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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director
John Kreuzenstein, IT Manager

Date: December 10, 2012

Re: City Financial Software Review and Recommendation

Introduction and Background:

The City has been using the ACS financial software since the early 1990's. This software runs on an IBM AS/400 system and is used for all financial operations including general ledger, payroll, accounts payable, accounts receivable, and purchasing. The City is looking at replacing and enhancing this system with a new software system. A staff committee consisting of the Finance Director, Accounting Supervisor, IT Manager, and HR Manager have met with vendors and/or had demonstrations of several governmental financial software systems during the past year. The City's fiscal year 2012/2013 budget included \$140,000 in funding to replace the City's current financial software system.

Software Evaluation Summary:

While the City's current system is dependable and has served the City well over the years, it has not been enhanced to meet the growing technological and business needs of the City. The initial goals in researching new software included maintaining all of the basic capabilities of the current software but also (1) making financial information easily accessible to departments without the need to request reports from the Finance department, (2) having the ability for departments to enter purchase order information directly into the system and allow for electronic approval and distribution of the purchase orders, (3) having the ability for departments to directly enter employee payroll hours and employee leave hours into the system, and (4) having a more streamlined ability to transfer financial data to Excel spreadsheets for other reporting purposes. While evaluating the various systems, the City was also looking for any other features which would assist in streamlining various processes involving the Finance systems as they relate to other City department operations.

In evaluating replacement options, we secured pricing from four vendors who specialize in programming, marketing, implementing, enhancing and supporting local governmental software. One vendor was eliminated from consideration early in the process with no on-site demonstration because their estimated budget for the project was initially \$260,000 (later reduced to \$200,000). Two other vendors provided systems which may meet the City's basic requirements, but would likely need customization to meet all of the City's software system needs.

City staff had a full-day detailed presentation from Springbrook Software earlier this year and then had a follow up presentation last week. The outcome of these presentations, coupled with our detailed questions about both hardware and software, followed by reference checks, and vendor experience with converting from our current software, is that City staff is recommending awarding a contract to Springbrook Software.

Springbrook Software - Vendor Information

Springbrook's corporate offices are located in Portland, OR and their nearest regional office is coincidentally also located in St. Cloud, MN (ACS's regional office) and a number of employees that work for their firm worked for ACS for many years prior to becoming Springbrook Software employees so they are very familiar with our current software and with converting data from ACS. Springbrook has been in business for nearly 30 years, serves roughly 450 local government clients, are a Microsoft Gold certified developer, work exclusively with units of local government our size, have over 100 employees devoted to the product line we would acquire, has an extremely sound financial stability rating from Dunn and Bradstreet of "3A2" and is experiencing a revenue growth rate, on average, of about 15% per year.

In our negotiations to date, Springbrook Software has agreed to waive software maintenance fees for the first full year following contract execution, reduce and waive certain fees for assisting with the conversion since they have a great deal of experience in this area, provide two complimentary tickets worth over \$600 to their annual Client Conference and guarantee pricing at today's rates for a handful of add-on modules we may consider after implementing the core modules.

Springbrook Software – Outcomes to be Achieved

Attachments to this memo include outcomes to be achieved with the Springbrook Software as well as our rationale for selecting Springbrook. One of the most significant areas that distinguished Springbrook from other vendors is their initial Business Process Study prior to the first training class and implementation. During this Study consultants review our existing reports and processes and make recommendations for the optimum way to configure and implement the new system. This will assist in setting up the new systems to allow department personnel access to their areas while maintaining required security levels for specific employees, groups of employees, or specific functions. During this process we will look for changes in the current processes to make them more "Lean" to the organization. Springbrook also has features in their payroll system which will eliminate manual calculations of FLSA overtime computations.

Springbrook Software Pricing

The pricing quote from Springbrook is attached which details the individual software applications, their license fees; training, implementation, and consulting fees; and project management fees. These fees total to \$132,320. This is an all-inclusive fee and includes data conversion costs from our current software. The annual software maintenance costs for the first year have been waived except for \$2,500. This will allow the City to continue the current ACS software maintenance until the conversion is complete without incurring "double" costs for software maintenance. In the 2nd year the annual maintenance costs will be \$21,555 which is similar to the annual amount currently being paid to ACS.

As noted above, the City has \$140,000 budgeted for a new software system. In addition to the \$132,320 for the software, the City will need to acquire some additional computer hardware estimated at \$10,066. With the hardware cost, the total cost is expected to be slightly (\$2,386) higher than the

budget estimate. The \$132,320 pricing reflects a reduction from our previous quote with this discounted pricing good through the end of this calendar year. The hardware requirements include server hardware (\$4,282), operating system (\$570), SQL database (\$4,631), and backup software (\$583).

