

Mayor
James Kacsh
Council Members
Kristin Carpenter
Tim Joyce
David Allison
Bret Bradford
EJ Cheshier
David Reggiani
James Burton

City Manager
Randy Robertson

City Clerk
Susan Bourgeois

Deputy Clerk
Tina Hammer

Student Council
Sarah Hoepfner
Gabrielle Brown

**COUNCIL SPECIAL MEETING
JANUARY 23, 2014 @ 12:00 PM
CITY HALL CONFERENCE ROOM**

AGENDA

A. CALL TO ORDER

B. ROLL CALL

Mayor James Kacsh, Council members Kristin Carpenter, Tim Joyce, David Allison, Bret Bradford, EJ Cheshier, David Reggiani and James Burton

C. APPROVAL OF AGENDA..... (voice vote)

D. DISCLOSURES OF CONFLICTS OF INTEREST

E. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Audience Comments regarding agenda items

F. UNFINISHED BUSINESS

2. Contract approval with Arctic Information Technology..... **(page 1)**
for Total Care managed information technology services

G. EXECUTIVE SESSION

H. AUDIENCE PARTICIPATION

I. COUNCIL COMMENTS

J. ADJOURNMENT

Executive Sessions: Subjects which may be discussed are: (1) Matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the government; (2) Subjects that tend prejudice the reputation and character of any person; provided that the person may request a public discussion; (3) Matters which by law, municipal charter or code are required to be confidential; (4) Matters involving consideration of governmental records that by law are not subject to public disclosures.

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CITY OF CORDOVA

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December 26, 2013

Memo to City Council

Re: Arctic Information Technology, Inc (Arctic IT) TotalCare Statement of Work

CMC 5.12.040 “Council approval of contracts” says:

No contract for supplies, services or construction which obligates the city to pay more than fifteen thousand dollars may be executed unless the council has approved a memorandum setting forth the following essential terms of the contract:

- A. The identity of the contractor;*
- B. The contract price;*
- C. The nature and quantity of the performance that the city shall receive under the contract; and*
- D. The time for performance under the contract.*

I recommend the city enter into a contract with Arctic IT, of Anchorage, Alaska, to perform TotalCare managed information technology services and associated work as set forth in the attached Statement of Work (Exhibit A).

The contract price includes monthly fees of \$85 per computer system (PC), \$179 per server, and \$1,400 to support onsite visits. The annual total as budgeted is not to exceed Eighty Six Thousand dollars (\$86,000.00) provided the City does not change the number of computer systems within the City’s network.

A summary of the nature and quantity of the performance the city shall receive is set forth in the attached Scope of Work (Exhibit A).

The time for performance is monthly services at the stated rates through December 2015.

Recommended action: Voice Vote.

I move to direct the City Manager to enter into a contract with Arctic IT, to provide TotalCare managed services and associated work for an annual sum of Eighty Six Thousand dollars and no cents (\$86,000.00)

Thank you,

Randy Robertson, City Manager



Statement of Work

This Statement of Work (“SOW”) is an addendum to the Arctic Information Technology, Inc. (AIT) Master Services Agreement. AIT and City of Cordova (Client), intending to be legally bound, hereby amend the Master Services Agreement as follows:

The terms of this Addendum are incorporated by reference into and made a part of the Master Services Agreement as if fully set forth therein. This Addendum amends the Master Services Agreement and to the extent this Addendum directly or indirectly conflicts with the Master Services Agreement, this Addendum shall control and supersede. Except for the amendments set forth in this Addendum, the terms and conditions of the Master Services Agreement remain unchanged and in full force and effect. This Addendum and the Master Services Agreement shall collectively constitute the entire understanding between the parties with regard to the subject matter addressed herein, and revokes and supersedes all prior or simultaneous representations, discussions, negotiations, whether written or oral with regard thereto. No amendment, change, waiver, or discharge of any obligation or term hereof shall be valid unless in writing signed by both parties.

1. Definitions

The definitions and references provided below are used throughout this SOW and serve to help AIT and our Client to understand the various services being provided as part of this SOW and those services that may be provided by AIT to Client under a different SOW to implement a specific technology by our professional services team.

