

3. Contract: Enterprise Resource Planning (ERP) implementation advisory services, amendment - Information Technology Department (Government Finance Officers Association); consideration of a budget amendment (\$28,000 (Utilities portion)).



## LEGISLATIVE MEMORANDUM

<b>TO:</b>	<b>Honorable Mayor and Members of the City Council</b>
<b>FROM:</b>	<b>Suzanne Sherman, City Manager</b>
<b>THRU:</b>	<b>George Barber, Chief Procurement Officer; Brian Robinson, IT Director</b>
<b>DATE:</b>	<b>May 2, 2024</b>
<b>RE:</b>	<b>Contract: Enterprise Resource Planning (ERP) implementation advisory services, amendment - Information Technology Department (Government Finance Officers Association); consideration of a budget amendment (\$28,000 (Utilities portion)).</b>

### **SUMMARY:**

On August 4, 2022, City Council authorized the execution of an agreement with Government Finance Officers Association (GFOA) for ERP consultant services in the amount of \$205,000 with Consent Agenda Item No. 3. This item was awarded as a non-competitive contract, as permitted by the Procurement Code of Ordinance, 38.07 (B) (20), since GFOA is a non-profit member association.

The consultant services included the following:

- A comprehensive analysis of current functions was conducted, pinpointing areas for improvement to enhance process efficiency. The objective of this phase was to prepare for future needs, establishing a City operational vision that transcended software technology and contemplated holistic business process and policy improvements. The aim was to foster long-term growth and efficacy within the City's operations.
- The RFP development and evaluation involved crafting a detailed list of the ERP system's functional requirements, a process undertaken with the City's staff, and the creation of the RFP document. GFOA implemented a unique, four-phased approach to the RFP process, starting with an initial evaluation of all proposers. The process concludes with a "discovery" phase involving the highest-ranked vendors.

- Contract negotiations will encompass areas such as software licensing, maintenance, hosting, software-as-a-service, and implementation agreements. These negotiations will be conducted in partnership with relevant staff, including the City Attorney's Office. This cooperative approach will ensure a comprehensive and legally sound agreement was reached for all aspects of the project.

GFOA has successfully fulfilled all necessary duties and identified services essential for the development and evaluation of the ERP solicitation. On December 7, 2023, City Council approved the authorization to enter into negotiations with the highest ranked Firm (Cognizant Technology Solutions US Corporation) with Consent Agenda Item No. 3. At present, negotiations have been completed and staff will propose to City Council the final agreements for approval to execute. The proposed Amendment and associated fees aim to support the City throughout the implementation phase. The timeline projected to fully implement the new ERP system spans approximately one year. Consequently, the application of GFOA's implementation advisory services is anticipated to expedite this process. GFOA will deliver the following services:

- Deliverable Review – Under the existing agreement, GFOA will collaborate with the City in negotiating terms with the chosen vendor, including key deliverables and setting expectations. In the implementation amendment, they will monitor the vendor's progress, review critical deliverables, and report any issues related to contract compliance or best practices. Throughout this process, GFOA expects active involvement, including site visits and conference calls, to provide guidance and share best practices or past experiences.
- Business Process Design - During the implementation phase, GFOA will engage in the business process design sessions with the ERP vendor on-site. This involvement aims to guarantee the City adopts optimal business practices in line with previous suggestions. The objective is to avoid merely replicating the old system, instead striving for innovation and improvement.
- Participation in Project Meetings - GFOA's team will participate in project management meetings and steering committee meetings to provide updates to key stakeholders and help resolve any outstanding issues.
- Quarterly Project Reviews - GFOA will conduct quarterly project reviews for the City, spearheaded by a senior-level representative. The review process will involve on-site

meetings, interviews with project stakeholders and governance members, as well as a thorough examination of project deliverables, status reports, and other pertinent information. GFOA will provide regular independent evaluation to assess the project's overall health and progress, addressing various aspects such as goals, risks, compliance, best practices, business processes, communication, decision making, change management, training strategies, and testing plans.

- **Contract Monitoring** - In its role of contract monitoring, GFOA will leverage its comprehensive understanding of the contract and statement of work to track the progress of the project against agreed acceptance criteria and payment milestones. Contract monitoring remains vital in ERP implementations to ensure contract compliance, smooth project progression, and delivery of key requirements.
- **Management of Issues Log** - Throughout the project, GFOA will collaborate with the City and vendor to identify, log, track, and resolve risks and issues. The awarded vendor is expected to maintain an "issues log", and GFOA will assist the City's project manager and steering committee in resolving reported issues to achieve a successful go-live. GFOA's proactive monitoring approach aims to address concerns timely to avoid scope creep while keeping the project on-track and within budget.

