

**DEPARTMENT OF BUDGET AND MANAGEMENT
ACTION AGENDA**

INFORMATION TECHNOLOGY CONTRACT

ITEM: 3-IT **Agency Contact:** Elliot Schlanger
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DEPARTMENT/PROGRAM: Budget & Management (DBM)
Office of Information Technology

CONTRACT ID: 050B8800017;
MD Time Software Maintenance & Support
ADPICS NO. 050B8800017

CONTRACT DESCRIPTION: Provide maintenance and support services for the State-owned Leave Accounting System (LAS) and convert select user agencies to the new web-enabled version of LAS, known as MD Time.

AWARD: Stephenson Financial Systems, Inc. (SFS)
Alexandria, VA

TERM: 2/1/2008 – 1/31/2010 (w/2, one-year options)

AMOUNT: \$ 624,834 (Base Term 2 Years)
\$ 337,104 (Option Year 1)
\$ 353.562 (Option Year 2)
\$1,315,500 Total 4 Years

PROCUREMENT METHOD: Sole Source

BIDS OR PROPOSALS: N/A

MBE PARTICIPATION: None

PERFORMANCE SECURITY: None

INCUMBENT: Same

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REQUESTING AGENCY REMARKS: The Department of Budget & Management is entering into this contract to provide software support to the Leave Accounting System (LAS), currently being used by 23 State agencies, and coordinate the deployment of the web-enabled MD Time version of LAS.

The LAS is a client server application that enables centralized timekeepers to post employee leave into a centralized database. The system maintains employee leave balances; produces reports for payroll exceptions, and provides agencies the ability to generate administrative reports to reflect leave usage and abuses. The MD Time system application is distributed to each employee to allow them to enter their own timecard. System edits are now executed before the employee submits their timecard. Current leave balances are maintained allowing for instant edits of leave availability. MD Time also includes electronic timecard approval processing. MD Time produces the exception reports for payroll along with anomaly reports to identify unique leave usage.

As described below, recently Department management became aware that 22 other agencies besides DBM were using Stephenson Financial Systems, Inc. (SFS) to provide software maintenance, support, and enhancements to the State-owned LAS software and to develop a module to convert from the LAS to MD Time.

The LAS was first developed almost 20 years ago by SFS under contract with the State Judiciary. Based upon informal communications between timekeepers of various agencies the existence of LAS became known and was determined to be superior to the various leave accounting systems then being used. Because of this superiority, agencies began implementing LAS within their agency. Again on an informal basis the users of LAS then formed a user support group to discuss common problems and proposed solutions and enhancements. As the number of user agencies grew, involved personnel from the Department of Business and Economic Development (DBED) volunteered to act as a central clearing entity for this informal users group. Eventually DBED began directly contracting with SFS to provide LAS software support and services on behalf of all using agencies, essentially creating a statewide LAS master contract. In 2003, by which time more than 20 agencies were using LAS, DBED ceased sponsoring this statewide master contract.

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ITEM: 3-IT (Cont)

At that point, each participating agency either had to separately arrange for support of its employee leave accounting system or chose to share the annual cost of SFS' software support with other agencies. Most agencies elected to share the costs. SFS divided up the monthly cost of support equally among the LAS user agencies and billed each agency individually for its share. This generally amounted to an annual cost of about \$6,000 to \$10,000 per agency and effectively resulted in SFS receiving anywhere from \$138,000 to \$230,000 annually. Now, as the participating agencies are moving to the web-enabled version, this annual cost is estimated to exceed \$300,000.

In 2006 DBM entered into a small procurement contract not to exceed \$15,000 to participate in LAS and to produce an electronic timesheet interface that would feed LAS. The system became known as MD Time. A review of the complex circumstances briefly outlined in this item in 2007 lead DBM management to conclude that a single statewide contract was appropriate and necessary in order to avoid any appearance of artificially dividing what is most appropriately a single procurement contract.

SFS is the original developer of the software source code for the State and is thoroughly knowledgeable in the nuances of code and the impact of any changes to any of that code. SFS is the only vendor that can maintain the LAS and MD Time application and thus the contract vehicle chosen for this award is sole source.

FUND SOURCE: 100% Reimbursable

APPROP. CODE: F10 A0403

RESIDENT BUSINESS: No

MD. TAX CLEARANCE: 08-0036-0010

Board of Public Works Action - The above referenced Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

3-IT 10/1



MARTIN O'MALLEY
Governor
ANTHONY BROWN
Lieutenant Governor

T. ELOISE FOSTER
Secretary
DAVID C. ROMANS
Deputy Secretary

Procurement Officer's Written Determination (COMAR 21.05.01.02)
Sole Source Procurement Justification (COMAR 21.05.05)

Contract Title: LAS/MD TIME Software Support & Services Type: Services

Contract Number: 050B8800017

Why was Sole Source Procurement chosen as the procurement method rather than competitive procurement?

- Sole source was chosen as the procurement method rather than competitive procurement because:
 - Stephenson Financial Systems (SFS) is the original developer of the Leave Accounting System (LAS) software source code for the State;
 - SFS is the original developer of source code for the web-enabled version of the leave accounting system known as MD TIME;
 - SFS is thoroughly knowledgeable in the nuances of both codes and the impact of any changes to any of those codes;
 - SFS is thoroughly knowledgeable of the State technical personnel employment rules;
 - SFS is currently working with 23 State agencies using LAS/MD TIME on completion of the rollout of MD TIME; and,
 - SFS is the only vendor that can maintain the source code that SFS developed for the State without additional undue cost to the State for another vendor to evaluate, assess, and analyze the code and the personnel rules within a reasonable time that will allow for completion of the rollout in a timely manner.

Approved by:
Procurement Officer

1/14/08
Date

Approved by: T. Eloise Foster
T. Eloise Foster, Secretary

1/17/08
Date