



## STAFF REPORT ACTION REQUIRED

### Cell Phone and Handheld Device Review Report

<b>Date:</b>	February 5, 2013
<b>To:</b>	Government Management Committee
<b>From:</b>	Acting Chief Information Officer and City Clerk
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Internal Services\gm13002I&T (AFS # 16851)

#### **SUMMARY**

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The report provides an overview of the current City of Toronto wireless contracts in response to a request by the Government Management Committee. The City's contract rates are competitive with other public sector organizations and the City receives a higher level of customer service than regular customers.

The City's current model of a preferred (but not exclusive) vendor of record for its cell phone contracts is the most optimal arrangement. This model benefits from economies of scale of a single contract for the majority of wireless devices, while meeting the specific requirements of diverse City operations with the availability of other vendor contracts.

The current contracts will expire in late 2014. Staff plan to initiate a new RFP in 2013 to ensure that best rates, terms and services are available to City staff and Elected Officials. Staff are also taking immediate steps to address concerns expressed by some users.

#### **RECOMMENDATIONS**

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The Acting Chief Information Officer and City Clerk recommend that:

1. Government Management Committee receive this report for information.

#### **Financial Impact**

There are no financial implications associated with this report.

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

## DECISION HISTORY

At its meeting on November 15, 2012, Government Management Committee adopted report GM18.20 "Cell Phone and Handheld Device Review" and requested the Acting Chief Information Officer and City Clerk to report back with an analysis of the City's current cell phone contracts, and the potential for consolidation into a single cell phone contract.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM18.20>

## ISSUE BACKGROUND

As of January 1, 2013, the City has 11,492 wireless devices in use, including 4,093 BlackBerrys, 4,824 cellular phones, and a small limited number of tablets with cellular services.

The current contracts for Wireless Telecommunications Services were awarded by Bid Committee on December 23, 2009, as a result of Request for Proposal 2104-09-3051.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.BD151.1>

TELUS Mobility was awarded the Preferred Vendor of Record contract. Rogers Wireless and Bell Mobility were awarded as the alternate Vendors of Record. The voice and data plan details of the three vendors are shown in Appendix A.

TELUS Mobility currently accounts for 85% of the City's wireless devices. The alternate Vendors of Record: Rogers Wireless and Bell Mobility, account for 9% and 6%, respectively. Details are shown in the table below:

Device	TELUS Mobility	Rogers	Bell Mobility	Total
BlackBerry	3683	372	38	4093
Cellular	4338	77	409	4824
Other Data	1621	614	340	2575
Total	9642	1063	787	11492
% of Share	85%	9%	6%	100%

## COMMENTS

### *The City's Cellular Contract Terms and Rates*

The City's current contracts have several features to ensure that the City's wireless charges are minimized:

- The City contracts include clauses to ensure that the City receives the best rates available to other government organizations during the term of the contract. Our rates match those provided to the Province of Ontario's Ministry of Government Services (MGS). This clause has resulted in rate reductions over the contract term.

- The City's contracts include minute pooling of all the wireless devices in the contract. As a result, no City staff are now charged for any voice and data usage beyond their basic plan.

Staff's survey of the Province of Ontario and other Canadian municipalities indicates that our rates and associated services are same or better than other public sector organizations receive. TELUS has confirmed that the City also receives the same or better rates compared to a large financial services institution customer with more wireless devices.

### *Customer Service*

The City is assigned Corporate Support Teams from each vendor for enhanced service support. These teams are knowledgeable about the City's account and contract structure and can respond quickly to any issues, with service standards as follows:

- TELUS: dedicated representative, shared support team; same business day call back; 24 x 7 technical support access;
- Rogers: shared team with 2 hour call back commitment; 24 x 7 technical support access;
- Bell: shared team with 24 hour call back commitment; business hours only.

### *Device Maintenance and Repair*

All City wireless devices are covered under a one year manufacturer's defect warranty. Valid repairs or replacement of the device during the warranty period is at no charge. After 3 repairs of a device for the same issue, the device is replaced with a new one free of charge regardless of the warranty period.

TELUS Mobility provides the City a limited inventory of accessories and handsets so that broken devices and accessories can be replaced promptly.

Devices purchased by the City under a term commitment of 2 or 3 years are eligible for earlier upgrade in comparison with retail customers. Depending on the carrier, the advance upgrade may be 6 to 12 months earlier than the actual end date of the commitment term. Retail customers are normally subject to a penalty of \$10 to \$20 per month on the remaining time of the commitment term if they wish to upgrade sooner.

### *Wireless Devices for Elected Officials*

Wireless equipment for Elected Officials and their staff are covered by the Constituency Services and Office Budget Policy, as well as by policies and decisions of City Council.

City staff are limited to the City's vendors and contracts. Councillors can set up their own wireless contracts directly with any vendor, or choose to join the City's contracts. Even if a Councillor joins the City's contract, their contracts and phone records are kept separate and distinct from those of City staff. This, however, means that the Councillors cannot

take advantage of the pooling of minutes enjoyed by City staff. Staff are currently investigating how Councillors can optimize their cell phone plans, while maintaining the separation between the phone information of Councillors and of City staff.

Some Councillors have expressed concerns over the speed of repair or replacement of damaged or malfunctioning devices. They also prefer to touch and test an actual device before being asked to decide on a particular device model. Staff are implementing measures to address these concerns. Initiatives include negotiating with the vendors to maintain an array of "floor display" phones available through the City's contract so that Councillors can handle the device before deciding on a particular model. Staff will also maintain an enhanced inventory of devices currently in use by Councillors so that any malfunctioning device can be promptly replaced with a new device.

