3
CONTRACT EXTENSION FOR LEASED NETWORK EQUIPMENT MAINTENANCE

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, December 13, 2005, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that Finance and Administration Committee and Council:

1. Authorize staff to extend the contract with Infostream Technologies Incorporated (a Bell Canada Company) for the maintenance of the leased network infrastructure equipment for a three year period until December 31, 2008 with an estimated cost of $299,621 for 2006.

2. PURPOSE

The purpose of this report is to request a further extension to an agreement due to expire on Dec. 31st, 2005 for network equipment maintenance.

3. BACKGROUND

Report No. 9 of the Finance and Administration Committee adopted by Regional Council on November 17, 2005 included recommendations to extend contracts with a number of incumbent vendors including the contract for maintenance of leased network equipment until March 31st, 2006. However, contractual constraints between Bell Canada/Infostream with Cisco (the hardware manufacturer) prevent three months contracts. Further investigation and progress with the Converged Network project has prompted staff to request an extension for a three year period.

3.1 The Converged Network

The Region issued a Request for Qualification (RFQ) in October of 2004 which invited vendors to describe their qualifications, capabilities and experience in providing converged voice and data network solutions. Five qualified vendors were then issued the Converged Network RFP in January of 2005.

Report No. 6 of the Finance and Administration Committee was adopted by Regional Council at its meeting on June 23rd, 2005. The report recommended Bell Canada/Infostream be awarded the converged network contract which included provisioning of the following:

- Wide Area Network (WAN) and Virtual Private Network (VPN) links and management services for data communications among Region sites;
- Local Area Network (LAN) management services at Region sites;
- Enterprise Voice Mail management services;
- Migration from PBX based phone technology to Voice over Internet Protocol (VoIP) based phone technology; and
- The supply an installation of equipment and software associated with the above services

3.2 Impact of the OneYork Broadband Initiative

Included in the Region's Converged Network contract, Bell Canada/Infostream must ensure that the Region is not precluded from participating in OneYork when it comes to fruition.

It is envisioned that when a OneYork broadband network materializes, the Region's converged network links would become part of the OneYork broadband infrastructure.

4. ANALYSIS AND OPTIONS

The Converged Network agreements will be finalized during the first quarter 2006. Staff have already converted several Regional facilities to equipment and WAN connections provided under the Converged Network agreement and will continue with further conversions under a Memorandum of Understanding with Bell Canada/Infostream.

The award of the Converged Network RFP stipulated that existing leased network devices will only be replaced by Bell Canada/Infostream as the leases expire. Several leases, under which a portion of the Region's network is covered, expire in December 31, 2005. The appropriate devices are being replaced and managed under the new Memorandum of Understanding. These devices include the network core and several other key components. Due to the staggered nature of the lease expiries, network devices will be replaced on an ongoing basis until all leases expire.

The result of this "phased in" approach is that some network gear will be supported by Bell Canada/Infostream under the Converged Network agreement and the remainder will be supported under a separate agreement. An RFP for support of the leased equipment not yet included under the Converged Network agreement was originally contemplated however the complexity of managing such an arrangement based on a constantly diminishing leased inventory makes an RFP unfeasible. Not all leased equipment at each site expires at the same time which means if such an RFP was awarded to a different vendor, it is possible that two vendors could be supporting hardware at the same facility. This is impractical since neither vendor would be able to guarantee service levels for the components they manage. This would ultimately put the stability of the network at risk. Service level agreements are critical in a complex network environment especially when

Voice over IP is in place. Extending the equipment maintenance contract for existing leased gear with Bell Canada/Infostream will provide the Region with a single vendor as the point of contact for accountability, management and support of the entire network.

5. FINANCIAL IMPLICATIONS

Funds for network equipment maintenance have been included in the 2006 Operating Budget of the Finance Department, Information Technology Services Branch. Table 1 provides the estimated value of the maintenance agreement for the leased equipment over the 2005 to 2010 time frame. Beyond the requested three year extension, staff will re-assess the options for maintaining the diminished leased equipment during the remaining two years.

The reason for the slight increase in 2007 is due to expiration of the one year maintenance for 90 Bales Drive and 380 Bayview in mid 2006 and the addition of their leased equipment to the leased inventory.

Table 1: Leased Equipment Maintenance Costs before Taxes

2005 (Actual)	$392,089
2006	$299,261
2007	$305,878
2008	$274,927
2009	$109,431
2010	$70,182

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts associated with this report.

7. CONCLUSION

Existing leased network equipment will be replaced and managed under the new Converged Network agreement as leases expire. In order to avoid a situation where multiple vendors manage the Region’s network, the existing maintenance agreement with Bell Canada/Infostream should be extended. This approach will ensure the ongoing stability of the Region’s network and the associated vendor accountability.

The Senior Management Group has reviewed this report.