



**STAFF REPORT
ACTION REQUIRED**

Non-Competitive Contract for Proprietary Geographic Information System Software Licenses from ESRI Canada Limited

Date:	April 22, 2016
To:	Government Management Committee
From:	Chief Information Officer Director, Purchasing & Materials Management
Wards:	All
Reference Number:	P:\2016\Internal Services\I&T\Gm16004I&T (AFS23114)

SUMMARY

The purpose of this report is to seek City Council authority to approve and enter into a non-competitive contract with ESRI Canada Limited (ESRI) to purchase proprietary geographic information system (GIS) software licenses for a one (1) period commencing from the date that the contract is issued, with the option to renew for additional four (4) separate one (1) year periods, at the sole discretion of the City and subject to budget approval(s), for the total amount of \$800,000 net of HST and \$814,080 net of HST recoveries.

City Council approval is required in accordance with Municipal Code By-law Chapter 195-Purchasing, where the current request has exceeded the Chief Purchasing Official's authority of the cumulative five (5) year commitment limit under Section 1 of the Purchasing By-Law and also exceeds the threshold of \$500,000, net of HST, allowed under staff authority as per the Municipal Code By-Law, Chapter 71 – Financial Control.

RECOMMENDATIONS

The Chief Information Officer and the Director, Purchasing and Material Management Division recommend that:

1. City Council grant authority to the Chief Information Officer, to negotiate and enter into a non-competitive contract with ESRI Canada Limited to purchase proprietary geographic information system software licenses, for a one (1) year period commencing from the date that the contract is issued, with the option to renew for additional four (4) separate one (1) year periods, at the sole discretion of the City and subject to budget approval(s), for the total amount of \$800,000 net of HST (\$814,080 net of HST recoveries) on terms and conditions satisfactory to the Chief Information Officer and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

Funding in the total amount of \$800,000 net of HST (\$814,080 net of HST recoveries) for the one (1) period and the four (4) option years will be provided by City Divisions from their respective Operating or Capital Budgets.

It is forecasted that City Divisions including but not limited to Information & Technology, City Planning, Toronto Water, Transportation, Parks, Forestry & Recreation, Public Health, and Engineering & Construction Services will purchase approximately \$160,000 net of HST (\$162,816 net of HST recoveries) per year. This forecast is based on past expenditures and anticipated future demand.

Funding in the amount of \$160,000 net of HST (\$162,816 net of HST recoveries) is included in the respective Divisions 2016 Approved Capital & Operating Budgets. Funding for future years will remain in the base budget for the respective Divisions.

City Planning, and various units in Transportation Services currently have outstanding requests to be fulfilled for 2016, which account for \$64,000 net of HST (\$65,126 net of HST recoveries).

Year	Divisions	Cost Centre / WBS Element	Cost Element	Net of HST Recoveries
2016	City Planning	CUR028-30	3420	\$44,774
	Transportation Services	TP0110 TP0001	3420	\$20,352
	Various Divisions	Ad hoc * (Various Operating & Capital Budgets)	3420	\$97,690
2017	Various Divisions	Ad hoc * (Various Operating & Capital Budgets)	3420	\$162,816

Year	Divisions	Cost Centre / WBS Element	Cost Element	Net of HST Recoveries
2018	Various Divisions	Ad hoc * (Various Operating & Capital Budgets)	3420	\$162,816
2019	Various Divisions	Ad hoc * (Various Operating & Capital Budgets)	3420	\$162,816
2020	Various Divisions	Ad hoc * (Various Operating & Capital Budgets)	3420	\$162,816
Total				\$814,080
* The breakdown of the estimated requirements under operating and capital budgets cannot be determined at this point due to the ad hoc nature of the license purchases.				

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

ISSUE BACKGROUND

In 2003, ESRI was the successful proponent for Request for Proposal 9144-03-7067. Information & Technology Division executed a \$357,627 contract with ESRI for software solutions to facilitate access to the City's enterprise geographic information platform.

Access and use of geographic information by City Divisions contained within the enterprise geographic information platform has been enabled primarily via ESRI software.

The City has continued to leverage this investment through license purchases, and maintenance and support over the past years to ensure the solution continues to meet City requirements.

From 2004 to 2015, the City spent \$1,444,027 on ESRI software. Currently the City has 439 Desktop licenses and 36 Server Software Licenses and is currently used by approximately 3,000 City staff.

ESRI is a worldwide industry leader in GIS technology development and is based in Redlands, California. ESRI Canada Ltd. is the sole distributor of ESRI software licenses in Canada.

COMMENTS

The primary divisions using ESRI software include Information & Technology, City Planning, Toronto Water, Transportation, Parks, Forestry & Recreation, Public Health, and Engineering & Construction Services.

In the Geospatial Competency Centre, within Information & Technology, the software is used for the provision of geospatial business solutions and data services to City's internal organizations, other levels of government, and the private industry.

Other divisions use the software for internal operations and service delivery to the public and to access geospatial data from an enterprise geospatial data repository managed by Information & Technology.

Those divisions then use the data generated to build map based applications which are accessed by the general public.

Examples of public facing municipal services that access standardized and accessible location information data within the Enterprise Geographic Information platform include:

- Address validation by Customer Service Representatives in 311 operations
- Police, Fire, Ambulance, 911 emergency dispatch
- Visualization of capital infrastructure activities on the City's website
- On-Street Parking Permits
- "Where do I Vote" in support of Municipal Elections
- Issuance of Tax and Utility billings

City Divisions use of geographic data and technology has continued to increase over the last five (5) years and it is expected to continue to do so.

Adopting the recommendation contained in this report will further leverage the existing investments and expertise in ESRI technology. This will position the City to utilize the Enterprise Geographic Information platform to efficiently deliver services to the public.

The purchase of ESRI software has been done through individual non-competitive purchase agreements. Each purchase is individually reviewed by Legal and procurement staff. Through the execution of a non-competitive contract in the form of a Master License Agreement, will eliminate the need to review each individual purchase.

ESRI Canada Limited has confirmed through a sole source letter that they are the only authorized legal entity allowed to sell ESRI's proprietary, trademarked, and patented software products to clients in Canada, to provide professional services and support necessary to implement ESRI software, and that they provide the highest possible pricing discount to the City at the same level as their other provincial and federal clients.

The continued maintenance and support of ESRI licenses has most recently been addressed through GM8.8 for the renewal of Proprietary Information Technology Maintenance & Support Contracts from 2016-2020, which was approved by Council on December 9 and 10, 2015.

The Fair Wage Office has reported that ESRI has reviewed and understood the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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