



Office of the City Manager

CONSENT CALENDAR
October 14, 2025

To: Honorable Mayor and Members of the City Council
From: Paul Buddenhagen, City Manager
Submitted by: Kevin Fong, Director, Information Technology
Subject: Contract: ESI Group for IBM Hardware, Software, and related Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract with ESI Group for IBM hardware, software and related services (AS400) for the FUND\$ system for an amount not to exceed \$225,000 for the period commencing on July 1, 2025 through June 30, 2027.

FISCAL IMPACTS OF RECOMMENDATION

Funding to cover the cost of this recommendation for FY 2026 and FY 2027 in the amount of \$225,000 will be provided by the Department of Information Technology's Cost Allocation Fund (680) baseline budget in Fiscal Year 2026 – Fiscal Year 2027. Spending for this contract in future fiscal years is subject to Council approval of the proposed citywide budget and Annual Appropriation Ordinances.

CURRENT SITUATION AND ITS EFFECTS

ESI Group provides hardware and software maintenance, technical support, disaster recovery, and consulting services for the IBM infrastructure (AS400) that hosts the City's current FUND\$ system. This contract is critical to providing a high-availability infrastructure for all remaining FUND\$ modules, including Zero Waste billing, land management, property tax assessment, and accounts receivables/general billing while work continues to retire them.

Due to the age of the original contract (2013), Finance Department recommend entering into a new contract with ESI Group for two additional years to provide uninterrupted service while efforts continue to retire the AS400 system. This council item aligns with the City's strategic priorities to provide, "Provide state-of-the-art, well-maintained infrastructure, amenities" and to "Create a resilient, safe, connected, and prepared City and facilities".

BACKGROUND

IBM infrastructure has been required to host FUND\$ since its initial implementation in 1989. In 2003, the City contracted with ESI Group for IBM infrastructure leasing, 24x7

telephone and web support, 4-hour maximum parts replacement, co-location for disaster recovery, and hardware/software maintenance.

In January 2013, the City issued a Request for Proposals (RFP), Specification # 13-10703-C, to explore additional options for this lease; ESI Group was the only certified IBM Partner to respond. Staff continue to renew the support contract with ESI Group to provide uninterrupted service while the City reassesses infrastructure needs as FUND\$ module replacements progress.

In 2018, the City replaced the general ledger and procurement modules, or “core financials”. In January 2021, the City replaced payroll-entry and HR functionality in FUND\$. The City will continue to replace additional FUND\$ modules including: Zero Waste billing, land management, property tax assessment, and accounts receivables/general billing.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The IBM hardware and software platform is optimized for maximum energy efficiency. The recent upgrade to newer hardware provides energy efficient equipment and the online disaster recovery capability reduced the need for the tape backups thus resulting in carbon footprint savings and transfer of tapes to offsite facility.

RATIONALE FOR RECOMMENDATION

ESI Group has extensive experience in supporting the AS400 system. Additionally, ESI Group was the only IBM certified partner to respond to the City’s RFP # 13-10703-C. Providing uninterrupted support for the AS400 system is critical to the City’s core operations, and ESI Group has continued to provide excellent technical support and customer service throughout the term of their agreement.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered the possibility of switching vendors and issued an RFP to examine the City’s options; however, ESI Group was the only certified IBM Business Partner to respond.

CONTACT PERSON

Kevin Fong, Director, Information Technology, (510) 981-6541

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT: ESI GROUP FOR IBM HARDWARE, SOFTWARE, AND RELATED SERVICES

WHEREAS, the City of Berkeley relies upon software systems (FUND\$) for critical business activities including Zero Waste billing, land management, property tax assessment, and accounts receivables/general billing; and

WHEREAS, International Business Machines (IBM) hardware and software is required to host FUND\$; and

WHEREAS, ESI Group provides hardware and software maintenance, technical support, disaster recovery, and consulting services for the IBM infrastructure (AS400) that hosts the City's FUND\$ system; and

WHEREAS, ESI Group was the only IBM certified partner to respond to the City's RFP # 13-10703-C; and

WHEREAS, providing uninterrupted support for the AS400 system is critical to the City's core operations, and ESI Group has continued to provide excellent technical support and customer service throughout the term of their agreement; and

WHEREAS, funding is allocated in the Department of Information Technology's Fiscal Year 2026 - 2027 Cost Allocation Fund.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or delegate is hereby authorized to execute a contract with ESI Group for IBM hardware, software and related services for the AS400 and FUND\$ system for an amount not to exceed \$225,000 for the projected period commencing on July 1, 2025 through June 30, 2027.

