

**MEETING DATE:** JULY 19, 2006

**SUBJECT:** Notice Of Award - Purchase Of 1000 MCM Cable

### **RECOMMENDATION**

It is recommended that the Commission receive the notice of award of Chair Moscoe, Vice-Chair Giambrone and the Interim Chief General Manager for inventory of a contract to Anixter Canada Incorporated for the supply of 1000 MCM Cable in the amount of \$1,088,130 including applicable taxes.

### **FUNDING**

Sufficient funds for this expenditure have been included in the 2006 TTC Operating Budget and Capital Program under Project 2.1 – Replace Surface Track Power Distribution, as set out on pages 105 to 110 – category State of Good Repair/Safety of the TTC 2006-2010 Capital Program, as approved by the City Council on December 12, 2005. This inventory material will be charged to the appropriate budget at the time of issuance from Stores.

### **BACKGROUND**

At its meeting of July 13, 2005, the Commission approved the revisions and updates to the Authorization for Expenditures Policy/Instruction, which states that *“The Commission delegates authority to the Chair, Vice-Chair and the Chief General Manager to authorize items on an interim basis that would normally be authorized by the Commission when the approval is required before the next Commission meeting. In the event that the Chair and/or Vice-Chair are not available, authority would be delegated to any 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.

In January 2006, staff issued a tender for the supply of this 12,000 metres of 1000 MCM conductor. At its meeting of April 19, 2006, the Commission received notice of award to purchase this conductor to Robertson Electric Wholesale in the total amount of \$712,632 on the basis of lowest compliant tender.

Subsequent to the award of a purchase order, staff were advised by Robertson Electric Wholesale that they would no longer honour the price noted on the purchase order. Staff reviewed the tender submissions and noted discrepancies in Robertson’s tender submission. Staff forwarded a copy of Robertson’s submissions to TTC Legal Department for its review and comment. On April 26, 2006 the Legal Department advised that Robertson’s submission was not compliant and was therefore, not capable of being accepted. Robertson submitted two bids – one did not include the acknowledgement that the information provided in the addendum formed part of its bid and the second bid did not include a signed copy of the Tender Form. In addition, neither of the two bids included reference to the other in order to tie the two submissions. As a result, neither of the Robertson’s bids, as read independently of one another, was compliant with the TTC’s Request for Tender documents. As such, the contract (contract B) should not have been awarded to Robertson. The resultant was issuing a cancellation to the said purchase order and issuing a new request for tender.

The subject 1000 MCM cable is used to provide power on aerial feeder wires that in turn provides power necessary to operate the Commission’s streetcars.

## **DISCUSSION**

Tenders were invited from nine known companies coupled with an advertisement on the TTC internet website on May 23, 2006. Seven companies submitted tenders as summarized in Appendix 'A'. Tenderers were permitted to submit firm pricing as well as pricing subject to change for the supply of this conductor and were also instructed that the Commission has the option of awarding on the basis of shortest lead time, based on the timely requirement of the Commission's St. Clair Avenue project.

Electrical Cable Supply submitted the lowest tendered price, however it was based on an alternate, thereby rendering that offer unacceptable. Their submission also contained a non-firm pricing offer for the required conductor that is the third lowest total tendered price. Their submission did not provide a complete formula to calculate the potential price adjustment, thereby rendering that offer as unacceptable as well.

King Cable's offer submitted the second lowest total tendered price. They also offered delivery by the end of July 2006, unfortunately their tender validity expired June 22, 2006.

Anixter Canada Incorporated submitted the fourth lowest total tendered price. They are offering a six week delivery upon receipt of a purchase order. Their tender is considered commercially and technically compliant and is being recommended for award.

Milrail Incorporated submitted the fifth lowest total tendered price. Their tender contained a qualification whereby the cost of returning reels is included only if the reels are returned in a single shipment. Staff consider this acceptable. Their offered lead time is 12 to 14 weeks after receipt of a purchase order. Further, their pricing was firm until June 26, 2006 and thereafter, is subject to a price adjustment based on their submitted formula.

Wesco Distribution Canada LP submitted the sixth lowest total tendered price. Their price is not firm and they did not provide a complete formula to calculate the potential price adjustment, thereby rendering their offer as unacceptable.

Noramco Wire and Cable submitted the highest total tendered price and offered a lead time of 26 weeks after receipt of a purchase order. Their price is not firm and they did not provide a complete formula to calculate the potential price adjustment, thereby rendering their offer as unacceptable.

The unit pricing submitted by Anixter Canada Incorporated is approximately 280% higher than the previous completed order in 2004. This large increase in price is the result of large price increases in the cost of copper industry primarily related to increasing demand from China. Staff have confirmed the copper index has increased approximately 255% in this timeframe.

## **JUSTIFICATION**

This cable is required in order to support electrical power maintenance needs.

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June 27, 2006  
9-118-55  
- Appendix 'A'

APPENDIX 'A'

PURCHASE OF 1000 MCM CABLE

PRICE SUMMARY

TENDERER	UNIT PRICE	REFUNDABLE REEL CHARGE	TENDERED AMOUNT (INC. REEL CHARGE)
Electrical Cable Supply ***	\$70.10	\$27,600.00	\$999,120.00
King Cable	\$72.58	\$7,200.00	\$1,011,810.00
Electrical Cable Supply **	\$76.00	\$43,200.00	\$1,098,480.00
<b>Anixter Canada Incorporated *</b>	<b>\$78.85</b>	<b>Not Applicable</b>	<b>\$1,088,130.00</b>
Milrail Incorporated **	\$88.34	\$16,320.00	\$1,237,860.00
Wesco Distribution **	\$88.50	\$43,200.00	\$1,270,980.00
Noramco Wire and Cable **	\$111.50	Not Applicable	\$1,538,700.00

\* Recommended for Award

\*\* Prices not firm

\*\*\* Based on alternative