



Legislation Details (With Text)

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Title: AUTHORIZATION FOR THE EXPENDITURE OF FUNDS WITH SHI INTERNATIONAL CORP.
Staff Contact: Tom Duensing, Director, Finance and Technology

Sponsors:

Indexes:

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Attachments: 1. C-9179 Linking Agreement, 2. State Contract_ADSP011-007500_SHI International

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 3/24/2015 | 1 | City Council | approved | Pass |

AUTHORIZATION FOR THE EXPENDITURE OF FUNDS WITH SHI INTERNATIONAL CORP.

Staff Contact: Tom Duensing, Director, Finance and Technology

Purpose and Recommended Action

This is a request for City Council to authorize an increase in expenditure authority with SHI International Corp. (SHI) in the amount of \$271,086 per year for each of the four remaining years of Linking Agreement C-9179 (term date 08/31/2019). This amount is budgeted and paid for annually out of the Technology Fund (TF). The City uses SHI for the procurement of software maintenance, licensing, web security, email security, VEEM and VMware licensing for citywide servers. In addition, the City uses SHI to purchase individual software licenses as needed by departments.

The purpose of this Council Report is to combine expenditure authority with SHI into one Council request. On 8/12/2014, Council approved the renewal of the City's Microsoft EA Agreement in the amount of \$275,661.78, and the City's Oracle PeopleSoft Renewal in the amount of \$540,252.64. Both of these renewals are purchased from SHI International Corp. under Linking Agreement C-9179. The increase of \$271,085.58 being requested will bring the total expenditure request for SHI to \$1,087,000.00 per year, for each of the 4 remaining years of the agreement. This dollar amount is budgeted for and paid from the TF annually.

Background

The City utilizes SHI for the procurement of software licenses including software maintenance and hosted application services. SHI is the only State approved software value added reseller that can provide these software licenses and services under a State approved contract. Software maintenance provides ongoing updates and fixes to the software in addition to feature enhancements as they are made available. Hosted application support is essentially a rental or lease fee where the vendor provides the software as a service to the City. These costs are applied to 240 servers, over 1800 desktop PCs and approximately 100 databases used in daily operations. A sample of the software applications include, but are not limited to:

Microsoft: These costs cover the database and server licenses used to support applications such as Public Safety, utility billing, sales tax and several other applications supporting City operations. The City's hosted email system and hosted SharePoint collaboration software are included in these costs.

Oracle: The City utilizes PeopleSoft for its financial, human capital management and payroll applications. Additionally these costs cover database licensing that supports PeopleSoft and other databases used to support building safety, code compliance and water services.

Infrastructure and Security Software: VMware is used to create virtual servers which save significant costs related to additional hardware purchases and costs associated with heating and cooling. The City uses security software to protect desktop PCs and other equipment by eliminating viruses, blocking email SPAM and preventing unapproved access into the City's network infrastructure.

Desktop: This cost supports several applications such as Adobe, VISIO and related productivity software which are used by staff for the creation of various documents used in daily operations.

Contracts: C-9179, SHI is the only organization approved by the State of Arizona under a cooperative agreement to provide software product and license management services. Having a single vendor such as SHI streamlines the software acquisition and maintenance function and leverages the purchasing discounts negotiated through the cooperative agreement. Further, SHI provides a license management function which is valuable in determining the number of licenses owned to assist with software inventory questions.

Cooperative purchasing allows counties, municipalities, schools, colleges and universities in Arizona to use a contract that was competitively procured by another governmental entity or purchasing cooperative. Such purchasing helps reduce the cost of procurement, allows access to a multitude of competitively bid contracts, and provides the opportunity to take advantage of volume pricing. The Glendale City Code authorizes cooperative purchases when the solicitation process utilized complies with the intent of Glendale's procurement processes. This cooperative purchase is compliant with Chapter 2, Article V, Division 2, Section 2 -149 of the Glendale City Code, per review by Materials Management.

Previous Related Council Action

On 8/12/2014, Council approved the renewal of the City's Microsoft EA Agreement in the amount of \$275,661.78, and the City's Oracle PeopleSoft Renewal in the amount of \$540,252.64. As well as Linking Agreement C-9179 with SHI International Corp.

Community Benefit/Public Involvement

Purchasing from cooperative contracts provides both competitive and optimal pricing for equipment and services.

Budget and Financial Impacts

This amount is budgeted for and paid from the Technology Fund (TF) annually. Amount's for future fiscal years will fluctuated based of licensing usage and organization needs, but will not exceed \$1,087,000.00 annually.

| Cost | Fund-Department-Account |
|-----------------------|--|
| \$1,087,000.00 | 1140-11530-522700 - Technology Fund |

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?