

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 9, 2009

SUBJECT: TORONTO-YORK SPADINA SUBWAY EXTENSION PROJECT
PROCUREMENT AUTHORIZATION
SUPPLY OF FOUR EARTH PRESSURE BALANCE TYPE
TUNNEL BORING MACHINES AND ANCILLARY EQUIPMENT
CONTRACT A35-16

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize the award of a contract to LOVAT Inc. in the amount of \$58,446,480.60 inclusive of all applicable taxes, freight, duties and all other costs, for the Supply of Four Earth Pressure Balance Type Tunnel Boring Machines and Ancillary Equipment including the proposed alternative for Mixed Ground Cuttinghead with Face Isolation Doors for each machine.

FUNDING

Sufficient funds for this expenditure are included in the Toronto-York Spadina Subway Extension Project, as set out on pages 1479 to 1482 of the TTC 2009-2013 Capital Program (Category – Expansion) which was approved by City Council on December 10, 2008.

BACKGROUND

The Earth Pressure Balance Type Tunnel Boring Machines (TBMs) and Ancillary Equipment (i.e. trailing gears, segment cars, air compressors, etc.) will be used on the Toronto-York Spadina Subway Extension (TYSSE) Project. The TBMs will be used for the construction of bored twin subway tunnels with a total length of approximately 13.5 km for both tunnels. The funding for the TYSSE Project is provided jointly from three levels of government: the Government of Canada, Province of Ontario, City of Toronto and Region of York. The Federal contribution is funded under the Building Canada Fund.

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DISCUSSION

A Request for Information (RFI) for TBMs for the TYSSE Project was posted on the Commission's web site as of August 26, 2008. In an attempt to pre-qualify TBM manufacturers, staff solicited eight potential companies and issued copies of the RFI documents. Herrenknecht Tunnelling Systems USA, Inc. (HTS) and LOVAT Inc. (LOVAT) were the only two companies that responded. Based on their submissions both companies demonstrated that they had the capabilities to manufacture Earth Pressure Balance Type Tunnel Boring Machines and both companies indicated that they would participate in a Request for Proposal (RFP) process.

Based on the responses from the RFI, staff proceeded with a Structured Multi-Phase Bid Process (SMPBP) with both HTS and LOVAT.

Correspondence was issued to both HTS and LOVAT on December 9, 2008 to explain how the SMPBP would be conducted, as well as the proposed schedule for the Phases in the SMPBP and to obtain feedback on the process. The SMPBP offered both potential bidders an opportunity to work interactively with the TTC.

The SMPBP involved technical and commercial discussions and meetings (Phases 1 and 2, respectively) with each of the bidders to address any concerns with the draft terms and conditions and specification and to develop a final proposal document that was acceptable to both bidders and the Commission and did not expose either bidder to unacceptable risks which could restrict competition.

Following the successful completion of Phases 1 and 2, above, a formal RFP was issued to the bidders (Phase 3 of the SMPBP) on April 3, 2009.

The base price requested in the RFP Document included on-site maintenance. In addition, optional pricing was requested for alternate cutting heads and buyback options for the TBM's.

Formal bid submissions were required to be submitted by 2:00 p.m. on May 1, 2009 and are summarized on the attached Appendix 'A'. The bid validity period for this procurement is 90 calendar days from the bid closing (July 30, 2009).

LOVAT submitted the lowest priced compliant proposal. Lovat offered pricing for alternate cutting heads which is being recommended for acceptance. Lovat also offered buyback options which may be considered after award, if applicable. The submission from Lovat is considered acceptable and they are recommended for award.

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HTS also submitted a compliant proposal and their submission is considered acceptable. HTS provided pricing for the buyback option but did not offer any pricing for the alternative cutting heads.

The successful Proponent will be required to execute and provide a contract security in the form of either a Performance Bond or Irrevocable Letter of Credit, to a maximum amount equal to at least 15% of the contract value.

JUSTIFICATION

The proposal submitted by LOVAT Inc. is the lowest priced acceptable proposal.

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Attachment: Appendix A

APPENDIX 'A'

TORONTO-YORK SPADINA SUBWAY EXTENSION PROJECT PROCUREMENT AUTHORIZATION SUPPLY OF FOUR EARTH PRESSURE BALANCE TYPE TUNNEL BORING MACHINES AND ANCILLARY EQUIPMENT CONTRACT NO. A35-16

SUMMARY OF PROPOSALS

1. LOVAT Inc. \$58,446,480.60 *
2. Herrenknecht Tunnelling Systems - \$64,016,835.00

*** Recommended Company. Price includes alternative.**