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City of Las Cruces[®]
 PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 6 Ordinance/Resolution# 14-15-078

For Meeting of _____
 (Ordinance First Reading Date)

For Meeting of February 3, 2015
 (Adoption Date)

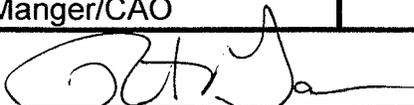
Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION AWARDING A CONTRACT TO SCHAFER CONSULTING FOR ERP PROGRAM MANAGER SERVICES IN THE AMOUNT OF \$542,635.00 PLUS NMGR IN THE AMOUNT OF \$43,071.65 FOR A TOTAL CONTRACT AMOUNT OF \$585,706.65.

PURPOSE(S) OF ACTION:

Approve contract.

COUNCIL DISTRICT: N/A		
<u>Drafter/Staff Contact:</u> Amber Vaughn	<u>Department/Section:</u> Assistant City Manger/CAO	<u>Phone:</u> 528-3228
<u>City Manager Signature:</u> 		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

In January 2014, Barry Strock Consulting Associates, Inc. (BSCA), conducted an Enterprise Resource Program (ERP) Needs Assessment (Attachment "A") of the City's implementation and utilization of the MUNIS ERP to identify system and organizational deficiencies and provide recommendations. The recommendation included hiring a Program Manager to assist in implementation of a new system or to re-implement MUNIS.

The Program Manager will act as a point of contact for the vendor, review and approve all project deliverables, develop Change Management Plans, develop and execute a Communications Plan, manage project risks and issues, and manage the project plan during the duration of the 18 month contract.

On October 17, 2014 the Purchasing Manager issued Request for Proposal (RFP) solicitation number 14-15-078. The deadline for receiving proposals was November 17, 2014. The Selection Advisory Committee (SAC) met on November 18, 2014 to evaluate the proposals based upon the RFP criteria. Two proposals were received and rated on a point system as follows:

(Continue on additional sheets as required)

Enable 2050
 Schafer Consulting 2320*

The Selection Advisory Committee recommends awarding the contract to Schafer Consulting. Negotiations have been concluded and an agreement has been drafted and reviewed by City staff and Schaefer Consulting.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Purchasing Manager's Request for Contract Form.
3. Exhibit "B", Contract.
4. Attachment "A", Barry Strock Consulting Associations, Inc. ERP Needs Assessment.

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input checked="" type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

The contract will span 18 months for a total cost of \$585,706.65. The total amount needed for FY 15 is \$211,703.22. The remaining \$374,003.44 will be budgeted and encumbered in FY 16.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
General Fund	10100105-722190	\$211,703.22	\$211,704.00	\$0.78	N/A

(Continue on additional sheets as required)

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will award the contract for ERP Program Manager Services to Schafer Consulting.
2. Vote "No"; this will reject the contract award for ERP Program Manager Services to Schafer Consulting.
3. Vote to "Amend"; this could modify the Resolution and delay the procurement of ERP Program Manager Services.
4. Vote to "Table"; this could delay the procurement of ERP Program Manager Services.

REFERENCE INFORMATION:

N/A

RESOLUTION NO. 14-15-078

A RESOLUTION AWARDING A CONTRACT TO SCHAFER CONSULTING FOR ERP PROGRAM MANAGER SERVICES IN THE AMOUNT OF \$542,635.00 PLUS NMGRS IN THE AMOUNT OF \$43,071.65 FOR A TOTAL CONTRACT AMOUNT OF \$585,706.65.

The City Council is informed that:

WHEREAS, the City of Las Cruces (City) contracted Barry Strock Consulting Associates, Inc. (BSCA) to conduct an Enterprise Resource Program (ERP) Needs Assessment of the City's implementation and utilization of the MUNIS ERP to identify system and organizational deficiencies and provide recommendations; and

WHEREAS, BSCA recommended hiring a Program Manager to assist in implementation of a new system or to re-implement MUNIS; and

WHEREAS, Request for Proposal 14-15-078 was issued and two proposals were received and evaluated through the Selection Advisory Committee; and

WHEREAS, based on the evaluation, staff was authorized to proceed with contract negotiations with the highest ranked proposer; and

WHEREAS, negotiations have been completed and a contract has been drafted;

WHEREAS, staff recommends that the City Council award the contract for ERP Program Management Services to Schafer Consulting in the amount of \$585,706.65.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the Purchasing Manager is authorized to contract with Schaefer Consulting as outlined in the signed Exhibit "A", Purchasing Manager's Request to Contract Form.

(II)

THAT the contract, attached hereto as Exhibit "B", for ERP Program Management Services is hereby approved in the amount of \$585,706.65.

(III)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20_____.

APPROVED:

ATTEST:

Mayor

City Clerk

(SEAL)

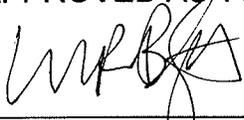
VOTE:

- Mayor Miyagishima: _____
- Councillor Silva: _____
- Councillor Smith: _____
- Councillor Pedroza: _____
- Councillor Small: _____
- Councillor Sorg: _____
- Councillor Levatino: _____

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

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CITY OF LAS CRUCES

PURCHASING MANAGER'S REQUEST TO CONTRACT

For Meeting of: February 3, 2015

Resolution No.: 14-15-078

**Contract Purchase For
ERP Program Manager Services**

The Las Cruces City Council is provided the following information concerning this request:

RFP SOLICITATION INFORMATION:

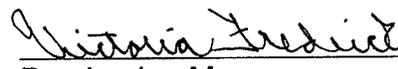
- | | |
|----------------------------------|---------------------------------------|
| 1. RFP No./ Due Date: | RFP No. 14-15-078 / November 17, 2014 |
| 2. Description: | ERP Program Manager Services |
| 3. Using Department: | Information Technology |
| 4. Number of Reponses Solicited: | Eighty (80) |
| 5. Number of Responses Accepted: | Two (2) |
| 6. Award Recommendation To: | Schafer Consulting of Dana Point, CA |
| 7. Total Award Amount: | \$585,706.65 |
| 8. Contract Duration: | 18 Months |

LOCAL PREFERENCE FACTOR

Local Preference Factor Applied Per LCMC §24-100	No	X	LCMC §24-100 not applicable to this solicitation
	Yes		Made A Difference To Awards(s)
			Made No Difference To Bid Award(s)

PROCUREMENT CODE COMPLIANCE:

The City of Las Cruces Procurement Code was administered in the conduct of this procurement and approval to purchase is hereby requested pursuant to **Section 24-92**.


 Purchasing Manager

1/20/15
 Date

CONFIRMATION OF FUND ENCUMBRANCE:

REQUISITION or PURCHASE ORDER NUMBER:	TBD
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PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made and entered into on this 3rd day of February 2015 by and between the City of Las Cruces, New Mexico, hereinafter called "CITY" and Schafer Consulting, of 24681 La Plaza, Suite 240, Dana Point, CA 92629, hereinafter called "CONTRACTOR".

1. PROJECT DESCRIPTION

The City seeks project management services for the implementation of a new ERP system or re-installation of Tyler Technologies' Munis Software Suite currently in use.

