

STAFF REPORT

DATE: December 12, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Shelly Valenton, Deputy General Manager/CEO
SUBJ: APPROVING CONTRACTS FOR SAP OPERATIONAL SUPPORT AND ENHANCEMENT SERVICES AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AWARD A CONTRACT FOR SAP ENHANCEMENT SERVICES

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approving the recommended action will award a contract to Labyrinth Solutions LLC (Labyrinth) for SAP operational support and enhancements. This will allow SacRT to bring its end-of-life unsupported SAP system to current standards/licensing and implement additional modules for business process improvements.

Approving a Contract for SAP Enhancement Services with Sage Group Technologies, Inc. and delegating authority to award a Contract for SAP Enhancement Services to EPI-Use America, Inc. will provide SacRT with a stable of qualified SAP vendors capable of performing enhancement services/projects on an as-needed basis.

FISCAL IMPACT

The SAP Operational Support costs are budgeted in the Fiscal Year 2023 Information Technology Operations Budget. Future Fiscal Year costs will be included in the respective Operating Budgets.

The Labyrinth contract will include a base Operational Support of \$1,860,000 over 10 years and an additional \$1,875,000 for potential Work Orders that may be issued for Enhancement Services, for a total not-to-exceed amount of \$3,735,000.

The other Enhancement Service contracts (Sage Group Technologies, Inc. and EPI-Use) will each have a not-to-exceed amount of \$1.5 million.

Enhancement Services will be provided on a Work Order basis. Funding for SAP Enhancement Services will be identified as part of the enhancement estimate and approval process over the term of the agreement. Individual Work Orders that exceed \$150,000 will be approved by the Board.

DISCUSSION

On October 8, 2001, the Board awarded a contract to Solbourne/SAP for the purchase and implementation of SAP as an Integrated Enterprise Resource Management System (ERMS). This procurement replaced the end-of-life and no longer supported IBM AS-400 computer system and included software, user licenses, annual maintenance, system implementation, and training services with an initial budget of \$3,500,000.

SAP continues to be recognized as an industry leader for providing comprehensive integrated software applications and since the initial implementation, SAP has been a critical SacRT information system used for Financial Management, Material Management, Payroll, and Human Resources Management. While the system is vital, it has not received a substantial upgrade since 2014. SacRT recognizes the value that SAP brings to the agency and has determined that updating and enhancing the system is both necessary and cost effective in the support of ongoing critical business operations. These contracts will return SAP to a robust, resilient, and supported platform. The planned enhancements will replace many manual processes and reduce errors while increasing staff efficiencies and achieving greater employee engagement.

There were two components to the procurement. In the interest of promoting competition and allowing firms with particular SAP specializations to propose, proposers were allowed to submit for either or both components:

1. SAP Operational Support Services – these are services to bring the existing system to present-day standards, keep it current, and provide day-to-day operational support to supplement SacRT’s limited Information Technology staff; and/or
2. SAP Enhancement Services – these would be services to add additional functionality or complete special projects.

The Request for Proposals (RFP) was published on December 22, 2021, on PlanetBids eProcurement system. SacRT received 7 proposals, which were collectively evaluated and scored by staff from Information Technology, Finance, and Human Resources. Respondents were evaluated and scored on the following criteria:

- Project Understanding
- Project Staff and Experience
- Project Work Plan
- Price

Separate evaluations were conducted for each of the two components. The Operational Support Services component of the contract is to be awarded to a single contractor, while the SAP Enhancement Services portion of the contract could be awarded to multiple qualified proposers.

The Senior Manager, Enterprise Business Solutions will be responsible for managing both components of the contract. The SAP Operational Support Services component has fixed pricing over the 10-year term, while funding for enhancements will be identified and encumbered as part of the task order approval process.

