

NO: R232

COUNCIL DATE: November 22, 2021

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **November 18, 2021**

FROM: **General Manager, Corporate Services**

FILE: **1355-01**

SUBJECT: **Contract for the Supply of Computer Equipment and Related Services**

RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Approve a contract for a five-year term with Dell Canada Inc., for the non-exclusive supply of computer equipment and related services, at an annual (averaged) cost of \$950,000.00, including GST & PST;
2. Set the total five-year expenditure authorization limit at \$5,221,000, including taxes and contingency; and
3. Authorize the General Manager, Corporate Services Department to execute the contract with Dell Canada Inc. for a five-year term.

INTENT

This report seeks Council authority for a contract with Dell Canada Inc. (“Dell”) for the non-exclusive supply of computer equipment and related services for a term of five years.

BACKGROUND

The City’s computer stewardship program is focused on keeping the City’s computing equipment up to date in a cost-effective manner. This ensures that City systems are performing at reasonable levels and to industry standards.

In December 2017, Council approved Corporate Report No. R243; 2017, attached as Appendix “I” for the City to award a contract to both Dell and Microsoft Canada for a two-year term, with two optional one-year extensions, for the non-exclusive supply of computers and related services. This contract was based on the City’s own competitive bid process, RFP 1220-040-2017-066. This current contract will terminate on December 31st, 2021.

In November 2020, Metro Vancouver released Request for Proposals (RFP) 20-359 for the Supply of Desktop & Laptop Computers and Servers on an “as and when required” basis and invited respondents to include a piggyback clause in their submitted proposal. Piggybacking is a procurement tool commonly used between government agencies such as, for example, regional districts and municipalities. Essentially, it permits a host regional district to extend the goods or

services awarded to a proponent to other interested municipalities that may be seeking similar goods or services.

For example, and in this case, rather than Metro Vancouver and individual municipalities within the region running separate competitive procurement processes for the same goods or services, Metro Vancouver had engaged the competitive procurement and has allowed other interested municipalities in the region to subsequently award contracts (independently) to the successful proponent at the same rates that the proponent had offered Metro Vancouver. This approach achieves the desired value and outcome while avoiding the duplication of effort that participating municipalities would have otherwise undertaken in engaging a similar procurement process.

In March 2021, Metro Vancouver awarded a contract to Dell for the supply of computer and server equipment for a five-year term. This contract includes a piggyback clause available to other local municipalities. The City had previously chosen the piggyback option for the supply of computer equipment and related services in July 2012. Council had approved Corporate Report No. R180; 2012, attached as Appendix "II" for the City to enter a two-year contract with Dell, with two optional one-year extensions, for the non-exclusive supply of computers and related services. This contract was based on a competitive bid process conducted by Metro Vancouver at that time.

DISCUSSION

Dell has been utilized by the City for various computing needs (computers, servers, storage) since 1989, though the City has moved to other vendors for servers and storage over the last 12 years. Over its history with Dell, the City has consistently received competitive pricing along with reliable and quality products combined with excellent service and support.

Since 2017, Dell has uniquely differentiated itself by making desktop, mobile, rugged, and display products that meet virtually all of the City's computing needs. By contrast, it would take at least two other manufacturers (combined) to match the breadth of product currently available from Dell.

As noted previously in this report, Metro Vancouver engaged a competitive procurement process for the Supply of Desktop & Laptop Computers. Through this competition, Metro Vancouver received two proposals from the following entities:

- Dell; and
- TLD Computers.

Metro Vancouver's RFP process established that Dell provided the best value for the supply of computer equipment in the following ways:

- It provides for guaranteed pricing discounts against published commercial rates and based on economies of scale established through a multi-year contract;
- Priority is placed on expedited equipment orders, to help alleviate global supply chain issues caused by the COVID-19 pandemic;
- There is standardization of equipment and replacement parts;
- Dell provides direct online order management and product support; and
- Dell has consistently demonstrated stable high quality ongoing support and repair.

Metro Vancouver selected Dell as their preferred proponent and awarded a five-year contract accordingly.

Staff has reviewed Metro Vancouver's process and concur that Dell provides the best value. Accordingly, a piggyback onto the Metro Vancouver contract to continue with the procurement of Dell products would benefit the City in the same manner as described above. Also, as provided below, Dell's average cost per year remains the same as the City's current costs with Dell.

In addition to the above, since the City is already experienced in dealing with Dell, it will take less time and effort to test and set up new equipment (models) and software implementations.

On this basis, staff recommend the City enter a five-year contract with Dell for the non-exclusive supply of computer equipment and related services, including:

- Desktop PC;
- Workstation PC;
- Laptop PC;
- Tablet PC;
- Rugged Tablet PC; and
- Computer Displays and Peripherals.