- 1.1. PCs** are computers such as desktop and laptop personal computers that are regularly accessed and used by individuals or users within the Client’s business.
- 1.2. Critical Error** is an error that occurs when Primary Functionality of the Client IT System is inaccessible, unusable, inoperative or degraded or retarded to such an extent that Client operation is materially adversely affected and there is no Work Around or such System crashes or locks up or there is data loss or corruption.
- 1.3. Desktop Support (“DS”)** is the process of supporting a Client employee computer system on site to resolve a reported issue that either cannot be addressed remotely or that requires some component of the computer to be replaced or maintained.
- 1.4. Device** is network equipment including but not limited to routers, switches, firewalls, and wireless access points.
- 1.5. Downtime** means that the Client IT System is inaccessible for fifteen (15) consecutive minutes or more, excluding (a) normal maintenance that is routinely scheduled pursuant to Section 2.9.1 of this SOW for purposes of updates to the Client IT System, (b) downtime caused by malfunction of Client’s or a third party’s software or hardware, network service provider or Internet outages described in Section 2.9.2 or by Client’s negligence or misuse of the Client IT System; (c) security shutdowns undertaken pursuant to Section 2.9.3; and (d) downtime arising out of Force Majeure events described in MSA.
- 1.6. Help Desk (“HD”)** is remote end user technical support and resolution for Client staff operating system and business application issues.
- 1.7. High Error** is an error that occurs when (i) a Primary Functionality of the Client IT System is inaccessible, unusable, inoperative or degraded or retarded to such an extent that Client operation is materially adversely affected but a reasonable Work Around exists; or (ii) a Secondary Functionality of the Client IT System is inaccessible, unusable or inoperative and there is no Work Around.
- 1.8. Line-of-Business Applications (“LOB”)** are software applications that provide specific functionality for a Client or type of business; e.g. accounting software, design software, or other industry specific software not widely used among multiple business types or communities.

- 1.9. Low Error** is an error that occurs when there is an issue of minimal impact to a Secondary Functionality of the Client IT System.
- 1.10. Maintenance** is comprised of the installation of updates, patches and other periodic tasks performed on Client systems.
- 1.11. Managed Services** (“MS”) is the remote management and care of Client computers, servers, operating systems, network devices, and supported business applications including the monitoring of these systems for availability and performance characteristics. The guiding principle of a managed service is to return what was working yesterday to its previous state if the system should fail.
- 1.12. Medium Error** is an error that occurs when a Secondary Functionality of the Client IT System is inaccessible, unusable, inoperative or degraded or retarded to such an extent that the Client operation is materially adversely affected but a reasonable Work Around exists.
- 1.13. Network Operations Center** (“NOC”) is the facility where AIT provides remote monitoring and management of Client network and systems infrastructure.
- 1.14. Patch Management** is defined as the remote installation of manufacturer recommended operating systems service packs and hot fixes to Client server(s) and workstation(s) computers on a regular defined schedule or as needed based on recommendations from the product manufacturer.
- 1.15. Primary Functionality** means the ability of the Client to access and use the full functionality of the Client IT System and without which, the Client IT System is inaccessible, unusable, inoperative or degraded or retarded to such an extent that Client operation is materially adversely affected.
- 1.16. Professional Services** (“PS”) is the engagement of a company such as AIT to upgrade and/or implement a new system, network, service, application or business process.
- 1.17. Project Management** (“PM”) management activities related to scheduling resources, providing quarterly business reviews, and defining the specific functions necessary to maintain adequate level of communication between AIT and Client.
- 1.18. Secondary Functionality** means functionality which supports the Primary Functionality of the Client IT System and failure of which results in an inability to access and use partial functionality of the Client IT System.
- 1.19. Servers** are computer systems operating in the Client’s business, operating either physically or virtually, that provide shared access, functionality or storage for PCs via a network connection.
- 1.20. Technical Support** means all of the services described in this Scope of Work.
- 1.21. Unscheduled Downtime** means Downtime resulting from a Critical Error.
- 1.22. Update** means to apply a patch or fix to hardware or software or its supporting data. This includes fixing security vulnerabilities and other bugs and improving the usability or performance.
- 1.23. Upgrade** means the replacement of a hardware, software or firmware with a newer or better version of the same product in order to bring the system up to date or to improve its characteristics.
- 1.24. Work Around** means a temporary resolution that restores the service and operation of the Client IT System to some reasonable level of functionality even if it is not possible to provide full functionality with the resolution.

