



REPORT FOR ACTION

Amendment to Contract 47023290 with CBCI Telecom Canada Inc. for the Supply, Delivery, Installation and Warranty of Audio-Visual related Products and Services

Date: June 17, 2022

To: General Government and Licensing Committee

From: Chief Technology Officer and Acting Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend Blanket Contract Number 47023290 issued to CBCI Telecom Canada Inc. ("CBCI") for the supply, delivery, installation and warranty of audio-visual related products and services, increasing the contract value by \$3,000,000 net of all taxes and charges (\$3,052,800 net of Harmonized Sale Tax Recoveries) to a total contract value of \$5,121,361.82 net of all taxes and charges (\$5,211,497.79 net of Harmonized Sale Tax Recoveries).

The City's audio-visual hardware such as Smart TVs, video conference equipment, digital signage, related accessories, cabling and related design and installation services are purchased through a centralized blanket contract managed by the Technology Services Division.

On November 3, 2020, the City issued a competitive Request for Quotation Ariba Document Number 2523954772 for the supply, delivery, installation and warranty of audio-visual hardware, accessories and professional services. Pursuant to the Request for Quotation, blanket contract 47023290 was awarded to CBCI Telecom Canada Inc. on December 2, 2020 for a period of five (5) years from the date of award. The total value of the award was \$1,621,361.82 net of all taxes and charges (\$1,649,897.79 net of Harmonized Sales Tax recoveries).

On December 1, 2021, a Purchase Order Amendment increased the target value of the contract by \$500,000.00 to \$ 2,121,361.82 net of all taxes and charges to accommodate accelerated audio-visual device procurements, design and installation services due to COVID-19. As of May 25, 2022, the contract is now 91.75% spent, with \$177,075.23 value remaining.

A value increase is recommended as audio-visual hardware and services have become critical in supporting hybrid work and collaboration across all City divisions. Increasing the contract value will enable the City and Technology Services Division to support the immediate requirements of Return to Office, planned maintenance to Legislative meeting spaces, in-flight construction projects, ModernTO and the Workplace Modernization Program and to replace aging and failed audio-visual hardware.

Initially, the award was intended for the procurement of new and upgraded hardware and services for collaboration spaces developed under the ModernTO Workplace Modernization Program. However, with the continued global COVID-19 pandemic, the number of audio-visual devices and services procured was accelerated to enable remote/hybrid meetings such as legislative meetings, court proceedings and hybrid press conferences. Even with Return to Office, the demand continues for audio-visual equipment to support hybrid meeting initiatives and new collaboration spaces. The increased demand means the original contract value projections have been severely impacted. In addition, renovated work spaces now focus on a larger quantity of collaboration spaces in each area and AV purchases are being standardized onto this central blanket contract.

General Government and Licensing Committee approval is required in accordance with Section 71-11.1C of the Toronto Municipal Code Chapter 71 (Financial Control By-law), where the current request exceeds the threshold of \$500,000 net of all taxes and charges.

RECOMMENDATIONS

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

1. The General Government and Licensing Committee grant authority to amend Blanket Contract Number 47023290 issued to CBCI Telecom Canada Inc. for the supply, delivery, installation, and warranty of audio-visual related products and services, increasing the value of the contract by \$3,000,000 net all taxes and applicable charges (\$3,052,800 net of Harmonized Sale Tax Recoveries) revising the current blanket contract value from \$2,121,361.82 net of all applicable taxes and charges (\$2,158,697.79 net of Harmonized Sale Tax Recoveries) to \$5,121,361.82 net of all applicable taxes and charges (\$5,211,497.79 net of Harmonized Sale Tax Recoveries).

FINANCIAL IMPACT

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

As of May 25, 2022 the contract is now 91.75% spent, with \$177,075.23 value remaining. The contract awarded to CBCI Telecom Canada Inc. has an average run rate of approximately \$108,000 per month. Technology Services Division anticipates continued demand for audio-visual hardware and services associated with Return to Office and the need for collaboration spaces. The value increase requested is based on historic rate, known for in-flight construction projects and expected continued demand for meeting rooms.

