CITY OF EL PASO, TEXAS
DEPARTMENT HEAD'S SUMMARY REQUEST FOR COUNCIL ACTION (RCA)

DEPARTMENT: Financial Services Department / Purchasing Division

AGENDA DATE: May 16, 2006

CONTACT PERSON/PHONE: Carmen Arrieta-Candelaria, Director, Financial Services, Ext. 4293

DISTRICT(S) AFFECTED: All

SUBJECT:

That the Director of Financial Services Department is hereby authorized to notify Globe Electric Co., Inc. that the City is terminating its Contract with the Company, relating to Bid Solicitation No. 2006-088 (IMSA Signal Cable), pursuant to the provisions and requirements of Section C, Paragraph 18B of said Contract for default and that this termination shall be effective as of the date City Council approves the Resolution.

BACKGROUND / DISCUSSION:

Globe Electric Co., Inc. has notified the City that they are unable to supply the signal cable ordered under this contract due to the manufacturer's refusal to honor the prices originally quoted because of the increase in the cost of copper. Globe Electric was afforded the opportunity to correct their non-compliance, however, has failed to do so.

A new solicitation has been issued for IMSA Signal Cable.

PRIOR COUNCIL ACTION:

On March 21, 2006, Council awarded Contract No. 2006-088-C2 to Globe Electric Co., Inc. for IMSA Signal Cable in the amount of $20,375.00.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

********** REQUIRED AUTHORIZATION **********

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: Daryl W. Cole, Streets Director Daryl W Cole

Cc: Patricia D. Adauto, Deputy City Manager for Development and Infrastructure Services

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

RESOLUTION

WHEREAS, the City of El Paso (the "***City***") awarded, in part, Contract No. 2006-088: IMSA Signal Cable (the "***Solicitation***") to Globe Electric Company, Inc. (the "***Company***") on March 21, 2006;

WHEREAS, the City Council finds that the Company is in default of the provisions of the contract relating to the Solicitation (the "***Contract***"); and

WHEREAS, pursuant to Section C, Paragraph 18B of the Contract (Termination for Default), the City is authorized to terminate the Contract in the event of default by the Company.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Director of Financial Services Department is hereby authorized to notify the Company that the City is terminating the Contract pursuant to the provisions and requirements of Section C, Paragraph 18B of the Contract due to default by the Company effective as of the date City Council approves this resolution.

PASSED AND APPROVED this _____ day of _____, 2006.

CITY OF EL PASO

_____
John F. Cook
Mayor

ATTEST:

_____
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Jorge Villegas
Assistant City Attorney

APPROVED AS TO CONTENT:

Carmen Arrieta Candelaria
Carmen Arrieta Candelaria, Director
Financial Services Department

Document Name:PURCHASING/1/RESO TERMINATING 2006-088
Document #: 22041
Author_Id: JVIL

FINANCIAL SERVICES DEPARTMENT

DATE: May 8, 2006

TO: Municipal Clerk

THRU: Terrance Freiburg
Deputy Director for Financial Services – X4313

FROM: Barbara Crumley
Procurement Analyst – X4315

Please place the following item on the REGULAR COUNCIL AGENDA for the Council Meeting of Tuesday, May 16, 2006.

Item should read as follows: That the Director of Financial Services Department is hereby authorized to notify Globe Electric Co., Inc. that the City is terminating its Contract with the Company, relating to Bid Solicitation No. 2006-088 (IMSA Signal Cable), pursuant to the provisions and requirements of Section C, Paragraph 18B of said Contract for default and that this termination shall be effective as of the date City Council approves this Resolution.

Department: Street

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MUNICIPAL CLERK'S USE: ITEM NO. _____

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DATE: May 8, 2006

TO: Municipal Clerk

FROM: Terrence Freiburg
Deputy Director for Financial Services ext. 4308

THRU: Aurora Wells
Bid Clerk ext. 4038

Please place the following item on the **REGULAR** agenda for the Council Meeting of **MAY 16, 2006**.

Item should read as follows:

That the Director of Financial Services Department is hereby authorized to notify Globe Electric Co., Inc. that the City is terminating its Contract with the Company, relating to Bid Solicitation No. 2006-088 (IMSA Signal Cable), pursuant to the provisions and requirements of Section C, Paragraph 18B of said Contract for default and that this termination shall be effective as of the date City Council approves this Resolution.

Department: Street

Contact person: Barbara Crumley, Procurement Analyst at 541-4315.

