

Procurement Authorization Settlement Of Claim Subway Radio Communication And Fibre Optic Cable Project Contract ZT-00-X1

Meeting Date: December 13, 2000

Subject: Procurement Authorization Settlement Of Claim Subway Radio Communication And Fibre Optic Cable Project Contract ZT-00-X1

Recommendation

It is recommended that the Commission approve an increase in authorization of \$217,560.07, as a final settlement of claims for Alcatel Canada Inc. on Contract ZT-00-X1.

Funding

Funds have been included in the 2000–2004 Capital Program under the Fibre Optics and Subway Radio Communications Project, Section 2.3, Communications Projects (set out on pages 195 to 203, State of Good Repair Category), as approved by City of Toronto Council on January 27, 2000.

Background

At its meeting of November 8, 1994, the Commission approved the award of Contract

ZT-00-X1 to Alcatel Canada Wire Inc. in the amount of \$19,358,538.00, for the design, supply and installation of the subway radio communication system and fibre optic cable. Contract details are as follows:

Original Contract Amount \$ 19,358,538.00

Previously Approved Contract Changes \$ 670,649.65

Proposed Settlement of Claim \$ 217,560.07

Revised Contract Amount \$ 20,246,747.72

The work on Contract ZT-00-X1 was originally scheduled to be completed November 9, 1997. This contract encountered numerous delays and as a result, the work was substantially performed on August 4, 2000.

Discussion

During the design phase, Alcatel encountered significant delays as they had difficulties providing the Commission with a formal design submission that met the intent of the Contract Documents. This Contract continued to experience delays during installation, with Alcatel claiming additional costs for lost time at track level due to interference by the Commission. Further, as a result of a difference in the interpretation of the Contract, Alcatel claimed the system design that was ultimately accepted is significantly different than proposed. In addition to the claims, there was a dispute over the value of some Contract Change work, which resulted in Change Directives being issued as an interim measure.

Negotiations with Alcatel have been ongoing for over one year and Alcatel has agreed to waive all claims if the Commission agrees to drop all counter claims for liquidated damages, absorb costs for work performed on behalf of Alcatel, process contract changes and payments for escalation as identified in Alcatel's proposed settlement, and continue to consider further support, if required. Staff believe this is reasonable and recommend a \$217,560.07 increase in the amount of the Contract.

Justification

The approval of this settlement resolves all outstanding changes and claims with Alcatel.

November 24, 2000

6-218-221