Table 1 – Funding (all values net of HST recoveries)

Division	WBS/Cost Centre	Cost Element	Q3-Q4 2022	Q1-Q4 2023	Q1 2024	Total
Various Division	Various Operating/ Capital Budgets*	3410	\$915,840	\$1,831,680	\$305,280	\$3,052,800

*All Divisions order audio-visual equipment on an as-required basis and as approved in their respective Capital and Operating budgets. Numbers are estimates only based on planned maintenance to legislative meeting spaces, in-flight construction projects, and replacement of aging and failed audio-visual hardware.

City Divisions will be able to draw upon the contract on an as-needed basis by issuing Contract Release Orders against the contract subject to validation of funding at the time of issuance and approval by the Division Head of the requesting division. Individual cost centres will be identified by the Divisions on each Contract Release Orders as it is issued against the contract.

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

DECISION HISTORY

A Contract Award was made by Bid Award Panel at its meeting on December 2nd, 2020, to award Request for Quotation Number 2523954772 through item BA112.7 to CBCI Telecom Canada Inc., for a term of five (5) years from the date of award, for a total amount of \$1,621,361.82 (excluding taxes).

Bid Award Panel document can be viewed at:
[Agenda Item History - 2020.BA112.7 \(toronto.ca\)](#)

COMMENTS

As part of its business operations, Technology Services Division manages all audio-visual hardware and accessories through a blanket contract 47023290. This allows procurement of standardized equipment, custom configuration where required, centralized asset tracking and services to design and install collaboration spaces as required.

A key consideration in requesting a value increase in the contract value is the current market conditions. There is a global shortage of audio-visual components containing

chipsets affecting all manufacturing and a significant disruption¹ of the global supply chain resulting in an average of 26 weeks lead time for deliveries. Along with this, there is a very high world-wide demand for audio-visual technology. Technology Services Division expects the constrained audio-visual technology supply to last through 2022 and possibly into 2023². Additionally, given the global manufacturing shortage of hardware and cost of goods³ overall for raw materials, it is anticipated that if the City were to issue a new procurement at this time, the cost of the audio-visual hardware quoted would increase significantly, regardless of supplier. There is a possibility that vendors may not be able to commit to forecasts and timelines given the shortages, resulting in a failed Request for Quotation process. Maintaining contract stability also allows the City to forecast longer term requirements to mitigate the impact of the manufacturing and delivery delays.

The contract in place has the following key features: (1) fixed discount pricing off Manufacturer Suggested Retail Price for the duration of the contract Term; (2) free upgrades to 5 year warranties on most products; (3) free access to an audio-visual training institute available for technical and other staff; and (4) access to manufacturer design services for complex projects.

At this time, Technology Services Division plans to issue a new procurement call when the market conditions stabilize. Failure to increase the target value of the existing contract would require the City to undertake a new procurement process in 2022 and would delay fulfillment of existing and future orders until the award of a new contract in late summer at the earliest. This will impact all Divisions and Council areas as they would not be able to receive audio-visual equipment for new collaboration meeting spaces, required upgrades for existing rooms, or to replace failed aging hardware. Return to Office and ModernTO and the Workplace Modernization Program would also be impacted.

Conclusion

Amending the contract value in order to continue to procure additional audio-visual hardware and services is critical to the City's ability support all divisions and Council areas with modern audio-visual technologies, hybrid in-person and virtual collaboration environments across the workforce. There is no commitment to purchase as a result of increasing the contract value. All purchases are done on an as required basis, using existing approved Capital and Operating budgets.

¹ "Industry voices warn of worsening supply chain impact"

<https://www.avinteractive.com/news/industry-voices-warn-worsening-supply-chain-impact-18-11-2021>

² "Out of Stock: A look at the AV supply chain"

<https://www.inavateonthenet.net/features/Article/out-of-stock-a-look-at-the-av-supply-chain>

³ Supply chain issues and pricing increases impacting AV projects"

<https://imsts.com/supply-chain-issues-and-pricing-increases-impacting-av-projects>

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SIGNATURE

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