



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: October 26, 2020

Approved

Date

11/6/20

**SUBJECT: ENTERPRISE AGREEMENT AND MASTER LICENSE AGREEMENT
FOR GEOGRAPHIC INFORMATION SYSTEM SOFTWARE**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

- (a) Execute Purchase Orders with Environmental Systems Research Institute, Inc. (Esri) (Redlands, CA) pursuant to Enterprise and Master License agreements for the purchase of ArcGIS Geographic Information System (GIS) software licenses, including related maintenance and support services, for an initial three-year term beginning December 31, 2020 through December 30, 2023 with a maximum compensation not to exceed \$1,500,000 for the initial three-year term, subject to the appropriation of funds.
- (b) Negotiate and execute amendments to the Enterprise and Master License agreements for any unanticipated changes and to extend the agreements for up to two (2) additional three-year terms through December 30, 2029, subject to the annual appropriation of funds.
- (c) Execute Purchase Orders pursuant to amended Enterprise and Master License agreements through December 30, 2029, subject to the appropriation of funds.

OUTCOME

Provide continued software, maintenance, and support for the City's standardized Enterprise GIS platform, which supplies authoritative geospatial data (mapping), applications, and analytical tools for City departments to support daily business operations and mission-critical emergency operations.

BACKGROUND

The City of San José operates a technically sophisticated, state-of-the-art Enterprise GIS that provides planning-related data such as land use, demographic, construction, and economic information to City staff, other agencies, and the general public to facilitate informed decision-making. The GIS provides spatial data used for mapping, analytical processes, and location services that are integrated into multiple City business systems such as the Master Address Database, asset management systems, modeling applications to assess sanitary sewer conditions and storm water drainage, the Integrated Permitting System (IPS), the Data Transparency Portal which supports the City's Open Data program¹, the Department of Housing's reduced-rent programs, 911 dispatch, and the Emergency Operations Center (EOC).

Over the past five years, citywide mapping data has been consolidated to a centralized Esri repository managed by the Department of Public Works, providing the foundation for applications and analytics to support citywide business needs. While the City has made a significant investment in the Esri software and currently has about 200 Esri licenses, there are some business areas unable to leverage the software because they lack the licenses to support their operational requirements. Through the agreements in this recommendation, most licensing will be unlimited, and for those software modules that are not unlimited, the agreements will provide a mechanism and set pricing for departments to add licenses as required. This will enable the City to meet the following core business demands:

- Continue to build, maintain, and enhance the Enterprise GIS data repository as the central source of truth for citywide spatial data
- Support the City's innovative programs, including Smart Cities, Small Cell, and Beautify San José
- Manage 2,400 miles of repaving over the next few years
- Integrate real-time mapping with other applications, including Public Safety Power Shutoff (PSPS) and emergency events
- Provide permit staff with one-stop access to spatial information for issuing permits to the public
- Enhance regional partnerships for cross-jurisdictional data and maps, including support for NextGen 911 initiatives and emergency management functions (e.g., COVID-19, wildfires, damage assessment, shelter and mass care, evacuation planning)

ANALYSIS

In October 2019, the Department of Public Works requested a Brand Name/Sole Source determination for Esri. The Chief Procurement Officer reviewed and determined there was sufficient justification in accordance with San José Municipal Code Section 4.12.240, subsections B.2 (interoperability with existing systems), B.3 (sole source – only available from

¹ City of San José GIS Open Data Portal: <https://gisdata-csj.opendata.arcgis.com/>

Esri), and B.5 (significant cost savings for the City) to establish a Brand Name/Sole Source determination for Esri products.

Currently departments procure GIS licenses as needed on a case-by-case basis. Therefore, the City is not taking advantage of its volume purchasing power. Entering into a citywide Enterprise Agreement with Esri will provide City staff with structured and straightforward access to licenses during the three-year initial term to support the growing GIS program, while also streamlining license management, administration, and maintenance. Additionally, it will decrease administrative overhead and reduce licensing costs through consolidated purchasing under one contract vehicle. Staff estimate the City will be saving over \$550,000 in licensing, maintenance, and support fees over the three-year initial term by purchasing through the Enterprise Agreement rather than through its current practice. The projected savings resulting from the proposed Enterprise Agreement (EA) are summarized below:

| | Year 1 | Year 2 | Year 3 | TOTAL |
|---|------------------|------------------|------------------|------------------|
| Cost of Licenses with EA | \$265,000 | \$286,000 | \$381,000 | \$932,000 |
| Estimated Value of Licenses Without EA* | 465,000 | 475,000 | 550,000 | 1,490,000 |
| ESTIMATED COST SAVINGS WITH EA | \$200,000 | \$189,000 | \$169,000 | \$558,000 |

*Includes current licensing plus additional licenses included in the Enterprise Agreement. Additional non-capped licenses could result in greater discounts.

In addition to the cost savings on additional licenses, the City will achieve business unit efficiencies. Time spent on excessive license management administration across multiple departments will be available for higher value tasks. The City will also be able to deploy software to address needs more quickly, and the Enterprise Agreement relationship with Esri will better position the City to influence future Esri product development.

