TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: JUNE 24, 2002 CMR: 276:02

SUBJECT: AGREEMENTS BETWEEN THE CITY OF PALO ALTO AND THE CITIES OF EAST PALO ALTO, LOS ALTOS, AND LOS ALTOS HILLS FOR INFORMATION TECHNOLOGY SERVICES

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the Mayor to execute the attached agreements to provide information technology (IT) services to the cities of East Palo Alto, Los Altos, and the town of Los Altos Hills.

2. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the agreements with the cities of East Palo Alto, Los Altos, and the town of Los Altos Hills.

3. Authorize the City Manager or his designee to extend the agreements for up to two additional years.

BACKGROUND
In July 2001, the Information Technology Division of the Administrative Services Department started the Information Technology Service Provider (ITSP) program. The program was created to establish partnerships with local governments for the provision of information technology services.

In June 2001 (CMR:287:01), Council approved contracts between the City of Palo Alto and the cities of East Palo Alto and Los Altos for IT services, which included on-site support, IT strategic planning, and web design and maintenance. The term for each contract ends on July 1, 2002. Due to the success of these contracts, each city is interested in continuing to receive IT services from the City of Palo Alto ITSP program.

At the start of the ITSP program, staff expected that additional cities would be interested in IT services. In February 2002, staff began discussions with the town of Los Altos
Hills for the provision of IT services after they expressed interest in receiving the services.

**DISCUSSION**
Staff recommends entering into agreements to provide IT services to the cities of East Palo Alto, Los Altos, and the town of Los Altos Hills. The proposed agreements with the City of East Palo Alto and the City of Los Altos are for a three-year term with the option to renew each year. The proposed agreement with the town of Los Altos Hills is for a one-year term with the option to renew after one year.

The agreement with the City of East Palo Alto provides IT consulting services and web services, to be billed on an hourly basis. IT help desk and on-site support services are provided to the City of East Palo Alto at an annual charge of $113,000.

The agreement with the City of Los Altos provides IT help desk and on-site support services at an annual cost of $137,000. In addition, the contract provides for maintenance of the City of Los Altos website to be billed on an hourly basis.

Los Altos Hills will receive IT help desk, on-site, and IT strategic planning services in the annual amount of $26,500. These contracts are considerably smaller in scope since the organizations have fewer staff and less IT needs. Therefore, the billable cost for these contracts is lower than other ITSP contracts. Both contracts allow for time to be charged on an hourly basis should additional resources be required for special projects.

**RESOURCE IMPACT**
Funds and staffing for these agreements are available in the City of Palo Alto 2002-03 External Services Proposed Budget. The projected cost to support the agreements will be fully offset by the revenues received from the contract cities.

**POLICY IMPLICATIONS**
Approval of the agreements is consistent with existing City policies.

**ENVIRONMENTAL REVIEW**
This is not a project under the California Environmental Quality Act.

**ATTACHMENTS**
Attachment A: Agreement for Information Technology Services between the City of Palo Alto and the City of East Palo Alto

Attachment B: Agreement for Information Technology Services between the City of Palo Alto and the City of Los Altos

Attachment C: Agreement for Information Technology Services between the City of Palo Alto and the town of Los Altos Hills