



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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Legislative File No: 2005-0853

TO: Mayor and City Council Members
FROM: Bob Grace, Director MIS
DATE: March 15, 2006
SUBJECT: Increase JDE Hardware Upgrade Project Budget

REQUEST:

Authorization to increase the JDEdwards hardware project budget from \$175,000 to \$197,000 in order to maintain consistency and purchase required licenses to backup the servers housing the JDEdwards financial software.

REASON FOR PURCHASE:

On December 12, 2005, City Council approved upgrading hardware for the City's financial software system. At that time I explained the process and how we would be purchasing the equipment. The price for the backup software license component that we are going to use to back up all the servers with was based on the quote from our recent network upgrade. As you would expect we want to maintain consistency across all of our installed servers. This will eliminate the need for dual systems and provide for ease of use. As the new network was being installed and we were implementing the backup system it was discovered that TSI (backup vendor) made a mistake in their network quote. As you can see there is a significant difference between the network quote and the actual pricing structure, a difference of \$25,912.00. They are absorbing the cost of their mistake, however this caused our estimate for the software licensing required to backup the financial system servers to be grossly underestimated and the reason for this explanation.

I have attached a spreadsheet to show how we came up with our original estimate for the JDE financial upgrade and what the actual costs will be. As you can see our estimate of what it would take to add the JDE financial hardware to the backup system was considerably off because we based it on the vendors inaccurate network quote to us. We estimated a three-year cost to be \$5,494 when in actuality it will be \$27,608.

Our budgeted amount for the hardware upgrade is \$250,000. In December I requested \$175,000 to do this project. Based on the new figures that we have from the vendor I am asking council to increase the amount of this project from the original \$175,000 to \$197,000 an increase of \$22,000.

PROCESS:

Vendor Name and Address:

Various State and National Cooperative Contracts

Reason for Selection:

Best value

Method of Purchase:

Purchase Orders

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
MIS – 636	980000	IS-10C AS/400 Upgrade/Replacement	\$250,000	\$197,000	\$53,000

RECOMMENDATION:

It is recommended that City Council authorize the project budget increase to allow the appropriate backup licenses to be purchased. The new not-to-exceed price for the JDE Hardware Upgrade is \$197,000.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		