



Report to: General Committee

Report Date: November 4, 2013

SUBJECT: Award of Proposal 134-R-13 Telephone Services

PREPARED BY: Rosemarie Patano, Senior Construction Buyer, Ext. 2990
Nasir Kenea, Chief Information Officer, Ext. 4733

RECOMMENDATION:

- 1) THAT the report entitled "Award of Proposal 134-R-13 Telephone Services" be received;
- 2) AND THAT the contract for Telephone Services (134-R-13) be awarded to the sole bidder, Bell Canada for a three (3) year term with an option to renew for an additional two years for the total amount of \$1,063,631.00 over five years (inclusive of HST) (fixed price of \$212,726.20 per year from 2014 to 2018);
 - a. 2014 - \$212,726.20 (inclusive of HST)
 - b. 2015 - \$212,726.20 (inclusive of HST)
 - c. 2016 - \$212,726.20 (inclusive of HST)
 - d. 2017 - \$212,726.20 (inclusive of HST)
 - e. 2018 - \$212,726.20 (inclusive of HST)Total: \$1,063,631.00 (inclusive of HST)
- 3) AND THAT the fees for telephone services in the amount of \$1,010,268 (inclusive of HST impact, \$202,053.60 per year) and \$53,363 (inclusive of HST impact, \$10,672.60 per year) be funded from operating budget account # 400-404-5105 and account # 400-404-5107, respectively, over a five year term subject to Council approval of the 2014, 2015, 2016, 2017, and 2018 Operating Budgets;
- 4) AND THAT Bell Canada be designated as the preferred vendor for City's telephone service needs for the five year term of this contract;
- 5) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to award the contract 134-R-13 for Provision of Business Phone Lines and long distance telephone services to Bell Canada (Sole bidder) for a three (3) year term with an option to renew for an additional two years.

BACKGROUND:

Bell Canada has been providing Local Telephone and Long Distance (Voice) services to the City of Markham and its facilities for decades. In 2012, following the completion of network bandwidth enhancements across all its facilities to 1 GB in 2011, the City successfully replaced its telephone infrastructure with a modern network-based technology Voice over Internet Protocol (VoIP). This migration provided reliable telephony services with redundant primary sites (the Civic Centre and 8100 Warden), and improved communication technology infrastructure management capability.

As part of the continued enhancement and infrastructure optimization to manage costs, Staff engaged a consulting company Nielsen IT consulting Inc. in February 2013. The scope of the engagement was to assess the current telephone services, design end-state telecom architecture and develop a strategy to achieve the desired goal. The strategy is focused on modernizing core voice communication platform, which is primarily related to telephone services such as consolidating and centralizing various City wide land telephones lines and circuits that connect to the Civic Centre including direct lines, business lines, and long distance services related to voice traffic.

It is with this background that the City issued a Request for Proposal (RFP) to secure a vendor for land telephone lines and services for a term of five (5) years.

BID INFORMATION:

Advertised, place and date	ETN
Bid closing date	August 01, 2013
Number picking up documents	7*
Number responding to bid	1

*Purchasing contacted bidders who downloaded the document and did not submit a bid. From the six (6) follow-up calls made, Purchasing found that two (2) of the suppliers are unable to provide a comprehensive response that will address the City's complete RFP requirements (they do not monitor PRI services from the network and cannot manage an Avaya PBX infrastructure); four (4) supplier's (including the main competitor), indicated that due to the existing infrastructure and the large amount of off-net sites for Central Offices, they were not well positioned to support this bid and felt their bid would be uncompetitive.

Vendors were also encouraged to provide alternative solutions as long as they were meeting or exceeding all the technical requirements.

