

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** February 25, 2013

**SUBJECT:** PROCUREMENT AUTHORIZATION  
SUPPLY OF SURFACE SPECIAL TRACKWORK FOR UP TO A  
FIVE-YEAR TERM – PROPOSAL NO. P31CA12184

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission authorize the award of a contract for the Supply of Special Trackwork, for approximately a five-year term commencing March 1, 2013 until December 31, 2018 to Voestalpine Nortrak Ltd. (Nortrak), in the total upset limit amount of \$23,500,000 including applicable taxes.

### **FUNDING**

Sufficient funds to accommodate this expenditure are included in Project 1.2, Surface Special Trackwork Replacement Program, as set out on pages 47 to 49, in the “State of Good Repair/Safety” category, of the TTC 2013 – 2022 Capital Budget, approved by City Council on January 16, 2013.

### **BACKGROUND**

Surface special trackwork castings known as switches and mates are used to divert streetcars onto connecting tracks; crossing frogs and diamonds are used when tracks intersect and cross one another. The TTC’s five-year special trackwork rehabilitation is continually updated based on the annual condition survey of the system.

The current contract expires December 31, 2013. However, due to the long lead times required to fabricate special trackwork castings, the first year of the contract is required to design and fabricate patterns and assemblies. As a result, an order must be placed in early 2013 to permit for the replacement of special trackwork in 2014 at various locations.

**DISCUSSION**

Nine (9) companies were invited to submit proposals. In addition, the RFP was posted on the TTC website on December 5, 2012. Three (3) companies submitted a proposal (Appendix A).

The Commission's Request for Proposal (RFP) was issued for the design, manufacture and assembly of surface special trackwork (to include various types of patterns, castings and joint bars). The RFP indicated that the contract term was for up to a five-year period for the supply of trackwork items to commence January 1, 2014 until December 31, 2018. However, the contract will commence upon notification of award (approximately March 1, 2013) in order to allow time for the design and fabrication of these patterns, castings and joint bars to meet the 2014 supply requirements.

The Commission reserves the right, at its sole discretion, to extend the contract up to two additional years. In the event the contract is extended, the pricing for the extension period would be negotiated between the Commission and the company. The appropriate authorization will be requested at that time, in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy.

The RFP indicated Proponents submit firm pricing based on award of a Primary and a Secondary Contract (in the event the company for the Primary Contract could not meet the delivery requirements as stated in the contract). Also, the RFP indicated that Proponents submit a Proposal Security in the form of a Bid Bond, Bid Security Irrevocable Letter of Credit, Bank Draft or certified cheque.

Further, the RFP requested Proponents submit their "qualitative information" as follows:

- Engineering & Capacity Capabilities
- Corporate / Staff Qualifications
- Project Control & Shipping Information
- Quality Assurance

The "qualitative information" submitted would be evaluated by the Commission and given a score out of 100% (based on pre-determined weights for each category), and only proposals that scored 80% or higher would be considered qualified and short listed for consideration forward. Award of the contract would be to the best qualified, lowest priced proponent(s).

Staff reviewed and scored the qualitative portions of all three bid submissions. The minimum required score was exceeded by two companies, Nortrak and Progress Rail Canada Corporation. H.J. Skelton (Canada) Ltd. did not meet the minimum requirement.

Nortrak's bid submission meets the Commission's requirements as stated in the RFP as they provided the mandatory submission (i.e. qualitative information and the required Bid Bond) which are considered acceptable. Nortrak did not state any exceptions or qualifications to the Commission's terms and conditions and they are recommended for award of a contract based on the Primary Contract.

Progress Rail Canada Corporation's (Progress Rail) bid included the required Bid Bond (\$400,000), however, the Bid Bond submitted was considered unacceptable by the Commission. As a result, their bid was considered non-compliant and was not considered further.

Nortrak is the current supplier and are recommended for award in the total upset limit amount of \$23,500,000 on the basis of only qualified bid received for a five-year term. The intended award of a Secondary Contract is not possible as the other two bidders were considered non-compliant.

The upset limit amount also includes a 20% contingency to cover variation in usage over the contract term.

A price comparison was conducted with pricing from the last year of the current contract which revealed an overall decrease of 0.55% in Year 1. When comparing Nortrak's year-to-year pricing for years two through five, there were price increases of approximately three percent per year. The price comparison was based on 72 comparable items out of 134 items. A price comparison was not possible for the balance of the items as they were not part of the current contract.

**JUSTIFICATION**

The special trackwork castings are necessary in order to maintain the Commission's surface track system in safe operating condition. It is necessary to place an order at this time to ensure castings required in 2014 are available.

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February 5, 2013  
6-356-105  
Attachment

**APPENDIX "A"**

**SUPPLY OF SURFACE SPECIAL TRACKWORK CASTINGS**

**PROPOSAL SUMMARY**

<b>PROPONENT</b>	<b>TOTAL EVALUATED PRICES</b>	
Voestalpine Nortrak	\$19,554,517.07	*
Progress Rail Canada Corporation	\$20,222,672.34	**
H. J. Skelton (Canada) Ltd.	\$19,710,204.52	***

\* Recommended for award in the total upset limit amount of \$23,500,000 which includes an approximate 20% contingency over the 5 year supply term.

\*\* Commercially non-compliant

\*\*\* Not qualified