



## **CITY OF MILPITAS AGENDA REPORT (AR)**

<b>Item Title:</b>	<b>Authorize the City Manager to Execute the Agreement with OpenGov, Inc. for a Five-Year Not-To-Exceed contract amount of \$410,450 for the Purchase of Budget Performance Software (Staff Contact: Walter C. Rossmann, 408-586-3111)</b>
<b>Category:</b>	Leadership and Support Services
<b>Meeting Date:</b>	10/15/2019
<b>Staff Contact:</b>	Walter C. Rossmann, 408-586-3111
<b>Recommendation:</b>	Authorize the City Manager to execute the agreement with OpenGov, Inc. for a Five-Year contract amount not to exceed \$410,450 for the purchase of Budget Performance Software and consolidation of the "Management Reporting" and "Open Town Hall" Software already owned by the City.

### **Background:**

The Finance Department administers the Citywide budget development using the software, BRASS. The BRASS budget software is used by all City departments and the Finance Department to develop and prepare information related to the City's annual operating budget. The CIP budget is completed using a program designed around an Access database and is not developed in BRASS. BRASS' official end-of-life is December 2020. Given its current limited supported status, staff recommends acquisition of a budget system to replace BRASS and the Access database.

The City has used the BRASS budget software since 2003. Since 2015, there have been no more updates provided with the impending end-of-life date of December 2020. The City receives virtually no support for ongoing maintenance, and Budget staff do not have a point of contact at BRASS to communicate and resolve questions or problems.

### **Analysis:**

On July 3, 2019, the Purchasing Division released a Request for Proposals (RFP) #2351 seeking proposals from qualified vendors with demonstrated experience in implementing, hosting, and supporting web-based budget management, analysis, and forecasting software for the development and management of the City's Operating and Capital Improvement Program (CIP) budgets.

The RFP was publicly noticed in accordance with the City's Municipal Code, advertised on the City's website, emailed to companies registered with the City via PublicPurchase.com (the City's eProcurement system), and notifications were sent to seven (7) companies that had expressed interest in similar projects. Upon release, 1,444 firms received the solicitation notification and 58 firms downloaded the RFP documents. The Purchasing Division received seven (7) proposals by 2:00 pm on the July 26, 2019 deadline in response to the RFP. Three (3) companies were disqualified for failure to submit the required documentation, and four (4) continued in the evaluation process.

The four (4) companies that continued in the evaluation process were:

1. Armanino & Adaptive Insights
2. VantagePoint Business Solutions and SAP
3. Questica, Ltd.
4. OpenGov, Inc.

The evaluation committee reviewed proposals based on the following criteria:

1. Cover Letter
2. Executive Summary
3. Description of Proposed Software
4. Implementation and Support Strategy
5. Personnel Assigned
6. References, and
7. Proposed Compensation

After an initial evaluation by seven City staff members who comprised the evaluation committee, two firms were invited to and attended an interview to do a product demonstration of their budget system. Onsite interviews were held at City Hall on September 6, 2019. Due to several outstanding questions remaining after the product demonstrations, a follow-up evaluation with each company was scheduled on September 18 and 19, 2019. Scoring was finalized on September 25, 2019. Reference checks were also performed from September 13-18, 2019 to further understand system functionality and user experience with references that both companies included in their responses to the RFP. The table below shows the final evaluation scores with the recommended firm highlighted in green:

Budget System <b>RFP No. 2351</b>	<b>OpenGov</b>	Questica	Armanino & Adaptive Insights	VantagePoint Business Solutions and SAP
Evaluation Score	<b>93.64</b>	80.33	56.35	54.61

OpenGov is a cloud-based solution for public sector budgeting and performance. It was founded in 2012 and is backed by Andreesen Horowitz, Emerson Collective, 8VC, and Thrive Capital. Over 2,100 public agencies in 48 states use OpenGov software. It has a strong management presence in the San Jose/Oakland/San Francisco area, with the headquarters located in Redwood City, California. Opengov local customers include Redwood City, Foster City, El Cerrito, Hayward, Alameda, and Cupertino. It has over 230 customers in California alone, including the City of Milpitas which currently is licensed to use its Intelligence and Transparency and Open Town Hall software. The Intelligence and Transparency software allows users to generate financial and non-financial reports and to selectively share them with the public. The Open Town Hall software enables governments to solicit citizen feed back on a variety of topics of the City's choosing.