Summary and Recommendation

City staff members who participated in this software evaluation process are in full agreement in recommending Springbrook Software for the City's current and long-term financial software needs. Please include this item on the agenda for the December 13, 2012 In Depth meeting for discussion with City Council. If you have any questions or need additional information, please contact me.

Outcomes To Be Achieved with Implementing Springbrook Software

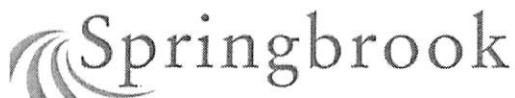
- Reduced costs for ongoing Internal Training. The new system is Windows-based and has a familiar “look-and-feel” that will make it easier for new staff to learn the system.
- Staff efficiency will be increased through electronic work-flow. The new system allows user-defined business rules to be established so that “action-items” such as PO approval, timesheet approval, report approval etc. appear as messages in our e-mail Inbox.
- Staff efficiency will be increased by empowering end-users to securely print their own reports and conduct their own inquiries. The new system allows for both seasoned and “casual” users to store reports in favorite areas or set them up as an icon on the desktop. Security settings that we control can be established so that department heads view/access information only pertinent to their area.
- Reduced costs and time-savings through Desktop software integration. Oftentimes data needs to be exported to EXCEL in order to conduct analysis or present financial information in a format that a standard report does not provide. The new system allows every report within every module to be exported, with one click, directly to EXCEL. The new software also contains a number of powerful, yet easy to use, report writing and query features designed specifically for non-programming staff.
- Document Attachment to save time in researching. The new system provides the ability to attach any electronic file (scanned document, picture, video, MS Word Document etc.) to a transaction or record.
- Better accuracy thru automated overtime calculation of overtime to comply with Fair Labor Standard Act (FLSA). Today we manually calculate overtime for Police and Fire which is quite complicated and could be subject to transposition errors, lack of audit trail etc. when it is manually entered into Payroll. The new software includes user-defined tables so that these calculations will be automated and carry an audit trail for how the overtime was calculated.
- Cost savings for ongoing hardware replacement. The existing software runs only on an IBM AS/400 server. As we have experienced, new AS/400's, associated maintenance and upgrade costs can be significant. The new software operates on any Windows-based server and technical skill-sets for this hardware platform are much easier to find and are likely to be much less expensive.

Springbrook Software – Rationale for Selection

Rationale for Selection
Vendor Focus: Company is committed to a single product line. For example, vendor is not a holding company that has grown by acquiring companies. 100% of Vendor's focus is on providing fund accounting and payroll software.
Vendor Focus: 100% of development and marketing efforts of company are devoted to local governmental agencies our size. Our support and maintenance dollars will be reinvested in the applications we have invested in.
Technology: Proposed Solution utilizes current Technology (.NET Platform) which translates to a lower cost of ownership and easier access to information by city staff
Technology: Proposed Solution allows end-user to define how their data entry screens look & flow without impacting other users
Business Process Study: Prior to first training class, Business Analysts & Consultants review existing reports and process and make recommendations for optimum way to configure and implement system for how we conduct business.
Training: Consulting and training quote contains a "Fixed not-to-exceed Amount" figure
Conversion: Vendor has recent experience in conducting 15+ conversions from current ACS/XEROX legacy system.
Reporting – All reports in every module can be exported directly to EXCEL and can be emailed. While viewing a report, staff with proper security clearance can save time by "drilling down" directly from the report to transaction history detail to conduct research
GASB Reporting: Reporting Tools are part of the base system and included at no extra charge. They are "real-time" and do not require the purchase of a separate module or export of information to another module
Security: Vendor offers security down to the field level and detailed audit trails with time, date and user stamp. System also shows "before and after" history of what transpired for a change

Business Process Study: Prior to first training class, Business Analysts & Consultants review existing reports and process and make recommendations for optimum way to configure and implement system how we conduct business.

Electronic Workflow: Users are able to define "business rules" that allow transactions like invoices and timecards to electronically flow to the next person for further processing.



