

**County of Santa Clara**  
**Office of the County Executive**  
Procurement Department



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CE10 051909

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DATE: May 19, 2009

TO: Board of Supervisors

FROM:   
Jenti Vandertuig  
Director of Procurement

SUBJECT: Delegation of Authority to Amend Agreement Related to Computer Peripherals and Accessories.

**RECOMMENDED ACTION**

Consider recommendations relating to computer peripherals and related maintenance.

Possible action:

- a. Approve delegation of authority to Director of Procurement, or designee, to amend Agreement No. 5500001093 with SHI International Corp (formerly Software House International) relating to providing computer peripherals and related maintenance to increase the compensation by \$1,500,000 for a total contract amount not to exceed \$18,000,000 and extend the term of the agreement to June 30, 2012 from the current expiration of June 30, 2009, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive.
- b. Approve delegation of authority to Director of Procurement, or designee, to administer, enforce, modify and terminate the amended Agreement No. 5500001093. Delegation of authority shall expire on June 30, 2012.

## **FISCAL IMPLICATIONS**

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

## **CONTRACT HISTORY**

In 2004, the Procurement Department conducted a comprehensive solicitation process in which a RFP was posted on the County's Internet web site and emailed to known computer peripherals resellers. The intent of the RFP was to develop a master contract for the purchase of computer peripherals and accessories. As the result of the solicitation process, SHI International Corp was awarded a contract.

On June 15, 2004, the Procurement Department awarded a contract with SHI International Corp for the purchase of computer peripherals and accessories in an amount not to exceed \$16,500,000 for a three year period with two optional one-year renewals. On May 22, 2007, the Board of Supervisors (Board) approved delegation of authority to the Director of Procurement, or designee, to amend the agreement to extend the agreement period through June 30, 2009.

## **REASONS FOR RECOMMENDATION**

Based on the needs of the County agencies and departments, it is recommended that the Procurement Department continue its strategic efforts to obtain the products and services identified so that the County can make purchases in a more integrated and cost-effective way, and receive value added services, better terms, and supplier performance auditing.

It is necessary to extend the agreement period through June 30, 2012 and increase the value of the agreement to accommodate County agencies and departments purchases of computer peripherals and accessories. The current agreement with SHI International Corp has a not to exceed amount of \$16,500,000. The increase in the contract value by \$1,500,000 for a total not to exceed amount of \$18,000,000 exceeds the \$2,000,000 signature authority of the Director of Procurement. Therefore delegation of authority to the Director of Procurement, or designee, is recommended.

Given the current economic situation, it is recommended that the Procurement Department extend the term of the existing master agreement and continue the partnership with the supplier. Continuity of business will ensure that the County's Information Technology (IT) infrastructure is kept current and maintained. It will also allow the County to reap the benefits of receiving a 2% rebate based upon net spend as well as value added services from the supplier.

The master agreement will be utilized by County agencies and departments to make purchases of computer peripherals and related maintenance for their essential needs. 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**

As part of its continuing efforts to achieve cost savings for the County, Procurement 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. Since the strategic sourcing of computer peripherals and related maintenance purchases by the Procurement Department, County agencies and departments have greatly benefited from the negotiated discounts and have reduced non-cost effective spot purchases. In addition, agencies and departments have benefited from the strategic and streamlining efforts by procuring and obtaining their purchases in a timely manner. Based upon the success of this effort, the CIO and Procurement Department recommend the continued use of the master agreement

for the County.

**CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve the recommended action would prevent the County agencies and departments from purchasing computer peripherals and accessories through the agreement, resulting in necessary purchases being made on a departmental basis. The County would not realize the cost saving benefits of consolidating these purchases.