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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

August 14, 1985
FA:85385:JRC:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Financial Management Information Systems (FMIS)
Software/Hardware

CITY MANAGER'S OFFICE
RECEIVED
AUG 15 1985

SUMMARY

The attached report is being submitted to the Budget and Finance Committee for review and recommendations prior to consideration by the City Council at their regular meeting September 3, 1985.

RECOMMENDATION

It is recommended that the City Council approve the attached resolution authorizing:

- a. City Manager to execute a consultant services agreement with Touche Ross for an amount not to exceed \$30,000; and
- b. Authorize City staff to develop a FMIS Software/hardware request for proposal document for City Council approval by October 22, 1985.

Respectfully submitted,

JACK R. CRIST
Director of Finance

ATTACHMENTS

JIM PUTHUFF
Data Processing Director

RECOMMENDATION APPROVED:

SOLON WISHAM, JR.
Assistant City Manager

All Districts
August 20, 1985



CITY OF SACRAMENTO

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JACK R. CRIST
Director of Finance

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ADMINISTRATION
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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Financial Management Information System (FMIS)
Software/Hardware

SUMMARY

This report recommends that the City Council, by resolution, authorize the City Manager to execute a consultant services agreement with Touche Ross & Co. in an amount not to exceed \$30,000. The purpose of this agreement will be to assist City staff in developing financial system software and hardware (FMIS) "Request for Proposal" documents to be utilized in the FMIS procurement process.

BACKGROUND

Past Experiences. As the City Council is aware, a City staff task force has spent the last 2-1/2 years analyzing cash and investment accountability issues. Separately, Finance and Data Processing staff have recognized the need to modernize the City's overall financial information systems.

The automated accounting systems used by the City, currently implemented on a Sperry 90/80 computer, have been in service for over ten years. Given the rapid advances in technology and municipal information systems, this is a very long time. These systems have evolved as the City's information requirements have expanded and changed, but have reached the point that they can no longer be maintained or improved in a cost effective manner. As issues such as cash accountability made this apparent, City management took appropriate action.

In March of 1985, the City retained a consultant to review the existing financial systems and develop a plan for replacing them. This review was completed in May, 1985, and presented to City Council and City management (Telos Consultants, Mr. Bruce Joplin). Relevant findings in the review included:

- o The cash accountability function appears to be under control; however, the recently installed procedures require a great deal of clerical and professional effort to perform.

- o The various accounting systems share data very poorly. Much of the interface among systems is accomplished manually with a great deal of effort exerted by the accounting staff to reconcile and balance the various modules.
- o Overall the system does an adequate job of historical accountability, but does not facilitate management and financial reporting that is crucial for management decision making. Department users are maintaining their own duplicative accounting records in order to produce management reports.

Recommendations relating specifically to the acquisition of an integrated financial management information system (FMIS) included:

- o Replacing the City's present fragmented accounting, cash accountability, check writing, budgeting and cost accounting systems with a single integrated financial information system acquired from one of a number of vendors of such systems. The new system should fully integrate accounting, treasury cash and investments, departmental cost/revenue analysis, fixed assets, accounts receivable, accounts payable, budgeting, materials management, cashing and bank reconciliation in one comprehensive process.
- o Implementing an integrated financial management system over the next 30 months on an interim computer awaiting the replacement of the City's central computer in 1987.
- o Strengthening the City's remaining systems, consisting primarily of payroll/labor/position control, fleet management, and specialized billing modules, by providing better user access to the data presently in these modules and to create an automated interface with the FMIS.

BACKGROUND

Consultant Selection Process. Upon receipt of the Telos/Joplin consultant report, City staff recognized that additional consulting expertise is essential to a successful software/hardware acquisition process. Integrated municipal financial system software acquisition is a specialized field and one which is too important to make serious mistakes with. Further, it is important that the City's consultant be independent of vendors (i.e., not also be marketing municipal systems) so that no professional conflict of interest might arise, have no plans to participate in the bid process, have strong past experience and be located in the Sacramento area. The City Manager has authorized the following three firms to submit consultant proposals based on City staff's determination that they meet predetermined criteria:

1. Touche Ross & Co.
2. KMG Main Hurdman
3. Norm Forste & Associates

Written proposals from these firms are on file with the City Clerk. City staff has reviewed the three proposals and based on our selection criteria recommend retaining Touche Ross & Co. for a fee not to exceed \$30,000. Touche Ross' proposal is attached as Exhibit I for City Council information. The proposed consultants scope of work plan is detailed on page II-1 & 2 of their report and includes assisting the City in developing a Data Processing modernization plan that would consider integration of all automated systems.