V7 (.NET) Investment Pricing for: City of Muscatine, IA

Application/Products	Application License Fees	Training, Imp. & Consulting	Project Management
Finance Suite (GL, AP, ACH, Bank Rec, Bdgt)	\$28,000	\$9,000	\$2,000
Extended Budgeting & Forecasting	Included	\$1,500	\$500
Standard Federal/State Reporting	Included	\$1,500	\$500
Query Rptg Mgr & Interactive EXCEL Integration thru VRI	Included		
AP Electronic Check Signature	Included		
Purchase Orders	\$5,500	\$1,500	\$500
Payroll	\$15,000	\$9,000	\$2,500
Decentralized Time Entry	Included	\$1,500	\$500
PR Electronic Check Signature	Included		
Human Resources	\$13,000	\$6,000	\$2,000
Project/Grant Accounting	\$5,500	\$5,000	\$1,500
Fixed Assets	\$8,000	\$1,000	\$500
Miscellaneous Accounts Receivable	\$5,500	\$1,500	\$500
Central Cash Management/Point Of Sale	\$8,000	\$1,500	\$500
<i>(Assumes training will be held in central location)</i>			
Dashboard	\$5,500	\$1,500	\$1,500
Query Report Writer in each major module	Included	Included	
Document Attachment & Cataloging	Included	Included	
Integrated Report Archival	Included	Included	
Sub-Total	\$94,000	\$40,500	\$13,000
Application Server Tier Licenses - "Heavy" Users	\$7,500		
Access Agent - Up to 100 "Casual" Users	\$2,500		
Business Process Study	\$7,200		
Springbrook Conversion Budget - See Detail on next Page	\$13,900		
Sub-Total Other	\$31,100		
Total List Price of Project	\$178,600		
"Showcase" Discount on Lic, Trng, BPS, Proj Mgt,	-\$30,940		
Add'l Discount - If Deposit received by Dec. 31, 2012	-\$15,340		
Sub-Total Discount	-\$46,280		
Total Estimated Project Costs	\$132,320		

Quote Date: 12/7/12

Prices valid thru 12/31/12

Service quotes are fixed bids
and will NOT be increased
unless agreed upon by both
parties if there are scope
changes.

10 - Named Users (Application Server)

100 - Casual Users via Access Agents

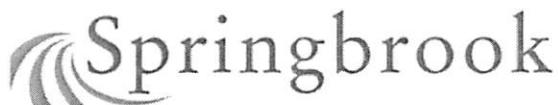
** These applications are configured as a subscription model so no license fee is due.
Consulting, Training, Implementation and annual subscription fee apply.
Separate Contract Required.

Pricing is based on standard contract - deviation from standard contract terms may result in modified prices.

Training and Business Process Study (BPS) Estimates do not include travel time or travel expenses.

Monthly Rental and Leasing Options are available

** Disaster Recovery Investment calculated based on number of users, servers and Gigabytes



Conversion Estimate for: City of Muscatine, IA

The amount on this page appears as a summarized amount on the previous page

Application to be converted	Conversion Estimate
Chart of Accounts	\$4,800
GL Transaction Balances*	\$4,800
Accounts Payable Vendor Master	\$3,600
Payroll Masters - Employee Data (Does not include History)	\$4,800
Fixed Asset Masters	\$1,200
Experience with ACS Waite Park Conversions - Discount	-\$5,300
Total Conversion Costs - (This is a not to exceed amount)	\$13,900

*** Note: Conversion to include chart of accounts, the current year's budget, current YTD balance (as of a specific date designated by the client), and the two previous year's ending balance.**

Cost of Data Conversion:

An estimated cost of your data conversion has been provided in this quote.

This estimate assumes the following:

- Data is provided in the standard Springbrook data templates
- Includes up to three separate data conversion processes for Utility Billing (if applicable)
- Includes one data conversion processes for all other applications

We will need to review an actual sample of your data to confirm this estimate. Certain factors may cause the cost to exceed the amount quoted. See section below titled "Not Included in Estimate".

Not Included in Estimate:

There are a variety of factors that can influence the cost of a conversion and a variety of items that are not included in the standard cost estimate for your conversion. For example, your estimate will not include the following:

- Removal of data from your existing system
- Consulting on removal of data from your existing system
- Changes or modifications requested after the first conversion and different from the specifications we originally received.
- Changes in the format we receive the data in after the first conversion
- More than three conversions for UB or more than one conversion for any other module

Cost Factors:

In addition, the following items can increase the cost of your conversion:

- Mixed formats of data (a file containing tab delimited or comma delimited format).
- Problems with data integrity
- Data manipulation not for the purpose of the conversion, but for the purpose of supplying you with information you did not previously have access to.
- Changes in the file format after the first conversion
- Changes requested to the data after the second conversion
- No file or incorrect file layouts

No cost of fees in excess of those set forth in the Schedule of Fees will be incurred by the Licensee without prior acceptance of Licensee as indicated on a signed work order