

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 15, 2010

SUBJECT: NOTICE OF AWARD - PROCUREMENT AUTHORIZATION
UNDERGROUND STORAGE TANKS REPLACEMENT –
MALVERN, LAKESHORE AND ARROW ROAD GARAGES
CONTRACT G60-195

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Commission receive the notice of award of Chair Giambrone, Vice-Chair Mihevc and the Chief General Manager authorizing:

- a) The award of Contract G60-195 for work at Arrow Road Garage in the amount of \$2,141,230.00,
- b) Exercising Specified Option 1 for work at Malvern Garage in the amount of \$1,134,000.00, and
- c) Exercising Specified Option 2 for work at Lakeshore Garage in the amount of \$3,371,250.00

for a total amount of \$6,646,480.00 to The Cannington Group Inc. for Contract G60-195 Underground Storage Tanks Replacement – Malvern, Lakeshore and Arrow Road Garages.

FUNDING

Sufficient funds for this expenditure are included in 6.1 Underground Storage Tanks Replacement as set out on pages 1215 to 1217 of the TTC 2010-2014 Capital Program which was approved by City Council on December 8, 2009.

BACKGROUND

At its meeting of July 14, 2010, the Commission approved the revisions and updates to the Authorization for Expenditures and Other Commitments Policy, effective August 1, 2010, which states that *'The Commission delegates authority to the Chair, Vice-Chair and the Chief General Manager to authorize items that would normally be authorized by the Commission when the approval is required before the next Commission meeting. If the Chair and/or Vice-*

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Chair are not available, authority would be deemed to be delegated to any two (2) Commissioners and the Chief General Manager. These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information.

Arrow Road Bus Garage maintains and dispatches approximately 250 buses daily. The diesel fuel tanks and associated piping have reached the end of their service lives. Recent leaks in the fuel system have resulted in a Technical Standards and Safety Authority order to have the diesel fuel tanks and piping decommissioned by October 30, 2010 which was subsequently extended to January 30, 2011.

Contract G60-195 addresses the replacement of the diesel fuel tank system at Arrow Road Garage. It also addresses, as Specified Options, the replacement of diesel, engine oil and transmission oil tanks at the Lakeshore and Malvern Bus Garage locations. The underground storage tanks at these locations have also reached the end of their service lives and have been identified to be in poor condition.

Contract G60-195 was structured and tendered using Arrow Road Garage as the base contract with Malvern Garage and Lakeshore Garage included as Specified Options. This approach was used to permit work at Arrow Road Garage to proceed in the event the total tender amounts exceeded the total budgeted funds.

DISCUSSION

A Request for Tenders was posted on the TTC's website as of August 17, 2010. Ten companies requested copies of the tender documents, out of which two submitted a tender and are summarized on the attached Appendix A.

The Cannington Group Inc. (Cannington) submitted the lowest priced tender and did not state any exceptions or qualifications and their tender is considered acceptable. They have completed work of a similar nature for the Commission in the past.

In addition, Cannington submitted the Specified Option Pricing for the storage tanks replacement at Malvern Garage (\$1,134,000.00) and Lakeshore Garage (\$3,371,250.00). The Specified Option Pricing is valid for 365 days. The total tender award for Arrow Road (\$2,141,230.00) and the two specified options is \$6,646,480.00.

Buttcon Limited submitted the second lowest priced tender and also did not state any exceptions or qualifications and their tender is considered acceptable.

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The Agreement to Bond submitted by Cannington covers both a Labour and Material Payment Bond and a Performance Bond and was submitted by The Guarantee Company of North America, who have been verified as a Surety Company licensed to transact business under the Insurance Act of Ontario.

The successful tenderer will be required to execute a Performance Bond and a Labour and Material Payment Bond each in the amount of 50% of the contract value.

JUSTIFICATION

The tender submitted by The Cannington Group Inc. including the Specified Options is the lowest priced acceptable tender.

October 4, 2010
50-11-4
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Attachment – Appendix 'A' Summary of Tenders

APPENDIX A

PROCUREMENT AUTHORIZATION
 UNDERGROUND STORAGE TANKS REPLACEMENT
 MALVERN, LAKESHORE AND ARROW ROAD BUS GARAGES
 CONTRACT G60-195

SUMMARY OF TENDERS

<u>Company</u>	<u>Base Award (Arrow Rd.)</u>	<u>Specified Option 1 (Malvern)</u>	<u>Specified Option 2 (Lakeshore)</u>	<u>TOTAL AMOUNT</u>
The Cannington Group Inc. *	\$2,141,230.00	\$1,134,000.00	\$3,371,250.00	\$6,646,480.00
Buttcon Limited	\$3,746,363.00	\$2,508,769.00	\$7,313,941.00	\$13,569,073.00
Engineer's Estimate	\$2,100,000.00	\$1,537,566.00	\$5,339,133.00	\$8,976,699.00

Recommended Company *