

NO: R160

COUNCIL DATE: July 23, 2018

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 16, 2018**

FROM: **General Manager, Corporate Services** FILE: **1355-01**

SUBJECT: **Award Standing Offer Agreement No. 1220-040-2018-062 for the Supply & Delivery of Cisco Servers**

RECOMMENDATION

The Corporate Services Department recommends that Council:

1. Award Standing Offer Agreement ("SOA") No. 1220-040-2018-062 for the non-exclusive supply and delivery of Cisco Server Technologies ("Cisco Server"), software, and services to Long View Systems ("LVS") for up to \$813,000.00 including GST and PST;
2. Set the expenditure authorization limit at \$894,300.00 including contingency and taxes; and
3. Delegate authority to the General Manager, Corporate Services Department, to execute the SOA with LVS.

SCOPE OF WORK

This report seeks Council authority to enter into a SOA with LVS to supply Cisco Servers for a three-year term.

Servers are one of the key technologies used to deliver the City's Information Technology ("IT") applications. This technology has an expected useful lifespan of five years.

Since 2015, the City has established Cisco Servers as its provider for the City's IT server requirements based on Cisco Server's preferred performance, reliability, and competitive industry price.

Through the use of specialized software (virtualization) and coupled with improvements in server technology, the number of servers needed to power the City's growing computer needs has experienced a modest growth over the last five years. There were 80 servers in 2014 growing to 95 servers in 2018.

Establishing a SOA with LVS pre-qualifies both the technology (Cisco Server) and the vendor, which, in turn, will significantly reduce the procurement process time allowing IT to more efficiently respond to increasing demand in new and expanding services that are dependent on server support such as MySurrey Portal and the Data Driven Decision Making (D3M) Program presently under development.

TENDER RESULTS

In June 2018, the City initiated Request for Quotation ("RFQ") 1220-040-2018-062 to invite interested parties to provide quotations to supply Cisco UCS Computer Server Hardware, Software and Services.

One response was received. An estimated three-year cost projection for the proposal was determined based on the RFQ response, server growth, and our end-of-life replacement schedule with the following result:

RFQ Proponent	Estimated Cost (projected over a three-year term), including GST & PST
LVS Systems	\$ 813,000

EVALUATION

The submission was reviewed by an Evaluation team that consisted of the Manager, IT Infrastructure and Operations, IT Operations Manager, and a Technical Architect. The evaluation was facilitated by the Purchasing Section. The following evaluation criteria were considered:

- Financial; and
- Experience, reputation, and resources

Although Long View was the only proponent to bid on this RFQ, they have successfully completed several IT projects for the City in the past.

Based on a subsequent market sounding exercise, staff was informed that other vendors chose not to compete in this RFQ as they do not have the same preferential pricing arrangement with Cisco as does Long View. This situation is expected to change in the future. Accordingly, the SOA is limited to a three-year term and is non-exclusive which allows the City to continue to seek competitive pricing for each separate purchase of Cisco Server technology over the three-year term.

Based on the criteria above, and overall evaluation, the LVS proposal meets the City requirements for servers supported by a defined discount structure on Cisco Server products.

Cloud based alternatives

Cloud-based server offerings introduce additional capabilities for the IT division to meet future requirements. However, British Columbia's *Freedom of Information and Protection of Privacy Act* ("FOIPPA") limits choices to Canadian hosted services. Many of these new services are hosted in the United States or outside of North America which disqualifies them for use by the City. That

said, service providers have begun to establish Canadian offerings that comply with provincial regulation.

Although Cloud based services will provide us with supplementary capabilities, it is anticipated that our purchases of Cisco servers over the next three year horizon will still be in alignment with the recommendations provided. Staff are closely monitoring this market to determine its effectiveness and potential for future consideration.

FUNDING

Funding is available in the IT 10 year Capital replacement program.

SUSTAINABILITY

The ongoing annual sustainment program ensures the stability and reliability of the City's mission critical computing technology and will support the Corporate Sustainability objective of the Sustainability Charter 2.0, specifically:

- Objective #3: Ensure that customer interaction with the City is convenient, efficient, data driven, and measurable.

CONCLUSION

- Award Standing Offer Agreement ("SOA") No. 1220-040-2018-062 for the non-exclusive supply and delivery of Cisco Server Technologies ("Cisco Server"), software, and services to Long View Systems ("LVS") for up to \$813,000.00 including GST and PST;
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Rob Costanzo
General Manager, Corporate Services