Agenda – Council - June 18, 2008

Report - Executive Policy Committee – June 11, 2008

Item No. 8 Award of Contract - Provision of Telephone System Infrastructure, Related Equipment and Systems and Cellular Service – Delegated Authority to the Chief Administrative Officer
File GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 11, 2008, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the proposal from Rogers Wireless Partnership be determined to be non-responsive because the bidder could not hold pricing firm for the period of the contract, and they did not comply based with RFP No. 238 clauses E4.13 and E4.15 by including system access and early cancellation fees.

2. That a contract for the provision of telephone system infrastructure, related equipment and systems and cellular service, be awarded as a whole to MTS Allstream Inc., the bidder whose proposal has been determined to be the most advantageous to the City based upon the criteria for evaluation set out in the Request for Proposal No. 238 as follows:

    A. A three (3) year contract commencing December 1, 2008 for Cellular, Blackberries, Windows Mobile devices and Wireless Data devices (Total Estimated contract amount for Sections A & B is $2,288,160.00 plus GST and PST) with option to extend for 2 additional years; and

    B. A five (5) year contract commencing December 1, 2008 for Land Line (Network and Hardware), Voice mail, and Long distance (Total Estimated Contract amount for Sections C & D is $9,395,720.00 plus GST and PST).

3. That the Chief Administrative Officer be delegated the authority to award future multi-year contracts for land lines, voice mail and long distance services that are substantially the same as RFP 238, each contract not to exceed five (5) years in duration and the Chief Administrative Officer's monetary award limit.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Council - June 18, 2008

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 11, 2008, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

RE: AWARD OF CONTRACT FOR THE PROVISION OF TELEPHONE SYSTEM INFRASTRUCTURE, RELATED EQUIPMENT AND SYSTEMS AND CELLULAR SERVICE - RFP NO. 238

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: Director, Internal Services

REPORT DATE: June 6, 2008

RECOMMENDATION(S):

1. That the proposal from Rogers Wireless Partnership be determined to be non-responsive because the bidder could not hold pricing firm for the period of the contract. Also they did not comply based with E4.13 and E4.15 by including system access and early cancellation fees.

2. That a contract for the provision of telephone system infrastructure, related equipment and systems and cellular service, be awarded as a whole to MTS Allstream Inc., the bidder whose proposal has been determined to be the most advantageous to the City based upon the criteria for evaluation set out in the Request for Proposal No. 238 as follows:

   (a) 3 year contract commencing December 1, 2008 for Cellular, Blackberries, Windows Mobile devices and Wireless Data devices (Total Estimated contract amount for Sections A & B is $2,288,160 plus GST and PST) with option to extend for 2 additional years; and

   (b) 5 year contract commencing December 1, 2008 for Land Line (Network and Hardware), Voice mail, and Long distance (Total Estimated Contract amount for Sections C & D is $9,395,720 plus GST and PST).

3. That the Chief Administrative Officer be delegated the authority to award future multi-year contracts for land lines, voice mail and long distance services that are substantially the same as RFP 238, each contract not to exceed five (5) years in duration and the Chief Administrative Officer's monetary award limit.

4. That the proper officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

REPORT SUMMARY

KEY ISSUES:

- The current contract for Land Line, Voice Mail, Long Distance, Cellular and Blackberry and Windows Mobile Devices expires November 30, 2008. If this recommendation is not accepted by July 5, 2008, the Proposals will expire and also there will be insufficient time to change vendors.
- Lowest overall cost to City of Winnipeg.
- Reductions from current costs.
- Allows reasonable further service reductions without penalty.
- For Land lines, Voice Mail and Long distance the MTS Allstream Inc. proposal will reduce the City's current cost by $121,211 per year for a total cost savings of $606,057 over the contract period once the CRTC approves the new tariff. If regulatory approval is not granted, costs would remain approximately as current.
- For cellular and wireless services the MTS Allstream Inc. proposal will reduce the City's current cost by $267,840 per year for a total cost savings of $803,520 over the contract period.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications:

	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
X	Involves a multi-year contract

Comment(s): The City of Winnipeg's requirement for wireless communications and devices extends to all departments. The proposed multi-year contract provides the City with continued service at the best rate possible. The contract is for the period December 1, 2008 to November 30, 2011 for Cellular/Blackberry/Windows Devices with option to extend for a 2 year period.

The contract for Land Line, Voice Mail and Long distance also extends to all departments. The proposed multi-year contract is for the period of December 1, 2008 to November 30, 2013.

Policy Implications:

X	None
	Yes

Regulatory Implications:

X	None
	Eliminates or reduces regulatory impact
	Proposes regulatory impact

Environmental Implications:

X	None
	Yes

Human Resources Implications:

X	None
	Yes

Financial Implications:

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s): This contract is funded through the annual operating budgets of Departments according to usage.

Total expected cost savings for Land Line, Voice Mail and Long Distance will be $606,057 pending regulatory approval. If regulatory approval is not granted, costs would remain approximately as current.

Total cost savings for the Cellular, Blackberry, Windows Mobile devices and services will be $803,520.

