



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 1, 2021**

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

SUBJECT: RENEWAL OF SERVICES PROVIDED THROUGH FORTY-TWO EXISTING ANNUAL SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT OR SUBSCRIPTION AGREEMENTS FOR FISCAL YEAR 2021/22 IN THE AMOUNT OF \$2,709,672, PLUS 15% CHANGE ORDER AUTHORITY FOR EACH ANNUAL RENEWAL

ISSUES:

Approve the renewal of services provided through forty-two (42) existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2021/22, 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 \$2,709,672 and authorize a 15% change order authority for each annual renewal.

RECOMMENDATIONS:

That the City Council:

1. Approve the renewal of services provided through forty-two existing annual software and hardware maintenance and support or subscription agreements for Fiscal Year 2021/22 as listed in Attachment 1, 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 \$2,709,672;
2. Authorize a 15% change order authority for each annual renewal listed in Attachment 1 for Fiscal Year 2021/22, to be used in the event the estimated annual costs are higher than anticipated; and
3. Authorize the City Manager, or designee, to execute all necessary documents for items listed in Attachment 1 for Fiscal Year 2021/22, 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-two annual maintenance and support services, or subscriptions listed in Attachment 1, for an estimated total amount of \$2,709,672 for Fiscal Year 2021/22.

A 15% change order authority for each annual renewal amount listed in Attachment 1 has been requested for Fiscal Year 2021/22. The 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.).

Article Six of Purchasing Resolution 2256 notes the requirements for the procurement of goods and materials. Section 602(h) allows for an exception to competitive procurement "When the Procurement is subject to Section 403 of this Resolution". Article Seven of Purchasing Resolution 23256 notes the requirements for the procurement of services. Section 702(h) also allows for an exception to competitive procurement for the same reason as 602(h) but in regard to services. Section 403 of Purchasing Resolution 23256 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. 23256.

FISCAL IMPACT:

The fiscal impact of this action is \$2,709,672. \$2,709,672 is included in the Fiscal Year 2021/22 Innovation and Technology Department Budget in the following accounts:

Account	Amount
2400000 - 422100 (actual costs allocated to depts)	\$49,950
2405000 - 424310	\$114,752
2410000 - 424310	\$789,776
2415000 - 424310	\$1,598,324
2425000 - 424310	\$18,000
2440000 - 424310	\$7,000
8003301 - 462310	\$131,870
TOTAL	\$2,709,672

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 process is complete and incorporated into the City's Fiscal Year 2021/22 budget.

Any change orders for the items listed in the Attachment 1 will be absorbed 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: Kristi J. Smith, Interim City Attorney

Attachment: Attachment 1: Technology Procurements for FY 2021/22