



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

STAFF REPORT
February 7, 2006

Honorable Mayor and
Members of the City Council

Subject: Agreement: Enterprise Resource Planning (ERP) System Planning

Location/Council District: Citywide

Recommendation:

Adopt a Resolution that authorizes the City Manager to execute a Consultant and Professional Services Agreement with Government Finance Officers Association (GFOA) in an amount not to exceed \$283,107 to provide ERP System Planning

Contact: Jim Boyle, Sr. IT Project Manager, 808-5005
Russell Fehr, Director of Finance, 808-5832
Geri Hamby, Director of Human Resources, 808-7173
Stephen R. Ferguson, Chief Information Officer, 808-8600

Presenter: Stephen R. Ferguson, Chief Information Officer, 808-8600

Department: Finance, HR, and Information Technology

Division: Administration

Organization No: 1111 (Finance), 1311 (Information Technology), and 1511 (HR)

Summary:

This report recommends that the City Council adopt the attached resolution authorizing the City Manager to execute a Consultant and Professional Services Agreement for ERP System Planning in an amount not to exceed \$283,107 with GFOA.

Committee/Commission Action: None.

Background Information:

The City of Sacramento intends to initiate an ERP Project which will result in the acquisition and implementation of a software system to replace the legacy city-wide systems for Financial and HR/Payroll operations. City managers and staff have determined that better integration of financial data and improved capacity to support activity-based cost accounting is needed. The City is also seeking better integration and compatibility with other internal legacy systems.

ERP software functions as the main software system for all areas of an enterprise. Through the promotion of best business practices and the use of a single database, Enterprise software:

- Maximizes efficiencies
- Improves reporting capabilities
- Streamlines the flow of information throughout an organization

The City has identified the following business needs, concerns, and requirements:

- Existing business software architecture is obsolete, and no longer supported by vendor
- Budget and planning tools inadequate to support current planning needs
- Finance system modules no longer meet current business management needs
- Human Resources system modules do not provide adequate support for standard Public Sector Human Resources and Payroll functions
- Projects management and cost accounting management tools inadequate for present needs
- Management reporting capability inadequate to support real-time decision making

On December 13, 2005, City staff released a Request for Proposal (RFP) for consulting services to assist City staff in the planning and staging phase of the ERP System Project. Nearly 100 firms downloaded the RFP from the City's web site, and 7 submitted proposals. A team of city staff from the Finance, HR, and IT Departments evaluated the proposals and concluded that the proposal from Government Finance Officers Association (GFOA) best met the City's needs in providing ERP System planning and selection consulting services. This Consultant and Professional Services Agreement will be financed from departmental budget carryover previously released.

The contract with GFOA includes 14 specific fixed price deliverables for a fee of \$219,870 as well as professional contract negotiations support for a fee not to exceed \$37,500. Additionally, we are requesting a contingency of \$25,737 to cover unanticipated costs for a total of \$283,107.

Financial Considerations:

The funding for this agreement will be covered by departmental budget carryover previously released.

Environmental Considerations:

None.

Policy Considerations:

This recommendation is in conformance with the goals, objectives, initiatives and operating principles of the City's Information Technology Strategic Plan. In particular, it is in accordance with Goal #1, Improve Technical Infrastructure. The successful selection of a replacement ERP System will ultimately result in improved customer service for all City residents. Providing improved, timely customer service to all residents of the City is in accordance with the City Council's vision that the City of Sacramento is the city of choice to live, learn, work and play. The action requested is consistent with Chapter 3.64 of the Sacramento City Code and existing policy regarding professional services agreements.

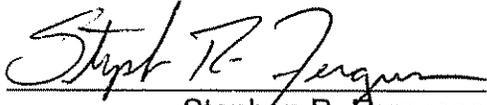
Emerging Small Business Development (ESBD):

Of the seven firms that submitted proposals, two were ESBD certified. GFOA is not a certified ESBD firm. If further services are required for this project, an effort will be made to identify additional ESBD firms.

Respectfully Submitted by: Jim Boyle, Sr IT Project Manager

Approved by: 
Russell Fehr
Director of Finance

Approved by: 
Geri Hamby
Director of Human Resources

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

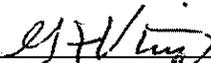

Raymond J. Kerridge
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT WITH GOVERNMENT FINANCE OFFICERS ASSOCIATION FOR AN AMOUNT NOT TO EXCEED \$283,107 TO PROVIDE ERP SYSTEM PLANNING

BACKGROUND

- A. The City of Sacramento intends to initiate an ERP Project which will result in the acquisition and implementation of a software system to replace the legacy city-wide systems for Financial and HR/Payroll operations. City managers and staff have determined that better integration of financial data and improved capacity to support activity-based cost accounting is needed. The City is also seeking better integration and compatibility with other internal legacy systems.
- B. ERP software functions as the main software system for all areas of an enterprise. Through the promotion of best business practices and the use of a single database, Enterprise software:
- Maximizes efficiencies
 - Improves reporting capabilities
 - Streamlines the flow of information throughout an organization
- C. The City has identified the following business needs, concerns, and requirements:
- Existing business software architecture is obsolete, and no longer supported by vendor
 - Budget and planning tools inadequate to support current planning needs
 - Finance system modules no longer meet current business management needs
 - Human Resources system modules do not provide adequate support for standard Public Sector Human Resources and Payroll functions
 - Projects management and cost accounting management tools inadequate for present needs
 - Management reporting capability inadequate to support real-time decision making
- D. On December 13, 2005, City staff released a Request for Proposal (RFP) for consulting services to assist City staff in the planning and staging phase of the ERP System Project. Nearly 100 firms downloaded the RFP from the City's web site, and 7 submitted proposals. A team of city staff from the Finance, HR, and

IT Departments evaluated the proposals and concluded that the proposal from Government Finance Officers Association (GFOA) best met the City's needs in providing ERP System planning and selection consulting services. This Consultant and Professional Services Agreement will be financed from departmental budget carryover previously released.

- E. The contract with GFOA includes 14 specific fixed price deliverables for a fee of \$219,870 as well as professional contract negotiations support for a fee not to exceed \$37,500. Additionally, we are requesting a contingency of \$25,737 to cover unanticipated costs for a total of \$283,107.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute a Consultant and Professional Services Agreement with GFOA for ERP System Planning for an amount not to exceed \$283,107.