Total contract savings: $1,409,576

REASON FOR THE REPORT:

As the total conditional amount to be paid by the City pursuant to the contract is $11,683,880 plus GST and PST, and the contract is for a purchase that obligates the City to expenditures on future budgets, Council may approve the award of contract pursuant to B8.2.3 of the Materials Management Policy. This contract is also a multi-year contract that involves yearly operating budgets.

HISTORY:

The existing contract for Cellular telephone network services and Land Line, Voice Mail and Long Distance services is with MTS Allstream Inc. and expires on November 30, 2008. Internal Services and Materials Management issued a Request for Proposal for this service (ie Cellular and Landline, Voice Mail and Long Distance) on January 31, 2008.

Final Receipt of offers took place on March 7, 2008 with proposals being received from three Bidders.

DISCUSSION:

Proposals were received from three companies:

MTS Allstream Inc.	Sections A, B, C and D
Rogers	Section A & B only
Constant C	Section C & D only

All Vendors were given the option of submitting proposals by individual section or as a whole. The Sections were as follows:

Section A – Cellular
Section B – Blackberry Windows Mobile Devices and Wireless Data Devices
Section C – Land Lines and Voice Mail
Section D – Long Distance

Cellular, Blackberries, Windows Mobile Devices and Wireless Data Devices

Proposals for Cellular, Blackberries, Windows Mobile devices and wireless data devices, were for a three year period with option to extend for 2 years.

Both proposals were thoroughly analyzed by their respective sections. The Rogers bid should be determined to be non-responsive because the bidder stated the rates and services are subject to change with 30 days notice. These deviations are significant and should not be waived. Also contrary to E4.13 and E4.15 the bidder's pricing included monthly system access fees and cancellation/termination fees which are not acceptable. Further, based on the criteria for evaluation set out in the Request for Proposal No. 238, the overall Rogers proposal was rated lower and would not have been selected.

The recommended Bidder is MTS Allstream Inc. for a 3 year contract. The cost savings to the City of Winnipeg will be approximately $803,520 over current rates for the contract period.

Land Lines, Voice Mail and Long Distance

Proposals for the Land lines, Voice Mail and Long Distance were for a five year period. Both proposals were thoroughly analyzed by their respective sections. The MTS proposal was for a continuation of the existing service model at no more than the current cost. The proposal indicates that an acceptance by the regulatory authority (CRTC) of a reduced tariff rate would result in reduced costs to the City. The CRTC is expected to approve the reduced tariff however the evaluation and this recommendation are based on the current rates.

The Constant-C proposal was for a wholesale replacement of telephone equipment on a 5-year lease to purchase and an ongoing rental of inter-site communications infrastructure from Shaw

Communications. This proposal was, on an ongoing basis, only slightly more expensive than current MTS costs but also introduced substantial extra conversion costs.

The recommended Bidder is MTS Allstream Inc. for a 5 year contract. MTS Allstream Inc. received the highest score. The cost savings to the City of Winnipeg will be approximately $606,057 over current rates once CRTC has approved new rates. If regulatory approval is not granted, costs would remain approximately as current.

General

The requirements for Bid and Performance Security were waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Directive FM-002.

In the opinion of the department, MTS Allstream Inc. has, by successfully performing the same work under the existing contract, demonstrated that they have the necessary qualifications and resources to perform the work of this contract. MTS Allstream Inc. submitted the only responsive proposal for Sections A and B. MTS Allstream Inc. submitted the most advantageous proposal for the Work as a whole. There was no advantage to awarding Sections C and/or D separately, and accordingly it is in the best interests of the City to award the Contract as a whole.

Bids will lapse 120 days after bid close date which would be July 5th, 2008.

Financial Impact Statement **Date:** May 30, 2008

Project Name: **First Year of Program** 2008

Award of Contract for the Provision of Telephone System Infrastructure, Related Equipment and Systems and Cellular Service - RFP No. 238

	2008	2009	2010	2011	2012
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs:					
Land Line, Voice Mail and Long Distance	$ 167,557	$ 2,010,684	$ 2,010,684	$ 2,010,684	$ 2,010,684
Cellular, Blackberry and Windows Mobile devices	$ 68,009	$ 816,110	$ 816,110	$ 748,101	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 235,566	$ 2,826,794	$ 2,826,794	$ 2,758,785	$ 2,010,684
Less: Existing Budget Amounts	235,566	2,826,794	2,826,794	2,758,785	2,010,684
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. The cost for Land Line, Voice Mail and Long Distance in 2013 is $1,843,127 for a total 5-year contract price of $10,053,420. These costs are based on MTS proposed price without the new tariff rates which are awaiting approval by CRTC. At these prices, the City would save $4,474 per year. If CRTC approves the new tariff rates, the City would save $121,211 per year.

2. The Cellular, Blackberry and Windows Mobile devices is a 3-year contract with a total price of $2,448,331. The expected savings from this contract is $267,840 per year.

3. The costs above include 7% PST. GST is not included as the City receives 100% rebate on this tax.

4. This contract is funded through the annual operating budgets of Departments according to usage.

original signed by R. Abeysekera
Radhika Abeysekera
Manager of Finance & Administration
Internal Services Department

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By

Corporate Finance - Materials Management Branch
Internal Services – Legal Services Division

External Consultation With

THIS REPORT SUBMITTED BY:

Department: Internal Services Department
Division: Business Technology Services
Prepared By: Marlene Miller
File No. RFP 238