



*City of Arts & Innovation*

# City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 27, 2017

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: ANNUAL SOFTWARE MAINTENANCE AND SUPPORT AGREEMENTS FOR FISCAL YEAR 2017/18; TWENTY-THREE TECHNOLOGY PROCUREMENTS IN THE AMOUNT OF \$813,364; ORACLE ORDERING DOCUMENT WITH ORACLE AMERICA, INC. IN THE AMOUNT OF \$502,951.38; MICROSOFT PREMIER SUPPORT SERVICES DESCRIPTION SCHEDULE WITH MICROSOFT CORPORATION IN THE AMOUNT OF \$70,650 – TOTAL AMOUNT OF \$1,386,965.38

## **ISSUES:**

Approve the annual software maintenance and support agreements for fiscal year 2017/18 including twenty three technology procurements with aggregate expenditures over \$50,000, for a total amount not to exceed \$813,364, the Oracle Ordering Document with Oracle America, Inc. in the amount of \$502,951.38, and the Microsoft Premier Support Services Description Schedule with Microsoft Corporation in the amount of \$70,650, for a total amount of \$1,386,965.38.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve twenty-three (23) technology procurements with aggregate expenditures over \$50,000, for a total amount not to exceed \$813,364, for fiscal year 2017/18;
2. Approve the Oracle Ordering Document for renewal of technical support services for fiscal year 2017/18, in the amount of \$502,951.38 with a 10% Change Order authority;
3. Approve the Microsoft Premier Support Services Description Schedule for fiscal year 2017/18, in the amount of \$70,650 with a 10% Change Order authority; and
4. Authorize the City Manager, or his designee, to execute all necessary documents, including making 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, for as long as the City continues to pay for those services. This is common within the IT industry to ensure continual operation of software and hardware systems.

IT reviews all agreements annually and the associated maintenance and support expenditures to ensure that the products are still in use and that the best price has been negotiated for these services. Due to the evergreen nature of technology procurements, the IT Department requests annual City Council approval to continue annual maintenance and support services for any agreements with aggregate expenditures over \$50,000 (i.e. over the life of the agreement).

Form 142-25, a "Request for Payment," outlines exemptions from competitive procurement. Here, because of the City's satisfaction with current platforms and the nature of the services being procured (i.e. software and hardware maintenance renewals), competitive procurement is not required and is in compliance with established administrative procedure. IT will continue to review agreements annually, however, and work with vendors to achieve cost efficiencies wherever possible.

All other purchases made by the IT Department during the course of the fiscal year (FY) 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 on the attached listing was either already approved by the City Council for a fixed term or will be brought forward to the City Council for separate approval.

## **DISCUSSION:**

### *Technology Procurements for FY 2017/18*

The IT Department has determined that it is necessary to continue procurement of the twenty-three (23) annual maintenance and support services (Attachment 1), for an amount not to exceed \$813,364 for FY 2017/18. This includes estimated costs of \$739,942 and a 10% contingency amount for a total amount not to exceed of \$813,364. Due to managed cost savings by City staff, this amount is 1% less than last fiscal year.

### *Oracle America for FY 2017/18*

Oracle America, Inc. requires that the City execute an annual ordering document to renew support. Oracle provides maintenance and support for multiple application and database systems that are deployed Citywide. The ordering document is pursuant to a Software License Master Agreement negotiated by the County of Los Angeles, which allows other municipalities to benefit from favorable pricing negotiated with Oracle (Attachment 2) is for \$502,951.38 for FY 2017/18.

### *Microsoft Premier Support Services for FY 2017/18*

The Microsoft Premier Support Services Description Schedule (Attachment 3) in the amount of \$70,650, is a renewal of software support services for FY 2017/18. This renewal agreement is pursuant to the Microsoft Master Services Agreement executed in June 2006. Microsoft provides maintenance and support for multiple systems deployed Citywide.

The Purchasing Services Manager concurs with the recommendations in this report.

**FISCAL IMPACT:**

Sufficient funds have been included in the FY 2017/18 Innovation and Technology Department Budget account number(s) 2410000-424310 and 2415000-424310 to cover the identified expenditures. These expenditures are allocated to various departments through the annual cost allocation process. The current cost allocation process is complete and incorporated into the City's FY 2017/18 budget.

Prepared by: Lea Deesing, Chief Innovation Officer  
Certified as to  
availability of funds: Scott G. Miller, PhD, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

**Attachments:**

1. Technology Procurements for FY 2017/18
2. Oracle Technical Support Agreement
3. Microsoft Premier Support Agreement