SUBJECT: Award of Contract for Cisco Equipment to Upgrade the City Network Infrastructure (F14-02)

BACKGROUND
Approval is requested to award a contract to New Tech Solutions of Fremont in the amount of $384,808 for Cisco equipment, related network components and ongoing maintenance to upgrade the City network infrastructure, for the Information Technology Department (ITD).

CEQA REVIEW
N/A

DISCUSSION
The City’s current network was designed in the late 1990s and although still functional, it has inherent flaws with respect to throughput, scalability, security features and redundancy to guard against failures. Service speed to remote City buildings is very limited in many cases, which reduces the effectiveness of technology in an increasingly technology dependent work environment. In order to effectively address these issues, ITD has developed and is implementing a network infrastructure plan, which will:

- Provide faster network services to remote sites, including installation of fiber-optic cable;
- Improve network redundancy for business continuity;
- Improve separation of Department of Public Safety (DPS) activity from the rest of the City as required by federal and state mandates; and
- Facilitate the future conversion to Voice Over IP (VOIP) telephony.

In support of these overall goals, this contract will replace core network switches which control the flow of data to and from each workstation and server in the City. The core network switches manage and control the speed and data sent and received to all remote sites and campus buildings. ITD will initially replace core switches located in the City Hall datacenter and the DPS building. Local switches serving specific departments/divisions for each building will be replaced once the core switches have been successfully implemented and new fiber optics run between campus buildings.
Bid specifications were prepared by the Department of Information Technology. Purchasing staff issued Invitation for Bids (IFB) No. F14-02, which was broadcast to potential suppliers through the City’s Onvia DemandStar public procurement network.

Sealed bids were received and publicly opened on August 14, 2013. Five bids were received as follows:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Base Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xtelesis, Burlingame, CA</td>
<td>$305,701</td>
</tr>
<tr>
<td>New Tech Solutions, Fremont, CA</td>
<td>$384,808</td>
</tr>
<tr>
<td>Nexus IS Inc., Pleasanton, CA</td>
<td>$385,395</td>
</tr>
<tr>
<td>Net Xperts, San Ramon, CA</td>
<td>$396,321</td>
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<tr>
<td>Enpointe Technology, Gardena, CA</td>
<td>$409,374</td>
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</table>

In evaluating the bids received, it was discovered that the apparent low bidder offered lower cost equipment not authorized or supported by Cisco, rendering their bid non-responsive. Additionally, both the low bidder and the high bidder did not provide pricing for maintenance/support costs for years two and three, as required by the bid documents. These exclusions rendered the low and high bids non-responsive as well. The second low bidder, New Tech Solutions, meets the bids specifications in all material respects. Staff therefore recommends award of the contract to New Tech as the lowest responsive and responsible bidder.

**FISCAL IMPACT**

The total cost of the contract is $384,808. This includes the purchase of hardware, sales tax and one-year warranty in the amount of $384,808. After the first year warranty, annual contracts for maintenance and support will be issued under the City Manager’s contract award authority. New Tech’s bid pricing for maintenance and support for years two and three is $18,000 and $18,500, respectively. Budgeted funds for the current purchase and ongoing maintenance are available in the Information Technology Department Equipment Replacement Account.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City’s Web site.
**RECOMMENDATION**
It is recommended that Council award a contract in the amount of $384,808 to New Tech Solutions, in substantially the same form as the attached draft purchase order, to furnish Cisco switches, related network components, and first year warranty coverage, as required by the Information Technology Department.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

David Jensen
Director, Information Technology

Approved by:

