

Meeting Date: 6/14/2016

Report Type: Consent

Report ID: 2016-00615

Title: Supplemental Agreement: Budget Enterprise Performance Management Support

Location: Citywide

Recommendation: Pass a Motion authorizing the City Manager or the City Manager's designee to execute Supplemental Agreement No. 1 to City Agreement No. 2015-1310 with RCW Services, Inc. for technical, maintenance, and upgrade services for the City's budgeting development system increasing the Agreement by \$250,000, for a total not-to-exceed amount of \$450,000.

Contact: Ignacio Estevez, Information Technology Manager, (916) 808-7349, Information Technology

Presenter: None

Department: Information Technology

Division: IT Business Management

Dept ID:

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Contract
- 4-Attachment

City Attorney Review

Approved as to Form
Audreyell A. Anderson
6/1/2016 5:04:40 PM

Approvals/Acknowledgements

Department Director or Designee: Maria MacGunigal - 5/31/2016 11:40:55 AM

Description/Analysis

Issue Detail: The City's technical and business process for its budget cycle is supported by the Hyperion Enterprise Performance Management application (Hyperion). There is a scarcity of qualified Hyperion consultants nationwide. RCW Services, Inc., a Hyperion consultant, has provided service to the City for several years. They have extensive experience with Hyperion and knowledge of the City's specific technical and business requirements. RCW Services, Inc. is currently available to support the City for the FY2017/18 budget cycle and to train Information Technology (IT) and Finance Department personnel so that support in upcoming years may be handled internally.

The technical services under the proposed agreement will include, but are not limited to, the following:

- Continue the Hyperion application upgrade process.
- Assist in configuration/integration and testing of the Hyperion application with the City's new eCAPS 9.2 upgraded software suite and Microsoft Office 365 suite.
- Support the City's annual budget development effort including the production of the Proposed and Approved Budget Books.
- Research and demonstrate Hyperion application functionality to leverage existing investment in order to reduce the number of systems or business critical functions (FTE Tracking, Performance Measures, Program Oriented Development, etc.)
- Transfer Hyperion application knowledge and provide training to IT staff.
- Ongoing Hyperion application maintenance, configuration, and support.
- Assist with the creation/modification of Hyperion application reports.

Policy Considerations: The recommendations in this report are in accordance with City Code section 3.64.020 and Administrative Policy (AP) 4102. Specifically, section 2.1(c) of AP-4102 requires staff to provide a description of the selection process used for professional services agreements for \$100,000 or more. Based on the reasons described above, the IT Department Director determined that it is in the best interest of the City to use this method in accordance with section 2.1(a) of AP-4102. (See attached, Sole Source Justification.)

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities and government fiscal activities that do not constitute a "project" as defined by the CEQA Guidelines Sections 15378(b)(2) and 15378(b)(4) and are not subject to the provisions of CEQA (CEQA Guidelines 15060(c)(3)).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Hyperion application is essential for the preparation of the City's annual budget. The City does not currently have the expertise and knowledge of the Hyperion application; and, as a result, needs additional support. To address these critical needs, the IT and Finance Departments recommend awarding a supplemental agreement to RCW Services, Inc. for the continued system upgrade, maintenance, and technical support services of the City's Hyperion application for a total not-to-exceed amount of \$450,000.

Financial Considerations: There are adequate resources within the ERP Systems Replacement Upgrade (A07000600) for the recommended agreement.

Local Business Enterprise (LBE): RCW Services, Inc. is not an LBE. The minimum requirement was waived by the Directors of IT and Finance as staff has determined the waiver is in the best interest of the City as described elsewhere in this report above.

Background:

- October 27, 2009: Council approved Agreement #2009-0987 (the “Agreement”) with RWC Services, Inc. (Resolution #2009-671) to provide assistance with the design and implementation of the City’s PeopleSoft Enterprise Performance Management (EPM) System for preparing its annual budgets. The terms of this Agreement was termed to expire on November 2, 2010, with a not-to-exceed amount of \$123,600.
- October 11, 2010: Supplemental Agreement No. 1 was executed extending the term of the Agreement to July 31, 2011, and increasing the not-to-exceed amount by \$25,000. In addition, the scope was amended to provide support to the City’s Budget Office for preparation of the Fiscal Year (FY) 2012/13 budget documents, to create and/or update reports, and to continue cross training the Budget and Information Technology (IT) staff in the use of Crystal Reports and Ascential software.
- October 5, 2011: Supplemental Agreement No. 2 was executed extending the term of the Agreement to December 31, 2011, to allow more time for staff support and training.
- December 13, 2011: Supplemental Agreement No. 3 (Resolution #2011-666) was executed extending the term of the Agreement to July 1, 2013 and increasing the not-to-exceed amount by \$50,000, for a total not-to-exceed amount of \$198,600.
- May 29, 2012: The City entered into an agreement with Graviton Consulting Services, Inc. for the upgrade of Oracle’s PeopleSoft version 8.9 to the latest supported version of 9.1 for the City’s financial and human resources enterprise system known as the City’s electronic Citywide Accounting and Personnel System (eCAPS). In the Fall of 2012, Oracle announced that it would no longer support the PeopleSoft Enterprise Performance Management (EPM) module that is used by the City for budget development. In its place, Oracle acquired the Hyperion software application. RCW was contracted by Graviton to implement the new Hyperion Budget module.
- July 1, 2013: Supplemental Agreement No. 4 was executed extending the term of the agreement to December 31, 2015, and increasing the amount by \$25,000, for a total not-to-exceed amount of \$223,600. The scope of services was also amended to provide support to the Budget office for preparation of the FY2013/14, FY2014/15, and FY2015/16 budget documents, assist with FY2014/15 and FY2015/16 budget module set-up and report maintenance, and continue cross-training Budget and IT employees. Supplemental #4 was executed prior to the final implementation plan.

