

Clause No. 3 in Report No. 11 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 26, 2014.

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**SOFTWARE LICENSES, MAINTENANCE AND CONTRACT RENEWALS**

**Committee of the Whole recommends adoption of the following recommendations contained in the report dated May 29, 2014 from the Commissioner of Finance and Commissioner of Community and Health 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 March 1 2014, and the Commissioner of Community and Health 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 Community and Health 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 11 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 5 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 the security of the property of the Region.

### **3. BACKGROUND**

#### **New Council approved bylaw requires Council authorization to renew and extend contracts**

In February 2014, Council approved a new Purchasing Bylaw (2014-17) which requires Council authorization to award direct purchases where the 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.

The previous Purchasing Bylaw provided exemptions, under Schedule A, from the purchasing procedures for Professional and Special Services including licences and maintenance costs for proprietary software and systems.

#### **Several technology applications are used to deliver program services**

The Community and Health Services department uses a wide range of software applications to support its program service delivery. These software applications enable the 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 the 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**

#### **Continued utilization of several software applications will exceed the thresholds allowed under the Purchasing Bylaw**

The Purchasing Bylaw (2014-17) permits direct purchases under certain circumstances. Section 9.1 (a) allows for the direct purchase where the paramount consideration is the compatibility of a purchase with an existing equipment or service. Section 9.1 (b) permits direct purchases where there is only one legal entity reasonably capable of providing the deliverables.

Council approval is required to award contracts under sections 9.1 (a) and (b) where the total costs exceed \$100,000. Section 16.1 (a) of the bylaw requires Council approval 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.

### **Software applications that will exceed the \$100,000 threshold**

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

### **Software applications that will exceed the five year threshold**

There are a number of technology applications that have been in use in various programs within the department that fall well below the financial threshold requiring Council approval. Due to the ongoing nature of the maintenance and support services, these application agreements have or will exceed the five year threshold in Clause 16.1 of the Purchasing Bylaw. A list of these software applications have 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**

The products listed in *Private Attachments 1 and 2* are key to delivering Community and Health Services programs. The maintenance and support services are provided by our vendors on an ongoing basis while technology applications are evaluated periodically to ensure they continue to meet the business needs.

### **Link to key Council-approved plans**

Technology maintenance and support services are an integral component of managing the department's technology needs in an efficient manner.

## **5. FINANCIAL IMPLICATIONS**

### **Annual costs for licensing, maintenance and support services may vary based on several factors**

The annual cost of licensing, maintenance and support services may vary depending on the number of users, service utilization, Consumer Price Index, upgrades or enhancements required to meet changing business needs.

*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 11 applications that exceed the financial threshold in the Purchasing Bylaw. The five-year total cost in *Private Attachment 1* is based on continued utilization for the five years. The total estimated five-year cost calculations also factor in estimated change in user licensing requirements, and Consumer Price Index cost adjustments. In some cases, the software may be replaced prior to the end of 2018.

*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.

The costs for all licensing, maintenance, and support services will be managed within the approved annual operating budget of the Community and Health Services department.

## **6. LOCAL MUNICIPAL IMPACT**

There are no direct municipal impacts as a result of this report

## **7. CONCLUSION**

Software applications are key to Community and Health 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. Community and Health Services has completed a review of its software applications and seeks approval.

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

For more information on this report, please contact Krista Oliver, Director of Business Operations and Quality Assurance at Ext. 72088.

The Senior Management Group has reviewed this report.

*Attachments (2)*