2. SCOPE OF SERVICES

In a satisfactory and proper manner, the CONTRACTOR shall perform SERVICES, as proposed in response to the CITY'S RFP No. 14-15-078, incorporated herein by reference and as set forth in Exhibit A, attached hereto and made a part of this Agreement.

3. APPROPRIATIONS

The terms of this Agreement are contingent on sufficient appropriations and authorization being made by the City Council for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the City Council, this Agreement shall terminate upon written notice given by the CITY to CONTRACTOR. The CITY'S decision as to whether sufficient appropriations and authorizations exist shall be accepted by CONTRACTOR and shall be final.

4. COMPENSATION

The CITY shall compensate CONTRACTOR for the performance of SERVICES under this Agreement an amount not to exceed \$542,635.00, plus applicable taxes. CONTRACTOR shall perform the SERVICES upon receipt of a purchase order or written Notice to Proceed from the CITY. The CITY cannot authorize costs to be incurred prior to such written Notice to Proceed. Payments will be made monthly based on detailed invoices provided by the CONTRACTOR. Terms of payment are net thirty (30) days from the date of invoice.

CONTRACTOR is responsible for payment of State of New Mexico Gross Receipts Tax levied on the amounts payable under this Agreement. CONTRACTOR agrees to comply with all federal and state tax payments and report all items of gross receipts as income from the operations of its business.

5. DEVOTION OF ADEQUATE TIME

CONTRACTOR will devote the necessary hours each week to the performance of the project that is required by the CITY and it will serve the CITY diligently and faithfully, and according to its best ability in all respects and will promote the best interests of the CITY.

6. TERM AND SCHEDULE

This Agreement shall become effective on February 2, 2015 for a term through August 31, 2016.

CONTRACTOR shall perform the SERVICES in accordance with the time set forth as agreed upon by the CITY and CONTRACTOR in Exhibit B.

7. EXTENSIONS, CHANGES, AND AMENDMENTS

This Agreement shall not be extended, changed, or amended except by instrument in writing executed by the parties. The CITY shall not be liable for payment of any extra services nor shall CONTRACTOR be obligated to perform any extra services except upon such written agreement. Such written approval shall indicate the date said extension, change, or amendment is effective and shall be signed by the parties to this Agreement. In the event that the parties cannot reach agreement as to a particular change, the issue shall be resolved pursuant to Article 21.

8. CHANGES AND EXTRA SERVICES BY THE CITY

The CITY may make changes within the general scope of the SERVICES plus may also request CONTRACTOR to perform other extra services not incorporated within the Services set forth in this Agreement. If the CONTRACTOR is of the opinion that such change causes an increase or decrease in the cost and/or the time required for performing the changes or other services required by the City, CONTRACTOR shall so notify the CITY of that fact within five (5) business work days from the date of receipt of change by the CITY. The CITY shall provide written response to the CONTRACTOR within five (5) business work days from the date of receipt of CONTRACTOR'S written notification.

9. CHANGES AND EXTRA SERVICES BY THE CONTRACTOR

In the event a condition is identified by the CONTRACTOR which, in the opinion of the CONTRACTOR, changes the services, costs, and/or time required for performance under this Agreement, the CONTRACTOR shall provide written notification to the CITY within five (5) business work days of such identification. The CITY shall respond in writing to such notification within five (5) business work days from the date of receipt of CONTRACTOR'S notification.

10. DELAYS

In the event that performance of SERVICES is delayed by causes beyond reasonable control of CONTRACTOR, and without the fault or negligence of CONTRACTOR, the time and total compensation for the performance of the SERVICES may be equitably adjusted by written agreement to reflect the extent of such delay. CONTRACTOR shall provide the CITY with written notice of delay pursuant to Article 9 including therein a description of the delay and the steps contemplated or actually taken by CONTRACTOR to mitigate the effect of such delay. The CITY will make the final determination as to reasonableness of delays.

11. TERMINATION

This Agreement may be terminated by either party hereto upon fifteen (15) calendar days written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement through no fault of the terminating party. This Agreement may also be terminated by the CITY for its convenience or because the PROJECT has been permanently abandoned, but only upon fifteen (15) calendar days written notice to CONTRACTOR.

In the event of termination, CONTRACTOR shall be compensated for all services performed and costs incurred up to the effective date of termination for which CONTRACTOR has not been previously compensated.

Upon receipt of notice of termination from the CITY, CONTRACTOR shall discontinue the SERVICES unless otherwise directed and upon final payment from the CITY deliver to the CITY the required number of copies of all data, drawings, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in the performance of this Agreement, whether completed or in process.

12. RECORDS AND AUDITS

CONTRACTOR will maintain records indicating dates, length of time, and services rendered. The CITY has the right to audit billings both before and after payment, and contest any billing or portion thereof. Payment under this Agreement does not foreclose the CITY'S right to recover excessive or illegal payments.

13. DISCLOSURE AND OWNERSHIP OF DOCUMENTS, PRODUCTS, DESIGN, ELECTRONIC FILES

All technical data, electronic files, and other written and oral information not in the public domain or not previously known, and all information, electronic files, and data obtained, developed, or supplied by the CITY will be kept confidential and CONTRACTOR will not disclose to any other party, directly or indirectly, without the CITY'S prior written consent unless required by lawful order.

All technical data, electronic files, products developed, operational parameters, blueprints, and other information and work of the CONTRACTOR shall be the sole property of the CITY and shall be delivered to the CITY when requested and at the end of the Agreement.

14. INDEPENDENT CONTRACTOR

CONTRACTOR represents that it has, or will secure, at its own expense, all personnel required in performing the SERVICES under this Agreement. Such personnel shall not be employees of, nor have any contractual relationship with the CITY. CONTRACTOR, consistent with its status as an independent contractor, further agrees that its personnel will not hold themselves out as, nor claim to be officers or employees of the CITY by reason of this Agreement.

To the extent that CONTRACTOR employs any employees, CONTRACTOR shall be solely responsible for providing its own form of insurance for its employees and in no event shall CONTRACTOR's employees be covered under any policy of the CITY.

CONTRACTOR'S retention hereunder is not exclusive. Subject to the terms and provisions of this Agreement: (i) CONTRACTOR is able, during the Term hereof, to perform services for other parties; and (ii) CONTRACTOR may perform for its own account other professional services outside the scope of this Agreement.

CONTRACTOR is and shall be an Independent Contractor and shall be responsible for the management of its business affairs. In the performance of the work under this Agreement, CONTRACTOR will at all times be acting and performing as an Independent Contractor, as that term is understood for federal and state law purposes, and not as an employee of the CITY. Without limitation upon the foregoing, CONTRACTOR shall not accrue sick leave, jury duty pay, retirement, insurance, bonding, welfare benefits, or any other benefits, which may or may not be afforded employees of the CITY. CONTRACTOR will not be treated as an employee for purposes of: Workers' Compensation benefits; the Federal Unemployment Tax Act; Social Security; other payroll taxes, federal or any state income tax withholding; or the employee benefit provisions described in the Internal Revenue Code of 1986, as amended. Neither the CITY, nor its agents or representatives, shall have the right to control or direct the manner, details or means by which CONTRACTOR accomplishes and performs its services. Nevertheless, CONTRACTOR shall be bound to fulfill the duties and responsibilities contained in the Agreement.

