsequently, at its meeting of September 1, 1999, the Commission authorized additional authority in the amount of \$2,800,000.00 and on March 8, 2000, the Commission authorized additional authority in the amount of \$3,700,000.00 resulting in a revised upset limit of \$10,700,000.00 including applicable taxes.

## Discussion

Due to an unanticipated increase in usage of approximately 25% over the past twelve months, staff have now reforecasted the demand to the end of the contract in April 2001.

Based on the Commission's reforecasted requirements, it is estimated that an increase of \$1,400,000.00 will be required to the upset limit of the contract to ensure engine and transmission parts availability necessary for the on-going vehicle maintenance and bus rebuild program.

Staff have negotiated a 1% price reduction with Harper Detroit Diesel which will be applicable on all but a handful of the parts ordered for the balance of the contract.

Staff will shortly be proceeding with the procurement process to arrange a new three year

contract to commence in April 2001.

## **Justification**

The amendment to this supply contract will result in having sufficient inventory to meet Operation's maintenance and bus rebuild needs to the end of the contract in April 2001.

November 29, 2000

9-118-80