REPORTS

70. From the Chief Financial Officer
Report 2001/12/04

Award of Contract for the Provision of Cellular Telephone Network Services and Paging Services - RFP No. 772-2001
File GL-9 (Vol. 17)

Recommending:

1. That the Offer from Integrated Messaging Inc. be determined to be non-responsive.

2. That the contract for cellular telephone network services for the 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. (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005 with 18 month extension option

   - Section A - Cellular Telephone Network Services
   Total Conditional Contract Amount Before Taxes $1,323,480.80

3. That the contract for paging services for the 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:

   Rogers AT&T Wireless (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005

   - Section B Paging Services
   Total Conditional Contract Amount Before Taxes $97,881.48

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

Moved by Councillor Eadie,,
That the recommendations be concurred in and a Clause forwarded to Council.

Carried

Re: **AWARD OF CONTRACT FOR THE PROVISION OF CELLULAR TELEPHONE NETWORK SERVICES AND PAGING SERVICES – RFP NO. 772-2001**

For submission to: EXECUTIVE POLICY COMMITTEE

Submitted by: Chief Financial Officer

Report date: December 4, 2001

In camera item: No

Recommendations:

1) That the Offer from Integrated Messaging Inc. be determined to be non-responsive.

2) That the contract for cellular telephone network services for the 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. (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005 with 18 month extension option

   - Section A - Cellular Telephone Network Services
     Total Conditional Contract Amount Before Taxes $1,323,480.80

3) That the contract for paging services for the 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:

   Rogers AT&T Wireless (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005

   - Section B Paging Services
     Total Conditional Contract Amount Before Taxes $97,881.48

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 Issue(s):

- That contracts for cellular telephone network services and paging services for the period be awarded to the offerers 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.

Note:

The City's guidelines for deployment of cellular telephones are currently being reviewed by the individual departments' controllers. This award should not interfere with any recommendations they might make as the City does not guarantee past usage patterns are indicative of future usage.

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 wireless communications extends to all departments. This need is expected to increase in the next two years. The proposed multi-year contract provides the City with continued service at the best rate possible.

Policy implications

X	No
	Yes

Comment:

Financial implications

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

Comment:

Report

Recommendations:

1) That the Offer from Integrated Messaging Inc. be determined to be non-responsive.

2) That the contract for cellular telephone network services for the 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. (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005 with 18 month extension option

   - Section A - Cellular Telephone Network Services
     Total Conditional Contract Amount Before Taxes $1,323,480.80

3) That the contract for paging services for the 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:

   Rogers AT&T Wireless (Three year contract)

   Contract duration - February 1, 2002 to January 31, 2005

   - Section B Paging Services
     Total Conditional Contract Amount Before Taxes $97,881.48

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

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 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. for cellular telephone network services, and with Rogers AT&T Wireless for paging services and will expire on January 31, 2002. Corporate Information Technology and Materials Management issued a Request for Proposals for these services in September of 2001, closing in October of 2001.

Final Receipt of offers took place on October 26, 2001 with proposals being received from four offerers.

Discussion:

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.

Section A - Cellular Telephone Network Services

Proposals were received from three companies:

MTS Communications Inc.
Rogers AT&T Wireless Inc.
Telus Mobility

Proposals were from two to five years. Proposals were received for the provision of cellular telephones and cellular air time plans and associated telephony features for both analog and digital cellular technologies.

All three proposals were 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 terms (3 years, optional 18 month extension recommendation will be deferred until January 2003) are the lowest cost and highest value solution and will save City Departments approximately $250,000.00 per year over current rates. Additional savings in hardware replacement costs of approximately $250,000.00 are possible over the life of the contract.

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 recommended cellular telephone bid includes new cellular telephones. As the City is currently replacing these at an average cost of $500.00 per week, an early approval of this recommendation will save further money.

Section B - Paging Services

Proposals were received from three companies:

Rogers AT&T Wireless
MTS Communications Inc.
Integrated Messaging Inc.

Proposals were from two to five year terms. Proposals were received for the rental of pagers and air time, and for the outright purchase of pagers and the monthly provision of air time only.

All proposals were thoroughly analyzed (Appendix B – Evaluation of Offers). Integrated Messaging Inc. did not comply with the mandatory requirements of the Submission of Proposals section of the RFP in that they did not provide requested information and should be determined to be non-responsive. A full analysis of their bid was, however, completed and they were found to be the highest priced bidder. A comparison of existing and recommended spending is attached (Appendix A). The recommended offerer (Rogers AT&T Wireless) and terms (3 years) are the lowest cost and highest value solution. The City will realize an overall increase in the cost of Paging Services of approximately $800.00 per year over current rates.

The requirements for Bid and Performance Securities were waived for this purchase in accordance with the authority delegated to the Director of Purchasing by the Board of Commissioners on April 9, 1992 and February 9, 1995.