15. NO JOINT VENTURE OR PARTNERSHIP

Nothing contained in this Agreement shall create any partnership, association, joint venture, fiduciary or agency relationship between CONTRACTOR and CITY. Except as otherwise specifically set forth herein, neither CONTRACTOR nor CITY shall be authorized or empowered to make any representation or commitment or to perform any act which shall be binding on the other unless expressly authorized or empowered in writing.

16. ASSIGNMENT

CONTRACTOR shall perform all the services under this Agreement and shall not assign any interest in this Agreement or transfer any interest in same or assign any claims for money due or to become due under this Agreement without the prior written consent of the CITY.

17. INSURANCE

CONTRACTOR shall obtain and maintain insurance at its own cost and expense during the life of this Agreement, and shall require Subcontractors, if any, to maintain during the life of his subcontract:

- a. Professional Liability: \$1,000,000 per claim

CONTRACTOR shall furnish the CITY with a certificate(s) of insurance showing CONTRACTOR and Subcontractors, if any, have complied with this Article. The CONTRACTOR shall provide insurance certificates before work is to start on the project and shall provide the CITY thirty (30) days written notification of cancellation of such policies.

18. INDEMNITY AND LIMITATION

CONTRACTOR shall indemnify, defend, and hold harmless the CITY from and against any and all claims, suits, actions, judgments, demands, losses, costs, expenses, damages, and liability caused solely by, resulting solely from, or arising solely out of the negligent acts, errors, or omissions of CONTRACTOR, its officers, employees, agents, or representatives in the performance of SERVICES under this agreement.

19. APPLICABLE LAW

This Agreement and the rights and obligations of the parties shall be governed by and construed by the laws of the State of New Mexico applicable to Agreements between New Mexico parties made and performed in that state, without regard to conflicts of law principles. Venue shall be in the Third Judicial District, State of New Mexico.

CONTRACTOR shall abide and be governed by all applicable state law, CITY ordinances, and laws regarding the CONTRACTOR'S services or any work done pursuant to this Agreement.

20. BREACH

In the event CONTRACTOR breaches any obligation contained in this Agreement, prior to instituting any action or dispute resolution procedure, the CITY shall give CONTRACTOR written notice of such breach. In the event CONTRACTOR fails to remedy the breach within five (5) working days of receiving such written notice, the CITY, at its sole discretion, without any obligation to do so and in addition to other remedies available under applicable law, may remedy CONTRACTOR'S breach and recover any and all costs and expenses in so doing from CONTRACTOR.

21. DISPUTE RESOLUTION

In the event that a dispute arises between CITY and CONTRACTOR under this Agreement or as a result of breach of this Agreement, the parties agree to act in good faith to attempt to resolve the dispute.

In the event of termination, CONTRACTOR shall be compensated for all services performed and costs incurred up to the effective date of termination for which CONTRACTOR has not been previously compensated.

Upon receipt of notice of termination from the CITY, CONTRACTOR shall discontinue the SERVICES unless otherwise directed and upon final payment from the CITY deliver to the CITY the required number of copies of all data, drawings, reports, estimates, summaries, and such other information and materials as may have been accumulated by CONTRACTOR in the performance of this Agreement, whether completed or in process.

22. NOTIFICATION

All notices required or permitted under this Agreement shall be in writing and shall be deemed sufficiently served if served by Registered Mail addressed as follows:

TO CITY: City of Las Cruces
PO Box 20000
Las Cruces, NM 88004
ATTENTION: Mark Winson, ACM/CAO

With Copies to: City Attorney
Purchasing Manager

TO CONTRACTOR: Shafer Consulting
24681 La Plaza, Suite 240
Dana Point, CA 92629
ATTENTION: Nancy Shafer

23. SCOPE OF AGREEMENT

This Agreement incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof and that all such covenants, agreements, and understandings have been merged into this written agreement. No prior agreement or understanding verbal or otherwise of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

Shafer Consulting

CITY OF LAS CRUCES

BY: _____
Nancy Shafer
President

BY: _____
Victoria Fredrick
Director of Financial Services

Date

Date

APPROVED AS TO FORM

City Attorney

EXHIBIT A

SERVICES

Statement of Work

1. Project Initiation

The CONTRACTOR'S Project initiation activities include:

- Meet with City to develop a project timeline
- Confirm the timing of each task to be performed
- Deploy resources
- Confirm roles and responsibilities
- Establish project governance
- Meet with City's Executive and Operational Committee to develop a QA Project Work Plan that will guide the application of QA activities to project management responsibilities areas and implement tasks to ensure compliance with quality standards.

Deliverable: QA Project Work Plan

2. Kick off Meeting with City

The CONTRACTOR shall facilitate a kick off meeting with City, Software Vendor and the CONTRACTOR'S team, review the implementation approach, review the program management approach, define roles and responsibilities, and go over the project timeline.

Deliverable: jointly develop a PowerPoint presentation with City and Software Vendor

3. Software Demonstration

The CONTRACTOR shall jointly develop with Barry Strock Consulting Associates, Inc. software demonstration scripts and facilitate the demonstration.

Deliverable: Software demonstration scripts and demonstration scoring template.

4. Project Plan

The CONTRACTOR shall develop a project plan to include:

- Goals and objectives of the project
- Leadership and functional teams
- Project schedule
- Escalation procedures

Deliverable: a Project Plan

5. Change Management Plan

The CONTRACTOR shall develop a Change Management Plan and create a Change Management (CM) Team made up of City and Schafer representatives. This Team will participate in all aspects of the process. The Change Management activities will include the following:

Preparing for change

During this phase, The CONTRACTOR will:

- Conduct readiness assessment
- Anticipate resistance areas
- Prepare the team
- Perform risk analysis
- Develop overall strategy and incorporate into the Software Vendor's Statement of Work
- Assess sponsorship
- Identify type of change
- Architect the project structure
- Design special tactics

Manage change

During this phase, The CONTRACTOR will take action to implement the plan that will move the City and individuals through change. The CONTRACTOR will:

- Finalize plans for communication, sponsorship, coaching and resistance management
- Integrate CM activities into the Project Plan
- Execute plans

Reinforcing change

During this phase, The CONTRACTOR will ensure that the change is adopted and sustained by performing the following activities:

- Proactively collect feedback and listen to employees

- Identify gaps and resistance
- Audit compliance with the “new way” of doing things
- Implement corrective actions
- Celebrate successes
- Move to business as usual

6. Communications Plan

The CONTRACTOR will develop a Communications Plan to increase awareness and understanding of the project and building acceptance, support, involvement, and commitment. The objectives for the communication plan will include:

- Communication with the City’s Executive and Operational Committees and the City’s designated project point of contact to provide an overview of the project and outline progress being completed.
- Communication with the City’s project point of contacts from the Finance and Information Technology Services Departments and Functional Team Leaders/Business Analysts to provide information regarding the impact of the project within their area.
- Communications between established committees and teams to facilitate an understanding of work being completed in each area and impact on all aspects of the project.
- Communication with the City to ensure that the schedule and budget are adhered to, that contractual obligations are fulfilled and to ensure that the City’s best interests are realized at each stage of the project.

