Agenda – Executive Policy Committee – December 8, 2004

REPORTS

Item No. 2 **Award of Contract – Provision of 10 MBPA Transparent LAN Services**
File GL-9

ADMINISTRATIVE RECOMMENDATION:

1. That the contract for provision and supply of 10 MBPS Transparent LAN services for the period be awarded as a whole (Alternative 1) to the responsible and qualified bidder MTS Allstream Inc (Bid #3). The total conditional amount before taxes is $134,292.00 over the contract duration of December 1, 2004 to November 30, 2007.

2. That the Manager of Materials be authorized to issue Purchase Orders accordingly.

Re: AWARD OF CONTRACT FOR THE PROVISION OF 10 MBPS TRANSPARENT LAN SERVICES – BID OPPORTUNITY NO. 105

For submission to: EXECUTIVE POLICY COMMITTEE

Original report signed by: CHIEF INFORMATION OFFICER

Report date: November 10, 2004

Recommendation(s):

1) That the contract for provision and supply of 10 MBPS Transparent LAN services for the period be awarded as a whole (Alternative 1) to the responsible and qualified bidder MTS Allstream Inc (Bid #3). The total conditional amount before taxes is $134,292.00 over the contract duration of December 1, 2004 to November 30, 2007.

2) That the Manager of Materials be authorized to issue Purchase Orders accordingly.

Report Summary

Key Issues:

- That a contract for provision of 10 MBPS Transparent LAN services as described in Alternative 1 be awarded as a whole to the responsible and qualified bidder submitting the lowest evaluated responsive bid which is MTS Allstream Inc (Bid #3).

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(s):

- The City of Winnipeg's requirements for 10 MBPS Transparent LAN services are used by several departments (including Water & Waste Department, Public Works, Winnipeg Police Service) to connect to the City of Winnipeg's backbone network. The proposed multi-year contract provides the City with continued service at the best pricing possible.

Policy implications:

X	No
	Yes

Environmental implications:

X	No
	Yes

Human resources implications:

X	No
	Yes

Financial implications:

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

Comment(s):

A one-time charge for installation is funded through capital accounts. Departments have been notified and have consented to a periodical charge to their accounts at an appropriate rate for the provision of the service.

REASON FOR THE REPORT:

The contract is for an interdepartmental purchase committing payments by the City from future capital and operating budget and accordingly, must be approved by Council.

HISTORY:

Existing contract for these services is with MTS Communications Inc and GT Group Telecom for provision of Transparent LAN services which expires over the course of 2004. Corporate Information Technology and Materials Management issued a bid opportunity for these services in September of 2004.

Final Receipt of offers took place on September 17, 2004 with bids being received from three offerers.

DISCUSSION:

Bids were received from three companies:

GT Group Telecom Services, Inc.
MTS Allstream Inc.
Big Pipe Inc.

Bidders had to provide pricing on Award as a Whole which is Alternative 1 and/or pricing on Award by Section which is Alternative 2.

GT Group Telecom's total bid price of $108,000 as quoted in Alternative 1 had an arithmetic error and failed to include two installation costs totalling $81,000. Their total corrected bid price (before taxes) is $189,000.

The recommended award is as a whole (Alternative 1) to MTS Allstream Inc (Bid #3 – Increase 510 Main to 30 Mbps and use VLANs), the bidder offering the lowest total costs in Alternative 1.

The lowest responsive bid(s) for Alternative 2 (award by sections) is a total of $4,044 before taxes lower than Alternative 1 (award as a whole) but is offset by the benefits of Alternative 1. Alternative 1 best serves the City's interest compared to Alternative 2 through benefits of cost savings in reduction of City's network hardware to implement Alternative 1, higher aggregate network performance and efficiencies of network connectivity.

MTS Allstream had 3 responsive bids for Alternative 1. Bid #3 exceeds the requirements and is the lowest cost of their 3 bids. Bid #1 meets the requirements and Bid #2 greatly exceeds the requirements.

A comparison of the bidders' contract pricing is attached (Appendix A).

Offers will lapse unless acceptance by December 16, 2004.

The Manager of Materials has delegated authority to waive the requirements for bid and performance security and execution of a formal contract pursuant to Administrative Directive FM-002.

Financial Impact Statement

Date: November 10, 2004

Project Name:

First Year of Program **2004**

Award of Contract for the Provision of 10 MBPS Transparent LAN Services - Bid Opportunity No. 105

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ 33,330				
Less: Existing Budgeted Costs	33,330				
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	$ 3,426	$ 41,105	$ 40,362	$ 29,500	
Less: Incremental Revenue/Recovery	3,426	41,105	40,362	29,500	
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

A one-time charge for installation is funded through capital accounts.

Departments have been notified and have consented to a periodical charge to their accounts at an appropriate rate for the provision of the service.

Taxes, net of rebates, are included in the above costs (PST 7%, GST 3%).

Original signed by Radhika Abeysekera

Radhika Abeysekera
Manager of Finance & Administration

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: IT Operations & Infrastructure
Prepared by: Stanley Yuen

Appendix A: Evaluation of Bids

SUMMARY OF BIDS

BID OPPORTUNITY NO.