GFOA's implementation advisory services are billed hourly at \$250. GFOA proposed 500 hours of implementation services to complete the project. Additionally, if travel is necessary, the proposed rate is not to exceed the limit of \$1,500 per trip. The total estimated cost for the proposed implementation advisory services is \$140,000.

Staff is requesting permission to execute an amendment with GFOA, to include implementation advisory services, for the ERP Software in the amount not to exceed \$140,000.

The Utilities Department is requesting fund appropriation from Utilities Undesignated Fund Balance in the amount of \$28,000 for the implementation advisory services, amount \$28,000.

**REQUESTING DEPARTMENTS:**

IT

Procurement

Utilities

**FISCAL IMPACT:**

Currently there is \$3,794,793 is available in Project #22IT01 in accounts 128-3414-559-64071 and 001-2310-519-6407 dedicated to fund the City's new ERP software utilizing ARPA and General funds (less encumbrances of \$205,207 for GFOA initial services and Florida Today legal ad for the RFP). Of note, the City will only use funds from 001-2310-519-6407 for the General Fund portion GFOA implementation services (\$112,000) to ensure compliance with ARPA regulations. Pending approval of the budget amendment amount \$28,000, from Utilities Undesignated Fund Balance (421-0000-392-3006), funds will be available in Utilities Operating Fund 421-8011-536, for implementation services.

**STAFF RECOMMENDATION:**

Motion to 1) approve the execution of an amendment for implementation advisory services with the non-profit member association of the Government Finance Officers Association for ERP Software in amount not to exceed \$140,000; and 2) approve the appropriation of funds on the next scheduled budget amendment for the Utilities portion of the implementation advisory services.

**ATTACHMENTS:**

1. 8/4/022 Agenda item
2. Consultant Proposal dated 4/19/2023



## 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:**

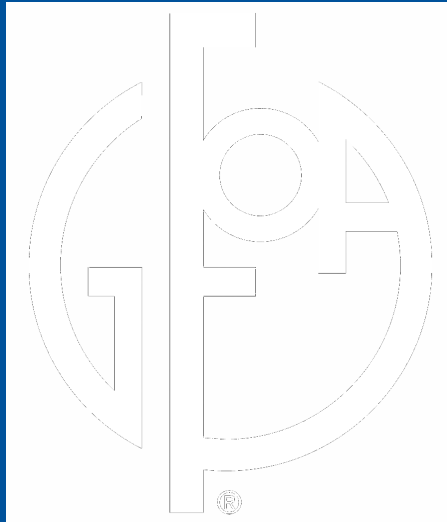
Currently, there is \$2,000,000 (funds allocated by City Council) available in account 128-3414-559-64071, with an assigned Project #22IT01 dedicated to fund the replacement of the City's ERP software.

**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](#)



# Government Finance Officers Association

**Research and Consulting Center**

**Prepared for:**



**City of Palm Bay, FL**

**Enterprise Resource Planning (ERP)  
Implementation Advisory Services  
April 19, 2023**





**Government Finance Officers Association**

203 North LaSalle Street, Suite 2700

Chicago, IL 60601-1210

312.977.9700 fax: 312.977.4806

April 19, 2023

City of Palm Bay

Attn: Brian Robinson, Director of Information Technology

120 Malabar Road

Palm Bay, FL 32907

EMAIL: [Brian.Robinson@palmbayflorida.org](mailto:Brian.Robinson@palmbayflorida.org)

Dear Brian,

The Government Finance Officers Association (GFOA) is pleased to present this proposal to the City of Palm Bay, FL (the City) for implementation advisory services for the City's Enterprise Resource Planning (ERP) and Utility Billing Solution project. Services in this proposal are based on initial discussions with City staff and our experience providing services for other governments in the past. GFOA services will provide oversight and quality assurance during the City's ERP implementation, and the City will receive an objective, independent perspective focused on public sector best practices, business process improvement, organizational governance, and quality assurance.

GFOA has enjoyed working with the City so far on its project and we very much look forward for the opportunity to continue this engagement. If contracted, we expect to keep the same project team intact to allow for a seamless transition to this next phase of the project.

If there are any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael J. Mucha'.

Michael J. Mucha

Director, Research and Consulting Center

Government Finance Officers Association

Phone: 312-977-9700

Fax: 312-977-4806

Email: [mmucha@gfoa.org](mailto:mmucha@gfoa.org)

Washington, DC Office

660 N. Capital Street, NW • Washington, DC 20001 • 202.393.8020 fax: 202.393.0780

[www.gfoa.org](http://www.gfoa.org)



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## Implementation Quality Assurance

GFOA will provide a project oversight role throughout the City's project and work with the City and the City's selected ERP vendor to achieve the City's project goals. A project oversight role with GFOA will enable the City to leverage the presence that GFOA has in the public sector technology industry, and will allow the City to benefit from ERP implementation experience and research along with access to our nationwide membership network. GFOA will also continue our role as lead in contract negotiations for any contract amendments and project support to review milestones and invoices.

