



Staff Report for Committee of the Whole Meeting

Date of Meeting: May 15, 2024

Report Number: SRCFS.24.015

Department: Corporate and Financial Services

Division: Office of the Clerk

Subject: **SRCFS.24.015 - Non-Competitive Acquisition for the Supply and Services of Off-site Records Storage and Retrieval Services**

Purpose:

To obtain Council approval for a non-competitive acquisition greater than \$100,000, in accordance with Procurement By-law 113-16, for the supply and services of off-site records storage and retrieval services.

Recommendation(s):

- a) That staff report SRCFS.24.015 regarding the Non-Competitive Acquisition for the Supply and Services of Off-site Records Storage and Retrieval Services be received;
- b) That a contract for the provision of Off-site Records Storage and Retrieval Services be awarded non-competitively to Iron Mountain pursuant to Appendix "B" Part I Section (c) of the Procurement By-law 113-16;
- c) That the contract award be for an acquisition value not exceeding \$850,000 exclusive of H.S.T., pursuant to and for a term of ten years, commencing July 1, 2024, and ending July 31, 2034; and
- d) That the Commissioner of Corporate and Financial Services be authorized to execute any necessary documentation to effect the contract.

Contact Person:

Ryan Ban, Manager, Legislative Services / Deputy City Clerk

Report Approval:

Submitted by: Sherry Adams, Commissioner of Corporate and Financial Services

Approved by: Darlene Joslin, City Manager

Page 2

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

Background:

The City of Richmond Hill has been using the services of Iron Mountain for its Off-site Records Storage and Retrieval Services since January 26, 2010. The existing agreement, which expires on June 30, 2024, was procured via a piggyback agreement obtained via the Regional Municipality of York through their Request for Proposal (RFP) P-13-54.

Preliminary discussions with the Regional Municipality of York indicated that it would not be going out to tender for a new agreement and instead was leveraging the negotiated agreement used by the Province of Ontario through its Vendor of Record (VOR) procurement process. The Province's VOR arrangements are established following a transparent and competitive procurement process, provides benefits of advantageous pricing, and streamlines the administrative effort required to procure goods and services independently. The Province of Ontario's VOR for its Off-site Records Storage and Retrieval Services is Iron Mountain. At Regional Council on February 22, 2024, York Region approved a ten-year agreement with Iron Mountain, pursuant to the Ontario Shared Services VOR agreement.

Proposed Agreement

As the City could no longer piggyback on the Regional Municipality of York's agreement, the City initiated discussions with Iron Mountain and has been able to obtain similar rates to the one used by the Province of Ontario and available under its VOR program. However, discussion with the vendor on other terms related to the agreement regarding indemnification and insurance has resulted in the vendor proposing its own terms and agreements related to indemnification and insurance which are not in accordance with the City's typical requirements.

Staff project that the usage of the VOR rates will reduce Off-site Records and Retrieval Services expenses by approximately 5 to 10% on an annual basis.

Following staff's assessment of the current agreement, it was concluded that instead of pursuing a competitive process for these services, the City should choose to enter into a 10-year agreement with Iron Mountain. This decision was based on the high fees required to transition its records to another vendor, potentially unfavorable pricing, and the City's ability to secure an agreement with similar rates to the Province's VOR agreement (OSS-00357420 - Records Storage and Related Services) which has been effective since July 28, 2014, and runs until July 27, 2034.

Sole-sourcing with Iron Mountain is crucial for the City to fulfill its business and legislative obligations regarding records and information management as required under the *Municipal Act* and the *Municipal Freedom of Information and Protection of Privacy*

Page 3

Act. The proposed 10-year agreement provides stability, predictability, and cost efficiency by aligning with the Province of Ontario VOR rates. While alternatives exist, they come with drawbacks such as high transition costs (estimated transition fee to another vendor would be in excess of \$80,000) and potential loss of stability in service delivery. The City's commitment to compliance and operational continuity justifies the decision to continue the partnership with Iron Mountain.

To ensure seamless business operations and continuity, staff are recommending that Council approve the award of a 10-year agreement with Iron Mountain in accordance with Procurement By-law No. 113-16, Appendix "B", Part I - Sole Source Acquisition, clause (c) to ensure compatibility with existing products, to recognize exclusive rights such as patent, copyright or license, or to maintain specialized products that must be maintained by the manufacturer or its representative.

Financial/Staffing/Other Implications:

Pursuant to the Procurement By-law 113-16, Appendix "B", Part I – Sole Source Acquisition, clause (c), the non-competitive award is being recommended by staff due to the cost-prohibitive transition fee of approximately \$80,000 to move to another vendor, the administration cost to conduct a RFP, and because the proposed agreement with the existing vendor is substantially similar in rates with the Province's VOR.

The total value of the approval is \$850,000 (or approximately \$85,000 per year for the 10-year agreement) exclusive of taxes with the contract ending on July 31, 2034.

It should be noted that the indemnification and insurance that this vendor will likely agree to will be insufficient to fully capture the potential and unquantifiable risk exposure. In the unlikely event that the records stored with the vendor are compromised and a loss or a breach of confidential records occurs as a direct result of this vendor's services, the City will be required to assume some or all of the resulting financial impact.

Relationship to Strategic Plan:

Staff's recommended course of action, which avoids unnecessary transition fees and obtains competitive service rates for the provisioning of off-site records storage and retrieval services, aligns with Pillar 3, Strengthening our Foundations, specifically Priority 1, making decisions that are evidence-based and data-driven to enable the City's long term financial sustainability, as well as social, environmental and economic sustainability.

Climate Change Considerations:

Climate change considerations are not applicable to this staff report.

Conclusion:

The award of a 10-year agreement with Iron Mountain will allow the City to continue receiving services related to Off-site Records Storage and Retrieval Services with its

Page 4

existing vendor. Through a non-competitive acquisition, the City avoids paying unnecessary transition fees to move to a different vendor while still obtaining competitive service rates and removes any disruptions to these services.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

Page 5

Report Approval Details

Document Title:	SRCFS.24.015- Non-Competitive Acquisition - Iron Mountain Final.docx
Attachments:	
Final Approval Date:	Apr 30, 2024

This report and all of its attachments were approved and signed as outlined below:

Stephen Huycke - Apr 29, 2024 - 3:25 PM

Gigi Li - Apr 30, 2024 - 10:08 AM

Sherry Adams - Apr 30, 2024 - 10:54 AM

Darlene Joslin - Apr 30, 2024 - 2:21 PM