**Agenda – Executive Policy Committee – September 17, 2024**

## REPORTS

**Item No. 11 Single Source Approval for 6 Month Contract for the Provision of Microsoft Licensing Services – Purchasing Reference No. 68-2022**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That a Single Source contract extension for the provision of Microsoft Licensing Services with Insight Canada Inc., Purchasing Reference No. 68-2022, be approved for the six-month period from October 1, 2024, to March 31, 2025, in the estimated amount not to exceed $3,428,122.00, MRST and GST extra, as applicable, pursuant to B4.1(i) of the Purchasing Policy, where the supply is for interim contractual arrangements following the expiration of a contract.

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

# ADMINISTRATIVE REPORT

**Title:** Single Source Approval for 6 Month Contract for the Provision of Microsoft Licensing Services - Purchasing Reference No. 68-2022

**Critical Path:** Executive Policy Committee

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| D. Wickberg | T. Gooch | T. Graham | S. Armbruster, Interim CAO |

## EXECUTIVE SUMMARY

The current five-year contract for the provision of Microsoft Licensing Services to the City expires on September 30, 2024. The City is participating in a cooperative procurement with the Government of Manitoba to select a provider for the next multi-year term. Completion of that procurement has been delayed, and this report's recommendation is to extend the current contract for six months while the Government of Manitoba completes the procurement.

A single source contract extension was previously approved by the Executive Policy Committee for the period from April 1, 2024, to September 30, 2024, for an amount not to exceed $3,428.122.00. Due to the delay of the cooperative procurement, no contract was entered into during this period. The Public Service's spending authority must be extended beyond September 30 so that the contract can be signed.

The Recommendations of this Report are compliant with the Purchasing Policy, but may not comply with the applicable Trade Agreements.

## RECOMMENDATIONS

1. That a Single Source contract extension for the provision of Microsoft Licensing Services with Insight Canada Inc., Purchasing Reference No. 68-2022, be approved for the six-month period from October 1, 2024, to March 31, 2025, in the estimated amount not to exceed $3,428,122.00, MRST and GST extra, as applicable, pursuant to B4.1(i) of the Purchasing Policy, where the supply is for interim contractual arrangements following the expiration of a contract.

2. 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

Where the estimated value of the single source contract to be negotiated exceeds $1 million, and the procurement may not be permitted under the various Trade Agreements, Executive Policy Committee (EPC) approval is required pursuant to B8.1.1(b) of the Purchasing Policy.

## IMPLICATIONS OF THE RECOMMENDATIONS

This agreement provides a standing offer, allowing the City to purchase Microsoft licensing subscriptions and products on an “as required” basis. Products purchased will be funded through approved Operating Budgets within the Innovation and Technology Department.

## HISTORY/DISCUSSION

In December 2018, the Government of Manitoba issued Request for Proposals No. ICTP-0019-2018/19-BTT for a “Software Licensing Solution Provider (LSP)” (the “RFP”). On April 1, 2019, the Government of Manitoba subsequently awarded the RFP contract for “Provision of Microsoft License Solution Provider Services and Licensing Support Services” to Acrodex Inc. dba PCM Canada (now Insight Canada Inc.) for the period of April 1, 2019, to March 31, 2024. As the City was named as a participant in the Government of Manitoba’s RFP, the City is also considered an Affiliate under the resulting Microsoft Business Services Agreement (“MBSA”) and Enterprise Agreement entered into between the Province and Microsoft, and can avail itself of these service offerings, and enter into an agreement with Insight Canada Inc. for Microsoft purchases on substantially the same terms and conditions as the Government of Manitoba.

On February 9, 2022, the Chief Financial Officer approved the award of contract for the Provision of Microsoft License Solution Provider Services and Licensing Support Services with Insight Canada Inc. (formerly Acrodex/PCM Canada), at a total estimated cost of $2,797,563.46, MRST and GST extra, as applicable for the period of date of award until March 31, 2024.

A single source contract extension was approved by the Executive Policy Committee for the period from April 1, 2024, to September 30, 2024, for an amount not to exceed $3,428.122.00. As of July 18, 2024, the expectation is the Government of Manitoba agreement will not be awarded by September 30, 2024. Spending was not realized for this previous extension and the Public Service is recommending a transfer of the spending authority to this new request.

This report is seeking the spending authority of an amount up to $3,428,122.00. This request supports the consolidation of contracts; specifically, the Server Cloud Enrollment Agreement for the Azure Subscription contract that was transferred to this Enterprise Agreement. This single source contract extension is for the period from October 1, 2024, to March 31, 2025, and will be subject to the same terms and conditions as the existing contract for the provision of Microsoft Licensing Services with Insight Canada Inc.

This procurement is subject to the New West Partnership Trade Agreement (“NWPTA”), which incorporates the requirements of the Canadian Free Trade Agreement (“CFTA”), and the Comprehensive Economic and Trade Agreement (“CETA”) (collectively the “Trade Agreements”). The Trade Agreements do not appear to contain an exception that would permit

the actions in Recommendations 1 and 2 of this Report.  In the opinion of the Public Service, though minimal, there is a risk a complaint could be brought against the City pursuant to the Trade Agreements should EPC approve these Recommendations.

The City planned to participate in a new RFP to be issued by the Government of Manitoba, but this RFP has been delayed. The City plans to participate in the new RFP once it is awarded, estimated to be in December of 2024.

The Contract Administrator (Innovation and Technology Department) is satisfied that the recommended Contractor has the necessary experience and resources to perform the work of the contract satisfactorily and has satisfactorily performed the work since the beginning of the contract in accordance with the requirements of the Contract.

This single source is in accordance with B4.1 (i) of the Policy which states that the supply is for interim contractual arrangements following the expiration of a contract.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** July 22, 2024

**Project Name:**

**First Year of Program** **2024**

Single Source approval for 6 Month Contract for the Provision of Microsoft Licensing Services

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| **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 | $ 1,834,045 | $ 1,834,045 | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 1,834,045 | $ 1,834,045 | $ - | $ - | $ - |
| Less: Existing Budget Amounts | 1,834,045 | 1,834,045 | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs represent the estimated cost of $3,668,091 ($3,428,122 plus $239,969 MRST) for the contract extension for the Provision of Microsoft Licensing Services with Insight Canada Inc. from October 1, 2024 through to March 31, 2025. Funding for this contract is through approved Operating Budgets within the Innovation & Technology Department and various user departments. The financial impact will be managed by the user departments on an individual basis. The work of the contract is performed on an "as required" basis and the contract does not commit the City to purchase any fixed quantity.

*Guillermo Resnik for/*

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

## CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department
- Corporate Finance, Purchasing

## OURWINNIPEG POLICY ALIGNMENT

This initiative aligns with 01-3: Prosperity

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

## WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

## SUBMITTED BY

Department: Innovation & Technology
Division: Service & Infrastructure
Prepared by: D. Wickberg
Date: July 29, 2024
File No: n/a

Attachments: n/a