Minutes – Executive Policy Committee – February 8, 2017

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – January 30, 2017

Item No. 3 Award of Contract for Transparent LAN Services at Sewage Treatment Plants Request for Proposal No. 459-2016

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and submitted the following to Council:

1. That a contract for Request for Proposal 459-2016 Alternative 1 – 10 Year Contract, be awarded to Shaw Business Inc., the Proponent who submitted the most advantageous proposal in the estimated total amount of $490,800.00* (GST and MRST extra as applicable, annual adjustments apply).

2. That the Chief Administrative Officer be delegated the Authority to approve over-expenditures for the above contract where there is sufficient funds in an approved budget.

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

Minutes – Executive Policy Committee – February 8, 2017

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – January 30, 2017

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On January 30, 2017, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: AWARD OF CONTRACT FOR TRANSPARENT LAN SERVICES AT SEWAGE TREATMENT PLANTS REQUEST FOR PROPOSAL NO. 459-2016

Critical Path: The Standing Policy Committee on Water and Waste, Riverbank Management and the Environment - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
G. K. Patton, P. Eng., Manager of Engineering Services B. Konopski, Manager, Information Systems and Technology	Lucy Szkwarek,CPA, CGA, Acting Director of the Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report is for the award of a contract to Shaw Business Inc., for the provision of Transparent LAN (Local Area Network) Services at the Sewage Treatment Plants. This contract will provide high performance and cost efficient network access for the City's three sewage treatment plants.

The procurement is through the Request for Proposal process. This project is financed from the approved 2016 Capital Budget for Process Control System Master Plan and Upgrade and the annual Current Budget – Data Communication Leased Lines.

This award is for the installation of high speed fibre WAN (Wide Area Network) connectivity to the three sewage treatment plants and a 10 year services agreement. Currently there is a fibre connection to the North End Sewage Treatment Plant (NEWPCC) through RFP 488-2011 awarded to Shaw Business Inc. that expires June 30, 2017. Wireless connections exist for the South End Sewage Treatment Plant (SEWPCC) and West End Sewage Treatment Plant (WEWPCC) and would be upgraded through this award of contract.

RECOMMENDATIONS

1. That a contract for Request for Proposal 459-2016 Alternative 1 – 10 Year Contract, be awarded to Shaw Business Inc., the Proponent who submitted the most advantageous proposal in the estimated total amount of $490,800.00* (GST and MRST extra as applicable, annual adjustments apply).

2. That the CAO be delegated the Authority to approve over-expenditures for the above contract where there is sufficient funds in an approved budget.

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

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be $490,800.00 (GST & MRST extra as applicable) and is for a purchase that obligates the City to incur expenditures on future budgets, only Council can approve the award of contract pursuant to B8.2.3 of the Materials Management Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

1. Funds in the amount of $4,000,000.00 are included in the 2011 - 2015 Capital Budget for Process Control System Master Plan and Upgrade, Account Distribution No. 444 181000 200752 20400006YY.

   The installation charges are financed from the above Capital Budget in the amount of $198,000.00, GST and MRST extra as applicable.

2. Funding for this project is included in the annual Current Budget – Data Communication Leased Lines, from the Support Services branch of the Information Systems and Technology Division, Account Distribution No. 443 526028 201701 999.

   Operating charges are financed from the above Current Budget in the estimated annual amount starting at $20,400.00* and increasing to $33,600.00*, GST and MRST extra as applicable, as the service levels increase from 100 Mbps (Megabits per Second) to 1.0 Gbps (Gigabits per Second) and beyond for each facility. Note that the annual quantities for payment will be determined by the actual service levels provided by the Proponent, depending on the requirements of the sewage treatment plants. The operating cost for the 10-year period 2017 to 2026 is estimated at $292,800.00 GST and MRST extra.

The total cost of $490,800.00*, GST and MRST extra as applicable, will be split between two different accounts as the scope of work includes elements of a capital project and elements of an IST operations project. These two scopes were combined for project efficiency purposes.

(*annual adjustments apply)

HISTORY / DISCUSSION

The work of this contract consists of installation of high speed fibre WAN connectivity to the three Sewage Treatment Plants (STPs); and a 10-year services agreement, with the option of two mutually agreed upon three- year extensions. Currently there is a fibre connection to NEWPCC through RFP 488-2011 awarded to Shaw Business Inc. that expires June 30, 2017. Wireless connections exist for SEWPCC and WEWPCC.

The high speed fibre WAN will improve network connectivity at the sewage treatment plants, especially for sites that currently have wireless WAN connectivity, improve inter-plant communication, improve ability for data collection and exchange, improve ability to monitor alarms and processes remotely, improve network communications for administrative and IT purposes, and support the new control systems.

As the value of the contract is greater than $25,000.00, and in accordance with Appendix 11 of the Administrative Standard FM-002, an IS Expenditure Approval form was completed and approved by the Acting Director of Corporate Services on August 2, 2016.

A Request for Proposal for Transparent LAN Services for the Sewage Treatment Plants was advertised on the City of Winnipeg Bid Opportunity Page on August 2, 2016 and closed on September 21, 2016.

This Request for Proposal 459-2016, has three Alternatives:

Alternative 1 – 10 Year Contract
Alternative 2 – 7 Year Contract
Alternative 3 – 5 Year Contract

Proponents were required to fill out Form B: Prices, which included prices for all three Alternatives.

Proposals were received from two Proponents:

MTS Inc.
Shaw Business Inc.

The RFP includes provisions for the City to select the Alternative that is in its best interest. The provisions are included below:

B24.4 Further to B24.1(c), the City shall have the right to select the Alternative which is in its best interests. The Total Bid Price for the selected Alternative shall be the sum of the quantities multiplied by the unit prices for each item shown in Form B: Prices, for the selected Alternative.

