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FINANCE, BUDGET AND EFFICIENCY

COMMITTEE RECOMMENDATION

The Committee concurred with the staff recommendation to approve Requisition No. 5-5730-113 and a contract amendment with Integral Systems, Inc. (ISI), covering annual renewal for maintenance of proprietary software in the amount of \$49,775, for a total revised contract cost of \$139,425.

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July 24, 1995

Los Angeles County
Metropolitan
Transportation
Authority

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TO: FINANCE, BUDGET AND EFFICIENCY COMMITTEE
THROUGH: FRANKLIN E. WHITE
FROM: JUDITH T. PIERCE *J. Pierce*
SUBJECT: CONTRACT AMENDMENT WITH INTEGRAL SYSTEMS,
INC. FOR PAYROLL/PERSONNEL SOFTWARE MAINTENANCE

RECOMMENDATION

Consider the Chief Executive Officer's report containing a recommendation to execute a contract amendment with Integral Systems, Inc. (ISI), of Walnut Creek, CA; covering the annual renewal for maintenance of proprietary software. The estimated cost of the amendment is \$49,775 for a total revised contract cost of \$139,425.

DBE PARTICIPATION

Because the proposed amendment is for direct payment of fees for proprietary Integral products and services, no DBE goal was established.

ALTERNATIVE CONSIDERED

Since maintenance of proprietary software products is involved, the only real alternative to this contract extension is to seek such services on a demand basis and pay all time-and-materials charges that apply. By doing so, the following risks would be incurred:

1. Demand service is provided at the vendor's convenience and has a very low priority assigned to customers that seek it.
2. Product enhancements and modifications are not furnished automatically to demand customers. The burden of acquiring them would fall upon the Authority and, in most cases significant time-and-materials charges would apply. If the Authority elects not to extend this maintenance agreement, the exposure would be substantial and it is likely that overall systems reliability would be adversely affected.

IMPACT ON BUDGET AND OBJECTIVES

This funding is included in the FY96 proposed Operating Budget under Account Number 50316 and Work Order No. J000.

BACKGROUND

Execution of the software maintenance agreement is required to ensure the Authority receives the latest system upgrades, enhancements and technical support for ISI's proprietary Payroll/Personnel software during the next 12 months.

a. Justification

The Authority obtained a perpetual license agreement for ISI's Payroll/Personnel system when the software was procured. This software is critical to the payroll system since it contains tax tables and algorithms required for current, accurate tax computations. Use of software greatly increases system efficiency and reduces payroll processing costs.

Maintenance services include program corrections, help-line assistance and new program releases which incorporate enhancements and modifications.

b. Procurement Process

The Authority's Payroll/Personnel application is based on a proprietary product from Integral Systems acquired on a competitive procurement basis. There is a requirement for reliable vendor support for that software. This procurement is not being competed because it is an annual renewal of a proprietary software maintenance agreement. It is in the best interests of the Authority to extend the maintenance agreement through Fiscal Year 1996.

c. Cost/Reasonableness

The proposed pricing of \$49,775, appears fair and reasonable. Maintenance fees are based on 15% of the current site license cost, and is consistent with industry standards.

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CONCLUSION

Based on the above information, the staff recommends that the aforementioned contract with Integral Systems, Inc. be amended for an additional one-year contract cost of \$49,775.

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