PROPOSAL EVALUATION

The evaluation team was comprised of Staff from the ITS department and the Telecom Consultant with Purchasing Staff acting as the facilitator. The evaluation was based on pre-established evaluation criteria as detailed in the Request for Proposal: 10 points for Relevant Experience and Expertise of Firm & Team; 25 points for Project Understanding; Methodology, Delivery and Management; 35 points for Technical Requirements; and, 30 points for Price, totalling 100 points with resulting scores as follows:

Scoring

Vendor	Score (out of 100)	Rank
Bell Canada	74.10	1

Staff elected to invite the sole bidder to an Interview / Question & Answer Session, as allowed for in the bid document. The interview panel was comprised of Staff from ITS department and the Consultant, with Purchasing Staff acting as the facilitator. The interview was evaluated on pre-established questions and scoring criteria, with an additional 10 points provided for the proponent(s). This session was also used to clarify the proposed technical solution, service implications and cost variations in order to identify the optimum solution.

Vendor	Overall Score (Criteria and Interview) (out of 110)	Rank
Bell Canada	81.10	1

Bell Canada, the sole bidder, has proven experience as a full service communications company, providing voice/data services across Canada. Bell Canada has been providing Local Telephone and Long Distance (Voice) services to the City of Markham for decades and Staff are satisfied with its services. Their satisfied customers represent a wide variety of industry sectors, including (but not limited to): City of St. Catherines, Town of Oakville, City of Burlington; City of Toronto (public sector); University of Toronto, Toronto School Board (education); Sick Children Hospital, and Sunnybrook Hospital (healthcare). With all these clients being long-term clients, Bell has a well established position to help organizations leverage communications technology to provide a positive impact on their business.

Although there was no other submission to compare with, Staff believe that as a result of the Canadian Radio-television Commission's (CRTC's) de-regulation of local access voice services in the Greater Toronto Area, Bell Canada's proposed pricing is very competitive and discounted compared to the existing pricing. Under this contract the City will achieve a \$60,165.49/ year savings (unit price and long distance rate reductions, consolidation of business lines and improved redundancies) as identified under the financial considerations section. The price of \$1,063,631 (inclusive of HST) is fixed over a five-year term which allows the City to take advantage of their best pricing. Bell Canada owns the Telecommunication infrastructure in Markham, and working directly with the carrier who has the infrastructure in place ensures prompt resolution to problems.

The following are the list of new enhancements that are included in this award:

- Automatic/Manual Redundancy - better service reliability obtained through redundancy and survivability solutions to ensure automatic/manual backup in case of an internal system outage within the main City facilities or outages related to carrier services in the area.
- Cost Saving – the end-state telecommunication architecture achieved through this award will result in consolidation of business phone lines across the City, which in turn provides cost savings to the City.

In conclusion, the Bell Canada met all of the critical needs and expectations for telecom services. Bell's existing services have been very reliable with little downtime. The proposed solution is compatible with our current Avaya phone system. In addition the entire migration will be seamless and without any downtime impact to our users.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

The total contract cost of \$1,063,631 (inclusive of HST, \$212,726.20 per year) is fixed for a five year term (subject to the approval of the 2014, 2015, 2016, 2017, and 2018 Operating Budgets), includes the cost of ownership for Local Land Services such as business lines, primary phone lines which come to Civic Centre and direct phone lines in the amount of \$1,010,268 (inclusive of HST), will be funded from operating budget account # 400-404-5105 "Telephone Services, Lines, Directories", and Service Fees for long distance services in the amount of \$53,363 (inclusive of HST, \$10,672.26 per year) will be funded from operating budget account # 400-404-5107 "Telephone Long Distance Charges". On-going support and maintenance costs for the five year term are included in this award.

Through this award, annual savings of \$60,165.49 from the operating budget account #400-404-5105 "Telecommunication Services, Lines, Directories" have been identified and incorporated as a reduction in the proposed 2014 Operating Budget.

HUMAN RESOURCES CONSIDERATIONS:

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not Applicable

RECOMMENDED BY:

04/11/2013

X



Nasir Kenea
Chief Information Officer

04/11/2013

X



Trinela Cane
Commissioner, Corporate Services