

**Municipality of Chatham-Kent**

**Finance, Budget, Information Technology & Transformation**

**Information Technology & Transformation**

**To:** Mayor and Members of Council  
**From:** Matthew Payne, Manager, Infrastructure Services  
**Date:** May 14, 2021  
**Subject:** Datacenter Renewal

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**Recommendations**

It is recommended that:

1. The Datacenter lease agreements with Entegrus Inc. be renewed by the Municipality of Chatham-Kent for 10 years at an approximate total of \$426,850 dependent on the volume of equipment hosted (racks rented), the power consumption of said equipment, the fluctuation of utility power rates and on the negotiated cost of inflation for the leased racks.

**Background**

The Municipality of Chatham-Kent has benefited greatly from a partnership with Entegrus Inc., with the use of their Datacenter Services located in Chatham-Kent.

The local nature of the Datacenter Services ensures our IT systems have the necessary connectivity at the capacities required to service all municipal locations within Chatham-Kent.

Entegrus is the only company to provide Datacenter Services within Chatham-Kent that meets the requirements of security, availability, connectivity and scalability needed for municipal IT services.

The Municipality of Chatham-Kent is a shareholder of Entegrus Inc. and its Datacenter.

The Procurement By-law #166-2020 was adopted by Council on December 14, 2020. The Procurement Section 125, 126 – Single Source states the following:

## **Single Source**

121. While it is the intention of the Municipality that purchases will be performed in a competitive manner, it is recognized that in some limited situations a non-competitive method of purchasing may be required. A non-competitive direct award of Contract may be used to purchase Deliverables under the following circumstances:

d. Where Deliverables are in short supply due to market conditions, including geographic limitations and lack of competition;

122. Single Source purchases that meet one of the above circumstances must have prior approval authorized by:

- i. The Chief Administrative Officer up to \$100,000;
- ii. Council above \$100,000.

## **Comments**

Long-term Datacenter agreements are beneficial to the municipality as moving equipment and services to new datacenters can be a large undertaking with significant risks and costs. A long-term contract/lease can avoid disruption to the business's use of technology and can keep capital expenditures relating to moving equipment and connectivity low.

Besides the normal efficiencies gained from centralizing IT equipment in a Datacenter, a local Datacenter can provide additional benefits regarding the ongoing costs associated with Network and Internet connectivity. The location of the Entegrus Datacenter has provided significant benefits in meeting the internet capacity and connectivity challenges with our rural communities in respects to our operational requirements and budget constraints.

The local Entegrus Datacenter has provided the municipality with a cost-effective aggregation point for our private wide area network that allows us to connect rural and urban faculties together and to connect the facilities to the Internet. Our rural service centers, Libraries, firehalls, garages, and arenas are prime examples (we connect a total of 110 facilities to the Entegrus Datacenter).

The availability and ability to procure dedicated, primary, secondary and failover internet and communication capabilities out of the Entegrus Datacenter has provided the municipality with enterprise scalability, reliability and redundancy for the many of our municipal services that depend on connectivity and IT services.

Corporate communications and telephone services, internet access, email, file hosting, intranet, and our virtual call centre are all examples of our aggregated services that benefit from a local Datacenter with business grade resiliency and cost efficiency.

The municipality has also benefited from the cost-effective scalability that the local Datacenter has readily available in its facility to meet the demand for work from home access and the dramatic increase of online services, video, and teleconferencing.

As projects like SWIFT and fibre to the home execute and Chatham-Kent becomes a more connected community with larger backbones to rural areas, additional opportunities of more cost-effective business grade internet access will become available. This future availability of community connectivity may open the door for additional procurements of datacenter services. The industry transition to cloud services from datacenter services may also lessen the reliance on datacenter services in the future. The Entegrus Datacenter contract is not exclusive and will allow for scalability (up or down) based on our requirements as needed.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation(s) in this report support(s) the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation(s) in this report support(s) the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent, and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

### **Consultation**

The Manager, Legal Services and Purchasing Officer were consulted on this report and have reviewed the terms of the contracts.

### **Financial Implications**

There are no financial implications resulting from the recommendations. All Datacenter lease and power consumption costs are covered under the current operational budget (13846.33001.GEN) within Information Technology & Transformation or covered within operational budgets for project-specific technology requirements.

Prepared by:

Reviewed by:

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Matthew Payne  
Manager, Infrastructure Services

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Catherine Fitzgerald  
Director, Information Technology &  
Transformation

Reviewed by:

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Gord Quinton, MBA, CPA CGA  
Chief Financial Officer  
Finance, Budget, Information Technology & Transformation

Consulted and confirmed the content of the consultation section of the report by:

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Dave Taylor  
Director, Legal Services

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Jennifer Scherle  
Purchasing Officer

Attachment(s): none

C: Purchasing Officer, Financial Services  
Legal Officer, Legislative Services

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