



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Wandzia Grycz
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: 03-17-04

Approved

Date

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

SUBJECT: AGREEMENTS WITH CAYENTA CANADA, INC. FOR SOFTWARE MAINTENANCE AND UPGRADE SERVICES

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to execute:

- a) An agreement between the City of San Jose and Cayenta Canada, Inc., for software maintenance and upgrade services on the Citywide Financial Management System in the amount of \$64,140, and the first year of support and maintenance agreement for Cayenta Financials Version 7 and Actuate eReporting Bundle in the amount of \$43,214 and \$11,457 respectively for a total first year cost of \$118,811; and
- b) renewals of these agreements for maintenance services and enhancements without further City Council approval other than the appropriation of funding.

BACKGROUND

The City purchased the Financial Management System (FMS) from Nissi Technologies, Inc. and installed the system on a Wang hardware platform in July 1989. In 1993, Nissi Technologies, Inc. was restructured and renamed SFG Technologies, Inc. The FMS was converted to an IBM platform running the UNIX operating system in March 1994. In March 1999, the FMS was converted from a proprietary storage management system ("Vision File System") to the Oracle relational database management system (RDBMS) on an IBM UNIX hardware configuration. SFG Technologies, Inc., was purchased by Cayenta, Inc., a division of Titan Software in 1999 and is now known as Cayenta Canada. The City last upgraded to Version 4.3.1 in December, 2001.

FMS is the City's primary financial management tool and is used extensively Citywide to enter, maintain, and report on financial information for all Accounts Payable, Cash Collection, General

Ledger and Purchasing transactions. The City uses FMS for reporting on its financial condition, including the City's Comprehensive Annual Financial Report (CAFR).

FMS software upgrades and fixes are provided under a maintenance agreement by Cayenta Canada on a periodic basis to increase the functionality and performance of the system. Cayenta Canada has announced that Version 7, a major upgrade of the software, is available as a general Version and replaces Version 4.3.1. Cayenta ceased support of the City's current version in December, 2003; however, the contractor has agreed to support the City's existing system during this renewal process.

ANALYSIS

The Information Technology Department is requesting approval to execute an upgrade and maintenance agreement for FMS. In accordance with best practices, the City has maintained an annual maintenance agreement for full support of FMS since the system's initial implementation. It is in the City's best interest to have the FMS fully supported by the software vendor because in-house staff does not have access to proprietary software code in order to fix problems or enhance functionality required by business processes.

In addition, this upgrade will enhance usability by providing upgraded as well as new user functionality. FMS users will be able to enter and query data by using the City standard Microsoft Internet Explorer browser. These upgrade enhancements align directly with the Information Technology Master Plan by including methods of improving productivity and in using appropriate technology platforms and standards to meet current and future needs. The upgrade will also provide a basis for future e-government enhancements. For example, the new version includes a web browser that is a core component for internet-based e-government services such as the City's "San Jose Permits On-Line."

The FMS upgrade will replace the current 15-year old user interface with an interface that closely resembles and functions like common Microsoft Windows applications. Users will connect to the City's network through a web browser and provides a standard Microsoft Windows format to navigate through the application, including a "point and click" and drop-down menus format. The upgrade will also provide a greatly enhanced report writing system making it easier for users to run reports without assistance from programmers. Further, as noted above, technical support is scheduled to be unavailable for the current version of the software, leaving the City's FMS vulnerable to critical delays if the system malfunctions.

The maintenance service in this Agreement consists of (1) providing critical functional upgrades related to tax updates and other enhancements, (2) improving both the usability and efficiency of the system, (3) providing technical support with critical production issues and correcting errors in the software; and (4) providing help desk telephone support as needed during the hours of 6:00 a.m. to 6:00 p.m., Monday through Friday. The first year cost for maintenance is \$54,671. For each year that it is renewed, an annual adjustment of no more than 5 percent will be applied. Because this is a "best practice" and included in the City's base budget, it is recommended that this agreement be renewed annually. Staff would not need to come back to Council in the future unless there is a need to re-negotiate the contract due to a substantive change in services. Staff

will review this agreement annually to ensure it continues to meet the City's Records Management System interface requirements.

PUBLIC OUTREACH

Not applicable.

COORDINATION

This memorandum has been coordinated with the Finance Department and the City Attorney's Office.

COST IMPLICATION

This item is consistent with the Council approved Budget Strategies, General Principals #2, "We must focus on protecting of vital core services... and #8, "We must continue to streamline, innovate and simplify our operations...". It is also consistent with the Council approved Economic Development Strategy, "Make San Jose a Tech Savvy City".

BUDGET REFERENCE

Funding:	General Fund – 001
Budget Document:	2003-04 Adopted Operating Budget, page 356
Appropriation:	0432
Budget Amount:	\$3,889,627

CEQA

Not a project.

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