



Agenda Report

25-337

Agenda Date: 5/27/2025

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 to the Master Agreement with Unisys Corporation for Information Technology Outsourcing Services

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

In December 2016, the City conducted a competitive Request for Proposal (RFP) for Information Technology Outsourcing Services. Following a comprehensive evaluation process, Unisys Corporation (Unisys) was selected and awarded an eight-year agreement, consisting of an initial four-year term and four one-year renewals. The City Council approved the execution of the agreement with Unisys for the initial term on May 16, 2017 (Attachment 1).

On June 15, 2021, City Council authorized the City Manager to exercise the four one-year renewal options to extend the agreement through June 30, 2025 (Attachment 2). The total authorized amount under the agreement through this date is \$70,003,542.

Under the current agreement, Unisys provides Citywide IT services for all major service areas, including infrastructure support, enterprise applications and websites, departmental IT solutions, end-user support, and cross-functional services. These services include 24x7 management of mission-critical systems, helpdesk operations, cybersecurity, and project management. The agreement also provides for enterprise-class tools such as the ServiceNow platform for incident and service request management, change management, configuration management, and a centralized knowledgebase.

Recognizing the critical need for uninterrupted, secure, and stable IT operations, particularly given the major events scheduled in 2026, including the FIFA World Cup and Superbowl, staff determined it is in the City's best interest to continue services with Unisys. In October 2024, staff issued an RFP to retain a third-party consultant to evaluate the current agreement, interview key stakeholders, and support negotiations for a contract extension. A consultant was selected and engaged in January 2025.

Negotiations are underway for a revised agreement, which includes the review and update of the Master Services Agreement (MSA) and 39 accompanying schedules that cover details such as the services solution, scopes of work, and service level agreements (SLAs).

DISCUSSION

Unisys has been a valued service provider and has demonstrated their commitment to supporting the City's IT needs. With the agreement set to expire on June 30, 2025, and in consideration of the

specialized expertise required to manage and maintain the City's IT infrastructure and applications, City staff recommends a short-term extension of the agreement to ensure continuity of services.

Staff is seeking authority to negotiate and execute Amendment No. 1 to the agreement to extend the term by six months through December 31, 2025, and to increase compensation by \$4,359,478, for a revised not to exceed maximum compensation of \$74,363,020. This short-term extension will allow staff the necessary time to finalize negotiations for a longer-term extension of up to three years. This short-term extension will maintain current service levels and contract provisions wherever feasible.

As permitted under the agreement, Unisys will apply a price adjustment increase, estimated at 2.1%, tied to the Consumer Price Index (CPI). The Amendment will address application of CPI-based increases to both Staff Labor Rates and Resource Unit Fees.

Negotiations for the longer-term extension have required detailed analysis and review of the MSA and accompanying schedules, and extensive discussions with Unisys. Staff anticipates returning to City Council within the next few months with a recommendation for the longer-term extension.

The proposed longer-term extension (expected to run through 2028) will help to ensure uninterrupted IT services during major planned events in 2026. In addition, it will allow sufficient time to conduct a sourcing and service delivery strategy, and evaluate, plan, and conduct a new competitive procurement process for the City's next generation IT service delivery.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

The FY 2025-26 Proposed Operating Budget includes funding for Unisys services in the Information Technology Services Fund. The six-month extension will increase compensation by \$4,359,478, for a total not to exceed \$74,363,020.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Authorize the City Manager or designee to negotiate and execute Amendment No. 1 to the Master Agreement with Unisys Corporation for Information Technology Outsourcing Services to increase the maximum compensation by \$4,359,478, for a revised not to exceed total amount of \$74,363,020. and

to extend the term of the agreement for an additional six months through December 31, 2025, subject to the appropriation of funds and review and approval as to form by the City Attorney.

Reviewed by: Gaurav Garg, Director/CIO, Information Technology Department

Approved by: Jovan Grogan, City Manager

ATTACHMENTS

1. Original Agreement and RTC 13.B1
2. RTC 21-706 and Option Documents