



# STAFF REPORT

AGENDA NO: 8g

MEETING DATE: September 8, 2020

**To:** Honorable Mayor and City Council

**Date:** September 8, 2020

**From:** Carol Augustine, Finance Director – (650) 558-7222

**Subject:** Adoption of a Resolution Authorizing the City Manager to Execute a One-Year Service Order for Information Technology Services from the City of Redwood City

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## **RECOMMENDATION**

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute a one-year service order for information technology services from the City of Redwood City.

## **BACKGROUND**

The City of Burlingame has contracted with Redwood City for information technology services since July 1, 1998. The IT shared service model implemented by Redwood City was based on a 100% cost recovery basis plus a 10% premium. The agreement is renewable on a year-to-year basis for each fiscal year. The chart below shows the hourly rate increases with each year's contract extension since 2012-13.

<u>Year</u>	<u>Rate</u>	<u>Increase</u>
2012-13	\$143.66	0%
2013-14	\$149.40	4.00%
2014-15	\$155.40	4.00%
2015-16	\$161.60	4.00%
2016-17	\$165.70	2.53%
2017-18	\$172.30	4.00%
2018-19	\$177.50	3.00%
2019-20	\$184.60	4.00%
2020-21	\$195.68	6.00%

## **DISCUSSION**

Through its IT agreement with Redwood City, Burlingame purchases 3,425 hours of IT services annually. The year-by-year extension in the past has given Burlingame a continual opportunity to review and assess potential alternatives to the shared service model. However, acknowledging the large number of significant technological changes and priorities planned, City staff negotiated

a two-year term for these services beginning on July 1, 2018. The two-year contract provided some certainty around the availability of services during this transition to a significant new software system. Redwood City was also better able to plan for an uninterrupted provision of services.

At the end of the first year of the proposed contract, the City was in the throes of a full financial system replacement, which was anticipated to impact all departments (in varying degrees) over the next few fiscal years. Early in the 2019-20 fiscal year, the City implemented the Munis© financial modules (General Ledger, Budget, Accounts Payable, Accounts Receivable, Cash Management, Capital Assets, etc.), going “live” on the new system on October 1, 2019. To support optimal city-wide system usage, additional capacity was added to the City’s network storage unit, and the Barracuda backup server was upgraded. In the past few months, Payroll and Human Resources staff have been preparing for implementation of the Human Capital Management modules later this month, and Finance has recently started the analysis, training, and conversion processes necessary to implement the Munis© Utility Billing System in 2021. As such, the City has consumed a large number of IT hours by drawing on the expertise available from the IT programmer most familiar with Burlingame’s older software systems.

In addition, the work-from-home mandates that resulted from the COVID-19 pandemic presented the City with new, unforeseen IT challenges. A majority of the City’s office staff suddenly needed to be able to work remotely. Many of these employees relied immediately on VPN capabilities to access their network desktop. Fortunately, the City’s network firewalls had been recently upgraded to more fully secure all of the City’s IT systems, with antivirus software upgrades to all City servers, desktop, and laptop computers. But the number of additional VPN users necessitated the purchase and installation of a new VPN server on the Burlingame network to replace the older VPN server hosted on the City of Redwood City’s network. Also in support of this changing dynamic, and to assist remote workers in staying fully productive, IT staff rapidly repurposed any laptops available in the City to the highest priority uses. An additional eight laptop computers were ordered over the course of the last quarter of the fiscal year. As laptop (and even some desktop) computers were deployed to City staff working from home, knowledgeable IT staff worked to provide these employees with uninterrupted, secure access to their systems, apps, and data. Additional remote meeting capabilities were procured, and more user accounts were established for on-line meeting applications.

While the IT team supported the mass migration to teleworking and other pandemic-related needs, requested programmatic changes were also made that allowed the City to implement unanticipated regulatory changes. New time codes were added to the current payroll system to track COVID-related leave in accordance with the CARES Act. New rubrics for the payment of furloughed employees were also programmed to allow prompt final payments to casual (part-time) workers. The Munis© Payroll software is now being run in parallel to the City’s current payroll processing in order to assure all these changes are incorporated in the new system going forward, including W4 changes implemented earlier in the fiscal year.

Prior to the health orders that prompted the response activities within the IT function, a schedule of regular meetings between IT service personnel, City management, and other departmental staff insured that IT issues were being identified and addressed in a timely manner. These meetings have not yet resumed, as new IT projects (except for the Financial System conversion)

are largely on hold, and IT works to complete the regular computer replacement schedule for FY 2019-20. But the meetings will start again as soon as the priority workload is accomplished. A record number of over 1,200 Helpdesk (HITS) tickets were attended to in the current fiscal year, as well as some larger projects outside the range of normal operations.

IT assistance was needed in relocating Parks and Recreation users to two new temporary locations while the old recreation center building was being demolished. This consisted of obtaining bids for internet services at the new locations; purchasing new networking equipment; working with internet service providers (ISPs) to connect, install, and configure internet services at the new locations; and moving electronic equipment (computers, phones, printers, network switches, etc.) from the recreation center to the new temporary locations.

Also prior to the pandemic, the IT team worked with outside vendors and consultants to add closed captioning services for the televised broadcasts of City Council and Planning Commission meetings over the public access television channels.

Under the most recent two2-year agreement, the City contracted to use 3,425 IT labor hours each fiscal year, with a minimum of 3,200 hours. Burlingame used less than the 3,200 non-refundable minimum number of IT service hours in fiscal year 2018-19 (for a refund of \$39,937.50); the City used *more* than the 3,425 hours contracted for in fiscal year 2019-20 (for an additional charge to the City of \$35,890.50). Based solely on the cost of providing in-house services in similar communities, staff has concluded in the past that the agreement with Redwood City has provided good value for Burlingame. The 6 percent price increase in the contract for FY 2020-21 brings the full contract price to \$195.70 per service hour, for an estimated \$670,272.50 agreement for the fiscal year. The higher-than-usual increase in the hourly rate is due to an increase in Redwood City's IT staffing budget of nearly 7 percent for the year.

### **FISCAL IMPACT**

The annual cost of the IT service agreement for fiscal year 2020-21 based on the 3,425 hour estimate is \$670,272.50. Hours worked above the 3,425 estimate will be invoiced in July 2021. Unused hours (over the minimum of 3,200 hours, but under the pre-purchased 3,425 hours) will be refunded at that time. In addition, the contract adds a surcharge of fifty percent (\$97.85 per hour) for IT services required during non-business hours. Funding for the contract is included in the City's 2020-21 Operating Budget, specifically in the Admin/IT Internal Services Fund, to be reflected in the cost of the City's various departments, divisions, and activities.

#### **Exhibits:**

- Resolution of the City Council of the City of Burlingame Authorizing the City Manager to Execute a Service Order for Information Technology Support from the City of Redwood City for the fiscal year beginning July 1, 2020
- City of Redwood City – Information Technology Services General Terms and Conditions and Services Order