

Office of the County Auditor
Auditor’s Analysis

Council Bill No. 53-2021

Introduced: July 6, 2021

Auditor: Owen Clark

Fiscal Impact:

Per the Director of the Department of Technology and Communication Services (the Director), the fiscal impact of this legislation is an estimated savings of \$419,601 over the next three fiscal years. This is based on what the Director estimates would be spent over the same period for these services without entering the multi-year agreement.

Our Office reviewed the vendor quotation in Exhibit B of the legislation to confirm that the anticipated costs of the proposed agreement are accurately reflected in page 1 of the legislation as well as the Administration’s testimony. However, we did not obtain documentation allowing us to confirm the calculation of the anticipated annual costs without an agreement.

Per responses from the Director and Deputy Director, the basis for the annual costs without an agreement are the County’s historical cost increases (which are typically 5 to 7 percent annually for similar support services) and historical information on technology growth in the County.

The County paid \$635,347 in Fiscal Year 2021 for the services to be provided in the proposed agreement. See the below table for a comparison of the projected costs with and without the proposed multi-year agreement:

Fiscal Year	Cost w/ agmt	Annual Incr. w/agmt	Cost w/out agmt	Annual Incr. w/out agmt	Savings
2022	658,259	3.6%	740,956	16.6%	82,697
2023	658,259	0.0%	796,726	7.5%	138,468
2024	658,259	0.0%	856,695	7.5%	198,436
Total	\$1,974,777		\$2,394,377		\$ 419,601

The Director has indicated this contract will be paid out of the Technology and Communication Internal Service Fund and its costs will be factored into the Departmental chargebacks starting in FY 2023.

Purpose:

The purpose of this legislation is to approve a 3-year agreement between the County and ePlus Technology (ePlus) for manufacturer hardware and software support for the County’s Cisco devices.

Other Comments:

The Department of Technology and Communication Services (DTCS) has indicated the proposed service agreement, which will be executed by issuing a purchase order, is for a fixed price and does not include any renewal or extension options. Also, the vendor has committed to honoring the service and cost terms of the quotation included in Exhibit B of the legislation that expired on June 28, 2021.

Regarding the County's current contract with ePlus, whose terms are being used to enter into this new purchase order with ePlus, DTCS has realized the County's current contract (noted in Exhibit A of the legislation) expires on December 31, 2021, with no renewals. This is an issue because the County cannot enter into a multi-year purchase order which exceeds the length of the related contract.

To remedy the issue noted above, the County is currently working on creating a new contract with ePlus that "piggybacks" off a contract ePlus has with the State of Maryland. This contract would be effective until November 14, 2027, and is anticipated to have a ceiling value of \$12.8 million.

However, there is a possibility the execution of the above-noted pending contract will not be completed by this legislation's voting date of July 28, 2021. If this occurs, the County will use its current ePlus contract for year one of the proposed purchase order and transition to using the State's contract for the remaining two years. The Administrator of the Office of Purchasing informed us that this is permissible as long as year one's services are purchased prior to December 31, 2021, while the existing contract is valid.

See below for an expanded summary of each line item on page two of the vendor quotation in Exhibit B, which was provided to our Office by the Director:

Line Item	Line Item Summary	Price
1	24x7 support for critical networking infrastructure components. Hardware support for these components is necessary to reduce the risk of wide spread network outages.	\$ 607,357.85
2	8x5 maintenance is business day hardware support for networking components that are deemed not as critical as Line 1 components. Maintenance on these components can be performed during business hours.	655,119.20
3	Software-only support is for software updates for networking components that can be replaced by newer hardware in case of a hardware failure. Software updates are necessary for bug fixes and patching critical security vulnerabilities	375,603.72
4	Covers hardware and software support for Cisco servers. (Servers are not considered networking components.)	30,192.26
5	Covers the hardware purchased since the renewal from October 2020. The October 2020 renewal does not cover the equipment that was purchased after the renewal.	306,503.46
		\$ 1,974,776.49