



Legislation Text

File #: O-377-21, Version: 1

SAP-Hosting

Department of Finance, Department of Public Utilities,
M. Campbell (x1252), C. Geronimo (x2363)

Authorizing the mayor to enter into a SAP hosting and application services agreement for a term of two years with two one-year renewal options; waiving the competitive bidding requirements of Toledo Municipal Code Chapter 187; authorizing the expenditures not to exceed \$1,572,130 from the General Fund and the Utility Administrative Services Fund over the term of the agreement; and declaring an emergency.

SUMMARY & BACKGROUND:

This ordinance authorizes a multi-year agreement with IBM/Kyndryl for the provision of hosting services for the DPU and ERP SAP systems. The existing hosting agreement with IBM/Kyndryl will expire at the end of 2021. The City has the opportunity to enter into a new agreement now and take advantage of lower monthly costs. This ordinance requests authorization for the agreement, expenditures not to exceed \$1,572,130 and also waives competitive bidding. The waiver of competitive bidding will allow the City to continue with the current hosting provider and avoid costly and time-consuming migration to a new provider. The projected costs over the term of the agreement are as follows below. The Department of Public Utilities expects to transition to a cloud environment and is not included in the option years of the agreement.

Summary	DPU	Finance	Total
Year 1 - July 2021-June 2022	\$ 188,593	\$ 314,296	\$ 502,888
Year 2 - July 2022-June 2023	90,822	316,770	407,592
Year 3 - July 2023-June 2024 (option)	-	330,825	330,825
Year 4 - July 2024-June 2025 (option)	-	330,825	330,825
Total	\$ 279,414	\$ 1,292,716	\$ 1,572,130

The fiscal impact of this ordinance is as follows:

- The amount of funds requested: \$1,572,130 over the term of the agreement
- The expenditure budget line item: 1001-14700-1110ERPSTDSTD and 6078-31000-4000524STDSTD
- New revenue generated (operational revenue, grants, if any): none
- Revenue budget line item (if any): none
- Are funds budgeted in the current fiscal year (yes/no)?: yes
- Is this a capital project (yes/no)? no
- If yes, is it new or existing (new/existing)? N/A
- What section of the City’s Strategic Plan does this support:
 - o Excellence in Basic Services (yes/no) yes
 - o Quality Community Investment (Livable City, Development) (yes/no) no
 - o Workplace Culture & Customer Service (yes/no) yes
 - o Environment (yes/no) no

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the mayor is authorized to enter into a SAP hosting and application services agreement with IBM/Kyndryl for a term of two years with the option to renew for two additional one-year terms, upon such terms and conditions as acceptable to the Directors of Public Utilities and Finance.

SECTION 2. That the competitive procurement requirements of Toledo Municipal Code Chapter 187 are waived for the reason that the Council of the City of Toledo finds that it is in the best interest of the City to enter into an agreement with IBM/Kyndryl in order ensure uninterrupted SAP hosting services at competitive prices and avoid costly migration to a new hosting environment.

SECTION 3. That, subject to available appropriation in future years, an amount not to exceed \$1,292,716 is authorized for expenditure from the General Fund, Account Code 1001-14700-1110ERPSTDSTD, and an amount not to exceed \$279,414 is authorized for expenditure from the Utility Administrative Services Fund, 6078-31000-4000524STDSTD, for the purpose identified in Section 1.

SECTION 4. That the Finance Director is authorized to issue warrant or warrants against the above account codes in payment of the obligations incurred pursuant to the agreement authorized in Section 1 upon presentation of proper voucher or vouchers.

SECTION 5. That this ordinance is declared to be an emergency measure and shall be in full force and affect from and after its passage. The reason for the emergency lies in the fact that this ordinance is necessary for the immediate preservation of public peace, health, safety, and property and for the further reason that this ordinance must be immediately effective in order to permit the continued uninterrupted necessary services identified herein.

Vote on emergency clause: yeas 12, nays 0.

Passed: August 17, 2021, as an emergency measure: yeas 12, nays 0.

Attest:

Gerald E. Dendinger
Clerk of Council

Matt Cherry
President of Council

Approved:

August 17, 2021
Wade Kapszukiewicz
Mayor