	Council Communication Office of the City Manager	**Date:** August 23, 2010
CITY OF DES MOINES		**Agenda Item No.** 27
		Roll Call No. 10-1383
		Communication No. 10-534
		Submitted by: Merrill Stanley, Deputy City Manager; Mike Matthes, Assistant City Manager/CIO; Allen McKinley, Finance Director; Tom Turner, Human Resources Director

AGENDA HEADING:

Approving proposal for the provision of needs assessment and Request for Proposals (RFP) development services for the acquisition of a new city-wide Enterprise Resource Planning (ERP) solution, and authorizing the City Manager to negotiate and execute a contract with Premis Consulting Group (Premis), Joel Buege, Principal, 2843 N. Lincoln Ave, Suite 102, Chicago, IL 60657, not to exceed $187,033 for phases one through five, and selecting Premis as the consultant for phase six (implementation).

SYNOPSIS:

As a result of a formal RFP process, City staff recommends entering into a contract with Premis for the provision of consulting services for a project that will result in the selection of a city-wide ERP vendor. An agreement will be negotiated and executed with Premis for phases one through five, and staff will return to Council for approval of an agreement for phase six following the completion of phases one through five, which will determine the scope of phase six.

FISCAL IMPACT:

Amount: $187,033 for needs assessment, RFP development and ERP vendor selection/contract negotiation. Phase 6 implementation assistance is expected to cost less than $200,000. The ERP replacement is estimated to cost as much as $3,000,000 in total, and is included in the Capital Improvements Budget (CIP).

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

ADDITIONAL INFORMATION:

At its May 10, 2010 meeting, the City Council approved the release of a RFP to provide consulting services to complete a needs assessment and create an RFP for the acquisition of a new city-wide ERP solution. Requests were sent to thirteen vendors and six proposals were received. These proposals were reviewed by a cross-departmental staff committee. Based upon the committee's initial reviews and

scoring, three finalists were selected and interviewed in person. References for these finalists were contacted by members of the committee and presented to the committee as a whole. Based upon the interviews and references, the finalists were scored by the committee. The proposals were scored on four criteria including: Technical Approach, Qualifications, Cost and Local Preference.

The consulting services for this contract will be for five phases, with the option for a sixth phase. Phases one through five will be:
1. Needs Assessment;
2. Business and Technology Requirements;
3. Development of a RFP Document;
4. Evaluation and Selection of an ERP Vendor; and
5. Contract Negotiations.

The scope of the sixth phase, Implementation Assistance, cannot be determined until the completion of phases one through five because the solution may be third party, hosted, in-house or a combination of these options in order to mitigate costs. When the implementation scope is determined, and the extent of the implementation assistance is known, staff will negotiate for the sixth phase with Premis and return to the City Council with a recommendation.

The city has been using PeopleSoft ERP since 1999. The following information provides some background about that selection process and ERP-related actions taken since then. 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 and Moran to provide IT Strategic

Planning Consulting Services. In March 2008, the IT Assessment and Strategic Plan received from Plante and 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 and 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: May 10, 2010

Roll Call Number: 10-724

Action: Issuance of Request for Proposals for consultant services to develop a needs assessment for, and Request for Proposals for, the procurement of a new City-Wide Business Enterprise Software System. (Council Communication No. 10-241) Moved by Hensley to approve. Motion Carried 7-0.

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:

This is the first step in the process of the implementation of an ERP system for the city. This step will result in the creation of an RFP for the acquisition and implementation of ERP software, third-party service or hosted service. The recommended action selects Premis as the consultant for phase six, but does not authorize executing an agreement for phase six until the scope has been defined during phases one through five. Council will be asked to authorize an agreement for phase six at that time.

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