



Agenda Report

18-1037

Agenda Date: 9/18/2018

REPORT TO COUNCIL

SUBJECT

Action on an Amendment No. 2 to Agreement with Avasant, LLC for Management Consulting for IT Services to extend the term of the agreement by 12 months and increase maximum compensation by \$99,940 for a revised total maximum compensation amount not to exceed \$499,510.

BACKGROUND

On January 26, 2016, Avasant, LLC (Avasant) was awarded an agreement to provide Outsourcing Advisory Services, with maximum compensation not-to-exceed \$260,870. The initial contract term was for eighteen months, ending on June 30, 2017. Avasant was selected through a competitive RFP and selection process. Under the original Agreement, Avasant provided Advisory Services that included conducting a detailed review of the City's IT services, a comprehensive sourcing scenario analysis and a recommendation to go to market and conduct a comprehensive RFP to select a vendor.

On June 13, 2017, the City Council approved Amendment No. 1 to extend the term of the agreement with Avasant for an additional 12 months, through June 30, 2018, and increase compensation by \$138,700, for a total not to exceed amount of \$399,570. Throughout the outsourcing services RFP phases, final vendor selection and vendor transitions, Avasant has provided industry knowledge, governance tracking (e.g., measuring and validating outcomes, performance and continuous improvement, structure in place to maximize service, etc.) and Service Level Agreements (SLA's) and for improved performance management, supplier outcomes and maturity in IT services.

The proposed Amendment No. 2 would extend the term of the Agreement by twelve months, retroactive to June 30, 2018 through June 30, 2019 and increase the not to exceed amount total compensation by \$99,940 to \$499,510. Staff was planning on having this amendment come forward for Council consideration in early June. However, given other staff priorities, the number of other council agenda items on the June agendas as well as the mid-July to mid-August Council Recess, this action was delayed by several months. The proposed Amendment would allow Avasant to provide management consulting, subject matter expertise and governance support through the first year of steady state services with our selected outsourced vendor. It is advisable to have continuity for these kinds of agreements. Given our multi-year contract with our sourcing provider, staff will continue to actively monitor performance and come forward with additional amendments to match the remaining term or recompetete the service as is suitable.

DISCUSSION

Avasant is one of the top-rated management consulting firms in the U.S. with successful IT outsourcing advisory engagements in public agencies and municipalities as well as private industry customers. The specialized nature of these engagements requires specific industry presence and skillsets. The City has benefited from Avasant's outsourcing expertise including industry specific

benchmarking, service level agreement analysis, outsourcing service methodologies and ensuring the appropriate outsourcing governance structure is in place to manage our agreement and service delivery. Through oversight and governance, key initiatives are targeted and monitored including cybersecurity, infrastructure, and verifying that checks and balances are in place to mitigate possible risks to the City.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

Amendment No. 2 adds \$99,940, for a maximum amount not to exceed \$499,510 and will allow the Avasant to continue to provide necessary outsourcing advisory services.

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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve Amendment #2 to the Agreement with Avasant, LLC for Outsourcing Advisory Services, in the amount of \$99,940, for a total not to exceed amount of \$499,510, and extending the term to June 30, 2019 for outsourcing advisory services.

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

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Amendment No. 2 - Avasant, LLC