
TORONTO TRANSIT COMMISSION

REPORT NO.

MEETING DATE: March 21, 2007

SUBJECT: Procurement Authorization – Supply Of Corporate Wireless Services

RECOMMENDATION

It is recommended that the Commission approve the issuance of a Purchase Order to Telus Communications Inc. in the total upset limit amount of \$1,260,000 for the supply of Corporate Wireless Services for a five year term commencing May 1, 2007.

FUNDING

Sufficient funds are included in the 2007 TTC Operating Budget and will be included in future Operating Budgets as required.

BACKGROUND

The Commission currently has 273 Bell Mobility cellular phones and 146 TELUS Mike phones (2-Way Radio). Cellular telephones are used by individuals requiring communications in emergency situations, working on-call hours, and by those individuals whose jobs require them to be mobile during the course of their job duties. Bell Mobility Inc. has the current contract for cellular services and Telus for the Two-Way Radio services.

Four companies were invited to submit Proposals in addition to a public advertisement on the TTC Web Site on July 26, 2006, for the supply of Corporate Wireless Services. Three companies submitted Proposals: Bell Mobility Inc., Telus Communications Inc. and Rogers Wireless Inc. The Request for Proposals (RFP) was divided into the following categories: Cellular Service and Hardware, Two-Way Radio/Cellular Service and Hardware. The evaluation was based on the total cost of the service and associated hardware for both Cellular Service and Two-Way Radio/Cellular Service.

Bell Mobility was the only commercially compliant bidder for Cellular Service and there were no compliant bidders for Two-Way Radio/Cellular. While evaluating the proposals it became apparent that various hardware items listed could only be supplied by Bell. As this situation was not fair to the other bidders, staff obtained authorization from the Chief General Manager to cancel the RFP and negotiate with the three bidders who responded to the RFP.

DISCUSSION

On November 13, 2006 staff invited Bell Mobility Inc., Telus Communications Inc. and Rogers Wireless Inc. to resubmit Proposals based on revised price schedules. All three companies submitted Proposals as

summarized on the attached Appendix A.

The RFP was divided into the following categories of services and hardware:

- Category 1 – Cellular Service
- Category 2 – Cellular Hardware
- Category 3 – Two-Way Radio/Cellular Service
- Category 4 – Two-Way Radio/Cellular Hardware

Companies were able to submit a proposal for all or any of the above categories. However, the evaluation would be based on the total cost of the Service Provider and their associated Hardware Distributor (i.e. Category 1+2, and Category 3+4). For ease of reference, the evaluation below is split by category:

Category 1 – Cellular Service, and Category 2 – Cellular Hardware

Telus Communications Inc. (Telus) submitted the lowest evaluated combined pricing for Category 1 and 2. They submitted pricing for all 42 items for Category 2. Their pricing includes unlimited Mobile-to-Mobile minutes (calls between TTC cellular users). Staff contacted Telus to negotiate the pricing submitted and Telus was able to improve their original offer by providing a credit incentive which was included in their pricing for the evaluation.

Telus submitted their terms and conditions which have been reviewed by staff and are considered acceptable. Staff negotiated a clause to be included in the agreement that indicates that Telus will advise TTC of any new or revised rate plans and TTC will be given an opportunity to convert to the new or revised plan if there is an opportunity for savings. The proposal submitted by Telus is considered commercially and technically acceptable and is recommended for award for Category 1 and 2.

Bell Mobility Inc. (Bell) submitted the second lowest overall evaluated combined pricing for Category 1 and 2. They submitted pricing for 40 of the 42 items for Category 2. Bell submitted two pricing options: Option 1 includes unlimited Mobile to Mobile minutes and Option 2 does not include Mobile to Mobile minutes. Option 2 is the lower overall evaluated pricing submitted by Bell. Staff contacted Bell to negotiate the pricing submitted and Bell was able to provide a credit incentive which was included in their pricing for the evaluation. With this credit, Bell's pricing remains as the second lowest overall evaluated combined pricing for Category 1 and 2. Bell submitted their standard agreement, however as they are not the lowest price, the agreement was not reviewed by staff.

Rogers submitted the highest overall evaluated combined pricing for Category 1 and 2. They submitted pricing for 22 of the 42 items for Category 2. Rogers submitted two pricing options: Option 1 includes unlimited Mobile to Mobile minutes and Option 2 does not include Mobile to Mobile minutes. Option 2 is the lower overall evaluated pricing submitted by Rogers. Staff contacted Rogers in order to negotiate their pricing; however they indicated that they cannot offer negotiated pricing. Rogers submitted their standard agreement, however as they are not the lowest price, the agreement was not reviewed by staff.

Category 3 - Two-Way Radio/Cellular Service, and Category 4 - Two-Way Radio/Cellular Hardware

Telus was the only bidder for Category 3 and 4. Staff contacted Telus in order to negotiate their pricing; however they indicated that they cannot offer negotiated pricing. The proposal submitted by Telus is considered commercially and technically acceptable and is recommended for award for Category 3 and 4.

Bell could not provide a proposal for Category 3 and 4 as their system is limited to 10 users communicating at one time instead of the required minimum of 30. In addition, their system is on the same network as their regular cellular services and TTC requires a separate network as required by Special Constable Services in the event the regular network is not available.

A price comparison to the current contracts reveals a reduction of approximately 24% for Category 1 and a reduction of approximately 18% for Category 3. A comparison for Category 2 and 4 are not available as the specifications for the current and new hardware are not the same.

The recommended upset limit amount includes a contingency allowance of approximately 20% to cover variation in usage and to cover new activations over the term of the contract.

The Canadian Radio-television and Telecommunications Commission has ruled that by March 14, 2007, Bell Mobility, Rogers Wireless and the mobility division of TELUS Communications Inc. are required to provide wireless number portability to customers in Ontario. This ruling will allow the Commission to keep all existing numbers at no cost when moving to the TELUS service.

New cellular phones will be provided for each user as part of the move to the proposed new vendor at no cost to the Commission. Disposal of the existing cellular phones will be completed through the established surplus materials process put in place with the Material and Procurement Department.

JUSTIFICATION

A contract is required with a Cellular Service Provider to ensure the provision of uninterrupted cellular services.

14.75.75
March 7, 2007
Attachment: Appendix 'A'

APPENDIX A
SUPPLY OF CORPORATE WIRELESS SERVICES
5 YEAR EVALUATED PRICING

		Category 1	Category 2	TOTAL Category 1 & 2	Category 3	Category 4
		Cellular Service	Cellular Hardware		2-Way Radio / Cellular Service	2-Way Radio / Cellular Hardware
Telus Communications Inc.	Option 1	\$391,460.04	\$104,647.16	\$496,107.20	\$479,107.80	\$72,219.74
Bell Mobility Inc.	Option 1	\$476,197.38	\$96,941.10	\$573,138.48	No Bid	
	Option 2	\$470,092.68	\$96,941.10	\$567,033.78		
Rogers Wireless Inc.	Option 1	\$622,238.22	\$1,527.60	\$623,765.82	No Bid	
	Option 2	\$588,400.74	\$1,527.60	\$589,928.34		

* Recommended for award.

Option 1 includes unlimited calls between TTC cellular users on the same plan.

Option 2 does not include unlimited calls between TTC cellular users on the same plan