



CITY OF VANCOUVER

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ADMINISTRATIVE REPORT

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Report Date: March 12, 2008
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Meeting Date: April 1, 2008

TO: Vancouver City Council

FROM: General Manager, Corporate Services
Manager, Materials Management

SUBJECT: Award of Contract on Request for Proposal PS07132 - The Supply and Deployment of Computer Equipment and Hardware Maintenance

RECOMMENDATION

- A. THAT, Council (subject to the conditions set out in Recommendations C, D, and E) authorize a contract with Compugen Inc. for the supply and deployment of computer equipment for a term of four (4) years (with the ability to extend the term upon the agreement of both parties) at a total estimated cost of \$14.8 million plus GST. The source of the funding will be provided through the Information Technology Long Term Financing Plan and approved departmental Capital and Operating Budgets.
- B. THAT, Council (subject to the conditions set out in Recommendations C, D, and E) authorize a contract with Compugen Inc. for on-site computer hardware maintenance at an estimated cost of \$300,000 per year plus GST for a term of four (4) years (with the ability to extend the term upon the agreement of both parties). The source of the funding will be the Corporate Services Corporate Infrastructure Maintenance Operating Budget.
- C. THAT all legal documentation is to be in a form which is satisfactory to the Director of Legal Services and General Manager of Corporate Services.
- D. THAT the Director of Legal Services be authorized to execute and deliver the necessary legal agreements on behalf of the City.

- E. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all legal documentation has been executed and delivered by the Director of Legal Services.

COUNCIL POLICY

The policy of Council is to award contracts for the purchase of equipment, supplies and services that will give the best value based on quality, service and price. Contracts with a value over \$300,000 are referred to Council.

PURPOSE

The purpose of this report is to obtain Council approval to award the contract for the supply and deployment of computer equipment for all City Departments and Boards (excluding the Vancouver Public Library, which has their own purchasing arrangements for computer equipment because of their different business requirements) to Compugen Inc., and to obtain Council approval to award the contract for on-site computer hardware maintenance to Compugen Inc.

BACKGROUND

Computer Equipment and Maintenance Purchases

The City plans on spending up to \$5.8 million on new desktops, laptops and monitors over the next year as part of the PC Replacement sub-program as defined in the Information Technology Infrastructure - 2007 Expansion and Replacement Program. In addition, the City spends on average \$2.25 million per year on the purchase of computer equipment, including desktops, laptops, monitors, printers, servers, expansion memory and disk, networking devices, supplies, and other hardware and software items.

The City also spends an average of \$300,000 per year on hardware maintenance of computer equipment, including desktops, laptops, monitors, and printers.

There are financial, administrative and support benefits to having a single supplier for all computer equipment and this has been the City's practice for at least 15 years. A Request for Proposals for the supply of computer equipment was last issued in 2002 which led to the award of a contract to the City's current computer equipment supplier, Microserve. The City receives hardware maintenance services from DecisionOne.

Traditionally the Vancouver Public Library has had their own purchasing arrangements for computer equipment because their business requirements differ from those of the City. If, in the future, their requirements were to match those of the City they could take advantage of these contracts.

Information Technology Infrastructure - 2007 Expansion and Replacement Program

On April 17, 2007 Council approved the Information Technology Infrastructure - 2007 Expansion and Replacement Program, which included a PC Replacement sub-program for the

replacement of all City desktop and laptop computers over four (4) years old and all monitors over six (6) years old.

Based on the estimated cost of the proposed contracts, in accordance with City policy, it was determined that a Request for Proposals would be issued. The Request for Proposals process ensures that the City will receive best value in terms of quality computer supply and deployment, and hardware maintenance services. Recognizing that many computer equipment suppliers also provide hardware maintenance services, City staff decided to issue one Request for Proposals to select both a computer equipment supplier and an on-site hardware maintenance contractor, in each case, for a four year term. On December 18, 2007 Materials Management issued RFP07132 (the "RFP") which closed on January 22, 2008.

DISCUSSION

Proponents were invited to submit proposals for the supply and deployment of computer equipment and/or on-site computer hardware maintenance services for the City.

For the supply and deployment component the RFP invited proponents to bid on a package of computer equipment and services which included:

- An initial supply of 3,220 desktop computers, 500 laptop computers and 1,500 monitors. The source of funding for this equipment is \$5.8 million from the Information Technology Long Term Financing Plan.
- Configuration, deployment and decommissioning services.
- Supply of a representative shopping-basket of computer equipment such as monitors, printers, other peripheral items and software.
- Disposal of surplus computers to the benefit of Vancouver area schools, low income individuals and families, and social service agencies.

