

Clause 15 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 20, 2017.

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## Security Systems Procurement Strategy Update

Committee of the Whole recommends adoption of the following recommendation contained in the report dated March 28, 2017 from the Commissioner of Corporate Services:

1. Council authorize an extension of the agreement between the Region and Honeywell Limited (Honeywell) as a direct purchase of security systems, as amended to exclude the service and maintenance portion, for a period of one year expiring on May 17, 2018, with an option to extend for one (1) additional year, at an estimated total cost of \$ 1,500,000 excluding applicable taxes.
2. Council authorize the Commissioner of Corporate Services to execute the agreement, as amended, and to exercise the option to extend the agreement on behalf of the Region, for a further term of one (1) year.
3. Council authorize a new agreement between the Region and Honeywell, to provide service and maintenance to existing installed security systems for a period of five (5) years, commencing May 18, 2017 and expiring on May 17, 2022, with an option to extend for an additional five (5) years.
4. Council authorize the Commissioner of Corporate Services to execute the service and maintenance agreement and exercise the option to extend the agreement on behalf of the Region, for a further term of five (5) years.

# Security Systems Procurement Strategy Update

Report dated March 28, 2017 from the Commissioner of Corporate Services now as follows:

## 1. Recommendations

It is recommended that:

1. Council authorize an extension of the agreement between the Region and Honeywell Limited (Honeywell) as a direct purchase of security systems, as amended to exclude the service and maintenance portion, for a period of one year expiring on May 17, 2018, with an option to extend for one (1) additional year, at an estimated total cost of \$ 1,500,000 excluding applicable taxes.
2. Council authorize the Commissioner of Corporate Services to execute the agreement, as amended, and to exercise the option to extend the agreement on behalf of the Region, for a further term of one (1) year.
3. Council authorize a new agreement between the Region and Honeywell, to provide service and maintenance to existing installed security systems for a period of five (5) years, commencing May 18, 2017 and expiring on May 17, 2022, with an option to extend for an additional five (5) years.
4. Council authorize the Commissioner of Corporate Services to execute the service and maintenance agreement and exercise the option to extend the agreement on behalf of the Region, for a further term of five (5) years.

## 2. Purpose

This report is to obtain Council authorization to extend the amended Honeywell agreement and to enter into a new agreement as summarized in Table 1:

Table 1  
Honeywell's Current and Proposed Agreements

Current	Scope of Work	Proposed
Combined five (5) year agreement expiring on May 17, 2017	Supply and installation of new equipment and software	One (1) year extension expiring May 17, 2018, option to extend for one (1) year (refers to Recommendation 1 and 2)
	Service and maintenance of existing installed equipment	New five (5) year agreement expiring May 17, 2022, option to extend for five (5) years (refers to Recommendation 3 and 4)

The Purchasing Bylaw requires Council authorization where the term of a proposed contract is for a period greater than five (5) years, or where the renewal or extension of a contract would result in an aggregate term of greater than five (5) years.

### 3. Background and Previous Council Direction

In 2010 the Region identified the need to move to a new single supplier of security systems as the old systems are discontinued

In the past, the Region used and managed two different security systems, both of which have been discontinued and are no longer supported by their manufacturers.

In 2010, staff investigated alternatives for replacing these older systems. Adopting a single system was the preferred option, as it allowed the Region to replace the discontinued systems in an efficient manner.

The Region issued a Request for Proposal in 2011 and selected Honeywell as a direct purchase of security equipment, software, installations and maintenance at all Regional facilities

A Request for Proposal (RFP) was issued for the supply and installation of a security system for two projects scheduled for 2012. The RFP also stipulated that the successful proponent's security system will set the standard for enterprise security and access control for all Regional facilities. Honeywell was the successful vendor as a result of this RFP process.

In [May 2012 Council](#) adopted staff's recommendation to use Honeywell as the direct purchase provider of security systems including service and maintenance for a five year term, expiring on May 17, 2017.

The pricing agreement between the Region and Honeywell secured the costs for the contract term, with escalation applied at a rate of 2% per year.

The Honeywell System is a proprietary system

The criteria of the RFP included the vendors' experience, technological features and functions, reliability and cost. Honeywell's proprietary security systems best met all the criteria at the time. The nature of a proprietary system means that hardware components, software and maintenance can only be provided by the

supplier of the system. The proprietary Honeywell system that was selected performed well, and in accordance with Regional requirements.

#### 4. Analysis and Implications

During the past five years the Honeywell system has been successfully installed at 86 facilities with a further 13 planned for 2017

The Region has 161 facilities that require a security system. These range from the larger, more visible sites like 17250 Yonge Street and 90 Bales Drive East but also many water and waste water facilities.

Since 2012, the Honeywell system has been installed at 86 facilities that either had an old security system or no security system at all. An additional 13 facilities will be retrofitted with the Honeywell system in 2017, leaving 62 facilities with old/no security systems that will require upgrading in 2018 and onward.

The security industry has evolved over the last five years and non-proprietary systems can provide more competitive pricing and meet the Region's requirements

In 2016, the Region issued a Request for Information to evaluate alternative non-proprietary systems on the market. This due diligence process confirmed that non-proprietary systems are capable of meeting all of the Region's security system requirements.

The benefit of moving to non-proprietary security systems is that they can be supplied and installed by a number of approved security contractors. These security contractors will compete between themselves to provide the Region with competitive installation and maintenance prices.

The Honeywell contract expires in May 2017 and the Region will be issuing a Request for Prequalification to select a non-proprietary system

Two Requests for Prequalification will be issued: One to select the manufacturer of a non-proprietary security system and will be issued in June 2017. The other will be issued in early 2018 to create a roster of approved security contractors. The security contractors on the roster will compete for the supply, installation, servicing and maintenance of the new system. The new security system will be used in retrofitting the remaining facilities and for new construction projects.

The procurement, testing and implementation of a new security system can take up to two years

Once the new system is selected, it will need to be commissioned and tested on the Region's IT network. Staff estimates that the procurement and testing of the new non-proprietary security system could take up to two years depending on the complexity of the new system.

Staff is therefore requesting authorization to extend the Honeywell agreement for all retrofits and new construction, for a period of one (1) year, with an option to extend for one (1) additional year until the Region is ready to switch to the new system.

Facilities already on the Honeywell system will require ongoing service and maintenance by Honeywell

The 86 existing and 13 planned facilities with the Honeywell system will not be changed to the new system. These Honeywell systems will require continued service and maintenance. Since the Honeywell system is proprietary, the Region will need to continue using Honeywell for this service.

The Region intends to negotiate a new service and maintenance agreement with Honeywell with fixed pricing for parts and labour and a guaranteed response time. This will reduce the overall cost of service and maintenance while providing the level of service required for the maintenance of the Honeywell systems already installed.

## 5. Financial Considerations

The new supply and installation costs have been captured in the Region's capital budgets in 2017 and 2018.

The service and maintenance costs have been and will be captured in the Region's operating budgets for the next ten (10) years.

## 6. Local Municipal Impact

There is no local impact associated with this report.

## 7. Conclusion

Through a due diligence process, the Region determined a non-proprietary system will allow a more competitive environment and will continue to provide robust security systems. Based on the schedule provided in the report, Staff recommends that the existing Honeywell agreement, as amended, be extended by up to two years. In addition, Staff recommends that a new Honeywell service and maintenance contract for existing facilities, be negotiated for up to ten years.

For more information on this report, please contact Michael Shatil at 1-877-464-9675 ext. 71684.

The Senior Management Group has reviewed this report.

March 28, 2017

Attachments ()

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Accessible formats or communication supports are available upon request