Deliverable: a Communications Plan that outlines the types of communication process, the intended audience and the frequency.

7. Regular Status Reports

The CONTRACTOR will define a report template at the start of the project to ensure that the right information is communicated at the right frequency. The CONTRACTOR’S proposed Project Manager will provide written status reports that will include:

- Milestones, key decisions made, issues, items in progress, upcoming activities, slippage, concerns, etc.
- An outline of the labor, materials and percentage of work performed for each task in the project schedule.
- An analysis of all critical path tasks, potential risks associated with them and any contingency plan(s).
- A recovery plan that addresses any schedule item(s) that we anticipate to be x (number of days to be jointly determined with the City) days or more late. The

recovery plan will detail when the items will be reconciled and what, if any, effect there will be on other scheduled items.

- A project workbook that lists all open items, estimated completion date and responsible parties.

The CONTRACTOR will review the vendor/Tyler Technologies' submittals related to budget, schedule, and overall status. The CONTRACTOR'S Project Manager will review scope requests, re-plan work, adjust schedule and baselines, participate in change control meetings, document and facilitate approval of changes, communicate to all stakeholders, and take corrective actions when appropriate. In addition, The CONTRACTOR will review all project deliverables and ensure that the vendor performance during implementation is satisfactory and in accordance with agreed upon terms and conditions. If requested, The CONTRACTOR'S Project Manager will also review vendor invoices against work performed and the project budget.

The CONTRACTOR will document and maintain a list of QA issues, which will be brought to the attention of the City in a timely manner.

The CONTRACTOR will submit a monthly QA Project Report to the City, which will include:

- 1) An Executive Summary
- 2) Risk Management - new risks, existing risks and their status, resolution and closure
- 3) Issues Management - issues tracked by using our Issues Log that includes the description of the issue, who it is assigned to, date identified, estimate completion date, status and decision
- 4) Project Organization Structure - the QA tasks being performed by various consultant categories
- 5) Work Products and Activity - the QA tasks being performed during this period and deliverables due
- 6) Cost, Resource and Schedule Management by Task - The CONTRACTOR will bring identified issues to the attention of the Executive and the Operational Committees to ensure correction actions are taken in a timely manner.

Deliverable: Develop a status report template. Prepare regular status reports. Prepare monthly QA Project Report

8. Issues, Tasks and Deliverables

The CONTRACTOR will work closely with the functional experts from the City and the software vendor to validate that the best design and configuration decisions are being made for the City. Many of the decisions will be made during the core design sessions when the functional options of the new/Munis system are fully explored. Based on the availability of the different features and the requirements already established, the best options will be incorporated.

The CONTRACTOR will be able to track issues, tasks and deliverables for each phase and each functional area.

Deliverable: Project tracking tools that includes issues, tasks, deliverables, and decisions made.

9. Regular Meetings with Committees

The CONTRACTOR'S Project Manager will attend regular functional, project and status meetings with the City's Steering Committee, the Software Vendor and functional leaders.

Deliverable: Prepare meeting agenda, create minutes from the meeting and incorporate minutes into the status report.

10. Risk Management

A Risk Management Plan will be incorporated into the overall Change Management Plan (see above).

The CONTRACTOR will help the City in applying and implementing risk management principles, in addition to establishing change management processes to manage cultural change and user resistance. As a part of this project, The CONTRACTOR will take the necessary measures to reduce the business risk of the City's migration, which includes:

- Sufficient Training – The CONTRACTOR will ensure that the City's users obtain sufficient training in the new environment. The better trained the users are, the less problems the City will encounter.
- Legacy System Planning – The CONTRACTOR will properly plan and budget the transition from the City's legacy system to the new ERP system in order to prevent significant problems at cutover.
- Thorough Testing – The CONTRACTOR will conduct unit and integration testing to thoroughly test the new solution with real data and real user profiles before going live.
- Develop a Contingency Plan – The CONTRACTOR will ensure that a plan is in place to address worst-case scenarios, such as if the system goes down and if there are manual processes that can be reverted to if needed.

The CONTRACTOR will ensure that the City's project plan, budget, and staffing all consider the measures that must be addressed in order to mitigate risks and ensure a smooth project implementation.

11. Data Conversion Services (Optional Service)

- Work closely with the City to determine the state of current data

- If data requires cleansing, work with City to develop methodology to clean data
- Prepare data mapping for chart of accounts, vendors, financial data, open purchase orders, employee data and any other data as identified in the final City/ERP Vendor contract.
- Complete data layout files and submit to the ERP Vendor
- Assist City with data validation and testing
- Work with ERP Vendor and the City to resolve exceptions

EXHIBIT B

TASK and COST SCHEDULE

Las Cruces - 18 Months Assumption	Engagement /Program Manager	Applications /Change Management Consultants	Total Hours
Task 1 - Project Planning			
Project Initiation	24	4	28
Kick-off Meeting with City	4		4
Software Demo - 4 days & develop not	1	40	41
Subtotal:	29	44	73
Task 2 - Development of Various Plans			
Project Plan	80	8	88
Change Management Plan	8	72	80
Communications Plan	24		24
Subtotal:	112	80	192
Task 3 - Project Tracking			
Regular Status Reports	300		300
Issues, Tasks and Deliverables	150	450	600
Regular Meetings with Committees	300		300
Risks	150		150
Subtotal:	900	450	1350
Task 4 - Change Management Activities			
Implement and monitor change management activities	300	150	450
Implement QA controls	150	150	300
Subtotal:	450	300	750
GRAND TOTAL	1491	874	2365
Data Cleansing	As Needed	As Needed	As Needed

	4 months	12 months	2 months	18 months
Activity:	Feb. 15 to June 15	July 15 to June 16	July 16 to Aug 16	Total
Project Planning	\$ 12,335.00			\$ 12,335.00
Development of Various Plans	\$ 32,800.00			\$ 32,800.00
Project Tracking	\$ 51,500.00	\$ 154,500.00	\$ 25,750.00	\$ 231,750.00
Change Management	\$ 42,750.00	\$ 71,250.00	\$ 14,250.00	\$ 128,250.00
Subtotal - Services	\$ 139,385.00	\$ 225,750.00	\$ 40,000.00	\$ 405,135.00
Related Travel	\$ 28,000.00	\$ 45,000.00	\$ 7,000.00	\$ 80,000.00
Total Required for FY	\$ 167,385.00	\$ 270,750.00	\$ 47,000.00	\$ 485,135.00
Data Cleansing (Optional)	\$ 25,000.00	\$ 25,000.00		\$ 50,000.00
Related Travel	\$ 3,750.00	\$ 3,750.00		\$ 7,500.00
Total with Optional Service	\$ 196,135.00	\$ 299,500.00	\$ 47,000.00	\$ 542,635.00

LAS CRUCES, NEW MEXICO ERP ASSESSMENT REPORT and RECOMMENDATIONS



May 19, 2014

Barry Strock Consulting Associates, Inc.
154 Rosemont Street, Albany, NY 12206
518-459-4252