The quantities of computer equipment to be supplied under the supply and deployment contract include those items for which Council approved funding in the April 17, 2007 report plus projected annual acquisitions of hardware and software over the four year term.

The market for this equipment is basically a commodity market. Prices fluctuate based on supply and demand, advances in technology, model changes and US exchange rates, so long term, fixed pricing is not a practical option. Instead, the City asked for a formula, based on margin-over-supplier-cost or discount-from-list-prices, that would hold throughout the contract, and based the financial aspect of the evaluation on current pricing.

For the hardware maintenance component the RFP invited proponents to bid on a package of computer equipment that was no longer covered by warranty.

The City received ten (10) proposals in total.

Proponent Bid	Supply & Deployment of Equipment	On-Site Computer Hardware Maintenance
Anisoft Group Inc.	X	X
Compugen Inc.	X	X
DecisionOne Corporation		X
DTM Systems Corporation	X	X
Ederick Associates Inc.	X	X
Island Key Computers Ltd.	X	
Microserve	X	X
Softchoice Corporation	X	X
TELUS Communications Company	X	X
TLD Computers Inc.	X	X

The ten (10) proposals were subjected to an initial review. Following the initial review it was determined that two of the proposals would not be given any further consideration as they did not meet minimum requirements. The remaining eight (8) proposals were then evaluated by an evaluation team made up of staff from Engineering, Purchasing, Corporate Information Technology, Fire Department, Parks Board and the Vancouver Police Department. The proposals were assessed against criteria set out in the RFP.

A group of City staff with representation from all City departments conducted a hands-on evaluation of all monitors that were proposed to ensure that the specific monitor bid by the successful proponent would meet minimum requirements.

After the extensive evaluation process, it was determined that Compugen represented best value to the City given their proposal ranked highest in the technical evaluation and they had the lowest cost financial solution for both the supply and deployment of computer equipment and computer hardware maintenance.

FINANCIAL IMPLICATIONS

Based on estimates of the purchases to be made by the City during the term of the contracts, the total value of both contracts is expected to be around \$16 million made up of \$14.8 for supply and deployment and \$1.2 million for hardware maintenance. Funding for the supply and deployment contract will be provided in part through the Information Technology Long Term Financing Plan (\$5.8 million); and the remainder from approved departmental Capital and Operating Budgets. Funding for the hardware maintenance contract will be the Corporate Services Corporate Infrastructure Maintenance Operating Budget.

ENVIRONMENTAL AND SOCIAL IMPLICATIONS

The RFP specifications for the supply and deployment of computer equipment included the following:

- All desktops, laptops and monitors are required to have achieved Silver registration or higher qualification through the Electronics Products Environmental Assessment Tool (EPEAT). EPEAT is the procurement tool designed to help large volume purchasers evaluate, compare, and select desktop computers, laptops, and monitors based upon their environmental attributes as specified in the consensus-based IEEE Standard 1608 for the Environmental Assessment of Personal Computer Products.
- All desktops, laptops and monitors are required to have qualified for Energy Star version 4.0. Energy Star is designed to assist consumers in the recognition of energy efficient products and promote the environmental and economic benefits of these products.

Under the proposed contract Compugen will be required to establish a working relationship with reBOOT Vancouver (or a similar agency if reBOOT Vancouver ceases to operate). reBOOT Vancouver is a project of NICCSS a non profit society and registered charity. reBOOT has provided journey trades and computer training in the Downtown Eastside (DTES) for over five years in their retail and storage facility at 825 East Hastings. reBOOT redistributes and recycles refurbished PCs. They will use the high volume of surplus equipment from the City to either donate or sell at a minimal refurbish cost to low income individuals and families, social service agencies, and small businesses which would not ordinarily be able to afford a new system. They also redistribute PCs at very low cost to Vancouver area schools. If the computer system is an earlier model that is not deployable it will be recycled to ensure none of the component pieces end up in the landfill. The City's relationship with reBOOT offers the following benefits:

- It offers job opportunities and supports skills development from a facility in the DTES;
- It realizes the City's goal of recycling surplus computers to the benefit of local schools and not-for-profit organizations;
- It releases the City from the onerous task of decommissioning and disposing of this equipment, the administrative cost of which exceeds the small residual value.

CONCLUSION

Award of the computer equipment supply and deployment contract, and award of the computer hardware maintenance contract to Compugen Inc. will allow successful completion of the PC Replacement program; and establishment of supply and deployment of computer equipment and on-site hardware maintenance for the next four years. The award of these two contracts to Compugen Inc. will provide the best value to the City based on quality, service and price.

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