

Mayor

# DAVID MILLER

June 23, 2006

Councillor Walker  
Ward 22, St. Paul's  
City Hall, 100 Queen Street West  
2<sup>nd</sup> Floor, Suite B26  
Toronto, Ontario M5H 2N2

Dear Councillor Walker:

## Sole Source Contract to Bombardier for New Subway Cars

I am writing in response to your June 16 enquiry regarding the proposed Bombardier subway car purchase.

Sole sourcing is standard industry practice and is employed by major transit operators in Canada. The decision was made by the Commission as part of its normal business. No contract has been signed and there was no broker. TTC staff, at the direction of the commission, issued a specification to Bombardier for the subway cars in March. Bombardier has submitted an offer to staff, who are currently negotiating and evaluating the technical and financial merits of the offer. The TTC is currently out for proposals to hire two third-party specialists to evaluate the fairness of the price in today's market.

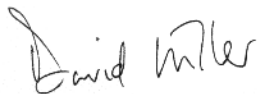
When the process is complete, including the third party analysis, staff will report to the commission with a recommendation either to accept or reject the offer.

Subway car purchases are not routine operations so there is no "current process" as such, though they have historically been sole sourced. The last purchase of subway cars was 372 T1 cars for \$863.9 million. The process for the purchase began in 1991 and was sole sourced to UTDC-Lavalin according to the requirements of the Provincial funding arrangement. In 1992 UTDC was purchased by Bombardier. It is the only subway car supplier in Canada.

Prior to that, the TTC purchased 126 H6 cars, which were delivered between 1986 and 1989, and 135 H5 cars that arrived between 1976 and 1979. The H6 purchase was made under a similar sole source arrangement with UTDC. The paperwork for the H5 car purchase is not readily available, if needed TTC could be requested to search its archives.

I recommend you write to the TTC or Chair Moscoe directly if you require a detailed response.

Yours truly,



Mayor David Miller