The potential exists that work performed under either component of the contract may substantially change the SAP Operational Support Services contract cost. Therefore, as part of approving any Work Order, this cost will be identified separately within the overall cost of the work proposed and may trigger an amendment to the Contract for Operational Support Services. The Senior Manager, Enterprise Business Solutions will engage with the SacRT Procurement and Legal departments to amend the agreement and incorporate the change, subject to Board approval, if necessary.

Operational Support Services

Labyrinth achieved the highest score and is being recommended for award of a Contract for Operational Support Services. Labyrinth has the necessary resources and has proven public sector experience supporting SAP. During the first 12 months of the contract, Labyrinth will perform an intense period of hyper-care to bring the system to within 1 - 2 versions of currently-released software levels. Once hyper-care is completed, Labyrinth will continue to maintain the system (within 1 – 2 levels of supported software) as well as provide day-to-day support responding to and resolving issues, performing configuration management, as well as providing data backup, data archive, and data restoration services.

Configuration items that require more than 40 hours to complete and are required as part of the current production environment, such as major configuration changes related to union agreements, are designated as mini-operational projects. Mini-operational projects are critical to operations and very time sensitive. These mini-operational projects will be approved through a Work Order as “Enhancement Services,” though only Labyrinth will have the opportunity to provide these services.

Enhancement Services

In addition to maintaining the SAP production environment, SacRT also seeks to improve the capability of the system. For example, electronic time and attendance management could replace current paper-based timekeeping processes. This would simplify administrative processes and reduce administrative costs, including payroll data entry errors and overtime costs, while improving employee engagement. Based on the evaluations and scoring, three contractors were selected for the SAP Enhancement Services.

- Labyrinth Solutions, LLC
- EPI-Use America Inc.
- Sage Group Technologies, Inc.

To evaluate potential enhancements, SacRT staff will collaborate with the authorized contractors to review already- identified enhancements; identify potential and yet unidentified enhancements; identify which enhancements could be implemented during hyper-care; and propose the initial prioritization, cost, and implementation timelines. This information will be presented to SacRT leadership for review and approval. Funding for enhancement services must be identified before advancement of the project through the Work Order process.

EPI-Use America, Inc. has proposed exceptions to SacRT’s form of contract, which are

still being negotiated. Therefore, a delegation of authority to the General Manager/CEO is being requested to award that contract upon successful conclusion of negotiations.

RESOLUTION NO. 2022-12-150

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2022

APPROVING A CONTRACT FOR SAP OPERATIONAL SUPPORT SERVICES AND ENHANCEMENT SERVICES TO LABYRINTH SOLUTIONS, LLC

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Contract for SAP Operational Support and Enhancement Services by and between the Sacramento Regional Transit District (therein "SacRT) and Labyrinth Solutions, LLC (therein "Contractor"), whereby Contractor agrees to provide SAP Operational Support Services on a fixed-price basis for the amount \$1,860,000 for a 10-year period and provide Enhancement Services on a Work Order basis not to exceed \$1,875,000, as further specified therein, for a total not-to-exceed amount of \$3,735,000, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing Contract.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary

RESOLUTION NO. 2022-12-151

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2022

APPROVING A CONTRACT FOR SAP ENHANCEMENT SERVICES TO SAGE GROUP TECHNOLOGIES, INC.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Contract for SAP Enhancement Services by and between the Sacramento Regional Transit District (therein "SacRT") and Sage Group Technologies, Inc. (therein "Contractor"), whereby Contractor agrees to provide SAP Enhancement Services on a Work Order basis for an amount not to exceed \$1.5 million, as further specified therein, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing Contract.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary

RESOLUTION NO. 2022-12-152

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 12, 2022

DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AWARD A CONTRACT FOR SAP ENHANCEMENT SERVICES TO EPI-USE AMERICA, INC.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, authority is delegated to the General Manager/CEO to award the Contract for SAP Enhancement Services to EPI-Use America, Inc. (therein "Contractor"), whereby Contractor agrees to provide SAP Enhancement Services on a Work Order basis for an amount not to exceed \$1.5 million, as further specified therein, upon successful conclusion of contract negotiations.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary