Minutes - Executive Policy Committee - November 10, 2004

REPORTS

Minute No. 13 Cellular Telephone Network Services - Contract Extension
File GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the administrative recommendation and recommends to Council, namely, that the City of Winnipeg exercise its option to extend the contract with MTS Allstream Inc. for the provision of cellular telephone network services, in accordance with RFP No. 772-2001 for the period February 1, 2005 to July 31, 2006.

DECISION MAKING HISTORY:

Moved by Councillor Thomas,
That the administrative recommendation be concurred in and forwarded to Council.

Carried

RE: EXTENSION OF CONTRACT FOR THE PROVISION OF CELLULAR TELEPHONE NETWORK SERVICES (RFP NO. 772-2001)

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Cliff Jeffers, Chief Information Officer

REPORT DATE: October 22, 2004

RECOMMENDATION(S):

That the City exercise its option to extend the contract with MTS Allstream Inc. for the provision of cellular telephone network services, in accordance with RFP 772-2001 for the period February 1, 2005 to July 31, 2006.

Report Summary

Key Issues:

A Request for Proposal was issued in 2001 by the Materials Management Division of the Corporate Finance Department for the provision of cellular telephone network services. The successful bidder, MTS Communications Inc. included an option for an eighteen month extension of the contract. As a result of an amalgamation, MTS Communications Inc., which was awarded the contract for RFP 772-2001, is now known as MTS Allstream inc.

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

Comments: Discussions with MTS and other cellular service suppliers indicate that the City would not likely get a better offering if an RFP was issued at this time.

Policy Implications:

X	No
	Yes

Environmental Implications:

X	No
	Yes

Financial Implications:

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

Comment: The benefit from savings and credits will be distributed among appropriate departments.

Human Resources Implications:

X	No
	Yes

REASON FOR THE REPORT:

On January 30, 2002, Council adopted the Recommendation of Award of Contract for the Provision of Cellular Telephone Network Services and Paging Services – RFP No. 772-2001. As the proposed extension commits funds from 2005 and 2006 budgets, Council approval is required.

HISTORY:

A Request for Proposal was issued by the Materials Management Division of the Corporate Finance Department for the Provision of Cellular Telephone Network Services.

Final receipt of bids took place on October 26, 2001 with bids being received from three bidders.

A three-year contract for $1,323,480.80 was awarded to MTS Allstream Inc. (then MTS Communications Inc.) on January 30, 2002, with the option of an eighteen month extension.

DISCUSSION:

The RFP response from MTS offered an extension of the contract which, if accepted, would provide the following:

MTS will increase the air time rate plan discount from 20% to 25% for the duration of the contract. Based on the City's current cell phone subscription, the approximate savings per month is $2,400.00 or $40,800.00 for the eighteen month extension.
MTS will waive access and airtime charges for the first month of the extension. The approximate savings for this, based on the City's current cell phone subscription, is $40,300.00.

MTS will provide a free upgrade on all cellular phones in the first month of the extension. Should an individual user not require an upgrade, or choose not to initiate an upgrade, MTS will provide the user with an air time credit in the sixteenth month of the extension. The City has approximately 1662 cell phones. It is estimated that 60% of the cell phones will be replaced at the beginning of the contract extension at no charge. The remaining 40% of the cell phones that will not be replaced will be eligible for the air time credit. The approximate savings for this is $83,100.00.

Under the terms of the eighteen month extension, the estimated total cost saving is approximately $164,200.00 before taxes.

On October 5, 2004, MTS Allstream Inc. notified the City that new incentives were being added to the eighteen month extension offer. In addition to the offer above, MTS will also provide the following:

MTS will supply the RIM Blackberry 7750 colour and the RIM Blackberry 6750 Monochrome at discounted rates. This incentive is available until December 31, 2004. It is estimated that the City will add five Blackberry 7750 devices and thirty Blackberry 6750 devices in that timeframe for a cost saving of approximately $13,470.00 before taxes.

MTS will offer wireless Sierra Aircard 555's to the City at a discounted rate. This incentive is available until December 31, 2004. It is estimated that the City will add thirty Sierra Aircard 555's in that timeframe for a cost saving of approximately $8,970.00 before taxes.
MTS will waive the access and airtime charges to Blackberry data users in the first month of the extension. This is for Blackberry users who are data only users. The approximate saving for this is $2,000.00.

WARP 3 Plan bandwidth maximum increases from 86Kbps to 153Kbps and prices decrease approximately fifteen percent. This affects those users of Sierra Aircard 555's. This will save the City approximately $4,860.00 for the eighteen month extension.

With the added incentives, the total cost saving to the City of Winnipeg for the eighteen month extension of the Cellular Telephone Network Services contract is approximately $193,500.00 before taxes. This amount represents an airtime cost saving of approximately $171,060.00 before taxes and hardware savings of approximately $22,440.00 before taxes. Of the proposed savings, approximately $160,000.00 can be attributable to various City Department's budgets in 2005 and 2006. A breakdown is available upon request.

Discussions with MTS and other cellular service suppliers indicate that the City would not likely get a better offering if an RFP was issued at this time.

In conversation with the Winnipeg Police Service, the Fire Paramedic Service, the Community Services Department and Public Works, all have indicated that they fully support the eighteen month extension. They note a reduction in air time costs, the potential of new hardware or a cash credit in lieu of, as well as no change in cellular telephone numbers as a positive result.

If the option to extend the contract is not exercised, an RFP would need to be issued. It is felt that no further increase in value would be obtained by this process. Discussions with vendors and other cellular customers indicated the City is well positioned in the marketplace.

If another service provider is chosen, Corporate Information Technology will be forced to assign new cellular phone numbers to all of its users. The inconvenience of this extends to changing business cards, telephone directories, and contact lists. There would also be administration costs for the full re-deployment of new hardware and any training that would be required.

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: Communications Systems Branch
Prepared by: Leo Boiteau, Voice Communications Analyst