

SUPPLEMENTAL



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ed Shikada
James Helmer
Jim McBride

SUBJECT: SEE BELOW

DATE: October 7, 2004

Approved  Date *Oct. 8, 2004*

SUBJECT: REPORT ON TECHNICAL AND PROCUREMENT SERVICES FOR THE NEW CITY HALL CONVERGED NETWORK REQUEST FOR PROPOSALS (RFP)

REASON FOR SUPPLEMENTAL INFORMATION

This supplemental memo is being provided to respond to questions raised by Council on October 5, 2004.

RECOMMENDATION

Approve an agreement with Gartner, Inc. for technical and procurement services for the New City Hall Converged Network RFP, in an amount not to exceed \$365,226 plus an additional \$54,774 for additional services related to Server/SAN procurement.

BACKGROUND

On October 5, staff recommended an adoption of a resolution authorizing the City Manager to negotiate and execute an agreement with Gartner, Inc. for technical and procurement services for the New City Hall Converged Network RFP. During the discussion, Council directed staff to return to Council with the following information: Gartner's references, a cost analysis of the top three firms, and assurance that no conflicts of interest exist between Gartner and any companies likely to work on the installation and integration of the Converged Network.

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ANALYSIS

Reference Checks – Through the RFQ and evaluation process, all proposers were requested to provide references in each of the three disciplines – procurement, converged networks/Voice over Internet Protocol (VoIP), and servers/storage area networks (SAN). Gartner provided the first five references below, which staff contacted prior to forwarding a recommendation to the City Council. In addition, in response to questions from the City Council, Gartner provided the latter two municipal references:

Agency	Discipline
California Department of Justice, Attorney General's Office	Procurement
County of San Diego	Procurement
City of Minneapolis	Procurement
Florida Power and Light Company	Procurement, Network/VoIP, Servers/SAN
Dole Food Company	Network/VoIP, Servers/SAN
City of New York, Department of Information Technology and Telecommunications	Strategic Planning
City of Chandler, Arizona	Strategic Planning

Each of the references listed involved work completed by one or more of the key Gartner staff proposed for assignment to the Converged Network RFP. All respondents indicated that Gartner provided excellent quality service.

Beyond these individual references, it should be noted that Gartner is widely considered to be a preeminent Information Technology research and advisory service provider. For those outside the technology industry, the following self-description may be useful:

Gartner, Inc. (NYSE: IT and ITB) is the leading provider of research and analysis on the global information technology industry. Gartner serves more than 10,000 clients, including chief information officers and other senior IT executives in corporations and government agencies, as well as technology companies and the investment community. The Company focuses on delivering objective, in-depth analysis and actionable advice to enable clients to make more informed business and technology decisions. The Company's businesses consist of Gartner Intelligence, research and events for IT professionals; Gartner Executive Programs, membership programs and peer networking services; and Gartner Consulting, customized engagements with a specific emphasis on outsourcing and IT management. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, and has more than 3,500 associates, including approximately 1,000 research analysts and consultants, in more than 75 locations worldwide. For more information, visit www.gartner.com.

It should also be noted that during the interview process, all firms were asked and provided information about an unsuccessful project. Gartner representatives candidly discussed with the evaluation panel a project conducted in 2002 with the City of San Jose to develop a plan for citywide integration of geographic information systems. The City and Gartner mutually agreed to terminate the contract.

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Cost Analysis – The City Council also requested a comparison of hourly rates between Gartner and the other finalists. The table below summarizes the composite hourly rates as proposed. These rates are listed as composite given that they were calculated by dividing the total proposed fee by estimated hours, thereby including expenses (such as travel) where identified by the proposer. Based on these rates, the total cost the agreement with Gartner to provide services in all three disciplines is \$365,226. The base price of the combined total for the number two ranked vendors in each discipline is \$482,940.

Procurement	Composite Hourly Rate
Gartner	\$296
KC Future Planning	\$169
META Group	\$391
RLS	\$173
Networks/VoIP	
Economists.com	\$210
Gartner	\$301
RLS	\$134
IDA	\$162
Servers/SAN	
Gartner	\$321
Alpha Tech	\$146
RLS	\$134

In interpreting the information above, it should be noted that under the recommended contract, payment is based on actual time and materials expended with a not-to-exceed maximum price for completion of each milestone. The recommended contract also requires weekly progress and expenditure reporting for budget management. City staff and Gartner have reviewed the scope of services and compensation structure in detail, and as reflected in the recommended contract award, Gartner has agreed to complete the required scope of services at the stated cost.

It should nonetheless be understood that any additional costs incurred due to circumstances beyond Gartner’s control would need to be evaluated case-by-case. In addition, as specified in the RFP, the recommended contract value does not include post-award oversight. If determined to be worthwhile, the costs for such services will be negotiated separately.

Conflict of Interest – All proposers were required to complete a conflict of interest questionnaire as a part of their submittals. Gartner’s disclosure indicated that a senior member of their project team held stock in a potential supplier, and has agreed to divest upon award.

Completion of Negotiations – Finally, as reported to the City Council on October 5, staff anticipated using the week deferral of this item to complete contract negotiations with Gartner. These negotiations are now complete, and staff recommends approval of the agreement.

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COORDINATION

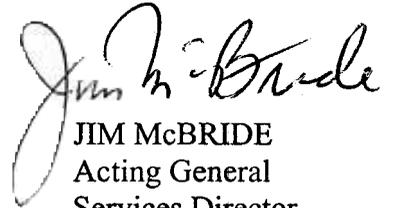
City staff met with the Validation Committee on October 5 and October 6, 2004 and discussed the RFQ process. The Committee agreed that it was prudent and wise to hire experts in advanced technology to augment internal staff and unanimously validated the City's decision to hire an external consultant to lead the RFP process.



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