

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Monday, September 10, 2001
Teleconference Meeting
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 4:05 p.m.

Member present: Chief Information Officer Curtis L. Wolfe

Members present by conference call: Senators Larry J. Robinson, Randy A. Schobinger, Ken Solberg; Representatives Robert Huether, Keith Kempenich, Bob Skarphol, Robin Weisz

Others present: See attached appendix

MOTOR VEHICLE REGISTRATION AND TITLING SYSTEM

Mr. David Sprynczynatyk, Director, Department of Transportation, presented information regarding the status of the motor vehicle registration and titling system. A copy of the information is on file in the Legislative Council office. Mr. Sprynczynatyk said the motor vehicle registration and titling system is stable and performing very well. He said in June 2001 as a followup to the implementation of the system, the department entered into a 13-month service agreement with Revenue Systems, Inc. (RSI), the application subcontractor associated with the primary contractor Unisys. Under the agreement, RSI was to complete system maintenance and provide system support and maintenance training to the employees of the Information Technology Department. He said unfortunately the Department of Transportation was notified by RSI on August 20, 2001, that it was unable to complete its contractual obligation as a result of bankruptcy.

Mr. Sprynczynatyk said as a result of the inability of RSI to complete contract requirements, the Department of Transportation has accelerated the process of the Information Technology Department becoming the system's primary support provider. He said the Information Technology Department has contracted with four former RSI employees to complete system maintenance and to train Information Technology Department employees. He said the former RSI employees have begun working with the Information Technology Department and are expected to complete the work by the end of October 2001. He said the department is investigating and pursuing legal remedies with the Attorney General's office and will provide a comprehensive report on the system, including information on

the system's implementation, costs, and benefits as requested by the committee at the committee's next meeting.

In response to a question from Representative Skarphol, Mr. Sprynczynatyk said the department awarded the development contract for the motor vehicle registration and titling system to Unisys with RSI as the application subcontractor, and Unisys delivered the finished product in October 2000. He said the department's development contract holds Unisys responsible for system warranty corrections through October 14, 2001.

In response to a question from Senator Solberg regarding the service agreement with RSI, Mr. Sprynczynatyk said the 13-month service agreement entered into with RSI is separate from the development contract with Unisys. He said the department paid \$275,000 for the service agreement, which covers the time period June 1, 2001, through June 30, 2002, and the department was approximately 60 days into the agreement before the department was informed that RSI was unable to continue providing service.

In response to a question from Senator Robinson regarding the state's cost of contracting with former RSI employees, Mr. Wolfe said the contract RSI employees are being paid \$100 per hour plus out-of-pocket expenses, and the Information Technology Department is anticipating the total cost for the contract employees to be approximately \$100,000 plus expenses.

In response to a question from Senator Solberg regarding the former RSI employees, Mr. Wolfe said the Information Technology Department has had excellent communications with the former RSI employees, and he believes the employees will be a good source of support and training.

In response to a question from Representative Weisz regarding any warranty obligations of Unisys, Mr. Wolfe said Information Technology Department employees and the former RSI employees are completing system warranty corrections, and Unisys may be liable for the cost of these corrections.

In response to a question from Senator Robinson regarding Unisys's response to the situation, Mr. Sprynczynatyk said Unisys has informed the

Department of Transportation that Unisys has fulfilled its contract obligations with the state for development of the motor vehicle registration and titling system, and that Unisys is not a part of the state's service agreement with RSI.

In response to a question from Representative Skarphol regarding information technology projects, Mr. Wolfe said there are only small information technology projects being developed that are outside the review of the Information Technology Department. Representative Skarphol requested a listing of those projects which are in development that are outside the review of the Information Technology Department be presented at the next committee meeting.

Senator Solberg requested the Department of Transportation include copies of all contracts and correspondence with Unisys and RSI in its comprehensive report on the motor vehicle registration and titling system to the committee at its next meeting.

Representative Skarphol said he is concerned that if the Department of Transportation contract with Unisys is a partnership agreement, the state may have some liability. He also questioned whether the state can temporarily suspend the bidding rights of Unisys as a result of the company's actions regarding the Department of Transportation project.

It was moved by Senator Solberg, seconded by Representative Huether, and carried on a roll call vote that the Information Technology Committee ask the chairman of the Legislative Council to request the Attorney General's office to expeditiously review the Department of Transportation contracts with Unisys and Revenue Systems, Inc. (RSI), relating to the motor vehicle registration and titling system, RSI's inability to complete contractual obligations, and the costs incurred by the state as a result of RSI's contract nonperformance and to take appropriate action to protect the state's interests and to recover related costs incurred by the state. Senators Robinson, Schobinger, and Solberg and Representatives Huether, Kempenich, Skarphol, and Weisz voted "aye." No negative votes were cast.

ENTERPRISE RESOURCE PLANNING SYSTEM INITIATIVE

At the request of Chairman Robinson, Mr. Wolfe provided a status report regarding the Information Technology Department's enterprise resource planning (ERP) system initiative. He said the department is working with an independent contractor to define the functional requirements of the financial, human resources, and student administrative components of the ERP system. He said by the end of October 2001, the department will review and discuss the functional requirements with Microsoft Great Plains and determine the company's ability to deliver the required functions. He said the department also has begun to develop a draft contract with Microsoft Great Plains that may be used for the development of the ERP system.

Chairman Robinson said the committee's next meeting will be held on Monday, October 8, 2001, in Bismarck, beginning at 2:00 p.m. He said the agenda will include the Department of Transportation presentation of a comprehensive report on the motor vehicle registration and titling system, including information on the total cost of the system, contracts and written correspondence with Unisys and RSI relating to the system, and efforts to recover additional costs incurred due to RSI's contract nonperformance.

The meeting was adjourned subject to the call of the chair at 5:00 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1