

Meeting Date: May 8, 2007

Subject: Procurement Authorization – Bentley Municipal License Subscription Agreement

Recommendation

It is recommended that the Commission approve the issuance of a purchase order to the City of Toronto (City) for the subscription to the Bentley's Municipal License Subscription Program in the total amount of \$346,146.91 (including taxes) for a three year period, effective January 01, 2007 to December 31, 2009.

Funding

Sufficient funds to cover this expenditure have been included in the 2007 TTC Operating Budget and the TTC 2007-2011 Capital Program as approved by City Council on March 7, 2007. Also, funds will be included in future budgets as required.

Background

The TTC currently owns several types of licenses of Bentley software for which annual license fees are paid for help desk support and software upgrades. The software is used for a broad range of activities including drafting, plotting, viewing of drawings, modelling and design in support of municipal engineering, design and mapping. The previous contract expired on March 31, 2007.

The TTC was invited by the City of Toronto to be an equal partner to benefit from a new initiative from Bentley named the "Municipal License Subscription Program" (MLSP) which is an amendment to the previous Bentley Select Program Agreement. The MLSP is a special Select license plan provided only to Cities and Municipalities. In 2006 the City of Toronto was presented by Bentley with an offer to sign-up to the MLSP. The City of Toronto requested that the offer be extended to the Toronto Transit Commission and Toronto Hydro. Bentley agreed to allow the TTC and Toronto Hydro under the City of Toronto MLSP agreement.

The City signed a MLSP with Bentley effective January 1, 2007 to December 31, 2009. This agreement allows the TTC to subscribe to an unlimited number of licenses to use the Bentley suite of software products and to obtain related software upgrade and maintenance with no cost increases until the end of the contract period of December 31, 2009.

Discussion

The TTC's previous pricing for maintenance for various Bentley software was \$93,086 and was based on an older version of Bentley's software and also included a 30% group customer discount, which the TTC received in conjunction with the City of Toronto. If the TTC were to renew its agreement with Bentley outside of the MLSP, the cost for the first year would be approximately \$123,000. Bentley indicated the higher cost is related to upgrades in the software (based on a new XM Edition of their software) and a reduced discount (from 30% to 15%) since the TTC would lose the group discount as the City will be participating in the MLSP agreement.

TTC staff requested the City to submit a Memorandum of Understanding (Payment Agreement) between the TTC and the City, which states that the City agrees to purchase Bentley software products on behalf of the TTC in accordance with this Agreement and the Bentley MLSP for the period from January 01, 2007 to December 31, 2009. As a result, the TTC will make annual payments to the City in the amount of \$109,250, excluding applicable taxes, (approximately \$16,000 higher than the previous pricing) which will be firm for the duration of this agreement. This cost is 23% of the total net costs of \$475,000 which the City of Toronto pays directly to Bentley annually. The 23% cost for the TTC is based on the percentage of current licenses held between the TTC, Toronto Hydro and the City.

TTC's annual pricing under the MLSP agreement would be approximately 11% lower compared to the cost to renew the contract with Bentley outside of the MLSP. In addition, there would be no increases in either year 2 or year 3 of the MLSP agreement over the year one price. Further, under the MLSP agreement the TTC will have the benefit to access an unlimited number of new and current types of licenses including maintenance at no additional cost.

Staff is currently looking to purchase eight additional licenses (e.g. STADD Pro, Project Wise Web Server, etc.), which would have an estimated cost of \$62,000 (excluding taxes) if purchased outside of the MLSP. However under the MLSP agreement, these additional licenses will be supplied at no additional cost, which represents a savings over the previous contract structure. Further, additional licenses will be required over the next three years to meet the business requirements of the Engineering Department and Operations Branch Departments. These additional licenses and maintenance will also be provided at no additional cost, which will result in additional cost savings.

The savings associated with the subscription to the MLSP agreement is due to a special volume discount provided by Bentley to the cities and municipalities. As a result, it is recommended that a purchase order be issued to the City for the subscription to the MLSP agreement to take advantage of having access to an unlimited number of new and current types of licenses and having a cost benefit of three year fixed pricing.

At the end of this contract term on December 31, 2009, TTC will retain the rights to the licenses it has purchased as of December 31, 2006, if it elects not to subscribe to the MLSP agreement thereafter.

As TTC has already paid maintenance for the period of January-March of 2007, and the new MLSP agreement is in effect as of January 1, 2007, the City will be providing a credit of \$24,112.36 (which has been deducted from the recommended amount) to the TTC for the 1st quarter of 2007 which shall be deducted from the first payment to the City.

The Payment Agreement has been reviewed by staff and is considered acceptable.

Justification

The Payment Agreement with the City of Toronto will ensure continued Bentley software support and provide unlimited access to Bentley products for a three year period.

April 16, 2007

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Attachment – Appendix – 'A'

Appendix 'A'

Bentley Municipal License Subscription Agreement

Proposal Summary

| | BENTLEY SOFTWARE MAINTENANCE |
|-------------------------------|-------------------------------------|
| 3 YEAR PRICING | \$ 327,750.00 |
| CREDIT | \$ 24,112.36 |
| 3 YEAR SUBTOTAL | \$ 303,637.64 |
| GST | \$ 18,218.26 |
| PST | \$ 24,291.01 |
| 3 YEAR GRAND TOTAL | \$ 346,146.91 * |

*Recommended for award.