GFOA has past experience with project oversight on a variety of projects. We are familiar with the implementation approach proposed by most vendors and can use lessons learned to help avoid some of the challenges that previous clients have faced. We expect to provide these lessons learned as well as proactive management of issues to mitigate any risks to the City's project.

Task 7: Implementation and Acceptance	
<b>Frequency</b>	<ul style="list-style-type: none"><li>• Ongoing</li></ul>
<b>Project Consultants</b>	<ul style="list-style-type: none"><li>• Rob Roque</li><li>• Adam Powell</li><li>• Mike Mucha</li></ul>
<b>On-Site Presence</b>	<ul style="list-style-type: none"><li>• As Necessary</li></ul>
<b>Cost</b>	<ul style="list-style-type: none"><li>• \$250/Hour (not including travel costs)</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>• Monthly Status Reports</li><li>• Deliverable Review Reports</li><li>• Business Process Recommendations</li><li>• Other Reports As Necessary</li></ul>

The following services are planned to be in scope for this project. GFOA will take direction from the City on the specific tasks and assignments and will report monthly on hours used. These tasks have been identified based on feedback from City staff. All services are proposed as an hourly fee where GFOA will invoice for hours worked.

If desired, and where appropriate, GFOA would be willing to provide additional fixed fee proposals for "mini-tasks" or "work orders" throughout the project that identify key milestones instead of an hourly rate. With these mini-tasks or work orders, the City project manager and GFOA project manager would agree to the appropriate scope and price for desired work.



## Deliverable Review

As part of the City's statement of work with its selected vendor, GFOA will negotiate terms that require the vendor provide several key deliverables/work products. GFOA will work with the City to help set expectations for the vendor, review templates, monitor progress for deliverable completion, and provide a detailed review of the critical deliverables once complete. GFOA will provide a report to the City outlining any issues (either with compliance against the contract or consistency with best practices). To properly review the deliverables, GFOA expects that it have sufficient levels of participation during the development of the deliverables that may include participation in site visits, conference calls, or other information gathering activities. As part of that participation, GFOA will be available to provide further guidance, best practice information, or other lessons learned.

***Note: It is the City's responsibility to accept all deliverables and milestones. GFOA cannot accept or reject items on behalf of the City.***

## Business Process Design

GFOA assumes that the City will be moving forward with business process changes and best practice recommendations from GFOA's process mapping sessions. During the implementation project, GFOA will participate in the business process design sessions with the ERP vendor when on-site to ensure that the City will deploy best business practices aligned with earlier recommendations rather than "re-creating the old system." Additionally, as part of the design process, GFOA can provide research into best business practices and communicate both advantages and disadvantages of specific design decisions based on our implementation experience and/or lessons learned from our member network. When GFOA is not able to participate in on-site meetings, we can provide a thorough review of any meeting notes, design documents, or other system or process documentation to review for best practices, process inefficiencies, or other potential issues.

## Participation in Project Meetings

GFOA's team will participate in project management meetings and steering committee meetings to provide updates to key stakeholders and help resolve any outstanding issues. If GFOA is not scheduled to be on-site, GFOA will be available to participate by phone (if required).

## Quarterly Project Reviews

GFOA will conduct project reviews for the City each quarter. Each review will be completed by GFOA's Director of Research and Consulting or GFOA's Consulting Practice Manager (or a similar senior level representative from GFOA as approved by the City). For the review, GFOA representatives will be on-site and will conduct interviews with project stakeholders and key members of the project governance structure (including vendor staff). GFOA will also review project deliverables, project progress, status



reports, and other relevant information. These Periodic Project Reviews will provide a regular and independent assessment of project progress and project health.

The review may include any relevant issue with the project, but is likely to cover project goals, ongoing risks, contract compliance, best practice implementation, business process review, project communications, project decision making, project management, change management, and training strategies, and testing plans.

After the review is complete, GFOA will provide a brief project review report summarizing issues. It is also expected that GFOA would be available to participate in a meeting (either on-site or by phone) to discuss project issues and findings in the project review report.

## **Overall Project Oversight**

Essentially, GFOA's role is to provide an "early warning mechanism," to the City at key points in the implementation process by tracking the progress of activities within the project plan and identifying risk areas.

Development of a thorough implementation plan is an important component to the development of an effective project structure. Furthermore, throughout an ERP system implementation, plans must be revised and appropriate controls must be present as part of effective project management to minimize deviations from the timeline and/or budget. GFOA will work with the City's vendor and the City project/program managers to monitor project status, resolve project scope and approach issues, and provide input on improving the logic of the overall plan if necessary. We will also work to keep the vendor on-track with the overall objectives of the organization as established in the contract agreements.

