

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** February 27, 2008

**SUBJECT:** PROCUREMENT AUTHORIZATION –  
SUPPLY OF TICKETED FARE MEDIA

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## RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order in the total upset limit of \$3,220,000 to The Data Group Limited Partnership for the supply of ticketed fare media for a five year period from April 15, 2008 to April 14, 2013.

## FUNDING

Sufficient funds have been included in the 2008 TTC Operating Budget and will be included in future Operating Budgets as required.

## BACKGROUND

The TTC has an ongoing need for the supply of ticketed fare media to facilitate passenger's use of the TTC's system. The current contract is with Mercury Graphics, which is scheduled to expire on April 14, 2008 and a new contract is required. The ticketed fare media included in this contract are Adult Tickets, 65 +/Student Tickets, Child Tickets, Daypasses and Downtown Express Stickers.

## DISCUSSION

Approval was granted by the Chief General Manager to restrict the issuance of the Request for Proposals for the supply of Ticketed Fare Media to past vendors and vendors on the Materials & Procurement Bidders List in order to reduce the potential risk of fraudulent activity with regard to the security features on the ticketed fare media.

Subsequently six companies were invited to submit Proposals, out of which four companies submitted Proposals as summarized on the attached Appendix "A".

Pentagon Graphics Limited submitted the lowest priced Proposal, however, they did not submit the required Agreement to Bond and their submission is considered commercially non-compliant.

The Data Group Limited (Data Group) submitted the second lowest priced proposal based on an alternative, which offered black serial numbering instead of red serial numbering as specified. Currently, the serial numbers are printed in red ink, which makes it easier for recording the serial numbers for sales activity and tracking and therefore the option offering black serial numbering is considered non-compliant.

Data Group also submitted the third lowest price proposal, which did not state any exceptions or qualifications and meets all the requirements of the specifications.

Since Data Group have not supplied Ticketed Fare Media to the Commission in a number of years a reference check was performed with OC Transpo and they rated their performance as very good and stated that they are very satisfied with their performance. The Data Group of Companies have also previously satisfactorily supplied the Commission with Surface and Subway Transfers (2004, 2005 and 2006).

Data Group's proposal is considered both commercially and technically compliant and is recommended for award in the upset amount of \$3,220,000 for a five year period April 15, 2008 to April 14, 2013.

Mercury Graphics Corporation submitted the fourth lowest Proposal however they did not submit the required Agreement to Bond and their submission is considered commercially non-compliant.

Pollard Banknote Limited submitted the fifth and highest priced Proposal. They did not state any exceptions or qualifications in their submission and their submission is considered technically and commercially compliant.

The pricing quoted by Data Group Limited is on average approximately 16.6% higher for year one than those currently being paid to a different supplier with a 4.4% increase in year two over year one; a 4.5% increase in year three over year two; a 4.7% increase in year four over year three and a 4.5% increase in year five over year four. An investigation by staff as to the reasons for the increase revealed that although there have been increases in wages and benefits as well as energy costs, the primary reason is a significant increase in the cost of paper which has increased approximately 14% over the past three years.

The recommended upset limit amount includes a contingency of approximately 20% to cover variances in the usage quantities over the five year contract period.

JUSTIFICATION

Approval of this request will allow staff to acquire an adequate supply of fare media products for distribution ensuring there is sufficient supply to meet customer demand for a five year period.

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February 27, 2008  
48-03  
Attachment

APPENDIX "A" PROPOSAL SUMMARY

Proponent	Total Proposal Price
Pentagon Graphics Ltd.	\$2,607,814.00 **
The DATA Group (Alternative)	\$2,650,519.19 ***
The DATA Group (Base Bid)	\$2,682,656.39 *
Mercury Graphics	\$2,814,653.39 **
Pollard Banknote	\$3,241,400.48

- \* Recommended for Award
- \*\* Commercially non-compliant
- \*\*\* Technically non-compliant