# REPORT TO COUNCIL
# City of Sacramento

**915 I Street, Sacramento, CA 95814-2604**
**www. CityofSacramento.org**

**Consent Report**
**June 5, 2007**

**Honorable Mayor and**
**Members of the City Council**

**Title:** Procurement of Telecommunication Hardware and Network Equipment from Nexus IS through a Co-Operative Purchasing Agreement for Fiscal Year 2006/07

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** 1) approving the Cooperative Purchase Agreement of the County of Riverside with Nexus IS, and 2) authorizing the City Manager or authorized designee to issue a purchase order under said Agreement for purchase of telecommunication hardware and network equipment from Nexus IS for Fiscal Year 2006/07 in an amount not-to-exceed $1,000,000.

**Contact:** Karl Rosander, Information Technology Manager, 808-8262

Ignacio Estevez, Program Manager, 808-7349

**Presenters:** N/A

**Department:** Information Technology

**Division:** Administration

**Organization No:** 1311

**Description/Analysis**

**Issue:** Due to increased telecommunication phone service costs, needs to replace degraded and unsupported network hardware, and to purchase new network and telecommunications hardware for new projects and buildings, staff requests spending authorization to procure Cisco products and services from Nexus IS. The purchase from Nexus IS will be through a co-operative purchase agreement with the County of Riverside, for an amount not to exceed $1,000,000 for Fiscal Year 2006/07.

**Policy Considerations:** The recommendations in this report are in accordance with the following provision of City Code:

- Section 3.56.240: Authorizes the City Manager, where advantageous to the City, to utilize co-operative purchasing agreements approved by the City Council to purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without

separate competitive bidding by the City.

**Environmental Considerations:** The report does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3);15378(b)(2)].

**Rationale for Recommendation:** When the City uses cooperative buying, it enables Procurement Services to evaluate a broader range of contracting opportunities, deploy staff resources to achieve the greatest return on time invested, and benefit from sharing resources with other participating institutions. One of the greatest benefits of cooperative buying is that the City receives favorable pricing due to large volume purchases through these contracts. The average cost saving the City receives with these cooperative contracts is estimated to be a minimum of 10%. An additional benefit of cooperative buying is that Procurement Services utilizes regional and national cooperative buying relationships to compliment its own annual contracting initiatives. Cooperative buying enables Procurement Services to leverage internal and external resources to maximize cost saving opportunities

**Financial Considerations:** No additional funding is requested. The request for spending authority of $1,000,000 with Nexus IS will increase the total authorized spending for Fiscal Year 2006/07 to a not to exceed amount of $12,425,000 through IT co-operative purchase agreements. The co-operative purchase authorization requested for computer related purchases were included in the department's approved Fiscal Year 2006/07 budget, typically in object codes 4462, 4463, 4464, 4465, 4466, and 4467.

**Emerging Small Business Development (ESBD):** Nexus IS is not a certified ESBD firm.

Respectfully Submitted by: Ignacio Estevez, Program Manager

Approved by: _____
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

_____
Ray Kerridge
City Manager

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**Attachment 1**

## Background

A. The County of Riverside contract was competitively bid by the County of Riverside for Cisco telecommunications hardware and network equipment. This contract provides for Cisco brand products, equipment, services and maintenance for the period commencing on 1 February 2006 through 1 March 2009. Nexus IS is to provide Cisco brand products with the following discount structures; Hardware - 39.25%, Software - 39.25%, SmartNet maintenance - 20%, and maintenance and support - 20%.

B. This report and resolution has been prepared to request the Fiscal Year 2006/07 spending limit with Nexus IS be authorized in the not to exceed amount of $1,000,000 to purchase telecommunication hardware, network equipment and telephone services. This spending with Nexus IS will also increase the total authorized spending amount through IT co-operative purchase agreements to $12,425,000 for Fiscal Year 2006/07.

C. The increase in hardware spending amount will include the purchase of Cisco telecommunication and network equipment for City facilities. This equipment includes network switches and servers that need periodic replacement due to aging and to support new upgrades and or features of City Business Applications. The purchase of Cisco equipment from Nexus IS will support these replacements and additional network hardware infrastructure to support the City's Data Network (GroupWise), Telephone System (VOIP), Voicemail System, and Call Centers (IPCC).

**Attachment 2**

# RESOLUTION NO.

Adopted by the Sacramento City Council

## PROCUREMENT OF TELECOMMUNICATION HARDWARE AND NETWORK EQUIPMENT FROM NEXUS IS THROUGH A CO-OPERATIVE PURCHASING AGREEMENT FOR FISCAL YEAR 2006/07

**BACKGROUND**

A. Sacramento City Code section 3.56.240 authorizes, where advantageous to the City, the use of co-operative purchasing agreements approved by the City Council for the purchase of supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.

B. The purchase of citywide computer-related goods and services through co-operative purchasing agreements over $100,000 requires City Council approval.

C. In order to purchase additional telecommunication hardware and network equipment, staff is requesting spending authorization with Nexus IS in the amount of $1,000,000 for Fiscal Year 2006/2007. The authorized spending with Nexus IS will increase the total authorized spending amount from IT co-operative purchase agreements to an amount not to exceed $12,425,000 for Fiscal Year 2006/07.

D. The additional telecommunication hardware and network equipment will be purchased through the County of Riverside cooperative purchase agreement that was competitively bid by the County of Riverside for Cisco equipment and services.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. The Cooperative Purchase Agreement of the County of Riverside with Nexus IS for Cisco products and services is hereby approved.

Section 2. The City Manager, or authorized designee, is hereby authorized to issue a purchase order under said cooperative purchase agreement for purchase of citywide telecommunication hardware and network equipment from Nexus IS, in an amount not to exceed $1,000,000 for Fiscal Year 2006/2007.