

Clause No. 30 in Report No. 13 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 11, 2014.

30

SOFTWARE LICENSES, MAINTENANCE AND CONTRACT RENEWALS

Committee of the Whole recommends adoption of the following recommendations contained in the report dated August 14, 2014 from the Commissioner of Environmental Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize the Region to enter into agreements with the vendors listed in *Private Attachments 1* and *2*, effective October 1, 2014, and the Commissioner of Environmental Services be authorized to extend and execute the agreements annually for up to five years, subject to the costs being within the annual budget approved, and satisfactory performance of services by the vendors.
2. The Commissioner of Environmental Services be authorized to delegate the execution of the agreements to staff where the amount of the agreement does not exceed \$50,000 annually.

2. PURPOSE

This report seeks Council authorization to extend nine technology licensing, maintenance, and support services annually for up to five years where total costs may exceed \$100,000 over five years, beginning in 2014. The report also seeks Council authorization to extend licensing, maintenance and support service agreements for technology applications for a period longer than five years.

The attachments in this report are private pursuant to section 239(2)(a) of the *Municipal Act, 2001*, because the subject matter of the attachments involves security of the property of the Region.

3. BACKGROUND

Purchasing Bylaw (2014-53) requires Council authorization to renew and extend contracts

On June 26, 2014, Council adopted an amended Purchasing Bylaw (2014-53), which requires Council authorization to award direct purchases where compatibility of the purchase with existing equipment, facilities or services is the paramount consideration and the total costs exceed \$100,000, and to renew or extend contracts with total terms in excess of five years.

Prior to February 2014, the previous Purchasing Bylaw provided exemptions, under Schedule A, from the purchasing procedures for Professional and Special Services including licenses and maintenance costs for proprietary software and systems.

Several technology applications are used to deliver required core services such as meeting regulatory reporting requirements, water billing and delivering waste management programs

The Environmental Services department uses a range of technology applications that enable operating branches to carry out their specific program mandates in accordance with program guidelines and legislation. Applications listed in *Private Attachments 1* and *2* serve to streamline processes and workflows and facilitate efficient delivery of program services to clients and residents.

Various applications have been in use for several years and due to the complexity of business needs and the operational impact to changing technology, they are not replaced frequently. Many software applications cost considerably less than the financial thresholds within the Purchasing Bylaw, however, maintenance and support services may be provided for more than five years.

4. ANALYSIS AND OPTIONS

Technology applications are regularly required to meet established program needs and maintain efficient business continuity

The transition of software can be a multiyear effort due to activities including data management planning, staff retraining, business process redevelopment and system testing. Licensing and maintenance contracts are frequently renewed over several years to minimize business disruptions and ensure continued use and support of critical business systems. Renewals are subject to satisfactory vendor performance and continued business need for the software.

Continued use of 17 existing software applications will exceed the thresholds allowed under the Purchasing Bylaw

The Purchasing Bylaw (2014-53) permits direct purchases under Section 9.1 (a) and (b) and requires Council approval to award contracts where the total costs exceed \$100,000, where the term of a proposed contract is for a period of greater than five years or where the renewal or extension of a contract would result in an aggregate term of greater than five years.

A review was undertaken of all Environmental Services department specific software application licenses, support and maintenance services in place to support service delivery. *Private Attachment 1* provides details on nine software applications, including a general product description, annual and estimated five year total costs for the nine applications that will exceed \$100,000.

Due to the ongoing nature of required maintenance and support services, some application agreements will exceed the five year threshold in Clause 16.1 of the Purchasing Bylaw but will not exceed the \$100,000 threshold. A list of 17 software applications that will exceed the five year threshold (subject to satisfactory performance) has been provided in *Private Attachment 2* of this report. Council approval is required to continue these maintenance and support services.

Council approval is required to continue licensing, maintenance and support services of key departmental technology

Products listed in *Private Attachments 1* and *2* are key to delivering Environmental Services programs. Maintenance and support services are provided by vendors on an ongoing basis while technology applications are evaluated periodically to ensure they continue to meet business needs.

Similar to initial software procurement practices, if an application is confirmed as meeting the business needs with satisfactory performance, a multi-year agreement is pursued. Applications that no longer meet business needs will be decommissioned by discontinuing use and removal of the software.

Link to key Council-approved plans

Software application maintenance and support services are an integral component of managing the department's technology needs in an efficient manner. Continued use and support of existing systems align with the following 2011-2015 Strategic Plan goals:

- Continue to deliver and sustain critical infrastructure – through applications used to collect data and model systems

- Manage the Region's finances prudently – working to optimize decision making to ensure programs are managed and audited efficiently and within corporate guidelines
- Strengthen organizational capacity – through implementation of best practices, continuous improvement and efficient use of existing systems

5. FINANCIAL IMPLICATIONS

Annual costs for licensing, maintenance and support services will vary based on factors including changing business requirements, infrastructure growth, staff adoption and technology maturity

Private Attachment 1 summarizes the estimated annual cost in 2014 and the estimated cost for each technology between January 1, 2014 and December 31, 2018 for the nine applications that exceed the financial threshold in the Purchasing Bylaw and is based on continued use for five years. The total estimated five-year cost calculations also factor in Consumer Price Index cost adjustments and estimated change in user licensing requirements from increased staff adoption and technology maturity level.

Private Attachment 2 includes the estimated annual cost for each technology that falls below the financial threshold but may exceed the five year threshold under the Purchasing Bylaw.

In some cases, software may be replaced prior to the end of 2018 as contracts expire or due to poor product performance, changing business needs or changes in technology maturity and related software impacts. The costs for all licensing, maintenance, and support services will be managed within the approved annual operating budget of the Environmental Services department.

6. LOCAL MUNICIPAL IMPACT

The Region provides local municipalities with access to Regional data and certain software applications. For example, through Paradigm WeighStation's web reporting feature, local municipalities review and extract data related to curbside collection transactions. Changes in technology systems would reduce service levels to local municipal partners while business processes are redesigned and staff are retrained in the use of new systems.

Continued use of established applications that meet required business needs will ensure timely and reliable access to business information and support effective program partnerships with local municipalities.

7. CONCLUSION

Software applications are key to Environmental Services to support its program service delivery. The new Purchasing Bylaw requires Council approval for direct purchases over \$100,000 and where a contract is for a period of greater than five years. Environmental Services has completed a review of its software applications and seeks approval.

Renewal of the licensing, maintenance and support services will provide Environmental Services staff access to technology software and solutions that support operational needs and service our citizens.

For more information on this report, please contact Lucas Cugalj, Director, Strategy & Business Planning at Ext. 75041.

The Senior Management Group has reviewed this report.

Private Attachments (2)