

Memorandum

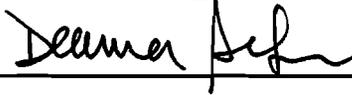
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

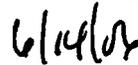
SUBJECT: SEE BELOW

DATE: June 6, 2006

Approved



Date



SUBJECT: REPORT ON PROPOSALS FOR THE PURCHASE OF COMPUTER PERIPHERALS AND RELATED TECHNOLOGY ITEMS

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to:

1. Execute purchase orders for the purchase of citywide computer hardware, software and peripherals with X-Tech (San Francisco, CA), CDW-G (Chicago, IL) and ComputerLand (San Jose, CA) for a total amount not to exceed \$1,500,000.00 collectively, for the period of July 1, 2006 through June 30, 2007; and
2. Exercise options to extend the purchase orders for three additional twelve month terms subject to annual appropriations.

OUTCOME

Establish pre-approved Just-in-Time suppliers for technology purchases at competitive prices to support citywide operations.

BACKGROUND

Since 1996, the City has purchased technology products from ComputerLand which was selected through a competitive award process. The City's agreement with ComputerLand through which the City purchased low dollar technology related items (i.e., laptop computers, printers, plotters, fax machines, scanners, memory, drives, modems, mice, keyboards etc.) expired.

ANALYSIS

Staff developed a Request for Proposal (RFP) with the intent to award multiple (2-3) contracts for the procurement of computer equipment, peripherals, supplies, hardware and software. The multiple



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contracts awarded will create a pool of Technology Store “Store” vendors to provide a full range of information technology equipment to City Departments on an as needed basis. This will simplify the acquisitions, delivery, and invoice process for technology equipment. City departments will utilize the Store vendors to purchase their technology requirements directly from the selected vendor(s) subject to applicable exception approvals with delivery to the end-user’s location.

On January 6, 2006, the RFP was advertised on the City’s internet Bid Line and the DemandStar bid notification system. Over 150 companies were notified of the requirement, 57 companies requested the RFP, and seven proposals were received by the February 8, 2006 deadline. The proposal received from New Tech (Fremont, CA) was deemed non-responsive because minimum qualifications were not met. Therefore, six proposals were deemed responsive.

The six responsive proposals were evaluated by a cross functional team of representatives from the Information Technology, Environmental Services, and the Planning, Building and Code Enforcement Departments. Prior to receiving the proposals, all panel members were required to sign confidentiality and conflict of interest agreements. Below is a summary of each phase of the evaluation:

1. **Technical Review (55%):** The process required that each evaluator review each company’s proposal and score the proposals independently. Five companies demonstrated the ability to reasonably achieve contract award and were invited to oral presentations/interviews. Purchasing determined that the proposal from EDX (Fremont, CA) was not a finalist due to a low technical score and would not be invited to participate in oral presentations/interviews. The technical scores were finalized after the oral presentations.
2. **Cost Proposal (35%):** Cost proposals were submitted by each company separate from the written proposals. In order to ensure that cost did not inadvertently influence the technical scores, cost proposals were not disclosed to the evaluation team until completion of the technical review of written proposal.

The overall score and rank of companies invited to oral presentations/interviews are summarized in the following table:

Overall Rank	Company Name	Technical (55%)	Cost (35%)	Subtotal Score (90%)	Local (5%)	Small (5%)	Overall Score (100%)
1	X-Tech (San Francisco, CA)	48%	34%	82%	5%	0%	87%
2	CDW-G (Chicago, IL)	50%	34%	84%	0%	0%	84%
3	ComputerLand (San Jose, CA)	37%	35%	72%	5%	5%	82%
4	PC Mall Gov (Torrance, CA)	46%	35%	81%	0%	0%	81%
5	JE/CBX (San Jose, CA)	42%	31%	73%	5%	0%	78%

In accordance with City Ordinance 27136, a preference for Local and Small Businesses was applied for those companies that met the criteria and submitted the request with their proposal. The preference was a factor in the final ranking of the proposals.

Reference checks of the top three proposers were conducted to verify ability to perform the requirements of the RFP (i.e., meet delivery requirements, reliability, technical support, invoicing etc.). All references were very positive.



The RFP included a process for proposers to protest the City's award recommendation. The ten-day protest period allowing any proposer to dispute the award recommendation commenced on May 3 when all participants were notified of the award recommendation. The City's Chief Purchasing Officer (CPO) received one protest from JE/CBX Technologies, a Joint Venture, requesting application of the Small Business Preference. JE/CBX only submitted the Local and Small Business Preference form for Jones Enterprises and not for CBX Technologies. After consideration of the protest, the CPO offered JW/CBX to submit the Local and Small Business Preference form for CBX. After receipt of the form, the CPO determined that JE/CBX did not sign the form as a Joint Venture and rejected the protest.

The centralized purchase process of low dollar items through pre-qualified contracts at pre-determined prices is more efficient over the traditional purchase requisition method, since it expedites the procurement cycle and reduces administrative costs. There is no minimum amount of business guaranteed to any Store vendor. Purchasing will issue one blanket purchase order to each Store vendor in the amount of \$500K and will monitor the cumulative purchases and adjust purchase order amounts as required to ensure the collective amount of \$1.5M is not exceeded. The City reserves the right to procure computer equipment, software and services from other sources during the term of these contracts as may be warranted. To ensure pricing in accordance with the terms and conditions of the Purchase Orders, Purchasing will monitor periodically the pricing offered by the various Store vendors.

In accordance with the City's Environmental Preferable Purchasing Policy, the proposal included requirements for technology equipment, where applicable, that meets the most recent set of U.S. Environmental Protection Agency's and Department of Energy's ENERGY STAR guidelines. In addition, the selected Store vendors will work with the City to identify environmental preferred or energy efficient products on their website or catalog.

As part of these multiple contract awards, Store vendors will extend the same pricing to City Employees. City employees may place orders either by the Store provided on-line ordering link or by calling the Store vendor directly. City employees will need to identify themselves with City identification or valid City email address for Store vendors to process the orders. For orders placed online, employees can use their personal credit cards. Employees wishing to pay cash or check must make arrangements with Store vendor for order processing. Employees may pickup their ordered items directly from Store office or request home delivery for nominal charge.

SUMMARY

To be consistent with the intent of the RFP, staff recommends award of contract to the three companies receiving the highest overall score: X-Tech, CDW-G and ComputerLand. Three suppliers are recommended in order to provide a full range of information technology equipment to City departments on an as-needed basis.

ALTERNATIVE

Not applicable.



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PUBLIC OUTREACH

Outreach efforts are detailed in the Analysis section of this memo.

COORDINATION

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

COST IMPLICATIONS

This council item is consistent with Council approved Budget Strategy General Principle #2, "We must focus on protecting our vital core city services", and General Principal #7 "We must continue to Streamline, innovate, and simplify our operations... so that we can deliver services at a higher quality level, with better flexibility, at a lower cost."

Pursuant to the budget actions approved by Council on February 4, 2003 (Item 10.1), controls remain in place to ensure the required exception approvals have first been obtained from both Budget Office and Information Technology Department.

BUDGET REFERENCE

Various Department Funds – Citywide Unencumbered Open Purchase Order – actual funding comes from respective department funds and budgets.

CEQA

Not a project.


SCOTT P. JOHNSON
Director of Finance

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.

