

TORONTO TRANSIT COMMISSION

REPORT NO.

MEETING DATE: June 13, 2007

SUBJECT: Supply Of 1500 Mcm And 500 Mcm Traction Power Cable Procurement Authorization

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RECOMMENDATION

It is recommended that the Commission authorize the award of two contracts: one to Milrail Inc. (Milrail) in the amount of \$247,653.60 for the supply of 1500 MCM cable and a second to Anixter Canada (Anixter) in the amount of \$97,629.60 for the supply of 500 MCM cable for the Traction Power Distribution System.

FUNDING

Sufficient funds have been included under the following projects of the 2007-2011 TTC Capital Program as approved by City Council on March 7, 2007:

Project 2.1 Traction Power Project, Work Order #6147 - Electrolysis Control in the State of Good Repair/Safety category as set out on pages 147 to 152 and Project 2.1 Traction Power Project, Work Order #7635 – Replace Subway Tunnel Feeder Cables in the State of Good Repair/Safety category as set out on pages 157 to 162.

BACKGROUND

The service life span for the cables used in the distribution of DC traction power for subway services is approximately 30 years. There are currently traction power distribution cables operating at, or beyond, their normal service life cycle. Due to their age and extended use, the traction power distribution cables need to be replaced as their deterioration poses a risk to public safety and compromises the reliability of subway service.

DISCUSSION

The cable supplied under this contract will be installed on the subway system which include tracks in the main lines and the yards and will replace the existing cable servicing these areas.

On February 19, 2007 staff issued a Request For Proposal (RFP) to nine companies in addition to an advertisement on the TTC's web site, for the supply of 1500 MCM and 500 MCM traction power cable for delivery in September 2007 for the Traction Power Distribution System (representing the TTC's requirements for 2007). A total of four Proponents submitted proposals as summarized in Appendix A.

Proponents were given the option of submitting pricing that was either firm or subject to adjustment based on changes to an independent price index for copper. In addition, Proponents were required to complete a form included in the RFP indicating test values for the physical

characteristics of the cable jacket. The RFP allowed the Commission to award the two items to the same company or to two different companies, depending on bid results.

Milrail submitted the lowest total proposal price for the 1500 MCM cable based on pricing subject to adjustment and the second lowest price based on firm pricing.

Anixter submitted the lowest proposal price for the 500 MCM cable based on pricing subject to adjustment and Milrail submitted the second lowest proposal price, also subject to adjustment and the third lowest based on firm pricing.

However, none of the four submissions included the test values as required and as a result, none of the submissions were considered compliant. Staff subsequently obtained the Chief General Manager's authorization (SSS # 10219) to cancel this RFP and to negotiate to establish an acceptable contract(s), starting with Milrail and Anixter, the lowest bidders for the 1500 MCM and the 500 MCM cables, respectively.

Upon receiving approval to cancel the RFP and negotiate, staff obtained the required cable jacket specifications from Milrail and Anixter and found them to be acceptable.

During negotiations with Milrail for the 1500 MCM cable, they advised that they were withdrawing their firm price offer for the cable due to increases in the price of copper. As a result, they were only offering their pricing that was subject to adjustment, which was the original lowest priced bid and Anixter now had the second lowest pricing, also subject to adjustment and King Cable Canada Corporation (King) had the third lowest pricing, which was firm.

Staff compared Milrail's price that is subject to adjustment to King's firm price for the 1500 MCM cable, which revealed that the price of copper would have to increase to approximately \$3.42 per lb U.S. in order to offset the difference in price between Milrail's and King's price.

Based on NYMEX copper futures, the price of copper is expected to remain unchanged at \$3.31 per lb U.S. until the scheduled delivery date of September 2007. Based on this, Milrail's pricing is considered lower than King's and as a result, staff recommends that the contract for the 1500 MCM cable be awarded to Milrail.

Anixter had the lowest price for the 500 MCM cable that was subject to adjustment and they confirmed that it was still valid for acceptance. Milrail's had the second lowest pricing and it was also subject to adjustment and open for acceptance. However they withdrew their (third lowest) pricing, which was firm, due to increases in the price of copper. King had the next lowest price, which was firm and still open for acceptance.

Staff compared Anixter's price that is subject to adjustment to King's firm price for the 500 MCM cable, which revealed that the price of copper would have to increase to approximately to \$3.57 per lb U.S. in order to offset the difference in price between Anixter's and King's price.

As previously noted the future's price for copper for the September delivery is \$3.31 per lb U.S., therefore Anixter's pricing is considered lower than King's and as a result, staff recommends that the contract for the 500 MCM cable be awarded to Anixter.

United Wire and Cable submitted the highest pricing, which was subject to adjustment. However, they failed to provide the required information to adjust their price and as a result, they were considered commercially unacceptable and not considered further.

The price submitted by Milrail for the 1500 MCM cable is approximately 60% higher than the previous order to Milrail for a lesser quantity, issued in October 2004. The increase is due to an approximately 200% increase in the price of copper since October 2004.

The price submitted by Anixter for the 500 MCM cable is approximately 4% higher than the previous order to Milrail for the same quantity, issued in January 2006.

JUSTIFICATION

The replacement of deteriorated cables that have exceeded their normal service life is essential to maintain the integrity of the DC traction power distribution grid, reliability of the Commission's subway operation and safety of the public. The submission by Milrail and Anixter are commercially and technically compliant.

May 17, 2007

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Attachment: Appendix 'A'

APPENDIX 'A'
SUPPLY OF 1500 MCM AND 500 MCM TRACTION POWER CABLE
PROPOSAL SUMMARY

1500 MCM CABLE

PROPONENT		TOTAL PROPOSAL PRICE
Milrail Inc.	(2)	\$247,653.60 *
Milrail Inc.	(4)	\$257,548.80
King Cable Canada Corporation	(1)	\$275,880.00
Anixter Canada Inc.	(2)	\$307,800.00
United Wire & Cable Inc.	(3)	\$342,000.00

500 MCM CABLE

PROPONENT		TOTAL PROPOSAL PRICE
Anixter Canada Inc.	(2)	\$97,629.60 *
Milrail Inc.	(2)	\$102,782.40
Milrail Inc.	(4)	\$106,909.20
King Cable Canada Corporation	(1)	\$109,440.00
United Wire & Cable Inc.	(3)	\$129,207.60

* Recommended for Award.

NOTES:

1. Price is firm.
2. Pricing is subject to adjustment.
3. Pricing is subject to adjustment, but failed to provide required information for price adjustment.
4. Price was withdrawn.