



D E P A R T M E N T O F

# Management & Budget

**REPORT OF PROPOSED  
CHANGES IN EXCESS OF  
\$500,000 TO CURRENT  
CONTRACTS FOR  
COMPUTER SOFTWARE  
DEVELOPMENT,  
HARDWARE  
ACQUISITION, OR  
QUALITY ASSURANCE**

Prepared for  
The Michigan Legislature

May 1, 2007

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The Michigan Legislature**

**By  
The Department of Management and Budget  
Purchasing Operations**

**In accordance with  
Sec. 710 of Public Act 345 of 2006**

**Questions regarding this report may be directed  
to Greg Faremouth, (517) 241-1646**

**BID TABULATION AND RECOMMENDATION FOR AWARD  
DEPARTMENT OF MANAGEMENT AND BUDGET  
PURCHASING OPERATIONS**

**CONTRACT DESCRIPTION:** 071B3001338 - Powerbuilder and Oracle Programming Services - Department of Information Technology-Michigan Department of Transportation

**CONTRACT PERIOD –  
BASE YEAR(S):** 06/03/03 through 06/03/06 (3 years)

- OPTION 1 6/4/06 through 6/3/07

- OPTION 2 6/4/07 through 6/3/08

- OPTION 3

**CONTRACTOR:**  
Keane, Inc, Southfield, MI

**INCREASE**  
\$1,527,320.00

- Check here if a Michigan Business

- Check here if AS1 received and reviewed by DMB

- Check here if request is to extend contract (no option in base contract) - Time period of extension:

- Check here if extension is beyond option year(s) - Time period of extension:

**FUNDING SOURCE:** 100% Restricted State trunkline fund

**PURCHASE JUSTIFICATION:**

**Description of Product or Service Requested:**

The Keane programming contract is the vehicle by which the Michigan Department of Transportation (MDOT) acquires staff for development, support and maintenance of enterprise level client/server and web applications which are vital to MDOT's day-to-day business operations. This contract provides resources to maintain business critical applications that have been developed in-house. Some of these applications are:

- Michigan Project Information System (MPINS)
- Michigan Architectural Project (MAP) database
- Transportation Management System (TMS)
- Highway Advertising Program (HAP)
- Construction Permits System (CPS)
- Real Estate Management Information System (REMIS)
- Real Estate Sale and Leasing (ReSaLe)
- Utility Relocation Tracking System (URTS)
- Transportation Economic Development System (TEDS)
- Transportation Enhancement Fund System (TEA)

**Purpose/Business Case of New Contract, Amendment or Extension and Expected Outcomes:** The objective of exercising this option is to provide client/server and oracle analyst/programmer services for MDOT on an as-needed basis. It is imperative to have contractual resources available when development projects are started or to maintain or enhance existing client/server systems. The maintenance and enhancement of applications is an on-going activity which is triggered by legislative regulations, evolving business needs, opportunities for improving the business process, or simple break fixes. This request exercises an additional option to this contract for one year.

**Commitment:** State is not obligated to purchase in any amount; payment only for items ordered.

**Risk Assessment:** The biggest risk is to MDOT's day-to-day business operations, as the contractual resources supplied by this contract develop, support, and maintain critical in-house client/server applications which are vital to MDOT's day-to-day business operations. There is a risk of losing federal funds for the highway construction projects as the systems such as MPINS, MAP, and TMS that provide the information for the federal funding justification are supported by the contractual staff. Critical systems such as MPINS, MAP database, TNMS, HAP, CPS, REMIS, ReSaLe, URTS, TEA, etc., would be adversely impacted. Millions of dollars in efficiency, productivity, and recovery cost benefits will be deferred to future years or never achieved. The risk of a lapse in coverage or no transition period to transfer knowledge between vendors would result in increased expense to the State. A 90-day learning curve for a new contractor could total \$702,000.00 on a new contract, with an inestimable impact on quality.

**Cost Reduction Consideration:** Keane, Inc.'s rates are currently under market rates. The State has engaged this company in previous negotiations and have reduced the rates under current market rates.

- A. **Negotiated Savings:** N/A
- B. **Cost Avoidance:** N/A
- C. **Total Savings:** N/A

**PRICE CLAUSE:** Prices to remain fixed for the duration of the contract.

**CS-138 #:** Not applicable

**ORIGINAL CONTRACT AMOUNT:** \$6,000,000.00

**CURRENT CONTRACT AMOUNT:** \$6,693,608.00

**PROPOSED AMENDMENT INCREASE AMOUNT:** \$1,527,320.00

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT:** 25%

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT  
AMOUNT: 23%**

**ESTIMATED 07 FISCAL YEAR INCREASE: \$636,800.00**


**NEW TOTAL CONTRACT COST: \$8,220,928.00**

- Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY**

  
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Buyer Signature

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Manager Signature

  
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Division Director Signature

  
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Purchasing Operations Director Signature