

Agenda Report

January 11, 2016

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH VPLS SOLUTIONS, LLC FOR THE PURCHASE OF NETWORK DATA COMMUNICATIONS EQUIPMENT AND SERVICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Authorize the issuance of a purchase order contract with VPLS Solutions, LLC, a certified California small business, for the purchase of network data communications equipment and services in an amount not to exceed \$1,500,000 with an average annualized allocation of \$500,000 for a period of three years beginning January 1, 2016 to December 31, 2018. Competitive bidding is not required pursuant to City Charter section 1002(H), contracts with other governmental entities or their contractors for labor, material, supplies or services; and
3. Grant the proposed purchase order contract exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, Chapter 4.08 of the Pasadena Municipal Code, pursuant to Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The City's comprehensive Information Technology Strategic Plan (ITSP) which was completed in April 2011 focused on meeting the following objectives:

- Increase and enhance public access to information and services.
- Develop an IT investment strategy to enhance and replace aging systems.
- Develop a strategic plan with an enterprise focus, integrating existing and new systems.
- Maintain the flexibility to incorporate emerging technologies as they become available.

The ITSP also contains a 5-year implementation roadmap, which addresses the successful deployment of strategic business technologies required to meet the stated objectives. Using this roadmap, the Department of Information Technology (DoIT) follows the recommended annual lifecycle replacement of network equipment every 6 to 8 years. However, during the recent economic recession, DoIT deferred some replacements and only replaced equipment when it became inoperable.

The City standardizes on network equipment manufactured by Brocade to simplify and reduce contract administration, support and staff training costs, as well as to provide component compatibility across all Brocade equipment that ensures a reliable and resilient citywide network. DoIT spent a total of \$212,521 in FY 2014, \$192,855 in FY 2015 and \$176,796 so far in FY 2016 on Brocade network equipment, purchased in small increments throughout each fiscal year from a variety of vendor resellers and following the City's purchasing processes. The City's network lifecycle equipment replacement plans for the next three years call for the purchase of approximately \$500,000 of Brocade network equipment each year, which includes approximately \$250,000 for the remainder of FY 2016.

In an effort to reduce the administrative overhead required to solicit vendors multiple times throughout the year, staff recommends leveraging a competitively selected cooperative purchasing agreement with the Western States Contracting Alliance (WSCA), the National Association of State Procurement Officials (NASPO), a Cooperative Purchasing Organization, and the State of Utah, which established Master Price Agreement Number AR214 effective June 1, 2014 for the purchase of Brocade Data Communications Equipment and Services. Subsequently, on September 5, 2014, the State of California approved Participating Addendum Number 7-14-70-01, which is available for use by all State Departments and California political subdivisions/local governments, for the purchase of the same products and/or services at prices equal to or lower than the prices in the Master Price Agreement Number AR214.

In addition, this contract lists VPLS Solutions LLC (VPLS), as a Brocade WSCA/NASPO approved reseller and further specifies them as certified to provide Brocade installation services in addition to equipment. Because VPLS is also a certified "Elite" partner, Brocade's highest of three partnership levels, staff was able to secure additional discounts from VPLS as follows:

Percentage Discount off Manufacturer Suggested Retail Price		
	Master Price Agreement Number AR214 (NASPO ValuePoint Discount)	City Discount (VPLS Pasadena Discount)
Equipment	44%	54%
Support Services	25%	26%
Installation Services	25% (\$244 per hour)	43% (\$185 per hour)

The three year term of this contract provides the City flexibility in managing multi-year lifecycle technology projects and guarantees discounts, which are not contingent on a minimum annual purchase amount. In addition, the discounts will apply to newer models of equipment that become available over the three year term.

VPLS has been a reliable and consistent vendor with the City providing Brocade networking equipment and services for the last few fiscal years. Upon City Council approval, staff anticipates purchases to begin immediately for lifecycle replacements required for the remainder of FY 2016 with remaining purchases to occur throughout the purchase order contract period.

There is one local vendor listed under the master price agreement to provide equipment, however, the City also needs installation services, which this vendor is not designated to accept under the agreement. Therefore, staff recommends contracting with VPLS, who can provide both equipment and installation services.

COUNCIL POLICY CONSIDERATION:

This proposed purchase order contract with VPLS Solutions, LLC promotes the City Council's goal to improve, maintain and enhance public facilities infrastructure by providing a high quality of public service, which adds to the quality of life in the City and increases its attractiveness through more efficient management of resources.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from the CEQA per section 15061 (b) (3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action provides for replacement of, and additions to, network infrastructure equipment, and will not result in any new development or physical changes.

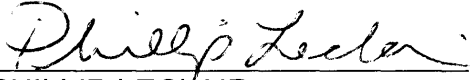
FISCAL IMPACT:

Contingent upon annual project funding approval, the cost of this action will not exceed \$1,500,000 over a three-year period beginning January 1, 2016. Funding for this action will be addressed by the utilization of existing and future budgeted appropriations in the Capital Improvement Program Budget account number 71157 (DoIT Equipment Lifecycle Replacement FY 2015 – FY 2019). It is anticipated that approximately \$250,000 of the cost will be spent during the current fiscal year. The remainder of the cost will be spent over the following three fiscal years, FY 2017, FY 2018, and FY 2019. There are no indirect or support costs anticipated as a result of this purchase order contract.

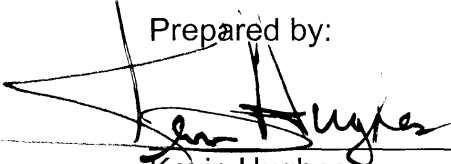
The following table presents an overall contract summary.

FY 2016 Contract Amount	\$ 250,000
Future Contract Amount	\$ 1,250,000
Total Fiscal Impact	\$ 1,500,000


Respectfully submitted,


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Attachments A – Taxpayer Protection Amendment Form