

TORONTO TRANSIT COMMISSION REPORT NO.

(Re-submitted March 30, 2012)

MEETING DATE: February 29, 2012

SUBJECT: WIRELESS NETWORK IN THE SUBWAY PROJECT - STATUS

INFORMATION

RECOMMENDATION

It is recommended that the Commission receive this report for information.

FUNDING

There are funds, in the sum of \$250,000.00 available in TTC's budget under account #1946-8251 ND Cellular Network Program, for the creation and start up of a project team, authorized by the Commission at its July 14, 2010 meeting. These in-house expenditures will be recovered from the successful provider. In addition, any additional funds required for the design, installation, testing and implementation of the project will be paid by the successful wireless provider.

BACKGROUND

A Request for Pre-Qualification (RFQP) for the design, supply, installation, hosting and maintenance of a Wireless Network in the TTC's subway system (including tunnels and station platforms) was publicly advertised on the TTC's website in December 2009. Six (6) companies responded to the RFQP. The RFQP stated that subsequent to the selection of the qualified proponent(s), the TTC may participate in a Structured Multi-Phase Bid Process (SMPBP) with the qualified proponent(s) to determine a prime contractor to award the contract and to establish conditions acceptable to both the prime contractor and the TTC.

As a result of this RFQP, the following proponents were considered qualified:

- Bell Mobility Incorporated
- Broadcast Australia Limited
- Extenet Systems

At its July 14, 2010 Commission Meeting, the Commission authorized staff to initiate the SMPBP with the three qualified proponents.

In March 2011, the TTC retained Stikeman Elliott LLP (Stikeman) to assist with the Telecommunication Network Agreement (Agreement) and to ensure all requirements of the Canadian Radio-Television Telecommunication Commission (CRTC) are addressed,

including a non-discriminatory provision requiring that every Carrier be given equal access to the Wireless Network. In addition, in June 2011, a Fairness Monitor with PPI Consulting Limited was hired by TTC, through a competitive process to ensure that the procurement process will be carried out in a fair and transparent manner.

Over the past several months, staff has held several individual meetings with the qualified proponents in the presence of the Fairness Monitor to establish the commercial and technical requirements for this project.

The Agreement calls for the design, supply, installation, hosting and maintenance of a Wireless Network at TTC subway stations (excluding tunnels) for a twenty (20) year term with an option for an additional five (5) years exercisable at the sole discretion of the TTC. The total installation cost of the Wireless Network is estimated to be 40-\$50 million paid for by the Supplier, which excludes installation of the Wireless Network in the tunnels. In addition, the Supplier will be required to pay to the TTC an annual fee in order to ensure TTC's costs, including project management and operational support, are recovered. Any proposed expansion to the initial scope of work for the inclusion of the Wireless Network in the subway tunnels will be considered in a future phase of the work (Phase2) and negotiated with the Supplier.

The Agreement also calls for the Supplier to perform testing, as part of its due diligence, to ensure that no interference to the TTC's existing systems and the upcoming Automatic Train Control system, originates from the Wireless Network. As a primary technical consideration, if such interference were to be encountered any time during the term of the contract, the Supplier would immediately shut down the Wireless Network, until such time as the interference issue has been resolved, to the satisfaction of the TTC.

At its meeting of December 14, 2011 the Commission referred the Wireless Network in the TTC Subway Project – Status Report to the February 2012 Commission Meeting to confirm that the Request for Proposal (RFP) contains a non-discrimination provision requiring that every Wireless Carrier be given equal access to the Wireless Network.

DISCUSSION

The Agreement, a copy of which is included in the RFP, contains the following provisions relating to ensuring that equitable access is provided to all Wireless Service Providers:

1. Following execution of this Agreement, the Supplier shall actively seek the participation of all Wireless Service Providers in the Wireless Network. The Supplier shall treat all Wireless Service Providers equitably and shall not confer an undue preference upon a Wireless Service Provider or subject a Wireless Service Provider to an undue or unreasonable disadvantage (as such concept is used by the Canadian Radio-television Telecommunications Commission) in connection with their participation in the Wireless Network. The terms of each Wireless Service Provider's agreement may vary in order to address differing commercial requirements of the Wireless Service Provider.

2. To the extent, a Wireless Service Provider indicates any interest in providing a Wireless Service through the Wireless Network, the Supplier shall use its good faith commercial efforts to negotiate and enter into a Carrier Agreement with such Wireless Service Provider.

3. The Carrier Agreements shall be generally consistent across all Wireless Service Providers.

The TTC key stakeholders are currently conducting a technical review of the Agreement and TTC staff anticipates issuing the RFP the week of March 5, 2012. Staff plans to report back to the Commission at the May 30, 2012 Commission Meeting with their recommendation for award. TTC staff is also in the process of meeting with various external stakeholders to ensure that any issues, including the non-discrimination provision are properly addressed within the RFP.

JUSTIFICATION

The issuance of a RFP to the three pre-qualified proponents by March 8th, 2012 will ensure a timely design and installation of the Wireless Network at TTC subway stations (excluding tunnels) and is based on the following:

- information provided by other transit properties on their experiences with wireless systems;
- the trend of the wireless industry with new technologies and advances;
- revenue opportunities;
- enhanced customer service;
- assurances that the Wireless Network will not impact existing or future TTC operating systems; and
- RFP contains non-discrimination provisions for equal access to all Wireless Carriers,

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