Gary M. Luebbers
City Manager

**Attachments**

A. Draft Purchase Order
B. Bid Summary
**Attachment A**

City of Sunnyvale

California

**Draft Purchase Order NO** PO004462

<table>
<thead>
<tr>
<th>ORDERED FROM</th>
<th>ORDER DATE</th>
<th>BILL TO</th>
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<tr>
<td>17730 - 001</td>
<td>08/29/2013</td>
<td>City of Sunnyvale</td>
</tr>
<tr>
<td></td>
<td>(510) 353-4070</td>
<td>Finance Department</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accounts Payable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PO Box 3707</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunnyvale, CA 94088-3707</td>
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<table>
<thead>
<tr>
<th>NEW TECH SOLUTIONS INC</th>
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<tbody>
<tr>
<td>17730 - 001</td>
<td>650 W Olive Ave</td>
</tr>
<tr>
<td>4179 Business Center Dr</td>
<td>Sunnyvale, CA</td>
</tr>
<tr>
<td>94538</td>
<td>94086</td>
</tr>
<tr>
<td>(510) 353-4070</td>
<td>Phone: (408) 730-7557</td>
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<table>
<thead>
<tr>
<th>DELIVER TO</th>
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<tr>
<td>ITD/Information Technology Services</td>
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<tr>
<td>650 W Olive Ave</td>
<td></td>
</tr>
<tr>
<td>Sunnyvale, CA 94086</td>
<td></td>
</tr>
<tr>
<td>Phone: (408) 730-7557</td>
<td></td>
</tr>
<tr>
<td>FOB POINT</td>
<td>FREIGHT CHARGES</td>
</tr>
<tr>
<td>DEST</td>
<td>Destination, freight included in price</td>
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<tr>
<td>REQ. NO</td>
<td>REQUISITIONER:</td>
</tr>
<tr>
<td>RQ011499</td>
<td>KHARTZMAN</td>
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| CHARGE/OBJ CODE(S): | |
| See Description | |

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<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>UNIT</th>
<th>UNIT COST</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>1</td>
<td>Provide Cisco switches, related network components and warranty coverage per Invitation For Bids F14-02 specifications, terms, conditions and bidders response, which are incorporated herein by this reference. All equipment delivered shall be verified for compliance with Cisco System New Gear SmarNet Support prior to acceptance and payment.</td>
<td>53846.00</td>
<td>DLR</td>
<td>$1.0000</td>
<td>$353,846.00</td>
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<td>2</td>
<td>Sales Tax</td>
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<td>DLR</td>
<td>$1.0000</td>
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<p>| TOTAL | |
|-------| $384,807.52 |</p>
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<th>CHARGE/OBJ CODE(S)</th>
<th>Amount</th>
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<td>021600 5050</td>
<td>$353,846.00</td>
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<td>021600 5050</td>
<td>$30,961.52</td>
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**BUYER:**

Howard, Dreama

**PHONE** (408) 730-7396  
**FAX**  (408) 730-7710
**Invitation for Bids No. F14-02 -Cisco Switches & Network Components**

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Address</th>
<th>Contact</th>
<th>New Tech Solutions</th>
<th>Address</th>
<th>Contact</th>
<th>Nexus IS, Inc</th>
<th>Address</th>
<th>Contact</th>
<th>NetXperts Inc</th>
<th>Address</th>
<th>Contact</th>
<th>En Pointe Technologies</th>
<th>Address</th>
<th>Contact</th>
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</thead>
<tbody>
<tr>
<td>Xtelesis</td>
<td>800 Airport Blvd, Suite 417, Burlingame, CA 94010</td>
<td>Scott Strochak</td>
<td>4179 Business Center Dr, Fremont, CA 94538</td>
<td>Anita Vasantraqi</td>
<td>Nexus IS, Inc</td>
<td>27202 Turnberry Lane Ste100, Valencia CA 91355</td>
<td>Thomas Lyon</td>
<td>NetXperts Inc</td>
<td>2680 Bishop Drive #125, San Ramon, CA 94583</td>
<td>Carol Nordine</td>
<td>En Pointe Technologies</td>
<td>18701 S. Figueroa Street, Gardena, CA 90248-4506</td>
<td>Wasi Ahmed Yousaf</td>
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<tr>
<td>Bid Summary</td>
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</tr>
</tbody>
</table>

| Base Bid Total | $305,701.00 | $384,807.52 | $385,394.61 | $396,320.86 | $404,374.22 |
| Shipping | Included | Included | Included | Included | Included |
| Total Base Bid | $307,541.00 | $384,807.52 | $385,394.61 | $396,320.86 | $404,374.22 |
| Year-Two Maintenance | Did Not Submit | $18,000.00 | $22,451.60 | $40,800.00 | Did Not Submit |
| Year- Three Maintenance | Did Not Submit | $18,500.00 | $22,451.60 | $61,200.00 | Did Not Submit |
| Total Maintenance | $36,500.00 | $44,903.20 | $102,000.00 | |

**TOTAL BID Pricing**
- Non-Responsive: $421,307.52
- $430,297.81
- $498,320.86
- Non Responsive