

**CITY COUNCIL COMMUNICATION 97-528
NOVEMBER 3, 1997 AGENDA**

SUBJECT:

**FORTHCOMING REQUEST FOR
QUALIFICATIONS FOR NEW FINANCIAL/
ACCOUNTING AND PAYROLL/HUMAN
RESOURCES SOFTWARE**

SUBMITTED BY:

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FINANCE DIRECTOR/TREASURER**

SYNOPSIS –

On the Council agenda for November 17, 1997, will be a proposed Request for Qualifications (RFQ) for new financial/accounting and payroll/human resources software to replace the City' s existing software and manual processes. This report provides a brief introduction to the need for an RFQ.

FISCAL IMPACT –

N/A

RECOMMENDATION –

Receive and file.

BACKGROUND –

The City' s financial/accounting and payroll/human resources software systems need to be replaced and tied together. The current financial/accounting software, first installed in 1984, consists of only three core modules, as shown at the center of Attachment 1, which will no longer be supported by the vendor as of July 1, 1998 due to Year 2000 deficiencies. The current payroll software was written in-house, and has been used since 1976. The current human resources system is mostly manual and paper-based.

To continue to provide accurate transaction processing; to improve significantly the timeliness

and usefulness of financial reporting; and to place understandable data more quickly in the hands of operating departments, the Council, and the public, an RFQ is being developed. It is the product of three months of work from a Financial Software User Advisory Group, headed by the Finance Department, but consisting of more than two dozen representatives from all City departments.

The recommendation to issue an RFQ, rather than the more traditional Request for Proposals (RFP), rests on a key conclusion reached by the User Advisory Group: writing an effective RFP (with dozens and dozens of specific attributes, functions, screen designs, and workflow requirements) takes knowledge of current “ best practices” and software capabilities that we, as staff, simply do not have. Issuing an RFQ, on the other hand, allows the City to define its software needs and goals to vendors without specifying in great detail exactly how to fulfill them, allowing vendors to more suitably propose unique and different solutions to the City’ s software problems.

In fact, staff recommends taking this philosophy even a step further. Following the example of an increasing number of local governments around the country, staff recommends the City adopt as its own the best practices, workflows, document routing, and transaction processing embodied in the chosen software. The theory here is that high-quality financial software, having evolved and been used and improved in many government agencies, already contains within itself significantly better processes than our own staff could design from scratch.

The RFQ is expected to elicit proposed solutions from a wide range of vendors. Furthermore, the somewhat generic specifications of an RFQ should lead to much less “ custom programming” by the chosen vendor– which, in turn, holds down the cost of the software purchase and implementation. Finally, the press of the calendar makes issuing a traditional RFP very difficult; staff would have to invest several months to try to generate the detailed specifications for an RFP– months that the User Advisory Group feels are better spent on implementation. The proposed configuration of the new software is shown in Attachment 2. Most users and vendors recommend an implementation timeline of 6-18 months. Staff’ s very aggressive implementation schedule calls for the first core modules at the center of Attachment 2 to go “ on line” July 1, 1998, with the remainder put in place in succeeding months, culminating in the changeover to new payroll/human resources software on January 1, 1999.

There is one potential hurdle to be surmounted on the way to a successful software procurement via an RFQ. The rating methodology for evaluating vendors’ products and services against each other is inherently more subjective in an RFQ than in an RFP. In the traditional RFP, vendors mark “ Yes,” “ No,” or “ Will Provide” for each of dozens– often hundreds– of detailed specifications. (One RFP that staff reviewed contained more than 70 pages of checklist items.) In contrast, the evaluation of RFQ responses rests more on individuals’ reactions to, and predictions about, the proposed software’ s ability to meet the City’ s goals. Before authorizing issuance of an RFQ for financial/accounting and payroll/human resources software, Council may wish to pay special attention to the proposed selection factors and weights, which will be included with the proposed RFQ presented at the November 17, 1997, Council meeting.

Attachments