



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent Report
June 26, 2007

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

Title: Co-operative Agreement: Procurement of Citywide Information Technology Supplies and Technical Services through Co-Operative Purchasing Agreements for Fiscal Year 2007/08

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) approving co-operative purchasing agreements for the purchase of information technology supplies and technical services, and 2) authorizing the City Manager to issue purchase orders under said agreements during Fiscal Year 2007/08 for an amount not-to-exceed \$12,425,000.

Contact: Ignacio Estevez, Program Manager, 808-7349

Presenters: N/A

Department: Information Technology

Division: Administration

Organization No: 1311

Description/Analysis

Issue: In June 2007, the Information Technology (IT) Department conducted an annual review of all citywide IT supplies and services purchased in Fiscal Year 2006/07. The annual review revealed that the city routinely purchases IT related supplies and technical services from multiple companies where the annual expenditures per company exceed \$100,000.

Through this consolidated co-operative IT purchase effort that includes Citywide spending estimates, Staff requests spending authorization to purchase citywide IT supplies and technical services in Fiscal Year 2007/08 with the following vendors:

Vendor Name	FY 2007/08 Amount	Co-operative Purchase Agreement	Description
ASAP Software	\$300,000	State of California Software Licensing Program (SLP-06-70-0004H)	Novell Software Licensing and Maintenance
AT&T	\$2,200,000	CALNET	Telephone billing, data lines and signal lines, telecommunication/network hardware, software purchase, and maintenance.
AMS.NET	\$250,000	Greenfield Union School District Contract GUSD-05-06-RFP	Telecommunication/network hardware, software, and maintenance.
CDWG	\$150,000	WSCA Contract A74401, CMAS 3-07-70-0793D	Routine IT purchases (Printers)
Cingular Wireless/ AT&T	\$750,000	WSCA Contract 7-06-70-01	Cellular phone service
COMPUCOM	\$900,000	County of Riverside (ITARC000002AB) Microsoft Enterprise Agreement 01E62044	Microsoft enterprise software licensing and maintenance (\$680,000), mobile data units hardware purchase (\$220,000).
Dell Computer	\$1,400,000	WSCA Contract A63307	Routine IT purchases (hardware equipment that includes personal computers, laptops, and related accessories)
Hewlett Packard	\$2,150,000	WSCA Contract A63309	Routine IT purchases (hardware equipment that includes printers, servers, personal computers, and monitors).
Howard Computers	\$200,000	WSCA Contract A63310	Routine IT purchases (Computer laptops and related accessories and supplies).
IBM	\$500,000	WSCA Contract A63311	Routine IT purchases (hardware equipment that include servers, mainframes, and backup systems)
Lenovo	\$250,000	Western States Contracting Alliance (WSCA) Contract A74813	Routine IT purchases (computer laptops and related accessories and supplies). Lenovo is the authorized reseller of IBM computer laptops.
Motorola	\$300,000	WSCA Contract 02702	Radios, communication equipment and supplies to support public safety
Nexus IS	\$1,000,000	County of Riverside Contract RIVCO-20420-002-004-03/09 (ITARC-92004-001-003-03/12)	Routine IT purchases (IT and telecommunication hardware equipment)
Oracle Corporation	\$325,000	California Multiple Award Schedules (CMAS) and	Oracle software maintenance for City's Mainframe and Customer Information System (CIS)
Quest	\$250,000	CALSAVE (Sponsored by the Monterey County Office of Education) (IFB#005B)	Telecommunication/network hardware, software, and maintenance.
Sprint Nextel Corporation	\$750,000	California Contract for Wireless Service(1S-05-58-01)	Cellular phone service
Verizon	\$750,000	California Contract for Wireless Service (1S-05-58-02)	Cellular phone service
Total FY 2007/08	\$12,425,000		

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: Cooperative purchasing is based on the fact that, in a free market economy, volume is a very powerful determinate of price in the competitive environment. In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing or piggybacking.

