

Agenda Report

February 10, 2025

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH CDW GOVERNMENT LLC FOR THE PURCHASE OF INFORMATION TECHNOLOGY PRODUCTS, SOLUTIONS, AND SERVICES IN AN AMOUNT NOT TO EXCEED \$24,432,000 FOR UP TO NINE YEARS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to enter into a contract without competitive bidding pursuant to City Charter Section 1002(H) contracts with other governmental entities or their contractors, with CDW Government LLC for the purchase of information technology products, solutions, and services, in an amount not-to-exceed \$24,432,000 through July 1, 2034, which includes the option for three additional two-year extensions at the discretion of the City Manager, and an overall annualized average of \$2,714,667;
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;
4. Authorize the City Manager to approve no-cost amendments to the subject contract including durational extensions; and
5. Authorize the City Manager to extend Contract 31224 with CDW Government LLC to June 30, 2025, without increasing the authorized total not-to-exceed amount of the contract.

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 11, 2018, 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 LLC (CDW-G) for the purchase of information technology products and supplies.

City Contract 31224 was thereby established for an amount not to exceed \$6,750,000, with an expiration date of February 28, 2023. On September 10, 2022, City Council approved a two-year extension of the contract term through February 28, 2025, and increased the not-to-exceed amount by \$6,651,000 to \$13,401,000. CDW-G's underlying government contract (contract number 2018011-01) is between CDW-G and the City of Mesa, Arizona, in cooperation with the Omnia Partners, which is the largest cooperative purchasing organization for public sector procurement and was recently extended for the final time through September 28, 2025.

Since July 2018, when the current contract became effective, this centralized approach to technology procurements has allowed DoIT 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. The reduction in unique transactions also reduces administrative costs throughout the entire procurement and fulfillment process.

CDW-G's 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. This proved to be invaluable during the onset of the Covid-19 pandemic when equipment like laptops, web cameras, and headsets were able to be sourced quickly to allow approximately thirty percent of City staff to telework effectively and safely.

Therefore, to continue the efficiencies gained over the last six years by centralizing technology purchasing and to obtain optimum pricing, staff recommends utilizing a competitively selected successor government contract, 2024056-01, between the City of Mesa, Arizona, and CDW Government LLC, which was negotiated in partnership with Omnia Partners, and its subsidiary, 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 Omnia Partners websites, as well as nationwide in sixteen different publications across the United States, including USA Today. Eleven proposals were received from the following companies: CDW-G, Aspire HR, Axelliant, Carahsoft, Conquest Technology, DiscountCell, Free Alliance, Quality Assurance, Shi International, World Wide

Technology, and Zones. CDW-G scored the highest out of the eleven proposers and was one of two companies awarded a contract from the solicitation.

The contract was executed on July 2, 2024, and has an initial expiration of July 1, 2028. However, the term may be extended for up to six years via three two-year renewal periods through July 1, 2034. The table below summarizes technology purchases made by DoIT on the current contract to date, and those estimated for the proposed contract, whose expiration would coincide with the term of the underlying government contract, or through July 1, 2034, assuming all renewal periods are exercised:

Category	CURRENT CONTRACT ALLOCATION		CURRENT CONTRACT		PROPOSED CONTRACT ALLOCATION	
	7/1/18-2/28/25	QTY	YTD SPEND	QTY	THRU 7/1/2034	QTY
Desktops, Laptops, Tablets and Peripherals	4,972,000	4,061	4,499,842	4,674	9,873,000	6,600
Mobile Data Computers	340,000	69	171,594	56	807,000	210
Monitors	601,000	2,230	371,346	1,547	598,000	2,200
Printers	133,000	450	101,420	177	161,000	246
Software	384,000	2,532	626,102	4,098	1,510,000	5,706
Miscellaneous	546,000		931,283		1,469,000	
Lifecycle Equipment Replacement, Maintenance and Services	6,425,000		5,057,239		10,014,000	
Total:	13,401,000		11,758,826		24,432,000	

The contract provides for product discounts off the nationally advertised pricing index ranging from 3 percent to 15 percent depending on the product category. Discounts on Apple products are limited to only .50 percent. All 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, volume-based discounts below those stated in the contract are regularly negotiated in working with CDW-G directly.

Based on the spending trends over the current contract term of almost seven years, needs over the next nine years through July 1, 2034, have been projected, and average over \$2.7 million annually. DoIT supports close to 2,900 computing devices valued currently at over \$4.6 million, and a portion of these desktop computers, laptops and tablets are replaced annually to ensure staff is equipped with modern, security updated, reliable equipment with the latest functionality. Departments also routinely request technology equipment like monitors, printers, software, or other smaller items to meet their business needs and operations. Each of these requests requires proper approval(s) and funding at the department level, and are fulfilled on a first come, first serve basis.

Staff estimates over \$10 million in lifecycle equipment purchases and maintenance and support contracts to occur. Equipment in these categories include firewalls, routers, switches, wireless infrastructure, and equipment in support of future IT initiatives not only in DoIT, but also in the Water and Power Department, which has specialized technology unique to the utility industry that can take advantage of pricing and volume discounts available through the contract.

Purchases will only occur if there are existing budgeted appropriations in various City department accounts and capital projects that are provided when technology products, solutions, and services are requested.

The technology products and services available through the CDW-G contract reflects only a subset of technology purchases made by DoIT. DoIT routinely attempts to source technology products and services locally through bids and requests for proposals, and will continue this approach as an initial option, where feasible.

There is currently only one active contract open with CDW-G, 31224, which is referenced above, and which the proposed contract intends to replace. Staff is further recommending an extension of contract 31224 through June 30, 2025, to provide time to execute the new contract, and to continue processing orders without any gap in service.

COUNCIL POLICY CONSIDERATION:

This proposed contract with CDW-G 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 "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

FISCAL IMPACT:

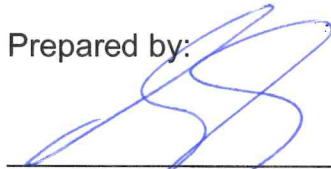
The maximum cost of this action will be \$24,432,000 over the course of the contract through July 1, 2034, assuming all three addition two-year extensions are exercised. Funding for this action will be addressed by the utilization of annual budgeted appropriations in the Desktop Replacement Program, which currently totals \$780,870 for FY 2025, and in the DoIT Equipment Lifecycle Replacement FY 2025- FY 2029 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 \$300,000 will be spent in FY 2025. The remainder will be spent over the next nine fiscal years. There are no indirect or support costs anticipated as a result of this contract.

Respectfully submitted,



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MIGUEL MÁRQUEZ
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Attachment A – Taxpayer Protection Amendment