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Sole Source Environmental Systems Research Institute (ESRI) Software Renewal Staff Report to Council

Report Number: 2021-89

Department(s): Information Technology, Procurement Services

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Meeting Date: December 6, 2021

Recommendations

1. That the report entitled Environmental Systems Research Institute (ESRI) Software Renewal dated December 6th 2021 be received; and,
2. That the renewal of a three year agreement for the sole source ESRI software be approved;
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to seek a sole source non-competitive approval for a three year term of the Town's existing proprietary Environmental Systems Research Institute (ESRI) solution in the overall amount of \$207,000.00(CAD) plus applicable taxes.

Background

ESRI Canada provides a proprietary GIS software product called “ArcGIS Enterprise”, which operates on desktop, server, and mobile platforms. **ESRI Canada is the sole distributor of ESRI Software (ArcGIS Enterprise) in Canada.** GIS is used for creating and using maps and geographic data in a range of applications, analyzing mapped information, sharing and discovering geographic information, and managing geographic information in a database. The system provides an infrastructure for querying, maintaining, and presenting geographic information available throughout an organization, across a community, and openly on the Web.

At the Town, GIS software is used to create, manage, enable, and integrate spatial and non-spatial data. It provides the foundational mechanism to distribute the information and data produced corporate wide by enabling applications including SOGIS (Staff Online GIS), Navigate Newmarket, Locate My Plow, Road and Sidewalk Patrol, Open Data, COVID19 Self-Screening Tool and Dashboards, Stay Fire Smart, Choose Local, as well as static map products and to support many Town decisions. ESRI Software is used by all members of the YorkInfo Partnership (York Region, all local municipalities, 2 York Region School Boards, 2 Conservation Authorities in York Region) and ensures that our Town is able to participate fully to realize the benefits of the partnership.

Discussion

ESRI Software has been used since 2002 as the Town’s GIS software and is imbedded in the Town’s processes and procedures. Since 2009, the Town has had a Small Local Government Enterprise License Agreement with ESRI Canada that renews every 3 years. Due to the complexity of business needs, the need for data consistency, collaboration with our peers, and the operational impact to change, this type of software cannot be replaced without significant cost and impact on the organization.

Cost Regulation:

Notwithstanding that the Town relies on this supplier as the sole provider of this software, Town staff continue to ensure that the price is reasonable for the product being delivered. The annual fees proposed by the supplier for the term to be approved are within CPI inflation estimates. Historical costs also appear to have been lower than the proposed annual CPI inflation percentage.

Town staff also continue to watch the market place to see if any comparable products become available. Even if a switch to a comparable product would not be recommended based on compatibility with existing systems, it would provide a market benchmark for costs.

Procurement By-Law Considerations:

The Town's Procurement By-law permits for Sole Source purchases without entering into a competitive bid process in certain circumstances such as the following justifications in section 13.5 of the by-law:

- i. May be based on proprietary technology.
- ii. Copyright; or
- iii. A Supplier's unique capability.
- iv. And other exceptions, expressly permitted under the Agreement on Internal Trade, as amended.

In this case, ESRI Canada is the only Canadian distributor of the proprietary GIS ESRI Software (ArcGIS Enterprise) that is engrained in the Town's processes and procedures and therefore has a unique capability.

Staff recommend that a three year term be entered into with ESRI Canada for ESRI Software (ArcGIS Enterprise) as that is the licensing model available.

The Manager of Procurement Services is satisfied that the justification provided is compliant with the sole source requirements of the Procurement By-Law 2014-27, section 13.5, specifically the following;

- i. May be based on proprietary technology; and
- ii. A Supplier's unique capability.

This acquisition is also supported by the limited tendering provisions of the trade treaties, Canadian Free Trade Agreement (CFTA) and the Canada European Trade Agreement (CETA) as follows:

(b) if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

(iii) due to an absence of competition for technical reasons; (iv) the supply of goods or services is controlled by a supplier that is a statutory monopoly;

(c) for additional deliveries by the original supplier of goods or services that were not included in the initial procurement, if a change of supplier for such additional goods or services:

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services, or installations procured under the initial procurement; and

(ii) would cause significant inconvenience or substantial duplication of costs for the procuring entity; Content for Option 1

Conclusion

Staff recommends that Council approval a sole source non-competitive approval for a three year term of the Town's existing proprietary ESRI solution in the overall amount of \$207,000.00(CAD) plus applicable taxes.

Business Plan and Strategic Plan Linkages

Newmarket's vision of a community "Well Beyond the Ordinary" is one that provides efficient, effective and environmentally sound services to an appropriate level that achieves Council and/or Provincially mandated services levels, which meet public health and safety requirements and enhances quality of life while ensuring that system capital assets retain their value and are managed and funded according to sustainable, lifecycle based principles and practices. In addition, Newmarket's procurement practices align with Council's 2018-2022 Strategic Priority of Long-term Financial Sustainability.

Consultation

This report was prepared in consultation with staff from Information Technology and Procurement Services

Human Resource Considerations

None required.

Budget Impact

Funding for the ESRI Licencing is drawn on operating account # 13621.4482

Attachments

None

Approval

Tracy Assis, Manager, Procurement Services

Karthik Venkataraman, Director, Information Technology

Karen Reynar, Director, Legal and Procurement Services

Esther Armchuk, Commissioner, Corporate Services

Contact

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