SUBJECT: Award of Corporate Tender C12-19-09 for Electrical Contractors for Small Electrical Repairs (FCS09077) (City Wide)

RECOMMENDATION:

That the Corporate Tender C12-19-09 for Electrical Contractors for Small Electrical Repairs for various City Departments be awarded to the lowest compliant bid as per the following sections:

- Section 1 (Corporate Facilities and Recreation) to Merlo Electric Inc. with a total estimated five year expenditure of $1,303,675.

- Section 3 (Various other City Divisions including responding to Sections 1 and 2 if these bidders were unable to respond in a timely manner) to Sanders-Lampman Electric Ltd., with a total estimated five year expenditure of $52,250.

EXECUTIVE SUMMARY:

This Corporate Contract is for electrical contractors to perform small electrical repairs for various City of Hamilton Departments.

The award of the contract was designed so that each section was awarded to the lowest compliant bidder for that section: Section 1 - Corporate Facilities & Recreation; Section 2 - Operations and Maintenance and Section 3 - Various other City of Hamilton Divisions. There was a prequalification process undertaken to ensure that the successful bidder was able to meet the City’s needs. Since the requirements for each section were unique, bidders were prequalified to bid on a per section basis.
The initial term of the contract is for one year, with an option to renew for four additional one year terms, at the sole discretion of the City.

As per Purchasing Policy, Section 4.4, Policy 4 - Approval Authority, item (b), Council approval is required for the award of Corporate Contracts.

**BACKGROUND:**

The Purchasing Section issued this Request to Tenders on June 1, 2009, and the contract closed on Monday June 29, 2009.

The contract was broken down into three sections as follows:

- Section 1 (Corporate Facilities and Recreation)
- Section 2 (Operations and Maintenance) – *cancelled and will be reissued*
- Section 3 (Various other City Divisions)

All prequalified bidders submitted bids for their respective section(s).

**Bid Results (estimated five year expenditure)**

**Section 1 Corporate Facilities**

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merlo Electric Inc.</td>
<td>$1,303,675</td>
</tr>
<tr>
<td>Arktech Electric Inc.</td>
<td>$1,456,750</td>
</tr>
<tr>
<td>Fairway Electric Services Inc.</td>
<td>$1,752,927</td>
</tr>
<tr>
<td>S &amp; S Electrical Services Inc.</td>
<td>$1,829,495</td>
</tr>
<tr>
<td>Universal Electric Services Inc.</td>
<td>$2,142,500</td>
</tr>
<tr>
<td>Kraun Electric Inc.</td>
<td>$3,486,575</td>
</tr>
<tr>
<td>K &amp; S Electrical Contractors Ltd.</td>
<td>$3,924,750</td>
</tr>
</tbody>
</table>

**Section 3 Various other divisions**

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanders-Lampman Electric Ltd.</td>
<td>$52,250</td>
</tr>
<tr>
<td>Universal Electric Services Inc.</td>
<td>$93,245</td>
</tr>
<tr>
<td>K &amp; S Electrical Contractors Ltd.</td>
<td>$184,110</td>
</tr>
</tbody>
</table>

**ANALYSIS/RATIONALE:**

The City benefits from discounted volume based pricing when a corporate contract is issued versus each individual department securing prices on their own for services that are the same. Management of the procurement of all of these services is vastly simpler when dealing with a few vendors versus many vendors. Services are more uniform across the City.
The following divisions actively participated in this Tender: Various Divisions of the Public Works Department, Recreation Division (Community Services Department) and the Information Services Division (Corporate Services Department).

An analysis of the hourly rates for the licensed electrician illustrates that there is approximately a 15 percent savings in the total estimated annual expenditure.

**ALTERNATIVES FOR CONSIDERATION:**

The alternative method would be to secure competitive bids for every job, which would result in the duplication of effort, and the City would not see any cost-savings by combining the required services for several departments. Since each job has an estimated value of less than $5,000, the Purchasing Policy does not require competitive bids. Therefore, there would not be any cost-savings realized by the City by having the work undertaken in this manner.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial**
Volume discount rates have been maximized by issuing a corporate tender and combining the City’s electrical needs.

**Staffing**
None

**Legal**
None

**POLICIES AFFECTING PROPOSAL:**

Purchasing Policy, Section 4.4, Policy 4 - Approval Authority, requires Council approval when the Request for Tender is a Corporate Contract.

**RELEVANT CONSULTATION:**

Various divisions within the Public Works Department (Facilities and Operations & Maintenance), Recreation Division of the Community Services Department and the Information Services Division of the Corporate Services Department were consulted and provided input for this Request for Tender with respect to specifications and special provisions.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.
Community Well-Being is enhanced.  ☑ Yes  ☐ No

Environmental Well-Being is enhanced.  ☑ Yes  ☐ No

Economic Well-Being is enhanced.  ☑ Yes  ☐ No

The issuance of this Corporate Contract enhances buying power and ensures that volume discounts are maximized for the City.

Does the option you are recommending create value across all three bottom lines?  ☑ Yes  ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  ☐ Yes  ☑ No