

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

December 17, 2019

FROM

LARRY AINSWORTH, Interim Chief Information Officer, Information Services Department

SUBJECT

Contract with Presidio Networked Solutions Group, LLC for Cisco Systems, Inc. SMARTnet Maintenance and Support Services

RECOMMENDATION(S)

1. Approve **Contract No. 19-846** with Presidio Networked Solutions Group, LLC in the amount of \$7,888,212 for the period of January 1, 2020, through December 31, 2022, for the provision of maintenance and support services of currently deployed Cisco Systems, Inc. hardware, software, and licensing.
2. Authorize the Purchasing Department to issue a purchase order to Presidio Networked Solutions Group, LLC in an amount not to exceed \$1,250,000 for the Information Services Department to purchase maintenance and support services for new Cisco Systems, Inc. hardware, software, and licensing, coterminous with the contract.
3. Designate Presidio Networked Solutions Group, LLC as an exclusive vendor to provide maintenance and support services of Cisco Systems, Inc. hardware, software, and licensing for participating departments coterminous with the contract.
4. Authorize the Auditor-Controller/Treasurer/Tax Collector to post 2019-20 appropriation and revenue adjustments as detailed in the Financial Impact section (Four votes required).
5. Authorize participating Department and Agency heads to sign Letters of Authorization allowing Cisco Systems, Inc. to release the department lists of equipment, software, and licensing.

(Presenter: Robert K Pittman, Chief Information Security Officer, 388-5510)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

The three-year prepaid contract amount for maintenance and support services of deployed Cisco Systems, Inc (Cisco) hardware, software, and licensing, called "SMARTnet," is \$7,888,212. The Information Services Department (ISD) Telecommunication Services 2019-20 adopted budget included \$5,565,768 for SMARTnet based on the previous contract amount. A budget adjustment of \$2,322,444 is requested to increase ISD's appropriation, which is funded with the use of Available Unrestricted Net Position, as detailed below. The increased contract amount is due to growth in the enterprise wide area network and the increase in utilization of Cisco servers for business applications previously run on other servers from other manufacturers. Changes in departmental costs are a result of changes to their networks based on their business needs.

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Fund Center	Commitment Item/GL Account	Description	Action	Amount
1200804020	52002855	General Maintenance – Equipment	Increase	\$2,322,444
1200804020	40909995	Residual Equity Transfers In	Increase	\$2,322,444

ISD will prepay Presidio Networked Solutions Group, LLC (Presidio) to secure a multi-year discount of 30% from the Cisco list price.

Participating departments and agencies will reimburse ISD annually for their share of cost, based on each department's recently validated inventory of deployed Cisco hardware, software, and licenses. Departments are required to ensure there is adequate appropriation within their respective annual departmental budgets to reimburse ISD for the annual costs of the three-year contract. The table below shows the total three-year contract cost for each participating department:

Department/Agency	Annual Cost	3-Year Contract Cost*
Airports	\$455	\$1,364
Arrowhead Regional Medical Center	\$76,557	\$229,671
Auditor-Controller/Treasurer/Tax Collector	\$135,283	\$405,849
Behavioral Health	\$67,616	\$202,848
Board of Supervisors	\$3,891	\$11,672
Community Development and Housing	\$1,434	\$4,302
County Administrative Office	\$1,178	\$3,535
County Counsel	\$2,917	\$8,750
District Attorney	\$30,348	\$91,044
Fleet Management	\$1,218	\$3,654
Human Resources	\$59	\$178
Human Services	\$154,354	\$463,061
ICEMA	\$59	\$178
Land Use Services	\$269	\$808
Library	\$2,010	\$6,030
Probation	\$44,139	\$132,417
Real Estate Services-Project Management	\$717	\$2,151
Public Health	\$25,616	\$76,846
Public Works	\$1,333	\$3,999
Office of Emergency Services	\$1,168	\$3,505
Real Estate Services	\$455	\$1,364
Registrar of Voters	\$4,181	\$12,543
Sheriff/Coroner/Public Administrator	\$287,434	\$862,303
Workforce Development	\$59	\$178
Total to be reimbursed by Depts.	\$842,750	\$2,528,250
Information Services	\$1,786,654	\$5,359,962
Total Contract Amount	\$2,629,404	\$7,888,212

* Contract costs are based on hardware, software, and licensing lists recently validated by departments directly with Presidio; all amounts are rounded to the nearest dollar.

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A portion of ISD's annual share of SMARTnet maintenance and support costs to support the Wide Area Network (WAN) at the enterprise level is included in the proposed 2020-21 service rates and the additional costs will be included in subsequent annual service rate calculations.

Recommendation No. 2 requests the Board of Supervisors authorize the Purchasing Agent to issue a purchase order to Presidio in an amount not to exceed \$1,250,000 for future new SMARTnet maintenance and support services for ISD, as needed, during the contract term. Approval of this recommendation will not result in the use of Discretionary General Funding (Net County Cost) as costs have been included in ISD's 2019-20 adopted budget and proposed 2020-21 service rates, and will be included in future subsequent annual service rate calculations.