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LAS CRUCES, NEW MEXICO ERP ASSESSMENT REPORT and RECOMMENDATIONS

Barry Strock Consulting Associates, Inc. (BSCA) has long recognized that local governments may find the biggest challenge in implementing ERP software is not the technology. Rather it is how to configure and implement ERP applications that embed and reflect best business practice and achieve promised efficiencies and added value. The results are too often underwhelming, and users are disappointed that the software has not delivered on its promises or expectations. This certainly has been the case in Las Cruces, as stated in the Request for Proposal for this ERP Assessment and Recommendations:

The conversion to Munis has not been fully successful due to problems associated with an inadequate implementation process and issues related to change management within the organization. Training was minimal, non-existent, or ineffective because of system issues or the discovery of gaps between system functionality and business process needs during the attempted training. These and other issues are inhibiting the ability to effectively utilize Munis and maximize the benefits of an ERP. In general there appears to be an unclear concept of the integrated nature and use of an ERP system, which is evident in that current business processes do not support effective use of the system. Many users continue to adhere to the old way of doing things by using "work-a-rounds"/"shadow systems" that they have created. In many cases the end users are self-taught and are not utilizing the full functionality of the system or know what is available to them. Many of the modules purchased have not been implemented; those that have are not being utilized fully and/or correctly. Due to a lack of documented business processes, workflow has only been minimally implemented. Reporting capabilities are constrained by poor data quality including lack of data entry standards, deficient data capture, redundancies and input errors.

As a result Las Cruces does not have an implemented and fully usable integrated ERP software application and is not getting the benefits of integrated data, information flow, or workflow. Moreover there is significant distress and frustration in the operating units that are using the software, and most users think there are defects in the application rather than problems of business processes and the organizational culture. This has affected the City and its P & Q issues [P&Q are a set of metrics BSCA has defined as issues related to the Business Process

Reengineering and Change Management tasks], especially policies, processes, procedures, and performance, and its quality corollaries of work flow, services, accuracy of information, ability to share information across departments, and query analytics.

In what follows we assess the degree to which the problems are sourced in the quality of the Tyler Technologies' Munis™ ERP application software and the degree to which the problems are sourced in the implementation of the software, the organizational culture, and current business practices of the City.

History of the ERP Information Systems

Las Cruces developed its own homegrown software to manage the utilities for several decades and it procured Banner Software™ about 16 years ago to manage the financial and payroll suite of applications. The old software resided on mainframes and IBM AS/400 platforms. The City used Elke™ software for fleet maintenance. In October, 2005, the City procured Munis Software™ with the intention to use it for all financials, including HR and payroll, fleet maintenance, and all utility operations, customer service management, and billing and collections.

Because of sense of urgency to migrate from the old mainframe and legacy software the City and the software vendor, Munis, took many short-cuts in terms of conversion of data and file framework setups. The unfortunate result was that the Munis applications were neither systematically nor correctly configured to provide for internal consistency, to provide logical accounting frameworks, nor configured to operate effectively and efficiently to reflect best business practices. We suspect the vendor probably did what they were told, and there was little centralized project leadership to drive the City organization to use the occasion to fix existing problems and leverage the new application tools. In other words, the implementation was rushed, incomplete, fraught with setup errors, poorly managed and deployed, and staff were not adequately trained. Go-live was pressed on the staff when the product was not ready for live use.

BSCA and Las Cruces staff have identified at least three conspicuous and crucial areas that were incorrectly converted and these three areas are pivotal to the integrity of the ERP system:

1. **Chart of Accounts:** The file framework requirements to manage all of the City's and Utility's financial transactions is an accurate and correctly configured chart of accounts and accounting settings and coding.
2. **Street and parcel address verification:** For many reasons, the accuracy and consistency of identified addresses is not consistent among the utility customers, the code enforcement addresses, or any business license addresses. Addressing is one of the keystones to maintaining a citywide information system. In a city or a utility, the property address is the one unique identifier to manage the city or the utility data. How is it possible that the community development and utilities are using different addresses for the same residence?
3. **Utility-specific issues:** With such a complex series of utilities under the City's management, the Munis software settings and configurations must be tailored to the utilities and the utilities must consider a serious business reengineering and change management process to keep viable. For example, it takes almost twenty minutes to set up a new customer. With the technology available in Munis, this set up period should be either web enabled or completed in the office in fewer than ten minutes.

It is obvious that the City is not reaping the rewards of their approximately \$2 million dollar investment allocated by the City Council to purchase and implement a new Enterprise Resource Planning [ERP] system. There have been several internal efforts to correct the problems and utilize the system more effectively, each stymied and stalled for different reasons including the departure of a project leader, lack of cooperation between departments, and assertions of false autonomy by operating units.

In our brief investigation, based on electronic surveys, review of innumerable documents, and on-site interviews and observations, we have identified critical

deficits that have stunted the ability of the City to conduct its business with better effect, efficiency, and cooperation.

- **Lack of proper controls and oversight:** It appears from its very inception and implementation that the Munis system has not been subject to rigorous controls and on-going oversight. From our view much of this is the result of organizational fragmentation, conflicts over authority, and the insistence on departmental authority that has permitted disaggregated data generation, a lack of departmental synergies, and a lack of accountability. From the project implementation to the current situation no one has truly been authorized to fix the ERP system.
- **There is no single, official accounting system of record.** Several modules are not fully implemented (such as HR and the full suite of applications), and others are only partly used, and much of the City's business is done on disparate spreadsheets that may or may not be usable by anyone but the author. As a result, the ERP system cannot provide the integrated and holistic information that is critical for efficient and effective management of money, personnel, and projects. Official reports are the result of data massaging, and stitching together information from a variety of un-auditable sources.
- **Security is not correctly deployed:** Security seems to be randomly set up and not consistent throughout the City. Record and field security is unevenly implemented. Employees are sometimes individual units of security policy, in some cases members of group policies, in other cases based on roles, and there are errors of policy that lock the wrong employees out of files to which they need access, while other employees have access to files and records to which they should definitely not have access. This makes usability problematic and users are likely to blame the product rather than the mistaken configuration.

- **Chart of Accounts and Finance Codes are not correctly configured:**
The file framework set-ups in Munis differ than those in the Banner software. For example, in older software many of the accounting flags are embedded in the long account number sequence, whereas in more contemporary software, such flags are not embedded in the account number but are flagged on other data elements that are specifically established to track linkages and references of one data element to another. This is such a major disruption that no final financial reports or CAFR reports can be derived directly from the system. Instead the data needs to be exported or re-keyed into Microsoft Excel spreadsheets. This type of workaround is counter productive in trying to manage a holistic enterprise wide accounting system that is to be shared [directly or indirectly] with almost 1,600 employees.
- **Workflow is not designed into the system:** Workflow is the basis of process improvement and change management. Imbedded business rules and policies is the keystone to maintaining any process improvement options to streamline the business of the city or the utility.
- **Annual Closing of Financial Accounts:** Early computer systems had limited memory and data storage capabilities. As a result legacy systems needed to clean their chart of account transaction history by closing the books monthly and annually. This modality is a remnant of the late 1980s, but it is a ridiculous way to manage a \$300 million complex municipal and utility operation using modern accounting software. Although the Munis software does not require monthly and annual closing of accounts, the implementation team grandfathered the old legacy outdated modality into the new system. Most awkward is that the Capital Improvement Projects should not close, but should be a seamless and continuous flow of up-to-the-minute transaction transparency and fiscal accountability.

