

Meeting Date: December 17, 2003

Subject: Procurement Authorization - Voice, Data Telecommunication Services

Recommendation

It is recommended that the Commission authorize a contract to Bell Canada, in the upset limit of;

- a. \$12,370,000, for voice communication services for a period of five (5) years from January 15, 2004 up to January 14, 2009; and,
- b. \$4,020,000, for data telecommunication services for a period of five (5) years from January 15, 2004 up to January 14, 2009.

Funding

Sufficient funds have been provided for in the 2004 TTC Operating Budget and appropriate funds will be provided for in future TTC Operating Budgets.

Background

In 1996 the Commission entered into a five-year agreement with Bell Canada for the period January 15, 1997 to January 14, 2002. On October 18, 2000, the Commission approved funds for annual Bell Canada voice services in the amount of \$2,290,500 and \$671,650 for annual data telecommunication services, for the period January 1, 2001 to January 14, 2002. On December 19, 2001, the Commission approved funds in the amount of \$4,568,800 for voice services and \$1,152,000 for data telecommunication services to continue with a two-year extension of the Bell contract for the period January 15, 2002 to January 14, 2004.

Discussion

Presently, the TTC is part of Bell Canada's METNET (voice) and TORNET (data) Federations, which is made up of thirty-seven (37) Municipal Agencies, Boards or Commissions within the 416 area code across Metropolitan Toronto (i.e. Police, Ambulance, Libraries, School Boards, etc.). The METNET / TORNET Federations entered into the same five-year agreement and two-year extension noted above.

The City of Toronto is the primary signing party of the initial contract, as they hold the most lines, however, all agencies hold their own contract with Bell and are responsible for signing any amendments to the contract.

Due to the Commission's multi-location setup and size, the current data services and Centrex telephone system with Bell Canada are the most cost-effective systems in terms of cost and staff resources. Centrex provides telecommunications services from a Bell Canada central office, rather than from equipment on the Commission's premises. The

Centrex voice system provides city-wide services to all TTC locations, with four-digit internal dialing of approximately 4,350 telephone lines. The 292 data lines utilized provide connections between the TTC computing hubs and outlying locations that are not served by TTC-owned communications media.

The City of Toronto, who is the "parent" of the METNET / TORNET Federations, had issued a proposal in July 2002 for Telecommunication Services, and at their September 22, 23, 24 and 25, 2003 Council meeting, approved entering into a five-year contract to continue with Bell Canada voice and data telecommunication services.

Only one vendor, Bell Canada, responded to the City's proposal for voice services and based on the City's evaluation process which included staff from various Municipal Agencies, Boards and Commissions, including a representative from the TTC, Bell has been recommended for the award of a five-year contract for voice services. It is believed that the cost associated with infrastructure changes to allow a change in providers prevents others from bidding competitively.

Three submissions were received for data telecommunication services, Bell Canada, EDS and Telus. Based on the City's evaluation process, EDS did not meet the mandatory requirements and Telus was unable to provide financial security. Therefore, Bell is being recommended on the basis of being the only compliant submission for the award of a five-year contract for data services. The TTC's data telecommunication services and multi-location layout are very similar to the City's, so TTC staff also recommend entering into the same five-year contract to continue with Bell Canada data services.

In addition to the Centrex telephone and data services, which support the traditional corporate network, Bell Canada provides the Commission with other voice and network communication services. These include business lines, facsimile lines, and special communication services for voice processing and CIS (Communications Information System). This report requests approval to continue with these voice and data communication services and to allocate funds for the payment of same.

Summary of Voice Services

2003 2004 % (Decrease)/

Budget Budget Increase

Telephone Services \$2,010,600 \$2,067,500 **(a)** 2.8%

CIS Voice Services

(not including Cellular) 121,300 113,700 **(b)** (6.3%)

Facsimile Service 88,800 87,100 **(c)** (1.9%)

Voice Processing Lines 44,700 44,700 0%

Maintenance 10,200 16,900 **(d)** 65.7%

Total \$2,275,600 \$2,329,900 2.4%

Estimated Four-Year Requirement **(e)** 10,039,900

Total for Five-Year Contract \$12,369,800

a. Increase attributed to installation of services for the new Transit Control Centre and general growth throughout the system.

(b) Decrease attributed to budgeted new consoles at divisions not being installed in 2003.

c. Decrease is attributed to disconnecting fax modem lines no longer required as users are connected to the network.

d. Increase attributed to the addition of maintenance for the new Automatic Call Distribution Call Center Management Information system and an increase in existing maintenance costs based on a higher amount than originally budgeted.

e. This increase covers an estimated 3% general growth in equipment / services throughout the system for each of the four years 2005-2008.

Summary of Data Telecommunication Services

2003 2004 % (Decrease)/

Budget Budget Increase

Data Services \$351,200 \$471,800 **(a)** 34.3%

CIS Data Services \$191,300 \$196,300 **(b)** 2.6%

IP Services \$24,300 \$59,300 **(c)** 144%

Total \$566,800 \$727,400 28.3%

Estimated Four-Year Requirement **(d)** 3,292,100

Total for Five-Year Contract \$4,019,500

a. Increase is primarily attributed to increasing operational demand for network services in locations not yet served by Commission-owned network media.

b. Increase is due to minor expansion of the CIS network during 2003.

- c. Increase is due to the upgrade of the capacity of our Internet gateway in late 2003 to meet the demands of our user community and ongoing business initiatives such as eProcurement.
- d. This increase covers an estimated 5% general growth in equipment / services throughout the system for each of the four years 2005-2008.

Justification

In order for the Commission to continue to communicate effectively internally and externally, its existing voice and data telecommunication infrastructure and enhancements are required to maintain its current operating standard.

December 3, 2003

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