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REPORT TO COUNCIL City of Sacramento

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

CONSENT
May 9, 2006

Honorable Mayor and
Members of the City Council

Subject: Purchase Amendment: Procurement of Computer Supplies and Technical Services through Sole Source Vendors

Location/Council District: Citywide

Recommendation: (2/3 Vote Required)

Adopt a Resolution 1) suspending competitive bidding; and (2) amending Resolution 2005-673 authorizing the Procurement Services Manager to increase the previously authorized amount of \$1,175,000 by \$125,000 for a new total of \$1,300,000 to purchase computer products and technical services from sole source vendors during Fiscal Year 2005/06.

Contact: Karl Rosander, Information Technology Manager, 808-8262
Ignacio Estevez, Program Manager, 808-7349

Presenters: N/A

Department: Information Technology

Division: Technical Support Services

Organization No: 1337

Summary:

The attached resolution will 1) suspend competitive bidding; and (2) amend Resolution 2005-673 authorizing the Procurement Services Manager to increase the previously authorized amount of \$1,175,000 by \$125,000 for a new total of \$1,300,000 to purchase computer products and technical services from sole source vendors during Fiscal Year 2005/06.

Committee/Commission Action: None

Background Information:

In September 2005, City Council approved the purchase of computer hardware and software products, and technical services to cover ongoing agreements for annual maintenance and/or licenses through a consolidated report that totaled \$5,825,000 for co-operative purchases and \$1,175,000 for sole source purchases for a total amount not-to-exceed \$7,000,000 for FY 2005/06. That report was prepared to be sure that City Council was 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.

The following tables show the changes requested in sole-source spending authorization previously approved in Resolution 2005-673. 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. The City will make routine IT purchases from these companies during FY 2005/06 in amounts less than that shown in the column four "Total Approved Amount".

TABLE 1: Sole-Source Vendors with Contract Increases for FY 2005/06

Vendor Name	Previously Approved amount	Amount of Increase	Total Approved Amount	Justification
CGI-AMS (American Management Systems) Inc	\$105,000	\$5,000	\$110,000	License and annual maintenance on the City's financial and payroll systems
Systems Innovators, Inc	0	\$120,000	\$120,000	License, maintenance, and services that support cashiering/billing software used by the City
Sole Source Increase:	\$105,000	\$125,000	\$230,000	

TABLE 2: Sole-Source Vendors without Contract Increases for FY 2005/06

Vendor Name	Previously Approved amount	Amount of Increase	Total Approved Amount	Justification
Computer Associates	\$270,000	0	\$270,000	License/maintenance for IBM equipment for City's Data Center
ESRI Inc	\$200,000	0	\$200,000	License/maintenance for GIS software used by the City
Integrity Data and Fiber	\$250,000	0	\$250,000	Supplemental cable installation and maintenance services
Xerox Corporation	\$150,000	0	\$150,000	Supplies/maintenance for City's four (4) high-speed laser printers
Software AG	\$100,000	0	\$100,000	Mainframe data base and programming language software
OC Communications	\$100,000	0	\$100,000	Telephone system repair, cabling, and maintenance
Total FY 2005/06 Sole Source Approval:	\$1,175,000	\$125,000	\$1,300,000	

Below is justification to support the purchase limit increases listed in TABLE 1 above:

- CGI-AMS (American Management Systems) Inc.: To purchase mandatory licenses and annual maintenance on the City's existing Financial and payroll systems for an amount not-to-exceed \$110,000, an increase of \$5,000 per year. The CGI-AMS application supports the City's finance and payroll applications and has been installed at the city for over 15 years. This represents an increase in on-going license costs from the vendor that was not anticipated when the original sole-source request was presented to Council (Resolution 2005-673).
- Systems Innovators, Inc.: To purchase software licenses, installation and maintenance that support Revenue Collector (cashiering/billing system) and other software products offered exclusively by this vendor that is used by several departments throughout the city for an amount not-to-exceed \$120,000. Staff failed to include this on-going license on the list when Resolution 2005-673 was prepared for Council approval.

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 method of procurement are:

- Efficiencies in staff resources in developing, processing, and administering bids and reports; and
- Following industry's best practices in streamlining the procurement processes.

At the end of each fiscal year, staff will thoroughly review FY 2005-06 IT purchases and compare the level of those purchases to the approved budget in FY2006-07. Similar to last year, a consolidated Information Technology purchasing report will be prepared for City 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.

Financial Considerations:

The total requested increase of this Council Report will not exceed \$125,000. The total sole-source revised cumulative cost for computer products and technical services acquired under this authorization and sole-source purchases under Resolution 2005-673 will not exceed \$1,300,000 in FY2005-06. The \$1,300,000 sole source authorization requested for computer related purchases were included in the department's approved FY 2005/06 budget, typically in object codes 4462, 4463, 4464, 4465, 4466, and 4467.

Recommendation Approved:

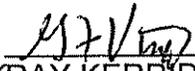

RAY KERRIDGE
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

**SUSPENDING COMPETITIVE BIDDING AND AMENDING RESOLUTION
2005-673 AUTHORIZING THE PROCUREMENT SERVICES MANAGER TO
INCREASE THE PREVIOUSLY AUTHORIZED AMOUNT OF \$1,175,000 BY
\$125,000 FOR A NEW TOTAL OF \$1,300,000 TO PURCHASE COMPUTER
PRODUCTS AND TECHNICAL SERVICES FROM SOLE SOURCE
VENDORS DURING FISCAL YEAR 2005/06**

BACKGROUND

- A. In September 2005, City Council approved the purchase of computer hardware and software products, and technical services to cover ongoing agreements for annual maintenance and/or licenses through a consolidated report that totaled \$5,825,000 for co-operative purchases and \$1,175,000 for sole source purchases for a total amount not-to-exceed \$7,000,000 for FY 2005/06. That report was prepared to be sure that City Council was 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.
- B. The following tables show the changes requested in sole-source spending authorization previously approved in Resolution 2005-673. 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. The City will make routine IT purchases from these companies during FY 2005/06 in amounts less than that shown in the column four "Total Approved Amount".

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Below is justification to support the purchase limit increases listed in TABLE 1 above:

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

Section 1. Competitive bidding is hereby suspended and Resolution 2005-673 is amended authorizing the Procurement Services Manager to increase the previously authorized amount of \$1,175,000 by \$125,000 for a new total of \$1,300,000 to purchase computer products and technical services through the following sole source vendors for purchases in FY 2005/06:

- CGI-AMS (American Management Systems) Inc.: To purchase mandatory licenses and annual maintenance on the City's existing Financial and payroll systems for an amount not-to-exceed \$110,000 (an increase of \$5,000).
- Systems Innovators, Inc.: To purchase software licenses, installation and maintenance that support Revenue Collector and other sole source software products for an amount not-to-exceed \$120,000.

