

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
ERM PROJECT**

36
AGENDA ITEM NO. 36

TO: Mayor and City Council

FROM: Troy Elliott, ERM Project Director

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono, Deputy City Manager; Travis M. Bishop, Assistant City Manager; Andrew Martin, City Attorney; Bill Wood, Assistant City Attorney; Patricia Major, City Auditor; Milo Nitschke, Director, Finance Department; Gary Moeller, Director, Information Technology Services Department; File

SUBJECT: Authorization for the purchase of an application testing software tool from Mercury Interactive

DATE: April 17, 2003

SUMMARY AND RECOMMENDATIONS

This Ordinance appropriates and encumbers funds in the amount of \$354,080 for the purchase of application testing software, training, eighteen months of annual support and maintenance, and an option for professional services provided by Mercury Interactive. This Ordinance also authorizes four years of annual support and maintenance at a cumulative cost of \$251,680. The total value of the agreement with Mercury Interactive is \$605,760 over the next five years.

An Ordinance selecting the Mercury Interactive Corporation to provide the City of San Antonio with Application Testing software in an amount of \$259,070 for the acquisition of proprietary software licenses; providing for the training of project personnel in an amount of \$36,000; providing for annual service and maintenance for five years at an initial amount of \$37,010 and \$62,920 for each year thereafter; and delegating the authority to approve an option in the amount of \$22,000 for professional services as may be required by the Director of Information Technology Services, appropriating and encumbering funds in the amount of \$354,080 and authorizing payment; authorizing the execution of the contract and associated documents for a total contract value not to exceed \$605,760.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

As part of the Enterprise Resource Management (ERM) Project, the project team recommends the acquisition of a sophisticated software tool that can be used to test the capacities of the City's hardware and network infrastructure. The tool will enable the project team members to build repeatable testing scenarios quickly and easily. Information was gathered prior to writing the Request for Proposal (RFP), by meeting with two of the leading companies in this market, Autotester and Mercury Interactive. These firms were invited to provide demonstrations to members of the ERM Project and the Information Technology Services Department. Both companies were made aware that the City was gathering requirements and evaluating the need

for the purchase of an application testing tool in order to mitigate project risk. During the software demonstration both companies were also informed of the procurement process and that when the request for proposal was issued, it would be published on the City's website.

A Request for Proposal was released on February 14, 2003 soliciting proposals for an application testing software tool. Two proposals were received on March 7, 2003 from Last Call and the Mercury Interactive Corporation. An evaluation team consisting of Department Directors from the Information Technology Services, Finance, Purchasing, Asset Management, Public Works, Human Resources and the ERM Project met to evaluate the proposals on March 20th. The evaluation team discovered that the proposal from LastCall did not meet 3 of the 10 minimum requirements set out in the RFP. One essential requirement that Last Call could not accommodate is that it does not support testing with the SAP software that the City is currently implementing. Therefore, and in accordance with the RFP guidelines, Last Call was eliminated from consideration for failure to meet the minimum requirements of the Request for Proposal. The evaluation team completed the analysis of the proposal from Mercury Interactive and recommended that the proposal be accepted and forwarded to City Council for approval.

Mercury Interactive and Last Call were evaluated using a multi-level screening process. Their submittals were required to pass each stage in this process in order to move forward to the next succeeding evaluation stage. The first stage of the evaluation process involved an assessment of their conformance with the City's stated submittal requirements. The second stage of the evaluation process involved an assessment of the extent to which their responses met the City's minimum requirements as defined in the request for proposal. As indicated above, Last Call failed to meet 3 out of 10 of the minimum requirements and did not progress to the third and fourth stages of the evaluation process. The third stage of the evaluation process involved an assessment of the extent to which Mercury Interactive's submittal met the City's general, functional and technical requirements and was scored by the evaluation team. Additionally, the fourth stage requires Mercury Interactive to conduct a "Proof of Concept" in which prior to execution of a contract, Mercury will prove that the proposed testing software meets the requirements as proposed in their response. This requires Mercury Interactive to load the software on the City's hardware and demonstrate it meets the requirement outlined in the request for proposal.

A summary of the evaluation process is as follows:

Stage	Criteria	Disposition
1	Submittal Requirements	Pass/Fail
2	Minimum Requirements	Pass/Fail
3	Technical Requirements and Cost Proposal	Rank and Select
4	Vendor Selection Validation	Pass/Fail

The major provisions of the agreement with Mercury Interactive include the following:

- License Fee and Payment
 - List price of \$370,100 discounted by 30% for a total net license fee of \$259,070
 - Due and payable 30 days from date of invoicing

- Maintenance Fee and Payment
 - Maintenance for the first year of support (April 2002 through September 2004, approximately 18 months) is \$37,010 or the equivalent of 10% of the list price
 - Maintenance fees for the next four years are fixed at \$62,920.46 or 17% annually of the list price
- Training
 - Training will be provided to the ERM Project Team at a cost of \$36,000 representing a discount of 20% of Mercury Interactive published list prices
- Professional Services
 - Services not to exceed the amount of \$22,000 for configuration and implementation of the application testing tool. This is an option exercisable by the Director of Information Technology Services for 10 days of professional services including expenses. This amount is available as an option and would not be used unless needed.

POLICY ANALYSIS

Authorization of the Mercury Interactive Corporation to provide the City of San Antonio with Application Testing software is consistent with previous City Council actions to facilitate the implementation of an Enterprise Resource Management System. Acquisition of this tool is consistent with the ERM methodology employed to test system capabilities and mitigate risk.

