ITEM NO. 11

STAFF REPORT

CITY OF OCEANSIDE

DATE: May 26, 2010

TO: Honorable Mayor and City Councilmembers

FROM: City Manager's Office/ Information Technologies Division
City Treasurer's Office

SUBJECT: **AMENDMENT 3 IN THE AMOUNT OF $66,000 TO THE PROFESSIONAL SERVICES AGREEMENT WITH CPSG, INC. OF IRVINE (DBA PARTNERS CONSULTING), APPROVAL OF FUNDING FOR TECHNICAL INFRASTRUCTURE MANAGEMENT AND PROJECT MANAGEMENT TO ASSIST WITH THE MIGRATION FROM BANK OF AMERICA TO UNION BANK**

SYNOPSIS

Staff recommends that the City Council approve Amendment 3 in the amount of $66,000 to the Professional Services Agreement with CPSG, Inc., of Irvine, California (dba Partners Consulting) for financial system software upgrades, training, and software, adding to the scope of work technical infrastructure management and project management to assist with the migration from Bank of America to Union Bank; and authorize the City Manager to execute the amendment.

BACKGROUND

On August 13, 2008, the City Council approved a professional services agreement with CPSG, Inc. (dba Partners Consulting) in an amount not to exceed $621,668, to perform the first two phases of software upgrades to the City's financial system, Oracle EnterpriseOne, 8.12.

On June 10, 2009, Council approved Amendment 1 in the amount of $299,490, with CPSG, Inc., which incorporated Phase 3 components of the project. Phase 3 commenced in July 2009 with anticipated completion by February 28, 2010. Components of this phase included job costing for capital improvement projects, bank reconciliation, third party software interfaces, and other smaller processes which provided a big return on efficiency and automation.

On February 24, 2010, Council approved Amendment 2 in the amount of $191,920, with CPSG, Inc., which incorporated various Oracle EnterpriseOne 8.12 financial system software enhancements.

ANALYSIS

On December 16, 2009, the City Council approved a Four-Year Master Banking Services Agreement with Union Bank, and a resolution updating signature authorizations to reflect the change in the banking relationship. Transition to Union Bank began immediately following Council Approval.

As the conversion progressed, it became apparent that additional resources would be needed to upgrade the financial system software to allow for the full implementation of the bank transition. Since the last time the City changed banks in 1997, banking industry standards and technology have changed significantly. In tandem with the changes in the banking industry, the City's financial systems have changed and have been updated, with the most recent upgrades being implemented within the past two years.

When the City first began banking with Bank of America in 1997, the City was using a different financial system, NCC. The City changed financial systems in fiscal year 1998-1999 to Oracle (JD Edwards). As part of the conversion to Oracle, custom programs were written in-house for banking processes such as direct deposit of payroll. Over the span of 13 years, the City's bank account information has not changed significantly, and the programs were adequate to perform the functions for which they were written. Also, despite changes in banking industry standards, Bank of America did not require the City to modify any of its existing processes

Information Technologies staff examined the various changes needed to update the recently upgraded Accounts Payable and Payroll functions of the City's financial system in order to implement the requirements set forth by Union Bank. Staff realized that the migration from Bank of America to Union Bank was going to need additional resources to be able to accommodate the change in banks as they related to the upgrade of the financial system. Although the processes in place functioned while banking with Bank of America, in reality, they were too antiquated to survive the transition to Union Bank. By using CPSG, Inc.'s knowledge and expertise of the City's current financial system, the City will be able to fully complete the banking transition. The new processes will allow for more staff and workflow efficiencies, as well as establish additional safeguards with both the banking and accounting functions.

Amendment 3 in the amount of $66,000 will pay for the necessary technical services to assist the City of Oceanside to transition accounts payable checks including: wire transfers, automatic deposits, payroll checks and automatic bank reconciliations. The $66,000 includes project management support to manage the project time line, and ensure the transition deadlines with Union Bank are met.

FISCAL IMPACT

The cost of the amendment of $66,000 for the upgrade to the financial system which will allow for the bank conversion technical services and project management will be spread across all City funds as part of the monthly interest allocation process. The funds will be appropriated to account 200010102.5405 in the Investment Pool Fund (102).

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve Amendment 3 in the amount of $66,000 to the Professional Services Agreement with CPSG, Inc., of Irvine, California (dba Partners Consulting) for financial system software upgrades, training, and software, adding to the scope of work technical infrastructure management and project management to assist with the migration from Bank of America to Union Bank; and authorize the City Manager to execute the amendment

PREPARED BY:

Michele C. Lund
Treasury Manager

SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Michael Sherwood, CIO Information Technologies
Teri Ferro, Financial Services Director

CITY OF OCEANSIDE
AMENDMENT No. 3 TO
PROFESSIONAL SERVICES AGREEMENT

PROJECT: Bank Migration Services

THIS AMENDMENT No. 3 TO PROFESSIONAL SERVICES AGREEMENT (hereinafter "Amendment") is made and entered into this 26th day of May, 2010, by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and CPSG, Inc., (aka Partners Consulting Services), hereinafter designated as "CONSULTANT."

