



Agenda Report

21-1040

Agenda Date: 11/16/2021

REPORT TO COUNCIL

SUBJECT

Action on a Purchase Order with Applied Computer Solutions (ACS) for Cisco SmartNet License Renewals

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara's Electric Department, Silicon Valley Power (SVP), uses various networking hardware required to provide a robust cybersecurity boundary with reduced risk footprint in order to support electric services provided to customers in Santa Clara. Many of these hardware devices are provided by Cisco for:

- Cybersecurity
- Federal regulatory compliance monitoring and provisioning
- Digital vulnerability and risk reduction
- Network demarcation
- Network routing
- Core functionality of user task collaboration with systems throughout SVP and with outside agencies

Services to support and maintain Cisco hardware is provided by resellers authorized by Cisco, under the name SmartNet. The SmartNet Licenses provide 24x7 technical support services with anytime access to Cisco Technical Assistance engineers and resources and priority operating system and firmware upgrades, along with delivery of replacement materials and equipment.

DISCUSSION

In December 2020, the City issued a competitive Request for Quotes (RFQ) for Cisco SmartNet License Renewals, using the City's e-procurement system. A total of 52 companies viewed the RFQ, and the City received quotes from five companies. Results were as follows.

Vendor Name	Bid Price
Applied Computer Systems (Huntington Beach, CA)	\$86,796.57
Boyles Information Systems (Boston, MA)	\$92,941.17
Forefront Technology (Cleveland, OH)	\$95,253.99
NetXperts (Walnut Creek, CA)	\$102,973.97

Questivity (Santa Clara, CA)	\$103,780.00
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Applied Computer Systems (ACS) was determined to be the lowest, responsive bidder. The City issued the award to ACS on December 16, 2020 and issued a purchase order for the SmartNet license renewals. The purchase order had an initial term of twelve months, for a not-to-exceed value of \$86,796.57.

Normal expansion of SVP's network has led to the addition of 17 devices (with pro-rated pricing) to the SmartNet License services since the December 2020 bid. These support services have also seen higher than average inflationary pressure from the well-publicized supply chain issues related to replacement electronic parts and materials.

The RFQ included four one-year options to renew the purchase order for the SmartNet licenses. Staff is requesting authorization from Council to exercise the options to renew the purchase order. SVP is satisfied with the services provided by ACS.

Under the Purchase Order, ACS will provide hardware maintenance services including:

- 24x7 support coverage with delivery of replacements for failed equipment within four hours
- Operating System and firmware updates for licensed equipment
- License verification to Cisco for extended support

The services included include provision of all labor, materials, equipment, and technical expertise needed to provide the required hardware maintenance.

Exercise of option terms after each one-year option term shall be based on renewal quotes from ACS. Each renewal quote will include any new Cisco hardware purchased such as replacement hardware for components that are at end of life or hardware purchased for new projects. Any requests for compensation increases must be justified by ACS and are subject to approval by the City and the annual appropriations of funds.

ENVIRONMENTAL REVIEW

The actions being considered do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(2) in that the contracts involve continuing maintenance activities.

FISCAL IMPACT

The anticipated cost for SmartNet License Renewals is anticipated not to exceed \$105,000 in Fiscal Year 2021 - 2022. Licenses for future years will be quoted annually based on the hardware requiring service. In future years, additional hardware is expected to be added as existing hardware reaches end of life or as the utility network is expanded. During such equipment transitions, hardware counts will briefly increase before old equipment is retired. The total cost for a five-year period is anticipated not to exceed \$750,000.

Funds for annual license renewals are budgeted in the Electric Utility's Operating Budget for Miscellaneous Services and Supplies (software subscriptions). Funds required for this agreement in future years will be included in proposed budgets for those corresponding years.

COORDINATION

This report has been coordinated with the Finance Department and 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 <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager to execute the first option to extend the purchase order with Applied Computer Solutions for Cisco SmartNet License Renewals, ending on November 30, 2022, for a total maximum amount not-to-exceed \$105,000, subject to the annual appropriation of funds;
2. Authorize the City Manager to exercise up to three remaining options to renew the purchase order with Applied Computer Solutions, ending November 30, 2025, assuming all options are exercised, and subject to the annual appropriation of funds; and
3. Add or delete licenses and services consistent with the scope of the agreement and allow future rate adjustments subject to request and justification by Applied Computer Solutions, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager