



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jose Obregon  
Wandzia Grycz

**SUBJECT:** SEE BELOW

**DATE:** May 5, 2004

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Approved

Date

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**SUBJECT: SOLE SOURCE PURCHASE OF HARDWARE AND SOFTWARE  
FOR E-MAIL CONSOLIDATION**

## **RECOMMENDATION**

Award the purchase of Storage Area Network (SAN) hardware including a storage processor, disk array, servers and supporting software to DELL Marketing LP as a sole source purchase for total cost of \$371,090 including delivery, installation and tax; and authorize the Director of General Services to execute the purchase order.

## **BACKGROUND**

E-mail is used throughout the City of San Jose to communicate both internally (amongst staff) and externally (with community members and businesses.) E-mail provides services such as internal messaging, groupware calendaring, contacts, tasks, and Internet mail connectivity. Over the last two years, the Information Technology Department (ITD) has been upgrading aging hardware to combat the growing threat of e-mail based viruses as well as to enhance services. The enhancements have included the introduction of Outlook Web Access, improved SPAM (unsolicited commercial e-mail) detection, and an anti-virus proxy at the Internet boundary. Outlying departments have also continued to upgrade their own hardware accordingly.

One of the strategic initiatives completed by the Information Technology Planning Board (ITPB) was the formulation of an e-Government vision and strategy. As part of the due diligence conducted on e-Government, it was determined that measurable cost savings would occur through the central consolidation of e-mail servers and services. Subsequently it was determined that upgrading e-mail services during the consolidation of servers would better meet the needs of the organization, particularly in light of the new technology that will be deployed at the New Civic Center. At the present time, approximately 50% of the e-mail servers are able to meet the requirements for the upgrade and consolidation, and are all located centrally within ITD.

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The DELL storage equipment is required to complete the consolidation and upgrade of e-mail hardware. The new hardware will be integrated with the existing e-mail system. The new e-mail architecture will add additional storage capacity and redundancy. This storage equipment will consolidate fourteen (14) decentralized servers at outlying sites into a centralized location with nine servers. The additional hardware provides a timely and cost effective method to meet current operational requirements, including the provision of a "hot-spare environment" or server cluster for disaster recovery. The consolidated e-mail system will be scalable and thus meet the future needs of the City's e-mail service. It will provide a platform that will support future application integration with services such as Voice Over Internet Protocol (VOIP), Voice Messaging and Fax Support, all of which are planned for the New Civic Center.

### **ANALYSIS**

On February 5, 2004, the City's ITPB approved DELL brand hardware as the City standard for e-mail infrastructure. This standardization will enable the City to optimize system integration, interoperability and compatibility by leveraging the City's existing enterprise e-mail server environment and technology.

While there are several distributors and resellers of DELL brand SAN equipment, it is most advantageous to purchase equipment directly from DELL because their direct business model is the most cost effective method for procuring DELL equipment (i.e., eliminates distributor markups) and distributors cannot meet the manufacturer's price. In addition, DELL's pricing for this large quantity/dollar procurement includes significant volume discounts for upgraded equipment configuration from 30% - 60% off of list price to match same price point as original configuration. In comparison, the standard discount that normally pertains to the City under the Western States Contracting Alliance (WSCA) contract pricing is 10%.

In addition, DELL has offered significant volume discounts (30% - 60%) on most equipment compared to the standard 10% under the Western States Contracting Alliance (WSCA) contract pricing.

### **PUBLIC OUTREACH**

Not applicable.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **Managed Competition**

The City does not have the technology engineering expertise or capability to manufacture state-of-the-art storage area network equipment or software.

**COST IMPLICATIONS**

This purchase is a one-time cost of \$371,090. A citywide appropriation #2291—Technology Improvements was established for this purpose. A three-year maintenance agreement is included with the purchase of the equipment. Ongoing maintenance will be budgeted in 2007-2008. This purchase is consistent with the Council approved Budget Strategies, General Principles #2, “We must focus on protecting of vital core services...” and #8 “We must continue to streamline, innovate and simplify our operations.” It is also consistent with the Council approved Economic Development Strategy, “Make San José a Tech Savvy City.”

**BUDGET REFERENCE**

<b>Fund #</b>	<b>Appn. #</b>	<b>Appn. Name</b>	<b>Total Appn.</b>	<b>Amount of order</b>	<b>2003-2004 Ordinance</b>	<b>Last Budget Action (Date, Ord. No.)</b>
001	2291	Technology Improvements	\$451,450	\$371,090	Section 2.48, Pg. 3	
		<b>Total</b>	<b>\$451,450</b>	<b>\$ 371,090</b>		

**CEQA**

Not a project.

JOSE OBREGON  
Director of General Services

WANDZIA GRYZCZ  
Chief Information Officer