

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: SEPTEMBER 25, 2013

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF VARIOUS
MARCH NETWORKS PARTS

ACTION ITEM:

RECOMMENDATION

It is recommended that the Board authorize the award of a two-year inventory supply contract for the supply of various March Networks parts for the period October 2013 to October 2015 to March Networks Corporation in the upset limit amount of \$8,301,200 including applicable taxes.

FUNDING

Sufficient funds are included in the 2013 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory parts will be charged to the appropriate budget at the time of issuance from Stores.

BACKGROUND

The subject parts are various March Networks parts that are used as maintenance stock and repair services of Surface Vehicle Safety Cameras Systems (SVSCS) installed on various TTC revenue vehicles (Buses, Streetcars and Wheel Trans). SVSCS are used for the safety monitoring of passengers on TTC revenue vehicles as activities are recorded on the on-board mobile digital video recorders (DVR). On April 13, 2006 a Request for Proposal (RFP) was issued for the supply of SVSCS in which nineteen companies submitted proposals for the subject requirement. The evaluation process was broken down into two phases, with the first phase consisting of a review of the image and video quality associated with the capture, recording and transfer aspects of the Proponent's system. Only the systems that passed phase one were considered for phase two. There were three systems that were deemed suitable to proceed to phase two. The second phase of the evaluation consisted of installation of the proposed SVSCS on two of the TTC's vehicles for in-service testing for an approximate two month period to confirm reliability, operability and maintainability. The result of the RFP was March Networks Corporation was recommended for award based on the only acceptable proposal received.

DISCUSSION

March Networks Corporation (March) was invited to submit a proposal on March 26, 2013 on the basis of single source as they are the original equipment manufacturer (OEM) and only approved source of supply for these parts. As long as the March Networks system is on TTC vehicles, the TTC will have to buy the required parts from March Networks.

The proposal called for eleven pre-approved parts, of which March advised one part is obsolete, therefore ten parts are being recommended for award. Staff will investigate other sources of supply for the obsolete part. March provided pricing for a two-year term as it advised that it is unable to provide pricing beyond this term. March stated that the TTC would be responsible for the freight and customs costs and as a result, 5% was added to its overall bid to cover freight and customs costs. Further, March took exception to the TTC's Terms and Conditions as it submitted its own terms. These terms have been reviewed by staff and are considered acceptable. Staff contacted March to negotiate reduced pricing and March was able to reduce its original offer to a revised total of \$6,917,634, however, March advised it could not reduce its prices any further.

The new two-year inventory supply contract is approximately 5% lower in the first year of the contract based on current pricing and no change in the second year of the contract compared to the first year prices.

This contract includes approximately 15% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contract during the contract term.

JUSTIFICATION

These various March Networks parts are required in order to support the TTC's revenue vehicles maintenance and service needs.

September 3, 2013
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