



Council Meeting: October 16, 2012

**SUBJECT: Award of Contract for Citywide Computer Replacement Project
(F13-21)**

BACKGROUND

Approval is requested to award a contract not-to-exceed \$740,000 to Dell Marketing LP of Round Rock, TX, to provide approximately 500 desktop and 50 laptop computers as replacements for equipment that is at the end of its useful life. The project will include the configuration and installation of the new equipment, as well as removal of the old equipment.

DISCUSSION

Council approved the purchase of a large portion of the City's existing desktop computers on June 19, 2007 (RTC No. 07-209, attached). At that time, the anticipated useful life was five years, based on the projected period to support current generation software and estimated equipment failure rate. The five year lifespan was an increase over prior generations of equipment and this generation of equipment is expected to last even longer, currently projected at seven years within the Information Technology equipment replacement schedule. Laptop computers have a more limited lifespan because the processors used are less potent than those used in desktop machines and the poor air circulation inside the cases, coupled with the rough treatment portable equipment receives, limits the useful life. However, laptops are on a six year replacement schedule because of their less frequent use.

All of the older existing systems use obsolete and slower processors. They are no longer capable of effectively supporting current generation software. In addition, it is no longer possible to consistently obtain exact replacement parts, and failures are happening at an increased rate.

In the past, purchases of desktop and laptop computers (PCs) have been made using general technology specifications developed by IT staff with contracts awarded to the lowest bidder. The PCs acquired under this approach have proven to be inconsistent in their behavior from one unit to the next, and none of the units can be inventoried and managed using the City's automated desktop management tools. Replacement parts identical to the ones in place are often not available, requiring staff time to perform software work once the hardware is repaired.

To address this issue, IT staff evaluated the major manufacturer offerings and found the best options to be Dell commercial market systems because they align with the department's strategic direction to standardize hardware platforms. Dell has been consistent in its continuing development and support of PCs, and has a large support organization and good parts availability. Currently, the City uses Dell/Kace KBOX Desktop Management system which offers specific support for Dell equipment and therefore will help reduce the labor required for the management of these systems and provide better reliability for general City staff.

Recently, IT staff conducted a straw poll of California cities to determine whether other jurisdictions use generic bid specifications or have standardized on a particular brand. Twenty-one California cities responded to the poll, all of whom indicated that they have standardized on a national brand with standard configurations. This is consistent with general IT industry best practices and minimizes the exposure to the problems experienced with the City's prior PC acquisitions. Of the 21 responding cities, 15 are using Dell equipment as their standard. Dell equipment is also available through several government cooperative purchasing organizations which typically provide very competitive pricing based on high volume.

The City will purchase approximately 500 desktop and 50 laptop computers to be furnished and installed within approximately three months after issuance of the purchase order, although the actual number may slightly vary. Use of a blanket purchase order will allow staff to more accurately fill specific needs from available options and minimize the risk of over-ordering certain models or ordering less adequate options.

Section 2.08.220(b) of the Sunnyvale Municipal Code authorizes the use of a contract initiated by another governmental entity. In this instance, staff recommends using the Western States Contracting Alliance (WSCA) Master Price Agreement #B27160, issued to Dell Marketing LP. The WSCA contract meets all of the City's required criteria with the exception of having been awarded within the last twelve months. In this case, the contract was awarded in 2004 but subsequently amended multiple times, most recently in July 2012 (through August 2014). The recent contract extension conforms to the intent of the twelve-month criteria, which is to ensure that the contract being used is current.

It should be noted that Purchasing staff issued three informal competitive bids for Dell systems within the past three months. The City received no bids in two cases, and one bid in the other (from a Dell reseller). When staff contacted Dell representatives, they indicated that Dell would not submit bids directly, preferring state and local government use of the WSCA contract.

FISCAL IMPACT

Funds in the amount of \$740,000 are budgeted in the Information Technology Department's Equipment Replacement Account 021600. The blanket purchase order will not exceed this amount.