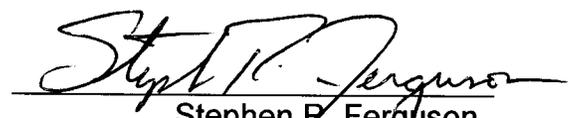
When the City uses cooperative buying, it enables purchasing services to evaluate a broader range of contracting opportunities, deploy staff resources to achieve the greatest return on time invested, and benefit from sharing resources with other participating institutions. One of the greatest benefits 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 purchasing services utilizes regional and national cooperative buying relationships to compliment its own annual contracting initiatives. Cooperative buying enables Purchasing Services to leverage internal and external resources to maximize cost saving opportunities

Financial Considerations: The total requested amount will not exceed \$12,425,000. At such time as when the overall total or individual limit by company exceeds the amounts in this resolution, or in cases involving unanticipated purchases of IT hardware, software or services, individual Council requests will be made. The \$12,425,000 co-operative purchase authorization requested for computer related purchases were included in the department’s approved FY 2007/08 budget, typically in object codes 4462, 4463, 4464, 4465, 4466, and 4467. The FY 2007/08 budget was adopted by Council on June 12, 2007.

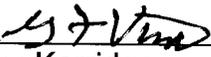
Emerging Small Business Development (ESBD): All effort will be made to encourage and utilize certified ESBE vendors when possible.

Respectfully Submitted by: Ignacio Estevez, Program Manager

Approved by:


Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

for 

Ray Kerridge
City Manager

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Attachment 1**Background**

- A. This report and resolution has been prepared to ensure that City Council is aware of the overall levels of Information Technology (IT) purchases citywide and that we are in compliance with the Council's directive that all purchases from a single company that exceed \$100,000 cumulatively be reviewed and approved. Initially, City Council reviewed purchasing practices and approved the use of co-operative purchase agreements in 1974. In 1996, City Council approved the use of co-operative agreements for the purchase of routine IT goods and services (Resolution number 96-362). In September 2005 and again in July 2006, City Council approved staff's request for consolidated spending authorization to purchase computer hardware, software, and services through co-operative purchasing agreements and sole source vendors. Because this consolidated effort has worked well in the past, Staff request to continue using this consolidated spending approval format for Citywide IT purchases through co-operative purchasing agreements for Fiscal Year 2007/08.
- B. When the City uses co-operative buying, it enables Purchasing 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 co-operative 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 co-operative contracts is estimated to be a minimum of 10%. An additional benefit of co-operative buying is that Purchasing Services utilizes regional and national co-operative buying relationships to compliment its own annual contracting initiatives. Co-operative buying enables Purchasing Services to leverage internal and external resources to maximize cost saving opportunities.
- C. At the end of each fiscal year, Staff will review IT purchases to compare the level of those purchases to budgets in the new fiscal year and prepare a report similar to this for Council review and approval. In certain situations where the overall total or individual limit by company exceeds the amounts listed in the attached resolution, or in cases involving unanticipated purchases of IT hardware, software or services, individual Council report requests will be prepared.

Attachment 2**RESOLUTION NO.**

Adopted by the Sacramento City Council

PROCUREMENT OF INFORMATION TECHNOLOGY RELATED SUPPLIES AND TECHNICAL SERVICES THROUGH CO-OPERATIVE PURCHASING AGREEMENTS DURING FISCAL YEAR 2007/08 FOR AN AMOUNT NOT TO EXCEED \$12,425,000**BACKGROUND**

- A. Sacramento City Code section 3.56.240 authorizes the use of co-operative purchasing agreements approved by the City Council for the purchase of supplies or nonprofessional services.
- B. In 1996 City Council approved the use of co-operative agreements for purchase of routine IT goods and services (Resolution number 96-362). In September 2005 and in July 2006, City Council again approved staff's recommendation to purchase computer hardware, software, and services through co-operative purchasing agreements (Resolution 2005-673 and 2006-520).
- C. The purchase of citywide computer-related goods and services through co-operative purchasing agreements requires City Council approval.

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

Section 1. The co-operative purchasing agreements listed below for purchase of citywide information technology supplies and technical services are hereby approved.

Section 2. The City Manager, or authorized designee, is hereby authorized to issue purchase orders under said co-operative purchasing agreements with the following vendors in the amounts listed below. The total amount for Fiscal Year 2007/08 shall not exceed \$12,425,000.

Vendor Name	FY 2007/08 Amount	Co-operative Purchase Agreement	Description
ASAP Software	\$300,000	State of California Software Licensing Program (SLP-06-70-0004H)	Novell Software Licensing and Maintenance
AT&T	\$2,200,000	CALNET	Telephone billing, data lines and signal lines, telecommunication/network hardware, software purchase, and maintenance.
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		3-07-70-0793D	
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