2. Services

The services outlined below, as indicated, will be provided to the Client during the Term of this SOW and at the rates detailed in the compensation section of this document. Projects and/or services deemed to be outside the scope of this SOW will be billable to the Client at the rates established in MSA.

2.1. Onboarding Process

A systems and network discovery project will be conducted by AIT to ascertain the configuration and state of the existing network, network security and systems infrastructure in comparison to best practices; the discovery process will be used to identify and document Client goals relative to their computer network including known areas of concern.

The final deliverable of this work effort will be an executive level report that includes documentation of the Client network and systems infrastructure including a recommended plan to make necessary systems, network and/or network security improvements based upon any risks identified by AIT during the onboarding process.

The data gathered during the discovery project will be converted to documentation to be used for the future management of the Client computer environment and stored within the AIT portal; the data may include items such as system configuration, logical network diagrams, physical network diagrams, network addressing information, and server configuration work sheets.

AIT will provide to Client communication templates that the Client may use to announce AIT as a provider of support services to their employees.

2.2. Systems and Network Monitoring

Arctic Information Technology will install the "TotalCare" agent on each Windows system within the Client network to enable the collection and analysis of Client owned servers, server operating systems, server applications, workstations and other Devices identified as being critical to the Client business including those applications that are used to maintain aspects of the Client servers which may include data protection software and centralized anti-virus as a few examples.

AIT will conduct testing to validate that Client PCs, Servers, and Devices are monitored. Upon completion of this testing, AIT will notify Client that monitoring systems are in place and NOC will provide the following services as part of the monthly monitoring fees:

- 2.2.1. NOC will proactively monitor PCs, Servers, and Devices on the Client network that are critical to the Client's business and resolve those alerts reported by the "TotalCare" agent to the NOC.
- 2.2.2. NOC will review the alerts and ascertain the best approach to resolve alerts based on the nature of the alert and assess the impact to Client business.
- 2.2.3. NOC will notify Client of failures that affect the availability of a PC, Server, or Device on the Client network and/or result in the inability of Client employees to work or access Client systems.
- 2.2.4. NOC will dispatch personnel to Client facility as necessary to resolve alerts.
- 2.2.5. NOC personnel will conduct regularly scheduled maintenance of PCs, Servers, and Devices covered under this SOW including the installation of manufacturer recommended operating system patches.

2.3. Systems and Network Operations

AIT will conduct routine maintenance on Client owned servers and server operating systems including manual review of data protection systems; this may include updates provided by the hardware manufacturer or operating system service packs and hot fixes that are not suited for remote installation by the NOC.

AIT will perform analysis on Client network server(s) being monitored by the NOC to understand trends in the data and make recommendations to the Client as necessary relative to changes needed in the systems and/or network infrastructure to resolve ongoing issues reported by the NOC.

2.4. Help Desk

AIT staff will create trouble tickets for Client employees in the Client support portal and track all relevant information relating to the support case. AIT shall also provide on-line tracking of support request on issues relating to the Client IT System through a website. AIT will also provide an emergency number providing 24-

hour response for logging support issues that are identified as Critical Errors or High Errors. Client may designate up to 3 personnel who will be authorized to use the 24-hour response service.

AIT will use its best efforts to resolve the Client employee problems as expeditiously as possible. AIT will utilize remote support tools to assist Client employees whenever possible rather than dispatching personnel to Client site. Client trouble tickets that cannot be resolved remotely will be escalated to AIT personnel for onsite resolution at AIT's discretion.

2.5. Limitation of Support

TotalCare by AIT is a service that is meant to support common business applications, devices, and operating systems. Client may have specific line-of-business applications, hardware or IT services that AIT, at its discretion, may not support under this SOW due to lack of familiarity, lack of manufacture support or requirement for specific skill, training or certification. Unsupported applications, hardware and services will be documented as part of the onboarding process and may include software installed by the Client, with or without AIT's knowledge, after the Client's support service has commenced.

AIT shall have no obligation to provide support services for any software or hardware unknown to AIT. Further, AIT shall have no obligation to support any defect or failure of the Client IT System caused by the improper use of the Client IT System by Client or unauthorized personnel of Client, but will nevertheless use all reasonable efforts to provide the same if requested by Client, subject the terms for "As Requested" services in the MSA.

2.6. Updates

AIT shall periodically install updates to supported software and hardware at no additional cost to Client. For the avoidance of doubt, installation of upgrades, feature enhancements and other modifications or extensions to software or hardware are subject to additional charge in accordance with the terms for "As Requested" services in the MSA.