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 to Dell Marketing LP through the Westerns States Contracting Alliance, in substantially the same form as the attached draft blanket purchase order, to furnish and install Dell desktop and laptop computers 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 Blanket Purchase Order
- B. RTC No. 07-209, Award of Bid No. F0604-98 to Furnish and Install 600 Desktop Computers



| | | |
|--|---------------------------------|--|
| ORDERED FROM 08450 - 001 Dell Marketing LP Dell Computer Corp 1 Dell Wy Round Rock, TX 78682 (800) 981-3355 | ORDER DATE | BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707 |
| | EFFECTIVE DATE 10/17/2012 | |
| | EXPIRATION DATE 6/30/2013 | |
| | CONTRACT AMOUNT \$740,000.00 | |
| REQUISITIONING DEPARTMENT (4501) ITD/Information Technology Services | FOB | FREIGHT CHARGES |
| | PAYMENT TERMS N/30 | BID NO |

| ITEM | DESCRIPTION | UNIT | UNIT COST |
|------|--|------|-----------|
| 1 | Furnish, configure, install new Dell computer equipment and remove existing equipment per terms and conditions of the Western States Contracting Alliance - B27160, which is incorporated herein by this reference. Individual configurations shall be quoted and approved by City staff prior to order being placed. Requisition Number: RQ010310 Approved by City Council 10/16/2012, RTC | DLR | \$1.0000 |

| AUTHORIZED DEPARTMENT(S) | | |
|--------------------------|-------------------------------------|--------------|
| NO | DEPT NAME | RELEASE AMT |
| 4501 | ITD/Information Technology Services | \$740,000.00 |

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|---|
| BUYER: |
| Howard, Dreama |
| PHONE (408) 730-7396 FAX (408) 730-7710 |



Council Meeting: June 19, 2007

SUBJECT: Award of Bid No. F0604-98 to Furnish and Install 600 Desktop Computers

REPORT IN BRIEF

Approval is requested for the award of a contract in the amount of \$691,741 to New Tech Solutions, Inc., of Fremont, to provide 600 Hewlett Packard desktop computers: 425 to be delivered and installed as quickly as possible and the remainder for delivery and installation, as required, over the next two fiscal years.

BACKGROUND

City staff currently use desktop computers that were purchased and installed at various times over the past seven years. This equipment is included in the Information Technology equipment replacement schedule with a 5-year life.

Most of the existing systems were purchased in 2000 with the Microsoft Windows NT operating systems and Pentium 3 processors with a processing speed of 500MHz. In 2002 and 2003, the City began purchasing desktop computers, also with Microsoft Windows NT operating systems, but with the faster Pentium 4 processor with a processing speed of 1GHz to 2GHz. In 2004, when Microsoft released the newer operating system and Office product suite, Windows XP and Office XP, Information Technology (IT) staff began an upgrade project which was completed in 2005. Rather than replace the existing PCs with new equipment, the existing PCs were upgraded with additional memory and hard disk drives, thereby extending the life of the equipment which is, in most cases, now seven years old.

Because the existing systems now use obsolete and slower processors, they are no longer capable of meeting user needs. In addition, it is no longer possible to obtain parts for the aged equipment nor is it economically feasible to continue to support the existing systems. Therefore, IT staff has determined that replacement of most of the City's PCs is advisable.

DISCUSSION

Bid specifications were prepared by Information Technology Department and Purchasing staff. Bid specifications included both the hardware for the desktop systems and professional services to assist City staff with the removal and disposition of the equipment being replaced and with the imaging and installation of

new desktops at various City locations. Bids for a total of 600 desktop computers were requested. This includes replacement of 425 desktops currently due for replacement and 175 additional computers expected to require replacement over the next two fiscal years (through 2009).

Invitation for Bids No. F0604-98 was advertised on the City's Internet site and broadcast to potential bidders through the Onvia DemandStar public procurement network. Six bids were received.

| <u>Bidder</u> | <u>Make/Model Bid</u> | <u>Total Bid*</u> |
|---------------------------------------|------------------------------|--------------------------|
| New Tech Solutions, Inc., Fremont, CA | HP/DC5750 | \$691,741 |
| Computerland, San Jose, CA | HP/DC5750 | \$702,881 |
| Dell Marketing LP, Round Rock, TX | Dell/Optiplex 740 | \$710,008 |
| EnPointe Technologies, El Segundo, CA | IBM/Lenovo M55 | \$912,153 |
| Western Blue Corp., Sacramento, CA | HP/DC5750 | \$923,289 |
| King Ridge LLC, Campbell, CA | Dell/Optiplex740 | \$1,240,411 |

*Total cost for 600 desktop computers, sales tax, delivery, installation, imaging, and disposal of replaced computers.

