



Appendix J

Staff Report for the City Manager

Date of Meeting: August 14, 2019

Report Number: SRCFS.19.040

Department: Corporate and Financial Services

Division: Information Technology

Subject: SRCFS.19.040 - Supply of Wireless Cellular Services

Purpose:

The IT Division of the Corporate and Financial Services Department is seeking Council approval for a non-competitive acquisition greater than \$100,000, in accordance with the Procurement By-law No.113-16.

Recommendation(s):

- a) That the contract for the Supply of Wireless Cellular Services be awarded non-competitively to Bell Mobility for a 4.5 year duration at a cost not exceeding \$981,915.48 (exclusive of Taxes) pursuant to Article 7.1 Section (b)(1) and Appendix "B" Part I – Sole Source Acquisitions, Section (c) of the Procurement By-law No. 113-16 to ensure compatibility with existing deployed technologies;
- b) That the Commissioner of Corporate and Financial Services be authorized to execute any necessary documentation to effect the contract.

Contact Person:

Paul Waddell, Manager, Client Support, x2419

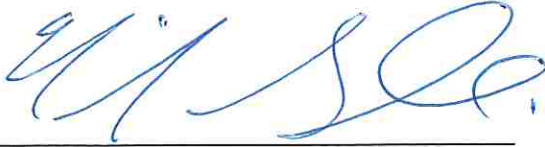
Anthony Iannucci, Chief Information Officer x5510

Submitted by:

Mary-Anne Dempster
Commissioner of Corporate and Financial Services

Page 2

Approved by:

A handwritten signature in blue ink, appearing to read 'Neil Garbe', is written over a horizontal line.

Neil Garbe, City Manager

Page 3

Background:

In July 2015, the Province of Ontario, through a competitive process (Request for Proposal), identified Bell Mobility as a qualified vendor of record for the provision of Wireless Cellular Services & Devices. The Ministry of Government Services (MGS) implemented a Provincially Funded Organization (PFO) Vendor of Record (VOR) arrangement on behalf of the Broader Public Sector to gain efficiencies, economies of scale, and competitive pricing plans for other government agencies.

For the purposes of the Province's RFP, the "Broader Public Sector" includes:

- Every Municipality in Ontario as defined in the Municipal Affairs Act and Municipal Act;
- Every Regional Municipality in Ontario as defined in the Regional Municipalities Act;
- The District Municipality of Muskoka as described in the District Municipality of Muskoka Act; and
- Every local board in Ontario as defined in the Municipal Affairs Act and the Municipal Act.

The three vendors of record identified in the agreement were Rogers, Telus, and Bell Mobility. Each of these vendors provided preferred pricing schedules negotiated with the Province. As a result, the vendors were selected in a tiered manner with Rogers being identified as the primary vendor of choice, Telus as secondary and Bell as third. Leveraging the rates of the primary vendor under the PFO, The City of Richmond Hill entered into an agreement with Bell Mobility for the provision of smartphone and cellular services from August 2015 to July 2019. The City is currently operating under this agreement.

Page 4

Over the last four (4) years, the City has established a strong working partnership with Bell Mobility. Bell Mobility has worked with the City to help control costs, maximize efficiencies, and meet all of our mobile communication needs. As a result of this strong partnership and in response to the City's contract expiring July 31, 2019, Bell Mobility has offered the City the same terms as our existing agreement but with a better pricing schedule. The initial agreement must be no longer than 6 months as it needs to be co-terminated to end with the expiry of the existing VOR agreement on January 30, 2020. Two optional 2-year extensions have been added to the contract, based on the terms and conditions of the Provincially Funded Organization (PFO) Vendor of Record (VOR) agreement renewal. This better pricing schedule sees the City experiencing a 30% reduction in costs.

Financial/Staffing/Other Implications:

Starting in 2019, there were 702 cellular devices, of which 566 were smartphones and data devices. By the end of 2019, the number of smartphones and data devices will increase to 669 as a result of corporate growth and supporting Council mandated initiatives. Smartphones and data-only devices account for 96% of the devices operated under this contract with the remaining 4% of devices being Cellphones. Currently the devices have average monthly operating expenses of \$25,945.82, or \$36.96 per device per month, and expenses can fluctuate based on additional usage expenses such as long distance, roaming, and data usage charges.

Funding for these services is through the IT Division's approved annual operating budget. Based on the new Bell PFO rates, monthly costs will be \$18,183.62, or \$25.90 per device per month. Due to unprecedented cellular growth of 15% this year, the City would have seen an increase in Cellular Operating costs. Even with the anticipated growth, the overall Cellular Operating budget will still decrease as the savings in the new contract are greater than the impact of growth. With Bell Mobility being the current provider, signing a contract with them will not require an upgrade or replacement of the City's current smartphone or cellular devices. As a result, there would be no additional costs for unlocking or replacing these devices, penalty fees for moving to a new carrier or costs for staff efforts to configure and deploy new units from another vendor. There will also be no widespread impact to Richmond Hill employees or Council members to switch out devices.

Page 5

The Information Technology Division has compared four options for contract and determined the Bell PFO agreement is superior to the other three options. Below are the four options compared to our existing contract:

	Current	Bell PFO	Bell MGS	Rogers PFO	Rogers MGS
Total Monthly Costs	\$25,945.82	\$18,183.62	\$24,425.62	\$18,183.62	\$24,425.62
Penalty for unlocking hardware	0	0	0	\$35,100.00	\$35,100.00
Penalty for switching Carriers	0	0	0	\$56,335.00	\$56,335.00
Annualized Cost including penalty	\$311,349.84	\$218,203.44	\$293,107.44	\$238,522.33	\$313,426.33
Cost for term of agreement	\$1,401,074.28	\$981,915.48	\$1,318,983.48	\$1,073,350.48	\$1,410,418.48

Relationship to the Strategic Plan:

The contract for the Supply of Wireless Cellular Services identified in this report demonstrates an ongoing commitment to responsible municipal management and the wise use of municipal resources.

Conclusion:

The Information Technology Division recommends the City of Richmond Hill to enter into a non-competitive, four (4) year and six (6) month agreement, commencing upon execution of the agreement at the estimated cost of \$981,915.48 (exclusive of HST) with our current cellular provider, Bell Mobility, under the terms and conditions of Bell's Provincially Funded Organization's (PFO) agreement.

Attachments:

N/A

