

County of Santa Clara
Office of the County Executive
Procurement Department



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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 Sun Microsystems Hardware, Software, and Related Maintenance.

RECOMMENDED ACTION

Consider recommendations relating to Sun Microsystems hardware, software, and related maintenance.

Possible action:

- a. Approve delegation of authority to Director of Procurement, or designee, to amend Agreement No. 5500001064 with Dynamic Systems, Incorporated relating to providing Sun hardware, software, and related maintenance to increase the compensation by \$2,000,000 for a total contract amount not to exceed \$6,500,000 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. 5500001064. 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 Sun Microsystems (Sun) and known authorized Sun resellers. The intent of the RFP was to develop a master agreement for the purchase of Sun products and administration of ongoing maintenance. As the result of the solicitation process, Dynamic Systems, Incorporated was awarded a contract.

On May 1, 2004, the Procurement Department awarded an agreement with Dynamic Systems, Inc., for the purchase of Sun hardware, software, and related maintenance in an amount not to exceed \$4,500,000 for a three year period with two optional one-year renewals. On November 9, 2004, the Board of Supervisors (Board) approved delegation of authority to the Director of Procurement, or designee, to make administrative and business process changes to existing agreements exceeding \$2,000,000 for products and related services for the current term of the agreements. Subsequently, two amendments were executed to make administrative and business process changes. On May 22, 2007, the Board approved the delegation of authority to the Director of Procurement, or designee, to amend the agreement to extend the contract term 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 term through June 30, 2012 and increase the value of the agreement to accommodate County agencies and departments purchases of Sun products and related maintenance. The current agreement with Dynamic Systems, Inc., has a not to exceed amount of \$4,500,000. The increase in the contract value by \$2,000,000 for a total not to exceed amount of \$6,500,000 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 an additional 5% off list price in the product categories of majority 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 hardware, software, 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 Sun hardware, software, 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 Sun hardware, software, and related maintenance resulting in necessary purchases being made on a departmental basis. The County would not realize the potential cost saving benefits of consolidating these purchases.