



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 07, 2006

ITEM NUMBER: VI-6

SUBJECT: Support Agreement with Hewlett Packard

DATE: FEBRUARY 14, 2006

FROM: Administrative Services Department/M.I.S.

PRESENTATION BY: Richard Kirkbride, M.I.S. Manager

FOR FURTHER INFORMATION CONTACT: Richard Kirkbride, 754-5154

Recommendation:

Authorize the City Manager or his designee to sign the Support Agreement and Purchase Requisition in the amount of \$278,195 including tax with Hewlett Packard, 1421 South Manhattan Ave., Fullerton, California, 92631.

Background:

The City is currently utilizing Hewlett Packard systems and network equipment to support the day-to-day Public Safety and City's business systems. Hewlett Packard provides the hardware and software support used in these systems. The current support agreement expired on March 1st, 2006.

Analysis:

These systems support all of the City's software applications. The performance and availability of these machines and their software is critical to the City. Under the terms of this agreement Hewlett Packard is bound to specific Service Levels with respect to response time and problem resolution. The City cannot afford to be without access to its applications for any extended period of time. By bundling our support agreements we receive not only better pricing, we also continue a relationship with the original vendor of these products that has proven to be very beneficial to the City of Costa Mesa. We have enjoyed better than a 99% service level for system availability and a guaranteed four (4) hour maximum response time for problem resolution.

By signing a multi-year contract, discounts that were not available last year are included in the terms of this agreement and represent a significant savings over last year's costs of \$153,728. Funding for support, at the current rate of \$84,215 for the first year of the 3-year contract, is already incorporated into the current budget through June of 2006 to cover this contract. Applicable budget amounts will be incorporated into future budgets for the period of July 2006 through June 2009 at the appropriate annual rates. Timing is a key element in that the current agreement expired on March 1st of 2006. Delays in processing insurance requirements and revisions to the Terms and Conditions of the contracts by the vendor caused a delay in the presentation of this item to Council until this meeting.

Alternatives Considered:

We could eliminate the existing hardware and software support with Hewlett Packard. However, this approach would leave us vulnerable to outages for key components of our computing environment. Extended outages would cripple the City's Public Safety and business processes. Even if the City had the ability to triple staffing levels, significantly increase training and certification of staff, we could not approach the level of support this agreement provides for double or triple the cost of this contract. Nor would we have access to the necessary hardware without stockpiling a lengthy list of very expensive components.

Acquiring support from alternative vendors, or proceeding on a Time and Materials support basis were both rejected due to the potential negative impact upon the City. A T&M contract leaves the City vulnerable to outages that potentially could last up to 4 business days due to policies at HP that provides service for contract customers first and T&M customers on a response level not to exceed four days. Secondly the T&M support contract could conceivably result in even greater expense to the City than committing to the proposed service agreement. Additionally, Hewlett Packard is the only certified support source for the HP9000 servers used to house our database. While other vendors could do the work, if it became necessary to go back to HP a re-certification charge would negate any savings that might otherwise have existed, and the 4-business day issue would still exist until we were again under an HP service agreement.

Switching to an entirely new vendor platform for hardware would be far more expensive than any of the other options, and was therefore not considered viable at this time.

Fiscal Review:

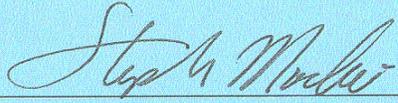
Sufficient funding is available in excess of the amount of \$84,215 for this appropriation within the current year's adopted operating budget for the MIS department.

Legal Review:

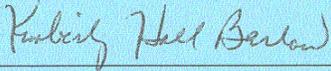
Legal has reviewed the documents and approved them as to form. The agreement does contain some caps for liability for damage to tangible property and other damages, \$2,500,000 and \$1,000,000 respectively. Due to the fact that Hewlett Packard is self-insured, some of the City's ordinary requirements for insurance certificates have been waived. The Risk Management Division and the City Attorney's Office have approved the liability limitations and insurance certificate requirements.

Conclusion

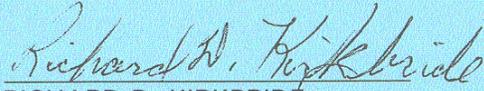
Approving the renewal with Hewlett Packard will provide for the continued support necessary to maintain the existing infrastructure, and minimize the danger from system outages. It is recommended that the Council approve this agreement. Doing so at this time will ensure that there will be no lapse in coverage.



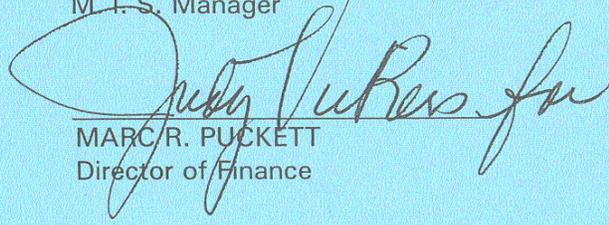
STEPHEN N. MANDOKI
Administrative Services Director



KIMBERLY HALL BARLOW
City Attorney



RICHARD D. KIRKBRIDE
M. I. S. Manager



MARC R. PUCKETT
Director of Finance

Attachments:

- I Purchase Requisition
- II Terms & Conditions
- III Insurance Document
- IV Contract



CITY OF COSTA MESA

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FROM THE OFFICE OF THE CITY CLERK

IF YOU ARE INTERESTED IN VEIHING THE REMAINDER OF THE
DOCUMENT PLEASE CONTACT THE CITY CLERK'S OFFICE
AT (714) 754-5221