CONTRACT EXTENSION FOR SUPPLY AND SERVICE OF WIDE-AREA-NETWORK (WAN) NETWORK CONNECTIONS, WAN AND LOCAL-AREA-NETWORK (LAN) NETWORK INFRASTRUCTURE AND TRAINING

(Regional Council at its meeting on December 11, 2003 adopted the foregoing Report with the following additional recommendations:

7. ***That all of the contracts noted in this report go through the formal tender process prior to any future renewals.***
8. ***That the matter of Information Technology enhancements and their benefits and costs be referred to the Director of Internal Audit for a report to the Audit Committee.)***

1. RECOMMENDATIONS

It is recommended that:

1. The competitive bidding requirements of the Purchasing By-law be waived.

2. The contract with 360networks (formerly Group Telecom) Wide-Area-Network (WAN) connections at an approximate total cost of $350,000 be extended to December 31, 2004.

3. The contract with Infostream Technologies Inc. for the supply and maintenance of WAN and LAN network infrastructure at an approximate total cost of $350,000 be extended to December 31, 2004.

4. The contract with Polar Bear Corporate Education Solutions for the delivery of instructor-led information technology training services at an approximate total cost of $130,000 be extended to December 31, 2004.

5. The third year renewal option with Polar Bear Corporate Education Solutions for the supply and support of web-based training products at an approximate total cost of $121,000 be extended to December 31, 2004.

6. The contract with CDI Corporate Education Solutions for "how to" telephone support services for standard Regional applications at an approximate total cost of $90,000 be extended to December 31, 2004.

2. PURPOSE

This report is seeking approval to continue to work with existing suppliers and that any increases would be subject to approval through the 2004 Business Planning and Budget process.

The Information Technology Services (ITS) branch is undergoing a major review which has recommended that the Region:

- Assess the use of alternate service delivery models for the delivery of some information technology services
- Assess the existing wide-area-network's capability to support a common network infrastructure for both data and voice communication
- Establish an organization structure aligned with the Region's business plans which will provide effective and efficient information technology services

There are a number of contracts with existing suppliers that will expire by the end of 2003. The purpose of this report is to seek approval for the extension of contracts with existing suppliers until December 31, 2004 for the supply and support of WAN connections, network infrastructure and training. This will allow sufficient time to:

1) seek approval from Council to implement the proposed changes to ITS operations
2) fulfill the competitive bidding requirements of the Purchasing By-law for the supply and support of services which entails:
    a) Establish and confirm the business needs
    b) Develop the appropriate Requests for Proposal (RFP's)
    c) Evaluate the responses from potential bidders
    d) Award the contracts
    e) Establish the operating procedures with the successful bidder
    f) Negotiate terms and conditions of contracts
    g) Sign the necessary contracts

3. BACKGROUND

On June 12, 2003 Regional Council considered two reports entitled:

- The Organization and Process Review for Information Technology Services
- Telecommunications and Network Strategy Implementation Plan

These reports resulted in a recommendation that "Staff be directed to bring forward an analysis of the multi-year implementation for the remaining KPMG recommendations in subsequent years prior to the 2004 budget."

There are a number of contracts with existing suppliers that will expire by the end of 2003. They are:

- 360networks for WAN connections
- Infostream Technologies Inc. for the supply and maintenance of WAN and LAN network infrastructure
- Polar Bear Corporate Education Solutions for the delivery of instructor-led information technology training services
- Polar Bear Corporate Education Solutions for the supply and support of web-based training products
- CDI Corporate Education Solutions for ad-hoc "how to" telephone support services for standard Regional applications

4. ANALYSIS AND OPTIONS

4.1 Wide-Area-Network Connections

In the fall of 1998, the Region operated a rudimentary computer network consisting of slow speed links connecting three sites to the Regional Administrative Centre.

In order to accommodate expansion and address one of the goals of the Multi Year Corporate Plan to "provide access to communication services and shared information to all Regional employees", the requirement for a robust, high speed network to connect all current and future sites throughout the Region was recognized. Accordingly, the Information Technology Services (ITS) branch in conjunction with the Supplies and Services branch issued RFP 98-40 seeking a vendor for the implementation of communications lines and services to support a corporate Wide Area Network.

