**Agenda – Executive Policy Committee – November 28, 2018**

## REPORTS

**Item No. 11 Award of Contract for Extension of the Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City award, enter into, execute and deliver an option to extend the existing contract with Bell MTS, a division of Bell Canada, for the Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services – Bid Opportunity 695-2012:

    a. Section A (Cellular Voice and Voice+Data), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $4,070,633.64 plus MRST and GST;

    b. Section B (Cellular Wireless Data), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $4,156,178.92 plus MRST and GST;

    c. Section C (Landline CENTREX/Analogue), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $2,596,402.18 plus MRST and GST,

    (Collectively, the "Bell Extensions")

    and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Bell Extensions and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

# ADMINISTRATIVE REPORT

**Title:** AWARD OF CONTRACT FOR EXTENSION OF THE PROVISION OF TELEPHONE SYSTEM INFRASTRUCTURE, RELATED EQUIPMENT AND SYSTEMS, AND CELLULAR WIRELESS SERVICES - BID OPPORTUNITY 695-2012 - SECTIONS A, B & C

**Critical Path:** EXECUTIVE POLICY COMMITTEE

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| D. Parks | M. Legary | M. Ruta | D. Wardrop, Acting CAO |

## EXECUTIVE SUMMARY

On November 20, 2013, Council approved the recommendations presented in the Administrative Report relative to the Award of Contract for Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services - Bid Opportunity 695-2012.

Sections A (Cellular Voice and Voice+Data), B (Cellular Wireless Data) and C (Landline CENTREX/Analogue) of RFP 695-2012 were awarded to MTS Inc.

This report recommends the City exercise their option to renew this contract for additional two (2) year terms. The recommendations of this report are compliant with the Materials Management Policy and applicable trade agreements.

## RECOMMENDATIONS

1. That the City award, enter into, execute and deliver an option to extend the existing contract with Bell MTS, a division of Bell Canada, for the Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services – Bid Opportunity 695-2012:
    a. Section A (Cellular Voice and Voice+Data), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $4,070,633.64 plus MRST and GST;
    b. Section B (Cellular Wireless Data), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $4,156,178.92 plus MRST and GST;
    c. Section C (Landline CENTREX/Analogue), for a period of two years from December 1, 2018 to November 30, 2020, in the estimated amount of $2,596,402.18 plus MRST and GST,

    (Collectively, the “Bell Extensions”)

and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Bell Extensions and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

## REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract extension exceeds $5,000,000.00, Executive Policy Committee approval is required.

## IMPLICATIONS OF THE RECOMMENDATIONS

- City departments make purchases under the contract on an as-required basis. Costs are paid for by the requesting department, funded by their existing operating budgets.
- Renewal of the existing contract ensures a continuation in service to the City departments.

## HISTORY/DISCUSSION

On November 20, 2013, Council approved the recommendations presented in the Administrative Report relative to the Award of Contract for Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services - Bid Opportunity 695-2012.

The Award of Contract for Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services – Section A: Cellular Voice and Voice+Data, for the period from December 1, 2013 to November 30, 2016, was awarded to MTS Inc., in the reduced conditional amount of $1,533,980.35 plus MRST and GST.

The Award of Contract for Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services – Section B: Wireless – Data Only, for the period from December 1, 2013, to November 30, 2016, was awarded to MTS Inc., in the conditional amount of $1,285,524.25 plus MRST and GST.

The Award of Contract for Provision of Telephone System Infrastructure, Related Equipment and Systems, and Cellular Wireless Services – Section C: Landline Centrex / Analogue, for the period from December 1, 2013 to November 30, 2018, was awarded to MTS Inc., in the conditional amount of $7,762,805.60 plus MRST and GST.

Subsequent to the award of the original contract in 2013, MTS Inc. was purchased by Bell Canada. The contract was amended to reflect the change of name from MTS Inc. to Bell MTS Inc.

The Executive Policy Committee (EPC) approved the recommendation to exercise the first of two optional contract extensions for Sections A and B in September 2016. The revised contract's terms are December 1, 2016 to November 30, 2018 with the option to renew for one further mutually agreed upon 2-year extension. Renewal of the contract for an additional two (2) years will ensure continuity of critical wireless voice and data services in support of all City departments. Bell MTS Inc. has agreed to extend this contract.

