

To:	Warden Matrosovs and Members of Grey County Council
Committee Date:	April 23, 2026
Subject / Report No:	ITR-CW-02-26
Title:	Single Sourcing IT Infrastructure as a Service
Prepared by:	J. MacEachern, Director of Information Technology
Reviewed by:	N. Lobley, Deputy CAO N. Morrow, Financial Analyst
Lower Tier(s) Affected:	None

Recommendation

1. That report ITR-CW-02-26 be received; and
2. That staff proceed with purchasing hosted infrastructure services from Stage 2 Data as a single source purchase, totaling \$175,700 (excluding HST) in 2026, plus a one-time implementation fee of \$6,000.
3. That action be taken prior to County Council approval as per Section 26.6 (b) of the Procedural By-law.

Executive Summary

Grey County Staff plan to replace on-premise data center infrastructure with cloud-hosted infrastructure during 2026 and have budget approval to do so. After extensive research, staff concluded that Stage 2 Data, a Canadian - based company, was best suited to provide off premise secure data hosting.

Competitively sourced services are available through the Ontario Education Collaborative Marketplace (OECM) and Stage 2 Data is available through the OECM platform. OECM is one of a number of platforms that provide competitively priced products to municipalities that ensure compliance with public and municipal procurement best practices. Grey County initiated a procurement of Stage 2 Data through OECM via a third party vendor, however despite extensive negotiation, the third party vendor and Grey County have been unable to reach a mutually acceptable agreement.

Further delays jeopardize both the project and risk incurring expensive re-licensing fees for the County's current hardware, which is slated to be decommissioned.

Stage 2 Data have confirmed that they can and are willing to provide the same services at the same price as they are currently providing through OECM direct to Grey County, without using the third-party vendor. As this would no longer be a procurement through OECM, County staff

are seeking single-source approval from council to work directly with Stage 2 Data to negotiate their services.

Background and Discussion

Grey County staff have traditionally managed four data centers on premise: the primary data center hosting most services and applications in the administration building, and smaller data centers hosting healthcare-specific applications, including Nurse Call and Wandering Systems, in each of the three Long-Term Care homes.

Grey County IT staff plan on replacing this equipment every five years. IT staff are generally following updates and trends in technology and make a thorough assessment when current technologies are due for replacement. Cloud-hosted infrastructure has until recently been more expensive than on-premise infrastructure, and justification for the increased investment relied on additional benefits, such as having a vendor managing the infrastructure, updates, most of the after-hours response, improving cybersecurity, and improved up-time of services.

In recent years the cost of on-premise hardware has increased to the point where it is now generally comparable to cloud-hosted hardware. In particular, renewal costs on the product that the County has been using have increased dramatically. As such, County staff have thoroughly evaluated both on-premise and cloud-hosted solutions to replace the infrastructure in its data center.

County staff opted to replace its data centers with cloud-hosted infrastructure (*hardware or infrastructure as a service*). IT staff presented the County's cloud strategy to Council in late 2025 (see ITR-CW-03-25 Cloud Strategy and Infrastructure Replacement), which outlined both the benefits to moving to cloud-hosted infrastructure and the guidelines that the County would use to choose a provider. Further, County staff included funding in the 2026 Information Services budget (see Financial Implications, below) to purchase these services on an annual basis.

Pricing for several competing products was readily available to County staff, including Microsoft Azure, which has pricing available publicly. The County chose to pursue services from Stage 2 Data (S2D). S2D is a Canadian company with data centers in both Toronto and Vancouver. They provide services to other Ontario municipalities for both primary data hosting and disaster recovery. Importantly, their products are available through the Ontario Education Collaborative Marketplace (OECM).

OECM is a collaborative procurement platform that allows municipalities and other broader public-sector organizations to purchase pre-competitively sourced goods and services through vendor agreements established by OECM. Similar to the County's use of Canoe Procurement, OECM provides access to a centralized online marketplace of approved suppliers offering products and services such as IT hardware and software, networking, and operational services, all procured through an open, fair, and transparent process compliant with Ontario's Broader Public Sector procurement rules. Municipalities can use these agreements to save time, reduce procurement effort, and leverage collective buying power, without having to run their own standalone RFPs. The County has used OECM to secure competitive pricing, enabling the County to proceed to purchase without the need for an internal RFP process, as permitted under the County's Purchasing Policy (section 4.6 – Cooperative Purchasing).

The process of procuring services through a listing that is already approved on OEMC should have been simple. The agreements are essentially available as templates in the form of the Master Agreement between participating parties and OEMC and a Customer Supply Agreement (CSA) between the buyer (the County), and provider. Any specific terms regarding the products from Stage 2 Data are included in appendices to the CSA. These additional terms include not only the services being purchased, and at what cost, but contract duration, service-level and up-time agreements, how to report issues and targets for having them resolved, data residency, and other details specific to Stage 2 Data.

Despite extensive and ongoing negotiations, the County and third party vendor have not been able to negotiate a contract that is acceptable to both parties. The County has reviewed the proposal and specific terms and conditions of its procurement with Stage 2 Data; there is no concern regarding those documents.

At this point due to timelines, County staff are seeking to negotiate directly with Stage 2 Data, and as such are seeking Council approve single-source procurement of Stage 2 Data hosting and disaster recovery services. Importantly, this is the same company, with the same services, and the same price that have been procured through OEMC.

Delays in resolving the contract have already complicated schedules for IT capital projects. Hardware licensing in the County's data center expires in July. If staff have not migrated to a new system by then, they will need to purchase another annual license for approximately \$60,000 to further extend hardware that is ready for replacement.

Financial and Resource Implications

In 2026 county staff included funding in the Information Services budget to purchase infrastructure services from a third-party hosting company (*hardware or infrastructure as a service*).

The 2026 Information Services budget included \$175,700 for this project, and an additional one-time implementation fee of \$6,000. Annual costs for the three-year term of this contract are estimated at \$180,600 per year. The cost includes re-distribution of items that have previously been included in the IS budget, including:

- Backup Software (\$18,000)
- Backup Cloud Storage (\$23,000)
- Re-distributed Microsoft licensing (\$26,000)

The County previously contributed \$120,000 per year to the Information Technology capital budget to eventually replace on-premise infrastructure. After considering the costs of software and services that were previously in the Information Services budget, the remaining (new) cost of \$113,000 is comparable to what was being contributed to reserves to replace on-premise hardware.

If migration to a new system isn't completed before July, the County will face a renewal fee of approximately \$60,000 to continue using its on-premise data center for another year. The expected life span for this hardware was 5 years. The County has already extended replacement to 8 years.

Furthermore, on-going delays to starting this project are causing delays and scheduling constraints with other planned information technology capital projects.

Appendices and Attachments

[ITR-CW-03-25 Cloud Strategy and Infrastructure Replacement](#)