

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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October 18, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a renewal of the Tier Technologies maintenance agreement in an amount not to exceed \$255,670 annually and the optional support agreement in an amount not to exceed \$165,670 annually to support the City's financial systems, with an option for two additional one-year renewal periods. (Citywide)

DISCUSSION

In February 1998, the City implemented new accounting, purchasing and budget software acquired from KPMG LLP, now Tier Technologies (Tier). At that time, the City executed a Maintenance Services Agreement that provides the City with new software releases, system patches and hotline phone support. The agreement is automatically renewed annually, unless either party provides termination notice at least 60 days prior to the end of any one-year renewal term. The current annual maintenance fee is \$255,670. It is requested that the City Manager receive authorization to extend Tier's current maintenance agreement for a term of one-year, plus two one-year renewal options in an amount not to exceed \$805,360 over three years, which includes a 5 percent contingency.

The City also has an on-going Optional Support Agreement with Tier that enables the City to obtain additional technical support for the financial systems. This agreement has been utilized to obtain Tier's assistance with projects such as: installation of financial system upgrades; development of software enhancements; and, implementation of the recent data recast to support the City's Focus on Results Long Beach initiative and new program budget. It is requested that the City Manager receive authorization to extend Tier's current optional support agreement for a term of one-year not to exceed \$165,670, plus two one-year renewal options in an amount not to exceed \$497,010 over three years.

This item was reviewed by Deputy City Attorney Everett Glenn on September 29, 2005 and Budget Management Officer David Wodynski on October 4, 2005.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

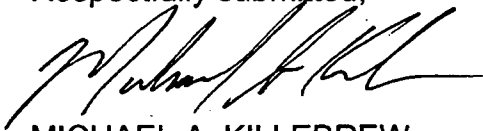
FISCAL IMPACT

Resources to support these activities are included in the Fiscal Year 2006 (FY 06) Adopted Budget. The annual maintenance fee of \$255,670 is budgeted in the General Services Fund (IS 385) in the Financial Management Citywide Department (XC). The annual optional support contract amount not to exceed \$165,459 is budgeted in the General Services Fund (IS 385) in the Department of Financial Management (FM).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

MAK:EH
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APPROVED:



GERALD R. MILLER
CITY MANAGER