
INFORMATION BULLETIN

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Ministry of Labour, Citizens' Services and Open Government

Notice of Intent posted for telecommunications contract

VICTORIA – Following a three-year negotiated request for proposals (NRFP) process, the Ministry of Labour, Citizens' Services and Open Government posted a Notice of Intent today to award a 10-year strategic telecommunications services contract worth approximately \$100 million per year to TELUS.

This contract will provide telecommunications and strategic services to government and its broader public sector partners, while expanding high-speed Internet connections for families and businesses in rural and remote B.C. and expanding cellular coverage along highways across the province.

When TELUS was the successful bidder on all nine individual bundles of services in the NRFP as well as on the total package of combined services, it became clear to government that, instead of awarding the bundles separately, a stronger partnership with TELUS could realize a greater overall benefit to families and businesses in B.C.

In pursuing this broader, more strategic contract, the Province believes it has achieved greater long-term value for B.C. taxpayers. For example, this contract will:

- Upgrade almost 450 schools to high-speed fibre optic cables to enable faster access to information for our youngest learners.
- Provide over 1,700 kilometres of new cellular coverage along unconnected highway segments within five years to improve public safety.
- Establish a Strategic Investment Fund, setting out a minimum of \$80 million for initiatives aimed at transforming and improving service delivery for government, families and businesses around B.C.
- Save B.C. \$8.5 million in the first year alone and, based on the Province's historical growth patterns, could save a total of \$400 million over the life of the contract.

Currently, 93 per cent of British Columbians have access to broadband Internet. By combining all of the existing telecommunications spending done by government through this contract, the Province is committed to expanding high-speed connectivity to 97 per cent of British Columbians. This would ensure the province remains one of the most connected jurisdictions in the world.

Specifically, through this contract, 119 designated rural and remote communities across B.C. will have their Internet connection bandwidth increased up to ten times the current speed to enable broader access for families and businesses. As well, this contract will maintain affordable wholesale Internet access for regional service providers so they can continue to provide last-mile coverage for rural and remote British Columbians.

This contract covers long distance, conferencing, voice, data, cellular and strategic services for core government, the six regional health authorities, BC Hydro, WorkSafeBC, the Insurance Corporation of BC (ICBC) and BC Lottery Corporation (BCLC).

The Notice of Intent can be viewed at www.bcbid.gov.bc.ca.

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A backgrounder follows.

BACKGROUND

Procurement process

For the past three years, the Province, along with BC Hydro, ICBC, BCLC, the six health authorities and WorkSafeBC, have been working to secure a contract that would deliver on the future telecommunications needs of government, families and businesses around B.C.

Following an extended negotiated request for proposals process, it became clear to government that TELUS was the only vendor that could realize the overall benefits to families and businesses that the Province desired. In pursuing a broader, more strategic contract, the Province believes this approach will achieve the best package and value for B.C. taxpayers.

Notice to Vendors:

A notice to vendors was posted to BC Bid in April 2008, advising telecommunications vendors of government's intentions to proceed with the procurement and contract(s) to provide strategic telecommunication services to government and its partners, and to deliver and expand Internet and cellular coverage for families and businesses in remote and rural B.C.

Negotiated Request for Proposals:

The Province issued the NRFP in December 2008 for a range of telecommunication services that would achieve three objectives:

- To maximize the value of taxpayer dollars by securing contract(s) for a group of government entities, instead of each issuing a separate RFP.
- To encourage open competition in the marketplace.
- To create benefits for families and businesses in British Columbia, including expanding connectivity to the remaining seven per cent of B.C.'s population where broadband is not yet available, and extending cell coverage along previously un-served highway routes.

Government made significant efforts to encourage open competition in the NRFP by grouping the services into nine separate bundles.

Outcome of NRFP Bids:

Based upon the bids received, TELUS was the successful proponent on all nine bundles as well as on the total package of combined services. The Province proceeded with lengthy negotiations with TELUS under the NRFP, but was not able to come to an agreement.

Government's Needs Changed:

As these negotiations proceeded, it also became clear that government's needs were changing and the NRFP would have no longer satisfied these needs. Specifically, it was determined that the NRFP did not provide a wide enough scope to realize the benefits to families and businesses in rural B.C. that the Province desired, to support B.C.'s growing focus on using technology to streamline government processes and improve and expand service delivery for British Columbians, or to satisfy future telecommunications demand.

As a result of these changing needs, the Province and its partners made a strategic decision to negotiate a contract with a broader scope of services, in effect buying in bulk in an effort to maximize value for taxpayers.

Notice of Intent:

The Province posts a Notice of Intent on June 29, 2011 to contract with TELUS worth approximately \$100 million per year for a term of 10 years with an option for renewal for another two years.

This contract secures consistent pricing for data services across the province and builds in very strong provisions for price reviews at regular intervals for voice, data and cellular services. As well, halfway through this contract, it offers the opportunity for a larger enhanced price review. More importantly, it encourages the sustainability of B.C.'s small rural telecom companies as well as maintaining connectivity gains made over the course of the last decade in connecting families and businesses in B.C.'s rural and remote communities.

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Connect with the Province of B.C. at www.gov.bc.ca/connect