



# Supply of Lighting and Electrical Products

**Date:** April 11, 2018  
**To:** Toronto Transit Commission Board  
**From:** Chief Financial Officer

## Summary

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The purpose of this report is to obtain procurement authorization to exercise the option to extend the current contract for the supply of lighting and electrical products to various TTC locations on an “as required” basis, for a one year term from June 1, 2018 to May 31, 2019

## Recommendations

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It is recommended that the Board authorize:

1. A one year term extension from June 1, 2018 to May 31, 2019 for the supply of lighting and electrical products.
2. Additional funds, in the amount of \$4,600,000.00, to carry the Contract to the proposed Contract expiry date of May 31, 2019.

## Financial Summary

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The recommended additional funds of \$4,600,000.00 (including HST and 10% contingency) reflects the estimated amount required for the supply of lighting and electrical products until the end of the one year extension.

Approximately 60% of the costs are expected to be for various capital project requirements, with the balance attributable to operating requirements. Sufficient funding is included in the 2018 Operating Budget and 2018-2027 Capital Budget as approved by City Council on February 12, 2017. Sufficient funding will also be incorporated into 2019 budgets as required.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## Equity/Accessibility Matters

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There are no accessibility or equity impacts associated with this report.

## **Decision History**

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In May 2017, a Request for Proposal (RFP) was issued for the supply of lighting and electrical products to be delivered directly to various TTC locations throughout the TTC on an "as required" basis. Twenty-one companies were made aware of this requirement, in addition to the public advertisement on Merx and TTC website, out of which four companies submitted a response.

Powertrade Electric Ltd. was awarded the contract on the basis of the lowest evaluated bid pricing with a total upset limit amount of \$2,750,000 for a one year term with the option to renew the contract for up to one additional year at the TTC's sole discretion, subject to the company's satisfactory performance and acceptable price negotiations.

## **Issue Background**

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The TTC has a continuing need for the supply of miscellaneous electrical/lighting products and supplies to maintain the extensive amount of electrical equipment and systems in the TTC's various surface and subway facilities. The TTC's electrical requirements are varied and cover a broad range of components as the TTC's surface and subway electrical facilities have been built over a long period of time during which electrical standards have changed significantly. As a result, electrical equipment purchases for operational and capital projects tend to be customized for each facility. These parts must be readily available and due to the large variety of parts required, it is not cost effective to maintain an internal inventory.

## **Comments**

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The current Contract commenced in June 2017 and is scheduled to expire on May 31, 2018. As a result of seasonal, project related and unanticipated spike in work order demands, monthly expenditures are significantly higher than originally anticipated during this term.

Various lighting and electrical products were required for, but not limited to, the following projects/initiatives:

1. PRESTO
2. WiFi installations
3. Permanent Work Area Warning project
4. EOS switches at track level
5. CCTV System
6. Fire alarm upgrades (ongoing)
7. Passenger Assistance Intercom (PAI) (ongoing)

Additionally, feedback received from user departments indicated it is anticipated that this rate of expenditure will continue to increase as new projects are being added for

2018-2019 requirements, i.e. station transformations, installation of video cameras at all stations, transitioning to LED lighting, etc.

Expenditures are also affected by purchases made through “off-shopping basket” (mark-up on manufacturer cost). TTC user departments explained that products may not be purchased consistently, due to variations in work requirements. Therefore, products purchased at one point in time may not be purchased in the future, as a result of changes to TTC specifications and/or differences in application, depending on locational requirements. Materials & Procurement staff is working with the supplier on updating the shopping basket to reflect current requirements. This updated shopping basket is created by evaluating and incorporating recent purchases, as per TTC user requirements.

In response to addressing off-basket purchases, Materials & Procurement staff is also looking into potentially implementing a new pricing structure that will incorporate a combination of a shopping basket, off-shopping basket and discount off manufacturer list price, in order to better reflect user requirements and to promote competition in the future Request for Bid (RFB). As a point of reference, the current contract does not use discount off manufacturer list price in the pricing structure.

As a result of the higher anticipated expenditures, the proposed evaluation of a new pricing structure, and the supplier agreeing to maintain current pricing, Materials & Procurement is recommending the TTC exercise the option to extend for a one year term from June 1, 2018 to the proposed contract expiry date of May 31, 2019. It should also be noted that the Consumer Price Index (CPI) projection for general costs was reviewed, indicating products could be subject to potential price increases of up to 2.4%.

It is anticipated that additional funds totaling \$4,600,000.00 (including a 10% contingency) would be required to carry the contract until the proposed contract expiry date of May 31, 2019.

## **Contact**

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## **Signature**

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Tara Bal  
Chief Financial Officer