

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: March 24, 2010

SUBJECT: PROCUREMENT AUTHORIZATION - SUPPLY OF STEEL CROSS
TIES

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of steel cross ties to Ronsco Incorporated for the period from March 2010 to March 2013 for an upset limit of \$5,400,000 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 steel cross ties are used in the Commission surface track system to secure rail.

DISCUSSION

Proposals were invited from twelve known companies coupled with an advertisement on the TTC internet website on October 30, 2009. Twelve 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.

Ronsco Incorporated 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 \$5,400,000.

The remaining eleven (11) companies did not have the lowest price on any part types and in addition, seven companies are non-compliant for various reasons and therefore, are not recommended for award as attached Appendix 'A'.

The contract includes approximately a 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 6.6% lower in year one compared to the current pricing. There will be approximately a 2.8% increase in year two based on year one prices and approximately a 3.5% increase in year three based on year two prices.

JUSTIFICATION

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

February 19, 2010
9-118-63
Attachments - Appendix 'A'

APPENDIX 'A'
PROCUREMENT OF STEEL CROSS TIES

PROPOSAL SUMMARY

PROPOSERS	NO. OF ITEMS PRICED	TOTAL PROPOSED AMOUNT	NO. OF ITEMS RECOMMENDED	RECOMMENDED UPSET LIMIT AMOUNT
RONSCO INCORPORATED	3	\$ 4,497,117.50	3	\$ 5,400,000.00
SYNERGY APPLICATIONS INCORPORATED*	3	\$3,867,524.44 USD	0	---
Synergy - Using 1.09 exchange rate	3	\$4,215,601.64 CDN	0	---
INVENTURE ENGINEERING & MACHINERY INCORPORATED*	3	\$ 1,216,435.96	0	---
H.J. SKELTON (CANADA) LIMITED	3	\$ 4,504,435.38	0	---
FAB TECH WELDING INCORPORATED	3	\$ 4,752,742.71	0	---
TALA ENTERPRISES LIMITED*	3	\$ 4,971,435.00	0	---
NIAGARA TRACK & CASTINGS LIMITED	3	\$ 4,999,882.75	0	---
BURNCO MANUFACTURING*	3	\$ 6,242,233.00	0	---
DUROSE MANUFACTURING*	3	\$ 6,394,670.00	0	---
JAYNE INDUSTRIES INCORPORATED*	3	\$ 6,468,952.81	0	---
DELHI TOOL & FABRICATION INCORPORATED*	3	\$ 7,030,166.18	0	---
KUHL MACHINE SHOP*	3	\$ 9,970,781.00	0	---

* Commercially non-compliant and were not considered further as took exception to the bid validity and they did not submit firm pricing for the mandatory three years.

** Commercially non-compliant and were not considered further as they did not quote the mandatory three year quantities

