



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

CLERK'S OFFICE

No. AM 395-2011

AMENDED AND APPROVED

Date: 7-12-11

Meeting Date: July 12, 2011

From: Mayor

Subject: Recommendation of Awards to Black & Veatch Corporation, SAP Public Services and NEOGOV to Provide an Enterprise Resource Planning (ERP) Software and Implementation for the Municipality of Anchorage (MOA), Information Technology Department (IT) (RFP 2010-P033) (\$9,605,948)

Award of this proposal will provide the MOA with SAP software purchase and software maintenance services, implementation services by Black & Veatch Corporation and NEOGOV software integration tools (including software, implementation and maintenance) for the replacement of our current ERP system. This new ERP system will provide a single solution for all MOA business units for Finance, Budget, Project Management, Procurement and Human Resources including Payroll.

The IT Department requested two separate Request for Proposals be issued to solicit the greatest number of proposals and possible solutions for a new ERP system. RFP 2010-P033 was issued soliciting proposal for both the software and implementation services for a new system. RFP 2010-P035 was issued for proposals to implement the latest PeopleSoft upgrade available to the existing PeopleSoft ERP system. After the proposals were received evaluated and ranked for each RFP, the highest ranked proposals were selected for further negotiations. Best and Final offers were requested from the highest ranked respondent from each RFP. The pricing was submitted for the total cost for five years including software, implementation services and software maintenance for five years. The respondent with the lowest total cost for five years was selected as the successful respondent, as provided for in the two RFPs.

Black & Veatch Corporation was selected as the highest ranked respondent under RFP 2010-P033 and subsequently provided the lowest cost proposal during the final selection process. The negotiation process has resulted in three awards as proposed, including awards to Black & Veatch Corporation for implementation services in the amount of \$8,108,588, to SAP Public Services for the ERP software and five years of maintenance in the amount of \$1,455,360, and to NEOGOV for integration tools software and five years of maintenance.

Change order authority is also requested on the contract with Black & Veatch Corporation pursuant to Anchorage Municipal Code section 7.15.080 A.4. in the amount of 20% of the value of the contract.

1 ROA RFP

2 2010-P033 to Black & Veatch Corp., SAP Public Services, NEOGOV - ERP

3 Page 2

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6 Based upon the above information and attached Departmental Memorandum, it is
7 recommended that award be approved as follows:

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9 Black & Veatch Corporation - \$8,108,588

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11 SAP Public Services - \$1,455,360

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13 NEOGOV - \$42,000

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16 Prepared by: Fred Kaltenbach, Purchasing Officer

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18 Fund Concurrence: Lucinda Mahoney, CFO

19 608-1480-3101-148000-BP2011 - \$4,961,885

20 (State of Alaska Revenue Sharing - Subject to Receipt and Appropriation)

21 608-1480-3101-148000-BP2011 - **\$2,906,263** ~~\$2,706,263~~

22 (Interfund Loan - Subject to Appropriation, AR No. 2011-181)

23 608-1480-5412-148000-BP2011 - \$636,000

24 (Interfund Loan - Subject to Appropriation, AR No.2011-181)

25 607-1454-3612-145400-BP2011 - \$143,560

26 (2011 Operation Funds)

27 607-1454-3828-145400-BP2012-2013 - **\$240,440** ~~\$440,440~~

28 (2012-2013 Operation Funds - Subject to Appropriation)

29 607-1454-3612-145400-BP2012-2016 - \$717,800

30 (2012-2016 Operation Funds - Subject to Appropriation)

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32 Concur: George J. Vakalis, Municipal Manager

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34 Respectfully submitted: Daniel A. Sullivan, Mayor



Municipality of Anchorage

Information Technology Department

INFORM@TION TECHNOLOGY
Your Service

MEMORANDUM

DATE: June 16, 2011
TO: Fred Kaltenbach, Purchasing Officer, Municipality of Anchorage
THRU: Lucinda M. Mahoney, Chief Financial Officer, Municipality of Anchorage *LM*
FROM: David P. Ryan, Controller, Municipality of Anchorage *DR*
SUBJECT: Recommendation to Award RFP 2010-P033: Enterprise Resource Planning (ERP) Software and Implementation for the Municipality of Anchorage

The MOA embarked on a dual Request for Proposal (RFP) approach to determine the best fully integrated and cost effective solution to replace the current ERP, PeopleSoft system. The first RFP, (PO33) solicited proposals to provide software and implementation services to replace our current ERP system and the second RFP, (PO35) to provide implementation services for a software upgrade to our current PeopleSoft environment. The RFP's were evaluated separately; the lowest Total Cost of Ownership (TCO) between the highest ranked proposal for each RFP was invited for final negotiations.