The award of the contract to Shaw FibreLink (which become Group Telecom and subsequently 360networks) was approved by Regional Council on February 11, 1999.

As a result, the Region entered into a three year contract with 360networks for the supply and maintenance of high speed network connections between current and future Regional facilities. On October 17, 2002 Regional Council approved an extension of the contract until December 31, 2003.

The current WAN infrastructure supplied by 360networks has effectively served the business needs of the Region providing reliable, high speed Internet access, file, print and application sharing to sixteen (16) sites located throughout the Region. Other benefits include the ability to offer long distance toll bypass and 4 digit dialling (the ability to connect via telephone with select Regional offices by simply entering the 4 digit extension) services to several of the Region's larger sites. The current contract with 360networks expires on December 31st, 2003.

It is therefore recommended that the Region extend this contract until December 31, 2004 when the recommendations from "ITS Organization and Process Review" and "Telecommunications and Network Strategy Implementation Plans" have been finalized and can guide more informed, long term decisions.

Monthly costs for the Wide Area Network connections are provided in the annual budget of the Finance Department, ITS branch. The current cost of this service is $350,000 plus any requirements identified through the annual business planning and budget approval process. The current contract expires on December 31st, 2003.

The vendor has agreed to honour the prices that were negotiated in 2000. The cost for this service for 2004 has increased by $41,000 because 5 new sites were added in 2003.

4.2 Supply and Maintenance of WAN and LAN Network Infrastructure

Network connections require WAN and LAN telecommunications hardware. In order to streamline the supply and support of this hardware and to take advantage of volume discounts, ITS in conjunction with the Supplies and Services branch issued RFP P-00-51 on August 11, 2000.

Respondents were asked to bid on a solution for the supply, implementation and support of networking equipment to be used to support existing and future Regional requirements.

A recommendation to award a contract to Infostream Technologies was included in Report No. 9 of the Finance and Administration Committee and was approved by Regional Council October 26, 2000. The contract was for a one-year term with the option to extend for two additional one year terms. The option to extend has been selected for the past two years.

Through the current contract with Infostream Technologies, the ITS branch has been able to respond efficiently and effectively to the networking requirements of the business units at the Region. This equipment currently supports the internal network infrastructure at 20 sites. Approximately 1825 desktop computers are supported by this infrastructure which is expected to increase to 1960 by December 31, 2004.

The current contract with Infostream Technologies expired on October 26th, 2003.

Infostream provides assistance to design, plan and implement network infrastructure. They also supply the necessary equipment which is financed using the Region's approved third-part Lessor.

It is therefore recommended that the Region extend this contract until December 31, 2004 when the recommendations from "ITS Organization and Process Review" and "Telecommunications and Network Strategy Implementation Plans" have been finalized and can guide more informed, long term decisions.

Monthly costs for the Wide Area Network infrastructure are provided in the annual budget of the Finance Department. The current cost of this service is $479,000 annually, $129,000 for new equipment leases through the Region's approved third-part Lessor and $350,000 for maintenance of all installed equipment plus any requirements identified through the annual business planning and budget approval process. The current contract expires on October 26th, 2003.

The vendor has agreed to honour the prices that were negotiated in 2000. The cost for this service for 2004 has increased by $129,000 because network infrastructure maintenance was under-budgeted in 2003 by $60,000 and 5 new sites were added in 2003.

4.3 Training Services and Training Products

In spring of 2000, the Region issued a request for proposal (RFP P-00-36) for "Supply, Installation and Support of Training Products and/or Delivery of Training Services for Information Technology".

The award of the contract to PBSC Computer Training (which became Polar Bear Education Solutions) for instructor-led training and web-based training; CDI Corporate Education Services for "how-to" telephone support was approved by Regional Council October 26, 2000.

As a result, the Region entered into three-year contracts with Polar Bear Corporate Education Solutions for instructor-led and Web based training and with CDI Corporate Education Services for "how to" telephone support services for standard Regional applications.