Based on projections for computer equipment stewardship, the City would spend an average of \$950,000 per year including GST & PST:

Year	Value of Computer Equipment including GST & PST
2022	\$833,543
2023	\$1,497,286
2024	\$1,214,253
2025	\$600,062
2026	\$601,253
Five-year Total:	\$4,746,397
Average cost per year:	\$949,279

The higher annual cost forecasted for 2023 and 2024 is due to the scheduled replacement of a higher volume of computer equipment for each of those years.

The average cost per year of \$949,279 aligns with the City's current (2021) level of expenditure for computer equipment.

Based on the above, staff recommends that the City award a contract to Dell Canada Inc., for a five-year term for the non-exclusive supply of computer equipment and related services, at an annual (averaged) cost of \$950,000.00, including GST & PST.

Legal Services Review

The Legal Services Division has reviewed this report and have no concerns.

FUNDING

Funding for this contract will be included in the annual Corporate Services IT Capital Budget in the 2022-2026 Financial Plan.

CONCLUSION

This report seeks Council authority for a contract with Dell Canada Inc. (“Dell”) for the non-exclusive supply of computer equipment and related services for a term of five years.at an annual (averaged) cost of \$950,000.00, including GST & PST.

Rob Costanzo
General Manager, Corporate Services

SK/RAC/jhs/cls

Appendix “I” Corporate Report No. R243: 2017
Appendix “II” Corporate Report No. R180: 2012

NO: **R243**

COUNCIL DATE: **December 18, 2017**

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **December 14, 2017**

FROM: **General Manager, Corporate Services** FILE: **1345-01**

SUBJECT: **Award of Contract No. 1220-040-2017-066 for the Purchase of Computer Equipment and Related Services**

RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Award Contract No. 1220-040-2017-066 for the non-exclusive supply of computer equipment and related services to both Dell Canada Inc. and Microsoft Canada in the total annual estimated combined amount of \$1,350,054.00, including GST, and that Contract No. 1220-040-2017-066 for each of Dell Canada Inc. and Microsoft Canada be for a two-year term with an option in favour of the City to renew each contract for two further one-year terms; and
2. Set the total combined expenditure authorization limit for both contracts at \$1,485,000.00 per year including GST and contingency; and
3. Authorize the General Manager, Corporate Services to execute contracts for each of Dell Canada Inc. and Microsoft Canada under Contract No. 1220-040-2017-066.

BACKGROUND

The City's computer replacement program is focused on keeping the City's computer hardware up to date in a cost-effective manner. This ensures that the City systems are performing at reasonable levels and to industry standards.

On this basis, in July 2012, the City entered into a two-year contract with Dell Canada Inc., with two optional one year extensions, for the supply and delivery of computer equipment on an "as and when required" basis. Doing business in this regard proved to be ideal since it created predictable costs for lifecycle forecasting, and responsive fulfilment for growth and changing business needs. However, the approved contract duration expired in July 2016. Since then, procurement from Dell continued on a month-to-month basis while procurement options, including a 'piggy back' of an existing public sector contract, were studied.

It was determined that the most cost effective approach for the City was to engage directly with suppliers since co-operative or 'piggy back' opportunities could not be leveraged. The direct engagement approach benefits the City in the following ways:

- Guarantees pricing discounts based on economies of scale established through a multi-year contract;
- Standardization of equipment and replacement parts;
- Electronic, online order management and product support;
- Stable high quality ongoing support and repair; and
- Reduced regression testing requirements for hardware and software implementations.

DISCUSSION

In July 2017, RFQ 1220-040-2017-066 was issued for the non-exclusive supply of computer equipment and related services. Dell Canada Inc., Compugen Inc., and Microsoft Canada submitted responses, and subsequent quotes.

Supplier	Equipment and 2-Year Forecasted Price, including GST	
	Desktop, Workstation, Laptop & Rugged Tablet PCs + Displays	'Surface Pro' Tablet PCs
Dell Canada, Inc	\$2,650,103	n/a
Compugen Inc.	\$2,688,594	n/a
Microsoft Canada	n/a	\$50,005

EVALUATION

All three submissions met the requirements of the RFQ. Dell Canada Inc. was the lowest bidder for "Desktop, Workstation, Laptop & Rugged Tablet PCs and Displays", while Microsoft Canada was the sole bidder for "Surface Pro Tablet PC's".

