

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** June 8, 2011

**SUBJECT:** PROCUREMENT AUTHORIZATION – VOICE / DATA  
TELECOMMUNICATION SERVICES

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission approve the issuance of contracts for a period of 51 months from July 1, 2011 until September 30, 2015 to Bell Canada (Bell), on the basis of Bell submitting the highest scoring and lowest cost proposal to the City of Toronto (City), in the upset limits of:

- a) \$20,582,000 for voice telecommunication services; and,
- b) \$3,404,000 for data telecommunication services; and,
- c) \$1,625,000 for legacy data telecommunication services.

### **FUNDING**

Sufficient funds have been included in the 2011 TTC Operating Budget and appropriate funds will be included in subsequent TTC Operating Budgets to cover all expenditures associated with the provision of these voice and data telecommunication services as required.

### **BACKGROUND**

In January 2004 the City entered into a five-year agreement with Bell for the provision of telecommunication services. This agreement, known as the City of Toronto Telecommunication Infrastructure (COTTI) agreement, allowed the City's Agencies/Boards/Commissions (ABCs) to hold their own contracts with Bell based on the City's COTTI agreement whereby each ABC was responsible for their own contract including the signing of any amendments etc.

The COTTI agreement contained a two-year extension option and the City received approval from City Council to extend the contract for an additional two-year period from January 15, 2009 until January 14, 2011.

In January 2009, the City issued a competitive request for proposal (RFP) for the acquisition of an Integrated Telecommunications Infrastructure and related services (ITI) agreement intended to replace the COTTI agreement. The City's RFP split the required services into 4 categories (Unified Communications, Carrier Services, Low-medium speed WAN Services, and Network Services) and allowed bidders to bid on any one or any combination of all 4 categories. A total of 8 bids were received, and at their January 13, 2010 Government Management Committee meeting, the City selected Bell as the successful bidder for each category on the basis of highest scoring and lowest cost proposal submission and approved entering into a five-year ITI agreement effective October 1, 2010.

The ITI agreement includes an option for a five-year contract term extension, and allows the City's ABC's to enter into separate agreements with Bell at the same terms and conditions and pricing (i.e. join onto the contract as was the case with the COTTI agreement). The ITI contract was effective prior to the expiration of the COTTI to allow for transition from one agreement to the next for the City and some ABC's.

At its December 17, 2003 meeting the Commission approved entering into a five-year agreement for telecommunication services with Bell for the period January 15, 2004 until January 14, 2009 based on the five-year COTTI agreement. At its May 28, 2009 meeting, the Commission approved exercising the two-year extension until January 14, 2011. Subsequently, Staff extended the contract until June 30, 2011 in order to allow time for Staff to evaluate and prepare a recommendation for the Commission to enter into a new agreement with Bell by joining onto the City's ITI agreement with Bell.

## **DISCUSSION**

Due to the Commission's multi-location set-up and size which is similar to the City's, the current data services and Centrex telephone system with Bell are the most effective systems in terms of cost and staff resources. Centrex provides telecommunications services from a Bell central office, rather than from equipment on the Commission's premises. The Centrex voice system provides city-wide services to all the Commission locations, with four-digit internal dialing of approximately 7,336 telephone lines. The data lines utilized provide connections between the Commission computing hubs and outlying locations that are not served by Commission-owned communications media as well as specialty data services for services such as Point of Sale Terminals and MetroPass Vending Machines.

For the reasons stated above and in order to benefit from the volume-discounted pricing of the City's ITI agreement, staff recommends joining onto the City's ITI agreement to allow Bell to continue to provide the TTC with telecommunication services included as part of the agreement.

However, the City's ITI agreement does not cover all of the TTC's voice and data communications requirements, such as: BID ADSL line services, purchases of phone sets for the Commission Centrex lines and other miscellaneous services for the TTC's Communications Information System (CIS) network data lines and legacy data services. Therefore, Staff recommends issuing 3 separate purchase orders to Bell (voice, data, and legacy data telecommunication services) in order to cover Commission's entire telecommunication service requirements (refer to the attached Appendix A for details regarding description of services and related estimated costs under each category).

Appendix A shows Bell's proposed ITI pricing for voice telecommunication services is 10% lower than the current contract price, this decrease is mainly attributed to lower pricing for Centrex, 1FL lines, and installation or moves of the Centrex lines. Furthermore, as shown on Appendix A Bell's proposed ITI pricing for data telecommunication services is 24% lower than the current contract price, this decrease is attributed to lower pricing for all types of lines, in particular the 100 Mbps, 1 Gps and ADSL lines. As the pricing and service for the legacy data services is only provided monthly and future prices are unknown a price comparison cannot be performed, however staff estimate the annual costs will increase by 2.1% and have factored this amount into the recommended upset limit.

The recommended upset limits include a 20% contingency for variation in usage over the 51 month contract term (July 1, 2011 to September 30, 2015) and include estimated costs for the services required by the Commission that are not included in the City's ITI agreement.

### **JUSTIFICATION**

The award of these contracts will ensure that the Commission continues to communicate effectively internally and externally using its existing voice and data telecommunication infrastructure including any potential enhancements required to maintain its current operating standard.

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June 8, 2011  
14-30-48

## Appendix A

### PROCUREMENT AUTHORIZATION - VOICE / DATA TELECOMMUNICATION SERVICES

#### VOICE TELECOMMUNICATION SERVICES

Service includes: CENTREX lines, Additions/Moves of lines, 1 FL lines, Toll Free lines, long distance service, Centrex phone sets, repairs, Extended Warranty Program (EWP).

Year 1 (6 months) 2011	Year 2 (12 months) 2012	Year 3 (12 months) 2013	Year 4 (12 months) 2014	Year 5 (9 months) 2015
\$2,078,112	\$4,480,404	\$4,804,584	\$5,128,763	\$4,090,128
Total Voice Telecommunication Services:				\$20,581,991
<b>Recommended Upset Limit For Voice Telecommunication Services:</b>				<b>\$20,582,000</b>
<b>Proposed pricing compared to Current Price</b>				<b>-10%</b>

#### DATA TELECOMMUNICATION SERVICES

Service includes: LAN 100 Mbps, LAN 1 Gbps, T1 and ADSL ETHERNET, Business High Speed Internet (BHSI), Business Internet Dedicated (BID) ADSL and T1 lines, Megalink, Business Line 1FL for data use.

Year 1 (6 months) 2011	Year 2 (12 months) 2012	Year 3 (12 months) 2013	Year 4 (12 months) 2014	Year 5 (9 months) 2015
\$350,198	\$922,148	\$843,845	\$731,164	\$556,076
Total Data Telecommunication Services:				\$3,403,431
<b>Recommended Upset Limit For Data Telecommunication Services:</b>				<b>\$3,404,000</b>
<b>Proposed pricing compared to Current Price</b>				<b>-24%</b>

#### LEGACY DATA TELECOMMUNICATION SERVICES

Service includes: leased line data services that serve the Commission network and CIS data needs.

Year 1 (6 months) 2011	Year 2 (12 months) 2012	Year 3 (12 months) 2013	Year 4 (12 months) 2014	Year 5 (9 months) 2015
\$182,873	\$373,426	\$381,269	\$389,275	\$298,083
Total Legacy Data Telecommunication Services:				\$1,624,926
<b>Recommended Upset Limit For Legacy Data Telecommunication Services:</b>				<b>\$1,625,000</b>