



## CITY COUNCIL ACTION REPORT

November 28, 2007

TO: Phillip L. Nelson, City Manager

FROM: John Lamerato, Assistant City Manager/Finance and Administration  
Susan A. Leirstein, Purchasing Director  
Gertrude Paraskevin, IT Director

SUBJECT: Contract Award: Qualification Based Selection (QBS) – Integrated Financial System

### Background

- The City currently utilizes the JD Edwards Financial System that was implemented in 1997 on the AS/400 platform. At that time the AS/400 was chosen due to the fact that some of the modules the City wanted to purchase were not available on the preferred client/server platform. The intention was to upgrade the software and migrate to the client/server platform once all the modules were available.
- JD Edwards offered an upgraded product that was investigated in 2000. Although the software for the core modules in use were covered under a maintenance agreement, it was still necessary to purchase consulting services for project management, implementation, conversion, technical support, and training. At that time the cost for these services, not including the hardware that would be required, was approximately \$435,000. It was determined that the products were so different, the cost so great that it was similar to purchasing and implementing a whole new system. So the decision was made to delay any migration and take time to investigate what was available in the market in addition to the JD Edwards product, then budget the necessary funds.
- In 2003 JD Edwards was purchased by PeopleSoft. In December of 2004 PeopleSoft was purchased by Oracle. The City had become aware of these likely mergers, so administration also decided to wait and see what the final outcome would be. Since the City had standardized on Microsoft and specifically Microsoft SQL Server for database applications, it was determined that upgrading to the JD Edwards, now Oracle, integrated financial package was not in the best interests of the City, as it was very likely Oracle would eventually migrate clients to their Oracle database product. Another reason to take a look at the market.
- Although JD Edwards has served to improve many financial processes in the City, changes in technology have now rendered both the original software and hardware obsolete. In addition, increased demands for more automation, faster easier access to data, increased disk storage requirements, and better overall performance, require that both the hardware and software be replaced.
- In May of 2007, a formalized search for software was initiated and as a result of the Qualifications Based Selection process a vendor/product was selected. The attached executive summary outlines the process in detail.
- The selection process was qualifications based and incorporated information from a variety of other Michigan communities including a survey of financial software in use, and recent bid results. Some of the minimum requirements for vendor selection included:

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- A fully integrated system not requiring a great deal of third party software or implementation
- A solid vendor presence in Michigan
- Production software that utilizes current technology with proven installations.
- Some of the features in the recommended system include:
  - A completely Web based user interface
  - Improved reporting allowing use of industry standard reporting tools such as Crystal Reports
  - On-line queries integrated with Microsoft Office for easy download of data into Word and Excel putting more power in the users hands
  - The ability to apply workflow to a variety of processes
  - Improved tools for integration and interoperability with other systems
  - Improved security
  - A company committed exclusively to the Public Sector.

### **Financial Considerations**

- Funds are budgeted and available in the operating capital accounts of the Information Technology Fund for computer equipment, software and consulting.

### **Legal Considerations**

- A Qualifications Based Selection Process was utilized to select the most appropriate product based on the City's needs and technology standards. Similar processes have been used by Engineering and for the Transit Center where qualifications are the first priority.
- The award recommendation is based on the best-qualified vendor and software as a result of a QBS process.
- The contract award is contingent on the recommended vendor's submission of proper contract and supplemental documents, including insurance certificates, and all other specified requirements.

### **Policy Considerations**

- Upgrading the financial software expands the electronic function and allows for more efficient use of time by Finance staff and within the departments. Manual processes that weren't addressed by the existing system will be converted to electronic functions, for example time card entry, budget creation, and bank reconciliation. In addition, information inquiries previously directed to Finance or Information Technology staff could now be done by the end users utilizing on-line query tools.  
**(Goal II)**
- Enhance the flow of communication internally by providing easier and expanded access to financial information to City employees. **(Goal IV)**

### **Options**

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- City management is requesting authorization to purchase the Integrated Financial Software from the highest rated firm as a result of a qualifications based selection process, New World Systems of Troy, Michigan for an estimated total five-year cost of \$462,495.00, at prices as contained in the tabulation and proposal documents opened November 19, 2007.
- Optional software/services contained in the Request for Proposal may be negotiated at the time the City is ready to implement those applications. Ongoing software maintenance/support will continue annually and be adjusted each year after 2013, based upon verifiable increases in labor by using the consumer price index inflation calculator or CPI computation for the published Urban-CPI for the Detroit / Ann Arbor area between the base year of 2013 and the subsequent year, whichever CPI computation is lower, and be continued in future years using the same method.
- In addition, City management is requesting authorization to purchase necessary server hardware and third party software utilizing approved purchasing procedures, with Crystal Report Server licenses being purchased directly from the manufacturer, Business Objects, in order to expand our current number of concurrent licenses for an estimated total cost of \$55,610.00. Project costs are detailed in Appendix A.