Staff recommends award of contract to New Tech Solutions, Inc., the lowest responsive and responsible bidder. The desktop computers offered by New Tech Solutions have the highest processing speed currently available. They are configured with the Advanced Micro Devices (AMD) processor as well as the new standards for memory and disk space, based on two levels of users: the typical desktop user and the power, or high-end, desktop user. In addition, the new systems are configured to be ready for the new Microsoft Vista operating system and Microsoft Office 2007 suite when the City elects to upgrade.

FISCAL IMPACT

Total cost to the City will be \$691,742. Funds are available in the Technology Communication Services Equipment Sub-Fund of the General Services Fund.

RECOMMENDATION

It is recommended that Council award a contract to New Tech Solutions, Inc., in substantially the same form as the attached draft purchase order and in an amount not to exceed \$691,741, to furnish and install 600 Hewlett Packard desktop computers over a two-year period as scheduled by the Information Technology Department.

Prepared by:

Elaine Wesely
Purchasing Officer

Reviewed by:

Mary J. Bradley
Director, Finance

Reviewed by:

Cuong Nguyen
Director, Information Technology

Approved by:

Amy Chan
City Manager

Attachment

Draft Purchase Order



**CITY OF SUNNYVALE
CALIFORNIA**

DRAFT
PURCHASE ORDER NO PO001812 Page 1 of 1

| | | |
|--|------------------------------------|--|
| ORDERED FROM: 17730 - 001 Phone: (510)353-4070 New Tech Solutions Inc 4179 Business Center Dr Fremont CA 94538 | ORDER DATE 06/12/2007 | BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707 |
| | DELIVERY DATE 07/27/2007 | |
| | PAYMENT TERMS N/30 | |

| | | |
|---|---|--|
| DELIVER TO: IT/Information Technology Services 650 W Olive Ave Sunnyvale CA 94086 Phone: (408)730-7557 | FOB DEST | FREIGHT CHARGES Destination, freight included in price |
| | CHARGE/OBJ CODE(S) 021600 5050 \$691,740.61 | |

| ITEM | DESCRIPTION | QTY | UNIT | UNIT PRICE | TOTAL |
|---|--|--------|------|------------|-------------|
| 1 | Furnish, deliver and install desktop computers in accordance with the specifications, terms and conditions set forth in Invitation for Bids No. F0604-98 and supplier's bid response. Standard User Configuration - Hewlett Packard DC5750- Small Form Factor Base. | 550.00 | EA | 788.8400 | 433862.0000 |
| 2 | Hewlett Packard 17" LCD Monitor. | 550.00 | EA | 199.0000 | 109450.0000 |
| 3 | Power User Configuration - Hewlett Packard 5750 Microtower. | 50.00 | EA | 1074.0000 | 53700.0000 |
| 4 | Hewlett Packard 20" LCD Monitor. | 50.00 | EA | 249.0000 | 12450.0000 |
| 5 | Services, including project management, installation of new desktops and removal and disposition of existing desktops. | 600.00 | EA | 33.3300 | 19998.0000 |
| 6 | Imaging services. | 600.00 | EA | 12.0000 | 7200.0000 |
| 7 | State Environmental Fee for 17" Displays. | 550.00 | EA | 8.0000 | 4400.0000 |
| 8 | State Environmental Fee for 20" Displays. | 50.00 | EA | 8.0000 | 400.0000 |
| 9 | Sales Tax (8.25%). | 1.00 | LOT | 50280.6100 | 50280.6100 |
| Requisition Number: RQ001986 Requisitioner: Marilyn Crane 408-730-7557 Vendor Contact: Rajesh Patel Awarded by City Council 6/19/2007, RTC_____ | | | | | |

TOTAL \$691,740.61

BUYER

Howard, Dreama

Phone(408)730-7396 Fax(408)730-7710