### *Potential Consolidation into a Single Contract*

A complete consolidation of all City wireless devices into a single contract is not the optimal model to meet the business requirements of diverse City programs and services. The diverse operational requirements of City divisions may be technical (certain equipment is only available from one vendor, coverage is insufficient in critical areas of a building or area, a system solution is only available through one vendor) or business related (redundancy in case of individual vendor system failures).

Under the City's current model, all new or upgrade orders are placed with TELUS Mobility, as the Preferred Vendor of Record, unless there is an approved business requirement, as stated above. 85% of the City wireless devices currently are under contract with TELUS, as a result of this procurement model.

This model allows the City to have a single contract for most of the phones, while allowing for the flexibility to meet the unique requirements of City divisions with the availability of other vendor.

By comparison, the Province of Ontario allows for multiple contracts, with no preferred vendor program.

### *New City RFP for Cellular Contracts*

Since 2009, when the City last issued an RFP for Wireless Services, market changes have occurred:

- new wireless carriers (Wind Mobile, Public Mobile and Mobilicity) have entered the market;
- Push to Talk services are now available from vendors other than TELUS Mike service;
- Increase in automated machine communications requirements (e.g. for the Water Meter program)
- Tablets and other smartphone solutions have evolved and need to be added to wireless contracts.

As a result, while the current wireless contracts do not expire until December 31, 2014, staff will issue a new RFP in 2013 so as to keep current with market changes and new business requirements. This RFP will ensure best practices for both rates and services, incorporate service level standards and other customer service enhancements to ensure best value for money, as well as build in additional flexibility specifically for the requirements of Elected Officials. The scope of the RFP will include all devices which use cellular services, including cell phones, pagers, data modems, and tablets.

## **Conclusion**

The City's wireless contracts are competitive, with services and rates that match the rates of the Province of Ontario, and a provision for rate reduction if rates are lowered for other public sector organizations.

A new RFP will be issued in 2013 to ensure best practices in cellular contracts (rates and services) for City staff and Elected Officials. Elected Officials will continue to be able to join the City contract, or seek their own cellular contract.

Consolidation of cell phones into a single contract does not provide the optimal model for the City, as it will not meet the operational requirements of City divisions. The current preferred Vendor of Record approach has resulted in 85% of contracts with one vendor, achieving much of the goals of a single vendor program while providing the flexibility required to meet divisional business requirements.

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## **SIGNATURE**

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Lan Nguyen  
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Ulli S. Watkiss  
City Clerk

## **Appendix A: City of Toronto Voice and Data Plans**

The City has Vendor of Record contracts with Telus Mobility, Rogers Wireless and Bell Mobility. Telus Mobility has been the Preferred Vendor of Record as a result of RFP awards since 2006. All carriers' voice plans include:

- Minute Pooling (unused minutes can be used by others in the same account)
- Voicemail
- Call forwarding
- Caller ID
- Call waiting
- Per second billing
- Unlimited evenings and weekends
- Free calling between City cellular lines on the same carrier
- Detailed per call billing records and electronic invoice processing

The City pays a fixed rate for basic monthly service and does not pay additional monthly "System Access or 911 Fees" ranging from \$2 to \$7/month, or activation fees that are typical for retail consumer accounts. Additionally, each carrier provides discounted rates and plans applicable to use for U.S. and International Roaming.

### Telus Mobility Voice Plan

- \$18/month (vs. \$40/month for equivalent retail plan)
- 200 minutes + Unlimited evening and weekend minutes
- Unlimited text messaging
- Optional BlackBerry Plan \$32/month with unlimited data (vs. \$60/month equivalent retail plan)

### Rogers Wireless Voice Plan

- \$19.55/month (vs. \$40/month equivalent retail plan)
- 250 minutes + 250 incoming minutes free
- Unlimited evening and weekend minutes
- 125 sent text messages (received are free)
- Optional BlackBerry Plan \$30/month with 1 GB of data (vs. \$40/month equivalent retail plan)

### Bell Mobility Voice Plan

- \$20/month (vs. \$44/month retail)
- 250 minutes
- Unlimited incoming calls
- Unlimited text messaging
- Optional BlackBerry Plan \$32/month with unlimited data (vs. \$35/month 1GB data retail plan)

All City Staff use these rate plans and because of minute pooling, there have been no additional charges for local calls for the past 7 months.

## Appendix B: Rate Plan Survey

Staff conducted a survey of cell contract rates by contacting the Province of Ontario and several municipalities. In addition, TELUS was contacted to provide input on comparative rates of the City versus other municipalities and comparable private sector clients. Assessment included below:

Organization	Analysis
Province of Ontario: Ministry of Government Services (MGS)	Toronto is receiving better rates and benefit from free in-network calling (i.e. TELUS to TELUS calls are unlimited); MGS only had this as promotion until June 2011. Toronto also has better hardware purchase rates.
City of Pickering	They use the MGS contract.
City of Hamilton	Their rates are equivalent to Toronto's. Rogers provided a signing bonus and Bell provided a loyalty credit based upon a minimum number of users. These financial incentives are confidential.
City of Calgary	Calgary has more users with TELUS and Toronto has better rates.
Large Canadian Financial Services Institution	They have more users with TELUS and Toronto has better rates.