- **No Project Management or Grant Tracking**
Not installing these two functions is a major impediment to track projects and grants in the financial system.
- **Fleet Maintenance** is so convoluted that it is not being utilized in the solid waste operations and only after much remediation, the City garage is finally beginning to get some value out of the work order application.
- **Work Orders are not useful.** Utilizing work orders is a most arduous process and is not digitally connecting any work order activity to the general ledger accounts.
- **Utility Customer Service operations are challenging and there is considerable dissonance on the part of the users.** Establishing a new water, gas, or wastewater account is a flash back to the 1980s. It is astonishing how complicated and non-technology enabled the entire process is. The problem may in part be the Munis application. It is entangled by the demand, when the system was implemented in 2005, to grandfather the processes of the previous legacy systems.
- **Excessive and expensive Modifications:** A \$2 million dollar investment in a contemporary system should not require endless modifications to force the proven technology to replicate old business practices.
- **Budget Process is dependent on Microsoft Excel.** A spreadsheet is NOT a database, and it should be used to provide additive data massaging. The budgeting in Las Cruces is almost totally based upon data “coming” from spreadsheets, which is totally contradiction to present-day best practices. Although the budget document is well done and has been awarded the GFOA Distinguished Budget Presentation Award, it is not generated digitally via interactive electronic remote sharing of data using the Munis ERP system, but rather endless spreadsheets and glue stick technology.

- **Building Permits:** There is no link between the permit number and the receipt number. The City is using Priors™ software to track code violations. The Munis suite should be able to handle issuance of permits and code violations.
- **Bar code reading in inventory:** The inadequacy of not being able to digitally read a bar code in the inventory division is 100% a city created problem. This simple technology has been complicated by inadequate and insufficient communication with Munis, the taking of shortcuts, and not taking the opportunity to be trained by the vendor.
- **Separate Inventory Files:** Both Fleet and Utilities are sharing the same inventory item file. The items are co-mingled. Each department has to search through the entire list to find their items. This problem is a set-up and training issue.
- **Munis upgrades sometimes corrupt data:** Due to the unnecessary proliferation of modifications required by the City, often these on-off mods are not part of the Munis standard software and thus, upgrades or enhancements may not be well-tested. The City should conform to the standard Munis suites and stop trying to re-invent the system to accommodate old and outdated means of maintaining a system.
- **PHMSA and PRC federal pipeline safety rules:** The City and Munis need to ensure that Munis is compliant with the PHMSA software and reporting requirements.
- **Gas Utility requirements:** In addition to the PHMSA and PRC requirements, there is a need for the Gas Utility personnel and Munis to create templates for tasks, inventory, work orders, and activities. The system currently cannot keep track of 10 days of work on a work order. This is probably a set up and training issue.

- **Non-linked modules:** It seems that the same data must be reentered several times to ensure that it correctly resides in multiple files within Munis, such as fixed assets and fleet equipment.
- **Position Control:** The field defined as “organization numbers” has been used for other data and the mis-use of the field is making position control and payroll unreliable. This is 100% a setup and training issue, not a software issue. As a result of this problem, there are many module linkages and changes that are not well understood, such as: HR changes in position control affect Fleet work order entry; and HR changes in position control are affecting transaction processing in permits and code enforcement.
- **Data Management:** Property and location master, fixed assets, utility customer data integrity is cumbersome to manage. There seems to be a lack of standardization of documentation [e.g., PDFs] to be attached to files [accounting, permitting, etc.]
- **Documentation and Support:** There seems to be very little system-specific internal training about using reference materials, network of expert users, and Knowledge Base documents. This is a strong asset of Munis, but obviously, many [probably most] of the end users have not had any or any adequate training. The resources are there, it is an easy problem to remediate.
- **Gas Metrics:** It is perceived that all of the Gas metrics are buried in the billing system.

It is fair to observe that there have been significant, if periodic, efforts on the part of City staff, especially IT to address these issues. There have been systematic but failed efforts to direct and manage the formal development of business policies, business process flows, and standard operating procedures (SOPs), to address data integrity issues, to consider implementation of modules paid for but not used, and to re-configure parts of the Munis application software. In an environment where these activities have been systematically stalled and truncated, there has even been

an effort to create technology governance. Each of these efforts have not borne the intended and desired results.

While we have not been impressed with the intensity of the support provided by Munis to Las Cruces over the years, we do not think that the City has been an effective manager of its ERP vendor either. We conclude that the problems with the ERP system have been more likely self-inflicted. IT has been charged with fixing the applications when it is not the business owner and has limited authority over the business owners. Business owners have not claimed their responsibility for the quality of their ERP software use, have not been cooperative in working with IT to identify policies, process flows, and SOPs, and have not worked as teammates to integrate the data and address data issues. BSCA has been asked to do this assessment and hopefully break the deadlock. We can identify the problems, we can recommend processes for redress of problems, but real change will only occur if the City is able to organize for change and holds staff members accountable for their part in making the ERP system work.

Las Cruces Blueprint to Resolve ERP Problems

With an annual budget approximating \$293.8 million dollars, the City of Las Cruces must determine how to utilize its limited financial resources to best provide for the needs to manage the City using accurate, reliable, timely, consistent, and holistic enterprise-wide data.

We are convinced that the City can and must re-implement the Munis ERP system or migrate to another vendor's system. The problems with the City's chart of accounts, the addressing discrepancies throughout the system, and the irregularities in the system's security require a re-implementation or new implementation versus a patchwork attempt to repair the current system.

At this juncture, since re-implementation is a major effort, the City must first assess whether or not it wishes to continue with the Munis ERP application or migrate to another vendor's system.

The City needs to continue to address the current Munis system's (version 9.x) problems and deficiencies as re-implementation or a new implementation will take

at least 12-18 months. We do not think that the City should force a migration to Munis version 10.x. Although from our view the functionality of version 10.x is significantly enhanced, we believe a parts and pieces upgrade will only exacerbate the problems and not provide for systematic addressing of the City's and the Munis system's issues. The "migration" to Munis version 10.x, or by Fall the newly released version 11.x, ought to be treated as a new installation. This will include:

- the proper organizational investments in project leadership and structure;
- the addressing of business processes, information and workflow, and SOPs;
- the redesign of the chart of accounts and the crosswalk from the old to the new;
- full data integration and implementation of all modules (in appropriate sequence);
- careful and systematic data conversion that simultaneously addresses addressing;
- systematic project implementation, including design, testing and appropriate and complete training;
- on-going authority and organization to monitor and continuously improve the system as a business tool.

The following recommendations do not re-invent the wheel. They are not novel. They represent proven, systematic organizational and project process methodologies. If implemented thoroughly, with Executive commitment, and operational authority, it will result in a successful project that advances the City toward its goals of effective and efficient conduct of its business.

A. Organizational Recommendations

1. Establish an Executive Steering Committee

The Project, and its governance, must be led by an Executive of the City. One of the Assistant City Managers should take this critical responsibility of being the *Executive Sponsor*. This person provides support to the project by allocating human and financial resources, providing strategic direction, and communicating to the organization about the importance of the project. This person is the project champion.

