

Clause 13 in Report No. 16 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on November 16, 2017.

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## Contract Award for Licensing, Hosting, Maintenance and Related Services for eProcurement

Committee of the Whole recommends adoption of the following recommendations contained in the report dated October 4, 2017 from the Commissioner of Finance:

1. Council approve the award of a contract for combined licensing, hosting, maintenance and related services for the bids & tenders and eBidding software to eSolutions Group Ltd., pursuant to the City of Hamilton Request for Proposal C2-02-17, for a term of five years, beginning January 1, 2018 and expiring on December 31, 2022, with an option to renew for an additional five years at no cost to the Region.
2. The Commissioner of Finance be authorized to execute the agreement on behalf of the Region, and to exercise the option to extend the agreement for a further term of five years, expiring on December 31, 2027, provided that the contractor has performed the services to the satisfaction of the Commissioner.
3. The Commissioner of Finance be authorized to purchase upgrades, enhancements and customizations to the eBidding software during the term of the contract, in an amount not to exceed \$100,000, subject to budget availability and ongoing business and technology needs.

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Report dated October 4, 2017 from the Commissioner of Finance now follows:

### 1. Recommendations

It is recommended that:

1. Council approve the award of a contract for combined licensing, hosting, maintenance and related services for the bids & tenders and eBidding software to eSolutions Group Ltd., pursuant to the City of Hamilton Request for Proposal C2-02-17, for a term of five years, beginning

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January 1, 2018 and expiring on December 31, 2022, with an option to renew for an additional five years at no cost to the Region.

2. The Commissioner of Finance be authorized to execute the agreement on behalf of the Region, and to exercise the option to extend the agreement for a further term of five years, expiring on December 31, 2027, provided that the contractor has performed the services to the satisfaction of the Commissioner.
3. The Commissioner of Finance be authorized to purchase upgrades, enhancements and customizations to the eBidding software during the term of the contract, in an amount not to exceed \$100,000, subject to budget availability and ongoing business and technology needs.

## 2. Purpose

This report seeks approval for the Region to enter into a contract with eSolutions Group Ltd. (eSolutions) for the continued licensing, hosting, maintenance and related services for the bids & tenders and eBidding software products. Council approval is required under the Purchasing Bylaw because the term of the proposed contract, including renewals, is greater than five years.

## 3. Background and Previous Council Direction

The Region has been using eSolutions since 2009

In November 2009, the Region initially purchased bids & tender software, licensing, hosting, maintenance and related services from eSolutions. The Region used this software to post all public bids, and paper submissions were received and evaluated. When a contract was awarded, staff would also use the system to post the bid results to inform the vendors.

After gaining experience with the bids and tenders software, the Region progressed to submitting and accepting bids electronically, commonly known as eBidding. The eBidding module of the bids & tender software was purchased from eSolutions in July 2015.

The Region issued its first eBid on November 6, 2015, permitting bidders to submit tenders electronically. eBids are currently only used for tenders that include a requirement for bonding (predominantly construction projects) or where a bid deposit is not collected.

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Council approved the renewal of five one year terms with eSolutions

On June 23, 2016, Council approved a direct purchase for the renewal of combined licensing, hosting, maintenance and related services for the bids & tenders and eBidding software products to eSolutions for five one year terms, from January 1, 2016 to December 31, 2020, at an upset limit of \$11,380.00 per year, excluding HST. The report also advised Council that staff would review alternative eBidding options in the marketplace before procuring any future eBidding contracts.

The current contractual arrangement with eSolutions is known as the 'owner pay' model, which requires the Region to pay a yearly license fee to run the bids & tenders electronic procurement system on the eSolutions platform. There is no additional charge to vendors for using this system, except for the fee charged by the Region to purchase the procurement documents, which is fixed under the Region's 'Fees and Charges for Services and Activities' Bylaw.

The Region has customized the eSolutions platform to meets its needs

During the course of its contract with eSolutions, the Region purchased a number of upgrades, enhancements and customizations to enable the eSolutions platform to meet the Region's specific needs. One example of this was to include a dropdown menu that required vendors to select subcontractors from a prequalified list, thereby eliminating the possibility of having to disqualify bids based on this omission.

The City of Hamilton issued a Request for Proposal for an eBidding System with a Co-operative Purchasing clause

On January 24, 2017, the City of Hamilton issued a Request for Proposal (RFP) for an eBidding system, which closed on February 10, 2017. The RFP was a cooperative bid solicitation prepared on behalf of ten participating agencies within Hamilton and Halton.

Hamilton's RFP also included language which allowed other public sector agencies, not listed in the RFP, to "piggyback" on this procurement and award a contract to the successful vendor on the same terms. In accordance with section 14.2 of the Purchasing Bylaw, where another municipality has completed a competitive procurement and offers to extend to the Region the same terms and pricing offered by the successful bidder, the Region may enter a contract with the successful bidder without issuing a further call or bids, whether or not the Region was named in the call for bids.

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Hamilton awarded a contract to eSolutions for an eBidding system

Hamilton received five proposal submissions for their RFP. The evaluation committee was comprised of City of Hamilton staff and representatives from the participating agencies. The team evaluated and scored each proposal by consensus and held demonstrations with the top three scoring proponents. The proponent awarded the highest score for both technical and cost was eSolutions. In April 2017, City of Hamilton staff entered into negotiations with eSolutions and a contract was awarded on May 19, 2017.

Hamilton RFP requested a 'vendor pay' model

The RFP that was issued required proponents to propose a 'vendor pay' model that would result in a zero cost impact to the public sector agency. Any costs associated with use of the system are borne by the vendors using the eSolutions platform.

