Problem Resolution Report

CoSD Contract No. 554833
Third Party Transaction Resource Unit
Revision
ES/CoSD 080

perspecta.

Date: September 3, 2020

Summary:

In accordance with the provisions of the IT and Telecommunications Service Agreement by and between the County of San Diego ("County") and Enterprise Services, LLC ("Contractor") and hereinafter collectively referred to as "the Parties") with Effective Date November 15, 2016 ("the Agreement"), agreement is reached on the Effective Date shown below.

Issue or Problem:

The Parties seek to clarify the definition and application of the Third Party Transaction Resource Unit (RU) Fee.

Resolution:

1. The Parties agree to define the term "Transaction" as a master contract with a Third-Party in which multiple Purchase Orders (POs) and PO Change Requests may be submitted to Third-Party. If there is no master contract with a Third-Party, Transaction is defined as a PO and PO Change Request(s) submitted to Third-Party.

2. The Parties agree to add a tiered fee structure to the following Third Party Transactions - Labor Statement of Work, Labor Agency Contractor, Portfolio Software – SaaS License Purchase and Renewals, and Portfolio Software – SaaS Subscription License Purchase and Renewal. The tier will be based on the Transaction amount and applied to the invoice amount. In the event of a multi-year license agreement, Fees are calculated on the aggregate charges. In addition, if a true up is required, the applicable fee shall be calculated on the true up amount. This tiered fee structure is effective July 1, 2020.

3. Section 8.1.1 of Schedule 16.1 – Fees is updated to reflect the revised definition and application of the Third Party Transaction RU and the associated Fee as per Attachment 1 to this PRR.

4. Section 4.3 of Schedule 16.1-1a – Fee Sample Calculations is replaced with Attachment 2 to this PRR.

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The resolution of the issue or Problem as described in this Problem Resolution Report shall govern the Parties' actions under the Agreement until a formal amendment of the Agreement is implemented in accordance with the terms of the Agreement, at which time this Problem Resolution Report shall be deemed superseded and shall be null and void.

All other terms and conditions of the Agreement remain unchanged and the Parties agree that such terms and conditions set forth in the Agreement shall continue to apply. Unless otherwise indicated, the terms used herein shall have the same meaning as those given in the Agreement.

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IN WITNESS WHEREOF, The Parties hereto, intending to be legally bound, have executed by their authorized representatives and delivered this Problem Resolution Report as of the date first written above.

COUNTY OF SAN DIEGO	PERSPECTA ENTERPRISE SOLUTIONS LLC
By:	By:
Name: John M. Pellegrino	Name: Max Pinna
Title: Director, Department of Purchasing and Contracting	Title: Contracts Manager
Date:	Date:

Resource Unit	Description	Fee
Third Party Transaction	Fees applied to a Transaction for products and/or services which are not provided by services for which Contractor is paid a Resource Unit. Transaction is defined as a master contract with a Third-Party in which multiple Purchase Orders (POs) and PO Change Requests may be submitted to Third-Party. If there is no master contract with a Third-Party, Transaction is defined as a PO and PO Change Request(s) submitted to Third-Party. Fee percentages are calculated based on the Transaction amount and applied to the invoice amount. In the event of a multi-year license agreement, Fees are calculated on the aggregate charges. In addition, if a true up is required, the applicable fee shall be calculated on the true up amount.	1. For the following products and services, the Fee is 5% of the Transaction amount with a minimum fee of $100 and maximum fee of $50,000: • Portfolio Software - Perpetual License Purchase • Portfolio Software - Perpetual License Maintenance Renewal • Hardware • Hardware Maintenance • Universal Power Supply (UPS) 2. For the following products and services, there is a tiered Fee structure per table below based on the Transaction amount: • Labor Statement of Work • Labor Agency Contractor • Portfolio Software - SaaS • Portfolio Software - Subscription <table><tr><th>Percentage Tier</th><th>Transaction Amount</th></tr><tr><td>5%</td><td>Up to $1M</td></tr><tr><td>4%</td><td>Greater than $1M – up to $10M</td></tr><tr><td>3%</td><td>Greater than $10M</td></tr></table> When a Change Request modifies a Transaction such that a different percentage tier applies, the applicable tier will be applied when the transaction amount threshold is reached.

4.3. Third Party Transaction

Example 1 (License Maintenance Renewal): Per County request, Contractor procures software maintenance renewal from vendor AAA. Vendor AAA has not contracted with Contractor before. Contractor issues a Purchase Order (PO) in the amount of $20,000 for the software maintenance renewal.

