

Staff Report to Council

Title: IT Services Agreement

Report Number: Financial Services-2023-29

Director: Corporate Services

Manager: Manager.

Meeting Date:

Wednesday, October 25, 2023

Date to be considered by Council:

Wednesday, October 25, 2023

Recommendation:

That Council approve the attached IT Services Agreement with the County of Bruce; and Further that the Base Cost of \$100,000 be included in the draft 2024 budget.

Executive Summary:

In 2022, the Municipal Innovation Council (MIC) initiated a Joint IT Business Analysis Review, engaging GHD Digital to support the review and develop an IT strategy. The MIC's member municipalities identified that improving IT service delivery was a key area that needed to be explored further and recognized an opportunity to benefit from an IT shared services model. The Municipality of Kincardine currently has one employee dedicated to IT. There is a need to increase our IT human resources in order to better protect the Municipality from security risk, as well as to simply keep up with day to day demands on IT including help desk and troubleshooting, procurement, application support, etc. The Municipality has seen significant expansion in the number of applications and IT systems being deployed across the organization, and the current IT staffing is unsustainable. In an effort to mitigate this risk, Municipal and County staff have explored the idea of an IT Services Agreement that was first introduced in the Joint IT Business Analysis Review. After several months of discussion and investigation into this model, an agreement has been drafted and is attached for Council's consideration.

Strategic Priorities:

D.14-Ensure the organization has the optimal number of engaged human resources to support municipal operations and deliver excellent services

Financial Considerations:

The Base Cost in Year 1 of implementing the proposed IT Services Agreement would be \$100,000, which would need to be included in the 2024 operating budget. An Annual Review would be conducted at the end of each year in order to review the actual costs incurred by the County for providing this service. The model is designed to be cost neutral, and the intent of the proposed costing model is to ensure that the County is not financially benefitting from this arrangement. The Municipality will continue to be responsible for the fully burdened costs of municipal IT human resources.

Annually, the County of Bruce will provide the Municipality with information pertinent to budget considerations, particularly in the areas of IT security, risk mitigation, software license currency, modernization, and compliance. These costs will be included for Council's consideration in subsequent budget years.

Policy:

None

Context and Background Information:

In 2022, the Municipal Innovation Council (MIC) initiated a [Joint IT Business Analysis Review](#), engaging GHD Digital to support the review and develop an IT strategy. The MIC's member municipalities identified that improving IT service delivery was a key area that needed to be explored further and recognized an opportunity to benefit from an IT shared services model.

Over the course of the last 12 months, the Director of Corporate Services has been working together with the Bruce County Director of Information Technology Services to investigate a model whereby the County would provide information technology services to the Municipality. Discussions were also held with other Counties that have successfully implemented this model, which provided insight into how to structure the agreement and lessons learned.

A draft IT Services Agreement is attached, along with a Memorandum of Understanding (MOU) that outlines the terms and conditions upon which the services will be provided, including the responsibilities of both parties. Highlights of the agreement are as follows:

- Commencement date of January 1, 2024, with the first year having a primary focus on break/fix work. An audit would be conducted by the County to allow for budgetary considerations in the areas of security, risk mitigation, software license currency, modernization and compliance.
- The County will be responsible for the services listed in Schedule A of the agreement, including service requests, web application hosting, procurement, asset management, software licensing, hardware maintenance, application management and support, council meeting support, network monitoring, security, disaster recovery, server virtualization, user account management, etc.
- Additional services would follow the Change Order process in Schedule C, which would be costed separately from the Base Cost.
- Service Level guidelines are set out in the agreement and response times would be categorized according to priority.

The Base Cost of the provision of IT Services is \$100,000 which would be effective January 1, 2024 and would be included in the draft 2024 operating budget. The agreement contains a provision for an annual review which will allow for an adjustment in subsequent years based on the actual costs incurred by the County to provide these services. The annual increase is set at a maximum of cost-of-living plus 4% to account for increased operational support costs not attributed to wages.

It is anticipated that further investment in information technology will be required at the municipal level, resulting in increased costs in future operating and capital budget years.

While there will be some financial benefits realized through shared procurement and licensing, these cost savings will not outweigh the costs of upgrading our technology standards up to the levels that may be recommended by County IT staff.

Consultation Overview:

Consultation has included both County and Municipal staff, including Information Technology staff and the Chief Administrative Officers. Meetings have also been held with IT staff at other Counties to learn from their experiences and collaborate on best practices on implementing a County-led model similar to this one.

Origin:

MIC Joint IT Business Analysis

Implementation Considerations:

County Staff will need to become familiarized and/or trained to provide the IT services to the Municipality, particularly if they are not currently familiar with our existing systems. The Municipality's IT Specialist will continue to work at the Municipal Administration Centre in Kincardine and may transition to become a County employee in Year 2.

There remains a persistent requirement for an IT support presence at the municipal office. Initially satisfied with on-site IT personnel (Municipal IT Specialist) and transition to remote support through the utilization of remote assistance technologies employed by County ITS staff. Where on-site presence is required to satisfy an incident or request, it shall be performed by an appropriate IT resource(s).

This would be a significant change for the municipal organization and its employees, and therefore proper communication and rollout of this new structure will be important.

Risk Analysis:

There are risks associated with not having the IT resources that are necessary to sustain a business of our size, including security risks and business continuity. Municipalities continue to become increasingly vulnerable to cyber attacks for several reasons including outdated infrastructure and lack of resources.

With only one full-time employee dedicated to IT in the Municipality, this creates significant exposure to the Municipality as our IT staff is currently spread very thin. The 2023 budget had

requested an additional IT resource to provide additional support in this area, however it was not approved. The increase in demand for new systems and software is placing an unsustainable demand on our single IT resource and has resulted in outsourcing some of our IT services to a local IT service provider.

Attachments: IT Services Memorandum of Understanding; IT Services Agreement

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Submitted by: Roxana Baumann