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## CITY OF PORT LAVACA

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CITY COUNCIL MEETING: DECEMBER 12, 2022

AGENDA ITEM \_\_\_\_\_

**DATE:** 12/8/22

**TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**FROM:** SUSAN LANG, FINANCE DIRECTOR

**SUBJECT:** CONSIDER AWARD OF MANAGED SERVICES AGREEMENT FOR INFORMATION TECHNOLOGY

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### Background:

When I arrived on scene, one of the first conversations I had was with our information technology managed service provider to obtain an understanding of our current level of protection, and back-up strategy. It was noted that we did have back-ups being performed, but the financial system back-ups would not be in a format that would be readily usable, and that we would need to add the "hosted services" of our financial software provider in order to be fully protected and able to completely recover. This became one of many priorities that we tackled, and ultimately accomplished with a go-live eight months later.

Throughout my brief tenure, members of City Council have asked on multiple occasions about our ability to detect, prevent and respond to cyber threats. The main concern always being not to fall victim again, or if so, how quickly can we recover.

The results of the recent cyber security assessment performed by VC3 were shared with the Finance Committee on November 22, 2022. At this meeting, we also discussed the managed services that could be provided to the City by VC3, and an in depth question and answer session was held.

### Recommendation:

The Finance Committee unanimously agrees with staff's recommendation to change managed services providers for the city's information technology needs. We recommend waiting until the January, 2023 to provide the required 30 day notice as per our contract and the coordination will be handled between VC3 and our current managed services provider.

Staff contacted references from the Cities of Borger and Rowlett, Texas, who utilize their services to supplement their in-house IT departments. Comments such as "Best customer service, Period!" and "Would like to pick them up as our managed services provider" were given.

Additionally, staff contacted the City of Laurinburg, NC and the Town of Nashville, NC who are similar in size and receive the managed services as recommended. Comments such as "We should have done this sooner" and "Just can't say enough great things about VC3 and the services they provide!" were given.

### Budgetary Impact:

The Finance Committee did a great job in pointing out that our contract will bring more clients to VC3, and for that consideration, they agreed to delay the first two months billing, which amounted to almost \$30,000 savings for the first year.

The overall net increase for managed services will be \$50,130 for FY2023.

The increase to managed services for FY 2024 will be another \$20,603, however, as servers are decommissioned, and efficiencies realized, we may see this amount decrease.



Additionally, it was discovered during our review of the budget, that we have not been distributing the cost of managed service fees to the Public Utility Fund. Therefore, the proposed budget amendment captures the entire cost of managed services that should be recognized in the PUF, and the net increase required to the General Fund.

**Action:**

Staff recommends City Council: **Move to approve the managed services agreement with VC3, Inc. and associated budget amendment to fund the additional services for FY 2023, and authorize the City Manager to execute the electronic agreement.**

Attachment: Draft Managed Services Contract