



*City of Arts & Innovation*

# City Council Memorandum

---

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 18, 2019**

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

**SUBJECT: ANNUAL PROCUREMENT OF SERVICES PROVIDED THROUGH FORTY-ONE EXISTING SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT OR SUBSCRIPTION AGREEMENTS FOR FISCAL YEAR 2019-2020 IN THE AMOUNT OF \$2,322,820, PLUS 15% CHANGE ORDER AUTHORITY IN THE AMOUNT OF \$348,423, FOR A TOTAL AMOUNT OF \$2,671,243; INCLUDES BID NO. 7661 FOR RENEWAL OF MAINTENANCE AND SUPPORT FOR COMMVAULT ENTERPRISE DATA BACKUP SYSTEM WITH ZONES, INC., IN THE AMOUNT OF \$107,680**

## **ISSUE:**

Approve the continued procurement of services provided through forty-one (41) existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2019-2020, where each agreement has aggregate expenditures over \$50,000 over the life of the agreement, for an estimated total amount of \$2,322,820; plus 15% change order authority in the amount of \$348,423, for a total amount of \$2,671,243; this includes award of Bid No. 7661 for renewal of maintenance and support for the Commvault enterprise data backup system to Zones, Inc., for Fiscal Year 2019-2020, in the amount of \$107,680.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the continued procurement of services provided through forty-one (41) existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2019-2020, where each agreement has aggregate expenditures over \$50,000 over the life of the agreement, for an estimated total amount of \$2,322,820 (Attachment 1);
2. Approve 15% change order authority for annual renewal amounts listed in Attachment 1 for Fiscal Year 2019-2020 totaling \$348,423, to be used if original Change Order authority has been exhausted for differences from annual estimates and minor supplemental purchases;
3. Award Bid. No. 7661 for the renewal of maintenance and support for Commvault enterprise data backup system to Zones, Inc., for Fiscal Year 2019-2020, in the amount of \$107,680; and

4. Authorize the City Manager or his designee to execute all necessary documents for items listed in Attachment 1 for Fiscal Year 2019-2020, including, but not limited to, renewals, purchase orders, change orders, 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, 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 (5) 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 Attachment 1 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 Attachment 1 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 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 Attachment 1 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 procurement of the forty-one (41) annual maintenance and support services or subscriptions listed in Attachment 1, for an estimated total amount of \$2,322,820 for Fiscal Year 2019-2020. Overall, this amount is 9.7% more than the total amount budgeted for Fiscal Year 2018-2019. Although planned system upgrades and expansion resulted in larger increases for certain contracts, IT was able to negotiate price decreases with many of the established vendors.

IT is also requesting a 15% change order authority for the annual renewal amounts listed in Attachment 1 for Fiscal Year 2019-2020, in the amount of \$348,423. 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.).

The Commvault enterprise data backup maintenance and support renewal included in Attachment 1 required that the IT Department work with the Purchasing Division to issue a request for bids. Therefore, on April 12, 2019, the City posted Bid No. 7661 for renewal of Commvault maintenance for Fiscal Year 2019-2020. The bid closed on April 29, 2019. The City received three (3) bids and Zones, Inc. was deemed the lowest responsive bidder. The IT Department recommends award of Bid No. 7661 to Zones, Inc., in the amount of \$107,680.

The Purchasing Manager concurs that the recommended actions comply with Purchase Resolution No. 23256.

### **FISCAL IMPACT:**

The fiscal impact of this action is \$2,671,243. \$2,322,820 is included in the Fiscal Year 2019-2020 Budget in the following accounts:

Account	Amount
2400000-424310	\$15,986
2405000-424310	\$143,565
2410000-424310	\$792,535
2415000-424310	\$1,206,351
2440000-424310	\$132,408
2400009-462310 (Measure Z) + Non-General Fund Cost Match	\$31,975
<b>TOTAL</b>	<b>\$2,322,820</b>

The expenditures are allocated to various departments through the annual cost allocation process or by a direct charge for any amounts that exceed the budgeted amount. The current cost allocation process is complete and incorporated into the City's Fiscal Year 2019-2020 budget.

Any change orders for the items listed in Attachment 1 (15% each, for up to a total amount of \$348,423) 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/Treasurer  
 Approved by: Lea Deesing, Assistant City Manger  
 Approved as to form: Gary G. Geuss, City Attorney

### **Attachments:**

1. Technology Procurements for FY 2019-2020
2. Bid Award Recommendation
3. Measure Z Report