Santa Clara Valley Water District

BOARD AGENDA MEMORANDUM

SUBJECT:
Sole Source Purchase of Geographic Information Systems Enterprise Agreement and Managed Cloud Services Agreement from Environmental Systems Research Institute for up to $995,000.

RECOMMENDATION:
   A. Affirm that Environmental Systems Research Institute is the sole source supplier of geographic information systems software;
   B. Approve the sole source purchase of Enterprise Agreement and Managed Cloud Services from Environmental Systems Research Institute for up to $995,000;
   C. Authorize the Board Chair or his designee to execute the Enterprise Agreement with Environmental Systems Research Institute; and
   D. Authorize the Board Chair or his designee to execute the Managed Cloud Services Proposal.

SUMMARY:
The District began using Environmental Systems Research Institute (Esri) software as its standard Geographic Information Systems (GIS) platform in the mid-1990s. Over the years, use of GIS at the District has expanded to the point that it is "critically important to effectively managing both utility and watershed assets" (Information Systems Master Plan, 2012). For instance, GIS is a key part of the District's Clean Safe Water assessment. GIS is used to help answer questions from the public, such as "is my house in a flood zone?" or "which district do I live in and which director is my representative?" GIS also plays a vital role in managing District assets such as parcels and wells, and is integrated with the District's work and asset management system (Maximo).

The District now has over 325 desktop client GIS installations, approximately 25 staff using mobile GIS applications, and countless staff accessing web and other available GIS tools. In FY2018 alone, 54 staff have completed GIS training classes and another 25 have signed up for future training. In addition, the District's web site has 10 applications that utilize Esri technology to provide information to the public. The number of licenses in the District's current agreement with Esri is no longer adequate to support existing applications.

The District worked with Esri to determine the most efficient and cost-effective way to upgrade, which is to enter an Enterprise Agreement (EA). The EA expands (and, in many instances, uncaps) the

number of licenses that the District already has access to under our current license and maintenance agreement. The EA also includes a subscription to the Esri Enterprise Advantage Program (EEAP), which offers extended support. The benefits of the EA are a lower cost per unit for licensed software, flexibility to deploy software when and where needed, and the support and training necessary to complete an upgrade of the enterprise GIS that will meet the District's needs.

In addition to the Enterprise Agreement, the District is looking to host our GIS environment in the cloud through Esri Managed Cloud Services (EMCS). With cloud hosting, our GIS environment will be fully managed by the vendor and protected from interruptions that may result from a local disaster that impacts the District campus. IT is currently working on a disaster recovery (DR) project in support of EL 6.3 (Prepare the organization to respond and recover from an emergency or disaster) and AD 16.3 (District will develop and maintain a Continuity of Operations Program to minimize disruptions). Hosting our GIS environment in the cloud enables us to recover our GIS faster during emergency.

Sole Source Justification

A sole source supplier is necessary because District has been using Esri products for approximately twenty years. All District GIS datasets are in formats accessible by Esri applications and most District GIS datasets are in proprietary Esri formats. District staff have been trained to use Esri applications. Most District consultants/contractors, as well as other agencies that the District interacts with, are standardized on Esri products and data. The impact of not choosing Esri as a sole source vendor for our GIS Enterprise Agreement would be significant and require changes which potentially include:

- Conversion of District GIS datasets to a new format.
- Development of new District GIS-based applications to replace existing applications such as Water Service Area, Data Viewer, and SCVWD Flood Watch.
- Training of hundreds of staff on use and management of new GIS data and software.
- Conversion of existing GIS integrations with systems such as Access Valley Water, ALERT, and Maximo.
- Modifications of existing District contracts that require GIS products in Esri-compatible formats.

As Esri is the owner and manufacturer, and "sole source provider of software maintenance (technical support plus Esri software updates/upgrades) for Esri products in the United States" and "of all U.S. domestic Enterprise Agreements", it does not make sense to bid out the service or undertake a broad outreach effort. Please see attached letters from Esri which confirm its sole source status.

The Board Executive Limitation 5.3 states:

> A BAO shall "Not make a single purchase, contract, or any other financial commitment without a competitive procurement process, unless authorized by the Board or one of the following exemptions is applicable"

There are no applicable policy exemptions other than Executive Limitation 5.3.12 which allows the BAO to procure equipment less than or equal to $50,000. The proposal to purchase an Enterprise Agreement and Managed Cloud Services from Esri is anticipated to cost up to $995,000 over a three-year period (FY2018 to FY2020), and requires Board approval. Long-term maintenance of the District's GIS is critically important to effectively managing both utility and watershed assets. Therefore, staff is requesting the Board, based on the information provided, to affirm Esri as a sole source supplier and service provider for the future purchase of GIS software and support by the District.

FINANCIAL IMPACT:
We propose to enter into a three-year agreement with Esri before May 31, totaling $968,800, to lock in rate, which is expected to increase. The three-year total includes both the Enterprise Agreement ($775,000) and Managed Cloud Services ($64,600 per year for three years: $193,800 total). Funds for these agreements are allotted in the Board's approved FY2018 budget for the Software Upgrades & Enhancements Capital Project, totaling $995,000 from FY2018 to FY2020. The Long-Term Forecast includes costs of maintenance of the agreements from FY2021 to FY 2028.

CEQA:
The recommended project does not constitute a project because it does not have the potential for resulting in direct or reasonably foreseeable indirect physical change to the environment.

ATTACHMENTS:
Attachment 1: Sole Source Letter Enterprise Agreement
Attachment 2: Sole Source Letter GIS Software
Attachment 3: Esri Enterprise Agreement No. 323277
Attachment 4: Esri Managed Cloud Services Proposal
Attachment 5: Memo to CIP Committee regarding Sole Source

UNCLASSIFIED MANAGER:
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