

TO: MAYOR & COUNCILLORS
FROM: DEPUTY GENERAL MANAGER FINANCE
RESPONSIBLE DEPARTMENT(S): INFORMATION TECHNOLOGY
SUBJECT: **CR - VMWARE PRODUCT SUPPORT AND SUBSCRIPTION LICENSES**
PURPOSE: To obtain Council approval for a Contract Renewal (CR) for the supply and delivery of VMware product support and subscription licenses.

RECOMMENDATION

THAT a contract renewal to Turning Point Technology Services Inc., for an estimated cost of \$554,247 including taxes, as outlined in the report titled “CR – VMware Product Support and Subscription Licenses” dated July 22, 2025, be approved; and

THAT final payment will be based on the actual quantity of goods and services delivered and hourly rates submitted.

EXECUTIVE SUMMARY

This recommendation is to approve a contract renewal of \$554,247 including taxes. Further details on the contract history are outlined in Attachment 1.

Turning Point Technology Services Inc. is a reseller for VMware product licenses. VMware products are used to manage the City's virtual server infrastructure. The initial contract was for a one-year term, with the option to renew for up to four (4) additional (1) one-year periods at the City's discretion. This renewal includes product support and subscription licenses for VMware which supports critical systems such as SAP HANA, NG911, and the Cisco phone system.

The current renewal represents the first optional term under the contract.

There is no need to go back out to bid at this time because the original contract included optional renewal years, which the City is now exercising.

1.0 POLICY SECTION

The City's Change Order Policy requires Council approval for change orders, which individually or when accumulated with prior change orders, increases the total value of the contract by \$500,000.

2.0 BACKGROUND

Following Request for Quotation (RFQ) in July 2024, the City awarded a one-year contract to Turning Point Technology Services Inc. for an estimated cost of \$360,219 including taxes for the period August 11, 2024, to August 10, 2025 with the option to renew for four one-year periods at the sole discretion of the City, should service prove reliable and pricing remain competitive. Optional contract renewal terms allow the City to assess the vendor's performance during the initial term and provides the Contractor with the ability to adjust pricing based on market fluctuations at the time of renewal.

The scope of work of this contract is for the supply and delivery of VMware software licenses and associated support services for server virtualization infrastructure. The City has been working with Turning Point Technology Services Inc., for the supply of similar products for over one year.

3.0 GENERAL INFORMATION

The estimated total contract value is \$914,466 including taxes. Further details on the contract history are outlined in Attachment 1.

Renewing these licenses is necessary to keep key systems such as SAP HANA, NG911, and the Cisco phone system running. Considering the cost increases incurred with this product due to changes in the licensing model and overall price increases, staff are actively investigating alternative options to lower costs in the future.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

RFQ #129-06-24 for VMware Product Support and Subscriptions was publicly advertised. Upon closing, the City received a total of six submissions.

5.0 FINANCIAL CONSIDERATIONS

Funding for this work is provided in the 2025 – 2029 Financial Plan under the IT operating budget (\$529,600 excluding GST).

Respectfully submitted,

Ratan Grewal, Deputy General Manager Finance

ATTACHMENTS

Attachment 1 – Contract History

REPORT CONTRIBUTORS

This report was prepared by Michael Xie, Senior Buyer, Procurement Services and reviewed by Scott Lovas, Assistant Manager, Procurement Services and Sophan Lum, Senior Manager, Procurement Services – Capital