

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

February 21, 2012

Agenda Item: 5.6

Subject: Approval of Hardware Agreement Renewal—Chouinard & Myhre, Inc. for IBM Hardware and Operating System Maintenance, District

Background: The Chabot-Las Positas Community College District has been standardized for over ten (10) years on IBM Hardware and AIX Operating Systems to support our Banner Enterprise Systems utilized within the network infrastructure across all the district and college sites to provide enterprise applications for students, faculty, and staff. The IBM equipment has been upgraded and expanded over the past several years as an integral part of the Measure B facility renovations and new building construction. The existing IBM hardware was Bond funded and resides at the District Data Center which is within the new Information Technology (IT) Building at the Las Positas campus that was fully Bond funded.

Over two years ago, the IBM Hardware units and Maintenance Support services from various third party vendors were competitively bid to determine the least cost with the necessary features for our environment. In December 2009, Chouinard & Myhre, Inc. (CMI) was awarded the bid and provided the least costs and the most comprehensive services for those costs for all IBM equipment located at the new Chabot-Las Positas District Data Center on the Las Positas campus. As part of the IBM equipment purchases from Chouinard & Myhre, Inc. (CMI) under Measure B, service agreements were established for support and repairs for all the various components. Maintenance Support services for the various IBM servers, peripherals, and operating system software was initially set up through February 2012, which was a typical 2-year agreement offered to clients at that time. The IBM CMI service agreement provides 7x24 incidence response time for this critical equipment with phone support or on-site IBM support to resolve very complex technical issues. The maintenance agreement also provides hardware replacements for failed components and operating system software updates along with IBM technical assistance support.

As the District continues to find new alternatives for cost savings in light of the current State budget situation, all software and hardware maintenance contracts that are funded by the District were evaluated and vendors were contacted to determine what multi-year options were available. Hardware and software products that meet the Bond criteria are purchased with Measure B funds. Included with the initial hardware and software purchases is maintenance for a specified period which varies depending on the vendor. With the current economic situation, vendors are more open to extending longer term maintenance agreements to their customers, which lock in the maintenance costs at pricing that provides significant savings to the customer by avoiding the yearly increases which can vary year to year.

As part of the cumulative IT cost savings made as a result of the State budget reductions, CLPCCD negotiated a new multi-year IBM hardware agreement for four (4) years + 4 months for a total of fifty-two (52) months with the current Chouinard & Myhre, Inc. (CMI) vendor. The 4-year agreement which would have ended in February 2016 was modified to include 4 additional months to end the agreement in June 2016 at the end of the District's fiscal year to be consistent with other vendor hardware contracts. The new multi-year agreement from CMI for the IBM equipment provides guaranteed discounts at the current year pricing in comparison to the previous percentage cost increases from IBM for up to 6% increase per year for each subsequent year. Besides eliminating the annual percentage increase, additional discounts were given up front for a multi-year contract, resulting in an estimated total of 10% savings per year. Therefore, the new multi-year agreement provides substantial reduction in annual maintenance costs for the district over the 4-year+ period. The costs for a 52 month agreement to support all the current IBM equipment at the District Data Center totals \$247,168. This new hardware agreement covers the maintenance support services period through June 30, 2016 and averages \$57,039/year. The new agreement does allow for equipment replacements as they become necessary and the addition of new hardware at the same discounted rates over the agreement duration. In addition, if any item is removed from the maintenance contract during the agreement duration, the District will receive a refund of any unused portion of the agreement for that item at the time that the change was made.

Recommended Action: That the Board of Trustees approves the proposed agreement renewal with Chouinard & Myhre, Inc. for IBM hardware and operating system maintenance, District at a cost of \$247,168 for a period of 52 months. It is further recommended that the Board authorize the Vice Chancellor, Business Services, to execute the agreement on behalf of the District.

Funding: Measure B Bond Funds

Submitted: Lorenzo Legaspi/Date

Approved: Joel L. Kinnamon/Date

_____ APPROVED

_____ DISAPPROVED

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