

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: MARCH 27, 2013

SUBJECT: AMENDMENT AUTHORIZATION-THE SUPPLY OF VARIOUS
ELECTRICAL COMPONENTS AND SUPPLIES

ACTION ITEM

RECOMMENDATION

It is recommended that the TTC Board approve an amendment to extend the current contract term from March 31, 2013 to August 31, 2013 with Wesco Distribution Canada LP for the supply of various electrical components, and to increase the upset limit amount from \$18,400,000 to \$19,900,000.

FUNDING

Sufficient Funds for these expenditures are included in the 2013 TTC Operating Budget and 2013 - 2022 Capital Budget, which was approved by City Council on January 15 and 16, 2013. The capital requirements are direct purchases for approved projects within 2.1 Traction Power, 2.2 Power Distribution Electrical Systems, 2.3 Communications, 2.4 Signal Systems and 3.2 Equipment budgets.

BACKGROUND

The TTC currently has a corporate contract with Wesco Distribution LP (Wesco) for the supply of various electrical components and supplies, which delivers directly to the client departments.

The TTC has a continuing need for the supply of miscellaneous electrical components and supplies to maintain the extensive amount of electrical equipment and systems in the TTC's surface and subway facilities. The TTC's electrical requirements are varied and cover a broad range of components and based on experience with previous contracts for this requirement, TTC staff cannot establish a pattern of repeat purchases. This situation has occurred as the TTC's surface and subway electrical facilities have been built over a long period of time during which electrical standards have changed significantly. As a result, electrical equipment purchases particularly for Capital Projects tend to be customized for each facility. These parts must be readily available and due to the large variety of parts required, it is not cost effective to maintain an internal inventory. The TTC's total requirements were

consolidated into a single contract to streamline administration and obtain the best possible pricing.

The current contract was awarded based on a similar RFP as discussed in the Discussion section below not including Price Schedule 4 and is scheduled to expire on March 31, 2013. During the term of the contract actual expenditures for the supply of miscellaneous electrical components were higher than anticipated due to several major and costly capital projects, such as the replacement of transformers in various substations throughout the TTC, lighting replacement projects, electrical work throughout various TTC locations, supply of conductors, various cables and sensors required to upgrade extensive amounts of electrical systems and equipment throughout the TTC. As a result, in September 2012 an amendment was authorized to increase the original upset limit amount and revise the expiry date to March 31, 2013 from the original expiry date of November 30, 2013 as staff intended to issue a new RFP competitively to the marketplace in order to obtain current and competitive pricing.

DISCUSSION

A Request for Proposal (RFP) was issued to twenty-two companies for the supply of various electrical components and supplies, in addition to a public advertisement on TTC's website in January 2013, out of which five companies submitted proposals.

The RFP required Proponents to submit pricing information based on four price schedules which would remain firm for the term of the contract. Although the intent was to award a three year contract, the RFP allowed the TTC, at its sole discretion, to award a one, two, or three year contract to one or more companies, and reserved the right to extend the contract term for an additional two, one year periods at any time prior to the expiration of the contract.

Price Schedule 1 required proponents to submit their percentage price discounts that would be applied to each of the published trade prices of thirty-six (36) identified manufacturers, which covered approximately 80% of the anticipated requirements. The RFP included the estimated expenditures for each listed manufacturer and proponents were required to submit discounts on all thirty-six (36) manufacturers in order to be considered for award.

Price Schedule 2 also required proponents to submit their percentage price discounts that would be applied to the published trade prices of additional manufacturers, which covered approximately 10% of the anticipated requirements. However, of the fifty-four (54) manufacturers listed in Price Schedule 2, proponents were only required to provide pricing on a minimum of 80% (44 out of 54) of the manufacturers listed.

Price Schedule 3 covered special order/custom made items (that were not part of a manufacturer's price list), or items that may be ordered from manufacturers or manufacturer's lines not currently included in Price Schedules 1 or 2, which covered approximately 10% of the anticipated requirements. Proponents were required to submit a cost plus factor which would be a percentage mark-up that would be applied for all items that may be ordered. The percentage mark-up would be applied to the company's invoiced cost of the item(s) ordered.

Price Schedule 4 was intended as a financial incentive to TTC. This was optional and allowed proponents to submit a percentage rebate based on total annual sales (12 month calendar year). In addition, Proponents were requested to provide a discount off the total invoice for prompt payments, if applicable.

Five companies submitted proposals, however, each proposal failed to provide percentage discounts for all thirty-six (36) items listed in Price Schedule 1, as requested in the RFP, and as a result, these proposals were considered non-compliant and were not considered further.

As a result, TTC staff proceeded to cancel the RFP in its entirety in order to allow TTC staff to revisit the marketplace / requirements in order to obtain additional information in order to issue a new RFP competitively.

In the interim, to continue the uninterrupted supply of various electrical components to maintain the extensive amount of electrical equipment and systems in TTC, it is recommended to extend the current contract term from March 31, 2013 to August 31, 2013. Based on the extended term, additional funds will be required to carry the contract to its amended expiry date, and based on the average rate of expenditures during the current contract it is recommended to increase the contract upset limit amount by \$1,500,000.

Further, as the City of Toronto's (City) contract is scheduled to expire August 31, 2013, TTC staff are in discussions with the City to determine the feasibility of co-ordinating a joint purchase for this requirement.

Contract Details are as follows:

Original Contract Amount	\$16,000,000
Previously Approved Contract Change	\$ 2,400,000
Amount of this Contract Change	\$ 1,500,000
Revised Contract Amount	\$19,900,000

As the cumulative increased total amount equals \$3,900,000 in amendments, Board approval is required.

JUSTIFICATION

Approval for the amendment of this contract will ensure the uninterrupted supply of various electrical components and supplies for ongoing maintenance and upgrades to the extensive electrical equipment and systems in TTC's surface and subway facilities.

March 11, 2013
09-75-75