DISCUSSION OF CITY COMPUTER SYSTEMS

Exhibit II attached is a one page diagram which depicts both computer software and hardware configurations with FMIS in place. The Telos/Joplin report suggested the City "develop a general plan for the utilization of computer technology over the next five years taking into account the requirement to migrate away from the City's existing mainframe system during 1987. Major software changes must occur before then so that existing City resources can later be devoted to the mainframe changes. Current plans call for FMIS software/hardware selection to occur through the end of calendar year 1985. Implementation planning will take place during the first six months of 1986 with the first phase of the proposed new system up and running July 1, 1986. Phase II software implementation would occur during FY 1986/87. See Exhibit II for details.

As can be seen from Exhibit II, the basic core financial applications (excluding payroll, utility billing, other specialized billing applications) would be new systems which would be resident on an interim computer which would be rented or leased until the next generation mainframe is in place.

FINANCIAL

The FMIS project budget is as follows:

1985-86	\$200,000
1986-87	236,000

Total	\$436,000
	=====

The 1985-86 amount of \$200,000 has previously been appropriated and is available in the City's 1985-86 CIP Budget. The FMIS project budget is a very preliminary budget and will be refined once actual proposals are received from vendors.

The estimated budget amounts do not address hardware costs for the interim computer. It is not known at this time how long the interim computer will be required. However assuming the interim computer is required for 3 years, it is estimated that the additional hardware costs would be in the range of \$180,000 to \$240,000 per year. At this point, hardware costs are a function of what the software vendor proposes and it is too early to project. We will keep the City Council advised as to this cost component as vendor proposals are received and we have specific cost data to work with.

WHY PURCHASED VENDOR SOFTWARE AS OPPOSED TO IN HOUSE DEVELOPMENT

This question has received a great deal of discussion from City staff. Central to the response is multiple system integration. The City currently has over 20 separate financial subsystems. These subsystems function adequately individually but are not designed to interface without manual manipulation. Modern, state of the art, on line, real time systems require total integration City wide. To accomplish this with existing systems, many of which were developed in the 1970's would be a major task and would not result in the best financial product. Vendors have invested millions of dollars in system development and these systems have been tried, tested and improved in numerous other cities. This is a major contrast to the resources available to the City.

City staff has received software demonstrations from several vendors. These software programs are less expensive than in-house developed program and are quality tested by numerous users. Many specialized systems would still be developed in-house, but as Bruce Joplin told us, core financial is not one of them. Purchasing relatively low cost vendor financial software will allow limited City staff to design other important master plan projects that would otherwise remain in a waiting state for years.

BENEFITS OF A NEW FINANCIAL SYSTEM

Following are the known benefits of the new FMIS System:

- a. Cash and investment accountability issues are addressed and resolved. Moneymax would be eliminated.
- b. All major financial systems are modernized in an integrated fashion.
- c. Departmental management user needs are addressed including large scale project planning and management.
- d. All financial information would be timely and relevant (current two/three week delay in receiving report).
- e. Materials management (purchasing and inventory) subsystems implemented for the first time.
- f. A logical plan is implemented for migrating away from the existing City mainframe to a more modern hardware system.
- g. Eliminate the need for individually maintained redundant financial records in various departments since all City departments will have access to financial data.

- h. Enhanced financial management capability which should result in reduced City costs and increased financial management capabilities.

RECOMMENDATION

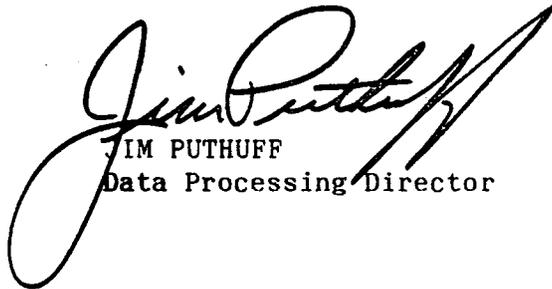
It is recommended that the City Council approve the attached resolution authorizing:

- a. City Manager to execute a consultant services agreement with Touche Ross for an amount not to exceed \$30,000; and
- b. Authorize City staff to develop a FMIS Software/hardware request for proposal document for City Council approval by October 22, 1985.

Respectfully submitted,



JACK R. CRIST
Director of Finance



JIM PUTHUFF
Data Processing Director

Attachments

RECOMMENDATION APPROVED:

WALTER J. SLIPE
City Manager

cc: Department Heads
FMIS Project Team
MIEC

All Districts
September 3, 1985

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

**RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT
WITH TOUCHE ROSS; AND AUTHORIZING CITY STAFF TO
DEVELOP A FMIS SOFTWARE/HARDWARE REQUEST FOR
PROPOSAL**

BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

- a. City Manager be authorized to execute a consultant services agreement with Touche Ross for an amount not to exceed \$30,000; and
- b. City staff be authorized to develop a FMIS Software/hardware request for proposal document for City Council approval by October 22, 1985.

MAYOR

ATTEST:

City Clerk

EXHIBIT I

Touche Ross & Co. written proposals for consulting services in connection with an integrated financial management system selection process.

