TO: Chair and Members
Audit and Administration Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: September 8, 2010

SUBJECT/REPORT NO:
Wireless Cellular Services and Devices Agreement (FCS10029(a)) (City Wide)
(Outstanding Business List Item AA of COW)

SUBMITTED BY:
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Finance and Corporate Services

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RECOMMENDATION:

(a) That the Corporate Wireless Cellular Services and Devices Contract be awarded to Bell Mobility Inc. based on pricing in the Province of Ontario’s Vendor of Record-VOR1021 (VOR) pricing plus incentives;

(b) That the General Manager of Finance and Corporate Services be authorized to negotiate a 4 year contract, with the option of a 1 year extension, with Bell Mobility Inc. in a form satisfactory to the City Solicitor;

(c) That the responsibility for cellular services be consolidated into the Information Services Division of Corporate Services;

(d) That staff be authorized to utilize the Provincial VOR Agreement pricing for Telus devices as required for “push to talk” services; and

(e) That Item AA respecting Wireless Cellular Services and Device Agreements be considered complete and removed from the Committee of the Whole Outstanding Business List.
EXECUTIVE SUMMARY

The City entered into a Corporate Cellular Services Contract with Bell Mobility effective June 1, 2002. This was a 6 year contract which has been extended for 2 years through the Purchasing Policy 11 Contract Extension Process. The current agreement with Bell Mobility expired May 31, 2010.

The City currently has 1,867 cellular devices under contract with Bell Mobility and an additional 358 cellular devices with Telus Mobility. The City also has 9 devices with Rogers. Cellular devices are a combination of cell phones, smart phones, air cards used in laptops to allow for staff mobility for work that is conducted outside the normal office environment and cellular in-vehicle modems used in areas such as Public Works, Municipal Law Enforcement and Emergency Medical Services for vehicle location and vehicle tracking. The vehicle modems also allow for the capture of data required by the various Provincial Ministries. The devices with Telus Mobility provide a “push to talk” function that is not available, to meet our operational needs by the other providers of cellular services. The majority of the Rogers devices are pagers.

In April 2010, Report FCS10029 “Wireless Cellular Services and Devices Agreement” resulted in Council approving staff to “negotiate the terms and conditions for an agreement, including pricing and value added services, with a preferred vendor(s) for Wireless Cellular Services and Devices.” This negotiation was to be conducted with vendors that were included in the Provincial Vendor of Record Agreement VOR1021 which created Public Sector pricing made available to the Broader Public Sector.

These negotiations with Bell Mobility, Rogers Communications and Telus are now complete and based on the lowest total 4 year contract cost, Bell Mobility Inc. is the recommended vendor for corporate cellular services. Based on current usage patterns, the proposal from Bell Mobility Inc. will result in a cost reduction of $536,000 for cellular services over the 4 year agreement. This number will be further enhanced by implementing new cellular management policies, increased management of cellular assets and consolidating the responsibility for cellular services within a single corporate business unit within Corporate Services.

With the implementation of this contract, new cellular policies will be implemented by staff, and the responsibility for cellular services will be consolidated into the Information Services division of Corporate Services.

Alternatives for Consideration – See Page 8
FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:
Report FCS10029 “Wireless Cellular Services and Devices Agreement” indicated “Broader Public Sector pricing would allow the City to save a minimum of $60,000 annually based simply on the monthly fees and associated monthly costs (free incoming text messaging, free evenings, pooled data, etc.). Additional savings will be realized through negotiated value added services.”

Through the negotiation process, the agreement negotiated with Bell Mobility Inc. will result in an annual cost savings of $134,000 based on current usage patterns. This does not include any savings the City will receive through incentives offered by the various vendors.

The cost for services were very similar from all providers, what differentiated the offers is the credits and incentives being offered, either one time or annually.

Staffing: The responsibility for all cellular services will be consolidated into the Information Services Division of Corporate Services. Currently, cellular services are managed by a combination of Purchasing for establishing a standard device for and ordering of cell phone, Information Services which is responsible for establishing a standard for and ordering Blackberry devices and cellular modems. Neither group is responsible for managing the contract, nor monitoring usage, nor enforcing policies. Consolidating all cellular service management into a single area will:

- increase efficiency with having a single contact point;
- reduce cost through appropriate plan management;
- ensure policy adherence; and
- reduce administration costs with the implementation of a cellular management solution.

This will address a recommendation approved by Council through AUD10009 and approved by Council as a result of a telecommunications audit conducted in 2009.

