

REPORT OF GENERAL MANAGER

NO. 02-93

DATE: March 6, 2002

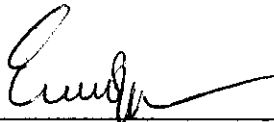
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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: MODIFICATION TO THIRD SUPPLEMENTAL AGREEMENT WITH FAIRWAY SYSTEMS, INC. FOR PROVISION OF AN AUTOMATED GOLF AND TENNIS RESERVATION SYSTEM

J. Combs \_\_\_\_\_  
A. Coroalles \_\_\_\_\_  
\*J. Duggan JD  
H. Fujita \_\_\_\_\_

J. Kolb \_\_\_\_\_  
M. Tamuri \_\_\_\_\_  
M. Matthews \_\_\_\_\_

  
\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board direct staff to make the modification, as described in the body of this report, providing Fairway Systems, Inc. a fair means for reimbursement for any necessary system hardware replacement during the extended contract term as approved by the Board on February 6, 2002.

SUMMARY:

The current Contract No. 2711 with Fairway Systems, Inc. terminates on March 10, 2002. A month-to-month extension of the existing agreement, not to exceed 24 months, was approved by the Board on February 6, 2002 to allow sufficient time to complete the Request for Proposals process and award a new contract. The Department can terminate the agreement by providing the Contractor a thirty-day written notice of such termination.

The original terms and conditions of the contract require that Fairway Systems, Inc. provide hardware modifications and updates at no additional cost to the City (Section 7) and that enhancements to the system (Section 17) be in accordance with a fee schedule that permits reimbursement for labor and direct expenses only (Exhibit B). Fairway Systems, Inc. is concerned that the original system, installed in 1996, was developed for a three-year contract life. It has been sustained for an additional three years through several replacements of key hardware components that could fail at any time.

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Staff anticipates a contract award to be made in the near future. The current vendor is requesting reimbursement of any hardware costs incurred during the proposed extension, because the short period is insufficient to recapture through amortization any direct investment in hardware that could be mandated during the interim.

The Department acknowledges the tentative nature of the current hardware and supports the contractor's request to be compensated for any system hardware components replaced due to failure of the system during the term of the extension. Reimbursement for replacement hardware shall require the written approval of the Department in advance. Contractor agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided herein, and to apply such discount to payments made under this agreement which meet the discount terms. Charges shall be clearly itemized on the monthly invoice.

In the interest of providing exceptional customer service to the golfers and tennis players who patronize City golf courses and pay tennis courts, staff recommends that the Board approve the modification to ensure continuous and reliable performance of the automated reservation system until such time as a new contract is executed and the new system performing successfully.

Fiscal Impact Statement

Funds are available in the Department's Special Account No. 9850, which have accrued from monies received from golf and tennis reservation cards.

This report was prepared by Kathy Hashiguchi.