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Item No. 10.1.9
Halifax Regional Council
July 6, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Mike Labrecque, Acting Chief Administrative Officer

DATE: June 4, 2010

SUBJECT: Award - Extension to Contract, Land-based Telephone Services

ORIGIN

The expiry of Halifax Regional Municipality's existing contracts for land based local and long distance telephone services.

RECOMMENDATION

1. It is recommended that Halifax Regional Council extend the current contract for land-based local telephone Services (CENTREX) with Bell Aliant for a period of two (2) years; and
2. That Halifax Regional Council extend the current contract for long-distance telephone services with Bell Aliant for a period of two (2) years as outlined in the Budget Implications section of this report.

BACKGROUND

The Halifax Regional Municipality has taken advantage of the Province of Nova Scotia contract with Bell Aliant for several years, capitalizing on MASH (Municipalities, Academia, Schools and Health) and Province of NS rates.

HRM currently spends \$720,720 per year (net HST not included) on basic telephone service, \$73,140 per year (net HST not included) on land based voice mail services, and approximately \$16,500 on land-based long distance services.

There have been a number of technological advances in telecommunications technology over the past few years, and staff are currently monitoring trends in alternative service models, including but not limited to Voice Over Internet Protocol (VOIP). Although these technologies will present new opportunities and added functionality in the future, it is the opinion of staff that these enhancements do not support the required investment at this time, and are unlikely to reduce costs in the near term.

HRM and the Province of Nova Scotia will continue to investigate future options to improve land based telephony services, and the extension of the existing Centrex contract will accommodate the time required to thoroughly investigate service options. The Province of Nova Scotia has already extended their contract with Bell Aliant for Centrex services.

DISCUSSION

Bell Aliant has offered a 2-year plan for pricing that reflects our need for time to investigate and strategically plan for future changes in technology, which based on the current contract, will represent a savings of approximately \$114,120 (HST not included) over the term of the contract.

Service description	number of users	Current Cost	New Cost	Current Annual Cost	New Annual Cost	Savings per year
CENTREX (Basic Phone Service)	3300	\$18.20/mo	\$17.00/mo	\$720,720	\$673,000	\$47,720
Voice mail	1325	\$4.60/mo	\$4.00/mo	\$73,140	\$63,600	\$9,540

Under the existing agreement for long distance services, HRM is charged \$0.03 per minute within North America. Under Aliant's new proposed rate structure, the costs for land based long-distance services, including inbound toll-free calls will be as follows:

Nova Scotia	\$0.017/minute
Canada	\$0.020/minute
US	\$0.020/minute
Outside North America	Variable based on 49% discount from normal business rates

BUDGET IMPLICATIONS

There are sufficient funds available in the 2010/2011 operating budget for year one of this contract. The budget has been confirmed by Financial Services.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

ALTERNATIVES

Council could instruct staff to issue a Request for Proposals for land-based telephone services and long-distance. This is not recommended, since the extension to the contract represents a significant savings and will allow staff to construct a strategy which fits within the Municipality's needs and current trends in telecommunications technology.

ATTACHMENTS

N/A

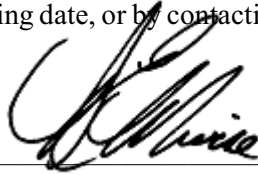
**Award - Extension to Contract
Land Based Telephone Services
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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Approved by:



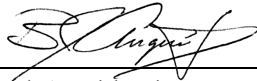
David Muise, Division Manager Information Technology, 490-6555

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Brad, Anguish, Director BPIM 490-4769