Rogers AT&T Wireless 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.

Note:

The City's guidelines for deployment of cellular telephones are currently being reviewed by the individual departments' controllers. This award should not interfere with any recommendations they might make as the City does not guarantee past usage patterns are indicative of future usage.

Financial Statement:

Project Name: RFP No. 772-2001 **First Year of Program**

Provision of Cellular Network Services & Paging Services **2002**

Date: December 4, 2001

	2002	2003	2004	2005	Total
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 - MTS Mobility	$ 402,497	$ 432,167	$ 450,248	$ 38,570	$ 1,323,482
Rogers AT&T	$ 29,908	$ 32,627	$ 32,627	$ 2,719	$ 97,881
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 432,405	$ 464,794	$ 482,875	$ 41,289	$ 1,421,363
Less: Existing Budget Amounts	432,405	464,794	482,875	41,289	1,421,363
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Should all recommendations be approved, and estimated City growth in these services (7 % per annum) continues, the City's budgets should be reduced by $750,000.00 over the next three years. These savings will be realized by all departments in proportion to their use of cellular telephone network services and paging services. All expenses will be absorbed by existing departmental current budgets.

original signed by Mwaka Kaonga
for Manager of Finance & Administration

This Report Submitted By:

Department: Corporate Information Technology
Division: IT Operations and Infrastructure
Prepared by: Leo Boiteau

cc. U. Goeres, Manager of Legal Services / City Solicitor, Corporate Services Department
E. Van Mierlo, Manager of Materials, Corporate Finance Department

Appendix A – Cost Comparison

FINANCIAL COST COMPARISON CHART

CURRENT CONTRACT vs. RECOMMENDED

Section A - Cellular Telephone Network Services

	Est. Monthly Avg.	**3 year contract**
Current Contract	$57,785.88	$2,080,292.08
MTS Communications Inc.	$36,763.35	$1,323,480.80

Section B – Paging Services

	Est. Monthly Avg.	**3 year contract**
Current Contract	$2,652.25	$95,481.00
Rogers AT&T Wireless	$2,718.93	$97,881.48

Appendix B – Evaluation of Offers

COST EVALUATION SUMMARY CHART

Section A – Cellular Telephone Network Services

Company	**Est. Monthly Avg.**	**3 year contract**
Current Contract	$57,785.88	$2,080,292.08
Rogers AT&T Wireless	$56,484.36	$2,033,437.38
Telus Mobility	$61,569.33	$2,216,496.17

MTS Communications Inc.	$36,763.35	$1,323,480.80

Section B – Paging Services

Company	**Est. Monthly Avg.**	**3 year contract**
Current Contract	$2,652.25	$95,481.00
Rogers AT&T Wireless	$2,718.93	$97,881.48
Telus Mobility	$3,095.45	$111,436.20
MTS Communications Inc.	$5,910.95	$212,794.20

Appendix B – Evaluation of Offers

RFP 772-2001 – Evaluation of Proposals

Cellular Telephone Network Services

		MTS	Rogers	Telus
Conformance with Mandatory Requirements		pass	pass	pass
Qualifications of Offerers		10	10	10
Functionality of System		25	25	25
Support Services		15	15	15
Total Contract Cost		50	32.5	29.9
	TOTAL	100	82.5	79.9

Appendix B – Evaluation of Offers

RFP 772-2001 - Evaluation of Proposals

Paging Services

	MTS	**Rogers**	**Integrated Messaging**
Conformance with Mandatory Requirements	Pass	Pass	Fail

Qualifications of Offerers		10	10
Functionality of System		25	25
Support Services		15	15
Total Contract Cost		43.9	50
	TOTAL	93.9	100

Appendix B – Evaluation of Offers

RFP 772-2001

Paging Services

AGERS	Numeric Rental		Numeric Owned		AlphaNum Rental		AlphaNum Owned		Voice Rental		Voice Owned		Tone Owned		
472	300		21		96		27		5		1		22		Total Cost Monthly
urrent	$4.25	$1,275.00	$3.75	$78.75	$10.50	$1,008.00	$7.75	$209.25	$13.75	$68.75	$7.50	$7.50	$2.75	$60.50	$2,652.25
TS Mobility	$4.87	$1,461.00	$4.87	$102.27	$11.80	$1,132.80	$11.80	$318.60	$12.63	$63.15	$12.63	$12.63	$6.48	$142.56	$3,095.45
ogers AT&T Wireless	$4.45	$1,335.00	$4.45	$93.45	$9.95	$955.20	$9.55	$257.85	$13.06	$65.30	$7.13	$7.13	$3.82	$84.04	$2,718.93
tegrated Messaging	$7.95	$2,385.00	$7.95	$166.95	$26.00	$2,496.00	$26.00	$702.00	$26.00	$130.00	$26.00	$26.00	$15.00	$330.00	$5,910.95