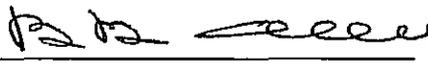


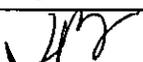
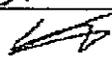
CITY OF PALMER ACTION MEMORANDUM

SUBJECT: Authorize City Manager to Issue a Request for Proposal for Information Technology Services to Maintain the City's computer Network and Services

AGENDA OF: May 27, 2008

Council action: Authorized

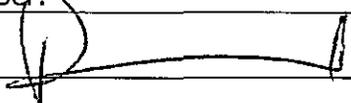
Approved for presentation by B.B. Allen, City Manager 

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

Attachment(s): 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 City has contracted with Valley Computer Consultants since 2005 at a rate of \$50.00 per hour. The number of hours contracted was increased in 2008 from 1,000 to 1,200 hours, for a contract price of \$60,000. This comes out to approximately 23 hours per week or .60 of an employee. The contractor was on call 24/7 due to the police and dispatch services. It has become obvious as the to do list keeps getting longer that 23 hours per week is insufficient.

Valley Computer Consultants notified the City that they would not be renewing their contract for 2008-2009. But during the contract discussions they indicated that their contract price if they

renew would need to be increased. With the non renewal of the contract staff began the process to evaluate if it was more cost effective to have a contract or switch to a full time employee.

The attached spreadsheet shows the 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 \$50.00 per hour
4. Hours increased in hours, 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 \$16,000 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.

Administration recommendation: Approve action memorandum no. 08-039, authorizing the Manager to issue an RFP for information technology services.

CITY OF PALMER
 ADMINISTRATION DEPARTMENT
 BUDGET 2008
 PROPOSED

Employee Name	Level/ Step	Hourly Rate	Mos/Hrs	Salary	Benefits	Total	FTE	WC Code	Leave Accrual	2006 Vacation	2008 Vacation Less 4 wks
Information Tech Specialist	10/3	25.02	1040	26,021	25,489	78,570	1	8810	7.07	4,599	436
Vacant	10/4	26.02	1040	27,061							
Total				63,082	25,489	78,570					436

Cost for July -December 2008 is \$42,688

BENEFITS		
Health ins per mo per person	1,364	16,368
IT-8810		
FICA & MEDICARE		7.65%
Unemployment		2.00%
Workers Comp		0.95%
PERS (Tier I,II,III)		22.00%
		32.60%

Contract

Per Hour	1200	1640	2080
\$ 50.00	\$ 60,000	\$ 82,000	\$ 104,000
\$ 60.00	\$ 72,000	\$ 98,400	\$ 124,800
\$ 70.00	\$ 84,000	\$ 114,800	\$ 145,600
\$ 80.00	\$ 96,000	\$ 131,200	\$ 166,400
\$ 90.00	\$ 108,000	\$ 147,600	\$ 187,200
\$ 100.00	\$ 120,000	\$ 164,000	\$ 208,000
\$ 110.00	\$ 132,000	\$ 180,400	\$ 228,800

Cost comparison at 2080

	Contract	Employee
2008	52,000	42,688
2009	104,000	81,383
2010	104,000	84,638
2011	104,000	88,024
2012	104,000	91,545
	<u>468,000</u>	<u>388,278</u>