



Office of the City Manager

CONSENT CALENDAR  
July 26, 2022

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Michael Sinor, Director, Department of Information Technology  
Subject: Contract No. 047162-1 Amendment: ESI Group for the IBM Hardware and Software Lease

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend Contract No. 047162-1 with ESI Group for leasing, maintenance, and technical support for International Business Machines (IBM) hardware lease and software maintenance and support, increasing the current contract by \$140,000, for a total not to exceed \$2,294,769 from June 2, 2003 through June 30, 2023.

FISCAL IMPACTS OF RECOMMENDATION

Funding for the additional scope of work in the amount of \$140,000 will be provided by the Department of Information Technology's Cost Allocation Fund baseline budget in Fiscal Year 2023. Spending for this amendment in future fiscal years is subject to Council approval of the proposed citywide budget and Annual Appropriation Ordinances.

FY23 - Hardware Lease including IBM Software Maintenance and Support  
\$140,000 Budget Code: 680-35-363-384-6005-000-472-613130-  
(IT Cost Allocation, TechISF, Software Renewal)

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**\$140,000 FY 2023 Software Maintenance**

CURRENT SITUATION AND ITS EFFECTS

ESI Group provides lease servicing, hardware and software maintenance, technical support, disaster recovery, and consulting services for the IBM infrastructure that hosts the City's current FUND\$ system. This contract is critical to providing a high-availability infrastructure for all nineteen FUND\$ modules, including accounts receivable, cash receipts, payroll, accounting, billing, property tax, zero waste billing, and fleet management.

BACKGROUND

IBM infrastructure has been required to host FUND\$ since its initial implementation in 1989. In 2003, the City contracted with ESI Group for IBM infrastructure leasing, 24x7

telephone/web support, 4-hour maximum parts replacement, co-location for disaster recovery, and hardware/software maintenance.

In January 2013, the City issued a Request for Proposals (RFP), Specification # 13-10703-C, to explore additional options for this lease; ESI Group was the only certified IBM Partner to respond. Staff continue to renew the support contract with ESI Group to provide uninterrupted service while the City reassesses infrastructure needs as FUND\$ module replacements progress.

In 2018, the City replaced the general ledger and procurement modules, or “core financials”. In January 2021, the City also replaced payroll-entry and HR functionality in FUND\$. Throughout the next 5 years, the City will continue to replace additional FUND\$ modules including: budget, work orders, asset management modules, facilities management, zero waste billing, fleet management, property taxes, accounts receivables/general billing.

Staff recommends renewing the contract with ESI Group for one year to provide uninterrupted service while the City reassesses infrastructure needs as FUND\$ module replacements continue.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The IBM hardware and software platform are optimized for maximum energy efficiency. The recent upgrade to newer hardware provides energy efficient equipment and the online disaster recovery capability reduced the need for the tape backups thus resulting in carbon footprint savings and transfer of tapes to offsite facility.

#### RATIONALE FOR RECOMMENDATION

ESI Group has extensive experience in supporting the AS400 system. Additionally, ESI Group was the only IBM certified partner to respond to the City’s RFP # 13-10703-C. Providing uninterrupted support for the AS400 system is critical to the City’s core operations, and ESI Group has continued to provide excellent technical support and customer service throughout the term of their agreement.

#### ALTERNATIVE ACTIONS CONSIDERED

Staff considered the possibility of switching vendors and issued an RFP to examine the City’s options; however, ESI Group was the only certified IBM Business Partner to respond.

#### CONTACT PERSON

Michael Sinor, Director, Department of Information Technology, 510-981-6541

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO. 047162-1 AMENDMENT: ESI GROUP FOR IBM HARDWARE AND SOFTWARE LEASE

WHEREAS, the City of Berkeley relies upon software systems for critical business activities such as including, accounting, billing, fleet management, and permitting; and

WHEREAS, International Business Machines (IBM) hardware and software is required to host these systems; and

WHEREAS, ESI Group has extensive experience in supporting the AS400 system, and was the only IBM certified partner to respond to the City's RFP # 13-10703-C; and

WHEREAS, providing uninterrupted support for the AS400 system is critical to the City's core operations, and ESI Group has continued to provide excellent technical support and customer service throughout the term of their agreement; and

WHEREAS, funding is allocated in the Department of Information Technology's Fiscal Year 2023 Cost Allocation Fund.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to amend Contract No. 047162-1 with ESI Group for leasing, maintenance, and technical support for International Business Machines (IBM) hardware lease and software maintenance and support, increasing the current contract by \$140,000, for a total not to exceed \$2,294,769 from June 2, 2003 through June 30, 2023.

