
DATE: October 5, 2009

REPORT TITLE: **SUPPLY OF TRANSHelp AUTOMATED VEHICLE LOCATOR
HARDWARE, SOFTWARE, AND RELATED SERVICES "AGREEMENT"
(DOCUMENT 2009-617N)**

FROM: R. Kent Gillespie, Commissioner of Employee and Business Services
Dan Labrecque, Commissioner of Environment, Transportaion and Planning
Services

RECOMMENDATION

That the contract (Document 2009-617N) for the supply of Transhelp Automated Vehicle Locator Hardware, Software and Related Services ("Agreement") be awarded to Mentor Engineering Inc. in the estimated amount of \$483,094 (exclusive of applicable taxes), in accordance with Purchasing By-law 63-2008;

And further, that authority be granted to staff to execute a three year Agreement, including the Master Agreement and Statement of Work, with Mentor Engineering Inc., together with such further documents that may be required, for the provision of automated vehicle locator hardware, software and related services for the Region's Para Transit Vehicles;

And further, that authority be granted to staff to execute a License and Maintenance Agreement with Trapeze Software Inc. and Mentor Engineering Inc., together with such further documents that may be required, for the Trapeze Software component and related services included in the Agreement;

And further, that authority be granted to staff to execute any amendments required to the Agreement, including any amendments required to any Statements of Work made pursuant to the Agreement;

And further, that authority be given to staff to purchase any optional goods and services offered by Mentor Engineering Inc. for the Transhelp Automated Vehicle Locator System, as required, in accordance with the terms outlined in the Agreement;

And further, that at the conclusion of the three year term of the Agreement, authority be given to staff to directly negotiate with Mentor Engineering Inc. on an annual basis to purchase additional goods and services available to the Region under the Agreement subject to satisfactory performance, pricing and available funding.

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REPORT HIGHLIGHTS

- Document 2008-069P was issued and two bids were received. Both bids qualified the terms and conditions of the RFP resulting in cancellation of the RFP.
- Subsequently Document 2008-740P was issued addressing the non compliance.
- Two vendors responded to Document 2008-740P and both vendors qualified the mandatory technical, functional and warranty requirements resulting in cancellation of the RFP.
- As a result of the two failed RFP processes staff commenced direct negotiations with both vendors. At the end of the negotiation process, the Region evaluated the transactions being proposed by each vendor and determined that Mentor Engineering Inc. presented the best overall value for the Region. On this basis, Mentor Engineering Inc. is recommended for award.

DISCUSSION

1. Background

In April 2008 the Region issued an RFP (Document 2008-069P) for the Transhelp Automated Vehicle Locator Hardware for a vendor to install automated vehicle locator devices in the Transhelp vehicles. This RFP entailed the purchase of hardware and off the shelf software that could be customized to meet the Region's requirements.

In May 2008 two vendors replied to the proposal, both with qualified bids with respect to the terms and conditions of the contract. As a result, the RFP was cancelled and new RFP Document 2008-740P was issued.

The Region re-issued a modified version of the RFP to address the issues identified in the non-compliant bids received. Legal assistance was requested, regarding the drafting of the IT provisions for this document.

Document 2008-740P was publicly advertised in the Toronto Star and closed on December 22, 2008 with two submissions being received: Mentor Engineering Inc. and Trapeze Group. The submissions were reviewed for compliance by Purchasing and Legal and both submissions were found to be non-compliant in terms of Technical Requirements, Functional Requirements and Warranty. In compliance with the Region's Purchasing Policy and to reinforce the fairness and integrity of the process, the RFP was cancelled on April 3, 2009 as non-compliant bids were not acceptable.

2. Purchasing Process

As a result of the failed processes and due to the technical similarities between the two vendors, the Region of Peel invited both vendors, Mentor Engineering Inc. and Trapeze Software Inc., to enter into a fixed negotiation period with the Region with the aim of achieving a mutually agreeable contract with one vendor to provide, install and maintain for the Region an automated vehicle locator system, including software, hardware devices, and mounting solutions for the Region's Para Transit.

The negotiation process began on June 3, 2009 with an initial draft of the agreement being provided by the Region to both vendors ("Initial Draft"). The Initial Draft reflected the

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standards of the information technology industry and the terms and conditions that applied to the procurement of the goods and services described in the cancelled Document.

The Region carried on negotiations with both vendors for a period of twenty-five days. At the end of the twenty-five day negotiation period, the Region provided each vendor with a draft agreement that reflected the terms of the Initial Draft and the Region's negotiations with that vendor (each a "Draft Agreement"). Each vendor was given three days to review the Draft agreement prepared for it and to exercise one of the following options:

- (i) notify the Region that the vendor was prepared to sign the draft agreement prepared for it as is;
- (ii) provide a revised draft of the Draft Agreement prepared for the vendor to the Region to evaluate; or
- (iii) withdraw from the negotiations by giving the Region written notice of its intention to withdraw.

Both vendors responded by providing the Region with a revised draft of the Draft Agreement for the Region to evaluate.

The Region evaluated the transactions being proposed by each Vendor as set out in the revised Draft Agreement, and determined that Mentor Engineering Inc. presented the best value for the Region based on the merits of the goods and services proposed as well as the proposed price for these goods and services. As Mentor Engineering Inc. had indicated that it was not prepared to sign the Draft Agreement prepared for it without change, the Region chose to continue to negotiate with Mentor Engineering Inc. for a set period of time. At the end of the time period, the Region prepared a final version of the agreement for execution (the "Agreement") by Mentor Engineering Inc., conditional upon obtaining approval of Peel Region Council.

The Agreement includes:

1. A Statement of Work, which describes the specific items of goods and services to be provided to the Region by Mentor in accordance with the terms and conditions of the Agreement.
2. A Software License and Maintenance Agreement between the Region, Mentor Engineering Inc. and Trapeze Software Inc., which governs the license granted and services to be provided by Trapeze as a subcontractor of Mentor, for the provision of the Trapeze software and related services included in the Agreement.

FINANCIAL IMPLICATIONS

Funding for Transhelp Automated Vehicle Locator Hardware, Software, Support and Warranty is available in Capital Budget Dept. ID: 06-7585 (\$110,000), 07-0250 (\$350,000), 08-0250 (\$23,094) and Account 25032.

CONCLUSION

Mentor Engineering Inc. is a responsive and responsible vendor and therefore is recommended for award of a three year Agreement for the purchase of Transhelp automated vehicle locator

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hardware and software, and related services in the estimated amount of \$483,094 (exclusive of applicable taxes).

The staff recommends that authority be granted to execute the License and Maintenance Agreement with Trapeze Software Inc. and Mentor Engineering Inc., together with such further documents that may be required, for the Trapeze Software component and related services included in the Agreement and any amendments required to the Agreement, including any amendments required to any Statements of Work made pursuant to the Agreement.

Staff further recommends that authority be given to staff to purchase any optional goods and services offered by Mentor Engineering Inc. for the Transhelp Automated Vehicle Locator System, as required, on the same terms outlined in the Agreement.

At the conclusion of the three year term of the Agreement, staff recommends that on an annual basis direct negotiation take place with Mentor Engineering Inc. for additional purchases of any goods and services available to the Region under the Agreement subject to satisfactory performance, pricing and available funding.

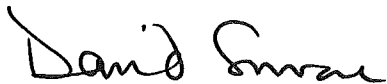


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