

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date</b>	May 10, 2010
	<b>Agenda Item No. 34</b> <b>Roll Call No. 10-724</b> <b>Communication No. <u>10-241</u></b> <b>Submitted by: Merrill Stanley, Deputy City Manager; Mike Matthes, Assistant City Manager/CIO; Allen McKinley, Finance Director; Tom Turner, Human Resources Director</b>	

**AGENDA HEADING:**

Authority to issue Request for Proposals (RFP) to identify and select a qualified consultant to complete a needs assessment for the acquisition of a new city-wide Business Enterprise software system.

**SYNOPSIS:**

Approving issuance of an RFP, conducted in accordance with the City’s procurement ordinance, to identify and select a qualified consultant to complete a needs assessment and create a RFP for the acquisition of a new city-wide Business Enterprise software system. The system would support the financials (FMS) and human resources (HRMS) functions of the city organization and would replace the current PeopleSoft system, which was purchased in 1998.

**FISCAL IMPACT:**

Amount: \$200,000 - \$250,000 for Needs Assessment/RFP Development. Enterprise Resource Planning (ERP) replacement is estimated to cost as much as \$3,000,000, and is included in the CIP.

Funding Source: 2010-2011 Capital Improvements (CIP) Budget, Miscellaneous Improvements – Page 9, ERP Software Replacement, CIP001, CP034, IFT990000.

**ADDITIONAL INFORMATION:**

In February 1997, the Des Moines City Council reviewed and concurred with the “Information Technology Recommendations” of the Data Management and Communications Committee, which mapped out a new approach to city-wide information processing, access and dissemination. One of the first steps envisioned by that report was a new financial/accounting and payroll/human resources application software package, using client-server technology, to replace existing manual processes and outmoded software; to bring the software and its users together on the new city-wide network; to speed up and distribute more widely transaction processing for the City’s financial and human resources; and to create for the first time, flexible summary and detailed information for line personnel, management, the City Council and the public. The goal of the new application software included faster response times to questions from external and internal customers; more staff time spent analyzing and acting on financial and human resources information and much less time spent entering data into multiple databases; quicker review and resolution of financial and personnel decisions; prompter and easier-to-read reports on City finances and human resources activity; ability to begin relating performance measures and benchmarks to financial data; more precise allocation and reporting of line-item costs of City projects; and (with some

business process re-engineering) faster payments to the City's vendors, allowing the City to take advantage of prompt-payment discounts.

To select a software vendor, the City, in November 1997, advertised and issued a Request for Qualifications (RFQ).

On February 3, 1998, Council reviewed the results of the evaluations of vendor responses to the City's RFQ for new financial/accounting and payroll/human resources application software. Council directed staff to negotiate contracts with the two firms whose joint proposal received the highest evaluation score. Staff completed contract negotiations with PeopleSoft, Inc. for software acquisition and support, and with Carrera Consulting Group for project implementation.

From 1998 to 2005, there were several upgrades to the PeopleSoft system. Oracle USA, Inc. which acquired PeopleSoft/JD Edwards in January 2005, provided maintenance and support until December 2006 when Rimini Street, Inc. was selected for third party PeopleSoft software maintenance and support.

On December 17, 2007, the City contracted with a consultant, Plante Moran to provide IT Strategic Planning Consulting Services. In March 2008, the IT Assessment and Strategic Plan received from Plante Moran recommended developing "a near term approach to assess the adequacy of PeopleSoft in comparison to other potentially more appropriate vendors." Further, the consultant suggested utilizing a structured approach to engage end users to define and prioritize requirements of a new system. The analysis of peer organizations indicated costs associated with similar Finance and Human Resource modules ranged between approximately two-million and four-million dollars.

