RESOLUTION NO. 2005-673

Adopted by the Sacramento City Council

September 13, 2005

APPROVING THE PURCHASE OF COMPUTER HARDWARE, SOFTWARE PRODUCTS AND TECHNICAL SERVICES THROUGH COOPERATIVE PURCHASING AGREEMENTS FOR AN AMOUNT NOT TO EXCEED $5,825,000, AND SUSPENDING COMPETITIVE BIDDING AND APPROVING THE PURCHASE OF OTHER COMPUTER HARDWARE, SOFTWARE AND SERVICES COVERING ONGOING AGREEMENTS FOR ANNUAL MAINTENANCE AND/OR LICENSES FOR AN AMOUNT NOT TO EXCEED $1,175,000 FOR FY-2006

BACKGROUND

A. In June 2005, the Information Technology (IT) Department conducted a review of all citywide computer hardware, services and software purchases between FY 2003 and FY 2005. That review revealed that the city has historically purchased computer hardware, services and software from multiple companies where the annual expenditures per company exceed $100,000.

B. This report and resolution has been prepared to be sure that City Council is aware of the overall levels of 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 cooperative purchase agreements in 1974. In 1996 the IT Division presented a report recommending the use of cooperative agreements for purchase of routine IT goods and services. City Council approved staff's recommendation again at that time. The alternative to presenting this request in a consolidated fashion would be for City staff to prepare multiple reports on a weekly basis requesting Council approval for routine small dollar value purchases. In addition, other advantages the City would gain through this report are:

- Efficiencies in staff resources in developing, processing, and administering bids and reports;
- Favorable pricing from established cooperative purchasing agreements; and
- Following industry's best practices in streamlining the procurement processes.

C. 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

D. At the end of each fiscal year, Staff intends to 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. There still will be special situations where separate reports/resolutions are prepared when an IT purchase from a single vendor will exceed $100,000. Typically these are associated with special projects, capital improvement projects or other unforeseen needs. These requests will be handled on a case-by-case basis and presented to City Council as they have been in the past. These special cases may include purchases through either cooperative agreements, competitive request for proposals (RFP), or competitive bids.

E. The following table lists the companies that have hardware, software and services included on one or more of the cooperative agreements listed above. The City will make routine IT purchases from these companies during FY 2005-06 in amounts less than that shown in the far right hand column.

Cooperative Purchase Companies and Amounts – FY2005-06

Company Name	Hardware	Software	Services	Not-to-exceed Amount
COMPUCOM Systems, Inc		X		$ 500,000
Dell Computer Corporation	X			$ 500,000
Hewlett Packard	X			$ 1,200,000
IBM Corporation	X	X	X	$ 1,500,000
Marketware Technologies		X		$ 500,000
SBC	X	X	X	$ 1,500,000
Oracle Corporation		X	X	$ 125,000
TOTAL:				$ 5,825,000

F. The City of Sacramento also has an ongoing need to purchase computer related products and services on a sole source basis. These vendors have met the City's legal policy requirements for contracting and are providing ongoing services or support for hardware or software previously approved by City Council. In addition to the vendors listed below, the City also has on-going sole source purchase needs with other vendors such as Novell, Oracle, etc. Sole source purchases have recently been approved by City Council for these vendors. In future years, these vendors will be added to this report, for a single citywide sole source request.

Computer Associates: Not-to-exceed $270,000 in license fees and annual maintenance for IBM e-server utility software used in the City's Data Center. This utility software is required to continue maintaining the current mainframe business systems. Changing software at this time would require a formal bidding process (3-4 months) and retraining of technical staff in IT.

ESRI Inc.: Not-to-exceed $200,000 in license fees and annual maintenance for server and desktop Geographic Information Systems (GIS) software used by all city departments. The City selected ESRI software as the preferred tool for all GIS related activities several years ago. The City's staff training, GIS data bases, base maps and other material are oriented to take advantage of the functions and features of the ESRI software. Changing GIS software at this time would be considerably more expensive than maintaining ESRI licenses.

Integrity Data & Fiber (an ESB): Not-to-exceed $250,000 for supplemental cable installation and maintenance services in various city facilities. This multi-year contract for services was initially bid in 2003 and City Manager Agreement 2004-0010 was executed on January 7, 2004. Approval of a sole source will allow the City to continue to use the multi-year contract with this vendor.

Xerox Corporation: Not-to-exceed $150,000 for parts and maintenance services on the City's four (4) high-speed laser printers located in the City's Data Center. Maintenance on these printers is required in order for the City to continue its ability to print paychecks, financial reports, etc. The alternative to a sole-source contract with Xerox for this maintenance work would be to competitively bid either replacement equipment or an outsource printing contract.

Software AG: Not to exceed $100,000 for mainframe (e-server) data base and programming language software. These tools are being phased out, but they are still needed to support legacy applications.

American Management Systems: Not-to-exceed $105,000 for mandatory licenses and annual maintenance on the City's existing Financial and Payroll systems. The two alternatives to this sole-source contract would be 1) for the City to stop maintenance and assume all responsibility for application maintenance, or 2) conduct a competitive bid for a replacement system (2-3 year project).

OC Communications: Not-to-exceed $100,000 for telephone system repair, cabling, and maintenance. The contract for these services was initially bid and City Manager Agreement 2003-1148 was executed on December 5, 2003 for $90,000 as a multi-year contract. This brings the new total not to exceed for OC Communications to $285,000. Approval of a sole source will allow the City to continue to use the multi-year contract with this vendor.

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

Section 1. The Procurement Services Manager is authorized to purchase computer hardware and software products and technical services through the use of cooperative/competitive purchasing agreements from the following vendors for an amount not to exceed $5,825,000 through June 30, 2006:

Company Name	Hardware	Software	Services	Not-to-exceed Amount
COMPUCOM Systems, Inc		X		$ 500,000
Dell Computer Corporation	X			$ 500,000
Hewlett Packard	X			$ 1,200,000
IBM Corporation	X	X	X	$ 1,500,000
Marketware Technologies		X		$ 500,000
SBC	X	X	X	$ 1,500,000
Oracle Corporation		X	X	$ 125,000
TOTAL:				$ 5,825,000

Section 2. City competitive bidding is hereby suspended and the Procurement Services Manager is authorized to purchase computer related products and services for an amount not exceed $1,175,000 with the following sole source vendors through June 30, 2006 that are not covered under a cooperative purchasing agreement, but have met the City's legal policy requirements for contracting:

- **Computer Associates:** Not-to-exceed $270,000 in license fees and annual maintenance for IBM e-server utility software used in the City's Data Center.

- **ESRI Inc.:** Not-to-exceed $200,000 in license fees and annual maintenance for server and desktop Geographic Information Systems (GIS) software used by all city departments.

- **Integrity Data & Fiber (an ESB):** Not-to-exceed $250,000 for supplemental cable installation and maintenance services in various city facilities.

- **Xerox Corporation:** Not-to-exceed $150,000 for parts and maintenance services on the City's four (4) high-speed laser printers located in the City's Data Center.

- **Software AG:** Not to exceed $100,000 for mainframe (e-server) data base and programming language software.

- **American Management Systems:** Not-to-exceed $105,000 for mandatory licenses and annual maintenance on the City's existing Financial and Payroll systems.

- **OC Communications:** Not-to-exceed $100,000 for telephone system repair, cabling, and maintenance.

Adopted by the City of Sacramento City Council on September 13, 2005 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters and Mayor Fargo.

Noes: None

Abstain: None

Absent: None

Heather Fargo

Mayor Heather Fargo

Attest:

Shirley Concolino

Shirley Concolino, City Clerk