Summary of Proposed Agreements: The agreements provide for the purchase of volume-based software licenses and related software maintenance and support for three (3) years and are subject to renewal, with renewal costs tied to the City's actual deployment and usage over the three-year initial term. Any requests for compensation increases must be justified by the vendor and are subject to approval by the City and the annual appropriations of funds. The maximum compensation for these agreements for the initial three-year term is unencumbered. Staff will also issue annual citywide purchase orders specifying applicable pricing to allow staff an easy mechanism for acquiring new licenses as needed.

CONCLUSION

Approval of this recommendation will provide the City significant cost savings and allow departments citywide to expand use of this mapping technology to support daily business operations and mission-critical emergency operations.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the City of San José Council meeting to be held on November 17, 2020.

COORDINATION

This memorandum has been coordinated with the Department of Public Works, the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City Council-approved budget strategy to effectively manage the City's technological resources to enable and enhance the delivery of City Services and projects.

COST SUMMARY/IMPLICATIONS

The following outlines the elements of the contract:

| | |
|---|--------------------|
| 1. AMOUNT OF RECOMMENDATION (3-year initial term): | \$932,000 |
| 2. COST ELEMENTS: | |
| – Year 1 (not-to-exceed amount) | 265,000 |
| – Year 2 (not-to-exceed amount) | 286,000 |
| – Year 3 (not-to-exceed amount) | 381,000 |
| CONTRACT NOT-TO-EXCEED TOTAL (3-year term) | \$932,000 |
| Supplemental Funds (additional licenses, maintenance, and support) | 568,000 |
| MAXIMUM COMPENSATION - 3-YEAR NOT-TO-EXCEED TOTAL | \$1,500,000 |
| 3. SOURCE OF FUNDING: 001 – General Fund, 237 - Building Development Fee Program Fund, 390 – Construction Tax and Property Conveyance Tax Fund Parks Purposes Central Fund, 392 - Construction Tax and Property Conveyance Tax Fund Fire Protection Purposes, 513 - San José-Santa Clara Treatment Plant Operating Fund, and 523 - Airport Maintenance and Operation Fund. | |
| 4. FISCAL IMPACT: After the initial three-year term, the City will retain ownership of perpetual software licenses acquired under the agreements. Ongoing software maintenance and term licenses will be paid annually in the absence of an Enterprise Agreement, similar to the current arrangement. | |

BUDGET REFERENCE

The table below identifies the funds and appropriations to fund the Year 1 contract costs recommended as part of this memorandum. The costs for Years 2 and 3 will be appropriated through the annual budget process.

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October 26, 2020

Subject: Enterprise and License Agreements for Esri GIS Software

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| Fund # | Appn. # | Appn. Name | Total Appn. | Amt. for Contract* | 2020-2021 Proposed Operating Budget Page** | Last Budget Action (Date, Ord. No.) |
|--------|---------|----------------------------------|--------------|--------------------|--|-------------------------------------|
| 001 | 0572 | PW Non-Personal/Equipment | \$14,382,390 | \$126,050 | VII-281 | 06/23/2020 30437 |
| 001 | 0572 | PW Non-Personal/Equipment | \$14,382,390 | \$55,000 | VII-281 | 06/23/2020 30437 |
| 523 | 0802 | Airport – Non-Personal/Equipment | \$48,519,899 | \$13,100 | VII-5 | 06/23/2020 30437 |
| 001 | 0502 | PD – Non-Personal/Equipment | \$31,522,331 | \$13,200 | VII-262 | 06/23/2020 30437 |
| 513 | 0762 | ESD - PW Non-Personal/Equipment | \$34,680,552 | \$17,000 | VII-95 | 06/23/2020 30437 |
| 001 | 0512 | DOT – Non-Personal/Equipment | \$17,468,185 | \$17,250 | VII-310 | 06/23/2020 30437 |
| 390 | 4390 | PRNS – IMS | \$251,000 | \$8,300 | VII-219 | 06/23/2020 30437 |
| 237 | 211T | PBCE – Shared Resources | \$676,666 | \$11,100 | VII-244 | 06/23/2020 30437 |
| 392 | 5855 | FIRE – Data System Maintenance | \$32,000 | \$4,000 | VII-132 | 06/23/2020 30437 |

* The *Amt. for Contract* reflects currently budgeted funds for the first year of the initial term. Additional licenses and services will be paid by individual departments based on available funds. Funding for outyears are subject to the annual budgeting process.

** The FY 2020-2021 Adopted Operating Budget was approved on June 16, 2020 and adopted on June 23, 2020 by City Council but is not yet published.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
JULIA H. COOPER
Director of Finance

For agreement-related questions, please contact Jennifer Cheng, Deputy Director of Finance, at jennifer.cheng@sanjoseca.gov. For program-related questions, please contact Matt Loesch, Assistant Director of Public Works, at matt.loesch@sanjoseca.gov.