



SUBJECT: Network Services Contract

TO: Committee of the Whole

FROM: Information Technology Services

Report Number: IT-01-17

Wards Affected: All

File Numbers: 200-06

Date to Committee: November 27, 2017

Date to Council: December 11, 2017

Recommendation:

Authorize the Manager of Procurement Services to sign a 5-year agreement, with the option to renew for an additional 5 years, with Cogeco Connexion Incorporated, 970 Syscon Road Burlington, Ontario L7L 5S2, for the delivery of fibre optic data services, subject to the satisfaction of the City Solicitor.

Purpose:

The agreement is to provide fibre optic data services for inter-building connectivity (corporate Wide Area Network), Internet services, expanded public Wi-Fi, staff Wi-Fi and trunk radio communications. These services are required to maintain and enhance critical infrastructure that supports services used by the city, its partners and the public.

The corporate network supports corporate business operations, public service delivery, emergency services, facility building automation (HVAC) and security systems. The network is the backbone for the information flow that supports city operations providing access to software and data required by City staff on a daily basis. These services also directly enable the city's on-line service delivery and in-person amenities such as public Wi-Fi at city locations.

Background and Discussion:

In 2008, Cogeco became the provider of all the city's fibre services through their acquisition of Fiberwired (Report F-27/08). In October 2012, Council approved the recommendation to single-source Cogeco for City fibre optic network services and free public Wi-Fi in City facilities for a 5-year term (Report IT-01-12). The city's current 5-year contract with Cogeco expires on May 1, 2018. Procurement By-law 19-2014 allows contracts to be further extended if circumstances warrant it, reference Section 26.0.

The City of Burlington has 43 facilities spread across the community that are interconnected. Of these, 37 are connected to a fibre optic network that is owned and managed by Cogeco. Staff require the network for computer access and land-line phone services. Internet services are vital to delivering on-line public services and providing staff access to a growing number of cloud-based applications. Public Wi-Fi is provided in many facilities and there are plans to implement staff Wi-Fi to support workspace optimization and staff mobility. Current services also provide high availability (redundant) connections for Fire 911 Dispatch and connectivity to the city's disaster recovery site to support business continuity. A connection to the Region of Halton provides access to the city's financial system (SAP) and the Burlington Public Library is connected for shared telephone services. The Burlington Performing Arts Centre, Tourism Burlington and Burlington Economic Development Corporation are all connected to the corporate fibre network to access shared services. Transportation services is exploring opportunities to leverage this fibre network to provide more advanced traffic management capabilities.

It is critical for the city's network to evolve to provide the performance and reliability needed to support business services that increasingly rely on it. The number and types of devices connected and the types of services that are delivered by the network continue to grow. The rising use of video to deliver on-demand messaging and training content as well as real-time streaming of live events, location-based monitoring and video conferencing is driving the need for more network bandwidth. As end-user computers and data centre systems are modernized, the network needs to keep pace to deliver performance and quality of service to drive staff productivity and operational efficiency.

Strategy/process

In June of 2017 ITS management started the process of determining the best path forward for the city. This included discussions with Cogeco, independent market analysis and an assessment of the city's current and future operational requirements.

The recommendation to extend our agreement with Cogeco is supported by the following factors:

Operational Considerations

- Cogeco is a highly responsive vendor with a history of excellent service to the corporation. The positive relationship allows the City and Cogeco to work in partnership to make service improvements.
- The network has been highly reliable.
- Cogeco is intimately familiar with the city's corporate network with many years of experience building, enhancing and maintaining it and therefore can isolate and resolve issues quickly.
- Transitioning to another provider would be highly disruptive and require significant staff resources. The risk of instability and service disruption would be high while the new network is implemented and during the settling in period.
- Due to the extent of the build required, it would take considerably longer to transition to another provider. In addition to delaying the service enhancements, the current Cogeco contract would need to be extended to bridge the gap.
- Cogeco continues to invest and update their network using the latest technology to keep pace with evolving customer needs.

Service Enhancements

In the proposed agreement, Cogeco will:

- leverage their fibre network to support expanded public Wi-Fi and Wi-Fi for staff use in city facilities,
- significantly increase network capacity/performance with facility (site) connections increased from 100Mbps to 1000Mbps (1 Gig) and Internet speeds increased from 200Mbps to 1000Mbps,
- build fibre services to six additional locations that currently use lower grade services that are slower and less reliable,
- provide redundant Internet services with automatic failover to prevent service disruption in the event of an equipment failure or cable cut,
- expand public Wi-Fi coverage in Parks and Rec facilities,
- implement Wi-Fi at Spencer Smith Park,

- implement fibre circuits to support trunk radio communications for Fire and Transit.

