Date: **September 22, 2026**

Honorable Mayor and Council Members:

Author and title: Chris Hardy, Chief Information Officer

Title: **Town of Truckee Server, Storage, and Switch Refresh**

Jen Callaway, Town Manager

Recommended Action: That Council: 1) authorize purchase authority up to the amount of $406,000 for a replacement and upgrade of the Town's servers, storage and network switches, with Sidepath, Inc., or with CDW-G or SHI if either vendor produces a lower quote, and 2) authorize a budget amendment for $76,000, funded from a combination of the General Fund and the COPS fund.

Executive Summary: Council is asked to authorize replacement of the Town's end-of-life server, storage and switch infrastructure and a related budget amendment to cover market price increases since the budget was adopted. Vendor pricing expires October 16, 2026, so approval is requested now while confirmatory quotes are collected.

Discussion: The Town's on-premises server and storage network infrastructure is nearing end of life and must be replaced by the end of the fiscal year, to prevent the Town from losing support. When this infrastructure loses support, it opens the Town up for increased cyber security risk, as the manufacturer is no longer providing adequate patching to close security vulnerabilities. The update is also needed to host the upcoming replacement Computer-Aided Dispatch (CAD) system that the police department and the Town's regional partner public safety agencies are working to implement.

After review of the products available in the market, staff have selected infrastructure that meets the Town's ongoing needs and will be compatible with the new CAD system. Staff have been actively seeking quotes for this replacement infrastructure. Under the National Association of State Procurement Officials (NASPO) purchasing cooperative, the Town was quoted $389,989.36, including sales tax and installation services, by Sidepath, Inc. for the staff recommended setup.

The budget for this replacement was set during the FY 2026/27 budget process, before vendor pricing was final. This price is an 18% increase over the budgeted amount. The price increase is attributed to the extreme demand on server memory and flash storage caused by the expansion in AI data centers around the country. Prices are rising rapidly. Sidepath's initial proposal in May 2026 was $312,261.84 before sales tax and network switches. In July 2026, staff received an updated quote and the 32 GB memory modules originally proposed had become unavailable and were replaced with 64 GB modules at the same total memory capacity. As part of this quote, the network switches were added, bringing the total to $366,489.16 including tax. Staff requested additional changes on the quote to update various professional service components in August, and since the July quote, Dell had issued a price increase that pushed the total to $405,297.52.

The Town's purchasing policies provide an exception to bidding when items are purchased under a cooperative purchasing agreement such as NASPO. Due to the high price increase, staff wanted to validate the price and requested quotes from SHI and CDW-G, two of the Town's typical vendors for information technology infrastructure products. Neither vendor has yet provided a quote to the Town.

Staff do not expect the price to come in lower as the NASPO cooperative agreement typically provides the Town with the best prices under the contracts' quantity discounts.

This quote from Sidepath under NASPO encompasses some professional services such as assistance with the upgrade and replacement, and three years of manufacturer support for the products. Staff have been working with the vendor to optimize the levels of service and support, such as selecting 12-port switches instead of 48-port switches, retaining the Town's existing access switches and performing the virtual machine migration with Town staff rather than the vendor, which reduced the overall cost. The professional services represent a small portion of the overall quote at $31,150 but are necessary to ensure that the new product is installed correctly.

Staff's recommendation is to approve purchase authority up to $406,000 for servers, storage and network switches, with Sidepath, Inc., or with CDW-G or SHI if either company's quote ends up being lower.

The quotes have a short turnaround time due to the price changes that have been occurring on server memory and flash storage, therefore staff did not want to risk missing the signature window which ends on October 16, 2026, to wait for the confirmatory quotes from SHI and CDW-G before coming to Council.

Priority:

[ ]	Enhanced Communication	[ ]	Climate and Greenhouse Gas Reduction	[ ]	Housing
[X]	Infrastructure Investment	[X]	Emergency and Wildfire Preparedness	[X]	Core Service

Fiscal Impact: Capital Improvement Project C0105 Information Technology Equipment included $330,000 for this project ($245,000 for servers, $75,000 for storage attached networks and $10,000 for routers and network equipment). The current quote of $405,297.52 is approximately $76,000 more than the budgeted amount. Staff request a budget amendment of $76,000 to cover the difference.

Because this upgrade is needed to host the replacement CAD system that is being implemented as part of C1821, among many of the Town's network infrastructure uses, the Town has identified COPS funding as a partial source. The COPS fund is expected to have a balance of $498,000 at the end of FY2026/27 and $898,000 in FY2030/31. Therefore, there is sufficient fund balance to absorb this budget amendment. Staff propose using $38,000 of COPS funding.

The Town presented the financial update as a separate item as part of tonight's council meeting showing approximately $1 million in additional General Fund surplus over what was included as estimated actuals in the FY2026/27 annual operating budget. Staff propose that the remaining amount needed for the full budget amendment, approximately $38,000, shall be funded from the General Fund cash available balance.

Public Communication: This staff report.

Attachments: To protect the Town's cyber security posture, the quote is not attached.