





MEMORANDUM

To: Mayor and City Council 
From: James Scarboro, Purchasing Officer
Chris Stewart, Interim Chief Information Officer 
Date: September 4, 2020
Subject: Annual Aggregate Authorization to make IT purchases through the State,
Department of Information Resources, Cooperative Contracts

On September 17, 2020, the City Council will consider a Recommendation for Council Action (RCA) for the annual aggregate authorization of information technology (IT) purchases through the State of Texas Department of Information Resources (DIR) Cooperative Program. This memorandum provides background information about this item.

Overview of DIR Cooperative Contracts

The DIR establishes cooperative contracts for the purchase of IT software, hardware, and services. The DIR Information and Communications Technology Cooperative Contracts save taxpayer dollars by leveraging the state's volume-buying power to drive down costs on hundreds of technology contracts through a streamlined cooperative purchasing program. The DIR uses a competitive process to compete and award contracts for IT products and services that are available to multiple government agencies. The City purchases many technology items and services each year using DIR cooperative contracts.

Benefits to the City

Each year City Council is presented with an annual aggregate RCA that includes the majority of the planned DIR purchases for all City departments in the upcoming Fiscal Year. By consolidating these like authorizations into a single annual aggregate authorization for all DIR contracts, staff has been able to reduce the number of possible IT RCAs by approximately a 100 per year.

The DIR cooperative program provides the City access to a multitude of established, competitively sourced and negotiated cooperative contracts with numerous IT vendors. Using these cooperative contracts saves time and offers better terms and pricing than the City could obtain on its own. City departments can identify a product through DIR that can provide needed goods or services. This allows the City to shorten the procurement process by utilizing the formal competitive bidding process conducted by DIR to meet the state bidding requirements and only doing a smaller

shortened version between vendors on the cooperative to ensure the City is receiving the best value.

The DIR cooperative contracts also allow the City to take factors other than just cost into consideration, including M/WBE certification and local presence. Also, DIR contractors represent a wide variety of national/international, state/local, and small/minority/women/veteran-owned vendors. Using these cooperative contracts also allows the City to address other priorities such as sustainability and environmentally preferable products. Purchasing through DIR is useful to address urgent technology needs.

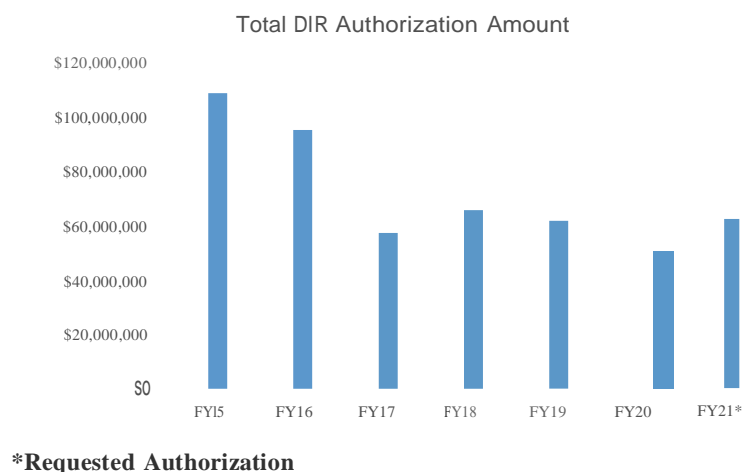
FY20 DIR Usage

As of July 15, 2020, accounting for approximately 80% of the Fiscal Year (FY), the City has spent almost \$41.6 million of the \$55,900,000 approved in the FY20 authorization. With roughly 20% of the FY remaining, spending under the FY20 annual aggregate DIR authorization should be relatively close to but not exceed the FY20 authorization amount.

Also, of the \$41.6 million in spent so far under the current year's DIR annual authorization (FY20), the City has spent nearly \$5.2 million (12%) with City of Austin Minority and Women-Owned Business Enterprises (M/WBE) and over \$12.3 million (30%) with State of Texas Historically Underutilized Businesses (HUB). All total to date, the City has spent almost \$17.5 million (42%) with M/WBE and State HUB contractors under the FY20 DIR annual authorization.

FY21 DIR Request

Since FY16, the staff has taken most of the longest-term DIR contracts used by the City out of the annual aggregate authorization and taken these more significant items to Council to be authorized individually. As a result, the annual aggregate DIR authorization had consistently decreased over the last five years. For FY21, the requested annual aggregate authorization is \$62,000,000, representing an 11% increase over FY20. According to the using departments, much of the increase is associated with supporting the City's response to the ongoing Coronavirus Pandemic. Regardless of the amount authorized for use in the FY21 annual authorization, departments' actual spending on the DIR contracts is limited to the funds appropriated in their FY21 budgets.



If you have questions regarding the DIR cooperative program or their contracts, feel free to contact me. (james.scarboro@austintexas.gov or 512-974-2050). For questions related to items or services the City departments purchase through DIR contracts, please contact Interim Chief Information Officer, Chris Stewart (Chris.Stewart@austintexas.gov or 512-974-1833).

cc: Spencer Cronk, City Manager
Nuria Rivera-Vandermyde, Deputy City Manager
Mark Dombroski, Interim Chief Financial Officer
Greg Canally, Deputy Chief Financial Officer