

10.1.5

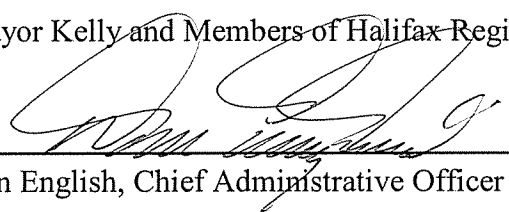


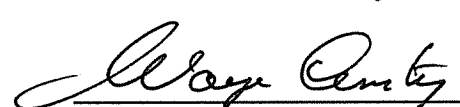
PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Halifax Regional Council  
March 7, 2006

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
\_\_\_\_\_  
Dan English, Chief Administrative Officer

  
\_\_\_\_\_  
Wayne Anstey, Acting Deputy Chief Administrative Officer

**DATE:** February 24, 2006

**SUBJECT:** Award of Request for Proposal # 05-422 - Two(2) Year Agreement for the Supply, Delivery and Services of Desktop Computers, Notebooks and Related Products

---

**ORIGIN**

This report originates from staff. An Expression of Interest was publically advertised for the supply, delivery and service for desktop and notebook computers. Short listed companies were asked to respond to an RFP.

**RECOMMENDATIONS**

It is recommended that Halifax Regional Council:

1. Award RFP 05-422, **Supply, Delivery and Services of Desktop Computers, Notebooks and Related Products** to the highest ranking proponent, XWAVE for a two(2) year period from Operating Account # A410-6706 with funding authorization as per the Budget Implications Section of this report.
2. Authorize staff to extend this agreement for an additional three(3) one year periods subject to annual performance review.
3. Authorize the Mayor and Municipal Clerk to enter into a contractual agreement with XWAVE as per the terms and conditions of the Request for Proposal subject to written approval from the Minister of Service Nova Scotia and Municipal Relations as required under Section 88(4) of the Municipal Government Act.

## **BACKGROUND**

Over the past eight years the Halifax Regional Municipality has standardized on Enterprise Tier equipment and technology across the organization, to lower total cost of ownership (TCO). During this time, equipment has been leased and refreshed on an average of a three year cycle. To continue to meet this goal of lowering TCO and continuously refreshing equipment, HRM requested proposals from qualified proponents to supply and service our desktop environment.

The current three year contract (RFP 02-013) for supply and service of desktop equipment has expired and the Municipality has chosen not to exercise the optional annual renewals, allowing HRM to go to market and seek better terms and pricing. Key points that HRM is seeking in an updated agreement are, increased flexibility in purchasing options to allow for a best fit of technology to users' needs; lowered TCO; improved hardware support for the installed user base; and a costing model that ensures HRM receives continuous best pricing. The technology that HRM currently leases and wishes to continue to purchase through this RFP include: desktop computer systems, workstations, servers, notebooks, flat panel monitors, printers and peripherals.

## **DISCUSSION**

HRM has 1,900 computers deployed across it's network. These computers and associated peripheral equipment are currently supplied under lease, resulting in little flexibility for movement and deployment of assets, without increased costs to HRM for periods other than 36 months.

Equipment with useful life remaining to HRM is, at times, replaced under the lease obligations, whereas a purchase model will allow HRM the flexibility to match users' needs with equipment's life.

Under the technology lease contracts, equipment was to be returned to the lessor at 36 months, buy the asset out, or continue on a month to month contract. The leasing contract provided for little flexibility in how HRM could best deploy assets that still had a technological life after 36 months. The leased technology has minimum residual value, however buyout is expensive for three year old technology. The Municipality had few options other than to replace still useful assets. The proposed purchasing model allows HRM to keep assets beyond the 36 month period, where the technology is still functional, with no additional costs. When factoring in lease buy-out costs, purchasing is less expensive than leasing, even when the purchase is financed over 36 months. If assets are to be retired HRM will have the option to donate to acceptable programs or dispose of through the existing sale of surplus asset process.

Initially HRM relied on the leasing initiative to keep technology fresh, replacing it at regular periods. Internal processes have matured to allow us to continue to replace technology through a purchasing model rather than leasing.

To facilitate the transition from a lease model to a purchase model, proponents were ask to supply pricing based on financing the assets over a 36 month period. These numbers were used in the financial model and the scoring. To provide the maximum flexibility, HRM may choose to either purchase equipment outright, at manufacture's list price less an established discount, or utilize the proponents financing options for 36 months.

As part of the proposal, proponents were advised that HRM wanted the option to perform warranty repairs with existing staff. The key benefit of this will be providing a faster resolution time for hardware related calls to HRM Council and staff. Under the terms of the proposal, the hardware manufacturer will reimburse HRM for warranty related calls. HRM will be able to self-maintain not only the new technology but most of the existing equipment in place, as the recommended proponent **XWAVE**, has proposed Hewlett Packard equipment. This process can be implemented within current staffing levels, as HRM maintains the option to have any or all warranty work carried out by the manufacturer's service personnel.

