



REPORT FOR ACTION

Request to Amend Contract No. 47019536 with ONX Enterprise Solutions Ltd. for Intel Servers and Related Equipment and Services

Date: February 19, 2019

To: General Government and Licensing Committee

From: Chief Information Officer and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority to amend and increase Blanket Contract No. 47019536 with ONX Enterprise Solutions Ltd., for the supply of Intel servers and related equipment for various City of Toronto programs as required, by the amount of \$3,000,000 net of HST (\$3,052,800 net of HST recoveries). The total contract amount will increase from \$6,551,129 to \$9,551,129, net of HST (\$9,719,229 net of HST recoveries).

RECOMMENDATIONS

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

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law) grant authority to amend Blanket Contract No. 47019536 issued to ONX Enterprise Solutions Ltd., for Intel servers and related equipment, by an additional amount of \$3,000,000 net of all applicable taxes and charges (\$3,052,800 net of HST recoveries) revising the current contract value from \$6,551,129 to \$9,551,129 net of applicable taxes and charges as per the original terms, conditions and discounts set out in the Request for Quotation 3405-15-3129.

FINANCIAL IMPACT

The total contract expenditure increase is \$3,000,000 net of all applicable taxes and charges (\$3,052,800 net of HST recoveries).

The annual estimated expenditures are summarized as follows:

Cost Centre or WBS Element	2019	2020	Total (net of HST Recoveries)
CIT702-06-03 (I&T Enterprise Server Replacement)	\$1,221,120	\$1,221,120	\$2,442,240
Capital from various programs	\$305,280	\$305,280	\$610,560
Total	\$1,526,400	\$1,526,400	\$3,052,800

Funding for 2019-2020 has been included in the respective programs 2019 Capital Budget Submissions and the 2020-2028 Capital Plan.

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

DECISION HISTORY

At its meeting on October 28, 2015, during consideration of report BD54.4 entitled "Award of Request for Quotation No. 3405-15-3129 to ONX Enterprise Solutions Ltd. for the Supply, Delivery, Installation, Warranty of Intel Servers and Related Equipment and Services", the Bid Committee granted authority to award the contract in the amount of \$6,158,646 net of HST recoveries for the period 2016-2020.

A copy of the Bid Committee decision related to this request is available at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.BD54.4>

As technology modernizes presenting options and opportunities to deliver improved service agility to the Divisions, the City is adopting an approach to migrate from Oracle server hardware to Intel based hardware. The contract was amended on December 12, 2018, to increase the value by an additional \$499,000 for a total contract value of \$6,551,129.

The original contract value was nearly depleted within the first 3 years (2016-2018):

- Life Cycle Management program used approx. \$4,000,000 for planned server infrastructure replacement.

- The following capital projects were not identified as part of the original scope of the contract
 - Financial Planning Analysis Reporting System - Enterprise Performance Management project (FPARS-EPM) project as part of the strategy to migrate out of Oracle hardware to SAP HANA (approx. \$800,000)
 - Adhoc purchases for other divisional capital projects (approx. \$1,000,000); examples – PCI Compliance Project, Toronto Water server virtualization
 - Management decision to accelerate virtualization strategy to consolidate existing physical servers (approx. \$500,000)

COMMENTS

As part of Life Cycle Management program (State of Good Repair) leading to continuous improvements of the City-wide server technology infrastructure, Information and Technology Division reviewed the current state technology environment and identified opportunities to reduce the physical infrastructure footprint to support a simplified business continuity structure by consolidating servers as adopted by industry best practice standards of virtualization. The strategic approach entailed transitioning Oracle server hardware to Intel based hardware which creates an opportunity of reduction in maintenance expenditure (approx. 10%).

A total of \$3,000,000 net of HST (\$3,052,800 net of HST recoveries) is requested to be added to the Intel contract to support the technology approach. When the \$3,000,000 amount is spent by the end of 2020, a new RFQ will be issued to establish a new contract.

Authority is required in accordance with Municipal Code Chapter 71-Financial control, to authorize the over-expenditure of the contract by an amount greater than \$500,000.

The Fair Wage Office has reported that OnX Enterprise Solutions Ltd. has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

Lawrence Eta, Deputy Chief Information Officer TIS, Corporate Services, and Telephone: 416-392-8494, Email: Lawrence.Eta@toronto.ca

Elena Caruso, Manager, Goods and Services, Purchasing & Materials Management Division, Telephone: 416-392-7316, Email: Elena.Caruso@toronto.ca

SIGNATURE

Rob Meikle
Chief Information Officer

Michael Pacholok
Chief Purchasing Officer