



Agenda Item No. (7)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of March 27, 2020

From: Malini Brown, Senior Project Manager
Fang Lu, Chief Technology Director
Kellee J. Hopper, Deputy General Manager, Administration and Development
Denis J. Mulligan, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO IFAS FINANCIAL MANAGEMENT
SYSTEM UPGRADE**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors approve actions relative to IFAS Financial Management System upgrade as follows:

1. Authorize the General Manager to execute the Tenth Amendment to the Professional Services Agreement with Superior, LLC (Superior), Lake Mary, FL, relative to Contract No. 2003-D-1, *Financial Management System and Other Related Items*, in the amount of \$531,040, and establish a contract contingency in the amount of \$41,208, for the migration of the District's Financial, Human Resources, and Payroll system, IFAS version 7.9, to Superior's cloud based solution, Finance Enterprise;
2. Find and determine that it is in the Golden Gate Bridge, Highway and Transportation District (District's) best interest to waive the competitive solicitation requirements and authorize the General Manager to execute a Professional Services Agreement with Koa Hills Consulting LLC of Reno, NV, relative to Contract No. 2020-D-019, IFAS Upgrade Consulting Services, to provide technical and project management support for the migration of IFAS to Finance Enterprise for a 1 year term in the amount of \$348,528, and establish a contract contingency in the amount of \$69,706; and,
3. Establish a new capital project, *Financial Management System Upgrade* (Project #2018), for the upgrade of IFAS, with a budget total of \$700,000. This amount comprises the professional services component of Item 2, Item 3, contingency, and 5% for general project expenditures.

This matter will be presented to the Board of Directors at its March 27, 2020, meeting for appropriate action.

Background

Superion is the application vendor for District's Financial, Human Resources, and Payroll system, IFAS. In 2007, the District amended Contract No. 2003-D-1 to obtain Application Service Provider (ASP) services for IFAS and other District enterprise systems, including Maximo, EJWard, Rules Manager, and DatasplICE. These systems were originally hosted in Superion's data center in Chico, California.

In 2018, the District was required to migrate all applications to a new data center because Superion was closing its Chico offices and moving all its customers to a data center located in Las Vegas, Nevada which is managed and operated by Switch. This migration was completed in January 2019.

In August 2019, the District received notification from Superion that customers using legacy versions of IFAS on Microsoft Server 2008, such as the District, must upgrade to Superion's current Finance Enterprise version before the end of Q4 2019. This was because Microsoft was terminating support of its Server 2008 operating system in January 2020. Superion also stated that any customers that did not complete the upgrade by December 31, 2019 would not be covered under Superion's software end-user License Agreement and would not be protected from network vulnerabilities.

Due to the District's operational constraints and its ongoing procurement of a new Enterprise Resource Management System to replace IFAS (ERP Replacement Project), the District could not perform this upgrade in the requested time period. As a result the District and Superion executed a Ninth Amendment to the Professional Services Agreement to clarify Superion's responsibility for the District's continued use of the outdated Microsoft Servers (2003 and 2008). The District also agreed to select a server migration strategy by May 2020 and complete such strategy by October 2020, a deadline that has been set by Superion.

The Information Systems department undertook a detailed analysis of different migration strategy options, assessing the risks of each one. At the end of this assessment the Information Systems department concluded that the best option would be to upgrade IFAS to Finance Enterprise. This option would provide the District with technical and administrative support of application servers and eliminate cyber security threats and hardware failure, thereby decreasing the severe impact of these threats to overall District operations. This option was presented to the Auditor Controller, Joseph Wire, on December 13, 2019, who approved this approach after Information Systems had done a financial assessment of all options.

Summary of Request

Amending the current agreement will provide the most expedient path to implement the upgrade by the October 2020 deadline and limit the impact to operations. The upgrade will be rapidly deployed with current as-is processes and functionality.

To ensure that this upgrade happens on time and with minimal impact to District end-users, the Information Systems department recommends waiving the competitive solicitation requirements and authorizing the General Manager to execute a professional services agreement with Koa Hills

Consulting. Koa Hills Consulting has extensive experience upgrading organizations from IFAS to Finance Enterprise. This will allow Information Systems and District staff resources to focus on daily operations and the ERP Replacement Project. Koa Hills Consulting is already providing consulting services to the District for the ERP Replacement Project and its expertise is recognized by District staff as being extremely valuable. Having worked with the District for over a year, Koa Hills Consulting has a deep understanding of the District's business processes. If the District were to contract with an alternate consultant, it would take 6-8 months to familiarize themselves with the District. Koa Hills Consulting's understanding of the District's current and future operational needs, and its IFAS system expertise, makes it uniquely qualified to support the migration from IFAS to Finance Enterprise. Issuing a new procurement for the professional services necessary to support the IFAS migration will not serve the District's best interests due to the high level of institutional knowledge required to provide such support within the IFAS migration timeline.

