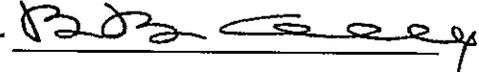


**CITY OF PALMER ACTION MEMORANDUM No. 08-053**

**SUBJECT:** Authorize the City Manager to Award and Execute a contract for Information Technology Services to TekMate Inc.

**AGENDA OF:** July 15, 2008

**Council action:** Authorized

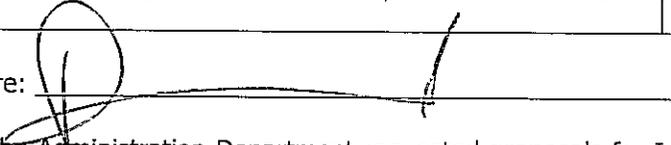
**Approved for presentation by B.B. Allen, City Manager** 

Route To:	Department/Individual:	Initials:	Remarks:
X	Originator – Director of Administration		
X	City Clerk		
X	City Attorney		
X	Director of Administration		
	Director of Community Development		
	Director of Community Services		
	Director of Public Safety		
	Director of Public Works		

**Attachment(s):** Updated spreadsheet with proposed cost of employee vs. contract

**Fiscal note:**

	No fiscal impact.	
X	Funds are budgeted from this account number:	Various insurance accounts
X	Funds are not budgeted. Budget modification is required. Affected account number:	Various insurance accounts

Finance Director Signature: 

**Summary statement:** The Administration Department requested proposals for Information Technology Support Services per AM No. 08-039. The City received five proposals by the closing date of June 23, 2008. A panel consisting of Director of Administration, Director of Community Service, Deputy Director of Community Development and Lt. Remaley reviewed each of the proposals and selected three companies: Network Business Systems, TekMate Inc and Valley Computer Consulting. Presentations were scheduled for July 7, 2008 at which time the panel had an opportunity to evaluate each company and to ask questions of each presenter.

The attached spreadsheet shows the updated estimated cost comparison between continuing with a contract or switching to a full time employee.

For comparison purposes staff used the following assumptions:

1. Full time employee (2080 hours, 40 hours per week)
2. Starting salary level 10, step 3 \$25.02 per hour
3. Contract rate of \$55.00 per hour
4. Contract hours increased to, 2,080 hours
5. The employee salary is projected to increase 4% per year

The cost of contracting as shown on the attached spreadsheet is greater over the 5 year period by approximately \$24,000 per year. The benefit to a contract is the reduction in the future benefit cost, hiring a company with more than one employee provides for a greater knowledge base to draw from when we have problems and provides for a backup in case of emergencies.

A budget amendment of \$35,000 will be required to fund this contract through the end of 2008 budget year.

After reviewing the proposals and the presentations the panel is recommending awarding and executing a two year contract, with three (3) one year additional terms pending a mutual agreement between the City and TekMate Inc.

**Administration recommendation:** Approve Action Memorandum No. 08-053