

City of Hesperia

STAFF REPORT



DATE: June 18, 2013

TO: Mayor and Council Members

FROM: Mike Podegracz, City Manager

BY: Kim Summers, Deputy City Manager
Holly Effiom, Management Analyst

SUBJECT: New World Systems Approvals

RECOMMENDED ACTION

It is recommended that the City Council authorize the City Manager to approve a five year contract with New World Systems (NWS) for \$535,401, for a Standard Software Maintenance Agreement; an upgrade to the Human Resources module; six additional licenses and a 5% contingency.

BACKGROUND

On September 22, 2004, the City approved a three year contract with NWS for a Standard Software Maintenance Agreement. NWS has been the vendor for the City's Financial Management System, and all other major management systems that the City acquires are configured to interface with this financial system. This agreement was amended in 2008 and 2009 for extension purposes. In August 2009, the City approved a contract for the maintenance of NWS' Financial Management, Utility Billing, Payroll & Human Resources, and Community Development modules. This agreement is due to expire June 30, 2013. In addition, the existing Human Resources software will no longer be supported by NWS after December 31, 2014; requiring an upgrade; and the City requires additional licenses for Police and City use.

ISSUES/ANALYSIS

The City has negotiated with NWS for a new 5-Year, Standard Software Maintenance Agreement (SSMA) that will cover the Licensed Standard Software for: telephone support, software upgrades and new releases, temporary fixes, licensed documentation revision, and user group participation.

Currently, the Police Department employs a cashiering process that involves manual receipting and reconciliation, which has resulted in the City receiving an audit finding for cash receipting. To remediate this finding, the City will provide the Police Department access to NWS through the purchase of six additional software licenses for \$6,000. This will allow Police staff to perform cashiering functions within the automated system, which contains the proper protocols to correct the audit finding for this area. Police staff will utilize four licenses and the remaining two licenses will be used by City staff. Nearly all available NWS licenses are currently in use.

Additionally, NWS is phasing out support on the existing Human Resources software after December 31, 2014, and is offering the City an upgrade called "NextGen" which will provide

new functionality to automate and streamline human resources operations. The cost of this upgrade is estimated at \$30,000 for software implementation and training, and any additional configuration, if needed.

Finally, a 5% contingency is being requested for inclusion in this action to cover the cost of unanticipated configurations required over the 5-year period.

The recommended action covered by this staff report is as follows:

1. The 5-year Standard Software Maintenance Agreement (SSMA) with New World Systems (NWS) for maintenance of the Financial Management System, including the Utility Billing, Payroll & Human Resources, and the Community Development modules which will expire June 30, 2018;
2. A 5% contingency for additional related system configuration;
3. Purchase of 6 additional licenses (\$6,000) for use by the Police Department and City staff; and,
4. Upgrade of the Human Resources software at a cost of approximately \$30,000.

FISCAL IMPACT

The SSMA includes a built in 5% maximum increase in each subsequent fiscal year during the five year contract. The breakdown as shown in the contract is as follows:

<u>Fiscal</u> <u>year</u>	<u>Annual</u> <u>Maintenance</u>	<u>Contingency</u>
2013/14	\$86,080.00	\$4,304.00
2014/15	\$90,380.00	\$4,519.00
2015/16	\$94,900.00	\$4,745.00
2016/17	\$99,640.00	\$4,982.00
2017/18	<u>\$104,620.00</u>	<u>\$5,231.00</u>
Total	\$475,620.00	\$23,781.00

The five-year maximum cost of the SSMA contract (which includes contingency) would be \$499,401.00.

Funding for the SSMA would be budgeted over the next five fiscal years jointly between City Manager/Information Technology (proposed FY 2013-14 Budget \$60,000) and Water Billing (proposed FY 2013/14 Budget \$27,000).

The cost of NextGen is approximately \$30,000, and the cost of the 6 additional licenses for the Police Department and City use is \$6,000.

Total cost of the contract plus contingencies is \$535,401.

ALTERNATIVE(S)

1. Provide alternate direction to staff.

ATTACHMENT(S)

None.