

Item 6.

Contract Variation - Data Network Services

File No: S076625

Summary

The City of Sydney has 42 sites, external to Town Hall House (THH), that are connected to decentralised data centres in Silverwater and Rosebery via dedicated data links. This arrangement is known as a Wide Area Network (WAN). The WAN allows these sites, including the City's depots, neighbourhood service centres, libraries and community centres, to link with the City's corporate systems and support local community services.

In November 2011, Via IP Pty Ltd was awarded a contract for the supply of data telecommunications and internet links for the City of Sydney WAN. The contract had an initial term of three years, with an option for an additional term of three years. The option for the additional term was exercised under delegation and expired on 17 November 2017. A further variation was approved by Council for an 18-month extension through to May 2019, to allow time for a detailed review of the WAN infrastructure and design, and to prepare an appropriate specification of technical and service requirements, and conduct a new tender for future network services.

Throughout 2018, Technology and Digital Services conducted a review of the City's existing WAN infrastructure and emerging technologies. The results of the review were incorporated into a tender specification, and the Tender - Data and Internet Services (RFT 1867) was issued in September 2018 and closed on 2 October 2018. The recommended tenderer for these services was approved by Council on 10 December 2018.

This report seeks Council's approval to extend the existing contract by a further nine months, to 29 February 2020. This period is required to allow time to complete the migration to the new provider. The new provider will commence in August 2019 and the migration is expected to take six months.

Recommendation

It is resolved that:

- (A) Council approve a variation of the Data Network Services contract to provide for an increase to the overall contract price for the extension of the contract term; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the variation of the Data Network Services contract to provide an increase to the overall contract price for the extension of the contract term.

Attachments

Attachment A. Variation Costs – Data Network Services Contract (Confidential)

Background

1. The City of Sydney has 42 sites, external to Town Hall House (THH), that are connected to decentralised data centres in Silverwater and Rosebery via dedicated data links. This arrangement is known as a Wide Area Network (WAN). The WAN allows these sites, including the City's depots, neighbourhood service centres, libraries and community centres, to link with the City's corporate systems and support local community services.
2. In November 2011, following a Request for Tender, Council approved a contract for Via IP Pty Ltd to supply Data Network Services to deliver the WAN for a period of three years, with one option to extend for a further period of three years.
3. The option to extend this contract to November 2017 was then exercised in November 2014.
4. A further extension of 18 months was approved by Council to allow for a review of WAN services and technology and to conduct an Request for Tender.
5. The City's reliance on these Links and Services to deliver the day-to-day operations of the City has increased substantially over the last few years, as use of internet-based cloud services and data storage increases. The City's range of online services have also expanded substantially to meet operational needs and customer expectations for 24/7 availability.
6. Throughout 2018, Technology and Digital Services conducted a review of the City's existing WAN infrastructure and emerging technologies. The results of the review were incorporated into a tender specification, and the Tender - Data and Internet Services (RFT 1867) was issued in September 2018 and closed on 2 October 2018. The recommended tenderer for these services was approved by Council on 10 December 2018.
7. Council's approval to vary the contract to extend for a period of nine months is sought, to allow time for the migration to the new WAN and Internet service provider.
8. The existing service provider will continue under existing arrangements to ensure continuity of service for local sites and the community.

Key Implications

Organisational Impact

9. This proposal will allow continued operation of the City's WAN until new services are established under the new provider, and a smooth transition.

Risks

10. If the current contract with ViaIP is discontinued, the City will be exposed to possible changes in services and pricing.

Budget Implications

11. There are sufficient funds allocated in the 2019/20 operating budget and forward estimates to vary the contract.
12. Vendor fees are payable on a month-by-month basis. The terms of the contract provide for the City to terminate the contract during that time with written notice.

Relevant Legislation

13. Attachment A contains confidential commercial information of the supplier which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
14. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

15. Critical dates:
 - New provider awarded: December 2018
 - New contract execution: February 2019
 - Planning and network design: March to June 2019
 - Transition: August 2019 to February 2020

SUSAN PETTIFER

Director, People, Performance and Technology

Adam Major, Manager IT Technical Services