



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** November 9, 2022
From: Grant Fengstad **File:** 04-1300-01/2022-Vol
 Director, Information Technology 01
Re: **Award of Contract 8054P - Telecommunications Services**

Staff Recommendation

1. That contract 8054P - Telecommunications Services be awarded to TELUS Communications Company for an aggregate value of \$3,696,898, excluding taxes, for an initial contract term of six years as described in the report titled "Award of Contract 8054P – Telecommunications Services", dated October 26, 2022 from the Director, Information Technology; and
2. That the Chief Administrative Officer and the General Manager, Finance and Corporate Services be authorized to execute the contract with TELUS Communications Company; and
3. That the Chief Administrative Officer and the General Manager, Finance and Corporate Services be authorized to extend the contract at the end of the original contract for a further six-year term.

Grant Fengstad
 Director, Information Technology
 (604-276-4096)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
Purchasing	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

In 2010, the City awarded a comprehensive contract to TELUS based on a publically posted RFP for telecommunication services. The scope of the agreement included wireline-based (landline) and wireless-based (mobility) services within the overall master services agreement.

The contract awarded in 2010 has expired and is being extended on a month-to-month basis to enable a new competitive process to be undertaken.

This report summarizes the public tendering process for Contract 8054P and requests Council approval for the award of a new agreement for telecommunications services.

This report supports Council's Strategic Plan 2018-2022 Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

5.1 Maintain a strong and robust financial position.

5.2 Clear accountability through transparent budgeting practices and effective public communication.

Analysis

RFP Process

Request for Proposals 8054P – Telecommunication Services was posted to BC Bid on May 31, 2022, and closed on July 12, 2022, which resulted in two proposals being received by the closing date from the following proponents:

1. TELUS
2. Rogers Inc.

The following describes the full scope of services that are required by the City:-

- Wireless / Mobility – *these are the services extended to smartphone and tablet users*
- Wireline / Landline – *these are services extended to facilities such as dedicated phone lines for alarm systems and other requirements*
- DID Landline – *the City subscribes to a pre-defined set of local phone numbers within the 604 area code. These are known as DID (Direct Inward Dial) numbers*
- Internet Services – *the City has high speed Internet services Corporately supporting the various operations as well as the Wi-Fi system*

- Wide Area Network Costs – *some locations are currently unable to connect directly to the City fibre based network. These locations have services provided through a telecom partner*
- Corporate Phone System Connection to PSTN – *the City operates a internal smart VoIP (Voice over IP) based system that enables person to person calling throughout the City. For calls requiring connection outside of the City, a PSTN (Public Services Telephone Network) connection is required*

Review Process

The proposals were evaluated by City staff and consisted of a two-phased evaluation process. The first phase involved independent reviews of each proposal scored against the following pre-determined criteria:

- Schedule of Pricing
- Corporate Background, Team Qualifications & Experience
- Portal, Billing and Administration
- Approach
- Voluntary Sponsorship

Table 1 is a summary of the financial proposals received, based on predicted annual usage of the required services with scores awarded by the evaluation team based on the criteria listed above.

Table 1 - Evaluation Summary

Proponent	TELUS	Rogers Inc.
Wireless / Mobility Costs (Annual)	\$286,308.00	\$299,328.00
Wireline / Landline Costs (Annual)	\$78,288.00	No bid ¹
DID Landline (Annual)	\$25,176.00	\$25,176.00
Internet Services (Annual)	\$88,764.00	\$112,452.00
Wide Area Network Costs (Annual)	\$67,200.00	\$30,648.00 ²
Corporate Phone System Connection to PSTN (Annual)	\$14,400.00	\$26,940.00
Total Cost	\$560,136.00	\$494,544.00
Annual Sponsorship proposed	\$25,000.00 ³	\$10,000.00
Evaluation Score	78.9%	71.3%

¹ Rogers did not provide any offering for landline based services

² Rogers provided only partial offerings for these requirements

³ The annual sponsorship will be provided directly by TELUS to the City and can be directed to programs at the City's discretion

The evaluation process resulted in TELUS being identified as the highest scoring proponent able to meet all of the requirements described in the RFP. Rogers submitted a proposal based on a partial response to the City's requirements (also reflected in their lower financial proposal). Rogers were therefore not considered in the second evaluation phase.

The second phase of the evaluation was based on:

- Virtual Interview
- Virtual Demonstration

Financial Impact

As summarized below in Table 2, the total cost of the proposed contract over a six-year term is estimated at \$3,696,898, including contingency. A contingency is required to accommodate potential changes, such as future growth and addition of subscribed services.

The City will realize annual savings of approximately \$150,000 with an overall total cost reduction for the same services compared to current annual costs.

Table 2: Total Initial Six-Year Term Cost

	Estimated Total Cost over initial 6 year contract term (excluding sponsorships)
Year 1	\$560,136.00
Year 2	\$560,136.00
Year 3	\$560,136.00
Year 4	\$560,136.00
Year 5	\$560,136.00
Year 6	\$560,136.00
Subtotal	\$3,360,816.00
Contingency (10%)	\$336,081.60
Total (for 6 year initial term)	\$3,696,897.60

The City has the option to extend the contract for an additional six-year term under the same terms and conditions. Pricing beyond the additional six (6) year Term will be negotiated. The estimated cost associated with this extension is summarized in Table 3.

Table 3: Total Extension Cost

	Estimated Total Cost
Estimated Total Cost over initial 6 year contract term (excluding sponsorships)	\$3,696,897.60
Estimated annual costs for years 7 - 12	\$3,360,816.00
Subtotal	\$7,057,713.60
Contingency (10%) for years 7 through to year 12)	\$336,081.60
Total (reflecting a 12 year contract term)	\$7,393,795.20

The maximum contract value over a twelve-year contract term is estimated at \$7,393,795 including contingency.

Various departmental operating budget accounts will fund the contract and is subject to annual approval by Council. The actual expenditures of the contract will reflect Council approved budgets.

Award Recommendation

Staff recommend that contract 8054P – Telecommunication Services be awarded to TELUS for an initial six-year term, with the option to renew for a further six-year term.

Conclusion

The contract award for the City’s telecommunication services was very successful as the City was able to negotiate the same level of service with an overall reduction of costs.



Grant Fengstad
Director, Information Technology
(604-276-4096)

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