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FCI BROADBAND AND BELL TELEPHONY EXTENSION

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, March 2, 2006, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides Council with information regarding extension of the telephony services provided by FCI Broadband and Bell Canada based on the approved pilot project initiated in April 2004 and extended by Council in January 2005. The Region's current contractual obligation expires on March 31, 2006. These will be extended under the delegated authority of the Treasurer (Purchasing By-law, Clause 21.1(c) and schedule "A").

3. BACKGROUND

At a meeting of the Finance and Administration Committee requested by FCI Broadband (FCI) on August 1, 2003, FCI presented an unsolicited proposal to supply telephony services. This proposal was based on information requested by FCI on May 30, 2003.

On October 16, 2003 Council approved report No. 8 from Finance and Administration Committee requesting the Chief Administrative Officer be authorized to award a one year pilot project to FCI for telephony services to 14 of the Region's largest sites at an approximate total cost of $220,000 plus taxes beginning April 1, 2004. Council also directed staff to bring a report in late 2004 with recommendations related to the continued provision of telephony services being proposed by FCI Broadband.

When fully implemented the savings were estimated at $163,000 per year. The pilot project was required to validate the technical, operational and cost savings of using a carrier that offers an extended local calling area.

On January 20, 2005 Council approved report No. 1 from the Finance and Administration Committee requesting the Chief Administrative Officer be authorized to award a one year extension to FCI for telephony services and award a contract for redundancy telephony services to Bell. Both contracts will end on March 31, 2006.

The cost of the existing telephony service is in the annual operating budget of the ITS Branch. The 2005 and 2006 Operating Budget submitted has been reduced by $163,000 based on the outcome of this pilot and the continued availability of this service.

Voice traffic studies performed in March 2005 recommended that additional inbound telephony services be added to the existing telephony services. Inbound (Public) voice traffic travels on the Bell telephony services and outbound voice traffic (staff) travels on the FCI telephony services. Outbound voice traffic with FCI provides extended local calling area, reducing long distance costs to the Region. Additional Bell telephony services were acquired in 2005 to support the increased inbound voice traffic.

It is estimated the annual cost of the extended contract for the telephony services provided by FCI will be $123,000 and that with Bell will be $93,000. With FCI's cost reductions and the additional inbound voice traffic services with Bell the Region will save an additional estimated $28,000 each year off the Region's past arrangements for these services.

4. ANALYSIS AND OPTIONS

Since April 2005 York Region has used two individual companies (FCI and Bell) to provide telephony communication lines to Regional sites. The Region has acquired many benefits from these services including:

1. **Extended Local Calling Area.** York Region in the past paid $2,500 per month to extend the local calling area to 905 and 416 area codes using communication lines at the South Service Center and Administration Center. The Region's Wide Area Network (WAN) was used to share these lines to many remote Regional sites. FCI provides extended local calling area as part of their telephony communication lines at no additional cost.

2. **Long Distance savings.** Using FCI's extended local calling area provides an estimated $2,200 per month savings on the Region's long distance costs.

3. **Local Calling Competitors.** FCI is the only telecommunication company that provides an extended local calling area in York Region. FCI is able to provide this service using their own fiber network that expands across York Region and beyond.

4. **Improved reliability and availability of the Region's telephony service.** Using FCI and Bell provides vendor redundancy and meets the Region's emergency requirements for higher availability.

By combining the strengths of two telephony service providers, the Region has optimum value both in cost savings as well as in reliability and availability of the telephony service.

5. FINANCIAL IMPLICATIONS

The cost of the existing telephony service is in the annual operating budget of the ITS Branch. The 2006 operating budget submitted has been reduced by $163,000 based on the outcome of this pilot and an estimated additional savings of $28,000 will be obtained with the extension of these contracts.

It is estimated that the annual cost of the telephony services provided by FCI will be $123,000 and that by Bell will be $93,000.

6. LOCAL MUNICIPAL IMPACT

There is no municipal impact resulting from the implementation of the recommendations contained in this report.

7. CONCLUSION

Extending contracts with FCI and Bell will save the Region an estimated $28,000 in 2006 and will continue current telephony service quality. This will ensure the Region achieves the appropriate amounts of saving and quality for telephony services and provide telephony customers with best value.

The Senior Management Group has reviewed this report.