



STAFF REPORT ACTION REQUIRED

Automated Materials Handling System – Award of Contract

Date:	June 25, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval to award the contract for an automated materials handling system, as per the Toronto Public Library's Request for Proposal (RFP) for an automated materials handling system at 1076 Ellesmere Road.

It is recommended that the contract for an automated materials handling system be awarded to P.V.Supa Inc, having achieved the highest total score in the evaluation. The award is for the supply of the automated materials handling system hardware, software, installation and training and the associated on-going maintenance costs.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. awards the contract to P.V. Supa Inc. for the supply of the automated materials handling system hardware, software, installation and training at a cost of \$1,806,750 [excluding Harmonized Sales Tax (HST)];
2. awards the maintenance contract for the first three years to P.V.Supa Inc at a total cost of \$124,432 [excluding HST];
3. authorizes staff to renew the maintenance contract beyond the first three years, subject to budget availability and satisfactory performance; and
4. authorizes and directs the appropriate Library staff to take the necessary action to give effect thereto.

Implementation Points

The automated materials handling system, while modular, is custom configured for each installation. Based on Board approval and contract signing in early July, installation at 1076 Ellesmere will begin in October, with completion in December. The Distribution Services department will need to move into temporary quarters while the physical installation takes place.

FINANCIAL IMPACT

The one-time costs of \$1,806,750 for the supply of the automated materials handling system hardware and software, installation and training are accommodated in the RFID capital budget. The annual maintenance cost, of approximately \$62,000, has been incorporated into the 2012 approved operating budget, which reflects a net savings of \$225,000 annually from the installation of the automated materials handling system.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The DPRA Canada *Service Efficiency Study* conducted at Toronto Public Library in the fall of 2011 identified, among other initiatives, the introduction of an automated sorter (automated materials handling system) at the Ellesmere delivery hub. The Board, at its December 12, 2011 meeting approved an additional 2012 capital budget request for the RFID capital budget, to install an automated sorter at the Ellesmere delivery hub, and the operating budget adjustment for the resulting net reduction in operating costs of \$225,000 annually. The capital costs and operating reductions were approved by City Council and adopted by the Board at its January 30, 2012 meeting.

ISSUE BACKGROUND

In 2011, the Library-initiated efficiency reviews identified savings through service consolidations, technology driven efficiencies, business process re-engineering, detailed budget reviews and management and staff reductions. The service consolidation, and relocation of Home Library Services resulted in the opportunity to consolidate Distribution Services from two locations to a single location at the 1076 Ellesmere Road service building. The Distribution Services consolidation was completed on May 28, 2012. The DPRA Canada *Service Efficiency Study* validated this efficiency initiative, but identified the opportunity to improve efficiencies at the Ellesmere operation through automation.

COMMENTS

Procurement process and results

On May 3, 2012, the Library issued a public Request for Proposals (RFP) for an automated materials handling system, that would sort all daily inter-branch delivery and new materials, and that would improve efficiency over the current manual processes. Five proponents expressed an interest and were present for a mandatory meeting. Two proponents submitted proposals. The

proposals were evaluated based on criteria listed in the RFP: staffing requirements (efficiency), IT requirements, scalability, staff training, maintenance support, installation timelines, and cost. The two vendors were invited to make a presentation. The proposal from P.V Supa Inc. achieved the highest total score in the evaluation, and is the recommended proponent.

Cost analysis

The cost of the automated materials handling system as proposed by P.V. Supa Inc.

Total One-time Costs (software, hardware, bin conveyance, manifest check-in software, delivery and installation)	\$1,806,750	
Ongoing Maintenance	Year 1	0
	Year 2	\$61,448
	Year 3	\$62,984
Total ongoing maintenance	\$124,432	

The P.V. Supa Inc. solution provides the opportunity to achieve the efficiencies identified in the DPRA Service Efficiency Study and to meet the resulting net reduction in operating costs of \$225,000 annually. It is recommended that the contract for an automated materials handling system be awarded to P.V. Supa Inc.

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SIGNATURE

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