

RESOLUTION 2019-093

RESOLUTION AUTHORIZING AN AMENDMENT TO THE AGREEMENT WITH SAP PUBLIC SERVICES, INC., FOR SOFTWARE END-USER LICENSES, TO INCREASE THE ANNUAL SOFTWARE MAINTENANCE EXPENDITURE BY AN AMOUNT OF \$108,581 PER YEAR TO AN AMOUNT NOT TO EXCEED \$180,884; AND AUTHORIZING A NEW AGREEMENT WITH SAP PUBLIC SERVICES, INC. FOR CONSULTING SERVICES IN AN AMOUNT NOT TO EXCEED \$650,000, IN ACCORDANCE WITH BPC POLICY NO. 110 II.H, WITH A FIVE-YEAR TOTAL COST OF OWNERSHIP OF THE SAP SYSTEM OF \$4,371,117 (WHICH INCLUDES ALL CURRENT SAP RELATED AGREEMENTS)

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the Legislature in 1962 pursuant to Harbors and Navigation Code Appendix I (Port Act); and

WHEREAS, in 2003, the Board authorized an agreement with SAP Public Services, Inc. (SAP), for Enterprise Resource Planning (ERP) system software end-user licenses which included \$72,303 for annual maintenance fees; and

WHEREAS, in an effort to ensure compliance and increase transparency, this agreement is being brought forward for review and authorization to amend the annual maintenance expenditure to \$180,884; and

WHEREAS, the increased maintenance expenses, over time, were due to inflation, the acquisition of additional licenses resulting from employment growth, and additional products required as business needs evolved; and

WHEREAS, in addition to the increased maintenance expense, the District is looking to establish a strategic partnership with SAP in an amount not to exceed \$650,000; and

WHEREAS, this partnership would allow the District to leverage SAP, directly, by providing expert assistance to District staff with complex implementations, upgrades, and enhancements thereby increasing the overall IT service delivery value relative to the District's SAP ERP system; and

WHEREAS, the five-year Total Cost of Ownership for the SAP ERP system includes licenses for the current solutions, maintenance, professional services, and

the addition of a new SAP professional services contract for the new fiscal year 2020 budgeted initiatives which are:

- Enterprise Asset Management system - Develop business process improvements, system enhancements and features, and integrations between the SAP ERP system, ESRI Geographical Information System, and the District's maintenance forecasting system known as IRIS; and
- Procurement Redesign, which is an initiative to improve and optimize the SAP procurement process with changes in procurement configuration, application enhancements, workflow technology, address reporting, and new solution; and
- SAP Business Warehouse & Analytics Enhancements which will enable full featured Business Warehouse reporting and Executive Dashboard creation for the Port.

NOW, THEREFORE, BE IT RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District hereby authorizes the Executive Director or her authorized designee to enter into an Amendment to the Agreement with SAP Public Services, Inc., for software end-user licenses, to increase the annual software maintenance expenditure by an amount of \$108,581 per year to an amount not to exceed \$180,884.

NOW, THEREFORE, BE IF FURTHER RESOLVED that the Board of Port Commissioners of the San Diego Unified Port District hereby authorizes the Executive Director or her authorized designee to enter into a new Agreement with SAP Public Services, Inc. for consulting services in an amount not to exceed \$650,000 in accordance with BPC Policy No. 110 II.H, with a five-year total cost of ownership of SAP Systems of \$4,371,117.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL


By: Assistant/Deputy

2019-093

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 24th day of July 2019, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet

NAYS: None.

EXCUSED: None.

ABSENT: None.

ABSTAIN: None.



Garry J. Bonelli, Chairman
Board of Port Commissioners

ATTEST:



Donna Morales
Donna Morales
District Clerk

(Seal)