As indicated in report FCS10053, for Office Printing Equipment and Related Support Services and Supplies Contract, a temporary 12 month IS position has been created to manage the Office Printing Equipment and Related Support Services and Supplies contract (Print Contract) funded from existing resources in the approved capital project budget. This individual will also be responsible for managing the Cellular contract and related support services. This position will verify the savings that are anticipated.
through cellular contract management, as well as those savings anticipated for the other major IS contracts. The intent is for this position to transition into full time after an initial 12 month temporary posting, subject to Council approval. The position would also be directly involved in the deployment of the new cellular equipment ensuring that:

- Regular reporting and trend analysis of cellular usage are provided to management, including semi-annual reports to the General Managers and the City Manager.
- Cellular needs assessments are completed and required cellular equipment is provided to business units.
- A customer satisfaction is monitored and addressed appropriately for cellular services.
- Requests for new cellular equipment are received and managed in accordance with the new Cellular Management Policy.
- Mandated service performance is managed.
- Cellular services and charges associated with them are verified

The request for this position will be submitted to the 2011 budget process.

Legal: N/A.

**HISTORICAL BACKGROUND** (Chronology of events)

The City entered into a Corporate Cellular Services Contract with Bell Mobility effective June 1, 2002. This was a 6 year contract which has been extended for 2 years through the Purchasing Policy 11 Contract Extension Process. The current agreement with Bell Mobility expires May 31, 2010.

The City currently has 1,850 cellular devices under contract with Bell Mobility and an additional 358 cellular devices with Telus Mobility. The City also has 9 devices with Rogers Communication Inc. The devices with Telus Mobility provide a “push to talk” function that is not available through Bell Mobility to meet our needs. Cellular devices currently contracted with Bell Mobility consist of 441 Blackberrys, 868 Cell Phones, 220 mobile air cards used in laptops to allow for staff mobility for work that is conducted outside the normal office environment, and 350 in vehicle modems used in areas such as Public Works, Municipal Law Enforcement and Emergency Medical Services for vehicle location and vehicle tracking. The vehicle modems also allow for the capture of data required by the various Provincial Ministries. The Rogers devices are mainly paging devices.
The existing agreement and the proposed agreement are available to all city departments plus Hamilton Public Library, HECFI, Hamilton Police Services, Hamilton Housing Authority, and Hamilton Conservation Authority. Other Boards and Agencies are also able to take advantage of the pricing in the recent proposal.

The Province of Ontario, Ministry of Government Services issued an RFP in 2008 which resulted in a Vendor of Record Agreement (VOR1021) with pricing that is available to the Broader Public Sector Wireless Cellular/Paging Services and Devices with Bell Mobility, Rogers Communications Inc., and Telus Mobility. The Broader Public Sector includes:

- Every Municipality in Ontario as defined in the Municipal Affairs Act and the Municipal Act;
- Every Regional Municipality in Ontario as defined in the Regional Municipalities Act;
- The District Municipality of Muskoka as described in the District Municipality of Muskoka Act; and
- Every local board in Ontario as defined in the Municipal Affairs Act and the Municipal Act.

The cellular providers have indicated that they would not offer a municipality a price for the basic monthly services lower than what is being offered to the Province, therefore, it was not expected that issuing an RFP for the City of Hamilton would result in additional cost savings.

As approved by Council, through Report FCS10029 “Wireless Cellular Services and Devices Agreement”, staff has completed an evaluation process which resulted in vendor negotiations and the selection of a preferred vendor. These negotiations resulted in increased savings outside of the basic monthly cost provided in VOR1021.

**POLICY IMPLICATIONS**

New Cellular policies, including a revised Cell Phone User Agreement and a new Cellular Services Management Policy which will include device allocation criteria will be implemented to supplement this contract prior to any new devices being ordered.

**RELEVANT CONSULTATION**

Corporate Services Department, City Treasurer and Treasury Services, Financial Services Division, Purchasing Section;
City Manager’s Office, Legal Services Division;
Corporate - Information Services Working Committee (ISWC);
Corporate - Information Services Procurement Committee;
Corporate - Cellular Working Team – business unit representation from all departments
Hamilton Police Services

ANALYSIS / RATIONALE FOR RECOMMENDATION
(include Performance Measurement/Benchmarking Data, if applicable)

In April 2010, in preparation for a new Cellular Services contract, Information Services engaged a vendor neutral consulting company, Centrius Partners, to perform a needs assessment, current state assessment and to assist in the vendor discussions and the financial analysis. The initial review resulted in the following:

- Management of and responsibility for cellular services is fragmented across numerous business units within the City and should be consolidated into a single division. A recommendation has been included in this document to consolidate the responsibility for cellular services into the Information Services Division of Corporate Services.

