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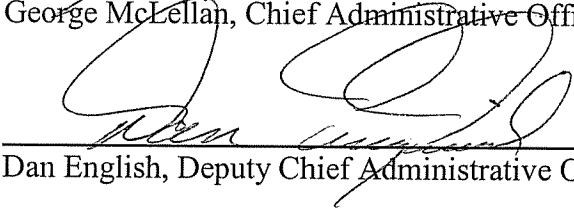
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Halifax Regional Council  
March 30, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
George McLellan, Chief Administrative Officer

  
Dan English, Deputy Chief Administrative Officer

**DATE:** March 23, 2004

**SUBJECT:** Award of Tender 04-055: Sun Server Equipment for Computer Aided Dispatch & Records Management System

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**ORIGIN**

The Halifax Regional Municipality publicly advertised for tender lease/purchase options for Sun server equipment for the Computer Aided Dispatch and Records Management System.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Award Tender No. 04-055: Sun Server Equipment to Sun Microsystems of Canada.
2. Approve financing the equipment purchase over three years, with a \$1.00 buy-out option, for a total of \$111,336.20 including net HST per year from Account No. A436 6706, Computer Aided Dispatch/Records Management System. Funding as per the Budget Implications section of this report and subject to approval of the lease from the Minister of Service Nova Scotia & Municipal Relations.

## **BACKGROUND**

The Computer Aided Dispatch and Records Management System project is at the stage of acquiring the server hardware. The 2003/04 Operating Budget included funds to lease servers supporting this initiative. Operating Budget submissions for 2004/05 and beyond also incorporate the leases.

## **DISCUSSION**

Tenders were called and closed with two bidders responding to provide the Sun hardware components and services to meet the needs of the CAD/RMS project. Pricing was requested for purchase with depreciated value lease, and lease with a \$1.00 buy-out option. The following tender responses, excluding HST, were received:

	<b>Purchase</b>	<b>Annual lease payment, 3 year lease</b>	<b>Annual lease payment, 3 year lease with buy-out of \$1</b>
IMP Solutions	\$522,471.57	\$181,407.60	\$190,158.72
SUN Microsystems of Canada	\$292,685.29	\$98,881.01	\$103,766.06

Sun Microsystems of Canada quoted the lowest prices for the SUN equipment as outlined in the tender document. The tender included three servers, disk storage, console, and rack and setup, configuration, support and maintenance of all equipment. After the tender closed, it was discovered that an additional card to minimize the risks of a single point of failure would be required, at a price of \$2,635 plus HST. Incorporating the additional card into the leases, the straight lease becomes \$99,725.72 per year and the lease with buy-out, \$104,610.77 per year.

The equipment described above is estimated to have a 7-10 year useful life. Anticipated growth in emergency dispatch services will exceed server capacity in 3-5 years but the servers can be redeployed at that time to support non-critical applications within HRM. The table above demonstrates the relative attractiveness of purchasing, whether through paying up-front or leasing to buy versus a straight lease. Under the two purchase options, only support and maintenance costs will continue until the equipment is replaced.

## **BUDGET IMPLICATIONS**

The funding structure for the Computer Aided Dispatch & Records Management project provides for annual lease payments. The lease with \$1.00 buy-out option fits within the project's funding and provides savings to HRM after three years over the straight lease option. Based on the lowest tendered price, including the additional card, of \$104,610.77 per year plus net HST for a total of

\$111,336.20 per year funding is available in Account No. A436 6706, Computer Aided Dispatch/Records Management System. The budget availability has been approved by Financial Services.

This leasing arrangement will require written approval from the Minister of Service Nova Scotia & Municipal Relations as required under Section 88(4) of the Municipal Government Act.

The net HST has been included in the award amount. The Federal Government, in the recent speech from the throne, has proposed changes that would provide a GST rebate to Municipalities. This legislation, once approved, will affect the total cost of this award. Once the legislation is in place, and the actual amount determined, the value will be adjusted accordingly.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

### **ALTERNATIVES**

1. Council could direct staff to seek alternative vendors using Intel based servers. This would delay the CAD/RMS project by 8 weeks (minimum) with no financial benefits. There would be increase costs due to training of staff, project development, project management, and support by Versaterm.
2. Council could direct staff to purchase the equipment upfront. This alternative would require Council to approve a budget increase of \$295,320.29, including the additional card, plus net HST, for a total of \$314,306.44 to Account No. CIP00763, Computer Aided Dispatch.

### **ATTACHMENTS**

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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