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**INFORMATION TECHNOLOGY  
DEPARTMENT**

SALLY W. NAGY  
CHIEF INFORMATION OFFICER

**CITY OF SACRAMENTO  
CALIFORNIA**

July 1, 2003

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City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: PURCHASE OF CITYWIDE NOVELL NETWORK SOFTWARE  
LICENSES AND MAINTENANCE SUPPORT FOR FY 04**

**LOCATION AND COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

Staff recommends that the City Council adopt the attached Resolution which suspends formal competitive bidding for the purchase of Novell network software licenses and maintenance support for FY 04, and which authorizes the City Manager to execute the necessary purchase from Marketware Technologies in the amount not-to-exceed \$175,000.

**CONTACT PERSON:** Susan Davidson, Program Manager, 808-7527

**FOR COUNCIL MEETING OF:** July 29, 2003

**SUMMARY:**

The Information Technology Department requests the City Council to suspend formal competitive bidding for the purchase of Novell network software licenses and maintenance support for FY 04. The Department is also seeking approval to execute the purchase of these items from Marketware Technologies, Novell's product re-seller and partner in maintaining licensing records, in an amount not-to-exceed \$175,000. The purchase of these licenses and maintenance support will ensure that the City has the number of licenses and maintenance support commensurate with our needs.

**BACKGROUND:**

In June 2001, Novell staff conducted an on-site audit of the City's counts for the Novell products used by the City. Software companies in general are increasing their scrutiny of their customers' license purchases. The audit determined that a significant new number of licenses should be acquired at that time, particularly for GroupWise. The cost for FY 02 for new licenses and maintenance agreements was approximately \$220,000.

In June 2002, Information Technology (IT) Department staff and citywide IT staff performed a "self-audit" of the Novell products in use by the City. Based upon that audit, it was determined that the City needed to buy few additional new licenses. In addition, the City needed to continue to pay for maintenance support in FY 03 for all the Novell products in use throughout the City (Netware, GroupWise, and Zen Works). The cost for FY 03 for new licenses and maintenance agreements was approximately \$175,000.

In June 2003, an updated "self-audit" of the Novell products in use by the City was completed. Based upon that audit, it has been determined that the City needs to buy very few additional new licenses. However, the City needs to continue to pay for maintenance support in FY 04 for all the Novell products in use throughout the City. The cost in FY 04 for new licenses and maintenance agreements will not exceed \$175,000.

Novell has informed us that they strongly recommend it to be in the City's best interest to use one reseller consistently for the annual Novell product licenses renewals and maintenance between the periodic on-site license audits done by Novell. The last on-site audit done by Novell was done in June 2001. It is anticipated that the next on-site license audit by Novell will be in 2004 or 2005. If the City does not consistently use one reseller of Novell products each year the records for what the City needs to renew would not be kept in one place and may inhibit the City's ability to efficiently make purchases. In addition, there could be loss of data, over-purchasing, incorrect purchases, and disjointed recordkeeping. Moving from one reseller to another on an annual basis would cost the City more time, effort and staff resources. Therefore it is recommended that the City continue to purchase Novell product license renewals and maintenance from Marketware Technologies because of Marketware's demonstrated ability to keep detailed licensing records for customers and to keep detailed reports on maintenance renewals and new products. In addition, year-to-year continuity with a single reseller helps ensure the ongoing accuracy of the records.

**FINANCIAL CONSIDERATIONS:**

The total cost of the licenses and maintenance support for Fiscal Year 04 is for a not-to-exceed amount of \$175,000. The funding for these licenses and agreements will be shared among departments according to their renewal counts and is already budgeted for in the FY 04 operating budgets.

**ENVIRONMENTAL CONSIDERATIONS:**

The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Section 15061(b)(3), which states that CEQA applies

only to projects that have the potential for causing a significant effect on the environment. The current project involves the purchasing of Novell network software product licenses and maintenance support for the products of NetWare, GroupWise, and Zen Works. Therefore, it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

**POLICY CONSIDERATIONS:**

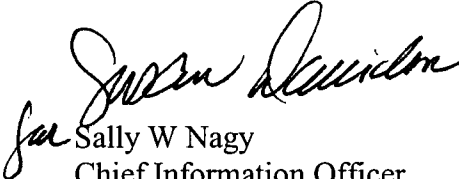
This recommendation is in conformance with the goals, objectives, initiatives and operating principles of the City's Information Technology Strategic Plan. In particular, there is consistency with the operating principle of: Working collaboratively with departments to provide needed services at a competitive price.

In addition, this recommendation is in accordance with the provisions of City Code Section 3.56.230(c), which authorizes suspension of formal competitive bidding upon a two-thirds vote of the City Council. The Novell software licenses are proprietary in nature and Novell has requested that they be administered through their partner, Marketware Technologies.

**ESBD CONSIDERATIONS:**

Marketware Technologies is not certified as a small business. However, Novell has specifically requested that the licenses and maintenance support be purchased and administered through Marketware Technologies.

Respectfully submitted,

  
for Sally W Nagy  
Chief Information Officer

**RECOMMENDATION APPROVED:**

Robert P. Thomas  
City Manager

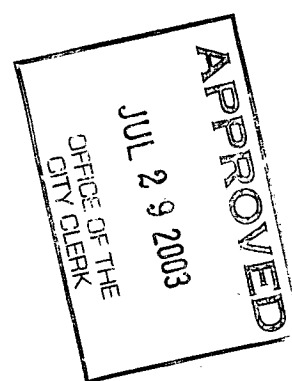
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**RESOLUTION NO. 2003-527**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF 7/29/03



**RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING  
FOR THE PURCHASE OF NOVELL NETWORK SOFTWARE LICENSES  
AND MAINTENANCE AND AUTHORIZING THE PURCHASE OF  
NOVELL PRODUCTS FROM MARKETWARE TECHNOLOGIES IN AN  
AMOUNT NOT TO EXCEED \$175,000**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:**

1. Because of the need to keep consistently detailed licensing records and reports on maintenance renewals, it is in the best interests of the City of Sacramento to hereby suspended formal competitive bidding for the purchase of licenses and maintenance support for the Novell products of NetWare, GroupWise, and Zen Works, and;
2. The City Manager is hereby authorized to execute the purchase of licenses and maintenance support for the Novell products of NetWare, GroupWise, and Zen Works, from Marketware Technologies in a total amount not to exceed \$175,000.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_