EXHIBIT II

Proposed systems and computer interface with FMIS in place.

PROPOSED SYSTEMS AND COMPUTER INTERFACE WITH FMIS IN PLACE

- SYSTEMS THAT STAY ON SPERRY 90/80 AND DO NOT INTERFACE WITH FMIS SYSTEM

- SCARS (POLICE)
- MCI (POLICE)
- UFIRS (FIRE)
- CIS (FIRE)
- CAD INQUIRIES
- STARS (TRAFFIC)
- GEO CODING
- PARCEL FILE
- CIA
- TREES
- PERSONNEL (NON-PAYROLL)

- SYSTEMS THAT STAY ON SPERRY 90/80 BUT MUST INTERFACE WITH FMIS SYSTEM

- PAYROLL LABOR
- WORKERS COMP
- BUSINESS LICENSE
- UTILITY BILLING
- BUDGET AUTHORIZED POSITIONS
- CENTREX BILLING
- PENSION PAYROLL
- WEED ABATEMENT
- ANIMAL LICENSES
- FIRE PERMITS
- FLEET MANAGEMENT *
- TRANSFER TRK
- ASSESSMENTS
- SCENIS
- SENIOR CITIZENS REFUND

- FMIS SYSTEMS RESIDENT ON INTERIM FMIS COMPUTER

- GENERAL LEDGER
- CASH RECEIPTING
- ACCOUNTS PAYABLE
- ACCOUNTS RECEIVABLE
- BUDGET DEVELOPMENT
- FINANCIAL REPORTING
- INVESTMENT MANAGEMENT
- BUDGET STATUS REPORTING
- FIXED ASSETS
- PURCHASING
- INVENTORY
- PROJECT / GRANT ACCOUNTING
- COST ACCOUNTING
- WORK ORDER ACCOUNTING
- AD HOC INQUIRIES

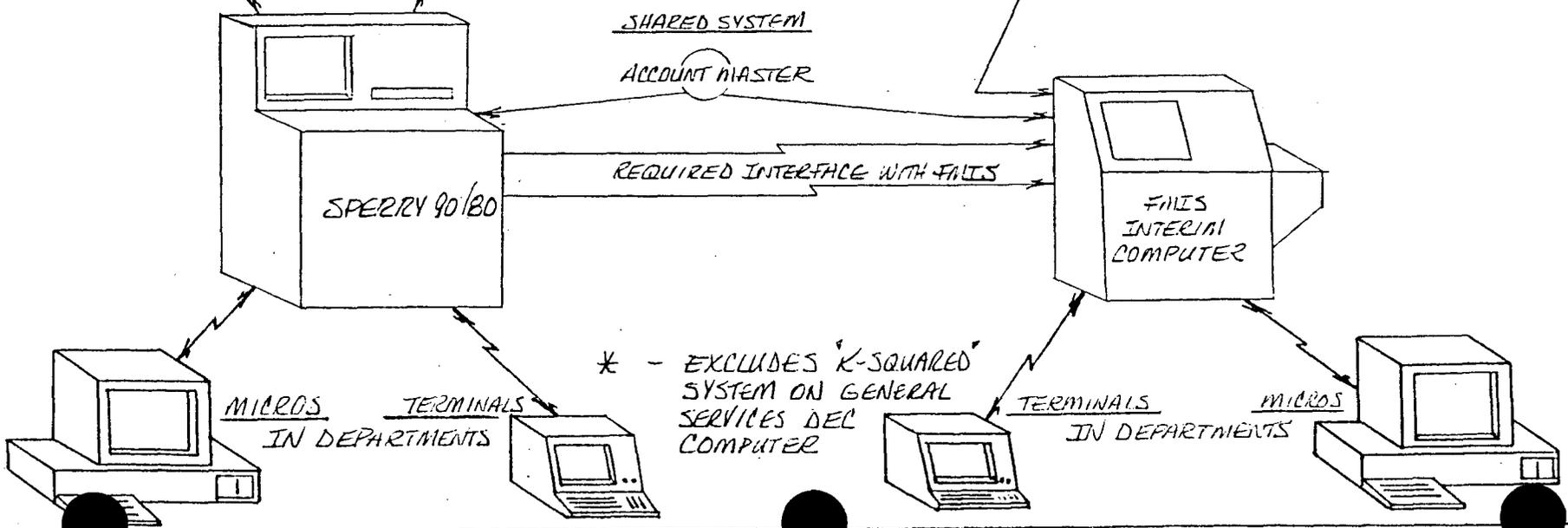


EXHIBIT III

FMIS Acquisition Calendar.