The Selection Committee has evaluated the proposals and determined the highest ranked proposer from each RFP. The (5) five year TCO analysis (attached) is complete. We recommend award for the following (3) three contracts.

We recommend award for implementation services to Black & Veatch Corporation in the amount not to exceed \$8,108,588. The performance time for the Black & Veatch Corporation contract is through December 31, 2013.

We recommend award for software licenses and maintenance to SAP Public Services in the amount not to exceed \$1,455,360. The performance time for the SAP Public Services contract is through December 31, 2016.

We recommend award for software integration tools, implementation and maintenance to NEOGOV to interface our current system to the SAP solution in the amount not to exceed \$42,000. The performance time for the NEOGOV contract is through December 31, 2016.



Municipality of Anchorage

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MEMORANDUM

Work under this contract will consist of providing software and implementation services for an ERP system that meets the Municipality's business requirements. The implementation will provide a single solution for all MOA business units to include MOA GG, MOA Grant, SWS, AWWU, ML&P, other enterprise funds and include software modules for Finance, HR, Budget, Project and Grant Management and Procurement.

Funds are subject to appropriation through the SOA revenue sharing and inter-fund loans.

Black & Veatch Corporation

FUND	DEPT ID	ACCOUNT	PROJECT/GRANT	BDGT PD	AMOUNT
608	1480	3101	148000	2011	7,868,148
607	1454	3828	145400	xxxx	240,440
				Total	8,108,588

SAP Public Services

Fund	DEPT ID	ACCOUNT	PROJECT/GRANT	BDGT PD	AMOUNT
608	1480	5412	148000	2011	618,000
607	1454	3612	145400	2011	139,560
607	1454	3612	145400	xxxx	697,800
				Total	1,455,360

NEOGOV

Fund	DEPT ID	ACCOUNT	PROJECT/GRANT	BDGT PD	AMOUNT
608	1480	5412	148000	2011	18,000
607	1454	3612	145400	2011	4,000
607	1454	3612	145400	xxxx	20,000
				Total	42,000

All future ITD operating funds are subject to Assembly appropriation.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATIONAL MEMORANDUM

AIM No. 70-2011

Meeting Date: July 12, 2011

From: Mayor

Subject: Report of the Bidding Review Board's review of processes regarding Request for Proposal (RFP) 2010-P033 to Provide Enterprise Resource Planning (ERP) Software and Implementation for the Municipality of Anchorage, Information Technology Department (IT)

On July 5, 2011, the Mayor directed the Purchasing Department to convene the Bidding Review Board (Board) to review the request for proposal, evaluation, and award processes and events leading up to the proposed award under RFP 2010-P033. An Assembly Memorandum for approval of the award has been submitted to the Assembly for action on July 12, 2011. Upon securing a quorum of the Board members, July 11, 2011, was established as the date the Board would convene. A copy of the RFP with the three addendums issued, the highest ranked proposal and other applicable documents were provided to each Board member on July 8th. Copies of documents, such as the evaluation committee's scoring and the unsuccessful proposal, that are required to be maintained as confidential until after award, were also provided to the Board under separate cover.

Board Members in attendance were:

Paul Michelsohn, At Large (Michelsohn & Daughter Construction)
David Dickhaus, At Large (Retired, Granite Construction Company)
Don Winchester, Public Facilities Advisory Commission
Robert L. Shake, ML&P Board of Directors
Scott Bohne, Building Regulation Examiners & Appeals Board
Larry Partusch, At Large (Partusch Plumbing & Heating, Inc.)
Calvin (Butch) E. West, (AWWU Board of Directors)

The Board convened at 1:30 P.M. with representatives from the Municipal Purchasing Department: Mrs. Lucinda Mahoney, Evaluation Committee Chair; and Mr. Lance Ahern, IT Director present along with other interested parties. Representatives from Black & Veatch (highest ranked proposer), Revere Group (unsuccessful proposer submitting the appeal), Oracle USA, Inc. (their software provider) and Sierra Systems (successful proposer of RFP 2011P035 also submitting an appeal) attended via teleconference. The Chair called the meeting to order and conducted an introduction of all attendees. The Chair then requested the Purchasing Officer introduce the issues to be addressed by the Board. A brief overview of applicable portions of Anchorage Municipal Code (AMC) Sections 7.20.060, 7.20.130 were presented, with emphasis on the responsibilities of the Board to maintain confidentiality of certain portions of the documents presented to them regarding the evaluation and scoring of the proposals. Emphasis was also placed on the Board's responsibility to limit their review to the

processes conducted and compliance with the code and the RFP requirements pursuant to AMC Section 7.20.130.

