

STATE OF COLORADO

GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY

Legislative Fact Sheet



Senate Bill 10-032: Allow Amendment to Existing IT Contracts (Senator Tapia/Representative Lambert)

Bill Ritter, Jr.
Governor

Michael Locatis
State Chief Information Officer

This bill is supported by the Joint Budget Committee.

Summary of Legislative Proposal

This bill will provide a means by which certain existing IT contracts may be amended to fully realize the benefits of centralization and standardization intended by SB08-155. From the effective date of the bill until June 30, 2012, existing state IT contracts could be amended in the following ways: (1) expand the scope of the contract to include additional state agencies; (2) extend the term of the contract; and (3) make cyber security improvements. Contracts amended as described above would be exempt from the State Procurement Code during this time.

Background and Problem Statement

Senate Bill 08-155 initiated a multi-year information technology consolidation effort to fold state government's decentralized operations into the Governor's Office of Information Technology (OIT). Although SB08-155 addressed the consolidation of people, processes, and technologies, it failed to address the consolidation of existing contracts by which agencies currently obtain IT services. Evaluating existing contracts to determine their value for extension to multiple agencies would enable OIT to achieve significant efficiencies and cost savings through standardization and economies of scale, advancing the goals of consolidation in a relatively short period of time. In many cases, there are existing IT contracts which could act as consolidation vehicles; however, since the original procurement was only scoped at a departmental level, it would be a violation of the Procurement Code to extend the resulting contract to multiple departments.

Proposed Solution

The proposed bill makes an exception to the Procurement Code for a two year period to allow OIT to negotiate amendments to existing contracts that would facilitate technology standardization across the enterprise, allow for greater coordination, and lower IT costs across state agencies through volume discount pricing and economies of scale. Unfortunately, under current law, we are unable to negotiate such arrangements, and this bill would rectify this. All new contracts remain subject to the Procurement Code, and nothing in the bill would allow OIT to unilaterally terminate an existing contract or to amend any existing contract without the approval of each state agency that is a party to the contract.



EXAMPLE SCENARIO

If Department A has an excellent time tracking system and Department B is anxious to implement such a system, this statutory change would allow OIT to negotiate a change to Department A's contract to include Department B.

Without the proposed legislation, Department B would have to either: (1) wait (possibly several years) until Department A's contract expired so a new multi-agency contract could be bid out; or (2) bid out a contract immediately and enter into a new contract with the winning contractor, resulting in Department B standing up a new, potentially more expensive siloed system with possibly a second vendor.

Unfortunately, waiting several years does not meet Department B's needs, and bidding a single agency contract does not further the objectives of consolidation and standardization, with their resulting efficiencies and cost savings.

CONTACT: Dara Hesse, Chief of Staff, Governor's Office of Information Technology,
303.764.7709, dara.hessee@state.co.us