

Legislation Text

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CC MEETING: November 3, 2015**DATE:** October 26, 2015**TO:** Leonard Martin, City Manager**FROM:** Lon Fairless, Information Technology Director

Consider Authorizing The City Manager To **Approve A Contract With Xerox State & Local Solutions, Inc. To Provide Managed Information Technology Services** In An Amount Not To Exceed \$4,937,015.00 For The First Year.

BACKGROUND:

The City of Carrollton contracts with Xerox State and Local Solutions, Inc. for a large majority of our managed information technology services.

In preparation for the contract expiration, the City engaged KPMG LLP for assistance to compete the services through a Request for Proposal (RFP) process in November 2014. As a managed services organization, the City desired to seek the best value for needed services. A RFP was issued in May 2015. Also in May, the City Council authorized an extension to the current contract which expired on September 30, 2015 for up to six months pending final action on a new contract.

KPMG coordinated the proposal review process along with engaging a broad based committee for business and customer service perspectives. The evaluation results were presented to the City Council in July. Additionally, the City staff, with KPMG assistance, provided a critique of the processes used to complete the IT services. Consequently, in the future the City will seek creative strategies to increase competition including using a third party oversight of key processes and procurements.

At the July 21, 2015 work session, the City Council directed KPMG to seek a Best and Final Offer from Xerox that included separate pricing for both five and seven year terms with two optional one year extensions with each.

The current contract annual cost if continued for full year would be \$ 5,038,301. The total five and seven year term cost estimates are \$ 25,977,411 and \$ 36,136,256 respectively. An annual comparison of the five and seven year terms, respectively, is as follows.

<u>Annual Pricing:</u>	<u>Five Year Option</u>	<u>Seven Year Option</u>
Year 1:	\$4,883,473	\$4,701,919
Year 2:	\$5,034,867	\$4,847,867
Year 3:	\$5,190,803	\$4,998,192

Year 4:	\$5,351,417	\$5,153,028
Year 5:	\$5,516,850	\$5,312,509
Year 6:	N/A	\$5,476,774
Year 7:	N/A	\$5,645,967

These prices do not include some City expenses paid directly by Xerox with no markup that are typically less than \$100,000 a year.

Staff recommends the seven year term due to the proposed cost savings and the expense to rebid. The proposed cost is based on the projected activity levels during the bid process that may increase with new budget initiatives. Therefore, a 5% contingency is included in the requested authorization amount.

FINANCIAL IMPLICATIONS:

Funds for these services have been programed into Information Technology Services FY 2015-2016 operating budget, ITS 151001.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends that Council authorize the City Manager to enter into a contract with Xerox State & Local Solutions, Inc. to provide managed Information Technology services for an amount not to exceed \$4,937,015 for the first year, including a 5% contingency, and not to exceed \$37,943,068 for the seven year contract.