Competitive Pricing

- Cogeco is offering highly competitive rates because the city's fibre network is already built and operating. Cogeco has fibre terminated in 37 City facilities. These services have been built, expanded and enhanced over many years.
- Cogeco was recently awarded the Halton District School Board network services contract and is committed to growing and enhancing their network services.
- The city would receive a 900% increase in bandwidth for each city location's connection to the corporate network for a lower monthly cost (\$5 /month less per site than current rates).
- Rates can be extended to other boards and agencies that require fibre services.

Options considered

A standard procurement process was considered however several factors led to the recommendation to enter into a new agreement with Cogeco. Cogeco's service and reliability has been well established with the city. As the incumbent, Cogeco is considered the preferred option to optimize cost and minimize change and disruption. Transitioning to another provider would require a significant build and redesign of the network which would be disruptive, require considerable resources and extend the implementation timeline. The amount of staff time that would be required would cause substantial delays for other important strategic projects.

The recent Halton District School Board RFP for similar services, that was won by Cogeco, is further evidence of Cogeco's price competitiveness in the local market. ITS management is confident that Cogeco is providing highly competitive rates and excellent overall value. Renewing the contract with Cogeco will provide continuity for this critical service at competitive rates and will include major upgrades that are needed to meet the city's evolving business requirements.

Financial Matters:

This agreement would have an annual cost of \$469,980 which is a \$117,900 increase to the annual operating budget. It offers significant service enhancements that includes both new services and the expansion of existing services. The following table

compares the services and annual operating costs between current services and the proposed services under the new agreement:

Services / Enhancements	Current Annual Cost	New Annual Cost	Annual Budget Increase
<u>Current services:</u> <ul style="list-style-type: none"> • 37 sites connected to corporate fibre network • 4 Internet Services • Redundant connection for Fire 911 dispatch <u>Proposed service enhancements:</u> <ul style="list-style-type: none"> • Site Connections upgraded from 100Mbps to 1000Mbps (1Gig) • Corporate internet upgraded from 200 Mbps to 1000Mps (1Gig) • 6 new locations connected via Fibre • Staff Wi-Fi in 7 major facilities (102 Wireless Access Points) • Improved network resilience all sites (redundancy / automatic failover) • Improved Internet resilience (redundancy / automatic failover) • Additional network segmentation to support traffic signal management, and other specialized applications • Expanded public Wi-Fi (36 Access Points in 18 facilities) • New Public Wi-Fi Spencer Smith Park • Two new fibre circuits for trunk radio communications for Transit and Fire 	\$352,080	\$469,980	\$117,900

Cogeco anticipates investing approximately \$900,000 to deliver the service enhancements proposed in the agreement.

As a measure of the value offered under the proposed agreement, just upgrading the city's 100 Mbps connected sites to 1000 Mbps (1 Gig) under the current contract would cost an additional \$267,000 per year. In comparison, these upgrades plus all the additional proposed enhancements would cost an additional \$117,900 per year.

Total Financial Impact

The annual operating budget increase for these services under the proposed agreement is \$117,900. New locations targeted to be upgraded to fibre, are currently using lower grade services from another provider that will be discontinued. The \$7200 annual savings from discontinuing these services will reduce the net annual budget increase to **\$110,700**.

Source of Funding

The funding source is predominantly the ITS operating budget (CC 471000). Fibre services for Halton Court Services, Parks and Recreation facilities (Paletta, LaSalle, Tyandaga, Waterfront) and Fire Dispatch are covered by their respective operating budgets. Trunk radio costs for Fire and Transit will be covered by their respective operating budgets. Costs are recovered from the Burlington Performing Arts Centre, Burlington Economic Development Corporation, Burlington Public Library, and Tourism Burlington through chargebacks.

The 2018 proposed budget would accommodate the increase that would result from the new Cogeco contract.

Other Resource Impacts

Resource impacts are expected to be minimal and work accommodated with existing resources within the established ITS workplan. Further assessment will be done on modifications required at Spencer Smith to accommodate WiFi equipment, electrical, etc. Staff resources from P&R and RPM would be required to plan and coordinate the work associated with this installation.

Connections:

City partners that currently utilize the corporate network will benefit from the increased service levels and enhancements. Other partners such as the Burlington Art Gallery, Museums, Chamber of Commerce and the Burlington Downtown Business Association will have the opportunity to leverage the city rates for their Internet services.

Public Engagement Matters:

N/A

Conclusion:

The corporate network is critical IT infrastructure that is vital to the operation of the city and service delivery. The decision on how best to sustain and update network services beyond the end of the current contract was carefully considered. Among the key considerations were cost, risk, resource impacts, service, reliability and network enhancements to support rapidly expanding business services. ITS Management feels very strongly that the best path forward is to enter into a new 5-year contract with Cogeco that sustains, enhances and expands services as detailed in this report.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.