- A Cellular Management solution should be implemented to allow for:
  - Electronic invoice distribution
  - Cellular Management reports for distribution to various levels of management
  - Monitoring cellular usage
  - Verify plan allocation suitability

A RFP is planned for a Cellular Management solution that will meet the above needs.

Based on the consultant’s recommendations, a document was prepared outlining our needs and requesting vendor responses to 28 specific questions around coverage, network expansion, device functionality, user training and service delivery.

Once these responses were received and reviewed, each Vendor from VOR1021 was asked to make a presentation to the Cellular Steering Committee. As a result of the presentations, based on costs, it was narrowed down to 2 cellular providers and further negotiations took place to clarify specific details in their respective responses and presentations.

The responses, as outlined in the table below, offered very similar pricing for the monthly services based on the Provincial VOR agreement. The table below is based on annual numbers for each service type. The differentiator is the credits being offered, either one time or annually. This table indicates, without taking into consideration the credits and or incentives being offered, the City will save $134,000 annually with this new contract. This amount is based on the current actual cost of $974,315 compared to
the proposed cost of $840,774 under the new contract based on similar usage. The City will also reduce the annual cost for Telus devices by approximately $15,000. These savings will be further enhanced through; the enforcement of new policies; improved monitoring and administration and; taking advantage of some new offerings for cellular services.

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**Note:** The above Table is based on Bell devices only. The total actual cost for all cellular and mobile devices is $1.2 million.

Taking into consideration the credits being offered to switch providers or loyalty incentives to remain with a provider the financial impact to the City over the 4 year term of the contract compared to current actual cost as outlined in the following Table:

| 4 year cost based on current plan | $3,897,260 |
| 4 year cost based on Bell Proposal | $2,429,096 |
| 4 year cost based on Roger Proposal | $3,158,520 |
| 4 year cost based on Telus Proposal | $3,363,096 |

In addition to the annual reduction in operating costs outlined previously the three service providers all offered incentives to switch providers or in the case of Bell, incentives not to switch. The retention incentives offered by Bell were significantly larger than the incentives offered by the other carriers to switch to them. The incentives offered by Bell are worth $934,000 over the four year contract. Further Bell has offered the City an option to extend the contract for a fifth year. Should the City exercise this option, Bell would provide an additional $161,000 incentive to the City at the end of the fifth year.

These incentives are not earned equally over the term of the contract. As such staff will bring forward a recommendation as part of the 2011 City budget how best to utilize the credits and incorporate the savings into the budget.

The final agreement negotiated with Bell Mobility Inc. includes the following features in the monthly fee of $20.00:
• 250 pooled minutes per user
• System Access
• Unlimited evenings and weekend calling 6p.m. to 8 a.m.
• Per second invoicing
• unlimited local incoming calls
• Unlimited incoming text messaging
• 250 sent text messages
• Voice mail
• Call display
• unlimited call forwarding
• unlimited Bell Mobile to Bell Mobile calling
• Detailed Billing
• Zero dollar device
• Call Forwarding
• Call Waiting
• Conference Calling

The email portion for a Blackberry device has been reduced by $4.00 per month to $32 for unlimited email usage.

The agreement also includes various options for:

• additional minutes for users that consistently require more than the pooled minute allocation
• Long Distance plans for Canada, United States and International calls
• Roaming plans for United States
• International Roaming plans

ALTERNATIVES FOR CONSIDERATION:
(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

1. The City can take advantage of the Provincial Vendor of Record Agreement (VOR1021) which created the Broader Public Sector pricing. This alternative would not commit the City to a four year agreement, however, this is not being recommended for the following reasons:

   • The Province’s agreement expires January 31, 2011 with no guarantee they will take advantage of the extension;

   • The City would experience a reduced level of service as a reseller from the GTA would have to be used; and
• The City would be bound by terms and conditions established in the Provincial VOR.

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)


**Skilled, Innovative & Respectful Organization**

- More innovation, greater teamwork, better client focus
- An enabling work environment - respectful culture, well-being and safety, effective communication

**Financial Sustainability**

- Financially Sustainable City by 2020
- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

**Growing Our Economy**

- An improved customer service

**Environmental Stewardship**

- Reduced impact of City activities on the environment

**APPENDICES / SCHEDULES**

N/A.