On this basis, staff is proposing that the City enter into contracts with both Dell Canada Inc. and Microsoft Canada. The contracts offer a price discount per unit against published commercial rates for each of the following components:

- Desktop PC;
- Workstation PC;
- Laptop PC;
- Tablet PC;
- Rugged Tablet PC; and
- Computer Displays.

Based on current projections for computer hardware purchases and the unit prices in the contract, the City would spend an average of \$1,350,000 per year in each of the first two years of the combined contracts, including GST and contingency. The contract has no minimum purchase requirement. The price discount per unit for each of the various components covered by the contracts will remain constant through the contract and the option years should the City choose to extend the contracts through one or both of the option years.

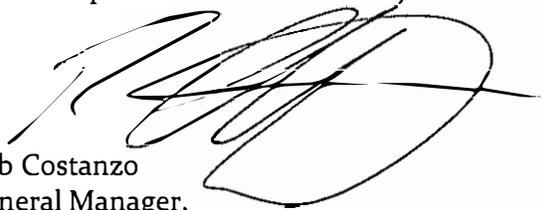
SUSTAINABILITY CONSIDERATIONS

The recommendations of this report will assist in achieving the objectives of the City's Sustainability Charter as follows:

- EC1: "Corporate Economic Sustainability" that focuses on ensuring the City's resources are used efficiently and responsibly.

FUNDING

Funding is available within the approved Five Year (2017-2021) Financial Plan to support computer hardware purchases under the subject contract.



Rob Costanzo
General Manager,
Corporate Services

SK/rac/js

NO: R180

COUNCIL DATE: July 23, 2012

REGULAR COUNCIL

TO: Mayor & Council DATE: July 16, 2012
FROM: General Manager, Finance & Technology FILE: 1355-01
SUBJECT: Contract for the Purchase of Computer Equipment and Related Services

RECOMMENDATION

The Finance and Technology Department recommends that Council approve a contract with Dell Canada Inc. for the supply of computer equipment and related services for a two-year term with an option in favour of the City to renew the contract for each of two further one-year terms all subject to the terms and conditions as generally described in this report.

BACKGROUND

In February 2011, Metro Vancouver released a Request For Proposals (RFP) for the supply and delivery of computer equipment on an "as and when required" basis. Metro Vancouver requested that the pricing, terms and conditions of the proposal be made available to other government agencies.

On April 12, 2011, Metro Vancouver awarded a contract to Dell Canada Inc. for the supply of computer equipment and related services for MV. The terms and conditions of this contract including pricing are available to Regional municipalities including Surrey. The scope of the equipment covered by the contract includes computer workstations, monitors, laptops, tablets, handheld devices, printers, servers, storage solutions, digital projectors, and components such as memory and storage drives. It also includes related services such as configuration and warranty management services, consultative services and support services.

DISCUSSION

The City's computer and server replacement program is focused on keeping the City's computer hardware up to date in a cost effective manner. It ensures that the City systems are performing at reasonable levels and to industry standards.

Staff has been in negotiations with Dell Canada Inc. for the supply of computer equipment and related services for Surrey based on the pricing in the MV contract. An evaluation process has confirmed that the City would benefit from:

- Guaranteed significant pricing discounts based on economies of scale established through the Metro Vancouver contract;
- Standardization of equipment and replacement parts;
- Electronic, online order management and product support;
- Stable high quality ongoing support and repair; and
- Reduced regression testing requirements for hardware and software implementations.

On this basis staff is proposing that Surrey “piggy back” on the Metro Vancouver contract with Dell Canada Inc. The contract offers a fixed price discount per unit against published commercial rates for each of the following components:

- Desktop PC;
- Workstation PC;
- Laptop PC;
- Computer Displays; and
- Servers.

Based on current projections for computer hardware purchases and the unit prices in the contract, the City would spend an average of approximately \$1.25 million per year in each of the first two years of the contract. The contract has no minimum purchase requirement. The price discount per unit for each of the various components covered by the contract will remain constant through the contract and the option years should the City choose to extend the contract through one or both of the option years.

Funding:

Funding is available within the approved Five Year (2012-2016) Financial Plan to support computer hardware purchases under the subject contract.

SUSTAINABILITY CONSIDERATIONS

The recommendations of this report will assist in achieving the objectives of the City’s Sustainability Charter; more particularly action item EC1: “Corporate Economic Sustainability” that focuses on ensuring the City’s resources are used efficiently and responsibly.

CONCLUSION

Based on the above discussion, it is recommended that Council approve a contract with Dell Canada Inc. for the supply of computer equipment and related services for a two-year term with an option in favour of the City to renew the contract for each of two further one-year terms all subject to the terms and conditions as generally described in this report.



Vivienne Wilke, CGA
General Manager,
Finance & Technology