TO: Chair and Members  
Audit and Administration Committee  
WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: June 2, 2010

SUBJECT/REPORT NO:  
Request for Proposals C12-02-10 for Supply, Delivery, Service and Removal of Desktop and Mobile Computer Devices (FCS09068(b)) (City Wide)

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RECOMMENDATION

(a) That Request for Proposal (RFP) C12-02-10 for the Supply, Delivery, Service and Removal of Desktop and Mobile Computer Devices be cancelled;

(b) That the City of Hamilton participates in a Cooperative Request for Proposal for the Supply, Delivery, Service and Removal of Desktop and Mobile Computer Devices with McMaster University and Mohawk College; and

(c) That staff be authorized to negotiate an extension of the existing contract with Audcomp Computer Systems to continue with the provision of services on a month by month basis, until the Cooperative RFP with McMaster University and Mohawk College is awarded and the contracts are executed with the successful vendor(s).

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EXECUTIVE SUMMARY

The City issued a Request for Proposals (RFP) for the supply, delivery, service and removal of desktop and mobile computing devices. The RFP closed March 18, 2010. Four bids, involving equipment from three manufacturers, were received. The four proposals were evaluated against the technical specifications resulting in only two of the four proposals passing the technical evaluation. The next step in the process was to open the pricing envelopes, and complete a financial analysis of the cost proposals and award the contract.

Subsequent to issuing the RFP, the City was approached by McMaster University and Mohawk College, who were jointly developing a RFP to meet their desktop, mobile and related computer needs. The City was approached to participate in this cooperative purchasing initiative, rather than proceeding on its own.

Staff is recommending that RFP C12-02-10 be cancelled and that Hamilton participate in the co-operative RFP with McMaster and Mohawk in order to take advantage of the potential benefits of the cooperative purchasing initiative. The contract with Audcomp, the incumbent vendor, has expired and staff is seeking approval to negotiate an extension to allow the co-operative RFP process to be completed and a contract negotiated with the selected vendor(s).

Since July of 2009, the City has suspended regular renewals of 3 year old desktops and laptops and is only replacing equipment on an as needed basis.

Alternatives for Consideration – See Page 5

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

By participating in a cooperative purchasing effort with McMaster University and Mohawk College, each agency will increase their buying power by combining the requirements of all three agencies as compared to obtaining pricing individually. The City is expecting to replace approximately 3,500 devices over the next 3 years; this number would be increased to approximately 8,000 combined devices with a cooperative purchasing effort. There is an expectation of better pricing being received while still receiving the same level of service currently in place.

Staffing: None.

Legal: None.
As outlined below, the RFP provides the City the opportunity to cancel an RFP any time prior to the award of a contract:

1.6.1 The City reserves the right at any time prior to the award of the Contract,
   .1 to withdraw or cancel the Request for Proposals;
   .2 to extend the time for the submission of Proposals; or
   .3 to modify the Request for Proposals,
   by the publication of an Addendum, which shall become part of the Request for Proposals,
   and the City shall not be liable for any expense, cost, loss or damage incurred or suffered by
   any Proponent (or any other person) as a result of its so doing.

1.6.2 Without limiting the City’s right, Article 1.6.1 may apply to situations where no Proposal is
compliant or an insufficient number of Proposals have been received.

The current Purchasing Policy includes a Policy # 12, – Policy for Cooperative
Purchasing. Policy # 12 indicates:

(1) The City may participate with other government agencies or public authorities in cooperative
acquisition ventures for Goods and/or Services when it is in the best interest of the City to do so.
Such Cooperative Purchasing shall require the prior written approval of the Manager of
Purchasing.
(2) The purchasing procedures and policies of the government agency or public authority initiating
the procurement process will be followed.

In our case, McMaster University will be initiating the procurement process. Staff would
report back to Council at the completion of the cooperative process. The target for
contract implementation is September 20, 2010.