2.7. Desktop Support

AIT will provide Client with on-site desktop support services in Anchorage without costs for travel time. Client systems outside of Anchorage will be supported via on-site support as negotiated with Client, subject to travel time and expenses as called for in the MSA, or the PC may be transported to AIT's office in Anchorage at the Client's expense.

Circumstances may impact the delivery of this service; e.g., hardware related problems that require procurement of replacement equipment, inability of AIT to contact the employee reporting problem, or research is necessary to resolve the problem.

2.8. Status Reports

AIT will conduct regular meetings with Client appointed contact on a mutually agreed upon schedule to provide Client insight into the status of their operational systems and network infrastructure; AIT will provide Client with reports on user requests, progress on implementation of improvements required as part of initial discovery, and insight into technology products that may improve Client business operations.

2.9. Service Level Objectives

- 2.9.1. Scheduled Maintenance. AIT shall provide at least 24 hours advance notice for any scheduled maintenance that results in system restarts or other interruptions to service. AIT will make all reasonable efforts to schedule such maintenance between the hours of 5:00 PM Alaska Time and 8:00 AM Alaska Time. It is understood by the parties that the number of scheduled maintenance occurrences will be kept to a minimum and within acceptable levels under industry standards, but that AIT may be required to perform more scheduled maintenance as necessary to meet requirements set forth by software, hardware, and other third party service vendors. AIT shall not be liable for Downtime resulting from the installation of patches or updates provided by the software or hardware vendor.
- 2.9.2. Network Service Provider; Internet Outages and Other Events. AIT shall not be liable for Downtime resulting from network service provider outages, Internet outages or any other events or occurrences that are outside the reasonable control of AIT. Client acknowledges that AIT does not and cannot control the flow of data to or from AIT's network, the Client's network, and the Internet. Such flow depends in large part on the performance of Internet services provided or controlled by third parties.

- 2.9.3. Security Shut-Downs. AIT may choose, at its sole discretion, but when possible in consultation with the Client, to interrupt or shut down service of the Client IT System due to circumstances reasonably believed by AIT to be a significant threat to the normal operation of the Client IT System, the AIT facility, or access to or integrity of Client data, in each case that are outside AIT's control. In the event of such an interruption or shutdown, AIT will return Client IT System to normal operation as soon as reasonably possible. AIT will use security measures at least equal to prevailing industry standards and as agreed upon and paid for by the Client, including, without limitation, firewall protection and backup copies of data.
- 2.9.4. Hardware Replacement. AIT will not be liable for any delays in response or resolution of any error in the Client IT System that affects the Primary Functionality or Secondary Functionality due to the failure of a hardware manufacturer to provide hardware replacement parts or services. AIT will make a reasonable effort to provide a Work Around. If the hardware vendor is not able to fulfill its obligations in a timely manner and where that failure extends the response and resolution times, AIT and Client may agree to an alternate solution to resolve the hardware failure subject to additional charge in accordance with the terms for "As Requested" services in the MSA. In the event that the Client does not maintain current warranties and service contracts on any hardware covered by this Statement of Work, AIT shall not be obligated to provide support for the affected hardware.
- 2.9.5. Software Errors, Failures, and Malfunctions. In the event that an error occurs with the Client software, AIT will not be liable for any delays in response or resolution as the result of a failure by the software vendor to provide a fix, update, correction, patch, information, Work Around or other resolution to the software error. AIT will make a reasonable effort to work with the software vendor to investigate the problem and only for software supported by AIT. Any additional support for custom software or unsupported software, regardless of the critical nature of the software to the Primary Functionality and Secondary Functionality, may be provided subject to additional charge in accordance with the terms for "As Requested" services in the MSA. In the event that the Client does not maintain current warranties and service contracts on any software covered by this Statement of Work, AIT shall not be obligated to provide support for the affected software.

2.10. Priority Levels; Response and Resolution.

Upon notification of an issue, AIT shall categorize all issues according to the priority levels set forth in this Section 2.10. For each reported issue, AIT shall respond according to the response and resolution times set forth in this Section 2.10.

