

Town of Whitby

Staff Report

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Report Title: Single Source Contract Award for Cell Phone Devices and Services

Report to: Committee of the Whole

Date of meeting: October 28, 2024

Report Number: FS 43-24

Department(s) Responsible:

Financial Services Department

Submitted by:

Fuwing Wong, Commissioner, Financial Services & Treasurer

Jackie Long, Head of Organizational Effectiveness

**Acknowledged by M. Gaskell,
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For additional information, contact:

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1. Recommendation:

That the Town's cellular phone contract be renewed and be awarded to Bell Canada, as a single source award contract, from August 1, 2024 to December 31, 2030 as outlined in Staff Report FS 43-24.

2. Highlights:

- The Town's current mobile phone service through Bell Canada, a Provincial Vendor of Record ("**VOR**"), expired on July 31, 2024 with the expiration of the Province of Ontario's contract with Bell Canada.
- Despite no longer being a Province of Ontario's VOR, the proposed single source award matches Bell's previous pricing, discount structure, and specialized

services such as Push-To-Talk (to replace the use of secondary communications devices, such as two-way radios, for non-emergency staff) for the Town.

- Maintaining the Town's mobile phone contract with Bell ensures that monthly phone plan costs and device discounts remain the same as the Town's previous contract and avoids the cost of hardware replacements mid-contract/plan.

3. Background:

The Town of Whitby's existing cellular phone plan with Bell Canada expired on July 31, 2024. The Town's Procurement Policy allows for the procurement of goods or services from vendors on the Province of Ontario's Vendor of Record program.

The Town currently has over 500 cellular devices in active use across the organization. As of September 1st, 2024, 339 cellular phones are currently available for hardware upgrade. These upgrades are important to maintain device security as hardware vendors regularly stop supporting Operating Systems for older devices, making them potential vectors for malware and viruses.

Bell Canada does not directly sell or manage cellular devices such as cellphones, tablets, or cellular modems, and instead relies on a reseller network of vendors to purchase hardware. This reseller network is broken down into service areas. The Whitby area is serviced by Cellcom Communications, formerly Norcom Telecom. All purchases of devices as well as in warranty services are managed by this reseller at the authorization of Bell Canada.

4. Discussion:

To ensure consistency with existing phones and plans already in use, as well as to keep interoperability with key services which are dependant on being on the same platform provider, such as Push-to-talk two-way communications, the Town has negotiated directly with Bell Canada on a new cellular phone agreement.

The proposed single source award matches Bell's previous pricing and discount structure. This allows the Town to maintain the existing fleet of 500+ cell phones without additional expense of reconfiguring devices or having to swap out devices and SIM cards.

Further, devices on the old contract were eligible for upgrade every two (2) years. The new contract offered follows the Ontario VOR which has moved device eligibility for an upgrade to a three (3)-year cycle as improvements in hardware have slowed in the cellular space. This also allows for future cost savings by reducing the frequency of cellular device refreshes.

The Town's Procurement Policy, Policy # F 080, provides for Single Source Awards under certain circumstances. In this case, the justification for a single source award to an existing vendor is as follows: When the extension of an existing contract would prove more cost-effective / beneficial or if the change of supplier would cause inconvenience or duplication of costs.

As noted above, changing vendors due to the expiration of the Ontario VOR would result in significant costs for the Town to swap out devices (prior to the end of contracts), re-configure over 500 devices, and to swap SIM cards for over 500 devices.

Further, replacing 500 devices all at the same time would mean that all of the devices are on the same replacement cycle which is not practical and does not smooth out the financial impact of replacements.

The term of the proposed award is from August 1, 2024 to December 31, 2030. At that time, the Ontario VOR (which expires July 31, 2030) will have renewed, and the Town can review the cost/benefit of the Provincial program and pricing. Based on a three-year replacement cycle and the Town's existing 500+ cell phones, it is anticipated that the Town will spend an average of \$86,000 per year on cell phone replacements and approximately \$100,000 per year for cellular services. Accordingly, the estimated value of the contract is approximately \$1,171,800 ($(\$86,000 + \$100,000) * 6.3$ years). The Procurement Policy requires Council approval for single source awards in excess of the Canadian Free Trade Agreement limits (i.e. \$133,800 for goods and services and \$334,400 for construction, effective from January 1, 2024 to December 31, 2025).

5. Financial Considerations:

The budget for cell phone purchases and replacements are included in the Technology and Innovation Services ("TIS") capital budgets and may fluctuate annually based on the replacement cycle and age of the devices. Monthly plan costs are charged to the relevant department's operational account. Cellular devices are acquired out of TIS capital and managed as Town assets. Budgets are also adjusted as staffing needs change, staffing or new positions (that require cellular devices) are approved, or as projects requiring cellular mobile connectivity increase.

TIS Staff have reviewed the proposed award against the Ontario VOR program and have determined the proposed award provides more favourable pricing for device purchases, data plans, and push-to-talk services. Roaming costs are comparable to the Ontario VOR program. Throughout the term of the single source contract, Staff will compare pricing with the Ontario VOR program and, if required, start the process of migrating new and replacement devices based on a cost/benefit analysis.

6. Communication and Public Engagement:

Not Applicable

7. Input from Departments/Sources:

Technology and Innovation Services is making this recommendation to minimize the disruption to staff time, stay in alignment with industry best practices, and provide a stable foundation to allow for internal innovation and process improvements.

8. Strategic Priorities:

The recommendation in this report aligns with council's mandate of keeping Whitby's government accountable and responsive, as well as fiscally responsible, while still providing key technologies required for staff to meet the needs of residents.

9. Attachments:

Not Applicable