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DEPARTMENT OF
ADMINISTRATIVE SERVICES

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July 24, 2002

APPROVED

JUL 30 2002

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: PURCHASE OF CITYWIDE NOVELL NETWORK SOFTWARE
LICENSES AND MAINTENANCE SUPPORT FOR FY 03**

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 03, 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, Administrative Officer, 264-7527

FOR COUNCIL MEETING OF: July 30, 2002

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 03. 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 January 2000, the City became compliant with the licensing of Novell network software after City staff and Novell staff met to confirm networked nodal counts. Novell changed the way they licensed products from server-based to nodal-based, the latter including printers and servers as a part of the network count.

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.

This 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 needs to buy few additional new licenses. However, the City needs to continue to pay for maintenance support in Fiscal Year 03 for all the Novell products in use throughout the City (Netware, GroupWise, and Zen Works).

Novell strongly recommends its channel partner, 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 retailer helps ensure the ongoing accuracy of the records.

FINANCIAL CONSIDERATIONS:

The total cost of the licenses and maintenance support for Fiscal Year 03 is not-to-exceed \$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 03 operating budgets.

ENVIRONMENTAL CONSIDERATIONS:

The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Sections 15061 (b)(3) which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and 15301 relating to projects for repairs and maintenance of existing City facilities. The current project involves the purchasing of Novell network software product licenses and maintenance support for the products of NetWare, GroupWise, and Zen Works.

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.

City Council Report

Novell Network Software Licenses and Maintenance Agreements for FY 03

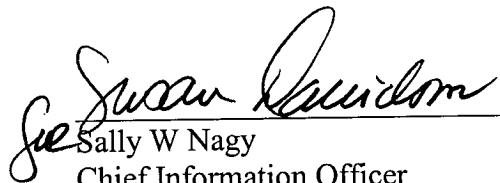
July 24, 2002

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:

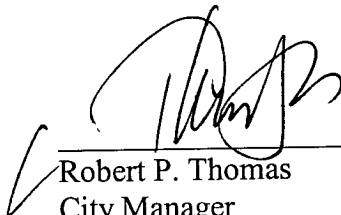
Marketware Technologies is not certified as a small business. However, Novell has specifically requested that the licenses and maintenance support be purchased and administered through Marketware Technologies.

Respectfully submitted,

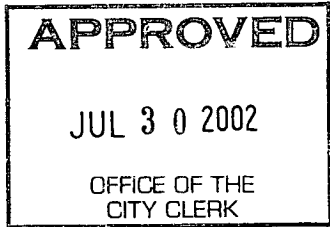


Sally W Nagy
Chief Information Officer

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager



RESOLUTION NO. 2002-510

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION SUSPENDING FORMAL COMPETITIVE
BIDDING FOR THE PURCHASE OF NOVELL
NETWORK SOFTWARE LICENSES AND
MAINTENANCE**

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

1. In the best interests of the City of Sacramento, formal competitive bidding is hereby suspended for the purchase of licenses and maintenance support for NetWare, GroupWise, and Zen Works, and;
2. The City Manager is hereby authorized to execute the purchase of licenses and maintenance support for 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: _____