## APPENDIX A

### Project Costs

#### Application Software

<b>New World Systems</b>	<b>Cost</b>
Software	\$0
Escrow	3,000
Training	90,000
Implementation	58,000
Conversion	30,000
Interfaces	45,000
3 <sup>rd</sup> Party Costs – Crystal Reports	495
Mtnce/Support (5 yrs)	236,000
<b>ESTIMATED TOTAL</b>	<b>\$462,495</b>
Other Services	\$150/hour
<b>Ongoing Support after Year 5 w/CPI escalators</b>	<b>\$60,400/year</b>
<b>Base year 2013</b> times the CPI factor for the Detroit / Ann Arbor Area each year thereafter	

#### Server Hardware and Third Party Software

<b>Product</b>	<b>Vendor</b>	<b>Cost</b>
HP Proliant Servers	Hewlett Packard (REMC)	\$29,200
Microsoft Windows 2003	EDS (State Contract)	1,960
MS SQL Server 2005	EDS (State Contract)	3,900
SQL Backup Agent	Hewlett Packard (REMC)	1,300
Crystal Reports Writer	EDS (State Contract)	5,000
Crystal Report Server	Business Objects (direct from mfr)	\$14,250
<b>TOTAL</b>		<b>\$55,610</b>



## EXECUTIVE SUMMARY

### Financial System Software

#### STATISTICS:

- ◆ **Developed minimum criteria checklist**
- ◆ **Performed local area site visits.**
- ◆ **Three (3) firms met the pass/fail criteria (Phase 1) and provided on-site demonstrations**
- ◆ **Based on the result of the demonstrations, two (2) firms moved on to Phase 3 and Phase 4**
- ◆ **New World Systems received the highest score as a result of a qualifications based selection process**

The following two firms received the indicated final scores as a result of the demonstration, technical review and pricing selection criteria.

Firm	SCORE
New World Systems	79
Tyler Technologies	71

#### REQUEST FOR PROPOSALS - FIRMS ELIMINATED FROM FURTHER CONSIDERATION (AFTER COMPLETION OF PHASE 2)

- Sungard Bi-Tech

#### Attachments:

- ✓ Weighted Final Scoring Including Demonstration, Technical Review and Price Scoring
- ✓ Evaluation Process
- ✓ Original Tabulation



WEIGHTED FINAL SCORING  
Financial System Software

Final Score Calculation:

$$\begin{array}{r}
 10\% \times \text{Technical Review Score} \\
 30\% \times \text{Cost Score} \\
 \underline{60\% \times \text{Demonstration Score}} \\
 100\% \qquad \qquad \qquad = \text{Final Weighted Score}
 \end{array}$$

In order to equate the price to the weighted evaluation process scoring, the prices had to be converted into a score with the base of 100. **NOTE:** For the demonstration, technical review and pricing phases, vendors are listed in the order they conducted their demonstrations. For final scores the vendors are listed in order of rating from highest to lowest.

Weighted Average Score for the Demonstrations: 60%

Score:	Average	Final Weighted Score (x .60)
Vendors:		
Tyler Technologies	81	81 x .60 = <b>49</b>
New World Systems	72	72 x .60 = 43
Sungard Bi-Tech	47	47 x .60 = 28

Based on the demonstration score, only the top two firms advanced to Phase 3 and Phase 4.

Weighted Average Score for Technical Review: 10%

Score:	Average	Final Weighted Score (x .10)
Vendors:		
Tyler Technologies	81	81 x .10 = <b>8</b>
New World Systems	61	61 x .10 = 6

Weighted Average Score for Cost: 30%

RATERS	Weighted Criteria - Difference in Costs (low price/proposed price) x available points	Final Weighted Score (x .30)
Vendors:		
Tyler Technologies	$(\$462,495.00/\$968,412.00) \times 100 = 48$	48 x .30 = 14
New World Systems	$(\$462,495.00/\$462,495.00) \times 100 = 100$	100 x .30 = <b>30</b>

FINAL SCORE:

VENDORS:	<b>New World Systems</b>	Tyler Technologies	Sungard Bi-Tech
Demonstration Score	<b>43</b>	49	28
Technical Review Score	<b>6</b>	8	N/A
Cost Score	<b>30</b>	14	N/A
FINAL SCORE	<b>79</b>	71	28

**\*\*HIGHEST RATED VENDOR – RECOMMENDED AWARD**



## SELECTION PROCESS

### CRITERIA FOR SELECTION

The City Committee will follow a qualifications based selection process. The City of Troy reserves the right to award this project to the company considered the most qualified based upon a combination of factors including but not limited to the following:

