



Request for City Council Committee Action from the Department of BIS

Date October 26, 2009

To: **The Honorable Paul Ostrow, Chair, Ways and Means Committee**

Subject: **Increase Unisys contract by \$350,000 to provide support of the City's Tier 4 applications.**

Recommendation Authorize proper city officials to amend the Unisys managed services contract C-25200 by \$350,000 for an increase in scope to provide support of the City's Tier 4 applications throughout the remaining life of the contract.

Prepared by Robert Arko, Contract Administrator, 673-3984

Submitted by Joseph Shneider _____, 673-3996
Director, Enterprise Infrastructure

Approved by Steven Bosacker _____
City Coordinator

Presenter in Committee Joseph Shneider

Policy Review Group Not Applicable

Permanent Review Committee (PRC) Approval – Not Applicable

Prior Related Directives:

-December 21, 2007 Council adopted and the Mayor approved the authorization for City officials to renegotiate a five-year Managed Services contract with Unisys Corporation for the City's technology operations, effective January 1, 2008, with two optional two-year extensions for a contract total of \$49,000,000.

Financial Impact: In the years 2009 and 2010, this initiative will be funded using existing BIS appropriations, up to \$18,000 in 2009 and \$111,000 in 2010. The necessary additional funding due to the number of applications supported will be provided by customer departments.

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the ___ Capital Budget or ___ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: Action is within the plan.
- Other financial impact (Explain):
- Request provided to department's finance contact prior to the Committee Coordinator.

Community Impact (use any categories that apply) – Not Applicable

Background/Supporting Information

The City of Minneapolis entered into a five year, \$49 million managed services contract with Unisys Corporation on January 1, 2008. The contract value and technical provisions were based on the City's technology assets and operations capacity at that point in time. Changes in the City's business requirements cause demand for increased managed services capacity that expands the scope of this contract.

BIS has identified a need for Unisys to fully support the City's Tier 4 applications. Tier 4 applications are defined as being Commercial Off The Shelf (COTS) software that has limited usage throughout the City. The City currently has approximately 500 Tier 4 applications in its environment; BIS does not have the means to support all of these applications. The benefit to having Unisys support this type of software is consistent application support and lifecycle management for small business applications which means:

- Improved support for application users
- Ensured availability across the enterprise for desired business functionality
- Easy coordination within the existing Service Desk processes and procedures

Of the \$350,000 increase to the contract for Unisys to support selected Tier 4 applications over the next 38 months (the life of the contract), BIS will fund up to \$18,000 in 2009 (pro-rated for the remainder of the year) and up to \$111,000 in 2010. Additional funding in 2009 and 2010 will be needed to support the number of Tier 4 applications selected; the customer departments will have to fund any difference in cost for the software selected. In 2011, a fee-based model will be established to charge the customer departments directly for support of their applications; BIS will not have the means to contribute out of its operating budget. Before the fee-based model goes into effect, departments will have an opportunity to reduce the number of supported applications in the environment to reduce their charges. The fee-based model will be continued in 2012, the last year of the Unisys contract.