

Non-Competitive Contract for Two-Way Radio supply and Service with BearCom Canada Corporation

Date: November 18, 2021

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority from City Council for the General Manager Solid Waste Management Services to negotiate and enter into an 18 months non-competitive contract with a 6 months optional extension with BearCom Canada Corporation for the supply of two-way radios and accessories including a supplier-hosted two-way radio system and professional services for programming of the two-way radios.

The current contract 47020597 was issued to BearCom Canada Corporation as a result of the Request for Quotation Number 2104-17-0028 and scheduled to expire effective February 28, 2022.

The 18 months non-competitive contract with 6 months optional extension has a total potential value of \$374,370 net of all taxes and charges, (\$380,960 Net of HST recoveries)

The non-competitive contract is required to address the ongoing global electronics shortage which has resulted in supply chain inconsistency, and severe inflation of pricing in the electronics market. By entering into this non-competitive contract Solid Waste Management Services can avoid the financial risk of having an over-valued contract which would be based off of the current inflated market value for radios. The division would also be avoiding any other procurement risks that may result from supply chain inconsistency.

In addition to mitigating financial and procurement risks, this non-competitive contract serves to ensure critical business continuity, as the radios are used operationally for the delivery of front line essential services.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services and the Chief Procurement Officer recommends that:

1. City Council authorize the General Manager, Solid Waste Management Services to negotiate and enter into a non-competitive agreement with BearCom Canada Corporation for the supply of two-way radios and accessories including a supplier-hosted two-way radio system and professionals services for installation, programming and repairs of the two-way radios for a period of 18 months with a 6 months optional extension, at the sole discretion of the General Manager, Solid Waste Management Services, commencing March 1, 2022 to February 28, 2024 for a grand total contract value of \$374,370 net of all taxes and charges including estimated annual adjustment for consumer price index (CPI), on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total estimated value of the two (2) years non-competitive contract is \$374,370 net of all taxes and charges, (\$380,960 Net of HST recoveries) including 3 % estimated annual adjustment for consumer price index (CPI).

Funding is available in the Recommended 2022 Capital and Operating Budgets for Solid Waste Management Services. Additional funding for the remainder of the contract period will be included in the 2023-2024 Operating Submissions for Solid Waste Management Services. Funding details are provided in Table 1 to follow:

Table 1 - Financial Impact Summary

Account Information Cost Centre/ Cost Element	2022	2023	2024	\$ Amount (Net of HST Recoveries)
Capital Budget				
CSW380-01-01	\$50,000			
Operation Budget				
SW1030-GL4436	\$50,000	\$51,555	\$10,311	

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Account Information Cost Centre/ Cost Element	2022	2023	2024	\$ Amount (Net of HST Recoveries)
SW1040-GL4436	\$35,000	\$34,876	\$6,975	
SW1060-GL4436	\$10,000	\$10,614	\$2,123	
SW0715-GL4436	\$27,000	\$27,294	\$5,459	
SW0718-GL4436	\$27,000	\$27,294	\$5,459	
Total Cost	\$199,000	\$151,633	\$30,327	\$380,960

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

DECISION HISTORY

The Bid Award Panel, at its meeting on April 19, 2017 adopted the recommendation of Item BA18.5 and granted authority to award Request for Quotation Number 2104 -17-0028 to Mobile Business Communications Ltd., for the non-exclusive supply, delivery, installation, labour and warranty of two-way radios and accessories, parts and equipment, as and when required, for the City of Toronto Solid Waste Management Services, Transportation Services, and Toronto Water. The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA18.5>

COMMENTS

Request for Quotation (RFQ) Number 2104-17-0028 for the two-way radio system currently being used by Solid Waste Management Services, was awarded to Mobile Business Communications Ltd., who was acquired by BearCom Canada Corporation in 2018 and has been in place since April 28, 2017 and terminates February 28, 2022. The RFQ for this radio system was originally put out as a corporate call that included Transportation Services and Toronto Water, however with the expiry of the current contract with BearCom Canada Corporation in 2022, Transportation Services and

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Toronto Water have opted to seek alternative radio communication solutions that meet their specific operational requirements and they will not be continuing business with BearCom Canada Corporation. The current radio system, hardware, network, and professional services from BearCom Canada Corporation meets the needs of Solid Waste Management Services with no significant deficiencies.

When the City moved over to two-way radio service under the current contract, BearCom Canada Corporation had a dedicated and exclusive frequency certified and licensed for the City as per the RFQ requirements. The exclusive frequency is the 900 megahertz (MHz) ultra-high frequency (UHF) band. All of our radio equipment has been purchased and programmed to work on this frequency, is approved for use in Canada, and conforms to Industry Canada regulations and International Telecommunication Union (ITU) regulations.

Solid Waste Management Services currently has 484 radios in use which includes a combination of truck mounted radios, portable hand-held radios, and base station radios. This number is forecasted to be increased to 580 as we move other operating groups within the division onto this system and purchase net-new vehicles. Although these radios have a reliable 10 year useful life, it is also forecasted that we will be replacing approximately 5% of the radios over the next 5 years due to wear & tear or other unforeseen damage.

The demand for electronics has spiked throughout the COVID-19 pandemic. Between 2020 and 2021 the average price of electronics increased by 30%. In light of the severely inflated prices in the electronics market due to the global electronics shortage, Solid Waste Management Services is seeking this non-competitive contract to avoid the potential financial risk of having an over-valued contract or over inflated bids from a competitive process which would be based off of the current inflated market value for radios. The division would also be avoiding any other procurement risks that may result from supply chain inconsistency as BearCom Canada Corporation has identified that they have enough stock from the original RFQ to meet the needs of Solid Waste Management services over the next two years.

In addition to mitigating financial and procurement risks, this non-competitive contract serves to ensure critical business continuity, as the radios are used operationally for the delivery of front line essential services. The two-way radios currently in use conform to the criteria for handheld devices that can be used by commercial motor vehicle drivers under O. Reg 366/09, s. 12 (1), Ontario Highway Traffic Act, Display Screens and Hand-Held Devices. In addition to this, Solid Waste Management Services has also developed a Safe Working Procedure (SWP), SWP-SWMGEN-006 which indicates the safe and acceptable use of two-way radios.

CONTACT

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SIGNATURE

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