- July 23, 2013: Supplemental Agreement No. 5 (Motion #2013-0194) was executed to complete the implementation, development, testing, and knowledge transfer for the Hyperion application. The City does not have the required expertise and knowledge to complete the implementation of the Hyperion system that is necessary to develop the City's annual budget.
- August 6, 2015: Council approved agreement 2015-1310 with RCW Services Inc. to provide technical support services for the upgrade of the City's Budget Enterprise Performance Management application for an amount not-to-exceed \$200,000. The time of performance for this Agreement is 24 months from the date of execution, which is August 11, 2017. The City did not have the expertise and knowledge to upgrade, provide maintenance, and provide technical support services for the budgeting application without the additional support. The agreement was termed to expire on August

SUPPLEMENTAL AGREEMENT

Project Title and Job Number: Hyperion Maintenance Support
Purchase Order #: 0000030033

Date:
Supplemental Agreement No.: 1

The City of Sacramento ("City") and RCW Services, Inc. ("Contractor"), as parties to that certain Professional Services Agreement designated as Agreement Number 2015-1310, including any and all prior supplemental agreements modifying the agreement (the agreement and supplemental agreements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. The following services shall be added to the Scope of Services specified in Exhibit A of the Agreement:

Contractor shall:

- A. Train and transfer the Hyperion application (as described in Exhibit A) knowledge to City's Information Technology personnel.
B. Continue integration and testing of the Hyperion application with the new eCaps 9.2 upgraded software and Microsoft Office 365 suites.
C. Assist City with its FY2017/18, FY2018/19, and FY2019/20 budget module set-up, development of the Hyperion application and report maintenance.

2. The term of the Agreement specified in Exhibit A of the Agreement is extended through and including December 31, 2020.

3. In consideration of the additional and/or revised provisions described in section 1 and 2, above, the maximum not-to-exceed amount that is specified in Exhibit B of the Agreement for payment of Contractor's fees and expenses, is increased by \$250,000 and the Agreement's maximum not-to-exceed amount is amended as follows:

Table with 2 columns: Description and Amount. Rows include Agreement's original not-to-exceed amount (\$200,000), Net change by previous supplemental agreements (\$0), Not-to-exceed amount prior to this supplemental agreement (\$200,000), Increase by this supplemental agreement (\$250,000), and New not-to exceed amount including all supplemental agreements (\$450,000).

4. Contractor agrees that the amount of increase in the not-to-exceed amount specified in section 3, above, shall constitute full compensation for the additional and/or revised provisions specified in section 1 and 2, above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised provisions, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Contractor.

5. Contractor warrants and represents that the person or persons executing this supplemental agreement on behalf of Contractor has or have been duly authorized by Contractor to sign this supplemental agreement and bind Contractor to the terms hereof.

6. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this supplemental agreement.

Approval Recommended By:

Approved As To Form By:

Project Manager

City Attorney

Approved By:

Handwritten signature of Richard A. Webb, Contractor

Attested To By:

Approved By:

City of Sacramento

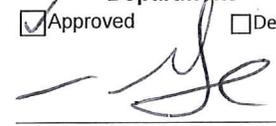
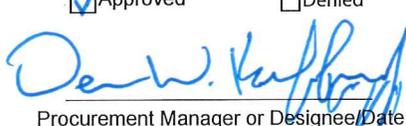
City Clerk

Procurement Division

NON-COMPETITIVE BID/CONTRACT JUSTIFICATION

For use of all goods and services acquisitions.

This justification document consists of two (2) pages. All information must be provided and all questions must be answered. The "Required Approvals" section must include a date for each signature, as appropriate for the transaction.