- 2.10.1. Critical Errors (Emergency). AIT shall work diligently to identify the problem and will provide an estimated correction time for a Critical Error within 2 hours of notification. AIT will make reasonable accommodation to communicate the problem to Client and will begin implementation of a fix or a Work Around as soon as reasonably possible. Any Unscheduled Downtime shall be categorized as a Critical Error.
- 2.10.2. High Errors (Quick). AIT shall work diligently to identify the problem and will provide an estimated correction time for a High Error within 4 hours of notification. AIT will make reasonable accommodation to communicate the problem to Client and AIT will begin implementation of a fix or a Work Around as soon as reasonably possible. Any Unscheduled Downtime shall be categorized as a Critical Error.
- 2.10.3. Medium Errors (Normal). AIT shall work diligently to identify the problem and will provide an estimated correction time for a Medium Error within one (1) business day of notification. AIT will make reasonable accommodation to communicate the problem to Client and AIT will begin implementation of a fix or a Work Around as soon as reasonably possible. Any Unscheduled Downtime shall be categorized as a Critical Error.
- 2.10.4. Low Errors (Scheduled Maintenance). AIT shall work diligently to identify the problem and will provide an estimated correction time for a Low Error within three (3) business days of notification. AIT will make reasonable accommodation to communicate the problem to Client and AIT will begin implementation of a fix or a Work Around in the next Scheduled Downtime of the Client IT System.

3. Relationship Management

Our mutual success is driven by our ability to effectively work with each Client in a manner more akin to a partnership rather than a traditional vendor. To this end, we recommend that the Client appoint an executive level sponsor and operational contact to support the initial implementation and ongoing management of the relationship between AIT and the Client. Client may appoint a single individual to act as both the sponsor and operational contact if the two roles cannot be filled by different individuals within Client's organization.

3.1. Client Executive Sponsor

The following is the name and contact information of the Client appointed Executive Sponsor:

Name:	
Office:	
Mobile	
Email:	
Address:	

3.2. Client Operational Contact(s)

The following is the name and contact information of the Client appointed operational contact(s):

Name:	
Office:	
Mobile	
Email:	
Address:	

3.3. Client Billing Contact(s)

The following is the name and contact information of the Client appointed billing contact(s):

Name:	
Office:	
Mobile	
Email:	
Address:	

4. Assumptions

Client acknowledges that the success of AIT may be affected by certain actions by Client. AIT is entering into this SOW based on the following assumptions:

- 4.1.** Client will communicate to their staff the managed services relationship with AIT utilizing communications templates provided by AIT. Client will direct all employees to utilize AIT provided support systems, including the Client support portal, AIT help desk telephone number, and remote assistance tools used in our support processes.
- 4.2.** Client will provide AIT personnel administrative access to devices and systems on the network during initial discovery and documentation phases.

- 4.3. Client will provide AIT with a means of remote access to the corporate network and/or systems during the course of the project to enable AIT to provide remote support. In the event that Client does not have the ability to enable remote support, Client approves AIT making any required network changes to facilitate remote access to the corporate network.
- 4.4. Client will ensure that AIT personnel will have access to parking, office space, and telephone when at Client facilities.
- 4.5. Client will not make changes to the network or attached systems without approval of AIT personnel assigned to the Client account.
- 4.6. Client will ensure that Client resources are available during the course of the agreement for periodic status meetings as scheduled by AIT account manager. AIT may at times require access to additional Client personnel during the course of the managed services agreement. Access to these resources will be coordinated by the assigned Client operational contact.
- 4.7. Client understands that AIT will make best efforts and recommendations in regards to data protection technologies but cannot affect the manufacturers product from a warranty perspective or guarantee that it will be free of bugs or defects; the recoverability of data in the event of failure is subject to integrity of the media, success of backup procedures, and other factors outside the control of AIT; AIT makes no warranty that Client will be able to restore data as a result of AIT recommendations.
- 4.8. Client will make available all existing documentation relating to the systems, network, and/or applications currently deployed on the Client network that may be affected during the course of the services agreement.
- 4.9. Client and AIT will work collectively to ensure that long term network support goals established in the discovery process are put in place on a schedule that meets both Client and AIT expectations.
- 4.10. Client will keep all Devices and software under manufacturer support, and/or software maintenance and support, during the term of this agreement to ensure that AIT personnel have access to required hardware components and/or application/operating system releases to resolve alerts.

5. Terms

5.1. Term

The initial term of this SOW is twenty-four months. Services will commence on the go-live date established and mutually agreed upon during the Onboarding Process.