FISCAL IMPACT

This ordinance appropriates and encumbers \$354,080 payable to Mercury Interactive Corporation for the acquisition of proprietary software licenses, eighteen months of maintenance and support, training, and optional professional services from Mercury Interactive. This Ordinance also authorizes four years of annual support and maintenance at a cumulative cost of \$251,680. The total value of the agreement with Mercury Interactive is \$605,760 over the next five years.

The amount appropriated and encumbered for proprietary software licenses, training and professional services is \$259,070, \$36,000, and \$22,000 respectively. Additionally, the amount appropriated for the first 18 months of maintenance and support is \$37,010 (April 2003 through September 2004) to be funded from Certificates of Obligations or other available funds. The remaining years of service and maintenance will be funded through the annual operating budget process in an amount not to exceed an annual amount of \$62,920.46 for each of the next four years beginning on October 1, 2004 (17% of list price).

The amount of \$354,080 is programmed within the ERM Project Budget. The hardware and software budget estimated at the beginning of the project considered the need for an application testing tool. The combined hardware and software budget for the ERM Project is \$15,635,500 of which \$13,277,233 has been obligated through previous Council actions for items such as SAP Software, Hansen Software, Software Maintenance, initial computer Hardware purchase, Oracle Database, Crystal report writer, and miscellaneous hardware purchases. As a result, a sufficient balance of \$2,358,267 is available for the purchase of this application testing tool and future equipment and software needs of the ERM Project.

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COORDINATION

Selection of the Application Testing Software was coordinated with the City Attorney's Office, Information Technology Services Department, Purchasing and General Services Department, Finance Department, Public Works Department, Human Resources Department, Economic Development Department, and ERM Steering Committee. The Steering Committee is comprised of 14 City Departments and provides guidance to the ERM Project Team on project issues.

SUPPLEMENTARY COMMENTS

Mercury Interactive's proposal included software and training only and does not lend itself to SBEDA participation. However, Mercury Interactive will provide training as part of the agreement to City staff, staff of Deloitte Consulting and SBEDA firms participating on the ERM Project. The disclosures required by the City's Ethics Ordinance are attached.

SIGNATURES



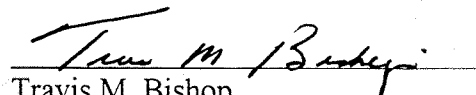
Troy Elliott
ERM Project Director



Milo Nitschke
Director
Finance Department

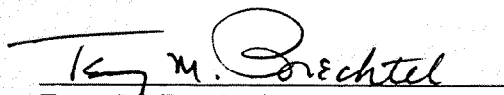


Gary Moeller
Director
Information Technology Services Department



Travis M. Bishop
Assistant City Manager

Approved:



Terry M. Brechtel
City Manager

ATTACHMENT B

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below
before the discretionary contract is the subject of council action, and no later than five (5) business days after any change
out which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City
Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract
from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

None

(2) the identity of any business entity¹ that would be a party to the discretionary contract:

Mercury Interactive Corporation

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary
contract;

None except on requested Services, to be
agreed.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or
subsidiary business entity, of any individual or business entity who would be a party to
the discretionary contract;

None

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company,
receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None Known



Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None Known		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

NONE		
Signature: 	Title: Contracts Dir. Company: Merany Contreras	
		Date: 3/4/03

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

ATTACHMENT C

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

☒ NO None Known

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

☒ NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

☒ NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

GOOD FAITH EFFORT PLAN

NAME OF COMPANY: MERCURY INTERACTIVE

PROJECT NAME: MERCURY TESTING TOOLS/TRAINING

1. Indicate all MBE-WBE-AABE-SBE subcontractors proposed for this contract. (Use additional sheets as needed.)

[illegible]

NOTE: If MBE-WBE-AABE-SBE contracting goals were met, skip to #9.

2. If MBE-WBE-AABE-SBE contracting goals were not achieved in a percentage that equals or exceeds the City's goals, please give explanation.

Mercury's proposal includes software and training only.
Use and implementation of the proposed solutions shall
be determined by the ERM project office.

3. List all MBE-WBE-AABE-SBE Listings or Directories utilized to solicit participation.

Consulting and/or professional services are not being
proposed and therefore were not solicited.

4. List all contractor associations and other associations solicited for MBE-WBE-AABE-SBE referrals.

Consulting and/or professional services are not being
proposed and therefore were not solicited.

5. Discuss all efforts aimed at utilizing MBE-WBE-AABE-SBEs.

Consulting and/or professional services are not being
proposed and therefore were not solicited.

6. Indicate advertisement mediums used for soliciting bids from MBE-WBE-AABE-SBE s.

Consulting and/or professional services are not being
proposed and therefore were not solicited.

Good Faith Effort Plan

7. List all MBE-WBE-AABE-SBE bids received but rejected. (Use additional sheets as needed.)

COMPANY NAME	MBE-WBE-AABE-SBE CERTIFICATION NUMBER	HUE (Y/N)	REASON FOR REJECTION

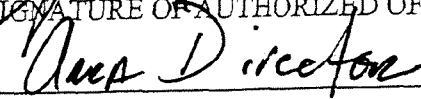
8. Please attach a copy of your company's MBE-WBE-AABE-SBE policy.

9. Name and phone number of person appointed to coordinate and administer the Good Faith Efforts of your company on this project.

Scot F. Hills (512) 637-1379

10. This Good Faith Effort Plan is subject to the Economic Development Department's approval.


SIGNATURE OF AUTHORIZED OFFICIAL


TITLE OF OFFICIAL

3/5/03 214 415 2486
DATE PHONE