

# M E M O

## *Alameda Corridor Transportation Authority*

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Meeting Date: October 13, 2022  
From: Kevin L. Scott, Chief Financial Officer  
Subject: APPROVE Agreement No. \_\_\_\_\_ with Sparkrock U.S., Inc. doing business as Sparkrock and related changes to FY 2022/23 Budget

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### **Recommendation:**

Approve Agreement No. \_\_\_\_\_ with Sparkrock U.S., Inc. doing business as Sparkrock (“Sparkrock”) for accounting system licensing and services. The Agreement compensation is not-to-exceed \$169,810 and it will be in effect until October 30, 2025, unless terminated earlier or if the Governing Board approves the option to renew for an additional 5-year period; and authorize the Chief Executive Officer or his designee to execute the Agreement. To accommodate the Agreement the Governing Board is also being requested to approve recommended changes to ACTA’s FY 2022/23 budget.

### **Discussion:**

In 2020, the Governing Board approved an agreement with Arctic Information Technology, Inc. (“Arctic”), selected through a competitive selection process to provide and implement a new accounting system known as *Sparkrock 365*. The Agreement with Arctic was executed in October 2020, with a five-year term and one five-year option to renew. The new accounting system was successfully implemented in a remarkable 2-month period so that ACTA transitioned to the new system by January 1, 2021. Final implementation services remain to be completed, along with annual maintenance and support services.

Although the agreement with Arctic was serving ACTA’s needs, earlier this year Arctic informed ACTA that, due to a business reorientation of the firm, it would no longer support *Sparkrock 365*. Arctic arranged to provide ACTA with temporary support of the system through Sparkrock, the underlying developer of *Sparkrock 365*.

Due to Arctic no longer supporting *Sparkrock 365*, ACTA must contract with a new firm to procure licenses and service for continued use of the accounting system. Two options are available to meet this need; 1) enter into an agreement with another re-seller of *Sparkrock 365*, or 2) enter into an agreement with Sparkrock directly.

Staff considered three key factors in analyzing these two options; 1) the assurance of continued product support, 2) knowledgeable service and training and 3) competitive pricing, as described in the following table:

	<b>Reseller</b>	<b>Sparkrock</b>	<b>Preferred Provider</b>
<b>Assurance of Continued Product Support</b>	Subject to Company's Business Strategy	Sparkrock is the developer of Sparkrock 365, which is the company's core product	Sparkrock
<b>Knowledgeable Service and Training</b>	Secondary Knowledge of <i>Sparkrock 365</i>	As developer, Sparkrock has expert primary knowledge of <i>Sparkrock 365</i>	Sparkrock
<b>Competitive Pricing</b>	Subject to additional costs as a secondary provider	Sparkrock has agreed to use Arctic's fees for service and licensing, established with ACTA through a competitive selection process	Sparkrock

Based on this assessment, staff recommends contracting with Sparkrock on a sole source basis, without a competitive selection process. The initial term of the Agreement will run from the date of execution to October 30, 2025. Subject to negotiation of a mutually acceptable amendment, and with approval of the Governing Board, ACTA has the option to extend the Agreement for an additional five years to October 30, 2030.

The cost components of the Agreement are as follow:

<b>Component</b>	<b>\$</b>	<b>Comments</b>
1-a: Licensing, and 1-b: Service (3 years)	132,810	See Exhibit A for details
2 – Activating budget function of <i>Sparkrock 365</i> and general refresher training (2022/23)	12,000	See Exhibit A-4 for details
3 – As-Needed Services	25,000	Time and Material Basis as set forth in Exhibit A-3
Total	169,810	Maximum Contract Amount

As-Needed Services will be billed on a time and materials basis at the rate of \$250 per hour.

**Budget Impact:**

The proposed not to exceed amount for the Agreement is \$169,810 for the three-year term. For fiscal year 2022-23 the minimum amount under the Agreement will be \$43,427. The licensing payment of \$33,427 for this fiscal year has been included in the Information Technology portion of the ACTA FY 2022/23 budget, approved by the Governing Board in June 2022. However, the service support payment of \$10,000 has not been included in the Professional Services budget. In addition, the budget for training and As-Needed Services totaling \$37,000 were not in the 2022/23 budget. Therefore, staff recommends that the Governing Board approve the following changes to ACTA’s 2022-23 budget.

<b>Revisions to the FY 2022/23 Budget</b>	
1.	Approve an increase in the Professional Services budget from \$447,155 to \$494,155.
2.	Approve a transfer of \$47,000 from the ACET Administrative budget to the Professional Services budget.
3.	Approve a decrease in the ACET Administrative budget from \$1,667,684 to \$1,620,684

**Co-General Counsel Review:**

ACTA’s Co-General Counsel has reviewed and approved the proposed Agreement as to form.

**Transmittals:**

Transmittal 1 – Agreement No. \_\_\_\_\_