A selection committee comprised of four representatives from the Engineering Services Division, Wastewater Services Division (Automation and Industrial Controls Group), Information Services and Technology Division and the Corporate Support Services Department (BTS Network Group) reviewed the proposals using the Materials Management Standard Scoring Matrix spreadsheet. Applying rating criteria defined in the Request for Proposal, each member reviewed and scored each proposal independently. A consensus of the selection committee's individual scores was reached at an evaluation consensus meeting.

Evaluation Matrix Criteria:

	Percent
Compliance	Pass/Fail
Qualifications	Pass/Fail
Fees	45%
Company Profile and Experience	10%
Technical Specifications	15%
Proposed Fibre Routes	6%
Service Levels	20%
Project Schedule	4%

The selection committee considered each Alternative, and determined that it is in the City's best interest to select Alternative 1 – 10 Year Contract because of the significant financial savings over the other two Alternatives. The Shaw Business Inc. proposal for Alternative 1 – 10 Year Contract received the highest rating.

Fibre-based WAN connectivity offers the most reliable and most scalable type of connectivity and it is ideal for long term use. The pricing included in Shaw Business Inc.'s proposal is significantly lower than the lowest current market rates for Transparent LAN Services (TLS) that the City currently receives.

The quantities for payment will be determined by the actual service levels provided by the Proponent, which depend on the requirements of the sewage treatment plants. Shaw Business Inc.'s proposal includes pricing for different service levels, ranging from 100 Mbps to 3.0 Gbps for each site. The RFP includes an estimate of how many months will be needed at each service level; however, this is subject to change depending on the future needs of the sewage treatment plants.

The selection committee concluded that Shaw Business Inc. is qualified, understands the project and has the necessary skills and resources to complete the work. Shaw Business Inc. has demonstrated that they have performed work similar in complexity, scope and value.

Shaw Business Inc. has a workplace safety and health program meeting the requirements of The Workplace Safety and Health Act (Manitoba), as confirmed in a letter dated February 5, 2015, from an independent reviewer acceptable to the City (1Life Workplace Safety & Health). Shaw Business Inc. is listed in good standing on the City's Workplace Safety & Health Program Pre-Qualified Contractors List.

The Department recommends that a contract for Transparent LAN Services for the Sewage Treatment Plants be awarded to Shaw Business Inc., being the most responsible and qualified Proponent submitting the most advantageous offer to the City, in the amount of $490,800.00*, GST and MRST extra as applicable, for Alternative 1 – 10 Year Contract.

(*annual adjustments apply).

The requirements for Bid and Performance Securities, and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Standard FM-002.

The installation costs will be funded by the Capital Budget. The financial status of the Process Control System Master Plan and Upgrade project is as follows:

Authorized Capital		$ 4,000,000.00
Amount of Previous Awards or Expenditures	$ 922,170.31	
Amount of this Award	$ 198,000.00	
Estimated Manitoba Retail Sales Tax	$ 15,840.00	
Total Estimated Cost	$1,136,010.31	$ 1,136,010.31
Estimated Residual for Remaining Projects		$ 2,863,989.69

The monthly operating costs will be funded by the Information Systems and Technology annual operating budgets.

The proposal recommended for acceptance is the most advantageous offer meeting all the requirements of the Request for Proposal. This offer is open for acceptance until March 20, 2017.

Construction will not commence prior to the award of contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 22, 2016

Project Name:

First Year of Program **2017**

AWARD OF CONTRACT FOR TRANSPARENT LAN SERVICES AT SEWAGE TREATMENT PLANTS, REQUEST FOR PROPOSAL NO. 459-2016

	2017	2018	2019	2020	2021
Capital					
Capital Expenditures Required	$ 213,840	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	213,840	-	-	-	-
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	$ 20,400	$ 20,400	$ 20,400	$ 32,400	$ 32,400
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 20,400	$ 20,400	$ 20,400	$ 32,400	$ 32,400
Less: Existing Budget Amounts	20,400	20,400	20,400	32,400	32,400
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds for installation charges are included in the 2011 - 2015 Capital Budgets for Process Control System Master Plan and Upgrade, Account Distribution No. 444 181000 200752 20400006YY. This amount is $198,000.00, GST and MRST extra as applicable. This part of the project is financed by Retained Earnings. WSTP projects are exempt from Corporate Finance and Administration charges.

Funds for the operating costs of this project is included in the annual Current Budget – Data Communication Leased Lines, from the Support Services branch of the Information Systems and Technology Division, Account Distribution No. 443 526028 201701 999. This amount is $292,800*, GST and MRST extra applicable for the 10 year period of 2017 through 2026. * annual adjustments apply.

Original signed by Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

js
9-Dec-16

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to legal issues)
Materials Management Division, Corporate Finance Department
Corporate Support Services Department

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through the upgrade of network connectivity to the City's three sewage treatment plants, in order to improve inter-plant communication, improve ability for data collection and exchange, improve ability to monitor alarms and processes remotely, improve network communications and support the new control systems. The sewage treatment plants are undergoing major capital upgrades and require upgraded network connectivity.

OurWinnipeg Reference: Section 02-2 Environment

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: A. Wolfe, P. Eng., Senior Project Engineer
Date: December 22, 2016
File No.: S-1024

c: Director of Legal Services/City Solicitor, Legal Services Department (email**)**
Manager of Materials, Corporate Finance Department (email)
WWD-Report-Processor (email)
L. Toews, Water and Waste Department (email)