

Toronto Transit Commission

Report no.

Meeting Date: November 14, 2007

Subject: Procurement Authorization - Supply Of Conductor Cable

Recommendation

It is recommended that the Commission authorize the award of a three-year inventory supply contract for the supply of 4 types of conductor cable to Anixter Canada Incorporated for the period from November 2007 to November 2010 for \$5,000,000 including applicable taxes.

Funding

Sufficient funds have been included in the 2007 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 conductors are used for maintaining power lines and track bonding requirements necessary for the operation of the Commission's streetcar and subway vehicles.

Discussion

Proposals were invited from eleven known companies coupled with an advertisement on the TTC internet website on June 11, 2007. Four companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 5 pre-approved part types. A total of 4 part types are being recommended for award. The 1 part type that is not being recommended was removed by staff due to significant revisions in the Commission's specifications. This item may subsequently be the subject of a future proposal.

Copper pricing is deemed a significant factor in determining the pricing of conductor cable. Staff have taken notice that the copper market has been very unstable over the past 5 years and as a result the proponents were given the option of providing pricing that was firm, subject to adjustment or both. Further, proponents were offered the option of basing price adjustments on a price adjustment formula included in the RFP, or by submitting their own price adjustment formula. The proponents were also advised that alternatives would not be considered during the evaluation.

King Cable Canada Corporation submitted prices on all the part types and has the lowest price on 1 part type based on pricing that is subject to adjustment. However, their submission failed to include sufficient information required to establish adjusted contract pricing. They also took exception to the RFP's warranty terms, they were not clear regarding payment terms and did not include the lead

times in their submission. As a result, their submission was rendered as unacceptable and was not considered further.

Anixter Canada Incorporated (Anixter) submitted prices on all the part types and has the lowest price on 3 part types and the second lowest price on the fourth part type which was the lowest compliant price. These prices are based on pricing that is subject to adjustment. In addition, they submitted the lowest compliant proposal price based on firm pricing on all 4 part types. Staff conducted an analysis using NYMEX to determine which pricing option was the best for the Commission. Based on the results of the analysis, staff recommend Anixter be awarded an upset limit contract for \$5,000,000 for 4 part types based on pricing subject to adjustment.

Milrail Incorporated submitted prices on all the part types based on pricing that is subject to adjustment. In addition, they also submitted the lowest proposal price based on firm pricing. Milrail's firm price submission noted an exception to the RFP's validity thereby rendering that offer as unacceptable and was not considered further.

Robertson submitted 2 prices on 2 part types based on pricing that is subject to adjustment. The 2 submissions were considered alternatives. Both of their submissions contained a qualification whereby they have reserved the right to change any part of their submission, including pricing, should they determine that they omitted information or made an error and that these conditions are applicable prior to and subsequent to award. Staff consulted the Commission's Legal Department for direction and received confirmation that the submission is non-compliant and therefore was not considered further.

This contract includes approximately 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 for the new three-year inventory supply contract is approximately 3% higher in the first year of the contract. As pricing is subject to adjustment, a comparison of years two and three could not be made.

Justification

These conductor cables are required in order to support maintaining power lines and track bonding requirements maintenance needs.

October 26, 2007

9-118-55

Attachment – Appendix 'A'

APPENDIX 'A'
Supply of Conductor Cable
Price Summary

<u>Proponent</u>	<u>Firm Pricing</u> <u>Proposed Amount</u>	<u>Pricing Subject to</u> <u>Change Proposed</u> <u>Amount</u>	
Anixter Canada Incorporated			
TOTAL:	\$6,007,118.85	\$4,084,329.87	*
King Cable Canada Corporation **			
TOTAL:	No Quote	\$4,483,269.45	
Milrail Incorporated ***			
TOTAL:	\$1,525,134.18	\$1,448,050.23	
Robertson ***			
TOTAL:	No Quote	\$854,596.44	<u>Alternative #2</u> \$1,099,363.56

* Recommended for Award

** Commercially non-compliant and was not considered further

*** Received no Bid for Year 2 and Year 3