

# M Management Committee

For the Metropolitan Council meeting of November 4, 2009

## ADVISORY INFORMATION

**Date Prepared:** October 29, 2009

**Subject:** 2010 Sole Source Procurement of Maintenance Services for Software and Hardware

### Proposed Action:

That the Metropolitan Council authorize the Regional Administrator to make ongoing maintenance and support service payments on a sole-source basis for installed software and hardware, with the services to be procured from the vendors on the attached 2010 Information Services Sole Source Vendor List up to the amount listed.

### Summary of Committee Discussion / Questions:

Dave Hinrichs, Chief Information Officer, presented this item and made the following comments:

- Met Council has a multi-million dollar investment in computer hardware and software that allows us to deliver services effectively and efficiently. This hardware and software has been acquired through competitive procurements in the past based on established criteria.
- At the time of purchase, we also negotiate maintenance support agreements with the proprietary vendor.
- These agreements are ongoing sole source agreements and we annually request the Council to delegate authority to the Regional Administrator for approval to pay for these support agreements.
- By seeking approval from the Committee and Council on a yearly basis we simplify and streamline the paperwork that is necessary to process payment throughout the year to the vendors listed on the attachment.
- These agreements change slightly from year to year to reflect business acquisitions and mergers and minor modifications to agreements.
- Information Services manages these maintenance agreements on an ongoing basis in an effort to achieve efficiencies by removing vendor agreements that are no longer used or eliminating components of maintenance agreements that are not necessary. The attached list of maintenance services is @ \$465,000 less than last year's request.
- Maintenance agreements include services such as:
  - 24 X 7 support via phone, email, fax or web.
  - Online tracking of support requests and status reports.
  - Access to standard documentation and version release notes.
  - Product upgrades.
  - Online training.
  - Access to online knowledge bases.
  - Access to user forums and training workshops.

Chairperson Scherer asked if these proprietary vendors are the only source for maintenance agreements, and Mr. Hinrichs responded that is indeed the case and the primary reason that these are sole source procurements. Mr. Kooistra asked Mr. Hinrichs to describe the decision that was made this year to not renew our Microsoft maintenance agreement which expired in 2009. Mr. Hinrichs indicated that Microsoft offers a variety of maintenance packages for its office suite software, and that the Council owned perpetual licenses for all upgrades that occurred during the life of our agreement, including Office 2007. Since the Council plans to upgrade to Office 2007 next year and will not upgrade for several years thereafter, the decision was made to let our Microsoft agreement expire for a savings of over \$360,000 per year. That means that we will have to enter into a new agreement at some point in the future when we decide to upgrade to newer product versions.

The Management Committee unanimously approved this request on October 28 for inclusion on the consent agenda of the Metropolitan Council meeting on November 4, 2009.

**ADVISORY INFORMATION**

<b>Date:</b>	October 28, 2009
<b>Subject:</b>	2010 Sole Source Procurement of Maintenance Services for Software and Hardware
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3-3 Expenditures – Procurement of Goods and Services over \$250,000
<b>Staff Presented:</b>	Micky Gutzmann, Manager, Contracts and Procurement, 602-1741 Dave Hinrichs, CIO, 602-1443
<b>Division/Department:</b>	RA – Information Services / Dave Hinrichs, 602-1443

**Proposed Action**

That the Metropolitan Council authorize the Regional Administrator to make ongoing maintenance and support service payments on a sole-source basis for installed software and hardware, with the services to be procured from the vendors on the attached [2010 Information Services Sole Source Vendor List](#) up to the amount listed.

**Background**

Computer hardware and software purchased by the Council requires ongoing maintenance and support. Competitive procurements for the hardware and software have already been completed; this item addresses ongoing maintenance and support services resulting from these competitive procurements.

Council Procurement Procedure 10.4.1 addresses sole source procurements and provides the following guidance: "Sole source procurement of Original Equipment Manufacturer (OEM) repairs, parts, equipment and systems, software maintenance and support, or other services that are required on a continuous basis may be authorized on an ongoing basis."

The software and hardware services on the attached list are greater than \$250,000 in total and thus require Council approval. It is our practice to annually update the list of vendors and request Council approval to authorize the Regional Administrator to make vendor payments for these services throughout the subsequent year. This allows for ongoing sole source procurement authorization and more efficient administration.

**Funding**

Purchases will generally be made by purchase order of previously executed maintenance agreements. The Regional Administrator will either authorize the purchase or delegate the authority to authorize the purchase as appropriate under Council Expenditures *Policy 3-3 and 3-3c*.

Funding for these software and hardware services is included in the Council's operating budget.

**Known Support**

Authorization to purchase these types of services on a sole source basis is requested annually. This request provides for the authorization of an updated list of Information Services vendors for 2010.