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**TORONTO TRANSIT COMMISSION  
REPORT NO.**

**MEETING DATE:** MARCH 21, 2007

**SUBJECT:** Procurement Authorization – Supply Of Steel Cross Ties

**RECOMMENDATION**

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of steel ties to H.J. Skelton Canada Limited for the period from March 2007 to February 2010 for an upset limit of \$3,111,000 including applicable taxes.

**FUNDING**

Sufficient funds are available in the 2007 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

**BACKGROUND**

The subject steel ties are used in the Commission's surface track system to hold rail.

**DISCUSSION**

Proposals were invited from twelve known companies coupled with an advertisement on the TTC internet website on November 30, 2006. Five companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 3 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. All 3 part types are being recommended for award.

H.J. Skelton Canada Limited submitted the lowest priced proposal on all 3 part types with no exceptions. They are recommended to be awarded a contract for an upset limit amount of \$3,111,000.

Vae Nortrak Limited submitted prices on all 3 part types and were not the low bidder for any part type. They are not recommended for award.

Rodomech Industries Incorporated submitted prices on all 3 part types and were not the low bidder for any part type. They are not recommended for award.

Iron Horse Engineering submitted prices on all 3 part types and were not the low bidder for any part type. They are not recommended for award.

Ronsco Incorporated submitted prices on all 3 part types. Their submission contained an exception to the Commission's indemnification and warranty clauses. Further, Ronsco will not bear the full cost of removal, replacement and reinstallation for any items failing under service. Staff determined these exceptions to be unacceptable and as a result Ronsco's submission was considered commercially non-compliant and not considered further. They are not recommended for award.

The contract includes approximately 20% contingency for variance between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

The pricing received for this new three-year inventory supply contract was approximately 3.6% lower in year one compared to the current pricing. There will be approximately a 2.4% increase in year two based on year one prices and approximately a 2.5% in year three based on year two prices.

### **JUSTIFICATION**

These steel cross ties are required in order to support surface track maintenance needs.

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February 27, 2007  
9-118-63  
- Appendix 'A'

**APPENDIX 'A'**

**PURCHASE OF STEEL CROSS TIES**

**TENDER SUMMARY**

<b>TENDERER</b>	<b>NO. OF ITEMS</b>	<b>TOTAL TENDERED AMOUNT</b>	<b>NO. OF I RECOMM</b>
<b>H.J. SKELTON CANADA LIMITED</b>	<b>3</b>	<b>\$ 2,592,401.04</b>	<b>3</b>
VAE NORTRAK LIMITED	3	\$ 2,666,232.00	--
RODOMECH INDUSTRIES INCORPORATED	3	\$ 4,210,248.00	--
RONSCO INCORPORATED	3	\$ 2,530,214.04	--
IRON HORSE ENGINEERING CORPORATION	3	\$2,605,812.00	--