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BY THE CITY COUNCIL

JAN 4 1994

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DEPARTMENT OF
GENERAL SERVICES
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA
January 4, 1994
PS:Admin:93063:RBH:rh

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
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PURCHASING
CENTRAL STORES
CENTRAL SERVICES

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Adoption of Specifications and Award of Bid No. 1621 for IBM Mainframe Hardware Maintenance

LOCATION AND COUNCIL DISTRICT

City-wide - All Districts

STAFF RECOMMENDATION

It is recommended that, in the best interest of the City, the City Council adopt the specifications used in the bidding process and accept the lowest responsible bid submitted for the contract resulting from Bid No. 1621 for IBM Mainframe Hardware Maintenance. Award is recommended to The Fortel Group, 4201 Burton Drive, Santa Clara, CA 95054, in the first-year amount of \$137,268.00.

CONTACT PERSON:

Bob Holbrook, Procurement Services Manager, 433-6202
Bob Badgley, Computer Services Manager, 264-5766

FOR COUNCIL MEETING OF: January 4, 1994

SUMMARY

This report recommends that the City Council adopt the specifications used in the bidding process and accept the lowest responsible bid submitted for the contract resulting from Bid No. 1621 for IBM

Mainframe Hardware Maintenance. Award is recommended to The Fortel Group, 4201 Burton Drive, Santa Clara, CA 95054, in the first-year amount of \$137,268.00. The maintenance services to be provided under the contract support the operation of the City's IBM mainframe computer hardware and associated peripheral equipment.

BACKGROUND

The City's IBM mainframe computer supports a broad spectrum of City operations, including the Local Government Financial System (LGFS), Utility Billing, Payroll/Personnel, the Electronic Mail System (EMS), and a variety of other applications. The computer is operated on a virtually continuous basis, and effective maintenance and corrective services are critical to ensuring effective operation of the system. The City currently has a contract with IBM Corporation for maintenance of the mainframe computer hardware and associated peripheral equipment. The contract contains provisions allowing for annual renewal on an ongoing basis, upon mutual agreement by the City and IBM, and also contains provisions for cancellation by the City upon thirty-days written notice.

In order to ensure that the City is receiving the most cost-effective mainframe hardware maintenance services, the Information/Communications Services Department developed detailed maintenance service specifications, and formal competitive bids were solicited by the Procurement Services Division. Advertising of the bids by the City Clerk began on October 20, 1993, and sealed bids were publicly opened by the Clerk on December 1, 1993. Three bids were received, and the recommendation for contract award is to the lowest responsible bidder, The Fortel Group. A bid tabulation sheet is attached to this report (Attachment "A").

The contract resulting from this bid will be in effect for a period of one year, with the option to renew the contract on a year-to-year basis for up to four (4) additional years, if mutually agreeable to both parties.

FINANCIAL CONSIDERATIONS

The current annual cost for the mainframe maintenance services provided by IBM Corp. is approximately \$290,000 per year. The first-year cost of the contract being recommended for award to The Fortel Group for the current hardware inventory is \$137,268, representing an annual savings of over \$150,000. If additional equipment is added during the contract term, the maintenance costs for the new equipment will receive the same discounting structure as the current equipment. Cost increases in subsequent years, should the contract be renewed, will be limited to the percentage increase in the All Urban Consumers Price Index (CIP-U), and will be subject to City approval. Sufficient funds are available for the current fiscal year's portion of the contract the Information/Communications Services Department budget.


POLICY CONSIDERATIONS

The recommendation contained in this report is consistent with the requirements for competitive bidding as detailed in Title 57 of the Sacramento City Code.

MBE/WBE EFFORTS

The scope of services required under this contract was reviewed by the Computer Services Manager and the Office of Minority, Women and Small Business, and it was determined that a goal of ten percent (10%) combined M/WBE subcontractor utilization would be appropriate for this contract. Accordingly, the bid provisions required that the successful bidder either contract a minimum of 10% of the work to a minority-owned or woman-owned business enterprise or demonstrate a good-faith-effort to have done so. The procedures used for goal-setting and compliance conformed to those contained in the Council's recently-revised M/WBE Program. The Fortel Group, to which the award is recommended, has met (and exceeded) the stated subcontracting goals, agreeing to subcontract 12% of the work under the contract to a certified woman-owned business. Compliance with the subcontracting goals has been reviewed and approved by the Office of Minority, Women, and Small Business.

Respectfully submitted,



Robert B. Holbrook
Procurement Services Manager

Approved:



Acting Ken Nishimoto
Director of Finance

RECOMMENDATION APPROVED:



For William H. Edgar
City Manager

Attachment

Bid Evaluation Tabulation
Bid No. 1621 - IBM Mainframe Hardware Maintenance

Note: A combined M/WBE subcontracting goal of 10% was established for this contract.

<u>Bidder</u>	<u>Total Bid Amount</u>	<u>M/WBE Subcontracting Percentage</u>	<u>M/WBE Goals Met?</u>
The Fortel Group	\$ 137,268.00	12.0%	Yes
Bell Atlantic	\$ 162,408.12	10.1%	Yes
IBM Corporation	\$ 197,957.14	20.2%	Yes

Recommended Award of Contract to: The Fortel Group
4201 Burton Drive
Santa Clara, CA 95054

Original Estimated Cost: \$ 300,000.00

Total Amount of Contract: \$ 137,268.00

Total Bid Amount: \$ 137,268.00

Using Department: Information/Communications Services

Bid Due-Date: December 1, 1993