CALENDAR

1. Receive proposals from Consultant 7-31
2. Budget and Finance Agenda Deadline 8-5
3. Budget and Finance Agenda 8-13
4. City Council Agenda 8-20
5. Consultant Agreement Signed 8-23
6. Consultant On Board 9-3
7. Request for Proposal (RFP)
Development Period 9-3 to 10-11
8. RFI Request for Information for Vendor
Comment, Solicitation. Will include a
Status Report to City Manager,
Dept. Heads and City Council 9-20
9. Deadline for Receiving Request for
Informaiton (RFI) 10-7
10. Request for Proposal Placed on Council
B&F Agenda 10-11
11. RFP Reviewed and Approved by City
Council B&F Committee 10-22
12. RFP to City Council for Approval 10-29
13. RFP Mailed to Vendors 11-1
14. RFP Responses Due from Vendors 11-29
15. Vendor Evaluation Conducted by Project
Team and Consultant + Status Report
to Council and Mgr/Dept. Heads 12-2 to 12-20
16. Vendor Reference Checks and Site Visits
as Required 12-23 to 1-10-86
17. Staff Vendor Selection Recommendation
to City Council B&F Committee
(cc: City Dept. Heads, all vendors) 1-10-86

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18. City Council B&F Committee Review of
City Staff Recommendation 1-21-86
 19. City Council Approval 1-29-86
 20. System Implementation
 - . Phase I 2/86 to 7/86
 - . Phase II 8/86 to 1/87
 - . Phase III (if necessary) 2/87 to 7/87

.. Status reports to City Mgr/City Council and Dept. Heads every month

EXHIBIT IV

Telos/Joplin consultant report executive summary.

EXECUTIVE SUMMARY

In March of 1985 the City entered into an agreement with TELOS Consulting Services to assist in the initial stages of developing an Integrated Financial Information System (IFIS). Through TELOS the services of Bruce Joplin were acquired to work with the City's project team in reviewing the City's existing financially related systems and in developing a viable plan to identify, select and implement a totally integrated financial management system. This report summarizes the activities of the project team from the inception of the TELOS agreement through May 23, 1985.

The remainder of the report is divided into four sections, the first of which addresses the findings of the project team. The second section sets out alternative actions which the City could take toward strengthening its existing financial systems and/or acquiring new systems. This section also contains the recommendations of the project team as to which alternatives the City should pursue.

The third section sets out functional and technical requirements which should be met by the new IFIS. This section can also be used as a skeletal Request for Proposal (RFP) from software vendors. The report concludes with a step-by-step work plan which the City should follow in selecting and contracting for IFIS.

The consultant was also requested to present his own views of the City's processes and operations. The consultant has 25 years experience in government financial systems including implementing over 100 financial management systems in public agencies including the State of California Controller's Office and the Cities of Houston, Dallas, Seattle, Denver and Minneapolis. His observations and conclusions relate to a number of issues beyond the strict implementation of an Integrated Financial Information System.

The implementation of an IFIS in today's computer environment requires that the financial system be closely coordinated with the City's long term plans for use of high-tech automation. For the City to obtain the maximum benefit of money spent for automation --- ranging from mainframes to microcomputers to telecommunications --- an integrated

approach is required. Failure to do this will result in excessive costs and duplication of effort such as requiring city offices to have three or more terminals on the same desk to access data in different computers.

Summary of Recommendations

Three general recommendations directed toward positioning the City to achieve maximum long run benefits from the implementation of IFIS are:

- 1) Develop a general plan for the utilization of computer technology over the next five years taking into account the requirement to migrate away from the City's existing mainframe system by 1988. The plan should address city-wide utilization of telecommunications, networking, and office automation.
- 2) Restructure the present Data Processing Department, including a new name, beyond that of a provider of processing services to that of rendering a broader range of technology acquisition and management services to operating departments anticipating that more and more processing will reside in these departments in the future. Departmental processing is commonly known as distributed data processing or DDP.
- 3) Sharpen the City's capabilities for acquiring technology to include more precise procedures in bidding on, and contracting for, outside services and in managing such contracts once they have been entered into anticipating a greater use of package software and hardware services as a cost savings technique.

Recommendations relating specifically to the acquisition of an IFIS include:

- 1) Replace the City's present fragmented accounting, cash accountability, check writing, budgeting and cost accounting systems with a single integrated financial information system (IFIS) acquired from one of a number of vendors of such systems. The new system should fully integrate accounting, treasury cash and investments, departmental cost/revenue analysis, fixed assets, accounts receivable, accounts payable, budgeting, materials management, cashiering and bank reconciliation in one comprehensive process.
- 2) Implement an integrated financial management system over the next 30 months on an interim computer awaiting the replacement of the City's central computer.
- 3) Strengthen the City's remaining systems, consisting primarily of payroll/labor/position control, fleet management, and specialized billing modules, by providing better user access to the data presently in these modules and to create an automated interface with IFIS.

These recommendations are discussed and supported in greater detail in the remainder of this report.