RECITALS

WHEREAS, City and Consultant are the parties to that certain Professional Services Agreement signed on August 13, 2008, hereinafter referred to as the "Agreement", wherein Consultant agreed to provide certain services to the City as set forth therein;

WHEREAS, the parties desire to amend the Agreement to provide for changes and/or modifications to the Scope of Work and the Compensation.

AMENDMENT

NOW, THEREFORE, as set forth herein, the parties hereto do mutually agree that the Agreement shall be amended as follows:

Scope of Work. Consultant shall provide technical and project management services to assist the City of Oceanside to transition bank accounts from Bank of America to Union Bank. The account transition includes: accounts payable checks, wire transfers, automatic deposits, payroll checks and automatic bank reconciliations. The scope of work also includes project management support to manage the project time line, and ensure the transition deadlines with Bank of America and Union Bank are met.

1.The agreed project cost not to exceed $66,000 will pay for the necessary technical services including project management to transition from Bank of America to Union Bank. The transition includes infrastructure management changes of accounts payable checks, wire transfers, automatic deposits, payroll checks and bank reconciliations to Union Bank.

2.The Scope of Work for this Amendment No. 3 is attached as Exhibit A and incorporated by reference. TIMING REQUIREMENTS – timing is of the essence in the performance of work under this Amendment and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction

of the Chief Information Officer by June 30, 2010.

3. Except, as expressly set forth in this Amendment, the Agreement and Amendments No. 1 and 2 shall remain in full force and effect.

SIGNATURES. The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto being duly authorized on behalf of their respective entities to execute this Amendment, do hereby agree to the covenants contained in the Agreement, including this Amendment and have caused this Amendment to be executed by setting hereunto their signatures this 26th day of May, 2010.

PARTNERS CONSULTING SERVICES	CITY OF OCEANSIDE
By: _____ Jim Guinn, II Executive Vice President	By: _____ Peter A. Weiss, City Manager
By: _____ Name/Title	APPROVED AS TO FORM:
33-0939061 Employer ID No.	_____ City Attorney

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

EXHIBIT A

Oracle Enterprise One
Bank Migration

City of Oceanside

February 5, 2010

Statement of Work

partners
CONSULTING

1122 Norfolk
Suite 1100
Houston, Texas77098
(713) 263-1400
(888) 665-5640
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1 Introduction and Scope

1.1 Background

This document and its attachments comprise a Statement of Work("SOW") between Partners Consulting, Inc. ("Partners") and the City of Oceanside, California ("CoO").

The items included in this SOW are the result of the treasurer's decision to change the City's bank account to a new bank.

1.2 Scope

The following Table represents the enhancements included in this SOW.

Task Description		Functional Hours	Technical Hours	Total Hours	Total Coast
Transition to Union Bank					
Project Management		20.0	-	20.0	3,800.00
Accounts Payable Checks					
	Checks	14.0	40.0	54.0	8,660.00
	ACH	44.0	24.0	68.0	11,960.00
	Positive Pay	12.0	8.0	20.0	3,480.00
Payroll					
	Checks	22.0	48.0	70.0	11,380.00
	ACH	44.0	20.0	64.0	11,360.00
	Positive Pay	12.0	12.0	24.0	4,080.00
Auto Bank Reconciliation		34.0		34.0	6,460.00
Total		**202.0**	**152.0**	**354.0**	**61,180.00**

2 Time Line and Financial Consideration

2.1 Time Line

For the purposes of planning, this SOW is expected to begin immediatelyand the City has articulated a goal for deployment of March 1, 2010. This date will be confirmed as an initial step of the effort.

2.2 Financial Consideration

The estimates below include project management time as well as the technical infrastructure management needed to effectively assist CoO with the migration and promotion of completed development objects into the production environment.

Resource	Hours	Rate	Total
Mario Alvarado	202.0	190.00	38,380.00
Project Management			
Business Analysis - FM/SCM			
Arnel Alon	152.0	150.00	22,800.00
Development			
Total Labor	**354.0**		**61,180.00**
Budgeted Contingency			4,000.00
Expense Budget			800.00
Total Phase 4 Budget			**65,980.00**

3 Assumptions

The following outlines Partners' assumptions required to validate the estimates.

1. The Partners technical team will be able to work remotely to minimize travel expenses.
2. CoO functional subject matter experts will be made available to confirm requirements and perform testing.
3. CoO will provide to the Partners team the appropriate and necessary access and authority to perform the tasks included in these estimates
4. Partners'project management resource shall provide weekly status updates
5. CoO will provide the resource and support to promote development objects into the appropriate target environments.
6. CoO will provide all resources related to communication and encryption of banking transactions with Union Bank