The term of Section C is December 1, 2013 to November 30, 2018 with the option to renew up to 2 mutually agreed upon 2-year extensions. Bell MTS Inc. has agreed to extend this contract for one additional term.

In addition to Sections A, B and C, there is a Section D, Landline VoIP, in Bid Opportunity 695-2012. The initial term of Section D is December 1, 2013 to November 30, 2018 with the option to renew up to 2 mutually agreed upon 2-year extensions. FlexITy Solutions Inc. has agreed to extend this contract for one additional term which is subject to approval under the delegated authority of the Chief Financial Officer.

Cellular voice and data devices provided within Sections A and B range from traditional cell phones and iPhones to specialized electronics for life-safety and public service. Renewal of the contract will ensure continuity of critical wireless voice and data services in support of all City departments, including:

- Life-safety communication systems inside Police, Fire and EMS vehicles;
- Public Works traffic signals management, electronic transit bus signs, and other critical operations.

Based on past expenditures and projected future consumption, the following estimated contract extension values exclusive of MRST and GST have been determined. These allow up to 10% growth and accommodate two large planned initiatives in the Transit and Water & Waste Departments that will require Section B services. These estimated amounts are considered conditional and do not bind the City of Winnipeg to future expenditures.

- Section A – Cellular Voice and Voice + Data $4,070,633.64
- Section B – Wireless Data Only $4,156,178,92
- Section C – Landline Centrex/Analogue $2,596,402.18

Extension of this contract is accommodated as stated in Section D2, Scope of Work. Current rates will remain in effect, amended with negotiated rates for specific services not covered in the original contract.

A Letter indicating the City's desire to enter into an extension of the contract for Sections A, B, and C was sent to BELL MTS INC. on June 25th, 2018. BELL MTS INC. returned the signed letter on July 6th.

The Public Service has reviewed the work with the recommended vendor and is satisfied that they have the necessary resources and experience to perform the work.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** November 8, 2018

**Project Name:** **First Year of Program** **2018**

AWARD OF CONTRACT FOR EXTENSION OF THE PROVISION OF TELEPHONE SYSTEM INFRASTRUCTURE, RELATED EQUIPMENT AND SYSTEMS, AND CELLULAR WIRELESS SERVICES - BID OPPORTUNITY 695-2012 - SECTIONS A, B & C

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **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 - Section A | $ 183,179 | $ 2,198,142 | $ 2,014,964 | $ - | $ - |
| Direct Costs - Section B | $ 187,028 | $ 2,244,337 | $ 2,057,309 | | |
| Direct Costs - Section C | $ 116,838 | $ 1,402,057 | $ 1,285,219 | | |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 487,045 | $ 5,844,536 | $ 5,357,491 | $ - | $ - |
| Less: Existing Budget Amounts | 487,045 | 5,844,536 | 5,357,491 | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:**

1. The direct costs for Section A represents the first of two mutually agreed upon two year extensions for Bid-Opportunity 695-2012 from December 1, 2018 to November 30, 2020 and is not to exceed $4,070,633.64 plus MRST for a total of $4,396,284.33.
2. The direct costs for Section B represents the first of two mutually agreed upon two year extensions for Bid-Opportunity 695-2012 from December 1, 2018 to November 30, 2020 and is not to exceed $4,156,178.92 plus MRST for a total of $4,488,673.23.
3. The direct costs for Section C represents the first of two mutually agreed upon two year extensions for Bid-Opportunity 695-2012 from December 1, 2018 to November 30, 2020 and is not to exceed $2,596,402.18 plus MRST for a total of $2,804,114.35.
4. GST is not included in the above costs as the City receives 100% rebate on this tax.
5. Funding for this contract extension is through the existing budgets of the various user departments. The financial impact will have to be managed by the user departments on an individual basis. The contract is on an "as required" basis and does not commit the City to purchase any fixed quantity.

*Original signed by T. Yanchishyn*
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance

## CONSULTATION

This Report has been prepared in consultation with:

Legal Services (as to Legal issues)
Materials Management

## OURWINNIPEG POLICY ALIGNMENT

This request aligns with Our Winnipeg Policy 01-3 Prosperity, by providing efficient and focused civic administration and governance.

## SUBMITTED BY

Department: Corporate Support Services
Division: Connectivity - Communications System Branch
Prepared by: D. Parks
Date: November 8, 2018
File No: