



## STAFF REPORT ACTION REQUIRED

### Extension of City of Toronto Telecommunications Infrastructure (COTTI) Contracts

<b>Date:</b>	October 25, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Information Officer, Information & Technology Division Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Internal Services\pmmd\gm07037pmmd (AFS #5524)

#### SUMMARY

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The purpose of this report is to request City Council's authority for the City to exercise its option to extend the existing City of Toronto Telecommunications Infrastructure (COTTI) voice and data contracts for an additional two years to January 14, 2011.

#### RECOMMENDATIONS

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**The Chief Information Officer, Information & Technology Division, and Director, Purchasing and Materials Management Division recommend that:**

1. City Council grant approval, subject to Divisional Operating Budget approval in each year, to extend the City of Toronto Telecommunications Infrastructure (COTTI) voice and data contracts with Bell Canada for an additional two years from January 15, 2009 to January 14, 2011 at a cost not to exceed \$17,010,872 net of GST for 2009 and \$18,711,959 net of GST for 2010 for a total potential cost of \$35,722,831 net of GST.

#### Financial Impact

The total potential cost for the contract extension is \$37,707,432.72 including all taxes and charges. The total potential cost to the City is \$35,722,831 net of GST for 2009 and 2010. The cost of the COTTI voice and data contracts will be funded from Divisions'

Operating Budgets. Funding for the contracts extensions will be included in future operating budget submissions by Divisions in 2009 and 2010. The rates and prices for the data and voice infrastructure services will not increase for the contract extensions, however, the total annual value will increase to accommodate the City's increased demand for data bandwidth and voice communications.

Year	Voice cost net of GST	Data cost net of GST	Cost net of GST
2009	\$10,772,711	\$6,238,161	\$17,010,872
2010	\$11,849,982	\$6,861,977	\$18,711,959
Total	\$22,622,693	\$13,100,138	\$35,722,831

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

Purchasing and Materials Management Division issued Request for Proposal (RFP) 9155-03-7029 for the City of Toronto Telecommunications Infrastructure on January 27, 2003. At its meeting of September 22, 23 and 24, 2003, City Council approved the award of RFP 9155-03-7029 to Bell Canada for a period of five (5) years at a cost not to exceed \$75,130,434 net of GST, with optional annual extensions in each of years 6 and 7 at the sole option of Council.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030922/adm9rpt/cl050.pdf>

## ISSUE BACKGROUND

Business needs and technology changes over the past few years have warranted a review of the City's strategy related to both voice and data communications technologies. To this end, staff have initiated a Voice over Internet Protocol (VoIP) strategy review in June 2007 which will be complete March 2008. The Wireless strategy review was initiated in October 2007 and will be complete September 2008. The results of these detailed reviews will provide key input into the next competitive procurement call to meet the City's long-term telecommunications infrastructure needs.

VoIP is a technology that allows voice to be carried over the same network as data; voice is digitized and sent as data packets over the computer network. Our current Centrex voice network is separate from our computer network. This is an important industry trend and other governments are taking a similar approach to convert to VoIP for cost savings while at the same time ensuring that service levels are maintained.

The lead time required to complete the next major procurement call, including: requirements specifications incorporating the results from the strategy reviews; proponent

response evaluation; contract award and negotiation; and implementation cutover in the event the incumbent is not the successful proponent, necessitates the City exercise its option to extend the current COTTI contracts with Bell Canada.

The COTTI contract extension will allow the City the time to take full advantage of the emerging VoIP and Wireless technologies, to ensure that the most cost effective and efficient networks are used to suit our telecommunications needs.

## COMMENTS

These contracts cover all of the City's voice and data needs. The products and services included are as follows:

- **Voice Infrastructure:**  
The voice infrastructure provides telephone service to 943 locations in the City of Toronto and consists of 22,625 telephone lines, installation and service charges, long distance and maintenance for 15,733 voicemail boxes and 966 Contact Centre agents.
- **Data Infrastructure:**  
The Wide Area Network links connect over 700 locations to the City's computer network. These links consist of high speed circuits using copper and fibre facilities. There are over 37,000 network access ports in the City today.

The contracts will be extended at the same rates and prices and with the same terms and conditions as the initial term.

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## SIGNATURE

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Lou Pagano, Director  
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