



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 18-0460, Version: 1

REPORT TO COUNCIL

SUBJECT

Authorize the Issuance of a Purchase Order for Maintenance and Support of the Performance Series System (F18-265)

REPORT IN BRIEF

Approval is requested to authorize the issuance of a three-year Purchase Order to Cogsdale Corporation of Charlottetown, PE, Canada, in the amount of \$321,772 for software maintenance and support for the Performance Series System and to authorize the City Manager to increase the Purchase Order amounts within the approved budget.

EXISTING POLICY

Pursuant to Chapter 2.08 of the Sunnyvale Municipal Code, City Council approval is required for contracts exceeding \$100,000.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

In October 1995, Council awarded a contract to KPMG Peat Marwick for the licensing of an Integrated Financial Management System (i.e., Performance Series System) that supports the City's accounting, asset management, purchasing, and cost allocation functions. In April of 2002, KPMG Peat Marwick was acquired by Tier Technologies and in May of 2007, Tier Technologies was acquired by the Cogsdale Corporation, which began support of the Performance Series System in December 2008.

Each year, annual contracts were awarded to the provider for software maintenance and support that includes proprietary updates for the required handling of Internal Revenue Service Form 1099. To date, the annual contracts have not exceeded \$100,000. However, beginning in July 2018, the annual costs will exceed \$100,000 thereby requiring Council approval.

The City is currently in the final stages of evaluation for selecting a new Enterprise Resource Planning (ERP) System and it is expected that the Performance Series System will be replaced by this ERP System. At this time, the ERP System is projected to be fully implemented in Fiscal Year 2020/21 so, to mitigate service disruptions, the ERP and Performance Series Systems will run in parallel until the ERP System is fully validated. Therefore, the Performance Series System will need to be maintained, the Form 1099 updates will need to be performed each year and additional

professional support may be required in this transition period until the ERP System is active. The City engaged Cogsdale and negotiated the annual costs for performing the needed services for the next three years as follows: FY2018/19 at \$103,935.70 (4.5% annual increase); FY2019/20 at \$107,573.45 (3.5% annual increase); FY2020/21 at \$110,262.79 (2.5% annual increase). This three-year total, \$321,772, does not include potential professional support required by City staff to assist with transitioning to a new ERP System so it is also requested that the City Manager have the authority to increase the Purchase Order within the approved budget.

Annual increases for the three-year Purchase Order are in-line with previous annual increases. The annual price for support during each fiscal year will be paid on the renewal date while any additional professional support will be paid at a negotiated price based on the services necessary.

FISCAL IMPACT

The total cost for ongoing maintenance and support for the Performance Series System and the annual Form 1099 updates is contained in the Information Technology Department's Operating Budget. This is consistent with current practices for the funding of software maintenance and support services.

Funding Source

Funds are currently budgeted in the General Services Fund / Technology & Communications Services Sub-Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

1) Authorize the issuance of a Three-Year Purchase Order in an amount of \$321,772 in substantially the same form as Attachment 1 to the report to Cogsdale Corporation for software maintenance and support for the Performance Series System; 2) Authorize the City Manager to increase the annual Purchase Order amounts within the approved budget.

Prepared by: Gregory S. Card, Purchasing Officer
Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Kathleen Foster, Chief Information Officer
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Draft Purchase Order