



Legislation Details (With Text)

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On agenda: 8/15/2017 **Final action:** 8/15/2017

Title: Information Technologies recommending the Board approve the following regarding the award of Bid 17-208-064 to DSA Technologies for the purchase of VMware Enterprise Software License Agreements (ELA) and Support in the amount of \$1,356,880 as follows:
 1) Authorize the Purchasing Agent to revise the payment terms of Blanket Purchase Order 20180011 to clarify that full payment for all licensing and support costs for the three year period shall be due within 45 days following receipt and approval of invoice in accordance with the terms specified in the bid documents; and
 2) Direct the Chief Administrative Office to increase appropriations by \$493,144 in the Information Technologies Department budget in the Fiscal Year 2017-18 Budget Addenda process, with a like reduction to the Appropriation for Contingency, to provide for the full payment of its VMware ELA costs in that year, noting that future year costs will be accounted for in the appropriate future fiscal year. (Est. Time: 10 Min.)

FUNDING: Information Technologies - General Fund with partial cost recovery in future year(s) through the A-87 Cost Plan. Sheriff - General Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - 17-208-064 Eval 6-27-17

Date	Ver.	Action By	Action	Result
8/15/2017	2	Board of Supervisors	Approved	Pass
6/27/2017	1	Board of Supervisors	Approved	Pass

Information Technologies recommending the Board approve the following regarding the award of Bid 17-208-064 to DSA Technologies for the purchase of VMware Enterprise Software License Agreements (ELA) and Support in the amount of \$1,356,880 as follows:

1) Authorize the Purchasing Agent to revise the payment terms of Blanket Purchase Order 20180011 to clarify that full payment for all licensing and support costs for the three year period shall be due within 45 days following receipt and approval of invoice in accordance with the terms specified in the bid documents; and
 2) Direct the Chief Administrative Office to increase appropriations by \$493,144 in the Information Technologies Department budget in the Fiscal Year 2017-18 Budget Addenda process, with a like reduction to the Appropriation for Contingency, to provide for the full payment of its VMware ELA costs in that year, noting that future year costs will be accounted for in the appropriate future fiscal year. (Est. Time: 10 Min.)

FUNDING: Information Technologies - General Fund with partial cost recovery in future year(s) through the A-87 Cost Plan. Sheriff - General Fund.

DEPARTMENT RECOMMENDATION

Information Technologies recommending the Board approve the following regarding the award of Bid

17-208-064 to DSA Technologies for the purchase of VMware Enterprise Software License Agreements (ELA) and Support in the amount of \$1,356,880 as follows:

- 1) Authorize the Purchasing Agent to revise the payment terms of Blanket Purchase Order 20180011 to clarify that full payment for all licensing and support costs for the three year period shall be due within 45 days following receipt and approval of invoice in accordance with the terms specified in the bid documents; and
- 2) Direct the Chief Administrative Office to increase appropriations by \$493,144 in the Information Technologies Department budget in the Fiscal Year 2017-18 Budget Addenda process, with a like reduction to the Appropriation for Contingency, to provide for the full payment of its VMware ELA costs in that year, noting that future year costs will be accounted for in the appropriate future fiscal year.

DISCUSSION / BACKGROUND

On June 27, 2017 the Board of Supervisors awarded Bid 17-208-064 for the purchase of VMware Enterprise Software License Agreement and associated support services to the low qualified bidder, DSA Technologies of Elk Grove, CA, and authorized the Purchasing Agent to issue a blanket purchase order in the amount of \$1,356,880 to be paid over a three-year period following Board approval. Subsequent to the award, Information Technologies was informed by VMware that the pricing in its bid reflected a discount for a lump sum payment up front and that payments over a three year period would result in increased costs to the County. Procurement & Contracts has confirmed that a three year payment term was not specified in the bid documents and that DSA Technologies bid was not in conflict with any terms of the bid documents.

Additional appropriations are needed in the Information Technologies Department budget to accommodate the full payment in FY 2017-18 (vs. the planned payment over a three year period). This adjustment does not affect the overall project budgets for the Virtual Desktop Interface (VDI) project implementation or server upgrades but is simply a change in the timing of the project expenditures. Due to costs being incurred in FY 2017-18, the VDI project budget will see a reduction in FY 2018-19 and FY 2019-20.

This purchase also includes software and support for the Sheriff's Office which has sufficient appropriations to cover its portion of the software license and support in FY 2017-18.

ALTERNATIVES

The Board could direct staff to negotiate a three year payment term with the vendor or obtain third party financing for the purchase, both of which would result in an increased cost to the County. Because the contract has been awarded, there are limited alternatives available.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Procurement and Contracts, Sheriff's Office

CAO RECOMMENDATION

It is recommended that the Board approve this item. The Office notes that should additional funds be available at the time of the adoption of the final FY 2017-18 Budget in September, the CAO will recommend the restoration/maintenance of the Appropriation for Contingency at the current level (\$5.5 million).

FINANCIAL IMPACT

The FY 2017-18 Recommended Budget for Information Technologies includes \$476,126 for one year

of funding for the VMware software license and support costs. An additional \$493,144 is needed for the full payment of the software license and the first year of support costs. Although the full payment of the three-year software *support* (\$312,545) will be made in FY 2017-18, the costs of that support will be spread (amortized) over three fiscal years. Payments for years 2 and 3 will be credited in the current year as a “prepaid” expense and subsequently recorded as expenses in FY 2018-19 and FY 2019-20.

VMWARE	IT	SHERIFF	TOTAL
TOTAL COST.....	1,284,824	72,055	1,356,879
PREPAID ADJUSTMENT...	(194,179)	(14,184)	(208,363)
COST IN YEAR 1.....	1,090,646	57,781	1,148,427
FY 17-18 BUDGETED.....	476,126	57,781	533,907
FY 16-17 ROLL OVER.....	121,376	-	121,376
ADDITIONAL \$ NEEDED..	493,144	-	493,144

The impact to the FY 2017-18 Budget is an increase of \$493,144 and will result in a reduction in the Appropriation for Contingency, to be included through the Addenda process. The CAO notes that should additional funds be available at the time of the adoption of the final FY 2017-18 Budget in September, the CAO will recommend the restoration/maintenance of the Appropriation for Contingency at the current level (\$5.5 million).

Information Technologies and Sheriff budgets in FY 2018-19 and FY 2019-20 will not include the 2nd and 3rd year payments for the license costs as previously planned.

CLERK OF THE BOARD FOLLOW UP ACTIONS

None

STRATEGIC PLAN COMPONENT

Infrastructure, Good Governance

CONTACT

David Russell, Information Technologies

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Terri Knowlton, Procurement & Contracts