

Agenda Report

TO: CITY COUNCIL
THROUGH: Finance Committee

DATE: August 11, 2003

FROM: CITY MANAGER

SUBJECT: Authorization to enter into a contract with Cherry Road Technologies for implementation of the PeopleSoft Budget System and amendment to the fiscal year 2004 Operating Budget.

RECOMMENDATION

It is recommended that the City Council: i) authorize a contract, without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services, with Cherry Road Technologies in an amount not to exceed \$249,800 for the implementation of the PeopleSoft budget system; ii) grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to P.M.C. Section 4.08.049(B), contracts for which the City's best interests are served, and iii) approve the re-appropriation of \$140,802 of unspent fiscal year 2003 Department of Finance funds to budget account 323300.

BACKGROUND

The City has stretched the life of its current budget system to over 20 years. The system is archaic, difficult to use, provides very limited functionality and replacement of the system is necessary in order to properly support the needs of the City.

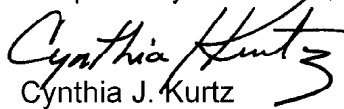
As part of its license with PeopleSoft for the use of its financial system, the City owns a license to PeopleSoft's budget system, which has recently been released for commercial use and will replace the current budget system. While the City owns a license to use the PeopleSoft budget system, there are costs associated with its implementation. Specifically, expert technical consulting services will be needed to properly install, set-up and test the system as well as determine how the City's budgeting practices will be affected by the functionality of the new system, and to provide training to city staff. Additionally, a total of four new computer servers will be needed to run the web-based application.

Cherry Road Technologies has previously provided support to the City in the implementation and upgrade of the PeopleSoft financial system. The firm's familiarity with PeopleSoft and the City's business and technical support practices make it uniquely qualified to assist in the implementation of the budget system. The City is not likely to identify a more qualified firm to provide the needed services were it to undertake a competitive selection process. Moreover, since the implementation of the new system needs to take place during the Budget Office's "off season" undertaking a competitive selection process would likely delay the implementation of the system for another year. Conversely, Cherry Road Technologies has indicated that it can commence implementation immediately. For these reasons it is in the best interests of the City to contract with Cherry Road Technologies.

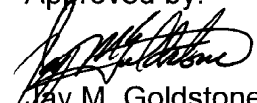
FISCAL IMPACT

Funding for the proposed contract is provided for in the FY 2004-2008 Capital Improvement Program, project number 71200. The proposed re-appropriation of \$140,802 represents funding for the purchase of associated computer servers. Funding for these servers was included in the fiscal year 2003 Operating Budget, however, their purchase was not made prior to the end of the fiscal year. But because it was anticipated that the purchase would be made prior to June 30, 2003, the funds were not included in the FY 03 anticipated ending fund balance. Unless there is a formal contract or purchase order in place prior to the end of the fiscal year, unspent funds are returned to fund balance. It is requested that these funds be re-appropriated and used for the exact purpose originally budgeted for in fiscal year 2003.

Respectfully submitted,


Cynthia J. Kurtz
City Manager

Approved by:


Jay M. Goldstone
Director of Finance

Prepared by:


Steve Mermell
Budget Administrator