Initial pricing indicates that desktop and notebook computers prices will decrease by better than 20%. This will vary slightly by model and features required.

An Expression of Interest (EOI# 05-395) was publically advertised and closed on October 21, 2005 to pre-qualify proponents to participate in the Request for Proposal (RFP#05-422) phase of this project. Five(5) companies were short listed and requested to submit a proposal. Proposals were evaluated on adherence to the requirements of the proposal, technical specifications, financial options and cost (a complete scoring matrix is attached).

| <b><u>Company Name</u></b> | <b><u>Aggregate Scores</u></b> (maximum 100) |
|----------------------------|--|
| XWAVE                      | 84*  |
| ABM Integrated Solutions   | 79   |
| Dell Canada                | 78   |
| IMP Solutions              | 74   |
| CompuGen-Horizon Inc.      | 71   |

\* Recommended Proponent

### **BUDGET IMPLICATIONS**

Funding is available in the annual approved Operating Budget from Account A410-6706, Information Technology Equipment, Repair & Maintenance. The availability has been confirmed by Financial Services. Approval of this contract will result in the reduction of allocated operating dollars from \$2,098,000 (FY 05-06) to \$1,699,000 (FY 06-07), an annual savings in the first year of \$399,000.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**

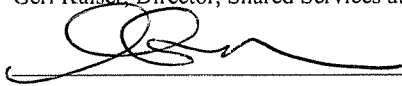
Staff can continue to acquire this equipment through a lease model. Staff have reviewed the option of continuing to lease the Desktop equipment and utilizing 3<sup>rd</sup> party support, as is in place today. This alternative requires more management of assets and contract administration by internal staff to ensure timely return so as not to incur financial penalty. This option does not allow HRM to extend assets where they are still viable at no cost. This alternative is not recommended.

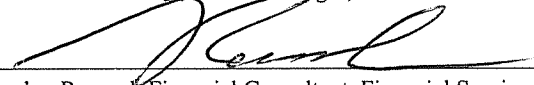
Attachment - Evaluation Sheet

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared/Approved by:   
David Muijs, Divisional Manager, IT, Shared Services at 490-6555

Report Approved by:   
Geri Kaiser, Director, Shared Services at 490-4630

Report Approved by:   
Catherine Sanderson, Senior Manager, Financial Services at 490-1562

Financial Review by:   
Gordon Roussel, Financial Consultant, Financial Services at 490-6468

Scoring Matrix

**HALIFAX REGIONAL MUNICIPALITY  
PROPOSAL EVALUATION RFP# 05-422  
Supply, Delivery and Services of Desktop Computers, Notebooks and Related Products**

| CRITERIA   | MAX SCORE      | SUBMISSION  |             |             |             |             |
|--|----------------|-------------|-------------|-------------|-------------|-------------|
|  |                | ABM         | CompuGen    | Dell        | IMP         | Xwave       |
| 1<br>Qualifications, Experience & Understanding<br>-Relevant skills possessed by proposer's project team<br>-Ability to successfully implement similar projects with the deployment and service options-<br>-References for similar size and scope<br>- understanding if HRM's goals and constraints | 10             | 8           | 6           | 8           | 7           | 7           |
| 2<br>Understanding Scope of Work & Services<br>- Adherence to the requirements of the RFP  | 30             | 25          | 22          | 19          | 21          | 25          |
| 3<br>Adherence to Technical Specifications<br>- meeting or exceeding the specifications  | 15             | 11          | 11          | 12          | 12          | 11          |
| 4<br>Financial<br>- cost methodology to ensure best pricing, flexibility in financial options  | 20             | 15          | 12          | 15          | 13          | 16          |
| 5<br>Financial<br>- proposed costs   | 25             | 20          | 20          | 24          | 21          | 25          |
| 6<br>Costing* (based on model)   |                | \$3,716,245 | \$3,599,129 | \$2,985,072 | \$3,583,869 | \$2,941,036 |
| <b>TOTAL</b>   | <b>100</b>     | <b>79</b>   | <b>71</b>   | <b>78</b>   | <b>74</b>   | <b>84</b>   |
|  | <b>RANKING</b> | <b>2</b>    | <b>5</b>    | <b>3</b>    | <b>4</b>    | <b>1</b>    |

\*All proponents provided HRM with list prices, discounts and HRM prices with purchase financing costs. The costing numbers reflect the cost from each vendor under their proposal for a representative number of units in each of the next five years, and do not include HRM's commitments under the existing leasing program. These costs include the acquisition, installation, maintenance, and disposal of the equipment. It should be noted that printers and other peripheral equipment are not included in the costing model. The actual number of units will vary based on staffing, HRM projects and users' needs.