



## Board Report

File #: 2024-0310, File Type: Contract

Agenda Number: 18.

### EXECUTIVE MANAGEMENT COMMITTEE JUNE 20, 2024

**SUBJECT: ACQUISITION OF COMPUTER HARDWARE, SOFTWARE AND SERVICES**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to utilize the National Association of State Procurement Officials (NASPO) cooperative purchase program's Master Price Agreement to purchase computer and network equipment, peripherals, and related software and services, for a five-year period for a total expenditure not-to-exceed \$90 million, subject to funding availability effective September 1, 2024. This request is not for a budget increase but is a request to utilize the NASPO cooperative agreement.

#### **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. In October 2022, the Board of Directors approved an increase in the expenditure limit authority from \$30M to \$60M.

This procurement method has been very successful. As of March 2024, 116 awards were executed for a total of \$39.1M, and several major technology procurements, estimated at \$16M, are in process and scheduled for award by August 2024. At that point, it is forecast that \$55M of the \$60M spending authority (91%) will have been utilized in the first 4.4 years (out of 5 years). To continue the ability to utilize NASPO, the spending authority needs to be renewed to meet the technology expenditure needs of the Agency.

The need for Metro's technology infrastructure, including computer & server processing equipment, network & data telecommunications equipment, electronic file storage systems, audio visual & security systems, cybersecurity and business application software/licenses and services, continues to grow.

Metro's construction programs have increased the Agency's size and technology infrastructure footprint, as well as Metro's operational and state of good repair programs, which maintain existing technology infrastructure. These factors drive the growing need for technological equipment and

services. Current active programs and projects that have major plans for technology infrastructure investments include Transit Rail (Purple and Gold Line Extensions), Transit Facility (Airport Connector), Highway and Regional Rail Programs, Metro Center Project, Agency Wi-Fi Project, Security Video Monitor Projects, and Cybersecurity improvement projects.

## **BACKGROUND**

The National Association of State Procurement Officials (NASPO) 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. NASPO ValuePoint is the contracting arm of "NASPO", a unified, nationally focused cooperative alliance aggregating the demand of all 50 states, the District of Columbia, and the US Territories. By leveraging their national negotiation and buying power (over \$12 billion 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 for 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 receives 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 achieve success as public procurement leaders.

With their vast years of experience and no membership or administrative application of 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 technology infrastructure, equipment, product, and service 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 versus the 6-8 weeks or longer for the Metro bid process. Through NASPO's competitive buying power, Metro has experienced savings of up to 30% through the agreement.

It is forecast that \$55M of the \$60M spending authority (91%) will have been utilized in the first 4.4 years (out of 5 years) by August 2024. To continue the ability to utilize NASPO, the funding authority needs to be renewed to meet the technology expenditure needs of the Agency. Based on the reduced administrative time savings, more timely purchasing cycle time, and competitive volume pricing achieved, staff is recommending continued use of this procurement vehicle to sustain these objectives.

Metro has significantly increased its use of technology 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, Motorola radios, Bosch security cameras, Salesforce CRM systems, and others.

### **DETERMINATION OF SAFETY IMPACT**

Procurement is a critical component for 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 is critical to ensuring the confidentiality, integrity, and availability of Metro's information systems, data, and safety to our patrons.

### **FINANCIAL IMPACT**

This request is not for a budget increase but is a request to utilize the NASPO cooperative agreement. However, Metro should realize a decrease in costs for utilizing this agreement. NASPO streamlines procurement and administration processes, saving Metro time and money. Metro still does competitive bidding when there are multiple NASPO resellers that are authorized to sell the same product.

### **Impact to Budget**

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

### **EQUITY PLATFORM**

Purchasing of technology infrastructure equipment and services are required through virtually every major Metro mission critical project. Technology services support Metro's diverse workforce by providing equipment and resources to streamline operations and work from different locations. ITS

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seeks approval to use NASPO Master Price Agreement for computer and software purchases for five years or \$90M total. This report does not seek approval for any specific purchase. Per NASPO, there are opportunities for small businesses to participate as a direct awarded supplier, or an authorized reseller, distributor, or partner of an awarded supplier.

### **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 individual procurements via bids or Requests for Proposals (RFPs). This process is more time consuming and expensive when 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**

Upon Board approval, staff will utilize NASPO, when appropriate, to purchase technology infrastructure equipment.

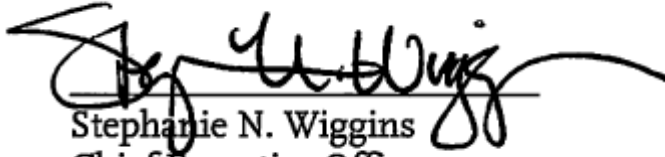
### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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