



Agenda Report

June 11, 2018

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH CDW GOVERNMENT, INC. FOR THE PURCHASE OF INFORMATION TECHNOLOGY PRODUCTS, SOLUTIONS, 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 City Manager to enter into a contract with CDW Government, Inc. for the purchase of information technology products, solutions, and services as described in this Agenda Report in an amount not to exceed \$6,750,000 through February 28, 2023. Competitive bidding is not required pursuant to City Charter Section 1002(H) contracts with other governmental entities or their contractors; and
3. Grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The Department of Information Technology (DoIT) purchases technology equipment and supplies, including desktop computers, laptops, tablets, monitors, printers, peripherals and software on behalf of all City departments. On June 27, 2016, in an effort to obtain optimum pricing, reduce the administrative overhead required to procure technology products and supplies from multiple vendors, and streamline the ordering process, City Council approved staff's recommendation to enter into a master contract with CDW Government, Inc. (CDW-G) for the purchase of information technology products and supplies. The contract, 30661, was for an amount not to exceed \$1,520,000 and expires on August 15, 2018, which coincides with the expiration of the underlying competitively selected government contract, 130733, between the City of

Tucson and CDW-G through a partnership with the National Intergovernmental Purchasing Alliance (IPA), which was the basis for an exemption from the Competitive Selection Process.

Since the contract has been in place, DoIT has been able to better manage and monitor product ordering and on-premise inventory levels to reduce the number of single product transactions, and anticipate and fulfill department requests in a more efficient and timely manner. For example, the number of unique transactions was reduced by over 50% annually when compared to FY 2016 when the contract was not in place. The reduction in unique transactions reduces administrative costs throughout the entire procurement and fulfillment process. Additionally, CDW-G's extensive product listing along with a robust online self-service product portal has been specifically tailored to reflect all the City's standard technology products and pricing for ease of ordering and tracking. Finally, their ability to warehouse large orders for ongoing operational needs and to ramp up for major projects has helped in meeting shifting timelines and scope changes that occur.

Therefore, to continue the efficiencies gained over the past couple of years by centralizing technology purchasing and to obtain optimum pricing, staff recommends "piggybacking" on a competitively selected government contract, 2018011-01, between the City of Mesa, Arizona, and CDW Government, Inc. (CDW-G), which was negotiated in partnership with the National IPA. Pasadena has been a registered participating public agency in National IPA since 2007, which allows the City to take advantage of contracts like these that provide the best prices available to state and local governments. The solicitation for this contract was advertised on the City of Mesa and National IPA websites, as well as nationwide in fourteen different print publications, including USA Today. Eleven proposals were received from the following companies: CDW-G, CloudVara, Connection Public Sector Solutions, Hye Tech Network & Security Solutions, Hypertech, Office Depot, PCMG, POP, Shi International, World Wide Technology, and Zones.

Based on the scoring established in the solicitation, CDW-G was one of the two top ranked firms, offering the best overall pricing, and as such, was awarded a contract with an effective date of March 1, 2018. It initially expires after five years on February 28, 2023, but also includes two optional one-year renewal periods that could extend it through February 28, 2025.

The contract provides for product discounts off the verifiable price index ranging from 2.25 percent to 13 percent depending on the product category. These discounts are not subject to any minimum annual purchase amounts, and will apply to newer product models that become available during the contract term. Finally, additional volume-based discounts below those stated in the contract may be negotiated in working with CDW-G directly.

The table below summarizes technology purchases made by DoIT on the current contract, and those estimated over the five-year period of the proposed contract through February 28, 2023:

Category	2-YEAR CURRENT		ANNUALIZED		5-YEAR PROPOSED	
	CONTRACT	QTY	AMT	QTY	CONTRACT	QTY
Desktops, Laptops, Tablets and Peripherals	825,017	873	430,444	455	2,530,000	1,975
Mobile Data Computers	262,395	93	136,902	49	295,000	93
Monitors	201,650	717	105,209	374	443,000	1,530
Printers	39,440	86	20,578	45	100,000	225
Software	70,153	396	36,602	207	184,000	1,000
Miscellaneous Computing Accessories	92,034		48,018		198,000	
Lifecycle Equipment Replacement, Maintenance and Services					3,000,000	
Total:	1,490,689		777,751		6,750,000	

In addition to using the proposed contract for purchases of desktop computers, laptops, tablets, monitors, printers, peripherals and software on behalf of all departments, staff estimates up to \$3 million in lifecycle equipment purchases can also take advantage of pricing and volume discounts available through the contract. In the last five years, the DoIT Equipment Lifecycle Replacement FY 2015- FY 2019 Capital Improvement Program project has received appropriations of \$1.352 million annually to upgrade and replace computing and communications infrastructure and equipment used by all departments and managed by DoIT. Equipment categories include firewalls, routers, switches, wireless infrastructure, and data center equipment, including servers, storage, and power fail-over equipment among others.

Based on aggregated historical purchasing trends across all product categories in the table above, staff estimates annual purchases of approximately \$1.35 million can occur over the five year contract. Staff recommends City Council authorize the City Manager to enter into a contract with CDW-G without competitive bidding based on the contract with the City of La Mesa, AZ, pursuant to City Charter Section 1002(H) contracts with other governmental entities or their contractors. Purchases will only occur only if there is existing budgeted appropriations in various City department accounts and capital projects that are provided when technology products, solutions, and services are requested.

There is currently one active contract, 30661, with CDW-G, that was approved for \$1,520,000 and expires on August 15, 2018. There are also three open purchase order contracts in FY 2018 totaling a little over \$78,965, one of which, for over \$73,000 that was established under a different government contract for a service not available under the current contract.

COUNCIL POLICY CONSIDERATION:

This proposed contract with CDW Government, Inc. 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, information technology equipment, and will not result in any new development or physical changes.

FISCAL IMPACT:

The maximum cost of this action will be \$6,750,000. Funding for this action will be addressed by the utilization of annual budgeted appropriations in the Desktop Replacement Program, which currently totals \$346,565 for FY 2018, and in the DoIT Equipment Lifecycle Replacement FY 2015- FY 2019 Capital Improvement Program project. Additional funding will be addressed by the utilization of existing budgeted appropriations in various City department accounts and capital projects that are provided by department staff when technology products, solutions, and services are requested throughout the year. It is anticipated that approximately \$100,000 of the cost will be spent in FY 2018. The remainder of the cost will be spent in FY 2019 through FY 2023. There are no indirect or support costs anticipated as a result of this contract.

The following table presents an overall contract summary.

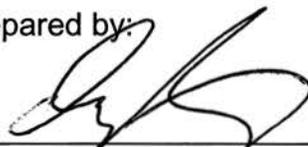
FY 2018 Contract Amount	\$ 100,000
Future Contract Amount	\$ 6,650,000
Total Fiscal Impact	\$ 6,750,000

Respectfully submitted,

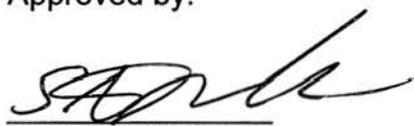


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