

**City of Culver City, California
Agenda Item Report**

Meeting Date: 10/10/11		Item Number: <u>C-4</u>	
CITY COUNCIL AGENDA ITEM: Approval of a Professional Services Agreement with Spinnaker Support, LLC to Provide Maintenance and Technical Support for the City's Legacy Financial System.			
Contact Person/Dept.: Jeff Muir/Finance		Phone Number: (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐	Attachments: ☒
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Meetings and Agendas – City Council (10/05/11), Spinnaker Support (10/05/11)			
Department Approval: Jeff Muir (09/30/11)		City Attorney Approval: Carol Schwab (by H. Baker) (10/04/11)	
Chief Financial Officer Approval: Jeff Muir (09/30/11)		City Manager Approval: John M. Nachbar (10/05/11)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council approve a professional services agreement with Spinnaker Support, LLC (Englewood, CO) to provide software maintenance and technical support for the City's legacy financial system. <u>BACKGROUND:</u> On August 22, 2011, the City Council approved a professional services agreement with Tyler Technologies for the purchase and implementation of a new financial system (Munis). The Munis system will replace the City's current financial system, Oracle's JD Edwards One World (JDE). The project implementation for this replacement effort has begun and is in the initial planning stages. It is estimated that the JDE system will need to remain operational for the next 12-24 months until the new Munis system has been completely implemented. <u>DISCUSSION:</u> The City's current maintenance contract with Oracle Financials (Oracle) was approved by the City Council on November 10, 2008. The approval also included a provision to pay the renewal for an additional three years provided the amount did not increase by more than ten percent. The annual maintenance cost for Fiscal Year 2010/2011 was \$70,207.95 covering the period December 1, 2010 through November 30, 2011. Staff is in receipt of the annual renewal addendum in the			

City of Culver City, California
Agenda Item Report

amount of \$72,314.20 (Attachment 1). Since the price did not increase more than 10%, this renewal could be paid without further action of the City Council.

However, during the last 2 – 5 years, several third party vendors have entered the market to provide support for JDE software and servers, at substantially lower prices than Oracle charges. Staff believes 2- 5 years is enough time for the vendors to have established reputations for themselves and for clients to have formed opinions that will be valuable when being asked for references.

Staff conducted a search to identify the best of the third-party vendors. Several key requirements were expected to be met:

- Provide cost savings from the Oracle annual amount of \$72,314.20 for JDE support.
- Provide responsive and reliable customer service.
- Have expertise to assist staff in upgrading the outdated JDE servers, which currently have a high risk of failure due to their age.

Two vendors were identified: Reliasys, Inc. (Fremont, CA) and Spinnaker Support, LLC (Englewood, CO). Of the two vendors Spinnaker stood out for the following reasons:

- Spinnaker guarantees a 30 minute response time regardless of issue severity.
- Spinnaker assigns a primary support representative who is contacted for front-line support.
- Spinnaker's proposal provides unlimited support calls, whereas Reliasys has a maximum of 40 support hours within 30 days and a total contract maximum of 100 hours before incurring additional costs.
- Spinnaker's core business model is dedicated to only providing JDE support, while Reliasys supports various financial systems.
- The majority of Spinnaker's employees were long-time JDE employees who were heavily involved in the development and support of the 10 year old JDE version we are using.

Spinnaker provides JDE software support and consulting services to over 100 clients across various industries. The City of Moreno Valley, CA, the City of Redmond, WA, and Apria Healthcare were contacted for references. All were very pleased with the exceptional support they have received from Spinnaker.

City of Culver City, California
Agenda Item Report

The quote from Spinnaker (Attachment 2) to provide JDE support and professional services for a two year period is \$88,200. That is a savings of \$56,428 as compared to a two year period of support provided by Oracle.

Staff recommends contracting with Spinnaker Support, LLC to provide software support for a two-year term and to obtain professional services for upgrading the JDE servers.

FISCAL ANALYSIS:

The authorization to contract with Spinnaker Support, LLC would result in an expenditure of \$88,200 for a two-year term covering the period December 1, 2011 thru November 30, 2013.

Description	Amount
Maintenance Payment #1 (Due at contract execution)	\$42,200
Professional Services – Upgrade server hardware	\$18,000
Maintenance Payment #2 (Due July 1, 2012)	\$28,000
Total Expenditure	\$88,200

Contracting with Spinnaker Support would result in a savings of \$12,114 this fiscal year and a savings of \$44,314 in Fiscal Year 2012/2013 when compared to the maintenance agreement with Oracle Financials.

Sufficient funds have been allocated in the Information Technology Software Maintenance Budget (10124100.600220) for this contract.

ATTACHMENTS:

1. Oracle Service Renewal Agreement for FY 2011/2012
2. Spinnaker Support – Statement of Work

MOTION:

That the City Council:

City of Culver City, California
Agenda Item Report

- 1) Approve a professional services agreement with Spinnaker Support LLC to obtain software support and professional services for a two-year term which will result in an expenditure not to exceed 88,200.00; and,
- 2) Authorize the City Attorney to review/prepare the necessary documents; and,
- 3) Authorize the City Manager to execute such documents on behalf of the City.