



Request for City Council Committee Action from the Department of BIS

Date November 14, 2011

To: The Honorable Betsy Hodges, Chair, Ways and Means Committee

Subject: Decrease Unisys contract by \$752,000 for Reduction in Technical Infrastructure Refresh Services.

Recommendation Authorize proper city officials to amend the Unisys managed services contract C-25200 by a reduction of \$752,000 to address a structural budget deficit in BIS. The reduction will be taken from Technical Infrastructure Refresh services.

Prepared by Elise Ebhardt, BIS Interagency Coordinator, 673-2026

Submitted by Otto Doll _____, 673-3633
Chief Information Officer

Approved by Steven Bosacker _____
City Coordinator

Presenter in Committee Otto Doll, Chief Information Officer

Policy Review Group Not Applicable

Permanent Review Committee (PRC) Approval Not Applicable

Prior Related Directives:

- December 21, 2007 Council adopted and the Mayor approved the authorization for City officials to renegotiate a five-year Managed Services contract with Unisys Corporation for the City's technology operations, effective January 1, 2008, with two optional two-year extensions for a contract total of \$49,000,000.
- August 6, 2010 Council authorized a) Execute a single three (3) year extension instead of two (2) two-year extensions; and b) Amend the language contained in the contract for a change in the scope of services offered, and increase the contract by \$33,900,000.

Financial Impact: None. The reduction is reflected in the 2012 Mayor's Recommended Budget

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to department's finance contact prior to the Committee Coordinator

Background/Supporting Information

The City of Minneapolis entered into a five year, \$49 million managed services contract with Unisys Corporation on January 1, 2008. The contract value and technical provisions were based on the City's technology assets and operations capacity at that point in time. The City renegotiated the contract in 2010 to extend managed services to 2015.

Business Information Services (BIS) currently makes monthly payments to Unisys for managed services, and a portion of the payments are put into the Technical Infrastructure Refresh fund to be used toward our ongoing infrastructure maintenance and equipment refresh program. The program includes maintenance and refresh of our network and computing devices. Each year Unisys and BIS analyze our infrastructure and determine what maintenance and equipment replacement needs are most critical and disperse the funds accordingly.

BIS is facing a structural budget deficit. Unisys has agreed to help address our budget deficit in 2012 by a reduction in our contract. Therefore, we are recommending that we reduce our payment to Unisys for infrastructure maintenance and refresh by \$752,000.

Reducing our investment in infrastructure maintenance and equipment refresh is not sustainable, and cuts to the fund this year will require us to forgo replacement of some older equipment during 2012. However, we believe the enterprise can withstand this reduction without major impacts to our systems.

Request for Approval:

Business Information Services is requesting authorization for proper city officials to amend the Unisys managed services contract C-25200 by a reduction of \$752,000. The reduction will be taken from technical infrastructure refresh services.