REPORTS

Item No. 9 Single Source Approval for a Fourth – 12 Month Contract Extension for the Provision of Microsoft Licensing Service

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and approved the following:

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 one year period from April 1, 2026, to March 31, 2027, in the estimated amount not to exceed $5,966,242, 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.

DECISION MAKING HISTORY:

Moved by Councillor Browaty,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Single Source Approval for a Fourth – 12 Month Contract Extension for the Provision of Microsoft Licensing Service

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
K. Ross	M. Walczak	T. Graham	J. Dunford

EXECUTIVE SUMMARY

The Public Service recommends extending the current Microsoft license services contract by one year. This will allow the Government of Manitoba to complete its RFP process.

The Public Service has worked with the Government of Manitoba on RFP #29661. This RFP was to select a provider for the next multi-year contract. The RFP is complete, and a provider was selected. However, it is not yet final because it is still under legal review by the Government of Manitoba. A one-year extension is recommended while the Province completes the process.

The current contract with Insight Canada Inc. (formerly Acrodex/PCM Canada) expired on March 31, 2025, and was extended to allow for the RFP to conclude. Microsoft does not allow the City to buy enterprise licenses directly. These licenses must be purchased through an approved third-party provider.

The Executive Policy Committee (“EPC”) has approved three prior single-source contract extensions. These covered April 1 to September 30, 2024; October 1, 2024 to March 31, 2025; and April 1, 2025 to March 31, 2026. The approved spending limits were $3,428,122, $3,428,122, and $5,512,000. Due to delays in the joint purchasing process, no new contract was signed during this time. As a result, the City’s spending authority must extend beyond March 31, 2026, so the contract can be signed.

The recommendations in this report follow the City’s Purchasing Policy. However, they may not fully meet the requirements of certain trade agreements. More information is provided in the History and Discussion section.

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 one year period from April 1, 2026, to March 31, 2027, in the estimated amount not to exceed $5,966,242, 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, 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 and departmental budgets.

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 could 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. 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.

The City entered into two Enrollment Agreements with Microsoft as a result of the award. One specific to the Winnipeg Police Service, given the sensitive nature of their work, and one for the rest of the City. The Enrollment Agreements allowed the City to purchase Microsoft Office 365 Subscription Licenses and other Microsoft software at a discount over other licensing agreements available to the City.

The Microsoft Enrollment Agreement was for a three-year term with a minimum commitment of 500 Subscription Licenses. The Microsoft Qualifying Government Entity Addendum (the "Addendum") modified the Enrollment Agreement, reducing the minimum commitment to 250 Subscription Licenses (totaling as little as $24,480 plus applicable MRST and GST, per year). The City was allowed to increase or decrease license quantities in an annual True Up process as long as a minimum of 250 licenses was maintained for the duration of the Enrollment term.

In addition to lower the minimum commitment of the Enrollment Agreement, the Addendum also allowed for "Mid-term Cancellation for Non-Appropriation of Funds". This section states that the City can terminate an Enrollment Agreement "without liability, penalty or further obligation to make payments if funds to make payments [...] are not appropriated or allocated for such purpose". The Public Service has interpreted this to mean that if Council does not approve an operating budget which makes room for ongoing licensing, the City will be able to terminate the Enrollment without penalty. When asked for confirmation of this interpretation, a Microsoft representative confirmed the presence of the language, however they would not confirm in writing that the City's interpretation of the language was correct. There is, therefore, a risk that Microsoft may disagree with this interpretation should the City attempt to leverage this section. However, in the opinion of the Public Service the risk associated with this is low given the *prima facie* interpretation of the language and the relatively low minimum potential cost, which could likely be absorbed by contingent capital funds in a worst-case scenario.

Upon the expiration of the cooperative arrangement on March 31, 2024, a single source contract extension of the contract with Insight Canada Inc. was approved by the Executive Policy Committee ("EPC") 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 was that the Government of Manitoba agreement would not be awarded by September 30, 2024.

A second single source contract extension with Insight Canada Inc. was presented and approved by the EPC for the period October 1, 2024, to March 31, 2025, for an amount not to exceed $3,428,122.00.

On February 11, 2025, the Government of Manitoba confirmed they had extended its existing Microsoft Software Licensing contract for one year, similar to the City of Winnipeg, to provide additional time to conduct a new procurement process.

On March 18, 2025, EPC concurred in the recommendation of a third single source contract extension for the provision of Microsoft Licensing Services with Insight Canada Inc for the one-year period from April 1, 2025, to March 31, 2026, for an amount not to exceed $3,944,303, MRST and GST extra, as applicable for Microsoft services specific to the City and, $1,989,216, MRST and GST extra, as applicable for services specific to the Winnipeg Police Service.

As of January 7, 2026, the Government of Manitoba has confirmed they have selected Insight Canada Inc. as the successful Microsoft Licensing Services provider as part of RFP# 29661. However, they have not yet finalized the agreement and are in the process of completing negotiations and legal review. The City of Winnipeg's proposed extension will ensure continued participation in the current Government of Manitoba's cooperative buying agreement and support continuity of Microsoft Licensing Services. Once the Province's procurement process is finalized, a new award report will be issued by the City of Winnipeg to align with the new collective buying agreement.

Therefore, this report is seeking the spending authority of an amount up to $5,966,242 and not to exceed this spend amount requested. This amount is inclusive of $2,116,242, MRST and GST extra as applicable, specific to services provided to the Winnipeg Police Service and $3,850,000, MRST and GST extra as applicable, for services specific to the City of Winnipeg. The Public Service is requesting a single source contract extension for the period from April 1, 2026, to March 31, 2027, 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.

The City of Winnipeg will continue to support the partnership collective buying agreement collaboration with Government of Manitoba. The RFP for Microsoft License Services.

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

The extension of the Contract with Insight Canada Inc. 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 Recommendation 1 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 Contract Administrator (Innovation and Technology) is satisfied that the recommended Contractors have 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.

In considering the cost benefit of extending this contract, it's important to state that Insight Canada Inc. was chosen for RFP 68-2022 as the lowest bidder. If the City delays the extension, the City of Winnipeg may not be able to purchase additional software and support from Microsoft after the current contract with Insight Canada Inc., which ends on March 31, 2026.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 23, 2026

Project Name:

Single Source Approval for 12 Month Contract for the Provision of Microsoft Licensing Services - Purchasing Reference No. 68-2022

First Year of Program **2026**

	2026	2027	2028	2029	2030
Capital		1			
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	$ 4,809,772	$ 1,574,107	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 4,809,772	$ 1,574,107	$ -	$ -	$ -
Less: Existing Budget Amounts	4,809,772	1,574,107	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represents $5,966,242 plus MRST for the provision of Microsoft Licensing Services with Insight Canada Inc. from April 1, 2026 to March 31, 2027.

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 & Technology Department and departmental budgets.

Randy Bernard

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

CONSULTATION

This Report has been prepared in consultation with:

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 and Technology
Division: Service and Infrastructure
Prepared by: G. Rodriguez / K. Ross
Date: February 24, 2026