



STAFF REPORT ACTION REQUIRED

Contract and Service Level Agreement with Cogeco Data Services Inc. for an Internet Service Provider (ISP)

Date:	May 20, 2016
To:	Government Management Committee
From:	Chief Information Officer, Information & Technology Division and Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2016\Internal Services\I&T\Gm16006I&T (AFS23238)

SUMMARY

The purpose of this report is to seek City Council authority to enter into a Service Level Agreement and Contract with Cogeco Data Services Inc. (Cogeco) for the supply of an internet service provider (ISP) solution for a five (5) year period from August 1, 2016 to July 31, 2021 in the amount of \$621,076 net of all applicable taxes and charges (\$632,007, net of HST recoveries). Cogeco was selected as the ISP for the Toronto Public Library (TPL) as a result of being the highest scoring proponent from a competitive call process.

A cost-benefit analysis for the existing ISP services was undertaken in support of the recommended approach. Leveraging the TPL contract provides the City with the best possible pricing for ISP services as TPL is a much larger consumer of ISP bulk bandwidth services than the City is today (e.g. TPL uses approximately 2000 Mbps (megabytes per second) more bandwidth vs. 200 Mbps for the City).

RECOMMENDATIONS

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

1. City Council grant authority for the Chief Information Officer to negotiate and enter into a new Contract and Service Level Agreement with Cogeco Data Services Inc., the successful vendor of the competitive process conducted by the

Toronto Public Library for the supply of an internet service provider service solution.

This contract will be based on the same legal terms and conditions of the Toronto Public Library Agreement, for a period of five (5) years beginning on August 1, 2016 and ending on July 31, 2021, in the amount of \$621,076 net of all applicable taxes and charges (\$632,007, net of HST recoveries).

FINANCIAL IMPACT

The contract award identified in this report is \$701,816, including all applicable taxes and charges. The cost to the City is \$632,007, net of HST recoveries. The annual estimated expenditures are summarized as follows:

Period	Value net of HST	Value net of HST recoveries
First Year Period August 1, 2016 to December 31, 2016	\$34,775	\$35,387
January 1 to July 31, 2017	<u>\$48,685</u>	<u>\$49,542</u>
Sub-total	\$83,460	\$84,929
Second Year Period August 1, 2017 to July 31, 2018	\$100,152	\$101,915
Third Year Period August 1, 2018 to July 31, 2019	\$120,182	\$122,298
Fourth Year Period August 1, 2019 to July 31, 2020	\$144,219	\$146,757
Fifth Year Period August 1, 2020 to July 31, 2021	\$173,063	\$176,109
Total	\$621,076	\$632,007

Funding in the amount of \$35,387 is included in the 2016 Approved Operating Budget for Information & Technology under Cost Center IT1017, GL account 4813. Appropriate funding for 2017 to 2021 will be included in the 2017 to 2021 annual Operating Budget Submission for Information & Technology.

The above table takes into account a 2000 Mbps access speed and has factored in an annual growth of 20%.

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

DECISION HISTORY

The Toronto Public Library (TPL) issued a Request for Proposal (RFP: TPL 045-2013) for an Internet Services Provider (ISP), on July 31, 2013 and secured a contract with Cogeco Data Services Inc. (Cogeco). The RFP made provisions for the City to leverage the contract and the significant rates and bulk discounts offered. City staff reviewed the rates with TPL and Cogeco and found the rates to be exceptional for ISP services and hence wants to establish a separate contract for Cogeco to provide ISP services for the City.

ISSUE BACKGROUND

TPL secured a very competitive bulk discount rate for an ISP through a competitive RFP process. Cogeco was the successful proponent resulting in TPL securing a multi-year contract with Cogeco which expires December 31, 2021 under RFP and Agreement #TPL 045-2013.

Section 2.4.2 of the TPL RFP provides for the City of Toronto and its Agencies, Boards, Commissions and Corporations have the ability to secure these bulk discount rates (Pricing Options) including a Dedicated Guaranteed Bandwidth Service Option and a Burstable Bandwidth Service Option.

Leveraging the TPL contract provides the City with the best possible pricing for ISP services as TPL is a much larger consumer of ISP bulk bandwidth services than the City is today e.g. TPL uses approximately 2000 Mbps and more bandwidth, vs. 200 Mbps for the City.

Key Points:

- The current monthly cost with existing vendor (Bell Canada) is \$12,239 for 200 Mbps of bandwidth. Proposed revised cost quoted from Bell Canada will be \$7,872 for 2000 Mbps.
- The proposed monthly cost with Cogeco would be \$6,955 for 2000 Mbps of bandwidth.
- The City would continue to have the option of using multiple providers of ISP services for offering redundancy, diversity and enhanced disaster recovery services.
- The City has other similar type services with Cogeco through its current Wide Area Network (WAN) contract and found that the service is very reliable.

- The contract will be set up using the same terms, conditions and pricing.

Should the TPL decide to renew the contract with Cogeco, City staff will report back on a recommendation for a replacement contract at that time.

COMMENTS

In order to continue to provide the City with competitive prices for the supply of Internet Services, it is recommended that the City utilize the Toronto Public Library's contract with Cogeco Data Services Inc.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

John Davies
Deputy Chief Information Officer

Information & Technology Division
Tel: 416-392-8494
E-mail: jwdavies@toronto.ca

Jacquie Breen
Manager, Corporate Purchasing
Policy & Quality Assurance
Purchasing & Materials Management
Tel: 416-392-0387
E-mail: jbreen@toronto.ca

SIGNATURE

Rob Meikle
Chief Information Officer
Information & Technology

Michael Pacholok
Director, Purchasing & Materials
Management Division