Requesting Department Information		
Department: Information Technology	Department Contact: Brian McKee	
Division: IT Innovation	E-Mail: bmckee@cityofsacramento.org	
	Telephone: 916-808-8047	FAX:
Delivery Location: 915 I Street, Sacramento, CA 95814		
Required Contact Information for Source of Supply or Service		
Contractor/Supplier: RCW Services, Inc.	Contractor Address: 4519 Siena Circle, Wellington, FL 33414	
Contract Amount: \$ 250,000	Amendment Amount:* (if applicable) \$ <small>(*Current amendment only)</small>	Equipment Purchase Amount: \$
Funding Source: <input checked="" type="checkbox"/> General Fund <input type="checkbox"/> CIP <input type="checkbox"/> Grant <input type="checkbox"/> Account# _____		
Provide a brief description of the purchase request, including all goods and/or services the contractor will provide:		
RCW Services Inc. will assist with continued upgrade of the Hyperion Budget Enterprise Performance Management (EPM) application, developing the FY2017/18 Budget, providing system training to IT/Finance personnel, and assist in the configuration and testing of the EPM application with the new eCAPS 9.2 upgraded software suite.		
Contract Type and Term		
<input type="checkbox"/> Supplies/Equipment <input checked="" type="checkbox"/> Sole-Source <input type="checkbox"/> Service/Consultant <input type="checkbox"/> Sole-Brand <input type="checkbox"/> IT Goods <input type="checkbox"/> Cooperative <input checked="" type="checkbox"/> IT Service <input type="checkbox"/> Agreement <input type="checkbox"/> IT Goods & Service <input type="checkbox"/> Other		Contract Term: Begin: <u>7/1/16</u> End: <u>12/31/2020</u> Explain late contract submittal (services only):
Current Contract Information (If the requested service/supply is currently under contract, please provide the information below)		
City Contract no.#:	Resolution no.#:	
Total value of current contract:	Term (time period) of contract:	
Required Approvals		
Certification: I am aware of the Sacramento City Charter Article XIV, City Code Chapter(s) 3.56, 3.60, 3.67, and the City's policy instructions, which set forth the requirements for competitive bidding. As an authorized Department representative, I have gathered information and have made a concentrated effort to review comparable/equal services or equipment, as documented in this justification. I hereby certify the validity of the information and believe, to the best of my knowledge, that the justification conforms to the City's requirements for sole-source/sole-brand purchasing.		
Division/Section <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Division Manager/Date	Department <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Director/Date	Purchasing Division <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Procurement Manager or Designee/Date



Complete responses must be provided for all of the following items.

A. THE GOOD/SERVICE REQUESTED IS RESTRICTED TO ONE SUPPLIER FOR THE REASONS STATED BELOW:

1. Explain why the acquisition cannot be competitively bid and why is the acquisition restricted to this good/service/supplier?

The scarcity of qualified Hyperion consultants nationwide makes finding a replacement that can continue to manage the upgrade and development of the FY2017/18 Budget process very difficult.

1.a. Explain if this is an emergency purchase or how the supplier is the only source for the acquisition and reference the city code that applies.

1.b. For non-competitively bid contracts over \$25,000.00, explain why this acquisition is required and how this acquisition meets at least one of the following criteria: a) provision of essential services; b) required for public health or safety; c) emergency as defined in city ordinance. d) the acquisition is necessary to avoid financial loss to the city.

To develop and deliver the FY2017/18 Budget in accordance with the Charter deadlines it is essential that a qualified resource familiar with the City's systems, procedures and processes be retained asap.

2. Provide the background of events leading to this acquisition.

In FY2014/15, technical and business process support of the budget cycle and the Hyperion EPM application was managed by an in-house resource from the the IT Division. This resource unexpectedly left the City and due to budget time lines, it is critical that a qualified resource familiar with the City's systems, procedures and processes be brought on to assist.

3. Describe the uniqueness of the acquisition (why was the good/service/supplier chosen?)

The scarcity of qualified Hyperion consultants nationwide makes finding a replacement that can continue to manage the upgrade and development of the FY2017/18 Budget process very difficult.

4. What are the consequences of not purchasing the good/service or contracting with the proposed supplier?

Full integration with the eCAPS system upgrade would need to be put on hold without a consultant who is familiar with eCAPS and Hyperion. Without a knowledgeable consultant the City will be challenged to deliver the FY2017/18 Budget within the Charter deadlines.

5. What market research was conducted to substantiate no competition, including evaluation of other items considered?

(Provide a narrative of your efforts to identify other similar or appropriate goods/services, including a summary of how the department concluded that such alternatives are either inappropriate or unavailable. The names and addresses of suppliers contacted and the reasons for not considering them must be included OR an explanation of why the survey or effort to identify other goods/services was not performed.)

Given time and staffing constraints, no formal market research was conducted to identify other vendors. RCW Services Inc. has successfully supported the City through several critical, high profile application system implementations and upgrades, therefore he already has the knowledge of the financial system and operational needs.

B. PRICE ANALYSIS

1. How was the price offered determined to be fair and reasonable?

(Explain what the basis was for comparison and include cost analyses as applicable.)

The price was determined to be fair and reasonable based on the hourly rates of other information technology contracts.

2. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier

Cost savings will be realized due to RCW Services Inc's familiarity with the City of Sacramento's budget development process and labor and payroll data.