Testimony was taken from the two parties identified. Primary speakers for the Revere Group were Mr. Brian Schell and Mr. Jay Polack, Mr. Bill St. John representing Oracle, and Mr. John Meyer, Mr. Tom Friedman and Mr. Robert Brnilovich representing Black & Veatch. A condensed version of the issues presented to the Board by Revere Group consisted of:

1. The RFP contained 166 pages single spaced listing functional requirements. The Revere Group alleged that in their comparison of the functional requirements that their proposal scored 470 points higher than the proposal by Black & Veatch.
2. The proposal by the Revere Group was less cost than the proposal by Black & Veatch.
3. The Proposal by Black & Veatch did not properly address the requirement for data conversion.
4. Black & Veatch did not provide a cost for hardware, but only proposed a hosted solution.

The Municipality provided evidence and testimony that each of the items challenged by Revere Group was given consideration during the evaluation of the proposals. After due consideration by the Board, evaluation of the score sheets submitted by the evaluation team and listening to the comments by representatives of Revere Group and Black & Veatch the following motion was made and unanimously passed by the Board:

"After review of the RFP processes for solicitation and evaluation for a new ERP solution for the Municipality we believe the request for Proposals, evaluation of the proposals received, and the recommendation of award were made pursuant to the processes set forth in Title 7 of the Municipal Code and the requirements of the RFP. We believe the selection of Black & Veatch as the highest ranked proposer is appropriate."

A second protest was submitted on July 7th and was heard by the bidding review board on July 11th relating to this same award. Sierra Systems submitted the highest ranked proposal on RFP 2011P035. This RFP was issued for an ERP solution providing the same service as solicited under RFP 2011P033, with the exception that the software to be used had to be a PeopleSoft upgrade to the current system in use by the Municipality. Each of the RFPs provided for a qualitative evaluation to arrive at the highest ranked proposer. The final selection between the highest ranked proposers from the two RFPs was to be based upon the total cost of ownership on a five .year basis only. Upon selection of Black & Veatch on RFP 2011P033 and Sierra Systems on RFP 2011P035 both firms were requested to provide a best and final offer. Black & Veatch submitted the lowest total overall cost proposal. Sierra Systems has protested the award. A condensed version of the protest follows:

1 1. The cost proposal from Black & Veatch did not take into consideration
2 all of the costs for data conversion, transferring some of that cost
3 (specifically the cost/responsibility for preparing the historical data to be
4 converted) to the Municipality, which in their opinion did not comply with
5 the requirements of the RFP.

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7 2. The major issue revolved around the Municipality requesting Sierra to
8 identify the cost for a major upgrade to the PeopleSoft software during the
9 five year period that would be considered in the total cost of ownership.
10 Their complaint was that the cost was not a firm cost but simply an industry
11 average and that Black & Veatch did not include a similar cost for a major
12 upgrade. A cost of \$1.4 million was submitted by Sierra Systems.

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14 3. Other minor issues were alleged such as the Black & Veatch proposal
15 did not reflect sufficient hours for customizations and Black & Veatch did
16 not list a cost for business intelligence and related reports.

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18 Sierra Systems was provided the opportunity to address their protest before the bidding
19 review board via teleconference. The representatives of Sierra providing comment
20 were Mrs. Susie McLeod, Mr. Craig Holt and Mr. Robert Piasentin. The Municipality
21 provided evidence and testimony that each of the items challenged by the Sierra
22 Systems was given consideration during the evaluation of the cost proposals.
23 Considering the cost for the software upgrade, it is known throughout the industry that
24 the software provider's (Oracle is owner and the provider for the PeopleSoft solution
25 software) history is a business model that requires a major upgrade every 3 – 5 years at
26 a cost ranging from \$1,400,000 to \$2,000,000. After due consideration by the Board,
27 evaluation of the spread sheets identifying the total cost of ownership and listening to
28 the comments by representatives of Sierra Systems and Black & Veatch the following
29 motion was made and unanimously passed by the Board:

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31 "Upon review of the requirements of the two RFPs for evaluation of the total cost of
32 ownership as the deciding factor for the award of a contract to purchase a new ERP
33 solution for the Municipality, and consideration of the proposals received, the content of
34 the protest and the response by the Municipality, we believe the RFP, evaluation of the
35 proposals received, and the recommendation of award were made pursuant to the
36 processes set forth in Title 7 of the Municipal Code and the requirements of the RFP.
37 We believe the selection of Black & Veatch for award of a contract is appropriate."

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39 Respectfully Submitted: Paul Michelsohn
40 Chairman, Bidding Review Board

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42 Concurrence: Fred Kaltenbach, Purchasing Officer

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44 Concurrence: Lucinda Mahoney, CFO

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46 Concurrence: George J. Vakalis, Municipal Manager

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48 Concurrence: Daniel A. Sullivan, Mayor