- **Board of Directors**

**Subcommittee on Real Property and Asset Management
Executive Committee**

February 8, 2000 Board Meeting

8-7

Subject

Appropriate $1,484,000 and authorize the General Manager to award a contract, not to exceed $879,000, to provide consulting services for the enterprise server replacement project.

Description

Metropolitan's core business applications, including accounting, financial reporting, payroll, asset management, human resources, purchasing and maintenance management all run on the district's enterprise servers, consisting of four Pyramid Nile computers. The Pyramid Nile servers were originally purchased in 1992 as part of the Information Systems Strategic Plan (ISSP) and have exceeded their normal product life cycle. They will no longer be supported by the hardware manufacturer, Siemens Computer Systems, as well as the primary software vendor, Oracle Corporation. Oracle will withdraw conventional support and cease upgrades for Pyramid servers on January 31, 2000. Siemens is no longer manufacturing Pyramid servers or replacement parts.

The requested appropriation will be used to pay for internal labor, system management software and consulting services required to migrate the core business applications to a new enterprise server environment. The appropriation amount is included in the capital program for 1999-2000. Funding for the new server hardware, consisting of central processing units, storage devices, and peripherals was part of the operating equipment budget for FY 1999-2000.

It is requested that the board authorize the General Manager to award the consulting contract in an amount not to exceed $879,000. The consultant will augment internal staffing on the project, and provide expertise in the areas of design, migration, testing and implementation. The project design phase is scheduled to begin in March 2000, with project completion targeted for August 2000. An expedited implementation is needed to migrate to servers that are supported by both hardware and software vendors, and to enable the district to upgrade existing business application software (e.g., Oracle financials). A Request for Proposal (RFP) was issued to select a consulting firm to assist with the project. Based on the evaluation of proposals received, two firms are being considered. They are: International Business Machines (IBM) and Electronic Data Systems (EDS). The selected vendor will provide system design, migration, testing and documentation services.

The district has identified participation levels for consulting services of 15 percent for certified Minority-Owned Business Enterprises (MBE) and five percent for Women-Owned Business Enterprises (WBE). Both consulting firms have volunteered to subcontract to meet these participation levels. Final negotiations will be completed in February 2000.

Policy

Existing: Pursuant to Section 5108 of the Administrative Code, no expenditure shall be made unless the board has approved an appropriation for the purpose intended.

Board Options/Fiscal Impacts

Option #1

Replace current Pyramid Nile enterprise servers. Authorize the General Manager to award a contract for design and migration consulting services in an amount not to exceed $879,000. Refer to **Attachment 1** for the enterprise server project detailed report, and **Attachment 2** for project financial statement. Hardware purchase or lease was previously authorized as part of the FY 1999-2000 operating equipment budget.

Fiscal Impact: Total project cost of $4,461,262 includes requested appropriation of $1,484,000 in capital costs for internal labor, system management software, and consulting services; $2,882,762 in FY 1999-2000 operating equipment for server and storage hardware; and $94,500 in FY 1999-2000 operating and maintenance funds for project research, planning, and analyses.
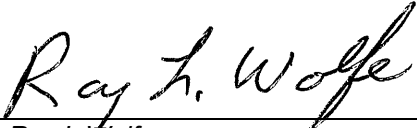
Option #2

Defer replacing the Pyramid Nile servers. If this option is chosen, district staff will be unable to upgrade core business application software packages (e.g., PeopleSoft), including version changes for accounting, financial reporting, payroll, asset management, human resources, purchasing and maintenance management. Inability to use supported versions of the applications may cause reporting and processing disruptions in these functions.

Fiscal Impact: The initial cost of this option is less than option 1 in that there is no immediate hardware replacement cost nor services required to migrate the applications from one computer platform to another. Maintenance costs would be higher, and ultimately the existing servers would need to be replaced and the applications migrated. In the interim, the district would be at risk of prolonged business system outages due to lack of vendor support, software fixes and replacement parts. Further, any new applications would have to be custom developed as no third-party, packaged software would be available for this aging computer platform.

Staff Recommendation

Option #1

The district will avoid operational disruptions and prepare for future application requirements through the replacement of the current Pyramid server platform.

Roy L. Wolfe
1/10/00
Acting Manager, Corporate Resources   _Date_

General Manager   1/21/00   _Date_

Attachment 1 – Detailed Report
Attachment 2 – Financial Statement

Detailed Report

Introduction

Pyramid Nile enterprise servers were first purchased in 1992 as part of the Information Systems Strategic Plan (ISSP). There are four Pyramid servers that comprise the current environment: two production servers, one development/test server, and one disaster recovery server residing in the Lake Mathews facility.

