



LEGISLATIVE MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Suzanne Sherman, City Manager

THRU: Brian Robinson, IT Director; Larry Wojciechowski, Finance Director; Juliet Misconi, CPO

DATE: 8/4/2022

RE: Contract: Enterprise Resource Planning (ERP) Consultant Services - Information Technology Department (Government Finance Officers Association - not to exceed \$205,000).

On September 22, 2021, City Council authorized the allocation of \$2 million in ARPA (revenue loss) funds for the replacement of the City's Enterprise Resource Planning (ERP) module, a software used organization-wide providing controls for the following functions:

- Finance, including budget, accounts payable and accounts receivable
- Procurement
- Cash receipts
- Facility work orders
- Utilities, including accounts, billing, and inventory
- Payroll
- Human Resources
- Inventory – Fixed Assets Management
- Reporting

The City last replaced this software in 1996 as the result of competitive Request for Proposal (RFP) process. The current provider (vendor) is Central Square, which provides two platforms for the City, including HTE (a DOS-based, "green screen") and Naviline (a Windows-based platform).

The Procurement Department polled colleagues from around the country who recently migrated to a new ERP and overwhelming found that most recommended using a consultant to aid with the needs analysis, scope development, RFP issuance, vendor evaluation, contract negotiation, and implementation. Several agencies conducted RFPs for ERP consultants to perform these services, with costs ranging from over \$125,000 to \$300,000. Through this research, Procurement also learned that many agencies contracted directly with the Government Finance Officers Association (GFOA), a non-profit entity which serves as the primary professional association for public sector finance professionals. The City's Finance Director, Information Technology (IT) Director, and Chief Procurement Officer met with a GFOA representative in June and July to discuss the City's needs and requested a proposal.

The GFOA has supplied a proposal which amply meets the City's needs for ERP consultant services during this important transition. The GFOA has been in place since 1906 and has over 21,000 members. The branch that oversees ERP consultant services (the Research and Consulting Center or RCC) has been performing this work for over twenty years, aiding over 600 government agencies. They have performed these services in Florida for agencies such as Deerfield Beach, St. Petersburg, Cape Coral, Lady Lake, Orange City, Plant City, Port Orange, Weston and Myrtle Beach. City staff also checked references for nationwide like-sized agencies, including Dubuque, IA; Eugene, OR; Olympia, WA; Pittsburgh, PA; Sarasota, FL; and Springfield, IL.

Because GFOA is a non-profit entity, the proposal costs are notably lower than similar contracts in which other agencies contracted with private consultants via an RFP process. In addition, they have no formal relationship with any of the potential ERP software providers; and therefore, provide honest and unbiased feedback and have agreed to sign the City's Consultant Conflict of Interest Form. The GFOA endeavors to provide objective, independent expertise to meet the needs of the agencies served. Because of their ample experience, the GFOA is also well-versed in changes in the industry, such as the pivot to cloud-based systems and the separation of the vendor pools for utility billing functionality from "package" ERP functionality, which requires two separate RFP processes (and is included as such in their proposal).

The GFOA proposal has two phases and six tasks. Notably, the first phase and first three tasks focus on business process improvement in partnership with what GFOA calls the City's "PIT" crew (process investigation teams). The first phase includes a full analysis of current functions and uses the Lean method to identify areas of improvement. The goal of this phase is to look for process improvements in current functions and plan for future needs to develop a City operational vision that looks beyond software technology and considers wholistic business process and policy improvements. Tasks within the second phase focus on the actual RFP development, evaluation and contract negotiation. This includes the development of a complex list of functional requirements of the ERP system in conjunction with the City's PIT crew, and the development of the RFP document itself. GFOA provides a unique, four-phased approach to the RFP process, from initial evaluation of all proposers to a "discovery" phase with the highest ranked vendors. The last task proposed is contract negotiation for the applicable software license, maintenance, hosting, software-as-a-service, and

implementation agreements. These negotiations would be in partnership with key City staff, to include the City Attorney's Office. There may be a need for a future Task 7 for Implementation, but that option is currently not proposed.

The timeline for GFOA's services is approximately one year. The implementation period thereafter depends on the ERP provider selected but it is anticipated to take another year. The proposal from GFOA is \$180,000, plus a not-to-exceed amount of \$25,000 for travel. GFOA travel is governed by the GFOA travel policy (which, like the City's policy, is designed for prudent travel expenditures, i.e., flying coach, for example) and is fully auditable by the City. Per the Procurement Code of Ordinance, 38.07 (B) (20), services provided by institutions of higher learning, not-for-profit organizations, non-profit organizations, state sponsored institutions, and other governmental and public agencies are exempt from the competitive procurement process.

Staff is requesting Council's approval to enter into an agreement with the GFOA, pending review of the agreement by the City Attorney's Office, for ERP consultant services in the amount not to exceed \$205,000.

REQUESTING DEPARTMENT:

Finance, Procurement, Information Technology

FISCAL IMPACT:

Currently, there is \$2,000,000 (funds allocated by City Council) available in account 128-3414-559-64071, with an assigned Project #22IT01 dedicated to fund the replacement of the City's ERP software.

RECOMMENDATION:

Motion to approve the award of a non-competitive contract to the non-profit member association of the Government Finance Officers Association for ERP consultant services in amount not to exceed \$205,000, and authorize the City Manager to execute the agreement.

ATTACHMENTS:

Description

[GFOA Proposal City of Palm Bay](#)