

The County of Peterborough

County Council

To: Warden and Members of Council

From: John Butler, Interim Treasurer

Date: October 7, 2009

Subject:

Hewlett Packard (HP) Blade Server Tender T-15-2009 and funding of amount over budget.

Recommendation:

That council approve the awarding of Tender T-15-2009 to the lowest bid for the supply of HP Blade server technology and that additional funding be approved per this report.

Financial Impact:

There were two tenders received for the supply of HP Blade Technology Servers, the lowest of which was from MicroAge Technology Solutions at a total of \$112,763.03. This represents an amount of \$20,263.03 over the 2009 budgeted amount. With council's approval we can absorb the budgetary overage by utilizing a combination of the reallocation of existing budgeted amounts, plus an additional draw of \$2,738.25 from the EMS County/City Shared Equipment reserve.

Background/Analysis:

On September 2nd, 2009 a report was brought before council seeking approval to single source the replacement of the County servers as identified in the county's 2009 approved budget. At that time it was anticipated that the existing budget amount of \$80,000 for the Finance, Corporate, and GIS servers and a further \$12,500 for the EMS server upgrade would be sufficient for the task (total budgeted amount of \$92,500).

Due to the market's enthusiastic acceptance of the HP Blade product coupled with HP's aggressive marketing strategy, the technology and pricing policy has evolved rapidly. Though the models we originally based our 2009 budget on have recently become unavailable, the units identified in the MicroAge Technology Solution's response offer significant performance and capacity enhancements, enhancements that were far beyond our financial reach at the time the budget was drafted. It is also anticipated that HP will continue to support compatibility with this new generation of servers for the next 7 to 10

years, thus offering a longer potential useful life than the models reviewed at the time of our 2009 budget process.

With council's approval at the September 2nd council session, the tender was issued. By the time the tender closed on September 24th, 2009 only two responses were received with MicroAge offering the lowest price at \$112,763.03. As this represents a cost exceeding our budgeted amount by \$20,263.03 we are seeking council's approval to proceed with the awarding of the contract for tender T-15-2009 to MicroAge Technology Solutions.

Staff further recommends that the additional cost in excess of 2009 budgeted amounts be proportionately charged to each of the four participating departments and that the additional cost be funded as indicated below:

Department	Additional Funds Required	Recommended method to fund amount over Budget
Geographic Information Systems	\$ 6,573	Fund from the reallocation of capital funds within the existing GIS budget.
Corporate Department	\$ 5,476	Funded from the Existing Corporate contingency budget.
Finance Department	\$ 5,476	Funded from the existing Corporate contingency budget.
Emergency Medical Systems	\$ 2,738	Funded from the EMS Shared Equipment Reserve.

By approving this strategy and allowing the contract to be awarded as indicated in this report, council will allow us to move forward with our critically needed server update while minimizing the incremental impact to county resources.

Respectfully submitted,

Original Signed by

John Butler.