The system was initially used to run the Oracle financials and the PeopleSoft human resources applications. It has since been expanded to support the time and labor module of PeopleSoft, Maximo (SOMMS/Maintenance Management System), Project Management Information System (PMIS), Travel Expense Reporter (TER), Lawpack, Permits, Metropolitan Employee Training System (METS) and Remedy. All mainframe applications were fully replaced in 1998.

The Pyramid computers are nearing the end of their useful product life, with Siemens Computer Systems discontinuing manufacture of components and parts as of April 1999 and Oracle Corporation terminating software upgrades and patches as of January 31, 2000.

Benefits of Pyramid Platform Replacement

The replacement of the Pyramid platform will offer the following immediate benefits:

1. Reduce the risk of outage associated with the current servers that have been discontinued by the manufacturer.
2. Provide the ability to upgrade the district's applications to meet changing business requirements.

The following long-term benefits are also expected:

1. Increased system performance and capacity, with the flexibility to incrementally add processing and storage components as required.
2. Increased compatibility with third-party, packaged applications and utilities.
3. Ability to consolidate servers and storage onto fewer platforms to reduce ongoing costs.
4. Lowered administration, service and support costs due to mainstream product support.

Project Structure and Expected Milestones

Internal staff will be used to perform the overall project management role. In addition, district staff will be assigned to lead each of the project sub-teams: System Migration, Database Migration, Application Testing, and Security/Administration. Consulting assistance will be required for database and application migration planning, system and security design, and project administration services. The consulting firm will also be asked to provide implementation services on a contingency basis to be used only in the event that the project schedule cannot be met with existing internal resources.

Estimated milestones are as follows:

March 2000 – Complete bid process for hardware and software and award consulting contract.

March 2000 – Planning Phase: Complete project, migration and test plans.

May 2000 – Design Phase: Complete system design and migration testing.

August 2000 – Implementation Phase: Complete system installation and application migration.

A detailed project schedule will be published after the conclusion of the planning phase.

Consultant Selection Process

An RFP was developed to select a migration consultant and gather technical information on enterprise server hardware and software. Criteria for selection of the migration consultant included evaluation of relevant expertise for the targeted server platforms and specific migration expertise with key third-party packaged applications including Oracle financials and PeopleSoft human resources/payroll. Project management services and methodology were also important. Respondents were also asked to demonstrate organizational depth (adequate, skilled resources for the size of the project), a flexible approach, and a willingness to partner with the district to ensure knowledge transfer. In addition, fee structure/pricing was a criterion.

After review of the ten written responses, seven respondents who met the defined criteria were invited to make oral presentations. Of those seven, IBM and EDS made the "short list."

IBM and EDS were identified as most qualified for design and migration consulting activities. IBM and EDS demonstrated specific knowledge of migration activities with superior project management skills and methodologies. Both IBM and EDS are well respected for their professionalism, expertise, and depth of resources. Both firms have extensive migration experience and a proven track record for successfully completing projects of similar size and scope. IBM was selected as the preferred consultant after in depth discussions with both vendors regarding specific consulting team assignments, availability, fee schedules, and reference checks, with EDS being retained as an alternate. In order to achieve the best pricing and contract terms, authority is being requested for the ability to award a contract to either firm on the short list, depending on the outcome of negotiations.

Financial Statement

Board Action No. 1 for Appropriation No. 15351 to finance design and migration services and system management software for the new Enterprise Server Environment

	BOARD ACTION
	NO. 1
Materials and Supplies (software and network components)	$ 343,000
Consulting Contracts (migration and design services)	879,000
Direct Labor	262,000
Total	**$ 1,484,000**

FUNDING REQUEST

Program Name:	Enterprise Server Upgrade and Management		
Source of Funds:	Pay-As-You-Go Fund		
Appropriation No.: 15351	**Board Action No.:** 1	**Budget:**	$1,726,400
Requested Amount:	$1,484,000	**Capital Program No.:**	99002-E
Total Appropriated Amount:	$1,484,000	**Capital Program Page No.:**	E-37
Total Program Estimate:	$1,484,000	**Program Category:**	A-Asset/System Integrity

PROGRAM SUMMARY

Total project costs, including the acquisition of hardware:

Board Action No. 1 (Labor, Consulting, Software)	$ 1,484,000
FY 1999-2000 Operating Equipment (Processing and Storage Hardware)**	2,882,762
Operating & Maintenance Costs for Research and Analyses	94,500
Total	**$ 4,461,262**

** Note: Actual cost of hardware will be lower due to industry-wide price reductions and expected vendor discounts.