Staff has determined that awarding to Koa Hills Consulting meets the District's requirements for a non-competitive procurement. Section VI.C, Other Procurements, of the District's Procurement Manual permits the General Manager to waive the requirement for competitive procurements when permissible under applicable law, the best interests of the District would be served by waiving such requirements under the circumstances, and a determination has been made that following competitive procedures would be unavailing. For the reasons set forth in the above paragraph, procuring the services from Koa Hills meets this standard.

In addition, staff has conducted a cost analysis of Koa Hills' price proposal and has determined that the firm's price for the services is fair and reasonable. The hourly rates are comparable to the rates of similar past contracts. This included a contract awarded through a competitive process, and District staff determined the price proposal to be fair and reasonable based on the other proposals received by the District. For the number of hours, District staff reduced the hours for project management by half by deciding that the District's project manager would support the IFAS upgrade on the District side. Therefore, the proposed number of hours is adequate. Additionally, the price is no higher than what any other agency would pay for the same services.

The District's Disadvantaged Business Enterprise (DBE) Program Administrator has determined that Superior, LLC, and Koa Hills Consulting, LLC are not certified DBE or small business firms. Subcontracting opportunities are not available for the services Koa Hills Consulting will perform.

Fiscal Impact

Approval of this item will add a new capital project, *Financial Management System Upgrade* (Project #2018), to the FY 19/20 District Capital Budget in the amount of \$700,000. The project will be funded with 100% District funds.

The total cost of the project is \$700,000 in capital costs and \$325,000 in operating costs. The operating costs are already included in the District's budget; only the capital costs are additional funds requested.

The tables below show the components of the \$700,000 capital project and the two contracts that will implement the capital project, Contract 2003-D-1 for the system upgrade and maintenance and Koa Hills contract for consulting services.

- The total Capital cost of the IFAS upgrade, excluding contingency and general project expenditure, is \$554,568 and will be spent in FY 20/21. The \$145,432 in contingency and project expenditures would also be spent in FY 20/21, if necessary.
- The ongoing annual operating costs of the IFAS system totals \$325,000 and will continue each year.

Proposed Action

Description	Proposed New Capital Project Budget (#2018)	Proposed Operating Budget	Proposed Total
Professional Services:			
Contract 2003-D-1, Tenth (10th) Amendment –	206,040		206,040
Professional Services Agreement – Koa Hills Consulting, Technical Project Management	348,528		348,528
Contingency	110,914		110,914
General Project Expenditure	34,518		34,518
Annual Operating Cost		325,000	325,000
Total	\$700,000	\$325,000	\$1,025,000

History of Contract Amendments for Contract 2003-D-1

DESCRIPTION	FEDERAL FUNDS – CAPITAL	DISTRICT FUNDS - CAPITAL	DISTRICT FUNDS - OPERATING	TOTAL
11/24/03 (Original)	599,137	898,706	345,620	1,843,463
07/31/07 (Amend#1)	-	-	298,400	298,400
04/25/13 (Amend#2)	-	-	21,158	21,158
04/14/13 (Amend#3)	-	-	30,000	30,000
11/13/14 (Amend#4)	-	-	1,600	1,600
02/23/15 (Amend#5)	-	-	2,400	2,400
07/01/15 (Amend#6)	-	-	60,000	60,000
04/11/17 (Amend#7)	-	-	-	-
12/05/17 (Amend#8)	-	-	-	-
12/18/19 (Amend#9)	-	-	-	-
NEW (Amend#10)		206,040	325,000	531,040
Grand Total	\$599,137	\$1,104,746	\$1,084,178	\$2,788,061

The total cost of the Tenth Amendment is made up of the following:

- \$206,040 professional services to configure, test and implement the new software
- \$325,000 for cloud hosting fees. This is equivalent to the annual license fee the District currently pays for IFAS and will be paid from Operating.

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