



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 10-1370, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 4, 2010

COMMITTEE ON PROCUREMENT

Mr. Richard Lanyon, Executive Director

Issue purchase order and enter into an agreement with Oracle America, Inc., for the purchase of new and replacement computer hardware, software, and maintenance for the District's SAP enterprise servers, the Laboratory Information Management System, and the disaster recovery servers for a period of three years, in an amount not to exceed \$1,579,923.74, Accounts 101-27000-601170, 612810, 612820, 623810, 634810, Requisition 1314865

Dear Sir:

Authorization is requested to issue a purchase order and enter into an agreement with Oracle America, Inc. for the purchase of new and replacement computer hardware, software, and maintenance for the District's SAP enterprise servers, the Laboratory Information Management System (LIMS), and the disaster recovery servers for a period of three years at the Main Office Building and the Stickney Water Reclamation Plant. This purchase order will expire on June 30, 2013.

The Midwestern Higher Education Compact (MHEC) (www.mhec.org) is a statutorily-created interstate compact (45 ILCS 155) founded in 1991 and serves Illinois and eleven other states. One of the goals of MHEC is to help its member states enhance productivity through reductions in operational costs. MHEC is able to further this goal by negotiating guaranteed discounts with Oracle America, Inc. on behalf of its member states. All cities, counties, and other local governments located in Illinois are eligible to purchase goods and services from Oracle America, Inc. under an existing master price agreement between MHEC and Oracle America, Inc. The current agreement between MHEC and Oracle America, Inc. is effective from November 2, 2009 through June 30, 2012, with the option to mutually renew the agreement for four additional one-year terms.

New hardware, new software, and maintenance services provided under this request are needed to insure the reliability and integrity of the data used for operational and administrative purposes. The systems involved are the District's SunFire Servers, Storage Area Networks, load balancers, and application firewalls which are used for SAP Enterprise Systems, the portal, the Business Intelligence/Business Warehouse (BI/BW) System, the Public Sector Budget Formulation (PBF) System, the disaster recovery systems, and LIMS systems. There has been a substantial investment made in computer hardware and software used to support the applications associated with these systems and ongoing support and maintenance is required to protect this investment.

An initial annual payment of \$280,299.24 for the software maintenance support services will be effective as of April 1, 2010, for a period of twelve months.

After the expiration of the initial annual support period, the District will have at its discretion the option to continue the service provider's services for each subsequent year thereafter for an additional one-year period.

At the May 20, 2010 Board meeting, the Board authorized the Director of Procurement and Materials Management to issue a purchase order and enter into an agreement with Oracle America, Inc. for Computer Software and Hardware Maintenance, Integration and Software Support Services for the District's Enterprise (SAP) Servers, Laboratory Information Management System (LIMS) and Disaster Recovery Servers for a period of three years, in an amount not to exceed \$839,923.74. That Board action will be rescinded at this meeting under a separate item. In an effort to combine agreements, these maintenance services have been combined with computer hardware purchases in this Board letter.

As an instrumentality of state government, MHEC is required to follow extensive competitive procurement processes similar to its member states. Through its committees, MHEC undertakes the time and expense of the RFP process, thereby freeing governmental entities of this burden. Entities purchasing goods or services through the MHEC program can be assured that due diligence in selecting vendors has already been done. Inasmuch as Oracle America, Inc.'s partnership through MHEC for computer hardware, software, and maintenance provides the lowest possible price for equipment and software, nothing would be gained by advertising for bids (Section 11.4 of the Purchasing Act).

Oracle America, Inc. is registered and in good standing with the State of Illinois.

The Multi-Project Labor Agreement is not applicable due to the specialized nature of the services required.

In view of the foregoing it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order and enter into an agreement with Oracle America, Inc. in an amount not to exceed \$1,579,923.74.

Funds for the 2010 expenditure, in the amount of \$620,299.24, are available in Accounts 101-27000-601170, 612810, 612820, 623810, 634810. The estimated expenditures for 2011 is \$480,299.24, and 2012 is \$479,325.26. Funds for the 2011 and 2012 expenditures are contingent on the Board of Commissioners' approval of the District's budget for those years.

Requested, Keith D. Smith, Director of Information Technology, KDS:EJ:DV:mh
Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 4, 2010