HISTORICAL BACKGROUND (Chronology of events)

The City’s RFP was structured to attract responses from manufacturers/resellers with a
North American presence for the supply, delivery, service and removal of desktop and
mobile computers. This RFP was for the replacement of the City’s fleet of desktop
devices, notebook devices and tablets.

This RFP was for the purchase of the following device types:
   o Standard Desktop
   o Upgraded Desktop
   o Standard Notebook
   o Upgraded Notebook
   o Windows Embedded CE Thin Client
   o Windows Embedded Standard Thin Client
   o Monitors

This RFP was to result in a contract for a single 36 month term with an option to renew
for three additional 12 month terms.

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Evaluation of the responses was to be completed in two steps; Technical Proposal and Cost Proposal. The Technical Proposal was further broken down into two stages. Stage 1 was the evaluation of the responses to our mandatory technical specifications. Any response that did not meet our technical specifications did not proceed to Stage 2. Stage 2 was the evaluation around services covering items such as response times, warranty coverage, online ordering procedures. Any responses that were not able to meet our minimum level service requirements would not proceed to Step 2 – Cost Proposal evaluations. Step 2 is when the pricing envelopes were to be opened and a financial analysis conducted to select a preferred proponent.

Four bids, involving equipment from three manufacturers, were received in response to this RFP. The four proposals were evaluated against the technical specifications resulting in only two of the four proposals passing the technical evaluation. Both proposals involved the same hardware manufacturer. The next step in the process was to open the pricing envelopes, and complete a financial analysis of the cost proposals and award the contract. At that time staff was to provide an analysis for Council regarding a 3, 4, 5 or indefinite replacement cycle.

The City of Hamilton was approached by McMaster University and Mohawk College to explore the opportunity of procuring goods that were common to all three agencies. The first contract being drafted is a cooperative RFP for Desktop and Mobile Computer Devices. The RFP requirements would combine the needs of all three agencies; increasing the buying power of each agency as compared to procuring these items on their own. This RFP is expected to be issued in June 2010, and will target the manufacturers of these various devices. The cooperative RFP will include servers and storage area networks in the hardware requirements.

Preliminary discussions has shown a keen interest on all three parties to participate in these procurements, as well, the needs of the agencies are similar with respect to the level of technical performance requirements of the goods being procured.

In consideration of the cooperative effort, staff will need to cancel the City issued RFP before they participate in another RFP for the same goods.

Staff will report back on the results of the cooperative RFP process as well as provide recommendations on an appropriate lifecycle replacement policy.

**POLICY IMPLICATIONS**

Purchasing Policy 12 – Policy for Cooperative Purchasing allows the City to participate with other agencies in cooperative acquisition ventures for goods and services. This policy further provides that the purchasing procedures and policies of the initiating agency (McMaster University) will be followed.
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RELEVANT CONSULTATION

Information Systems
Financial Services
Legal Services

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

In participating in the Cooperative Purchasing effort with McMaster University and Mohawk College, the City will benefit from the volume discounts that will be offered with the increased volume requirements for the various computer devices.

A more active cooperative group may be established; whereby common needs may be procured with greater buying power as a result of combining the requirements of all three agencies. No decline in service levels are expected.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

The City could elect to decline the invitation to participate in the co-operative purchase with McMaster University and Mohawk College and continue on with the evaluation of RFP C12-02-10; open the cost proposals for the two proponents who successfully met the City’s technical requirements, and proceed with the award of this contract.

The benefit of this alternative would be that the technical evaluation is already completed, and that once the financial analysis was done, an award for the contract can be made more expeditiously.

The concern is that after the technical evaluation was complete only a single manufacturer with only 2 resellers will be proceeding for the balance of the evaluation. Of the four bids received, three manufacturers were represented, however only one manufacturer is being represented in the second stage of step 1 evaluation.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

6. Environmental Stewardship, 7. Healthy Community

**Skilled, Innovative & Respectful Organization**

- More innovation, greater teamwork, better client focus
- Council and SMT are recognized for their leadership and integrity

**Financial Sustainability**

- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

**APPENDICES / SCHEDULES**

N/A