The Executive Sponsor heads up the **Executive Committee**. This Committee is typically made up of key department directors. Its task is to support the organization and cultural change, through a change management strategy, necessary for the project's success and to ensure that each department is on board. The Executive Committee oversees the project team and the project as a whole and is updated on all project progress, project decisions, and achievement of project milestones.

It must be noted that there was an effort to identify business process flows and SOPs that used this standard project model. It appears to have failed for a variety of reasons: Key personnel left, the project lost momentum, there was a lack of cooperation with IT, and departments and staff members were not held accountable. These are management challenges and these failures must not be tolerated and rationalized as they have in the past.

2. Appoint Three F-T Permanent Business Analysts

The chart of accounts, the parcel and address identification, and utility operations are the keys to any success going forward with reinstalling or repurchase of new ERP and Utility systems. It is our recommendation that the City have three Business Analysts specifically reporting to Victoria in Finance, Brian in Operations (specifically working with Tim in GIS), and Jorge in Utilities (in addition to the current Business Analyst who oversees the current application). Each should have a full time dedicated Business Analyst assigned to assist them through the analysis, evaluation, change management, business reengineering, and deployment of new or upgraded ERP system. The Business Analysts will serve on the Project Operations Team throughout the project.

The job description currently in use for this position is suitable for this project:

Business Analyst Description

- Works with multiple stakeholders and customers using industry and vendor best practices to develop an in-depth understanding of core processes; build and develop a repository of business process maps; identify, document and size the areas of

opportunity for improving efficiency, customer service and effectiveness; conduct root cause analysis to identify and assess impact of causative factors that might lead to errors or inefficiencies in business processes or outcomes; lead prioritization of proposed solutions; participate in implementation; and track and monitor success and impact.

- Defines an organized approach to performing business analysis tasks, including the development of standard methodologies, documentation standards, process mapping and the reinforcement of skills required for the role.
- Performs in the role of project manager using standard project management techniques tailored to the target audience.
- Serves as business process resource on all matters involving the support, maintenance, enhancement, and upgrade of the City's integrated enterprise systems.
- Coordinates, participates, and may lead others in the design and evaluation of business processes required for the implementation of enterprise systems and upgrades; analyzes new components to determine if previously modified processes can be eliminated and/or if a new release will also require modification; participates in system testing to ensure that the new release provides the expected results throughout the business cycle.
- Performs requirement and workflow analysis, and develops design specifications for new or modified workflow and business processes; evaluates existing city business process models to identify potential areas for automation and streamlining; designs and implements enhanced automated processes.
- Works directly with vendors to resolve underlying system program or data problems; searches vendor web sites for posted resolutions and fixes in resolving identified problems.

3. Appoint a Project Operations Team – “Leading from the Middle”

A Project Operations Team must be authorized to act on behalf of the Executive Steering Committee and the City to drive the project to a successful conclusion. The critical members of this team will be:

- Program Manager
- Enterprise Services Manager
- Business Analysts (4)
- Management Analysts (3)
- Auditor Representative

The Project Operations Team is responsible for and empowered to implement the new system in the best interests of the City consistent with

the project goals, project vision, and direction from the Program Manager and Executive Committee. Program Operations Team members will devote their efforts to the project full-time.

The Project Operations Team should be housed, at least for the duration of the project, in the same vicinity with access to a conference room. While this is not an IT project, it is an information systems project, and it may be useful to house the project in a neutral, enterprise service area, such as IT.

The Project Operations Team will identify and organize the key business owners in each department, specifically subject matter/functional experts, who will take ownership for their business processes and functional outcomes. They will constitute the ***Program Implementation Team***.

Program Implementation Team members are the core ***Functional Leads*** for each area in the system and each is responsible for working with the divisional Business Analyst and the Project Operations Team to develop appropriate business process and system configurations in their respective areas.

In the first and critical instance, ownership of all of the financial elements of the ERP system, and its design and best practice implementation, is the responsibility of the ***Finance Director***. The Finance Department is charged with defining and setting up the new chart of accounts and all codes and classifications citywide, and managing and monitoring the accounting settings and classifications across the system to ensure that all transactions are finally accounted for in the general ledger and that the City has an official “system of one.” Other units, such as Utility Billing and Collections, are responsible for their domain and the re-engineered business processes that bring streamlining, better service, cost containment and accountability to their operations.

The Project Operations Team will be responsible for overall integration of modules that foster department synergies resulting in best business practices.

4. Hire a Program Manager for the Review and Implementation Period

ERP Program Manager Description

The ERP Program Manager is a trusted and capable person able to organize, plan, and direct project team members, functional team leads, and subject matter experts toward a successful design and implementation of the ERP system. This person reports to the Executive Sponsor and the Executive Committee, and must be invested with the authority that this role requires to organize and direct City staff who participate in the project.

The Program Manager must be able to:

- Organize City units to collect the necessary data, and conduct the necessary meetings, that result in an effective design for business process engineering among, between, and within departments of the City;
- Lead change management activities and the adoption of new business processes through the execution of a change management plan;
- Manage the ERP project, leading and directing City staff and the vendor toward an effective implementation of the ERP system;
- Direct City-wide communications and communicate effectively to the vendor toward successful implementation;
- Provide the majority of the City's change management communications and coaching;
- Supervise the overall implementation schedule;
- Manage development of training and providing training oversight, ensuring that City end users are receiving appropriate training;
- Coordinate department readiness for new system;
- Assure appropriate post-implementation support.

The program manager will be responsible for:

- Acting as liaison between Project Operations Team and Executive Team, including regular reporting of project status and timelines, accomplishments, status of milestone deliverables, progress toward goals and City defined success, issues and risks, and risk mitigation strategies;
- Working with the vendor Project Manager;
- Acting as point of contact for vendor for staffing and delivery matters;
- Reviewing and approving all project deliverables;
- Executing the Change Management Plan;
- Executing the Communications Plan;

- Communicating to the Project Operations Team on project status and timelines, issues and risks, especially those that involve issues across departments, and risk mitigation strategies;
- Management of project risks and issues;
- Managing and updating the project plan;
- Maintaining team contact numbers, email lists, and regular communications;
- Escalating issues per the approved Issue Resolution Plan (see below in B.1. for a description);
- Implementing the Change Management Plan.

B. Process Recommendations

1. Continue with Weekly Phone Consults with Munis Team

The city should instruct the key Business and Management Analysts, and Auditors who were working with Munis on the first phone call to continue each week with a weekly phone call to work through items of dysfunctional in the current Munis software deployment. Appropriate people at Munis, and the team at the city who were on the initial conference call, and any other persons by module who have an investment in their business processes, should be on the subsequent conference calls. There should be an issuance of agendas and minutes to keep everyone (including the original Munis representatives) in the loop, on target and in focus].

