Agenda - Council - October 22, 2003

Report - Executive Policy Committee - October 15, 2003

Item No. 1 Award of Contract for the Provision of Telephone Systems Infrastructure, related Equipment and Systems File GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 15, 2003, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the contract for the provision of Telephone Systems Infrastructure, related Equipment and Systems for the five (5) year period be awarded to the offeror 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 Proposals as follows:

   MTS Communications Inc.

   Five-Year Contract

   Contract duration - December 1, 2003 to November 30, 2008

   Total Conditional Contract Amount - $13,036,180.50
   GST and PST extra as applicable

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

Report - Executive Policy Committee - October 15, 2003

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 15, 2003, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: Award of Contract for the Provision of Telephone Systems Infrastructure, Related Equipment and Systems – RFP No. 746-2002

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: October 1, 2003 (Revised)

RECOMMENDATION(S):

1) That the contract for the provision of Telephone Systems Infrastructure, Related Equipment and Systems for the five year period be awarded to the offerer 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 Proposals as follows:

MTS Communications Inc. (Five year contract)

Contract duration – December 1, 2003 to November 30, 2008

Total Conditional Contract Amount - GST and PST extra as applicable $13,036,180.50

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

Report Summary

Key Issue(s):

- That contracts for Telephone System, Voice Mail System and Long Distance Services for the period be awarded to the offerer whose proposals have been determined to be the most advantageous to the City based upon the criteria for evaluation set out in the Request for Proposals.

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

Implications of the Recommendation(s):

General Implications

	None
X	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: The City of Winnipeg's requirement for land line telephone communications extends to all departments. This need is expected to increase in the next five years. The proposed multi-year contract provides the City with continued service at the best rate possible.

Policy Implications

[X] No
[ ] Yes

Environmental Implications

[X] No
[ ] Yes

Human Resource Implications

[X] No
[ ] Yes

Financial Implications

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

Comment: The City's cost for this service will decrease approximately $1,000,000.00 over the five-year term of the contract.

REASON FOR THE REPORT:

As the total conditional amount, including PST and GST net of rebates, to be paid by the City pursuant to the contract exceeds $1,000,000.00 and the contract is for an interdepartmental purchase committing payments by the City from future operating budgets, the award of contract must be approved by Council. Council can authorize the Chief Financial Officer to award this contract.

HISTORY:

Existing contracts for these services were with MTS Communications Inc. and will expire on November 30, 2003. Corporate Information Technology and Materials Management issued a Request for Proposals for these services in November of 2002, closing in January of 2003. The purpose of the early submission deadline was to allow for a timely cutover of service should a new vendor be the successful bidder.

Final Receipt of offers took place on January 10, 2003 with proposals being received from one offerer.

Bids are open for acceptance until October 31, 2003.

DISCUSSION:

The recommendation is for an award of contract as a whole. The RFP package specified that the contract could be awarded as a whole or by section and offerers were not required to submit offers for all sections.

Telephone Systems Infrastructure, Related Equipment and Systems

A Proposal was received from one company:

MTS Communications Inc.

The Proposal is for five years. The proposal was thoroughly analyzed (Appendix B – Evaluation of Offers). A comparison of existing and recommended spending is attached (Appendix A). The recommended offerer (MTS Communications Inc.) and term (5 years) will save City Departments approximately $977,500.00 over current rates over five years.

MTS Communications 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.

The requirements for Bid and Performance Security and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Manager of Materials by the Board of Commissioners on April 9, 1992 and February 9, 1995.

General Discussion

A significant effort was made in the Request for Proposals process to encourage vendors to offer newer technology systems that could capitalize on the City's own fibre optic communications infrastructure. This Voice Over Internet Protocol (VOIP) technology could offer improved integration of computer systems and telephone systems. No other vendor came forth with offers of this technology. The recommended vendor (MTS Communications Inc.) has, however, made provision for the City to implement this technology as part of the contract should it prove advantageous to the City.

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

Legal Services Division, Corporate Services Department and Materials Management Division, Corporate Finance Department.

THIS REPORT SUBMITTED BY:

Department: Corporate Information Technology
Division: IT Operations & Infrastructure
Branch: Communications Systems
Prepared by: Leo Boiteau

Financial Impact Statement 02-Sep-03

Project Name: **First Year of Program**

2003

Award of Contract for Provision of Telephone Systems Infrastructure Related Equipment and Systems

	2003	2004	2005	2006	2007
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	$ 217,270	$ 2,607,236	$ 2,607,236	$ 2,607,236	$ 2,607,236
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 217,270	$ 2,607,236	$ 2,607,236	$ 2,607,236	$ 2,607,236
Less: Existing Budget Amounts	217,270	2,607,236	2,607,236	2,607,236	2,607,236
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Funding for the contract award is within existing and proposed operating budgets.

Original signed by Radhika Abeysekera
Manager of Finance and Administration

APPENDIX A – Cost Comparison

FINANCIAL COST COMPARISON CHART

CURRENT CONTRACT vs. RECOMMENDED

Section A - Telephone System (Centrex 5 or Similarly Featured System)

	Est. Monthly Avg.	5 year contract
Current Contract	$210,747.30	$12,644,838.00
MTS Communications Inc.	$197,358.55	$11,841,513.00

Section B – Voice Mail Systems

	Est. Monthly Avg.	5 year contract
Current Contract	$19,503.00	$1,170,180.00
MTS Communications Inc.	$18,161.12	$1,089,667.50

Section C – Long Distance Services

	Est. Monthly Avg.	5 year contract
Current Contract	$3,325.00	$199,500.00
MTS Communications Inc.	$1,750.00	$105,000.00

SECTION A – TELEPHONE SYSTEM (Centrex 5 or Similar)

	Current MTS	Proposed MTS
Conformance with Mandatory Requirements	Pass	Pass
Qualifications of Offerers	10	10
Functionality of System	30	30
Support Services	15	15
Schedule	10	10
Total Contract Cost	32.78	35
TOTAL	97.78	100

SECTION B – VOICE MAIL SYSTEMS

	Current MTS	Proposed MTS
Conformance with Mandatory Requirements	Pass	Pass
Qualifications of Offerers	10	10
Functionality of System	30	30
Support Services	15	15
Schedule	10	10
Total Contract Cost	32.59	35
TOTAL	97.59	100

SECTION C – LONG DISTANCE SERVICES

	Current MTS	Proposed MTS
Conformance with Mandatory Requirements	Pass	Pass
Qualifications of Offerers	10	10
Functionality of System	30	30
Support Services	15	15
Schedule	10	10
Total Contract Cost	18.42	35
TOTAL	83.42	100