

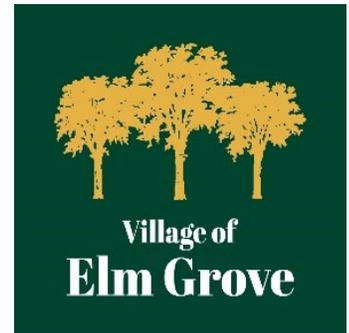
Memo

To: Finance Committee

From: Iaqam Hans, Information Systems Manager

Date: March 18, 2026

Re: Arbitrator Project/Server Refresh: Additional Funding Request



The Village refreshes the backend server infrastructure on a rolling schedule that addresses equipment that has reached its end of life every 4 years. The goal is to stretch components service life between 4 and 12 years. This means that we only replace items in the 4 year cycle that have reached their functional end of life.

The original budget set aside for this project was \$195,000 in 2025. Due to a worldwide chip shortage, tariffs, manufacturing shortages and demand on a scale never seen before the price for this round of refresh is beyond our forecast.

In an attempt to meet our budget, we have for the first time decided to reduce our virtual server farm from 3 total servers (clustered) to 2 total servers. In the past, if we had a hardware failure that caused the disruption or failure of one server, or if one just needed a reboot this would have zero impact to the Village services. The Village could operate on 2 of the 3 servers for a short time. By reducing our cluster of servers to 2, this level of redundancy will not exist. We intend to budget for a third server when prices decrease.

The greatest challenge we have had in meeting our budget is the increased cost of hardware. Specifically, the servers, their storage (hard drives) and memory (RAM) saw exponential cost increases. In addition to this, Broadcom's acquisition of VMware and the subsequent licensing structure change increased our cost by 4x. VMware is the software suite that our virtual infrastructure operates within. We previously purchased VMware once every 4 years for a fraction of what we are now paying annually, with this as our year 1. We are looking at alternative virtualization products for future consideration due to these pricing changes. The original \$195,000 budget is currently sitting at \$225,650. We were notified last year by our Managed Service Provider (TMG) that we should expect to see an overage of 10-20% and a plan to limit this overage, as outlined above, was put into motion.

Server Refresh	Projected	Estimated in 2025
Kaseya Backup	\$15,025.00	\$10,000.00
Servers	\$141,000.00 (2)	\$120,000.00 (3)
UPS	\$5,715.00	\$6,000.00
Switches	\$6,987.00	\$6,000.00
Adapters	\$3,278.00	\$0.00
VMware licensing	\$10,890.00	\$2,500.00
Microsoft licensing	\$8,955.00	\$10,000.00
TMG Labor Server	\$27,200.00	\$30,000.00
Cables	\$1,000.00	\$2,000.00
Time Firewall	\$2,800.00	\$0.00
Domain Controller	\$2,800.00	\$5,500.00
Total	\$225,650.00	\$192,000.00

Built in Contingency: 3,000
Server refresh Project overage: 30,650

An additional element is to purchase a new Arbitrator video recording, editing and publishing system for the Police Department. To this end, we have increased the storage which is represented in the 'Servers' line item above. The budget that was allocated to this element only was 20,000:

Arbitrator Project	Projected	Estimated 2025
Arbitrator IPRO Professional services	\$10,311.00	\$10,311.00
Arbitrator UDE Backend Labor TMG	\$11,421.00	\$11,421.00
Arbitrator Booking install	\$2,273.00	\$0.00
Sub-Total	\$24,005.00	\$21,732.00
Arbitrator Project Overage	\$4,005.00	

Explanation of other causes of overages.:

- The 'Kaseya Backup' increase is in part due to hard drive cost increases as well as the requirement to protect the new Arbitrator project which increases storage capacity by a factor of 4.
- The 'Servers' item is overbudget, and only reflects 2 servers versus 3. We did increase some of the hardware elements of these servers to help bridge the service gap. We increased memory to have the same memory of 3 servers but within 2, but processor capacity is where we lose redundancy. This line item also includes storage, which has been inflated beyond original budgeting because of the Arbitrator Project which requires significant storage.
- The 'Adapters' line is an overage from 'Servers' and we want to be transparent with.
- VMware licensing was purchased once, for 4 years of service in the past. It is now an annual cost.
- The 'TIME Firewall' is a device that was placed into service 5/17/2017 in a cost saving initiative to consolidate our access to the Criminal Justice Network (CJIS). We have saved \$86,400 (2017 costs basis) from this project. This firewall was scheduled for replacement in 2027, but Wauwatosa (our Sponsor) has made changes that force us to go 1 year early.
- We are utilizing less robust equipment to bring additional savings to the table with the 'Domain Controller' refresh.
- The Arbitrator increase is due in part because of the need to replace the booking camera's and additional wiring for the new camera technology.

As the Server Refresh sits, with the storage increase and changes outlined; we are \$30,650 over budget from the original \$195,000 anticipated project cost for the server refresh alone. I highly recommend continuing with this project because the core elements here are beyond end of life and have unsustainable operating costs. The overage will be covered by the Capital Fund Balance.

All in we were budgeted \$215,000 for both projects with an overage of \$34,655.00.

Iraqam Hans
Information Systems Manager
Village Of Elm Grove