- A. Developed minimum criteria checklist
- B. Attended National GFOA Vendor Exhibition
- C. Established a selection time frame
- D. Compiled a vendor list
- E. Performed local area site visits
- F. Established a shortlist
- G. Prepared demonstration scripts
- H. Evaluated demonstrations of short-listed vendors
- I. Ranked the vendors
- J. Conducted a technical review
- K. Solicited request for proposals from the highest ranked firms (up to three)
- L. Site visit for the highest rated firm to a City of comparable size and operation to that of Troy
- M. Award recommendation to City Council
- N. Post selection communication

#### Phase 1: Minimum Qualifications Evaluation – Pass / Fail

Firms will be required to meet minimum established criteria in order to go to the second phase of the process.

#### Phase 2: Evaluation of Demonstrations - 60%

The City will invite the top three (3) firms to participate in a demonstration. Each City Committee Member will independently use a weighted score sheet to evaluate the demos; each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each firm for this phase of the process. Those companies performing a demonstration may be supplied further instructions and requests prior to the date of the live demonstration.

#### Phase 3: Technical Review – 10%

The City of Troy IT department will conduct a scripted technical review. The department will collectively evaluate this portion of the process using a single weighted score sheet for each firm.

#### Phase 4: Relevance of Money – 30%

Weighted Criteria – Ratio of Costs

Formula:  $(\text{low price/proposed price}) \times \text{available points (100pts)}$

The firm with the highest final weighted score will be recommended to the Troy City Council for Award.

60% Demonstration Score (100 point base)

10% Technical Review

30% Relevance of Money

100% Final Weighted Score

NOTE: The order under Criteria for Selection may change or be deleted at the City's option.

FIRM NAME:

New World Systems

Tyler Technologies, Inc.

**PROPOSAL: PROVIDE AN INTEGRATED FINANCIAL SYSTEM SOFTWARE SOLUTION**

**COST PROPOSAL:**

- Application Software

- Application Software

Module / Conversion / Implementation / Training / User License Fees

G/L	\$ 92,000.00	\$ 104,800.00
Budget	\$ -	\$ 4,000.00
Purchase Orders	\$ -	\$ 66,475.00
Contract Mgt	\$ -	\$ 15,275.00
A/P	\$ -	\$ 10,000.00
H/R	\$ 70,500.00	\$ 23,475.00
Payroll	\$ -	\$ 43,725.00
A/R	\$ -	\$ 42,800.00
Cash Receipting	\$ -	\$ -
Cash Mgt	\$ -	\$ 23,125.00
Retirement tracking	\$ -	\$ 7,300.00
Benefit Tracking	\$ -	\$ -
Applicant Tracking	\$ -	\$ 7,875.00
Employee Self Service	\$ 15,500.00	\$ -
Applicant Self Service	\$ -	\$ -
Work Flow	\$ -	\$ 9,900.00
Fixed Assets	\$ -	\$ 40,850.00
<b>Subtotal:</b>	<b>\$ 178,000.00</b>	<b>\$ 399,600.00</b>

**SUPPORT/MAINTENANCE FEES (5 YRS)**

1st to 5th Year

1st to 5th Year

G/L	\$ 110,880.00	\$ 82,220.00
Budget	\$ -	\$ -
Purchase Orders	\$ -	\$ 41,932.00
Contract Mgt	\$ -	\$ 10,689.00
A/P	\$ -	\$ -
H/R	\$ 83,160.00	\$ 8,595.00
Payroll	\$ -	\$ 17,566.00
A/R	\$ -	\$ 22,423.00
Cash Receipting	\$ -	\$ -
Cash Mgt	\$ -	\$ 17,266.00
Retirement tracking	\$ -	\$ 4,933.00
Benefit Tracking	\$ -	\$ -
Applicant Tracking	\$ -	\$ 4,111.00
Employee Self Service	\$ 36,960.00	\$ -
Applicant Self Service	\$ -	\$ -
Work Flow	\$ -	\$ -
Fixed Assets	\$ -	\$ 35,877.00
<b>Subtotal:</b>	<b>\$ 231,000.00</b>	<b>\$ 245,612.00</b>

**OTHER SERVICES:**

Source Code Escrow

Implementation Costs:

Source Code Annual Mtnce (5 YRS)  
 Subtotal:

\$ 3,000.00	\$ 67,200.00
\$ 5,000.00	\$ 3,750.00
<b>\$ 8,000.00</b>	<b>\$ 70,950.00</b>

FIRM NAME:

New World Systems

Tyler Technologies, Inc.

