



STAFF REPORT

AGENDA NO: 8j

MEETING DATE: June 7, 2021

To: Honorable Mayor and City Council

Date: June 7, 2021

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 for Fiscal Year 2021-22

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 for fiscal year 2021-22.

BACKGROUND

The City of Burlingame has contracted with the City of 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 changes with each year's contract extension since fiscal year 2012-13.

Year	Rate	Increase
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	\$195.70	6.00%
2021-22	\$190.10	-2.86%

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 undertaken each year, City staff has continued to recommend contracting for these services with Redwood City. In FY 2018-19, for example, a two-year contract provided some certainty around the availability of services during the transition to the City's new ERP system. Redwood City was also better able to plan for an uninterrupted provision of services.

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. Payroll and some Human Resource modules of the Human Capital Management modules were implemented in the summer of 2020, and Finance is now working through the analysis, training, and conversion processes necessary to implement the Munis© Utility Billing System later in 2021. (The financial system modules will need to be upgraded prior to going live on the Utility Billing System.) 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 continued IT challenges. Early in 2020, a majority of the City's office staff suddenly needed to be able to work remotely, relying immediately on VPN capabilities to access their network desktop. The number of additional VPN users necessitated the purchase and installation of a new VPN server, the repurposing of available laptops available in the City to the highest priority uses, and the purchase and deployment of additional laptop computers. In the current fiscal year, the IT team continued to support the City's remote workforce by providing a second VPN option for staff, as different options seemed to work better depending on the user's home network.

Burlingame's internet connection speed was upgraded in two phases: the cable modem was first upgraded, and a fiber internet connection has also been installed so that Burlingame is receiving the full speed promised by the broadband provider. The City's IP addresses are currently being moved to the new fiber connection. All mailboxes from Exchange 2013 were upgraded to Exchange 2019, offering better security and additional features for end users.

The City's cybersecurity strategies were challenged by a malware attack in February: having servers virtualized (divided into multiple servers that are unique, isolated, and operating independently) allowed quick action to stop the attack from progressing. Although the City's backup strategy was confirmed to be sound as the City was able to recover from the attack without significant data loss, the attempt did prompt a re-examination and refinement of firewall rules. The anti-virus software on all City servers, desktop, and laptop computers was upgraded from Symantec to Sophos, which is a more sophisticated, cloud-based product that has performed better against ransomware and prevented unauthorized removal. Sophos also self-updates when new versions are released, which removes a task that had previously been performed manually. This helps to assure that protected computers are up to date with the latest software.

Over 1,050 Helpdesk (HITS) tickets were attended to since July 1, 2020, as well as some larger projects outside the range of normal operations. The IT team assisted with software installations specific to several departments, including the implementation of an on-premise web server and Maptitude software for the districting effort, thus saving Burlingame ongoing web hosting fees.

Under the agreement for the most recent fiscal years, 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. After a 6 percent price increase in the contract for FY 2020-21 brought the full contract price to \$195.70 per service hour (for an estimated \$670,272.50 agreement for the current fiscal year), the per hour cost for the 2021-22 fiscal year has decreased approximately 2.9 percent, to \$190.10 per service hour. The rate is updated annually to reflect the budgeted personnel costs of Redwood City's IT operations.

FISCAL IMPACT

The annual cost of the IT service agreement for fiscal year 2021-22 based on the 3,425 hour estimate is \$651,093. Hours worked above the 3,425 estimate will be invoiced in July 2022. 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 (\$95.05 per hour) for IT services required during non-business hours. Funding for the contract is included in the City's 2021-22 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, 2021
- City of Redwood City – Information Technology Services General Terms and Conditions and Services Order