BACKGROUND INFORMATION

The County's network is comprised primarily of Cisco hardware such as data switches, routers, and servers; software; and software licenses for VoIP phones, titration, and firewall licenses. Under Cisco's SMARTnet program, Cisco provides technical support, equipment replacement, and software upgrades for the County's network data switches and routers. Cisco SMARTnet maintenance and support services enable the County's information technology systems to communicate via the WAN with limited interruption. Cisco will not provide technical support on any equipment unless it is covered by SMARTnet maintenance and support services.

Approval of Recommendation No. 1 will award a three-year contract to Presidio for SMARTnet maintenance and support services from January 1, 2020 through December 31, 2022 in the amount of \$7,888,212 for the full three-year contract amount, which is required to be prepaid to receive the 30% discount off of the list price. While it is not a standard practice for the County to prepay for services, it is recommended to lock in the 30% discount. Prepayment of this contract carries very minimal risk to the County as Cisco's reputation and solid financial standing, rated A-/A+ (short term/long term) by Standard & Poor's, make it highly unlikely that the company will default or cease to operate during the term of this agreement.

Presidio is a Cisco Authorized Reseller and, as such, is reselling SMARTnet maintenance and support services to the County. Technical support services provided under SMARTnet come directly from Cisco as provided in the contract. Presidio provides contract management services which includes the addition and removal of equipment from the County's SMARTnet-covered inventory and obtaining quotes for services from Cisco. SMARTnet maintenance and support services will continue to be provided by Cisco for the three-year term in the event that Presidio should cease to exist.

Approval of Recommendation No. 2 will authorize the issuance of a purchase order not to exceed \$1,250,000 to accommodate future SMARTnet service additions for new Cisco network equipment purchased by ISD, as needed, during the contract term. Other participating departments will be required to obtain separate purchase orders with Presidio for their SMARTnet purchases when adding new Cisco hardware, software, and licensing to their networks.

Since SMARTnet maintenance and support services are directly related to individual pieces of equipment, departments cannot purchase more SMARTnet service than needed. Also, Cisco will not sell SMARTnet maintenance and support services on outdated equipment as they only sell SMARTnet maintenance and support services for equipment they currently support. Approval of Recommendation No. 3 will designate Presidio as an exclusive vendor to provide SMARTnet maintenance and support services for participating departments and agencies for

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the contract term. This will ensure County departments who may require new Cisco hardware, software, or licenses over the contract term can easily access the 30% discount this contract provides.

Presidio requires letters of authorization to be signed by participating departments and agencies to authorize Cisco to release the departments' list of all Cisco equipment, software, and licenses to allow for proper management of the County SMARTnet systems. Approval of Recommendation No. 4 will authorize participating Department and Agency heads to sign Letters of Authorization allowing Cisco to release the department lists of equipment, software, and licensing to Presidio, as needed.

The County standard agreement was negotiated with Presidio to include the following non-standard terms:

Limitation of liability of Presidio to the County for proven direct damages will not exceed the greater of \$1,000,000 or the total net payment paid by County to Presidio. In addition, Presidio assumes no liability to the County for interoperability, interaction, access, or interconnection problems with applications, equipment, professional services, content or networks provided by the County or third parties, service interruptions, lost or altered messages or transmissions, unauthorized access to or theft, alteration, loss, or destruction of County's applications, content, data, programs, information, network or systems.

- The County standard contract does not include a limitation of liability.

The potential impact of this non-standard provision includes:

Presidio limits its liability to the County at the greater of \$1,000,000 or the total net payment paid by County to Presidio for all claims arising under the contract as well as disclaiming all liability for losses arising from specified conditions. Claims could exceed the liability cap and the contract amount leaving the County financially liable for the excess.

ISD recommends approval of the contract with Presidio, including the non-standard terms, as Presidio is an authorized Cisco reseller, which is the only way that Cisco provides maintenance and support services, and it is to the County's benefit to maintain the existing Cisco SMARTnet systems to ensure network stability and reduce system downtime in the event of hardware and software failures.

PROCUREMENT

On June 25, 2019, ISD released a request for proposal via the County electronic Procurement Network (ePRO). Five proposals were received from Cisco authorized resellers. The evaluation panel consisted of ISD technical experts. The proposals were evaluated based on percent discount off the Cisco list price, technical review, and vendor references. Presidio was selected based on their ability to manage the County's Cisco SMARTnet maintenance and support, references, and having the most favorable discount. No protests were received.

Vendor Name	Location	% Discount
Presidio Networked Solutions, Inc.	Irvine, CA	30.00%
PCM-G, Inc.	El Segundo, CA	29.04%
Dimension Data North America, Inc.	Temecula, CA	29.00%

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ConvergeOne, Inc.	Bloomington, MN	26.43%
SaiTech, Inc.	Fremont, CA	14.00%

REVIEW BY OTHERS

This item has been reviewed by Auditor-Controller/Treasurer/Tax Collector (Lisa Lazzar, General Accounting Manager, 382-3096) on December 9, 2019; County Counsel (Bonnie Uphold, Deputy County Counsel, 387-5545) on December 3, 2019; Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on December 3, 2019; Finance (Joon Cho, Administrative Analyst, 387-5402) on December 6, 2019; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on December 6, 2019.

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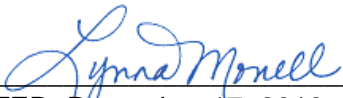
Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: December 17, 2019



cc: ISD- Danczyk w/agree
Contractor- C/O ISD w/agree
File- w/agree
la 12/20/2019