**PROPOSAL: PROVIDE AN INTEGRATED FINANCIAL SYSTEM SOFTWARE SOLUTION**

**OTHER SOFTWARE:**

Client:	Required Quantity	X	N/A	Unlimited
	Unit Purchase or License Price		\$	31,000.00
	Extended Initial Purchase		\$	<b>31,000.00</b>
	Annual On-Going Software(x5yr)		\$	<b>31,000.00</b>
Server:	Required Quantity	X	N/A	Blank
	Unit Purchase or License Price			Blank
	Extended Initial Purchase			Blank
	Annual On-Going Software(x5yr)			Blank
Report:	Required Quantity	X	1	Site
	Unit Purchase or License Price		\$ 495.00	\$ 24,000.00
	Extended Initial Purchase		\$ 495.00	\$ <b>18,000.00</b>
	Annual On-Going Software(x5yr)		0	\$ <b>30,000.00</b>
Forms:	Required Quantity	X	Blank	Site
	Unit Purchase or License Price		\$	-
	Extended Initial Purchase		\$	<b>30,750.00</b>
	Annual On-Going Software(x5yr)		\$	<b>12,500.00</b>
Relational:	Required Quantity	X	N/A	Separate
	Unit Purchase or License Price			
	Extended Initial Purchase			
	Annual On-Going Software(x5yr)			
Other:	Required Quantity	X	Blank	Blank
	Unit Purchase or License Price			
	Extended Initial Purchase			
	Annual On-Going Software(x5yr)			
	<b>Subtotal:</b>		\$ <b>495.00</b>	\$ <b>153,250.00</b>

**INTERFACES:**

Cash Receipting	Implementation Cost	\$ 32,000.00	\$ 42,750.00
	Ongoing Support/Maint. (5 yrs)	Blank	\$ 51,300.00
General Ledger	Implementation Cost	\$ 6,000.00	Include w/GL Import
	Ongoing Support/Maint. (5 yrs)	Blank	Include w/GL Import
Payroll	Implementation Cost	\$ 7,000.00	\$ 2,250.00
	Ongoing Support/Maint. (5 yrs)	Blank	\$ 2,700.00
	<b>Subtotal:</b>	\$ <b>45,000.00</b>	\$ <b>99,000.00</b>

**ESTIMATED GRAND TOTAL:**

**\$ 462,495.00 \$ 968,412.00**

**FUTURE OPTIONS**

**PRICING / Schedule of Values**

<b>Application Software License Fees</b>			
Utility Billing	\$ 221,000.00	\$ 99,650.00	
Business/Dog Licensing	\$ 71,000.00	\$ 71,025.00	
<b>Support/Maintenance Fees (5 YRS)</b>	1st to 5th Year	1st to 5th Year	
Utility Billing	\$ 115,176.00	\$ 40,511.00	
Business/Dog Licensing	\$ 38,392.00	\$ 31,018.00	
<b>Subtotal:</b>	\$ <b>445,568.00</b>	\$ <b>242,204.00</b>	

FIRM NAME:		New World Systems	Tyler Technologies
<b>SCHEDULE OF VALUES:</b>			
<b>SERVICES:</b>		<b>UNIT PRICE</b>	<b>UNIT PRICE</b>
Project Managers		\$150/hour	N/C - Project
Consultants		\$150/hour	\$1,250/Day
CNC Services		\$150/hour	\$1,250/Day
Training Support Services		\$150/hour	\$1,100/Day
Developers		\$150/hour	\$1,025/Day
<b>REMIBURSEABLES:</b>			
Travel		\$ -	\$1,100 / 3-days(estd-actual reimb)
Other			Blank
<b>POTENTIAL ADDITIONAL SERVICES:</b>			
		\$150/hour - No add'l services were listed	Business Process Improvement & Desk Procd & Bus Solution Design (\$ to be determined)
<b>NUMBER OF YEARS TO HOLD UNIT PRICES FOR SERVICES:</b>			
		1	2
<b>INSURANCE:</b>			
Can Meet		XX	XX
Cannot Meet			
Signed Y or N		Y	Y
<b>COMPLETION BY 12/31/08</b>			
Can meet		XX	Not Included
Cannot meet			Not Included
<b>TERMS:</b>		Net 30	60 Days
<b>EXCEPTIONS:</b>		Please see exceptions attached	Please reference exceptions to RFP on following pages
<b>VENDOR QUESTIONNAIRE (Yes or No)</b>		Yes	Yes
<b>SEVEN (7) COPIES (Yes or No)</b>		Yes	Yes

**ATTEST:**

\_\_\_\_\_  
 Leda Coughlin  
 \_\_\_\_\_  
 Diane Fisher  
 \_\_\_\_\_  
 Linda Bockstanz

\_\_\_\_\_  
 Susan Leirstein CPPB  
 Purchasing Director