Primary activities for overall oversight will include contract monitoring, ongoing change management, support for the City's steering committee, managing the issues log, or other project tasks as may be necessary.

*GFOA will provide a monthly status report throughout the duration of the project. The City and GFOA will agree on a format and due date for the status report.*

Additional tasks as part of overall project oversight could include:

### **Contract Monitoring**

GFOA has in-depth detailed knowledge of the contract and statement of work and will continue to track project progress against acceptance criteria and payment milestones. This is a critical task in ERP implementations. Based on GFOA's experience, ERP vendors often find it convenient to ignore key contract requirements. GFOA will monitor deliverable activity and if necessary can also review project invoices for contract compliance.



In addition, while we believe our procurement approach significantly reduces the chance that contractual issues will arise during implementation, the City must still be prepared. Because of our detailed knowledge of the statement of work, and our contract negotiation experience and expertise, we are often able to resolve issues or negotiate the scope of necessary change orders saving the City both time and money. As part of these services, GFOA will assist as issues are identified. The process used to resolve issues might involve phone calls, site visits, document review, and/or other activities.

### **Ongoing Change Management**

GFOA will provide support to the overall organizational change management function of the project. GFOA's role in providing overall oversight to the project will enable GFOA to gain an important perspective on project risks, pace of change, and sources of resistance. GFOA will then work with the City staff to develop change management strategies to help overcome project issues. In addition, GFOA feels strongly that change management must focus on a proactive element of good governance, communications, and support for a positive collaborative culture within the project. GFOA will provide assistance and ongoing recommendations in making sure that project leaders are working to facilitate effective change management tactics throughout the project through their ongoing leadership

### **Support for the City's Steering Committee**

In addition to participating in the City's Steering Committee meetings, GFOA can provide ongoing support and coaching for the Steering Committee. Throughout the project, GFOA may assist with strategy, project communications, budgeting, establishing an ongoing support structure, and any other overall IT governance tasks.

### **Management of Issues Log**

Throughout the project, GFOA will work with the City and vendor to identify risks, project issues, and other concerns and proactively log, track, and resolve those issues. GFOA expects that the vendor will maintain an "issues log" and GFOA can assist both the City's project manager and steering committee in actively managing this log.

Additionally, at specific points in the project where City staff may be better utilized on other tasks (like training, testing, go-live support, etc.), GFOA can take over managing the issues log and ensuring there is a sense of urgency to the vendor completing tasks.



## Other Tasks

GFOA is often asked to provide other types of services to clients during implementation. Some of these services have included serving as a subject matter expert, providing additional change management assistance, developing training materials, conducting research, and/or facilitating additional training sessions. If these services are requested, GFOA will work with the City's project manager to develop an appropriate scope within the assumptions of this proposal.

## Pricing

GFOA will invoice the City at the end of each month for all hours/services delivered in the previous month. For hourly billing GFOA will invoice at a rate of \$250/hour. Fixed fee deliverables are listed below. Both hourly and fixed fee rates include all travel and other expenses.

GFOA will report on total hours used in the project and projected hours for upcoming key tasks. GFOA can provide project status updates in the level of detailed required by the City.

Pricing			
	Total Hours	Rate	Total
<b>Task 8: Implementation Quality Assurance</b>	500	\$250	\$125,000
<b>Travel Estimate</b>	-	\$1,500 per trip	\$15,000
<b>Total</b>			\$140,000

Note: GFOA plans to deliver the majority of services remotely. However, if required, GFOA would be available for travel to the City of Palm Bay. If travel is required, GFOA will invoice for travel up to NTE limit of \$1,500 per trip.

*Note: The City is not committing to these hours. Any unused hours will not be invoiced.*



## Contract Requirements

- GFOA is a nonprofit membership association made up of members representing organizations like the City. Therefore, the GFOA's liability and indemnification under any agreement reached with your organization will be limited to the extent of claims paid by insurance coverage currently in force.
- Unless otherwise stated, the City agrees to confirm acceptance of deliverables within a mutually agreed upon number of business days. If a deliverable is not accepted, the City must state in writing to the GFOA Project Manager the changes needed to the deliverable to gain acceptance.
- When performing work on-site, GFOA staff will be provided appropriate workspace and access to copiers, projectors, workspace, and miscellaneous office supplies if necessary.
- If necessary, GFOA will have access to any project document repository established for the project.
- As an educational, nonprofit, professional membership association, the GFOA reserves the right to publish non-confidential documents describing the results of, or created during, the services described in this scope of work. The GFOA will not publish any item with the name of the City/City without obtaining prior written consent of the government.
- The City recognizes that GFOA's role is to provide information, analysis and advisory services. As such, GFOA bears no responsibility for the performance of the software, hardware, or implementation service suppliers.