

**Board Report**

File #: 2022-0614, **File Type:** Contract**Agenda Number:** 17.

**EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 20, 2022****SUBJECT: ACQUISITION OF COMPUTER HARDWARE, SOFTWARE AND SERVICES****ACTION: APPROVE RECOMMENDATION TO INCREASE PURCHASE AUTHORITY
THROUGH THE NATIONAL ASSOCIATION OF STATE PROCUREMENT OFFICIALS
(NASPO) MASTER PRICE AGREEMENT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to continue to utilize the National Association of State Procurement Officials (NASPO) cooperative purchase program to purchase computer and network equipment, peripherals, and related software and services, at an increase of \$30,000,000 in total expenditure limit, increasing the total expenditure limit from \$30M to \$60M through January 2025. This request is not for a budget increase but is a request for an increase to the cooperative agreement expenditure limit.

ISSUE

In January 2020, the Board of Directors approved the acquisition of computer hardware, software, and services through the National Association of State Procurement Officials (NASPO) for a five-year period in an amount not to exceed \$30,000,000. This procurement method has been very successful. To date, 75 awards have been executed for a total of \$26,568,000. This equates to 89% of the spending authority in the first three years. To continue the ability to utilize NASPO, the Board will need to approve the increase of the total spending authority.

The need for Metro's technology infrastructure (Ex: computer & server processing equipment, network & data telecommunications equipment, electronic file storage systems, audio visual & security systems) is higher than initially planned. Projects driving the need for technological equipment and services include the Transit, Highway, and Regional Rail programs (e.g., Metro Center Project, Crenshaw/LAX Transit, Regional Connector). Also, due to the Covid-19 Pandemic, Metro has implemented a new Teleworking Policy. This has resulted in additional computer, server, storage, and cybersecurity service needs, accelerating Metro's technology expenditure plan faster than originally anticipated. Infrastructure technology and cybersecurity needs will continue to grow over the remaining two plus years of the agreement, which is why it's necessary to increase the purchasing expenditure authority for our NASPO purchase program.

BACKGROUND

The National Association of State Procurement Officials (NASPO, formerly WSCA) is a non-profit association dedicated to advancing public procurement through leadership, excellence, and integrity. It is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia, and the territories of the United States. By leveraging their national negotiation and buying power (over 12 billion dollars in sales annually), NASPO delivers the highest valued, reliable, and competitively sourced contracts offering public entities outstanding prices.

They work directly with the original equipment manufacturers (OEM) to negotiate the best competitive pricing. Working through the NASPO program provides the best overall value in terms of prices, terms, and conditions (including quality, delivery, return policy, insurance, performance, and warranty), exceeding those possible for any single state.

In addition to cooperative contracts and collective buying power, Metro will have other benefits. These include participating in NASPO training, education, professional development, research, innovative procurement strategies, conferences, procurement best practices, and collaboration with other members to succeed as public procurement leaders.

With their vast years of experience and no membership or administrative fees, NASPO has become the nation's premier public purchasing cooperative and the largest public purchasing cooperative in the country.

DISCUSSION

The use of NASPO has shown to be effective in streamlining computer product acquisitions by leveraging buying power to obtain lower pricing and lower administrative costs through shortened processing time. For example, by leveraging the competitive process that NASPO has already gone through, purchasing equipment through the NASPO Master Price Agreement can be accomplished in approximately 1-2 weeks compared to the 6-8 weeks or longer for the bid process. Through NASPO's competitive buying power, Metro has experienced savings of up to 30% through the purchase agreement.

Currently, \$26.5M (89% of the agreement spending authority) has been utilized within the first three years. To continue to utilize NASPO, staff is recommending increasing the spending authority and use this procurement method.

Metro has significantly increased its use of computers to streamline and automate many of its business processes and functions to increase efficiency and reduce cycle time. Due to the dependence on computer technology to support its business operations, a replenishment process has been established to optimize and maintain the effective operation of Metro's inventory of computers, servers, network equipment, and related software applications. Non-replacement of aging computer hardware and software systems will ultimately result in increased system unavailability affecting the ability of Metro to efficiently support its daily business operations, such as transit operations, vehicle maintenance, inventory management, human resources, and procurement. Items typically purchased under NASPO are Metro ITS standard equipment and licensing such as Dell computers, IBM servers, Cisco network devices and services, and Salesforce CRM systems.

DETERMINATION OF SAFETY IMPACT

Procurement is a critical component for all project delivery success. Technology supports all areas of communications, day to day business operations, and security. The ability to grow, enhance and maintain the state of good repair of our technology equipment and services are critical to ensuring the confidentiality, integrity and availability of Metro's information systems and data and safety to our patrons.

FINANCIAL IMPACT

There is no increased cost, however, we are requesting to increase the total expenditure limit from \$30M to \$60M through January 2025. Metro will continue to realize a decrease in costs as NASPO streamlines procurement and administration processes, saving Metro time and money. Metro is still required to have competitive bidding when there are multiple NASPO resellers that can provide the same product.

Impact to Budget

Funding for these services is included under the Information Technology and Services departmental budget through various preapproved operating and capital budgets sourcing from a combination of local, state, and federal funding sources.

EQUITY PLATFORM

Purchasing of technology infrastructure equipment and services is required through virtually every major Metro mission critical project. The services resulting from these purchases are not anticipated to impact the external customer community adversely (e.g., People of Color, Low Income, Disabilities, marginalized communities, minority, women, disadvantaged or disabled veterans. Technology services support Metro's diverse workforce by providing equipment and resources to streamline operations and work from different locations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports **Metro Vision 2028 Strategic Goal 5** - Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The alternative is to formally compete for individual procurements via bids or Requests for Proposals (RFPs). This process is more time consuming and expensive compared to the benefits of utilizing vendors already selected under a competitive contracting process conducted by the National Association of State Procurement Officials (NASPO).

NEXT STEPS

With Board approval, staff will move forward in the procurement of computers, servers, network equipment, and related software through the National Association of State Procurement Officials (NASPO).

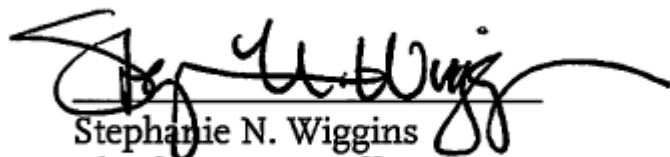
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Bill Balter, Deputy Executive Officer, ITS (213) 922-4511
Bryan Sastokas, Deputy Chief Information Technology Officer,
ITS (213) 922-5510
Carolina Coppolo, Senior Executive Officer, VCM (213) 922-4471
Debra Avila, Deputy Chief Officer, VCM (213) 418-3051

Reviewed by: Robert Bonner, Chief People Officer, (213) 922-3048


Stephanie N. Wiggins
Chief Executive Officer