

NO: R149

COUNCIL DATE: July 22, 2019

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 17, 2019**

FROM: **General Manager, Corporate Services**

FILE: **1355-30**

SUBJECT: **Award of Contract No. 1220-030-2019-033 for Wide Area Network Services**

RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Award Contract No. 1220-030-2019-033 to Telus Communications Inc. for a five-year term in the total five-year amount of \$846,233.00, including GST & PST for Wide Area Network Services;
2. Approve the option to extend Contract No. 1220-030-2019-033 for a two-year extension in favor of the City;
3. Set the expenditure authorization limit at \$1,100,102.90 for the initial five-year term, including GST & PST and contingency; and
4. Authorize the General Manager, Corporate Services, to execute and approve all optional extensions related to Contract No. 1220-030-2019-033 within the expenditure authorization limit of \$224,777.15 per year including GST & PST and contingency for the optional two-year extension.

INTENT

The purpose of this report is to obtain Council's approval to award Contract No. 1220-030-2019-033 (the "Contract") to Telus Communications Inc. ("Telus") to for the delivery of Wide Area Network Services ("WAN") for a five-year term with an optional two-year extension.

BACKGROUND

The City of Surrey's WAN provides the foundational network connectivity between City Hall and fifty-seven facilities including recreation centres, arenas and pools, Fire Halls, Libraries, and Operation Centres. These network connections are integral to accommodate the City's requirement for increased capacity and speed needed to transport data, telephone, and video communication for all City staff and services.

This service is currently being provided by both Telus and Shaw, at a combined annual cost of \$545,000.00 (five-year cumulative cost of \$2,725,000.00). The City is reaching the end of its contract term with both service providers.

Based on a market sounding process with the major telecommunication providers, staff determined that the City could realize significant cost savings for WAN services if it locks in pricing for a period of five or more years.

REQUEST FOR PROPOSAL RESULTS

In April 2019, the City initiated Request for Proposal (“RFP”) 1220-030-2019-033 for WAN Services. The RFP closed on May 30, 2019 and a total of three proposals were received as follows:

Proponent	Total five-year cost including GST & PST	Total two-year extension cost including GST & PST	Cumulative seven-year cost, including GST & PST
Telus Communications Inc.	\$ 846,233.00	\$345,811.00	\$1,192,044.00
Shaw Telecom G.P.	\$ 879,984.00	\$351,994.00	\$1,231,978.00
iTel Network Inc.	\$ 2,400,745.00	\$872,350.00	\$3,053,224.00

EVALUATION

The Evaluation Team was comprised of staff from the City’s Information Technology Division and Purchasing Section.

All submissions met the general provisions of the RFP and were evaluated consistent with the outlined criteria which included the following:

- a) Experience, Reputation and Resources;
- b) Technical; and
- c) Financial.

Based on the criteria above, the Evaluation Team concluded that the proposal submitted by Telus best meets the City’s requirements and provides the best overall value. In addition, the submission from Telus was the lowest bid for the cumulative five-year cost and the optional two-year extension. The proposed Telus solution will result in an average annual cost of approximately \$170,000 which is \$375,000.00 per year lower than the \$545,000.00 per year cost that the City is currently paying under its contracts with Telus and Shaw.

It is recommended that the expenditure authorization limit be set at \$1,549,657.20 which includes a 30% contingency to adequately accommodate growth, new services, and technology changes that will mandate increased demands and capacity requirements over the next 7 years.

FUNDING

Funding is available in the IT Operating Budget.

SUSTAINABILITY CONSIDERATIONS

The award of contract for WAN Services supports the objectives of the City's Sustainability Charter 2.0. In particular, the Contract relates to the Sustainability Charter 2.0 theme of Infrastructure. Specifically, the Contract supports the following Desired Outcome ("DO"):

- Telecommunications DO22: The City has excellent communications infrastructure that provides affordable and effective connectivity across the community.

CONCLUSION

It is recommended that Council award Contract No. 1220-030-2019-033 to Telus Communications Inc. for a five-year term in the total five-year amount of \$846,233.00 including GST and PST and authorize the General Manager, Corporate Services to execute a five-year contract with Telus, and an optional two-year extension in favour of the City for \$1,549,657.20, including contingency for growth, and GST and PST.

Rob Costanzo
General Manager, Corporate Services