The 'vendor pay' model allows the vendor to create a profile, select categories, bid online, and fully manage their profile with an unlimited number of contracts for an annual fee of \$165.00. Alternatively, bidders interested in a single bid can choose to pay a one-time access fee of \$45.00 and create a temporary profile. The vendor's profile will become inactive at the closing of the particular bid.

Hamilton's contract also stipulates that the costs to the vendors remain fixed for the initial five year term.

Hamilton's procurement demonstrates that eSolutions is the vendor of choice for public agencies

Staff believe that the Hamilton RFP, which included submissions from five eBidding service providers, serves as an effective market scan of eBidding technologies and service providers currently available in the marketplace. Staff propose that an award be made to eSolutions, the successful proponent under the Hamilton RFP process.

#### 4. Analysis and Implications

Many municipalities have contracted with eSolutions

To date, 127 public sector agencies in Canada are currently using eSolutions' bids & tenders and eBidding software products, including the Regions of Durham, Peel and Waterloo. In addition, eight of the Region's nine local municipalities and York Regional Police have contracts with eSolutions.

Choosing the 'vendor pay' model is optimal for York Region

With the 'vendor pay' model, eSolutions will supply the Region with all of the Bids and Tenders modules at no cost. This includes all software, hosting, maintenance, training, implementation and ongoing support. Vendors will be required to pay a nominal 'per use' fee or an annual user fee under this model.

eSolutions currently has a pool of approximately 85,000 vendors. 75% of the vendors pay their annual fee of \$165, allowing them unlimited bidding opportunities. Paying the annual fee benefits those vendors who submit more than three bids in one year (\$45.00 per bid).

Of the 127 public sector agencies that currently use eSolutions' bids & tenders and eBidding software, only six agencies (including York Region) do not use the 'vendor pay' model.

eSolutions will honour the Region's current 'cloud' terms and conditions

In discussions with eSolutions, staff have received confirmation that eSolutions is willing to enter into a 'vendor pay' arrangement with the Region based on the 'cloud' terms and conditions that were negotiated under the Region's current contract with them. In addition, the Region can continue to charge vendors a fee to purchase the procurement documents.

eBidding benefits both the Region and vendors

eSolutions software provides the ability for the Region to create electronic bid forms that allow bidders to enter their pricing and submission directly online, thereby reducing the number of non-compliant bids resulting from human error. For tenders, the unofficial bid opening results are available publicly to all bidders in real time, immediately after a bid closes.

In addition, the system generates a spreadsheet for staff that shows the lowest bidder overall and a breakdown with a side by side comparison of the unit prices for all bidders. This reduces administration and processing time spent on manual bid tasks such as preparation of pricing spreadsheets and bid calculation summaries.

Other benefits of eBidding include improved vendor access to bid opportunities, simplified bid and addendum notification processes, and a reduction in the amount of paper generated by the bidding process.

eBidding also assists the Region in complying with the requirements of the Comprehensive Economic and Trade Agreement (CETA), the Canadian Free Trade Agreement (CFTA) and the Ontario-Quebec Trade and Cooperation

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Agreement (OQTCA), as these trade agreements require that all notices of intended procurement be directly accessible by electronic means through a single point of access.

To continue addressing the Region's needs, customizing eSolutions platform needs to continue

The Region's current contract with eSolutions does not include any fees for upgrades or customization of their platform to suit the Region's needs, and the proposed contract also does not include such fees. Historically, the Region has been paying for these upgrades and customizations.

For example, most recently, eSolutions has agreed to customize the Region's eSolutions platform to implement an electronic fund transfer process ("EFT") to allow the Region to accept EFT deposits. As the procurement process evolves, it is expected that there may be other necessary upgrades to the software.

Entering into a contract with eSolutions furthers the objectives and goals of the 2015 to 2019 Strategic Plan

Automating bids & tenders and eBidding software products is essential to providing a responsive and efficient public service as this system will support a faster and easier system for bid takers since they will not have to prepare, or deliver, 'paper' bids to the Region.

### 5. Financial Considerations

The new contract will result in annual savings of \$11,380 in fees for the next three years

The existing contract with eSolutions (including the renewal options) expires on December 31, 2020. Under the terms of the contract, the Region is required to pay an annual fee of \$11,380 (plus HST). This fee will no longer be required to be paid by the Region under the 'vendor pay' model. The Region will save approximately \$35,000 (plus HST) that it would have incurred for the three remaining years of the current contract.

Additional upgrades, enhancements and customizations may be required during the contract term

It is also requested that the Commissioner of Finance be authorized to purchase upgrades, enhancements and customizations to the eBidding software during the term of the contract, in an amount not to exceed \$100,000. Any proposed

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expenditures would be subject to budget availability and ongoing business and technology needs.

### 6. Local Municipal Impact

There is no local municipal impact associated with this report. All local municipalities, with the exception of the Town of East Gwillimbury, have contracts with eSolutions.

### 7. Conclusion

The Region's implementation of eBidding has been successful in reducing non-compliance issues and in streamlining the procurement process. The eBidding module provided by eSolutions has met the needs of the Region and the 'vendor pay' model will result in cost savings to the Region.

It is proposed that the award of a contract for combined licensing, hosting maintenance and related services for the bids & tenders and eBidding software to eSolutions be approved, using the 'vendor pay' model, for the period from January 1, 2018 to December 31, 2022, with an option to renew for an additional five years.

It is also requested that Council authorize the Commissioner of Finance to purchase upgrades, enhancements and customizations to the eBidding software during the term of the contract, in an amount not to exceed \$100,000, subject to budget availability and ongoing business and technology needs.

For more information on this report, please contact Jerry Paglia, Director, Procurement Office, at 1-877-464-9675 ext. 71650.

The Senior Management Group has reviewed this report.

October 4, 2017

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