5.2. Renewal

This SOW will automatically renew for an additional twelve months if not cancelled by Client or AIT. The term of this Agreement and Client's rights to use the services contained herein, shall continue unless Client notifies AIT in writing, giving at least 60 days' notice to terminate the service. AIT may terminate the service after notifying Client in writing at least 60 days prior to termination.

6. Payment and Fees

- 6.1. Services are billed in advance automatically. AIT shall invoice Client for services by the 20th day of each month or the subsequent business day at AIT's rates set forth below the subsequent month. Charges shall either be debited directly from Client's bank via automated clearing house (ACH) transfer or charged to a credit card (VISA or MasterCard), as indicated below.

Recurring Payments: ACH Transfer (automatic monthly debit)
(3% Discount Applies) _____ (Client initial)

Credit Card (automatic monthly credit) _____ (Client initial)

- 6.2. ACH payments that are returned for non-sufficient funds and declined credit card charges will subject to a \$35.00 service fee per attempt.
- 6.3. Services provided between the go-live date and the 20th day of the subsequent month shall be prorated for the actual number of days the service is used based upon the number of days in the month that the service

starts. The setup fee and any prorated amount shall be debited or charged, per 6.1 above, along with the first month recurring charges.

- 6.4.** The table below lists the monthly recurring charges (MRC) and other costs associated with the services called for in this SOW. Billed quantities will be reviewed on an ongoing basis and adjusted monthly and applied to the next recurring invoice. Client must inform AIT of any services to be removed from the agreement by the 15th day of each month or the subsequent business day in order to adjust quantities.

Fees Debited via ACH

Description	Qty	MRC	Amount
PCs	57	\$ 85.00	\$ 4,845.00
Servers	5	\$ 179.00	\$ 895.00
Sub-total			\$ 5,740.00
Pre-Paid Travel for QTR Visit			\$ 1,400.00
Monthly Recurring Charge Debited via ACH			\$ 7,140.00
One-Time Setup Fee			\$ -

OR

Fees Charged to Credit Card

Description	Qty	MRC	Amount
PCs	57	\$ 87.50	\$ 4,987.50
Servers	5	\$ 184.50	\$ 922.50
Sub-total			\$ 5,910.00
Monthly Base Charge			\$ 1,443.50
Monthly Recurring Charge via Credit Card			\$ 7,353.50
One-Time Setup Fee			\$ -

7. Authorization

- 7.1.** The representative executing this SOW on behalf of their respective companies represents that he/she is duly authorized to enter into this Agreement on its behalf, and each promises to indemnify and hold the other harmless from any and all costs and damages, including attorney's fees, incurred by reason of a lack of such authority.

- 7.2.** By the signatures of their duly authorized representatives below, Client and AIT accept and approve this SOW.

City of Cordova

Arctic Information Technology, Inc.

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

Mayor & Council: below please find responses to the questions that were raised regarding the agreement with Arctic IT.

QUESTION: Since 2009 ,listed by year, how much have we spent on Arctic IT and or IT services?

It would take extensive work to identify all IT purchases, since, prior to this year, individual departments could acquire IT equipment on their own. However, the Arctic figures back to FY10 reflect \$31.5k in 10, \$41.5k from FY11, FY12 showed \$78.3k, and \$87k last year.

FY09 figures were not immediately available due to the city transitioning to the Casselle financial reporting system that year. What must be noted, is prior to mid-2012, we were not participating in Arctic's TotalCare program – so computer services were billed on time, materials and onsite visits as needed. The model was changed in mid-2012 from a “crisis” response (e.g., only called when needed for an emergency until next quarterly visit) to proactive 24-7 off-site system and security monitoring by trained IT professionals at Arctic.

QUESTION: Four year cost projection for proposed IT services from AIT.

While it would be extremely useful to have a range for the automation budget for FY15 to 19, at best it would be based on incremental, and somewhat highly fluid data, such as Fish and Property tax from the prior year. Also, the most challenging aspect of a long range automation plan rests with the prospects of opening the Cordova Center. The contract under consideration from AIT would ensure fixed costs for our IT support services while we navigate and prepare for the transition to the Cordova Center. Thus, the "cost projection for proposed IT services from AIT" (. . . or any IT vendor) will be driven by the needs of the city and our ability to resource those needs.

