

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-306

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

JUNE 3, 2002

SYNOPSIS -

Public Technologies, Inc. (PTI) has requested that Des Moines become the pilot jurisdiction for a "Seat Management" program that PTI wishes to make available to local governments throughout the U.S. The City would assist PTI in developing a program and methodology that would be useable by any local government.

SUBJECT:

REVISION TO
PURCHASING
ORDINANCE

The proposed revision to the City's Purchasing Ordinance will allow the Council to authorize the City to participate in this and other programs which are experimental in nature and which cannot be acquired through a competitive process.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

None.

SUBMITTED BY:

MICHAEL
ARMSTRONG
CHIEF
INFORMATION
OFFICER

RECOMMENDATION -

Approval.

BACKGROUND -

The City is an active member of PTI which is the research, development and commercialization arm of National League of Cities (NLC), International City/County Management Association (ICMA), and National Association of Counties (NACO). The City also maintains an active membership in NLC and ICMA.

PTI has requested that Des Moines serve as the pilot jurisdiction for a "Seat Management" program that will eventually be made available to local governments throughout the U.S. The City will work with PTI and its supplier, EER Systems, Inc., to develop a program, contract documents, and other methodology that can be used by any local government.

Seat Management is an innovative method for acquiring and managing desktop computer technology and software. Seat Management involves leasing computers and software and acquiring a number of support services from an external source. Payment is generally a monthly or annual flat rate for the use of the equipment, software and services. At the end of the contract period, the equipment can be replaced and the relationship continued, or the equipment and software acquired and the contractual relationship ended.

Seat Management has enjoyed some success at the Federal and State levels. Local governments have been slower to adopt this method of acquisition. PTI has asked Des Moines to serve as the pilot jurisdiction for a national program that will accelerate the adoption of this model by other local governments. Part of the program envisions anchor jurisdictions (such as Des Moines) making the contract available to other cities and counties in a region, thereby aggregating the requirements of a number of jurisdictions to the benefit of all.

Participation in this program will provide a number of benefits to the City:

1. We can begin a rational and affordable technology replacement program.
2. Our desktop technology acquisition costs become predictable.
3. We will be afforded some measure of protection from an uncertain marketplace.
4. We can improve the service IT provides to its users.
5. We can reduce the amount of IT staff time spent on low-value tasks associated with desktop system acquisition, maintenance and disposal. As the program progresses, we can reallocate staff resources to more productive and valuable support tasks.
6. We can help design a program that completely meets our needs.

PTI's service provider, EER Systems, Inc., will subcontract with a local firm to perform all physical tasks. This will result in more dollars returning to the local economy than would be the case if we continued to perform all support tasks in-house. IT staff will continue to provide first-call help desk services.

The Legal Department has advised that under the Purchasing Ordinance, the procurement of the goods and services to be provided under the Seat Management contract would have to be procured by competitive bid. An exemption from the provisions under the Purchasing Ordinance would be required to procure such a contract without competitive bidding.

However, while the goods and services to be purchased as part of this program could be purchased competitively individually, the program itself cannot be. A pilot program is, by its nature, largely undefined and is a way to develop a set of methods and practices that can be procured competitively in the future.

The program is being developed by a non-profit organization that is dedicated to assisting local governments. The City is a long-standing member of this organization and holds leadership positions in PTI and two of its parent organizations. Our assistance in this project would provide great value not only to PTI but to other local governments across the country. The City's participation as the pilot jurisdiction for this program would be consistent with the support it has provided for PTI, ICMA and NLC. It would allow us to design a system that fully meets the City's needs and would provide a number of advantages to us in supporting a complex environment.

While an exemption from the competitive requirements of the City's Purchasing Ordinance is necessary for this project to move forward, the Legal Department and the Purchasing Division of the Finance Department recommend that instead of enacting a specific exemption for the proposed Seat Management project, that the Purchasing Ordinance should be amended to explicitly recognize the authority of the City Council to grant such exemptions on a case by case basis upon the recommendation of the City Manager and for good cause shown.

The contract for this project is still under review by the Legal Department. It will be submitted for Council's consideration at the June 17, 2002 Council meeting.

I recommend that the proposed change to the City's Purchasing Ordinance be approved and that, pending legal review and Council approval of the project contract, Council approve the City's participation as the pilot jurisdiction for the PTI Seat Management program.
