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**TORONTO TRANSIT COMMISSION  
REPORT NO.**

**MEETING DATE:** SEPTEMBER 20, 2006

**SUBJECT:** Procurement Authorization – Supply Of Metal

**RECOMMENDATION**

It is recommended that the Commission approve the issuance of purchase orders commencing November 1, 2006 as follows:

1. Solway Metal Sales (A Division of 570026 Ontario) Ltd. in the upset limit amount of \$410,000 for Shopping Basket A - Epoxy Coated Steel for a three year period; and
2. Mississauga Steel Mart in the upset limit amount of \$920,000 for Shopping Basket B - Miscellaneous Metal for a one year period.

**FUNDING**

Sufficient funds are included in the 2006 TTC Operating Budget and will be included in the future Operating Budgets as required.

**BACKGROUND**

The current contract with Solway Metal Sales for the supply of various metals expires on October 31, 2006. A new contract(s) is required to supply metal (carbon steel, stainless steel, aluminum, copper, brass etc. in various shapes and sizes (e.g. tubing, sheet, plate, bar, angle, rods etc.).

**DISCUSSION**

Twenty two companies were invited to submit proposals in addition to the public advertisement on the TTC Web Site on June 27, 2006, out of which three companies submitted proposals as summarized in the attached Appendix A.

The Request for Proposal (RFP) requested proponents to submit firm pricing for year one for Shopping Basket A – Epoxy Coated Steel (one item) and/or Shopping Basket B -Miscellaneous Metal (328 items) and also requested optional percentage increase/decrease for years two and three. The pricing for years two and three were optional due to the volatility of the metal commodity. Proponents were also requested to submit pricing on a minimum of 95% of the items in Shopping Basket B and also a percentage mark-up for items not included in Shopping Basket B which accounts for approximately 25% of the contract value.

ASA Alloy Inc. submitted the lowest pricing for Shopping Basket A and the highest pricing for Shopping

Basket B. They indicated that they reserved the right to terminate the contract for convenience which is not acceptable and their proposal is therefore considered commercially non-compliant and unacceptable.

Solway Metal Sales Ltd. submitted the lowest compliant pricing for Shopping Basket A and submitted the second lowest pricing for Shopping Basket B. They submitted pricing for all items and offered firm pricing for a three year period for Shopping Basket A. For Shopping Basket B they submitted pricing for all items and offered firm pricing for the first two years of the contract and a 5% increase in year 3 over 2 pricing. They are the current supplier for these requirements and their performance has been satisfactory. They did not take any exceptions or qualifications to the Commission's Terms and Conditions and their proposal is considered commercially and technically acceptable. Their pricing for Shopping Basket A is approximately 5% higher compared to the current contract pricing with no increase for years 2 and 3. As the pricing is firm for three years, it is recommended that the award of a contract for Shopping Basket A be for a three year period.

Mississauga Steel Mart submitted pricing for Shopping Basket B only and submitted the lowest compliant pricing for year one. They submitted pricing for all items for the first year, and did not submit the optional pricing for years two and three. As they have not previously held this contract, staff conducted reference checks which indicated this company has performed satisfactory work of a similar nature. They did not take any exceptions or qualifications to the Commission's Terms and Conditions and their proposal is considered commercially and technically acceptable. Their pricing for Shopping Basket B is approximately 11% lower compared to the current contract pricing. It is recommended that the award of a contract for Shopping Basket B be for a one year period as their pricing is approximately \$144,000 lower than the second low bidder.

The recommended upset limit amount for Shopping Basket A includes a contingency allowance of approximately 20% to cover variation in usage over the contract term. The recommended upset limit amount for Shopping Basket B includes a contingency allowance of approximately 10% to cover variation in usage over the contract term.

## **JUSTIFICATION**

Award of the above contracts will ensure the uninterrupted supply of metal for the Commission's ongoing maintenance requirements.

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August 29, 2006

9-123-73

Attachment - Appendix "A"

**APPENDIX 'A'**

**PROPOSAL SUMMARY**

**SUPPLY OF METAL**

PROPONENT	SHOPPING BASKET A - 1 Year Evaluated Price	SHOPPING BASKET A - 3 Year Evaluated Price	SHOPPING BASKET B - 1 Year Evaluated Price
Mississauga Steel Mart	NO BID	NO BID	\$837,043.87*
ASA Alloys Inc. **	\$73,459.89	NO BID	\$1,017,696.54
Solway Metal Sales	\$113,338.12	\$340,014.35 *	\$981,027.55

\* Recommended for award.

\*\* Commercially non-compliant.