QUESTION: Why a 24 month term?

The current contract with Arctic is for 24 months. The previous arrangements with Arctic were for 24 months. The city has a 60-day escape clause that it can exercise. We want to foster a relationship with a professional vendor based upon consistency, proven support capabilities, security, and continuity of services. We have spoken with Arctic, CTC, GCI and ACS and CVW about an RFI when it appears we are close to transitioning to the Cordova Center. So as indicated above, we will ensure the right vendor/contractor is in place to help us successfully transition our IT programs and services to the new facility.

QUESTION: Specific cost benefit of cloud services vs. onsite facility.

The IT world is/has migrated to the cloud. Some benefits associated with it include:

1. **DATA SECURITY**
2. **Increased capacity**
3. **More flexible access (we can now access files and share them; which we can't do now)**
4. **Multiple redundancy**
5. **Communication consistency (since August there have been at least 5 times the system had to be taken off-line due to a potential crash)**
6. **Software Licenses economies. Instead of purchasing software licenses for each piece of hardware, the cloud will allow us to acquire "blanket" licenses that are transferrable between individuals, units, and are constantly updated within the cloud at no additional cost}.**
7. **As discussed during the budget briefings, in April, our previous software system will no longer be supported by Microsoft. To refresh your memory, 11 of our existing units operate with Windows XP, which has not been manufactured for many years and will longer be supported by Microsoft. Those units will no longer be compatible**

with the others used by the city. That represents approximately 20% of our existing platforms.

QUESTION: Paragraph 4.7 "the recoverability of data in the event of failure is subject to integrity of the media, success of backup procedures, and other factors outside the control of AIT; AIT makes no warranty that Client will be able to restore data as a result of AIT recommendations"

This relates to the next question. File backups are performed daily, weekly, and monthly here at City Hall. By contract Arctic will monitors the backup process and steps in if there are any errors. If there is a local error (i.e., forget to put in the correct tape, or break the equipment) Arctic would obviously not be able to guarantee data recovery.

QUESTION: If AIT isn't performing the back-up procedures, who is?

City Staff : Mrs. Cloward, Ms. Hristov and Mrs. Gentry.

QUESTION: Why are we sole sourcing this multi-year \$160k commitment without going out for an RFP?

We already have a long-standing, well-working relationship with Arctic that runs through December 2014. The issue under consideration simply solidifies the City's responsibilities and requirements associated with moving to a new server and being sustained within a cloud-based environment. The contract also recognizes the City's effort to replace outdated hardware by reducing the service costs associated with the City's network in anticipation of reduced service needs. Also remember, as noted above, when we are postured to move to the Cordova Center, we anticipate relooking the entire IT contractual environment with several potential vendors.

QUESTION: Why was this under consent calendar and not consideration of bids?

The concept of moving to the cloud was extensively discussed at the FY 14 budget hearings. The IT budget for updating the City's aging hardware was approved in the final budget as was \$86K to provide information services in support of that network (the value of the TotalCare contract for 2014). Based upon that, I, Mrs. Bourgeois, Mrs. Sherman and Mrs. Cloward were of the opinion the Council had examined it and were ready to move forward. Apparently we were wrong. However, to be correct, this isn't a consideration of a new bid but an actual by unit reduction in cost over the existing contract with Arctic that expires EOY 14.

QUESTION: If this contract "puts us in the cloud" why doesn't it say it anywhere?

Office 365 is a cloud-based system. Arctic's legal officer must have felt that was implicit or understood when he/she developed the contract.

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QUESTION: Provide the job description for IT specialist created two years ago and total cost for that position.

(Attached. Please note IT services is only a portion of the total job description). The salary for the position is approximately \$59k. Depending on benefits (workman's comp, health insurance, PERS, etc.) consumed the total cost could be \$90k or more.

Finally, though not a submitted question, there was discussion at the table regarding the overall concept of cloud computing and "industry standards." Since the cloud is/will be the way forward for most organizations, Mrs. Cloward will provide a short info paper for your review and use.

We have made contact with the leadership of Arctic IT to address these and any other concerns you may have in a Special called meeting during the week of 20 January. They are unable to join us prior to then, and with Mrs. Cloward's training and several Council members being absent this week, I thought this would be a better fit than trying to conduct a Special meeting this week. Thanks, and if you have any other questions please let me know.

Most Respectfully,

Randy Robertson