



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 7, 2022**

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT **WARDS: ALL**

SUBJECT: MEASURE Z - ANNUAL RENEWAL OF SERVICES PROVIDED THROUGH FORTY-THREE EXISTING SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT OR SUBSCRIPTION AGREEMENTS FOR FISCAL YEAR 2022-2023 IN THE AMOUNT OF \$2,659,170 PLUS A 15% CHANGE ORDER AUTHORITY FOR EACH ANNUAL RENEWAL; THIS INCLUDES AMENDMENT NUMBER TWO TO THE SUPPORT SERVICES AGREEMENT WITH PLANETBIDS, INC. TO RETAIN THE ANNUAL COMPENSATION AT \$50,175, AND TO THE EXTEND THE TERM OF THE AGREEMENT FOR A THREE YEAR TERM THROUGH JUNE 30, 2026, FOR A TOTAL AGREEMENT AMOUNT OF \$440,458.01.

ISSUE:

Approve the continued renewal of services provided through forty-three existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2022-2023, where each agreement has aggregate expenditures over \$50,000 over the life of the agreement, or will be surpassing \$50,000, for an estimated total amount of \$2,659,170; plus a 15% change order authority for each annual renewal; this includes Amendment No. 2 to the Support Services Agreement with PlanetBids, Inc. to retain the annual compensation at \$50,175, and to extend the term of the agreement for a three year term through June 30, 2026, for a total agreement amount of \$440,458.01.

RECOMMENDATIONS:

That the City Council:

1. Approve the continued renewal of services provided through forty-three existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2022-2023, where each agreement has aggregate expenditures over \$50,000 over the life of the agreement, or will be surpassing \$50,000, for an estimated total amount of \$2,659,170;
2. Approve 15% change order authority for each annual renewal listed in Attachment 1 for Fiscal Year 2022-2023, to be used if budgeted amount has been exhausted for differences from annual estimates and/or minor supplemental purchases;
3. Approve Amendment No. 2 to the Support Services Agreement with PlanetBids, Inc, to retain the annual compensation at \$50,175, and to extend the term of the agreement for a three-year term through June 30, 2026, for a total agreement amount of \$440,458.01;and

4. Authorize the City Manager, or designee, to execute all necessary documents for items listed in Attachment 1 for Fiscal Year 2022-2023, including, but not limited to, renewals, purchase orders, change orders, agreements, amendments, and other minor non-substantive changes.

BACKGROUND:

The Innovation and Technology (IT) Department manages the majority of the City's agreements for software and hardware. At the time of purchase, software and hardware agreements are approved following Citywide purchasing guidelines. After the initial term, many agreements include automatic renewal of maintenance and support services or subscriptions, for as long as the City continues to pay for those services ("evergreen" clauses). The City issues a purchase order for these renewals and references the existing agreement. This is common within the IT industry to ensure continual operation of software and hardware systems. Due to the evergreen nature of technology procurements, the IT Department requests annual City Council approval to continue annual maintenance and support services or subscriptions for any agreements with aggregate expenditures over \$50,000, or will be surpassing \$50,000, over the life of the agreement.

Similarly, other IT agreements are set up as Master Agreements that can be used over a specific time, such as for five years. The IT Department would either sign a renewal document and/or issue a renewal purchase order to complete the renewal under the existing agreement. Certain maintenance and support, or subscription renewals, do not have executed agreements but are included in the Attachment, if IT expects that the annual purchase orders may exceed \$50,000.

IT reviews all agreements annually, including maintenance and support or subscription expenditures, to ensure that the products are still in use and that the best price has been negotiated for these services. This may involve working with departments and vendors to achieve cost efficiencies through product changes, restructuring of agreements, or periodic rebidding of license and service renewals, when licenses or services can be procured from multiple vendors. If the IT Department processes a bid or Request for Proposals (RFP) for any of the renewals listed on the Attachment during the fiscal year, IT will seek separate City Council approval for award of the bid or RFP.

All other purchases made by the IT Department during the course of the fiscal year also follow Citywide purchasing guidelines to ensure that the City is receiving competitive pricing options. Any agreement for services/purchases in excess of \$50,000 that is not reflected on the Attachment has either already been approved by City Council for the fixed term or will be brought forward to the City Council for separate approval.

DISCUSSION:

The IT Department has determined that it is necessary to continue the procurement of forty-three annual maintenance and support services, or subscriptions listed in Attachment 1, for an estimated total amount of \$2,659,170 for Fiscal Year 2022-2023.

IT is also requesting a 15% change order authority for each annual renewal amount listed in Attachment 1 for Fiscal Year 2022-2023. This change order authority is necessary to account for price differences from annual estimates and for minor supplemental purchases (e.g., additional licenses, customizations, upgrades, etc.).

Additionally, IT is requesting the approval of Amendment No. 2 with PlanetBids, Inc. to retain the annual compensation at \$50,175, and to extend the term of the agreement for a three-year term through June 30, 2026, for services related to vendor and bid management, and built-in reports and charts utilized by the city's Finance Department.

Article Six of Purchasing Resolution 23812 notes the requirements for the procurement of goods and materials. Section 602(i) allows for an exception to competitive procurement "When the Procurement is subject to Section 403 of this Resolution". Article Seven of Purchasing Resolution 23812 notes the requirements for the procurement of services. Section 702(i) also allows for an exception to competitive procurement for the same reason as 602(i) but in regard to services. Section 403 of Purchasing Resolution 23812 states "Competitive Procurement shall not be required for Information Technology software maintenance and license renewals; training; advertising; or professional recruitment services where the Manager is satisfied that the best price, terms and condition for the Procurement thereof have been negotiated.

The Purchasing Manager concurs that the recommended action to approve continued services is in compliance with Section 403 of Purchasing Resolution No. 23812.

FISCAL IMPACT:

The total fiscal impact of this action is \$2,659,170. Sufficient funds for the renewal is included in the Fiscal Year 2022-2023 Innovation and Technology Department Budget in the following accounts:

Account	Amount
General Fund, Account No. 2405000 - 424310	\$127,677
General Fund, Account No. 2410000 - 424310	\$903,941
General Fund, Account No. 2415000 - 424310	\$1,317,171
General Fund, Account No. 2425000 - 424310	\$18,540
General Fund, Account No. 2400000 - 422100	\$90,152
Measure Z, Account No. 8003301 - 462310	\$201,689
TOTAL	\$2,659,170

These expenditures are allocated to various departments through the annual cost allocation process or by a direct charge to a specific department. The current cost allocation and direct charge process is complete and incorporated into the City's Fiscal Year 2022-2023 budget.

Any change orders for the items listed in the Attachment 1 (15% for each item listed), are subject to the availability of budgeted funds, within the IT Department budget or the budget of the department that uses the system.

Prepared by: George Khalil, Chief Innovation Officer
 Certified as to
 availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
 Approved by: Edward Enriquez, Interim Assistant City Manger
 Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Technology Procurements for FY 2022-2023 (Attachment 1)
2. Amendment No. 2 PB System™ - Support Services Agreement