The City is interested in identifying an innovative and effective solution to meeting its financial/accounting and payroll/human resources needs. This solution may be third party, hosted, in-house, or a combination of these options which may help to mitigate costs. If software is selected for purchase and installation on City servers, we will be considering all available and appropriate software including "Tier 2" systems, i.e. systems designed for entities our size, more suited to or specifically designed for a municipal environment. Tier 2 systems tend to be less costly in terms of acquisition and support. These systems are also more likely to meet our needs as "off-the-shelf" packages, meaning they would require less customization. Customization increases costs during implementation and continues to cost more during the life of the software as upgrades are installed and product support becomes more expensive.

The ERP system desired will potentially replace several existing systems with a product that operates seamlessly throughout the organization. The needs assessment will include:

- General Ledger Accounting and Reporting
- Cash Receipts and Accounts Receivable
- Accounts Payable
- Procurement
- Grant Management and Reporting
- HRMS - Payroll, Benefits Administration, Recruitment/Applicant Tracking, Time & Labor, Position Management, Personnel Action Work Flow and Employee Self-Service
- Budget Preparation, Administration and Control
- Project Cost Accounting
- Capital Asset Management
- Banking and Investment Management

- Debt Administration
- Special Assessments and Cost Recovery Accounting

Additional modules that may be included are:

- Facilities Management
- Fleet Management/Fuel Management
- Inspections and Permitting (Currently Tidemark)
- CRM: Citizen Relationship Management (Currently CCRS-HEAT)

Overtures were made to Des Moines Schools, the City of West Des Moines, Polk County and Des Moines Water Works to collaborate with the City in this project. All ultimately declined, but Water Works seriously considered the concept before deciding the timing was not right for them based on the status of their current ERP system.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: December 17, 2007

Roll Call Number: [07-2425](#)

Action: [Proposal](#) for provision of IT Strategic Planning Services and authorizing City Manager to negotiate and execute contract with Plante Moran, PLLC, \$135,000. ([Council Communication No. 07-750](#)) Moved by Coleman to adopt. Motion Carried 6-1.

Date: December 18, 2006

Roll Call Number: [06-2485](#)

Action: [Proposal](#) and Contract with Rimini Street, Inc. for Peoplesoft Software Maintenance and Support Services for a term of three years with one three-year renewal option, \$45,000 annually. ([Council Communication No. 06-773](#)) Moved by Mahaffey to approve. Motion carried 6-0.

Date: January 27, 2003

Roll Call Number: 03-223

Action: Consulting Contracts with Emerging Solutions (Gregory Lewis, President, Chicago, IL) for upgrade of Financial/Accounting software, \$279,000 and MSI (Mike Lang, President, WDM) for upgrade of Payroll/Human Resources software, \$150,000. ([Council Communication No. 03-057](#)). Moved by Hensley to adopt. Motion Carried 4-2-1. Nays: Coleman and Cownie. Absent: Brooks.

Date: November 4, 2002

Roll Call Number: 02-2646

Action: Contracts with MAXIMUS Consulting Group (MAXIMUS) and Modern Solutions, Inc. (MSI) for financial/accounting and Payroll/Human Resources Software Upgrade and Support, \$445,905.

[\(Council Communication No. 02-566\)](#). Moved by Vlassis to defer consideration to November 18, 2002. Motion Carried 5-2. Absent: Daniels and McPherson.

Date: February 16, 1998

Roll Call Number: 98-474

Action: Contract with PeopleSoft, Inc., for financial/ accounting and payroll/human resources software acquisition and support; and with Carrera Consulting Group, for project implementation. [\(Council Communication No. 98-055\)](#). Moved by Vlassis to adopt, subject to Legal Department approval. Motion Carried 6-0.

Date: November 3, 1997

Roll Call Number: 97-3653

Action: Communication from Finance Director/Treasurer submitting report addressing need for Request for Qualifications (RFQ) for new financial/accounting and payroll/human resources software to replace the City's existing software and manual processes. [\(Council Communication No. 97-528\)](#) Moved by Phillips to receive and file. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Creation of a RFP for the acquisition and implementation of a Business Enterprise software system, third-party service or hosted service.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).