ITEM NO.	DESCRIPTION	APPROX. QUANTITY	UNITS	EXTENDED PRICES Shaw	Group	MTS	MTS # 2	MTS # 3	bidder no. 6	bidder no. 7	bidder no. 8	bidder no. 9	bidder no. 10	bidder no. 11	bidder no. 12	bidder no. 13	bidder no. 14	bidder no. 15	Low bid by item / by section	High/low spread	Estimate or previous contract	Difference
ALTERNATIVE 1 - AWARDAS A WHOLE																						
1. 2230 Main to 510 Main		36 month		544,000.00	40,500.00	39,024.00	59,788.00	48,744.00	-	-	-	-	-	-	-	-	-	-	39,024.00	51%	-	-
2. Install		1 lot		0.00	31,000.00	9,250.00	9,450.00	9,450.00	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-
101. 552 Plinguet to 1155 Panke		36 month		648,800.00	40,500.00	39,024.00	39,024.00	39,024.00	-	-	-	-	-	-	-	-	-	-	39,024.00	66%	-	-
102. Install		1 lot		0.00	50,000.00	10,050.00	10,050.00	10,050.00	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-
151. 1500 Plessis to 510 main		24 month		29,800.00	27,000.00	28,416.00	16,224.00	16,224.00	-	-	-	-	-	-	-	-	-	-	16,224.00	76%	-	-
152. Install		1 lot		50,000.00	0.00	13,950.00	10,800.00	10,800.00	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-
TOTAL				197,600.00	189,000.00	139,714.00	144,336.00	134,296.00	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	94,272.00	110%	0.00 incomplete	-

Appendix A: Evaluation of Bids *(continued)*

SUMMARY OF BIDS

BID OPPORTUNITY NO.

ITEM NO.	DESCRIPTION	APPROX. QUANTITY	UNITS	EXTENDED PRICES Shaw	Group	MTS	MTS # 2	MTS # 3	bidder no. 6	bidder no. 7	bidder no. 8	bidder no. 9	bidder no. 10	bidder no. 11	bidder no. 12	bidder no. 13	bidder no. 14	bidder no. 15	Low bid by item & by section	High/low spread	Estimate or previous contract	Difference
ALTERNATIVE 2 - AWARD BY SECTION																						
	SECTION A 10 Mbps transparent LAN																					
1.	2230 Main to 510 Main		36 month	79,200.00	--	39,024.00	--	--	--	--	--	--	--	--	--	--	--	--	39,024.00	103 %	-	--
2.	Install		1 lot	25,000.00	--	9,350.00	--	--	--	--	--	--	--	--	--	--	--	--	9,350.00	167 %	-	--
	SUBTOTAL - SECTION A			104,200.00	0.00 part bid	48,374.00	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	48,374.00	115 %	0.00 incomplete	--
	SECTION B 10 Mbps transparent LAN																					
101.	552 Plinguet to 1155 Pacific		36 month	93,600.00	--	39,024.00	--	--	--	--	--	--	--	--	--	--	--	--	39,024.00	140 %	-	--
102.	Install		1 lot	45,000.00	--	10,050.00	--	--	--	--	--	--	--	--	--	--	--	--	10,050.00	348 %	-	--

SUMMARY OF BIDS

BID OPPORTUNITY NO.

ITEM DESCRIPTION NO.	APPROX. QUANTITY	UNITS	EXTENDED PRICES Shaw	Group	MTS	MTS # 2	MTS # 3	bidderno. 6	bidderno. 7	bidder no. 8	bidder no. 9	bidderno. 10	bidderno. 11	bidderno. 12	bidderno. 13	bidderno. 14	bidderno. 15	Low bid by item / by section	Highlow spread	Estimate or previous contract	Difference
SUBTOTAL - SECTION B			138,800.00	0.00 part bid	49,074.00	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	49,074.00	182 %	0.00 incomplete	--
SECTION C 10 Mbps transparent LAN																					
151. 1500 Plessis to 510 main	24 month		28,800.00	--	28,416.00	--	--	--	--	--	--	--	--	--	--	--	--	28,416.00	1 %	-	--
152. Install	1 lot		4,000.00	--	13,850.00	--	--	--	--	--	--	--	--	--	--	--	--	4,000.00	246 %	-	--
SUBTOTAL - SECTION C			32,800.00	0.00 part bid	42,266.00	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	0.00 part bid	32,416.00	30 %	0.00 incomplete	--
				part bid		part bid	part bid	part bid	part bid	part bid	part bid	part bid	part bid	part bid	part bid	part bid	part bid			incomplete	
TOTAL OF LOWEST COMPLETE SECTIONS			130,248.00																		
DISCOUNTED	Discount	%	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %				
Only complete bids and complete sections evaluated for discounts		Terms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
ALTERNATIVE1 - AWARD AS A WHOLE			197,600.00	189,000.00	139,714.00	144,336.00	134,232.00														
ALTERNATIVE2 - AWARD BY SECTION		SECTION A	104,200.00		49,074.00																
		SECTION B	138,800.00		49,074.00																
		SECTION C	32,800.00		42,266.00																
		ALL SECTIONS	275,600.00		139,714.00																
TOTAL OF LOWEST DISCOUNTED COMPLETE SECTIONS			130,248.00																		
			Responsive	Responsive	Responsive	Responsive	Responsive														