



## REPORT FOR ACTION

### **Amendment to Blanket Contract Number 47020547 with Softchoice LP to Extend Term for the Procurement of Microsoft Select Plus Licenses**

**Date:** November 18, 2019  
**To:** General Government and Licensing Committee  
**From:** Chief Technology Officer and Chief Purchasing Officer  
**Wards:** All

#### **SUMMARY**

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The City of Toronto technology strategy enables continuous availability of technology tools. A key aspect entails ensuring staff are provided with Microsoft Office tools for email, word processing, spreadsheet and PowerPoint functionality utilized for business operations, collaboration and productivity.

The City of Toronto leverages the Province of Ontario's contractual agreement with Microsoft through a Vendor of Record reseller organization (Softchoice). To maintain the business investment and continuity of the best available pricing from Microsoft, staff are requesting authority to amend Blanket Contract Number 47020547 with Softchoice. The amendment extends the term for a period of nine months from December 31, 2019 to September 30, 2020. It also increases the contract amount by \$2,922,234 net of Harmonized Sales Tax (\$2,973,666 net of Harmonized Sales Tax recoveries), increasing the total contract value from \$5,277,746 to \$8,199,980 net of Harmonized Sales Tax.

In December 2016, City Council granted staff the authority to leverage the Provincial Agreement with Microsoft, resulting in a City Blanket Contract with Softchoice. This authority will expire in December 2019 but the Provincial Agreement expires in September 2020. To continue receiving the Provincial maximum Microsoft maximum discount pricing, the City needs to extend the Blanket Contract to expire at the same period as the Provincial Agreement.

City Council approval is required in accordance with the City of Toronto Municipal Code Chapter 195, Purchasing By-law. The Code outlines where the current non-competitive procurement request exceeds the Chief Purchasing Officer's authority of the cumulative five-year commitment limit under Article 7, Section 195-7.3D of the Purchasing By-law. The Code also outlines where procurement request exceeds the threshold of \$500,000

net of Harmonized Sales Tax allowed under staff authority. This is as per the City of Toronto Municipal Code Chapter 71, Financial Control By-law, Section 71-11A.

## RECOMMENDATIONS

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The Chief Technology Officer and the Chief Purchasing Officer recommend that:

1. City Council, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grant authority to:
  - a. extend the term of existing Blanket Contract Number 47020547 with Softchoice LP for the supply of Microsoft Select Plus licenses, as required on a pay-as-you-go basis, for a period of nine months from December 31, 2019 to September 30, 2020, to align with the term of the Province of Ontario's Microsoft Select Plus Agreement which expires on September 30, 2020; and
  - b. increase the contract amount by \$2,922,234 net of Harmonized Sales Tax (\$2,973,666 net of Harmonized Sales Tax recoveries), revising the total contract amount from \$5,277,746 (\$5,370,634 net of Harmonized Sales Tax recoveries) to \$8,199,980 net of Harmonized Sales Tax (\$8,344,300 net of Harmonized Sales Tax recoveries).

## FINANCIAL IMPACT

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The total estimated value of the amendment to Blanket Contract Number 47020547 is \$2,922,234 net of all applicable taxes (\$2,973,666 net of HST recoveries) for Microsoft Select Plus Licenses. The annual estimated expenditure for the nine-month extension is summarized as follows.

Table 1 - Financial Impact of Microsoft Select Plus Licenses

	Cost Centre/WBS	Cost Element	Jan 1, 2020 to September 30, 2020
Microsoft Select Plus licenses (net of HST recoveries)	CIT702-02-05, CIT702-08-03	3420	\$1,308,413
	Others	3420	\$ 1,665,253
<b>Total</b>			<b>2,973,666</b>

Funding of \$1,308,413 has been included in the Information and Technology 2020 Capital Budget Submission and 2021-2029 Capital Plan. The remaining amount will be funded by the approved Program Areas' respective operating or capital accounts on an as required basis.

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

## **DECISION HISTORY**

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On December 13, 14 and 15, 2016 City Council granted the authority under GM16.8 to the Chief Information Officer to enter into a new contract with Softchoice LP, the successful VOR Reseller under the Province of Ontario's Microsoft Select Plus Agreement, for the supply of Microsoft licenses, as required on a pay-as-you-go basis for a period of one year with the option to renew for two separate one year periods ending December 31, 2019, in the amount of \$5,370,634 (net of HST recoveries). As a result, Blanket Contract No. 47020547 was issued.

The following is the link to City Council Decision Document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.8>

## COMMENTS

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The Microsoft Select Plus Agreement provides the following benefits:

1. Software licenses currently in use across the City as part of its daily operations are covered.
2. There are volume discounts for on-Premise Microsoft licenses, available for the Broader Public Sector organizations. These are for all standard Microsoft desktop and server-based software products. They include MS Office, Visio, Project and Exchange (Outlook).
3. Utilization of this Agreement is centralized with all City Divisions requesting Microsoft Licenses on an as-needed basis.

The Fair Wage Office has reported that Softchoice LP has reviewed and understands the Fair Wage Policy and Labour Trades requirements. Softchoice LP has agreed to fully comply.

## **CONTACT**

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## **SIGNATURE**

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Lawrence Eta  
Chief Technology Officer

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Michael Pacholok  
Chief Purchasing Officer