# REPORT TO THE CITY COUNCIL

**DATE:** September 19, 2017

**TITLE:** Information Technology Infrastructure Upgrade

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## RECOMMENDATION

**Approve and authorize the City Manager to execute a Professional Services Agreement with SHI International Corp. to provide hardware and services to the City of Desert Hot Springs in an amount not to exceed $250,000; and allow the City Manager and City Attorney to make substantive revisions as appropriate.**

## SUMMARY

The City and Police Department are dependent on separate networks and their associated services to provide critical Information Technology functions on a daily basis. The City network was last upgraded approximately eleven years ago, while the Police Department created a separate network ten years ago to comply with Department of Justice (DOJ) requirements. Currently, both networks are in dire need of upgrades to meet the current demands of technology solutions. Staff is recommending the City Council consider a proposal for refreshing the technology infrastructure, to provide reliable services for staff and offer competitive solutions for customers and constituents.

## BACKGROUND

The City has invested minimal amounts in the Information Technology infrastructure over the past decade, particularly when avoiding costs associated with technology expenses during the fiscal crisis in 2014.  This approach has resulted in a somewhat inflexible infrastructure carrying a high risk of service interruptions, due to aged hardware and outdated software. Also, security is compromised when running systems that have reached "end of life" status and no longer receive software updates. A current network design is necessary to address critical shortfalls in service redundancy, reliability, and scalability.  If infrastructure upgrades are not addressed, the City will continue to operate legacy solutions that are incompatible with modern technology and are at an increasing risk of service failures. For example, the City's email system was interrupted several times throughout the month of April, 2017, as Staff worked nights and weekends to troubleshoot issues and avoid significant data loss. City operations were severely compromised due to these interruptions. Taking a proactive upgrade approach will enable Staff to work more efficiently and foster improved customer service outcomes. For example, providing Wi-Fi access to Staff and visitors will elevate communications, while also improving the perception of City operations to outside stakeholders.

To develop the complex scope of current and needed solutions, Staff met separately with three technology service vendors. Staff set forth three main infrastructure objectives when discussing upgrade designs, (1) reliability, (2) scalability, and (3) redundancy.  Reliability is necessary to ensure work product is available and protected without interruption. Scalability allows for adding future storage, protocols, and services, without necessarily needing to purchasing new servers to meet future demands. Redundancy provides a path for avoiding downtime during system maintenance, troubleshooting, and repair.  All three vendors responded to these objectives by recommending the City utilize current technology trends which leverage virtual servers and centralized storage. The vendors also agreed with Staff on critically needed upgrades to the switches and routers supporting both networks, while also addressing the desired addition of

Wi-Fi services. The scope of services issued for public bidding was developed via Staff and the detailed expertise of the three different consultants.

Information technology costs are known to be high, yet necessary for keeping an organization viable. Currently, the City's annual Information Technology budget appropriations are significantly low, when compared to nearby cities who also support a police department network (Exhibit 1). Past low allocations have required Staff to maintain hardware and software no longer under warranty, while continually losing the ability to remain compatible with current technologies. Staff reviewed technology project costs of nearby cities to provide the City Council cost examples. Cathedral City upgraded their servers and storage in 2014 at a cost of approximately $300k and estimate another $310k will be necessary to upgrade network switches and routers (for a total of $610,000). Also In 2014, the City of La Quinta spent approximately $600,000 on new systems and hardware. These examples demonstrate the costs associated with technology implementations, required for cities to remain competitive in local public sector environments.

**DISCUSSION**
Staff utilized the expertise of three separate vendors before determining the scope of work for an RFP issued on July 27, 2017 (Exhibit 2). The RFP was posted in The Desert Sun and emailed to several vendors who specialize in the field, including all that met with Staff to discuss the scope of work recommendations. Throughout the posting duration, Staff answered incoming questions to potential respondents and provided site tours, as requested. In total, Staff communicated with ten different vendors throughout the RFP posting duration.

The City received responses from SHI/Quest, Direct Technology, and ConvergeOne. The proposals were reviewed by Staff, taking note of the following points: (1) hardware pricing, (2) services pricing, (3) location, (4) experience, (5) number of years in business, (6) proposal completeness, and (7) references. After review, the proposals were ranked in the following order:

| Rank | Vendor | Pricing | | Nearest Location | Years in Business |
|------|--------|---------|---|------------------|-------------------|
| 1 | SHI/Quest | **Total: $229,265**<br>Services: $ 67,700<br>Hardware: $161,565 | | Irvine, CA | 30+ |
| 2 | Direct Technology | **Total: $240,281**<br>Services: $ 75,832<br>Hardware: $164,449 | | Roseville, CA | 21 |
| 3 | ConvergeOne | **Total: $555,120**<br>Services: $ 99,612<br>Hardware: $455,508 | | Ontario, CA | 22+ |

Staff rated the proposal from SHI as the highest value to the City, based on pricing and demonstrated experience within both the technology industry and the public sector (Exhibit 3). SHI provided the most cost effective hardware procurement proposal. SHI has experience with agencies of a similar size and nature to that of the City and offer a broad range of partnerships to support the needs of both the City and Police Department networks. SHI's nearest service partner, Quest Technology Management, is located in Irvine, CA with more than 30 years of experience providing consultation on evolving technology solutions to businesses and public sector agencies. Quest has active relationships with 37 public sector agencies, including cities, counties, and hospitals.

SHI's RFP response included proposed changes to the City's Professional Agreement Template (Exhibit 4). The City Attorney and SHI Attorney reached initial agreement on the nature of the proposed changes, with the exception of clarifying verbiage on the subjects of auto insurance requirements and negligence liability. Any necessary substantive revisions to the agreement included with this staff report will aim to fine tune language that ensures the City's auto insurance requirements are clearly met and also clarify that SHI will not be held liable for issues beyond their scope of control, such as limitations within a hardware manufacturer's warranty. A redline of the agreement showing the proposed changes is attached to this staff report.

By partnering with a full-service company like SHI, the City will have access to multiple areas of technology expertise. The City's technology needs, coupled with DOJ requirements for the Police Department network, result in a complex environment that requires experienced design and specialized programming. The breadth of resources offered through SHI will streamline technology implementations and support, as compared to piecing together separate solutions from multiple vendors.

**FISCAL IMPACT**
An amount of $200,000 was allocated for this project as part of the FY2016-18 budget. Additional services were added to the scope of the estimated amount (e.g., Wi-Fi). Since both City and Police Department network designs have not been addressed for over ten years, Staff is asking for an additional $20,735 for potential contingencies combined with the proposal's cost of $229,265, for a total not-to-exceed amount of $250,000.

Pending City Council's approval, funds are available and will be coded to account number 001-41-47-5030 of the consolidated General Fund.

**EXHIBIT(S)**
1) IT Annual Budget Comparisons
2) RFP for Information Technology Infrastructure Upgrade
3) SHI Proposal
4) Professional Services Agreement