

**Amendment - Blanket Contract No. 47012152 for the supply and delivery of desktop and notebook computers, printers and related hardware, software and services**

<b>Date:</b>	February 25, 2010
<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:/2010/Internal Services/pmmd/GM10015pmmd (AFS #11471)

**SUMMARY**

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This report requests authority to increase the value of Contract No. 47012152 with Compugen Inc. for the supply and delivery of desktop and notebook computers, printers and related hardware, software and services in the amount not to exceed \$3,240,000.00 net of GST. The increase will allow the various City Divisions to continue to purchase desktop-related equipment and services and allow the Information and Technology Division (I&T) to continue desktop sustainment service until the new Request for Quotation (RFQ) is released and a new contract is awarded in June 2010.

**RECOMMENDATIONS**

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The Chief Information Officer and the Director, Purchasing and Materials Management Division recommend that the Government Management Committee grant authority to:

1. Increase Contract No. 47012152 for the supply and delivery of desktop and notebook computers, printers and related hardware, software and services with Compugen Inc. in the amount not to exceed \$3,240,000.00 net of GST for a revised contract value from \$21,745,991.45 net of GST to \$24,985,991.45 net of GST.

## **Financial Impact**

Funds in the amount of \$3,240,000.00 net of GST are available in the I&T Division approved 2010 Capital Budget and 2011-2019 Capital Plan and the requesting Programs' Capital or Operating Budget submissions.

The current contract value for Contract No. 47012152 for the supply and delivery of desktop and notebook computers, printers, related hardware, software is \$21,745,991.45 net of GST. As of January 31, 2010 the current spend is \$21,065,765.52 (96.9%) net of GST with a remaining balance of \$680,225.93 net of GST. Additional funds in the amount not to exceed \$3,240,000.00 net of GST are required to increase the contract value to allow the various Divisions to continue to purchase desktop-related equipment and services and allow the I&T Division to continue desktop sustainment service until the new RFQ is released and a new contract is awarded.

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

## **DECISION HISTORY**

On August 25, 2006 the Purchasing and Materials Management Division (PMMD) issued an (RFQ) for the supply and delivery of desktop and notebook computers, printers and related hardware, software and maintenance services for a three year period from the date of award to November 15, 2009 with the renewal option of up to 12 months.

The report found at:

<http://www.toronto.ca/legdocs/2006/agendas/committees/bc/bc061115/it005.pdf>

approved the award of RFQ No. 3412-06-3297 to Compugen Inc. for a period of three (3) years from the date of award to November 15, 2009 with the renewal option of up to 12 months. The report specified that should the Executive Director of Information & Technology wish to exercise the option to extend the contract of up to 12 months, then a report seeking approval for the extension would be prepared for Standing Committee at that time. This contract was awarded by utilizing the extended authority of the Bid Committee during the 2006 Election Period (Municipal Code Chapter 195-17)

This award was later reported to Council, as required by the Purchasing By-Law on April 12, 2007. The report is found at:

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-2685.pdf>

To request authority to exercise the option to renew Contract No. 47012152 for up to 12 months for the supply and delivery of desktop and notebook computers, printers and related hardware, software, and renew Contract 47012116 for Maintenance Services the Executive Director of Information & Technology jointly with Purchasing Materials Management Division submitted the following report to Government Management Committee for the September 17, 2009 meeting.

The report is found at:

<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-23328.pdf>

Authority was granted by the Government Management Committee on September 17, 2009 to exercise the option to extend Contract No. 47012152 in accordance with the same terms and conditions for up to 12 months commencing November 16, 2009.

## ISSUE BACKGROUND

At the time of Bid submission, Compugen Inc. offered the City a firm discount off of the lowest published Canadian web price for 3 years (from the date of award to November 15, 2009) and the same firm discount was also offered for the extension period of up to 12 months. The contract value for the extension period was estimated to be approximately \$6,480,000.00 net of GST. The I&T Division is only requesting to increase contract value in the amount not to exceed \$3,240,000.00 net of GST until the new RFQ is released and a contract is awarded. All terms and conditions remain the same.

The I&T Division jointly with PMMD submitted a report to Government Management Committee on September 17, 2009 and authority was granted to exercise the extension date of up to 12 months. The I&T Division did not request additional funds in this report as the Capital Sustainment budget was not yet approved.

The report to the Government Management Committee on September 17, 2009 identified that the unspent balance at that time was \$8,368,361.70 net of GST. Listed below is the contract spend breakdown from September 15, 2009 - January 31, 2010 is as follows:

	Total Net of GST
<b>Unspent Balance: As of September 2, 2009</b>	<b>\$8,368,361.70</b>
Divisional Purchases	\$1,795,476.94
Sustainment Purchases	\$5,892,580.23
<b>Unspent Balance: As of January 31, 2010</b>	<b>\$ 680,225.93</b>

## COMMENTS

The Information & Technology Division in cooperation with PMMD are currently preparing to issue an RFQ to replace the current Contract. Until the RFQ is issued and awarded, a contract value increase of \$3,240,000.00 net of GST is required so City Divisions can continue to purchase desktop-related equipment and the Capital Desktop Sustainment service can continue hardware deployments and emergency replacements for the period from March to June 2010. Staff in the I&T Division manages these contracts in accordance with the terms and conditions stated in the RFQ, and process all orders released against these contracts.

Desktop sustainment is a key foundation service to maintain the infrastructure in a state of good repair. It is a key underpinning service and often a prerequisite for other capital I&T projects that provides a known infrastructure (hardware and key base software). It is required to prepare for upcoming Capital projects planned for 2011.

The lifecycles of City computer assets have already been extended from their original lifecycle from 4 years to 5 years for desktops and from 3 years to 4 years for notebooks.

This was done to reduce costs and maximize return on investment. In addition, hundreds of computers, notebooks and printers due for replacement last year were also deferred due to the labour disruption and H1N1 response. Maintaining a more even replacement schedule throughout the year significantly reduces resource costs and is critical to maintain the infrastructure in a state of good repair.

This year's replacement is also part of the I&T Division's Greening the IT Fleet initiative. The new, smaller footprint desktops, are much more energy efficient and will immediately reduce energy consumption and costs.

## **CONCLUSION**

It is being recommended that authority be granted to increase the value of Contract No. 47012152 by an amount not to exceed \$3,240,000.00 net of GST from \$21,745,991.45 net of GST to \$24,985,991.45 net of GST, for the supply of desktop and notebook computers, printers and related hardware, software and services with Compugen Inc. This authority will continue to allow the purchase of desktop related equipment and services and allow the I&T Division to continue desktop sustainment service and enable achievement of the 2010 Capital plan for the end of life refresh of the old computer assets.

## **CONTACT**

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## **SIGNATURES**

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Dave Wallace  
Chief Information Officer  
Information & Technology Division

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Lou Pagano  
Director  
Purchasing & Materials Management  
Division