

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Authorize the City Manager to execute contract with Onsite PC Care in the amount not to exceed \$212,000 to provide network and help desk services to the Information Technology Division through December 2006
<b>DEPARTMENT:</b>	Finance
<b>PRESENTED BY:</b>	Debbie Tarry, Finance Director Tho Dao, Information Technology (IT) Manager

**PROBLEM/ISSUE STATEMENT:**

The City needs to acquire services provided by this contractor to allow internal IT staff to work as business analysts and software developers in delivering the projects contained in the City's 2004-2006 IT Strategic Plan projects. The City has contracted for this service during the past two years to work projects in the 2001-2003 IT Strategic Plan. As a result, we have been able to deliver these projects with good quantifiable results. In order to continue with the same level of success for 2005 and 2006 there is a need to continue this contract service. This contract enables the IT division to allocate their time to two specific projects listed in the current Technology Strategic Plan: Project #11 Integrate existing systems for business intelligence and Project #12 Implement portal technology for serving business intelligence needs.

In addition, the contract allows IT staff to maintain the same level of help desk support and network services to internal customers while working on the Technology Plan projects. It is worthy to note that IT Division has maintained the same headcount since 2000 while managing to increase the number of enterprise-wide software applications in its support portfolio from one (IFAS) to three (IFAS, Hansen and Class software).

**FINANCIAL IMPACT:** The contract was anticipated and included in the technology plan budget for 2005. A two-year term was negotiated to obtain the best cost. The existing contract amount was \$158,080 for eighteen months, the current contract amount is \$212,000 for twenty four months. The new rate represents an increase of 3.9% over the old rate and is included in the adopted 2005 budget.

The services are anticipated to be needed in 2006, as the technology projects will continue through this time period. The City has the option to cancel the contract after the first year if funds are unavailable in 2006.

**RECOMMENDATION**

Staff recommends that City Council authorizes the City Manager to execute a contract with Onsite PC Care in the amount not to exceed \$212,000 to provide help desk and network operation services to Information Technology Division through December 2006.

Approved By: City Manager  City Attorney N/X

## INTRODUCTION

The City is looking to augment its in-house technology staff in contracting with an external consultant who is going to perform the day-to-day networking and computer help desk support under the direction of the City's Information Technology staff. This contract will allow IT staff to work on several projects contained in the Technology Plan while maintaining the current level of service and support to City staff. In addition, this strategy saves costs to the City by allowing internal staff to work on higher skilled tasks (business analysis, business reengineering, web developer). These would cost far more to contract out than our hiring a contractor to perform day-to-day tasks (help desk and network support) that requires less cost.

## BACKGROUND

The theme of the City's 2004-2006 IT Strategic Plan is to unlock the data currently stored in the City's various information systems (financial, permitting, work orders, assets inventory, customer response and management) to gain business intelligence and enhance services.

The City has invested in building a technology foundation that enables staff to provide strong public service while increasing productivity. As staff continues to look for ways to increase its capacity to meet demand, more emphasis is placed in building systems that help staff gain insights on its business operations in order to reduce costs and enhance services. ***Integrate Existing Systems for Business Intelligence*** and ***Implement Portal Technology for Serving Business Intelligence Needs*** are two examples of the major focus of the 2004-2006 technology plan which will integrate systems to yield this type of business insight.

To build these systems, the analyst/developer must have an in-depth understanding of city departments' business practices, rules, processes, procedures and business cultures as well as possess the required skill set of business analysis and business reengineering disciplines. In the past few years, IT staff has been increasing its technology skill set as recommended by the consultant outlined in the previous IT Strategic Plan (2001-2003 Technology Plan projects ***#13 Strengthen IT staff*** and ***#16 Developing skill set in reengineering, GIS and business analysis***). This makes internal IT staff excellent candidates to work on these projects.

However, to ensure that there are no disruptions to current services with the same staffing level, IT Division issued a Request for Proposal (RFP) for an outside contractor to perform the day-to-day help desk and network services.

The issuance of the RFP #2967 resulted in only 2 responses (Onsite PC Care and Logicalis), with hourly rates ranging from \$53 through \$58 per hour. To assist with the evaluation of the responses, staff developed rating criteria where points were assigned to various areas of expertise and experience. Of the two vendors, Logicalis's analyst, while having similar experience in help desk and networking as Onsite's, was not familiar with the City's current methodology used to update software applications, which meant that additional training would be required before he could be fully productive in supporting our needs. His services were also more expensive.

Our staff unanimously recommended that Onsite PC Care be awarded the contract since their analyst met all of the criteria and came in at a lower rate. The maximum contract cost for the twenty four months is \$212,000, of which \$102,000 is included in the 2005 budget. The City, by signing the two-year contract, was able to negotiate a rate that is \$12,000 less for the two-year period, than if there were two single year contracts. At the same time, the City retains the right to terminate the contract after year one (with 30 days notice) if funds become unavailable.

### **ALTERNATIVES ANALYSIS**

Staff identified a number of requirements necessary to effectively deliver technology projects including:

- Ability to understand the various business practices of the City departments
- Ability to understand the work processes, information flows and specific business rules of each department (such as timing of special processes, unique circumstances or constraints experienced by department or workgroup)
- Ability to understand the interconnection and working relationships between City departments and the related communication flows
- Must be cost effective

With these four criteria in mind, staff reviewed the following options.

#### **Option 1 – Status Quo (Continue to contract with external contractor to backfill IT Staff)**

The status quo option is to continue to use an external contractor to backfill IT staff in the area of answering help desk calls, assisting internal users with technical problems or issues, and providing additional network support to our IT staff. The main benefit of this option is that it is a proven method in that the Information Technology Division (ITD) has been utilizing the same contractor for the past year with good and quantifiable results. The use of a contractor allows us the flexibility to use the services as needed and provides us with a broad level of expertise.

#### **Option 2 – Hire a limited term help desk analyst instead of a contractor for twenty four months**

This option, while providing the same staffing level as option 1, would be a full-time limited term staff hiring instead of contracting out the service. The main benefit of this option over Option 1 is that the City's cost could be less by hiring an individual as full-time staff for the length specified, based on our current pay range for a computer analyst. However, there are several drawbacks to this option versus Option 1, including:

- More staff time would be needed to advertise, recruit, interview and hire;
- Additional time would be needed to acquaint the new employee with the current processes, available toolsets, and City's operations in order to be fully effective;
- Additional costs related to training and equipment.

- There would be less flexible contingency options to replace/terminate the hired resource than if the resource is a contractor.
- The City would need to anticipate time-off needs for the employee.
- There would not be the ability to seek expertise from a broad base of employee levels through a contract company.
- The City would be in a position to pay unemployment claims when the term of the position was ended.

So, while there could be some savings with this option over the short-term, the costs over the long-term may not be sustained.

**Option 3 – Eliminate the use of external contractor and not hire a limited term help desk analyst for backfilling purpose**

This option is the least attractive option since current staff would be forced to choose between delivering critical technology projects or lowering existing service levels to internal staff. As was stated in the Technology Plan, the lack of supplemental support, would cause many technology projects not to be delivered or to be severely delayed. The cost of outsourcing these projects to external consultants would be much higher since these projects would require higher levels of business/technical analysis skills which typically cost more than help desk/networking analyst skills.

**SUMMARY**

Option 1 provides the highest value to the City in this proposal with minimal associated risks.

**RECOMMENDATION**

Staff recommends that City Council authorizes the City Manager to execute a contract with Onsite PC Care in the amount not to exceed \$212,000 to provide help desk and network operation services to Information Technology Division through December 2006.

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