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AGENDA FOR: **MAY 16, 2006**

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JOHN F. COOK,
MAYOR

JOYCE WILSON
CITY MANAGER

CARMEN ARRIETA-CANDELARIA
CHIEF FINANCIAL OFFICER

CITY COUNCIL
ANN MORGAN LILLY, DISTRICT 1
SUSANNAH M. BYRD, DISTRICT 2
J. ALEXANDRO LOZANO, DISTRICT 3
MELINA CASTRO, DISTRICT 4
PRESI ORTEGA, JR., DISTRICT 5
EDDIE HOLGUIN JR., DISTRICT 6
STEVE ORTEGA, DISTRICT 7
BETO O'ROURKE, DISTRICT 8

FINANCIAL SERVICES DEPARTMENT

VIA FACSIMILE & CERTIFIED MAIL/RETURN RECEIPT REQUESTED

May 5, 2006

Mr. Rob Nash, Sales Manager
Globe Electric Co., Inc.
10902 Roark Rd.
Houston, TX 77271-0548

SUBJECT: IMSA SIGNAL CABLE, SOLICITATION NO. 2006-088-C2 ("*Solicitation*")

Dear Mr. Nash:

You have notified the City of El Paso ("***City***") in your letter dated April 10, 2006 ("***Letter***") that Globe Electric Co. ("***Globe***") will not be able to supply the signal cable ordered under the terms of the contract relating to the Solicitation ("***Contract***"). In the Letter, you state that Globe will be unable to deliver due to the increase in copper prices and refusal by Globe's manufacturer to honor its prices. Further, on April 10, 2006, Edna Douadi of Globe contacted the City's Procurement Analyst, Barbara Crumley, via telephone, and advised that because the City had taken more than thirty days to award the Contract, the manufacturer would no longer honor its prices.

In accordance with Section C Paragraph 18B of the Contract, the City hereby gives Globe formal notice to correct the above referenced non-compliance issue and to provide a letter to my attention **no later than noon Thursday, May 11, 2006**, as to how Globe plans to address the above referenced issue and comply with the Contract. If the above referenced issue is not corrected to the satisfaction of the Street and Financial Services Departments, the City shall terminate the Contract for default due to Globe's non-compliance with the provisions of the Contract and shall pursue any and all legal remedies available to the City under the Contract.

Respectfully,

Carmen Arrieta-Candelaria

Carmen Arrieta-Candelaria
Chief Financial Officer

cc: Daryl Cole, Director, Street Department
Jorge Villegas, Assistant City Attorney
Terrance Freiburg, Deputy Director for Financial Services
Barbara Crumley, Procurement Analyst

Certified Mail / Return Receipt Requested #7003 1010 0004 5305 9907

GLOBE ELECTRIC CO.

April 10, 2006

Ms. Barbara Crumley
Purchasing Division
City of El Paso
2 Civic Center Plaza
Seventh Floor
El Paso, Texas 79901

FAXED 4-10-06

Re: P.O.#2006003187 (Wire)

Dear Madame:

Per your conversation with Edna, please note that Globe Electric Co. will not be able to supply the wire due to the fact that the manufacturer will not honor the prices that were quoted. As you know, Copper is a highly volatile commodity and since it took more than 30 days to award this project to us the manufacturer is insisting on increasing the prices. I have attached the backup documentation to show you what our cost is and that we simply cannot get the material to you for the price that was quoted. It might have been different if you were to have awarded the entire order to us, because it would have given us a little bit more weight to our argument with the manufacturer.

Therefore, we respectfully request that you allow us to withdraw our bid and award it to the company in New Jersey who got the other portion of the award.

Respectfully,

Rob Nash

Rob Nash
Sales Manager

P. O. Box 710548 • 10902 Roark Rd. • Houston, Texas 77271-0548
Tel: (281) 933-0909 • Fax: (281) 933-1001

Barbara

MOTION
MARCH 21, 2006

Motion made, seconded and unanimously carried to award Bid Solicitation No. 2006-088 IMSA Signal Cable

Award to:	Vendor 1:	Paige Electric Co. Union, NJ
Item(s):		1, 2 and 3
Amount:		$26,385.00
Award to:	Vendor 2:	Globe Electric Co. Inc. Houston, TX
Item(s):		4 and 5
Amount:		$20,375.00
Department:		Street
Funds available:		01101-32010288-503203; 27175-31250102-508027-PST05002; 29146-14200403-508027-PBE04ST131
Funding source:		Public Accesses and Maintenance, Traffic Signals $17,910.00; FY2000 Certificates of Obligation, Mast Arm Replacement $21,120.00; FY2004 Bond, CIP, Signal and Flasher Installation, Citywide $7,730.00
Total award:		$46,760.00
District (s):		All

The Street and Financial Services Departments recommend award as indicated to the lowest responsive offers meeting specifications, from responsible parties.

This is a fixed-price, single (one-time) purchase, to purchase IMSA Signal Cable.

Vendor No. 1 offers an option to purchase up to one hundred percent (100%) of the original contract quantities, at the same unit price, if the option is exercised within sixty (60) days from the date of award of the contract. Vendor No. 2 offers no option to purchase additional quantities. No prompt payment discounts are offered by either Bidder.

Richarda Duffy Momsen, City Clerk

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