

# County of Santa Clara

## Office of the County Executive

### Procurement Department



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CE03 040709

Prepared by: Caroline Kho  
Buyer III

Reviewed by: Roslyn Fuller  
Assistant Director of Procurement

DATE: April 7, 2009

TO: Board of Supervisors

FROM:

A handwritten signature in black ink, appearing to read "Jenti Vandertuig".

Jenti Vandertuig  
Director of Procurement

SUBJECT: Acquisition of Cisco Products and Related Maintenance.

### **RECOMMENDED ACTION**

Consider recommendations relating to Cisco products and related maintenance.

Possible action:

- a. Approve Agreement with AT&T Datacomm relating to providing Cisco products and related maintenance in an amount not to exceed \$10,000,000 for period April 1, 2009 through March 31, 2012, with an option to renew for two additional years.
- b. Approve delegation of authority to the Director of Procurement, or designee, to amend, administer, enforce and terminate the Agreement, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on March 31, 2012.

### **FISCAL IMPLICATIONS**

There is no fiscal impact to the General Fund as a result of this action. Agencies and departments will utilize funds from their approved budget for these purchases.

## **REASONS FOR RECOMMENDATION**

On June 3, 2008, the Board of Supervisors approved delegation to the Director of Procurement, or designee, to initiate a solicitation process to establish a master contract for the purchase of Cisco products and related maintenance for a three year period with an option for two additional years. Delegation of authority was set to expire on April 30, 2009.

The Procurement Department has worked with the County customers regarding their technical and service requirements and has conducted extensive market research on various solicitation methods that are price based or value based, taking into account the County's required Cisco products and related maintenance. Opportunities for contract piggyback to leverage economies of scale were also identified.

While conducting the research, the Procurement Department learned that the Western States Contracting Alliance (WSCA), had competitively solicited and issued contracts for Cisco networking equipment and maintenance services in June 2008. Fourteen Cisco authorized California fulfillment partners were awarded WSCA agreements of which eleven were certified as Cisco Gold authorized dealers. WSCA is a consortium of state purchasing directors from fifteen National Association of State Procurement Officials (NASPO) western states. State of California is part of WSCA. The primary purpose of WSCA is to provide for the means by which participating states may join together in cooperative multi-state contracting. This approach helps states to achieve cost effective and efficient acquisition of quality products and services. All government entities within WSCA states as well as authorized governmental entities in non WSCA states are allowed to use the approved agreements. Cooperative purchasing benefits states as well as cities, counties, public schools and institutions of higher education. The Procurement Department made a decision to utilize the WSCA agreement and leverage economies of scale to obtain the best value to the County.

In November 2008, the Procurement Department conducted a solicitation process in which a Request for Quotation (RFQ) was sent to eleven Cisco Gold certified dealers who were awarded WSCA agreements for Cisco products and related maintenance. The intent of the RFQ was to develop a master contract for the purchase of Cisco products and related maintenance to meet the County's needs. The Procurement Department received eight responses. Of all the responses received, AT&T's offered discounts were the highest.

The delegation of authority to amend, administer, enforce and terminate is needed to allow the Procurement Department to effectively manage and administer the agreement during the term. If there is a need to extend the agreement term or increase the total value of the agreement, the Procurement Department will recommend a delegation of authority to the Director of Procurement, or designee, at the appropriate time.

The master agreement will be utilized by County agencies and departments to make purchases of equipment and maintenance for their essential needs. The negotiated discounts ensure that we will be obtaining the products and services at an optimum discount structure. The master agreement is established to facilitate making purchases as required and does not necessitate the encumbrance of funds until an order is placed. In addition, the agreement has provisions for termination due to budget constraints.

## **BACKGROUND**

The County maintains an extensive network infrastructure connecting offices from Gilroy to Palo Alto, including multi-building campus networks at major locations such as the Civic Center, Berger Drive, Bascom Avenue and Julian Street. This network infrastructure provides the County workforce with data, voice and video services, including Internet access, email, access to enterprise and departmental computer applications such as ASAP financials, HARP payroll and human resources, KRONOS time keeping, the BRASS budget system and the CJIC system. The network

infrastructure relies on equipment and maintenance services from Cisco Systems. The County Information Technology (IT) equipment inventory includes hundreds of routers, switches, phones and other devices and components from Cisco Systems. It is critical that County agencies and departments that purchase Cisco equipment have a reliable and timely source for replacements, upgrades, new acquisitions, and maintenance services for repair of failed devices and have access to new software releases.

Based on the County's needs to maintain its equipment for critical operations, the County has determined that Cisco Gold Certified dealers are required as these would offer the highest level of branding, economic incentives and capabilities of providing value-added services to the County.

As part of its continuing efforts to achieve cost savings for the County, the Procurement Department and the Office of the Chief Information Officer (CIO) identified a business opportunity to reduce costs by establishing master contracts and shift from tactical to strategic procurements. The Procurement has strategically sourced Cisco products and related maintenance since 2003 which has greatly benefited the County and reduced non cost effective spot purchases by agencies and departments. Based on the success of this effort, the CIO and the Procurement Department recommend the continued use of a master agreement for the County.

### **CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve the recommended action would prevent the County agencies and departments from purchasing Cisco products and related maintenance through a master agreement that ensures the County of the best prices and service levels possible, one that provides the County with the best value for its money.

### **STEPS FOLLOWING APPROVAL**

The Clerk of the Board is requested to forward a copy of the executed agreement to Jenti Vandertuig, Director of Procurement.

### **ATTACHMENTS**

- Agreement with AT&T Datacomm