

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: March 24, 2010

SUBJECT: PROCUREMENT AUTHORIZATION - SUPPLY OF RAIL

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of rail to L.B. Foster Company for the period from April 2010 to March 2013 for an upset limit of \$13,215,500 including applicable taxes.

FUNDING

Sufficient funds have been included in the 2010 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 rail is used in the Commission surface and subway track system.

DISCUSSION

Proposals were invited from eleven known companies coupled with an advertisement on the TTC internet website on December 17, 2009. Two companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 8 pre-approved part types. Proponents were advised that alternatives would not be considered during the evaluation. All 8 part types are being recommended for award.

L. B. Foster Company submitted the lowest priced proposal on all 8 part types with no exceptions. They are recommended to be awarded a contract for an upset limit amount of \$13,215,500.

M.F. Wirth Rail Corporation submitted pricing on 6 part types and did not have the lowest price on any of the 6 parts.

In addition, their pricing for 4 of the parts was based on shipping the entire 3 year quantity in year 1, which is unacceptable.

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

The pricing received for this new three-year inventory supply contract was approximately 14.9% lower in year one compared to the current pricing. There will be approximately 3.3% increase in year two based on year one prices and approximately a 3.3% increase in year three based on year two prices.

JUSTIFICATION

These rails are required in order to support surface and subway track maintenance needs.

March 8, 2010
9-118-63
Attachment – Appendix ‘A’

APPENDIX 'A'

SUPPLY OF RAIL

PROPOSAL PRICING

| | PARTS BID | TOTAL PRICE (Cdn. Funds) | PARTS RECOMMENDED | RECOMMENDED UPSET LIMIT |
|--------------------|------------------|-------------------------------------|------------------------------|------------------------------------|
| L.B. Foster | 8 | \$11,012,553.77 | 8 | \$13,215,500.00 |
| M.F. Wirth Rail ** | 6* | \$10,661,305.92 | -- | -- |

* Pricing for 4 of the 6 parts bid is unacceptable due to an exception.

** Two parts were quoted in US funds and converted to Canadian funds