OpenGov is an integrated cloud Software-as-a-Service ("SaaS") solution for budgeting, performance, communications and reporting with the following functionalities:

- An integrated solution that allows for all pieces of the budget process (including historical information and various versions of budget within each of the processes) to be in one environment;
- A fully automated integration with the City's existing financial management system Cayenta to allow staff to focus on analysis versus manual data consolidation;
- A comprehensive and robust personnel cost forecast module that allows for detailed salary calculations and projections, as well as scenario analysis;
- A configurable and flexible reporting engine that will allow staff the ability to create and edit their own reports and views to drive operational performance;
- Capability to interface with external publishing systems;
- Unlimited user license model to involve as many people as necessary during the budget process and communicate and collaborate within the tool;
- Ability to forecast and allocate expenses;
- Plan and budget for the Capital Budget, allowing the insertion of maps, project descriptions, costs, financing, and other metadata; and
- Publish the budget and actual expenditures to the web for full transparency of the City's fiscal data.

On November 11, 2016, the City entered into a five-year sole source software agreement (ending November 10, 2021) with OpenGov, Inc. to utilize its “Intelligence and Transparency” software now rebranded as “Management Reporting”, which allows customers to create and share internal operational reports. The annual cost for this software was \$19,290 and the total amount of the five-year agreement is \$99,151. An amendment on February 6, 2018, was approved by City Council to add the sole source purchase of OpenGov, Inc.’s Open Town Hall Software service in the amount of \$41,690 for the remaining three years of the “Intelligence and Transparency” contract. Both of the existing programs will work seamlessly with the new Budget Performance Software freely exchanging information back and forth.

The recommended new contract with OpenGov includes continuation of the “Intelligence and Transparency” and “Open Town Hall” software and combines them with the purchase of the new Budget and Performance software as detailed in the fiscal impact section. All three pieces of software work together, it is therefore logical to combine them in one coterminous contract with a single annual billing.

### **Policy Alternatives:**

**Alternative 1:** Do not approve staff recommendation of OpenGov, Inc., as the highest ranked vendor for a budget system and do not award the contract for a new budget system.

**Pros:** Currently, the City is paying \$13,519.65 annually to CGI Technologies and Solutions for Brass. By not awarding the contract to OpenGov, the City would save approximately \$31,500 annually.

**Cons:** The current system is not an integrated database that requires a lot of manipulation of data which increases the possibility of error and dual entry of data.

Reason not recommended:

BRASS’ official end-of-life is December 2020, and the City currently has virtually no support and maintenance. BRASS is a legacy system that requires significant manual input. It does not have modern reporting capabilities that enable users to generate useful reports and analyze their budget. Macro enabled queries in Excel are used and the City uses a consultant when these need to be updated. It also lacks a forecasting module that will allow staff to generate long-term forecasts, with forecasts having to be developed separately in Excel using macro enabled queries that pull information from Brass. Additionally, it does not allow more than one user to be in the same screen at the same time, thereby limiting system efficiency and oftentimes slowing down the budget input process. With the acquisition and implementation of a new budget system, the City will be able to take advantage of efficiencies inherent in the system and rededicate staff time from data entry and other inefficient tasks towards analytical work.

### **Fiscal Impact:**

The total cost of the five-year contract with OpenGov, Inc., is \$410,450. There are sufficient funds budgeted in the 2017-18, 2018-19 Finance System Upgrade Project (CIP 3435) for the first-year cost of \$110,090. Costs for years two through five of the contract will be incorporated into the development of future years’ budgets.

As detailed in the table below, the five-year contract of \$350,270 includes a one-time implementation fee of \$35,000, and the annual cost of \$45,000 for the first two years, and \$75,090 in years three to five. Years one and two for Open Town Hall & Management Reporting Software License Costs are included in the FY 2019-20 budget and the General Fund Forecast. Years three to five of the contract include the addition of \$35,090 of the Open Town Hall & Management Reporting Software License costs as discussed above. By combining the two agreements, the total not-to-exceed contract cost for the recommended agreement is \$410,450.

Pricing Summary	Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total
Software Licensing/Hosting Costs	\$45,000	\$45,000	\$75,090	\$75,090	\$75,090	\$315,270
Implementation Services	\$35,000 --	--	--	--	--	
<b>Proposal Sub-Total</b>						<b>\$350,270</b>
Open Town Hall & Management Reporting Software License Costs	\$30,090	\$30,090				
<b>Total Solution Cost</b>	<b>\$110,090</b>	<b>\$75,090</b>	<b>\$75,090</b>	<b>\$75,090</b>	<b>\$75,090</b>	<b>\$410,450</b>

**California Environmental Quality Act:**

Software procurement is not deemed a project under the California Environmental Quality Act. Approving a selected vendor and directing the City Manager to provide a signature on behalf of the City are administrative activities of government and will not result in direct or indirect physical changes to the environment.

**Recommendation:**

It is recommended that the City Council:

Authorize the City Manager to Execute the Agreement with OpenGov, Inc. for a Five-Year Not-To-Exceed contract amount of \$410,450 for the Purchase of Budget Performance Software and the Consolidation of the "Management Reporting" and "Open Town Hall" Software Already Owned by the City

**Attachments:**

Attachment A: Professional Service Agreement with OpenGov, Inc.