STAFF REPORT

DATE: **July 2, 2019**

TO: **Ronald L. Olson, City Manager**

FROM: **Willie Resto, Executive Director of Information Technology**

SUBJECT: **Superion Hosted Agreement and Maintenance Renewal**

BACKGROUND AND FINDINGS:

This item is for the annual subscription renewal for our Superion software suite. The Superion software suite provides the City with an integrated set of software tools including Financials, Budget, Purchasing, Human Resources, Utility Billing, Building Permits, and Code Enforcement. This is our primary, backbone, enterprise wide software system.

Superion (formally SunGard Public Sector) was purchased by the City of Killeen in 1998 for $1.2 million and over the past 20 years the City has added modules at a cost over $400,000 bringing the total enterprise software investment to $1.6 million. Funds for the annual renewal are evaluated and approved as part of the IT Department budget.

There is a non-hosted or hosted option. Up until now, Killeen has selected non-hosted. The IT Department and city management recommend moving to a five (5) year term hosted solution beginning current fiscal year FY18-19. For Killeen, a hosted or cloud solution means the current aging hardware running the Superion software would no longer be necessary. All the data would be securely transferred to a data center where a team of specialists would maintain the hardware, software and security on our behalf. Going this direction would help resolve questions about system security and redundancy.

The IT department has worked with Superion to negotiate services and the recommended pricing agreement. The current year cost is budgeted. The accepted continued practice would be to propose the annual renewal charge as part of the IT Department budget.

To summarize, the hosted solution would: (1) provide better system support; (2) enhance security of the data; and, (3) establish dedicated redundancy in case of system failure or natural disaster.

The hosted data center would provide dedicated technical support by Superion staff, enhanced system security, disaster recovery (Continuity of Business), monitor system performance, perform internal and external vulnerability scans, annual PCI audits, managed software updates, and provide a test environment. All these features are not currently provided by the on-premise version at Killeen.

In the hosted agreement, the price for the software hosting would be added to the annual maintenance and support. The maintenance and support cost covers:

- Software licensing
- Encrypted data, at rest and in transit
- Test environment
- Technical support calls
- Employee education offering
- Improvements to infrastructure
- Internal and external vulnerability scans
- Product enhancements - upgrades
- Automated monitoring
  - Qualified, trained staff paged out for critical alerts 24/7/365
- Performance tuning
- Perform daily, weekly, monthly, and annual backups
- Routine system maintenance
  - PTFs for IBM iseries
  - Windows patches
  - Application upgrades
  - Capacity planning

THE ALTERNATIVES CONSIDERED:

Alternative 1: Renew maintenance and support, but not the hosted agreement:

Superion's software is proprietary. They are the only company that can provide the software licensing, maintenance, and support for the Superion software used at the City of Killeen. Renewing the maintenance and support agreement as the non-hosted option again would not provide a disaster recovery plan and test environment. In-house IT staff would continue to maintain the maturing hardware and software on site including routine maintenance and software upgrades. This option includes a price increase of 5% each year for the maintenance renewal.

Alternative 2: Create a redundant data site at Killeen:

For disaster recovery planning (Continuity of Business), this option would entail creation of a duplicate data site for the Superion software. Another server would need to be purchased. Other needed purchases would include: more software for copying files between the two data sites; added costs of security software; and, a support agreement for replacement hardware in the event of a disaster. The details and fees for this alternative are listed in the fiscal impact section below.

Alternative 3: Execute the hosted agreement for the 5-year renewable term:

The Superion Hosted Agreement provides: data security; a disaster recovery plan; reallocation of staff time to other critical IT assignments; a test environment; and avoidance of certain hardware expenditures associated with other alternatives. The Hosted Agreement pricing includes no annual maintenance fee increases for the first two (2) years of the contract and a reasonable 5% increase in 3-5.

CONFORMITY TO CITY POLICY:

According to the City of Killeen's Purchasing Manual Appendix G, a sole source procurement exception is authorized for an item or service that is only available from one vendor. Superion software, maintenance, and support are only available from the manufacturer Superion. Supporting documentation is included.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

Alternative 1: Renew non-hosted maintenance and support agreement over five years:
Each fiscal year the Superion annual maintenance and support agreement has come before council for approval. The annual fees have varied based on the current modules used and an annual increase based on the industry average of 5%. In Alternative 1, the City would spend $43,526 on annual price increases over 7 years.

Annual Maintenance with 5% Price Increase	Price
FY 2019 Maintenance and Support	$145,088
FY 2020 Maintenance and Support	$152,342
FY 2021 Maintenance and Support	$159,597
FY 2022 Maintenance and Support	$166,851
FY 2023 Maintenance and Support	$174,106
FY 2024 Maintenance and Support	$181,360
FY 2025 Maintenance and Support	$188,614

Alternative 2: Create a redundant data site:
An additional option to create a duplicate data site for the Superion software at Killeen was evaluated. The alternative included purchasing another IBM server, additional software for copying files between the two data sites to provide disaster recovery, purchasing security software, and IT staff time spent maintaining the systems.

Additional Killeen site project cost summary	Year 1 Cost	Annual Support Renewal
Additional IBM server	$39,300	$3,500
Disaster recovery software Maxava	$55,000	$44,000
AntiVirus software	$15,000	$5,000
IT staff spent on hardware maintenance	$11,250	$11,250
Total costs	$120,550	$63,750
7-year total projected costs		$446,250

This would not be a fiscally responsible choice for Killeen. The costs to create an additional site both for initial set-up and subsequent maintenance would exceed the cost of executing the hosted agreement. Creating a duplicate site also does not offer all of the services provided by the hosted environment such as a test environment, 4 upgrades per year, 24/7 system monitoring, and guaranteed 99.99% system availability.

Alternative 3: Execute the hosted agreement for the 5-year renewable term:
The total cost for Superion software licensing, maintenance, customer support and hosting are $170,930. The fees for hosting the hardware in the data center, the software upgrades, test environment, and dedicated technical support are included in the total annual price.

The costs for Superion hosting in FY 19 are as follows: (1) $10,000 project start-up fee for data migration to the hosted data center, due at project start; (2) $160,930 hosting fees (software maintenance and support bundled together), due July 2019 the annual renewal anniversary.

Project Cost Summary	Price
1) One-time project start-up fees	$10,000
2) Hosting plus annual maintenance & support	$160,930
Total FY19 Project Costs	$170,930
Fiscal Years 2019 through 2020 Annual Costs	$160,930
Fiscal Years 2021	$168,977
Fiscal Years 2022	$177,426
Fiscal Years 2023	$186,297

The hosted agreement also includes a provision to lock in the annual renewal price of $160, 930 for the first 2 years, then a 5% increase for years 3 through 5.

The annual maintenance renewal rate without hosting for FY19 is $145,088. The annual renewal rate for hosted and maintenance is $160,930, a difference of $15,842.

Is this a one-time or recurring expenditure?
The Superion hosted and software maintenance and support agreement are a recurring expense on an annual renewal.

Is this expenditure budgeted?
The Superion hosted and software maintenance and support agreement are budgeted in each fiscal year and the projected budget for the 5-year term.

If not, where will the money come from?
N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?
Yes, in the Computer/Software Maintenance account, 627-2705-419.42-43 ($160,930) and Computer Equipment/Software account, 627-2705-419.61-40 ($10,000.)

RECOMMENDATION:

Staff recommends the City Council authorize the City Manager, or designee to execute a contract for the hosted services, maintenance and support agreement of the Superion software with Superion, LLC, and further that the City manager, or designee be expressly authorized to execute any and all change orders or supplemental agreements within amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties