

RESOLUTION NO. 1037

A RESOLUTION SELECTING THE PROPOSAL OF THEREFORE SYSTEMS, INC. FOR THE PURCHASE OF A FINANCIAL INFORMATION HARDWARE AND SOFTWARE SYSTEM FOR THE CITY OF WILSONVILLE AND APPROVING LEASE/OPTION FINANCING BY BANK OF AMERICA FOR SAID SYSTEM.

WHEREAS, The City of Wilsonville has adopted the Model Attorney General Rules for public contracting and procurement, and

WHEREAS, the City followed the Model Attorney General Rule 125-320-010 for alternative competitive procurement for data and word processing hardware and systems software in requesting a competitive procurement proposal (RFP) from seven potential vendors for a financial management system capable of integration with other departments in the City, and after receiving the proposals and input from the vendors the City found it necessary and prudent to postpone the selection of a vendor until further analysis could be made of the City's needs by a new finance director, and

WHEREAS, the City has duly kept a record of these matters, and

WHEREAS, Tom Jowaiszas was hired as the City's new finance director, reviewed the record in this matter and instituted and completed a financial information system functional requirements project, which project is further described in Finance Department Staff Report and Recommendation dated August 16, 1993, marked Exhibit A, attached hereto and incorporated herein, and

WHEREAS, after completing the aforesaid financial information function requirements project, a revised RFP was then sent to the three highest rated vendors from the original RFP, and based upon the selection criteria set forth in Exhibit A, the finance director recommends selection of the Therefore Systems, Inc. proposal for a financial management data hardware and system software, and

WHEREAS, the City Council, acting as the City's Contract Review Board, finds that the above recited alternative procurement method and the selection of the three highest rated vendors from the original RFP to receive a revised RFP, as well as employing of a decisional analysis model in selecting a final vendor, was done in such a manner as to result in substantial cost savings given the special nature of the system, the priority need for

a system and the number of interested and responsive vendors, and further finds that this alternative method and revised RFP selection process would neither encourage favoritism nor substantially diminish competition, and

WHEREAS, the City Council, acting as the City's Contract Review Board, further finds that the Model Attorney General Rule 125-310-090 exempts borrowing of funds from public contract bidding requirements, that the finance director has sought competitive quotes for lease/purchase financing from five companies and obtained competitive quotes as set forth in Exhibit A attached hereto, and that the finance director recommends selecting Bank of America as having provided the lowest responsible quote.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

- A. Based upon the above findings and records in this matter, the City Council, as the City's Contract Review Board, selects Therefore Systems, Inc., as the vendor of a financial information hardware and software system in the sum of \$137,632.00 as the most responsive proposal meeting the City's required needs in a cost effective manner; and
- B. The City's finance director is authorized to enter into a five-year lease/purchase financing agreement with Bank of America at the lowest quote rate of 5.15 percent to lease/purchase a financial information hardware and software system from Therefore Systems, Inc. in conformance with the proposal submitted by Therefore Systems, Inc. on record herein, and such negotiated refinements as may be deemed in the prudent financial interest of the City by the City's finance director and further that the final documents shall be found to be in the proper legal form by the City's attorney.
- C. The City's finance director is authorized to enter into the necessary agreements for hardware and software maintenance, training and software licensing associated with the Therefore Systems, Inc.'s financial information system provided these costs, together with the annual lease/purchase payments, do not exceed \$50,000 in fiscal year 93-94. Any such agreement(s) shall be approved as to legal form by the City Attorney.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 16th day of August, 1993, and filed with the Wilsonville City Recorder this same date.


GERALD A. KRUMMEL, Mayor

ATTEST:


VERA A. ROJAS, CMC/AAE, City Recorder

SUMMARY of Votes:

Mayor Krummel	<u>AYE</u>
Councilor Carter	<u>AYE</u>
Councilor Hawkins	<u>NO</u>
Councilor Lehan	<u>AYE</u>
Councilor Van Eck	<u>AYE</u>

EXHIBIT A

FINANCE DEPARTMENT
STAFF REPORT AND RECOMMENDATIONS

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: TOM JOWAISZAS
FINANCE DIRECTOR

SUBJECT: AWARD BIDS FOR BOTH THE PURCHASE OF A FINANCIAL
INFORMATION SYSTEM AND THE FINANCING OF SUCH A
PURCHASE

DATE: AUGUST 16, 1993

SUMMARY

The budget document for the 1993-94 fiscal year for the City of Wilsonville contains funding for the purchase of a financial information system. The purchase of the financial information system was budgeted to be accomplished through either a financing or a lease (with an option to purchase). City staff recommends that the City purchase a new financial information system from Therefore Systems, Inc. (headquartered in Portland, Oregon) and finance such a purchase through a lease agreement with the Bank of America.

The City's request for a proposal for a financial information system was sent to three selected vendors. Two of the selected vendors actually submitted proposals to the City. An evaluation of the submitted proposals was made by city staff. The evaluation included the following:

- use of a structured decision analysis model
- detailed review of proposals
- vendor oral presentation
- demonstration of proposed software
- site visitations
- reference checks

The structured decision analysis model was the primary tool used to evaluate the proposals. The other evaluation criteria were used to validate the results of the structured decision analysis model.

A summary of the evaluation of the submitted proposals and an evaluation of the City's current financial information system is attached.

RECOMMENDATION

Based on the evaluation of the two proposals that were received, staff recommends that the City purchase its financial information system from Therefore Systems, Inc. for \$137,632, and that the City Council authorize the Finance Director to sign the requisite

agreements (purchase agreement, license agreements, maintenance agreements) and to negotiate any associated refinements with Therefore Systems, Inc. Staff also recommends that the "purchase" of the financial information system be structured as a five-year lease with the City having an option to purchase the system at the end of the term of the lease for \$0. The annual lease payment during the term of the lease (five years) will not exceed \$31,000.

The City budgeted \$46,500 in fiscal year 1993-94 for a new financial information system based on the following:

\$25,000	-	financial management software/hardware
\$14,000	-	computer service contract
\$ 5,000	-	computer training
\$ 2,500	-	computer equipment

The actual cost for the financial management software/hardware, computer service contract and computer training (the computer equipment is not needed at this time) will be slightly higher than the budgeted amount of \$46,500. It appears that any excess can be absorbed through the Finance Department's budget or a minor contingency transfer at year's end.

Finally, staff recommends that the Finance Director be authorized to enter into a lease agreement for the new financial information system with the Bank of America. The Bank of America had the lowest effective lease rate of the firms that were contacted regarding providing lease financing to the City. (See attached "Evaluation of Leasing Alternatives" for a comparison of lease proposals.)

BACKGROUND

In late 1992, the City of Wilsonville began the process of selecting a vendor for a financial information system and related systems following the model Attorney General rules, 125-320-010 alternative competitive procurement methods for data and word processing hardware and systems software. This process culminated in a request for proposal (RFP) being sent out in December, 1992 to seven selected vendors. Four of the seven vendors responded to the RFP. A number of questions arose about the RFP and the responses, and a decision was made to delay selecting a vendor until a new Finance Director was hired.

After reviewing the work that had been performed in conjunction with producing the original RFP, it was decided to reduce the scope of the RFP and concentrate on a financial information system as the highest priority. It was also decided that some additional work still needed to be done before a decision could be made regarding a new financial information system. This led to the financial information system functional requirements project. The purpose of this project was the following:

- review and evaluate the city's current work processes
- evaluate the city's current accounting system to determine if a new system was needed
- develop a decision analysis model to aid in vendor selection
- prepare a functional requirements document

As part of this project, twenty plus interviews of users of financial information from every City of Wilsonville department were conducted (including the Mayor and a Budget Committee member). These interviews formed the basis for the rest of the project. The

information from these interviews was used to develop the structured decision analysis model, the functional requirements document, and the revised RFP. The revised RFP was sent to three selected vendors (the three highest rated vendors from the original RFP) on July 9, 1993. One vendor decided not to submit a bid to the City, while the other vendors submitted their bids when they made their presentations to city staff on July 29, 1993. Additionally, it was decided to evaluate the City's existing financial information system using the same decision analysis model that was used to evaluate the submitted proposals.

The original budget for fiscal year 1993-94 submitted to the Budget Committee for a financial information system was \$116,000 (\$80,000 for hardware/software; \$21,000 for computer service contract; \$10,000 for computer training; and \$5,000 for computer equipment). This budget was reduced to \$46,5000 in order to restore programs to other city departments.

FINANCE DEPARTMENT
STAFF REPORT AND RECOMMENDATION
EVALUATION OF VENDORS' PROPOSALS AS WELL AS AN
EVALUATION OF THE CITY'S CURRENT SYSTEM - SUMMARY

EXPLANATION OF DECISION ANALYSIS MODEL

Based on the interviews of users of the City's financial information, a list of system "musts" and "wants" was developed. The "musts" consist of functional, technical, system, and support requirements that must be met by the vendor. There were a total of 32 "musts." Vendors were told that if a "must" was not met, they would be disqualified from further consideration. The "wants" consist of functional, technical, system, and support requirements that are desirable. There were a total of 129 "wants." Each of the "wants" contained a weighting factor to indicate to the vendor its relative importance to the City. The vendors' proposals were evaluated against each of the "wants" and points from 0 to 10 were assigned to the "wants" based on the vendors' responses. The vendor's score was multiplied by the weighting factor assigned to each "want" to produce a score for each "want." City staff used the same process to evaluate the City's current financial information system.

RESULTS - SUMMARY

Therefore Systems, Inc. had a total of 985 points out of a total possible of 1190. SCT Mentor and the City of Wilsonville scored 893 and 526, respectively. Therefore Systems, Inc. met all of the City's "musts" while SCT Mentor and the City of Wilsonville did not meet 3 and 16 "musts," respectively. (See attached "Evaluation of Vendors' Proposals and the City's Current Accounting System")

Listed below are some of the key attributes that distinguish Therefore's financial information system from the City's current system:

- Therefore's system is fully integrated (Wilsonville's is not). This allows for the automatic transfer of data from one application to another. This will result in significant time savings for the Finance Department as well as reduce the potential for errors.
- Therefore's system will have an integrated customer data base (Wilsonville's is not integrated). This will allow for customer history information (credit, payment history, etc.) to be shared between business applications (utility billing, business licenses, transit tax, etc.). This will assist in improving the City's collection rates and customer service.
- Therefore's system will allow the City's operating departments to have on-line access to financial information. This will give them immediate access to the most up-to-date information that is on the system. Users will also have the ability to format reports by themselves. The City's current system does not have an on-line capability or a report writer.
- Department heads will have the ability to submit their budgets on-line and perform "what if" analysis with Therefore's system. This capability does not exist with the current system.

- Therefore's system will provide the City with a cost accounting tool that will greatly enhance the City's ability to track program/project costs and the performance of such programs/projects. The City's current system does not have this capability.
- Therefore's system will provide the City with financial analysis tools (forecasting capability, depreciation tables, tracking non-cost related data, etc.) that do not exist with the current system.

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EVALUATION OF VENDORS' PROPOSALS AND THE CITY'S CURRENT ACCOUNTING SYSTEM

Evaluation Criteria	Therefore Systems, Inc.			SCT Mentor			City of Wilsonville		
	Score	Weight	Points	Score	Weight	Points	Score	Weight	Points
System-wide functions	9	10	90	7.4	10	74	5.7	10	57
Budgeting	10	9	90	9.2	9	83	1	9	9
Cost Accounting	10	9	90	10	9	90	0	9	0
General Ledger	9.8	9	88	9.1	9	82	1.6	9	14
Accounts Payable	9.4	8	75	7.5	8	60	2.1	8	17
Accounts Receivable	10	8	80	9.3	8	74	2.4	8	19
Payroll	9.7	8	78	7.5	8	60	5.3	8	42
Provide Financing	8	8	64	5	8	40	10	8	80
Purchasing	9.6	8	77	8	8	64	0	8	0
Software Maintenance	8	7	56	8	7	56	5	7	35
Data Comm Maintenance	7	6	42	7	6	42	7	6	42
Hardware Maintenance	7	6	42	7	6	42	7	6	42
System Price	1	6	6	1	6	6	10	6	60
Number of Installed Systems	7	5	35	10	5	50	10	5	50
Provide WYSIWYG	8	5	40	0	5	0	0	5	0
Vendor Company History	8	4	32	10	4	40	7	4	28
Experience with Oregon Cities	0	3	0	10	3	30	10	3	30
TOTAL SCORE			985			893			526
TOTAL POSSIBLE			1190			1190			1190

EVALUATION OF LEASING ALTERNATIVES

COMPANY	INTEREST RATE	ANNUAL PAYMENT
Northwest Muni	5.63%	\$30,620.00
Key Corp Leasing Ltd.	6.29%	\$30,980.00
Bell Atlantic Tri Con Leasing	6.52%	\$31,100.00
Bank of America	5.15%	\$30,360.00
Koch Financial Corporation	6.44%	\$31,060.00