Given that Contractor negotiated a new agreement with Vendor AAA, the Third Party Negotiation – Small and Third Party Transaction Resource Unit Fees apply.

Formula:	Third Party Negotiation – Small + (5% x PO amount)
Fee Calculation:	$5,000 + (5% x $20,000) = $6,000
	Note: The Third Party Transaction Fee of 5% is applied to each invoice received from Vendor AAA.

Example 2 (Perpetual License Purchase): Per County request, Contractor procures perpetual licenses from vendor BBB. Vendor BBB is a Third-Party vendor already contracted by Contractor in support of the Services. Contractor issues a PO in the amount of $1.1M for the perpetual licenses.

Given that Contractor did not negotiate a new agreement with Vendor BBB, only the Third Party Transaction Resource Unit Fee applies.

Formula:	5% x PO amount
Fee Calculation:	5% x $1.1M = $55,000
Actual Fee:	$50,000 (due to fee maximum of $50,000)
	Note: The Third Party Transaction Fee of 5% is applied to each invoice received from Vendor BBB up to the maximum amount of $50,000.

Example 3 (Hardware): Per County request, Contractor procures one large scanner not available in the Optional Item Catalog or as a Resource Unit. The scanner is purchased through a Third-Party vendor already contracted by Contractor in support of the Services. Contractor issues a PO in the amount of $1,000 for the scanner.

Given that Contractor did not negotiate a new agreement with Third-Party vendor, only the Third Party Transaction Resource Unit Fee applies.

Formula:	5% x PO amount
Fee Calculation:	5% x $1,000 = $50
Actual Fee:	$100 (due to fee minimum of $100)
	Note: The Third Party Transaction Fee of $100 is applied to the invoice.

Example 4 (Labor Statement of Work): Per County request, Contractor contracts with vendor DDD for a project. Vendor DDD has not contracted with Contractor before. Contractor issues a PO in the amount of $750,000 based on a Statement of Work.

Given that Contractor negotiated a new agreement with Vendor DDD, the Third Party Negotiation – Large and Third Party Transaction Resource Unit Fees apply.

Formula:	Third Party Negotiation – Small + (5% x PO amount)
Fee Calculation:	$10,000 + (5% x $750,000) = $47,500
	Note: The Third Party Transaction Fee of 5% is applied to each invoice received from Vendor DDD.

Example 5 (Labor Statement of Work Change Request): Per County request, Contractor issues a Change Request to Vendor DDD (see Example 4 above) in the amount of $500,000. The PO total is now $1.2M.

Formula:	(5% x PO amount up to $1M) + (4% x PO amount between $1M - $10M)
Fee Calculation:	(5% x $1M) + (4% x $250,000) = $60,000
	Note: The applicable Third Party Transaction Fee Tier is applied to each invoice received from Vendor DDD. The 5% fee is applied until aggregate amount of all invoices from the vendor reaches the $1M threshold, then the 4% fee is applied to any further invoice.

Example 6 (Labor Statement of Work): Per County request, Contractor contracts with vendor EEE for a project. Vendor EEE is a Third-Party vendor already contracted by Contractor in support of the Services. Contractor issues a PO in the amount of $3M based on a Statement of Work.

Given that Contractor did not negotiate a new agreement with Vendor EEE, only the Third Party Transaction Resource Unit Fee applies.

Formula:	4% x PO amount
Fee Calculation:	4% x $3M = $120,000

Note: The Third Party Transaction Fee Tier of 4% is applied to each invoice received from Vendor EEE.

Example 7 (SaaS License Subscription): Per County request, Contractor procures licenses from vendor FFF through a three-year subscription agreement with a Total Contract Value of $1.8M. Vendor FFF is a Third-Party vendor already contracted by Contractor in support of the Services. Contractor issues a PO in the amount of $600K for the 1st year of subscription.

Given that Contractor did not negotiate a new agreement with Vendor FFF, only the Third Party Transaction Resource Unit Fee applies.

Formula:	4% x PO amount
Fee Calculation:	4% x $600,000 = $24,000 for the 1st year
	4% x $600,000 = $24,000 for the 2nd year
	4% x $600,000 = $24,000 for the 3rd year

Note: The Third Party Transaction Fee Tier of 4% is applied to each invoice received from Vendor FFF.