4.3.1 Instructor-Led Training

Through the current contract with Polar Bear Corporate Education Solutions, the ITS branch has been able to meet the instructor-led training needs of the business units at the Region. Over the past 12 months, 365 students have attended training courses. The current contract expires on November 30, 2003.

The costs for instructor-led training are provided in the annual budget of the Finance Department. The current cost of the services for 2004 is approximately $130,000 plus any requirements identified through the annual business planning and budget approval process. The current contract expires on November 30, 2003.

The vendor has agreed to honour the prices that were negotiated in 2000. The cost for this service for 2004 has increased by $40,000 because the demand for instructor-led training has increased and to complete Microsoft XP training.

4.3.2 Web-Based Training

Through the current contract with Polar Bear Corporate Education Solutions, the ITS branch has been able to meet the online training needs of the business units at the Region. Over the past 12 months, the system processed 5,800 self-assessment tests to direct staff to specific modules; 715 staff utilised learning modules. The current contract expires on November 30, 2003.

The costs for web-based training are provided in the annual budget of the Finance Department. The current cost of the services for 2004 is approximately $121,000 plus any requirements identified through the annual business planning and budget approval process. The current contract expires on November 30, 2003.

The vendor has agreed to honour the prices that were negotiated in 2000.

4.3.3 "How-to" Telephone Support

Through the current contract with CDI Corporate Education Services, the ITS branch has been able to meet the ad-hoc "how-to" training needs of the business units at the Region. Over the past 12 months, the service responded to 430 calls to explain how the standard software works; Outlook, Word, Excel, Powerpoint and Access. The current contract expires on November 30, 2003.

The costs for ad-hoc "how-to" telephone support are provided in the annual budget of the Finance Department. The current cost of the services for 2004 is approximately $90,000 plus any requirements identified through the annual business planning and budget approval process. The current contract expires on November 30, 2003

The vendor has agreed to honour the prices that were negotiated in 2000. The cost for this service for 2004 has increased by $30,000 because "how to" telephone support has increased by 50% in 2003.

It is recommended that the Region extend these contracts until December 31, 2004 when the recommendations from the "ITS Organization and Process Review" and "Telecommunications and Network Strategy Implementation Plans" have been finalized and can guide more informed, long term decisions.

5. FINANCIAL IMPLICATIONS

All of the vendors have agreed to honour the original prices negotiated in 2000. Since that time, ITS has periodically requested pricing information for specific project work and have confirmed that pricing from these vendors has remained competitive.

Any increases would be subject to approval through the 2004 Business Planning and Budget process.

Table - Approved Budget History - Proposed Budget for 2004

	2000	2001	2002	2003	Proposed Budget 2004	Increase in Proposed Budget 2004
Network Connections 360networks	187,000	278,000	307,000	309,000	350,000	41,000
Network Infrastructure Maintenance Infostream	96,000	149,000	200,000	221,000	350,000	129,000
Instructor-Led Training Polar Bear Corporate Education Solutions	-	80,000	80,000	90,000	130,000	40,000
Web-based Training Polar Bear Corporate Education Solutions	-	121,000	121,000	121,000	121,000	-
"How to" Telephone Support CDI Corporate Education Services	-	50,000	60,000	60,000	90,000	30,000

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts associated with this report.

7. CONCLUSION

Current contracts for the supply and support of WAN connections, network infrastructure and training products and services are expiring in 2003.

The Information Technology Services branch is developing a strategic framework for the delivery and support of information technology services which involves the review of all facets of service delivery including alternate service delivery opportunities, a WAN network review and the establishment of the new organization of the Information Technology Services branch.

It is anticipated that it will require 6 - 8 months to establish and confirm the business needs, develop the appropriate requests for proposal (RFP's), evaluate the responses from potential bidders, award the contracts, establish the operating procedures with the successful bidder, negotiate terms and conditions of contracts and sign the necessary contracts.

Extending the current contracts until December 31, 2004 will provide uninterrupted information technology services in the above areas.

The Senior Management Group has reviewed this report.