CITY OF APPLETON

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To: Finance Committee, HR/IT Committee, and Common Council

From: Corey Popp, Information Technology Director

Date: April 24, 2023

Re: Recommendation to Award Network Managed Services to Heartland Business Systems

Background

On March 16, 2022, the Appleton Common Council approved $60,000 (22-0297) to have Heartland Business Systems perform an IT network assessment for the City's I.T. Department. As a result of the assessments, the 2023 I.T. budget, adopted by the Council on November 9, 2022, included $75,000 to place the City's network and data center under managed service agreements.

RFP Process

I published two RFPs, one for Network Managed Services and a second for Data-Center Managed Services, on December 1, 2022. The City received three proposals by February 13, 2023. All three proposals greatly exceeded the budgeted dollars for the managed services.

After consideration of how to proceed, I offered all three suppliers an opportunity to resubmit bids, this time splitting one-time remediation costs from ongoing annual maintenance costs in the hopes of reducing the recurring expense. One supplier respectfully declined my offer to resubmit, while the other two suppliers resubmitted bids. Both bids still exceeded the City's budget, but this time by a manageable amount.

Panel Review

The I.T. Department proceeded with a three-member panel review of the proposals based upon pre-established criteria covering Project Specifications and Requirements, Qualifications and Experience, Terms and Conditions, Appleton/Fox Valley Business Advantage, and Price Proposal. Proposals were scored and ranked according to total score as follows (300 pts. possible):

	Data Center Managed Service	Network Managed Service
Heartland Business Systems (HBS)	263 points	284 points
Spectrum Enterprises	Not submitted	216 points

The costs of the proposals are:

	Remediation (1x)	Annual Recurring
HBS (Network and Data Center)	$126,200	$94,467
Spectrum (Network only)	Not submitted	$142,008

Recommendation

Following the proposal evaluations, the panel arrived at the decision to award a portion of the RFPs to Heartland Business Systems, subject to final contract negotiations and Common Council approval.

The panel's specific recommendations are as follows:

1. Proceed with the one-time data center and network remediations for $126,200
2. Proceed with the annual Network Managed Service agreement for $41,267
3. Decline the annual Data Center Managed Service agreement for $53,200
   a. With the February 2023 conversion of the City's ERP system to Software as a Service (SaaS), and with consideration of another 13 SaaS conversions either currently in transition, under review, or in the I.T. project pipeline, the panel determined that Data Center management can remain in house, while supplementing it with separately budgeted consulting dollars as needed.

Financing

With a 2023 annual budget of $75,000 for managed services, the IT department will be left with a $33,733 budget surplus by approving only the Network Managed Service, while declining the Data-Center Managed Service.

The one-time remediation cost of $126,200 will be covered by $90,000 already held in the 2020 Excess General Fund Balance specifically for network remediation, plus an additional $36,200 from the remaining $399,474 being held in the 2021 Excess General Fund Balance for I.T.

Director Ohman has reviewed the financing portion of this memo for accuracy of the fund balances and their allocations.

If you have any questions regarding this recommendation, please contact Corey Popp at corey.popp@appleton.org or 832-5892. Thank you for your consideration.