

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

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