**CORPORATE COMPUTING INFRASTRUCTURE MAINTENANCE
PRE-BUDGET APPROVAL
(ITEM 5, BUDGET SUB-COMMITTEE MEETING OF MAY 27, 2OO2)**

Recommendation

The Budget Sub-Committee recommends:

1)   That staff be directed to provide additional information, in consultation with Hydro Vaughan Distribution Inc. and the Vaughan Public Library, on cost sharing opportunities; and

2)   That the following report of the Commissioner, Development Services, dated May 27, 2002, be received.

Report of the Commissioner, Development Services

The Commissioner of Development Services, in consultation with the Director of Information Technology (IT) Services, recommends:

That the Budget Sub-committee provides direction to staff in respect to preferred option for funding the annual Corporate Computing Infrastructure replacement/renewal practice:

a) Use of contingency funds or reserves to fund this year's requirement ($275,000) for replacement/renewal of Corporate Computing Infrastructure assets; or

b) Give pre-budget approval (2003 Budget) in the amount of $275,000 for same, recognizing that further $275,000 will be requested in the 2003 Budget.

Purpose

To allocate sufficient funding in order to ensure corporate computing infrastructure assets are maintained in good operating condition.

Background - Analysis and Options

The City of Vaughan, Hydro Vaughan Distribution Inc., and Vaughan Public Library extensively use computer technologies in support of their on-going business activities. The computer technology being used by these organizations is categorized in two (2) basis groups. These groups are:

1.   Personal Computing Devices, and
2.   Corporate Computing Infrastructure

Personal Computing Devices are individual workstations, devices and peripherals being provided to City, Hydro, and Library staff for the conduct of automated operations related to the employees' job functions within their department. The asset value of all Personal Computing Devices is approximately $1,600,000.

Corporate Computing Infrastructure is a set of underlying technologies used to provide individual users with access to corporate information, applications, and other computing resources. Typical parts of Corporate Computing Infrastructure are the corporate network, applications servers, Internet and security devices. The asset value of all Corporate Computing Infrastructure components is approximately $1,100,000.

Both the Personal Computing Devices and Corporate Computing Infrastructure require a pro-active replacement practice in order to keep them in good operating order, reduce business interruption caused by equipment failure, and most of all to protect the investment made into computer technologies.

The average "life-span" of most computing devices is four (4) years. Equipment older than four (4) years tends to fail frequently, requires costly maintenance, and is unable to support demanding requirements of new applications and ever-increasing volume of transactions. The organizational reliance on technology is continually increasing, as more and more processes are automated. It is a prudent technology management practice to replace/renew computing equipment every four (4) years, or earlier.

Over the last four (4) years, the Information Technology (IT) Services department adopted a systematic replacement practice for all Personal Computing Devices. By replacing ¼ of all Personal Computing Devices each year, the entire inventory of such devices is continuously refreshed over four (4) years. This approach spreads the total cost of equipment replacement over four (4) years, easing budgetary pressures, and makes related IT Services activities manageable and controlled.

Similar practice needs to be adopted for Corporate Computing Infrastructure. The annual cost of this practice would be ¼ of the total value of such assets. The asset value is approximately $1,100,000, therefore the annual replacement/renewal of such assets would be approximately $275,000. The IT Services department requested inclusion of this amount in the 2002 Capital Budget. During budget review process, this request was not approved.

Presently, the funding is urgently required. The urgency is caused by an increasing amount of Corporate Computing Infrastructure that is past its "life-cycle". Several mission-critical elements of the infrastructure require replacement. Not replacing such equipment puts all City, Hydro, and Library business activities at risk. Some components requiring urgent replacement include the corporate software virus scanning and eradication server. If this server was to fail, software viruses will be introduced into the corporate computing environment. Software viruses will destroy corporate data, damage applications, cause loss of productivity, and incur expenses for data recovery. As a further example, the corporate e-Mail servers that process all corporate in-bound and out-bound e-Mail are now in their fourth year of operation. If the e-Mail servers were to fail, corporate communications would be severely impaired as a result.

Options

Direction from the Budget Sub-committee is sought in this matter. Options to be considered would include:

a) Use of contingency funds or reserves to fund this year's requirement ($275,000) for replacement/renewal of Corporate Computing Infrastructure assets; or

b) Give pre-budget approval (2003 Budget) in the amount of $275,000, recognizing that further $275,000 will be requested in 2003 Budget.

Conclusion

It is a prudent technology management practice to replace/renew computing equipment every four (4) years. A systematic replacement practice for all Corporate Computing Infrastructure is required. The annual cost of this practice would be ¼ of the total value of such assets. The asset value is approximately $1,100,000, therefore the annual replacement/renewal of such assets would be approximately $275,000.

<u>Attachments</u>

None

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Respectfully submitted,

Councillor Bernie Di Vona, Chair