For this purpose, and as part of regular project activity, the City should follow a relatively formal **Issue Resolution Plan**. The process follows several steps:

1. Issues are identified so that it can be properly contextualized (what department, what module, what function) in order to be resolved. The desired state or outcome must also be identified. Typically the Program Manager will keep a running log of issues. They can be organized under several categories, but they must indicate priorities, timetables for resolution, and the owner of the issue. The Project Operations Committee should be consulted, and any appropriate subject matter experts (SMEs) to get a broader perspective.
2. Working through the options for solutions requires a team approach that will include the vendor. It is critical that the team

agree on the desired approach and agree on timetable and costs, as well as who is responsible for effecting the solution.

3. Implementation is an absolute critical stage requiring planning and careful and deliberate and resolute program management. This means driving to a full solution within the planned timetable.
4. Results need to be tested. Usually this is iterative until the solution is approved. Often differ items are linked to others, so this also requires careful deliberation and planning.
5. The running log needs to be addressed iteratively. That is, it needs to be reviewed regularly, and adjusted for progress on existing issues, notations for completed issues, and the addition of any new issues.

In the case of Munis, it is important to do as much repair to the current system as possible, as the City is likely to continue its use for at least 12-18 months regardless of whether or not it re-implements Munis or migrates to another system. Moreover, users will discover that many of the problems with the ERP application are “self-inflicted” by initial errors in configuration or lack of training and mis-use. As these items become more apparent problems will be fixed and there should be some additional training to the correct use of the ERP system.

Additional analysts or subject matter experts should be invited into the weekly phone call as their issues are presented. The key to this process is that the city should create an agenda of the specific items that are to be discussed and minutes to be shared with all parties after the phone call. The Agenda/Minutes model will keep the parties focused on targeted issues and targeted follow-up items or tasks.

For this phase of discovery the City should expect to review and seek to resolve:

- i. A composite list of action items that are outstanding issues with the system;

- ii. Calls for service to Tyler-Munis Customer service and the activities associated with each of the calls;
- iii. Work Orders or modification outstanding requests;
- iv. Titles and descriptions of spreadsheets used as a substitute for that which users would expect to be provided by the ERP system.

These weekly phone meetings are likely to continue for up to eight weeks. The City and Munis should consider a face-to-face meeting about the most troublesome issues. *This will validate if it is prudent to schedule a multi-day on-site scripted demonstrations by Munis as a precursor to renegotiating a re-deployment full fit/gap analysis, statement of work, and a new set of contracts.*

Although BSCA is not currently under contract to go beyond the Report Card that will provide a more detailed blueprint for action, but we would be able to provide such a contract, if and when, it is appropriate. BSCA is prepared to create an RFI that will be the precursor to any on-site demonstrations of version 10.X and provide follow-up services as specified in the blueprint.

2. Conduct on-site scripted demonstrations of the Munis ERP system to address issues and build confidence in a decision to move forward in the process with Munis or to decide to abandon Munis.

The City should invite Tyler to demonstrate the latest version (10.x) of the Munis application to see whether or not it can provide enhanced capabilities, functionality, and more streamlined processes. The demonstration should not be a vendor “canned” event but a detailed and scripted demonstration of those processes and results that are of particular concern to the City as well as the specific qualities of the software application.

For example, if the City was to have Human Resources demonstrated the script might have these specific components:

- Demonstrate the structure your system uses to group employees for purposes of policy and pay compliance and administration – i.e. FLSA rules, benefit eligibility, etc.
- Setup of structure – how are employees grouped for application of common work

rules. We currently have units and groups within the units. An example of units and groups is non civil service exempt and non-civil service non-exempt. Units provide additional breakdown – in the case of non-civil service into full time, part time less than 20, part time 20 and more.

- Set up new Department / Division / Unit (provide ability to have 3 roll up levels for reporting)
- Set up new jobs and/or positions (copy features for similar positions)
- Create/modify job description (may be in recruitment module)
- Premium Pays
- Sundry deductions (other than plan deductions such as benefits)
- Ability to indicate “safety sensitive, MVR, DOT” on position for reporting
- Position Control – tie to recruitment and budget
- Personnel Actions:
 - New Hire – what populates from job and what has to be manually entered?
 - Update of assignment pay / premium
- Are all enrolled employees updated and does the workflow generate auditing information.
- Change assignment / Add Assignment Pay / Premiums (Start & End)
- Salary Increase
- Individual
 - Pay for performance – if not in system, ability to load info via spreadsheet
- Sundry Deductions (Other than benefit plans i.e.: United Way / Earth Share)
- Changes between employment status with different policies, eligibilities, etc. Non-Civil Service to Civil Service and Civil Service to Non-Civil Service; Work Rule – currently setup on the job/position for time generation.
- Change in employment status / eligibility:
 - Part-time to Full time
 - Non-Exempt to Exempt and vice versa
- Lateral Transfers - what populates from job and what has to be manually entered?
- Promotion and/or Reclassification
- Separation:
 - Termination
 - Retirement
 - Retirement w/ 20 years
 - Discharge
 - Re-Hire
- Change Term. Date (correction)
- Change Hire Date (correction)
- Reports: employee salaries, add pays, turnover, transfers, vacancies

3. Develop RFI and release to Tyler Technologies for affirmation of Munis capabilities, functionality, plan to address gaps, and cost of re-implementation

In order to determine the fit-gap of the upgraded Munis ERP, the City should develop an RFI that specifies the promised functionality, any

modifications, and the cost of upgrading and re-implementing the ERP system.

Such an RFI would identify whether or not Munis has the capabilities and functionality, and if not whether Tyler would be willing to modify the application for free or not, and any fixed cost for the modification. In addition there would be a complete investment summary of costs. The RFI would look like the following:

HR.8.	Performance Tests and Appraisal	Answer Required Type Y, N, M, or MS
8.1.1	(A performance test is a test required in addition to the written exam, demonstrating proficiency in a particular area. Performance tests may include such things as typing, physical agility, psychological, etc.)	
8.1.2	Delivers a configurable performance management process (i.e., goal setting, feedback gathering, review, performance summary)?	Y
8.1.3	Solicits performance feedback from multiple reviewers (i.e., subordinates, directors, other managers, peers)? Exchange data between multiple users simultaneously?	MS
8.1.4	Saves work in process, draft review, and return to complete?	Y
8.1.5	Tracks performance review status and dates (i.e., complete, incomplete)?	Y
8.1.6	Maintains performance feedback and ratings history?	Y
8.1.7	Enables reporting and analysis of performance ratings for various employee groups (i.e., by job, manager, geography)?	Y
8.1.8	Integrates with training and succession management applications and processes (e.g. learning plans/career planning)?	N
8.1.9	Provides e-mail reminders and overdue notices throughout the process?	N
8.1.10	Administrators can view the status of the review process at any time?	Y
8.1.11	Administrators can assign different review forms for different employees within the same review cycle?	Y
8.1.12	Delivered with standard competencies and objectives?	N
8.1.13	Employees can complete self-evaluations?	MS
8.1.14	Historical reviews can be accessed easily by managers or administrators?	MS
8.1.15	Review results are automatically updated in the HRIS system for processing pay increases and reporting?	Y
8.1.16	Appraisal steps can be easily defined by administrators? Different employee groups can have different appraisal steps?	Y
8.1.17	a. Maintains a table of user-defined performance tests?	Y
8.1.18	b. Enable the tracking of any number of performance tests associated with an exam?	Y
8.1.19	c. System stores performance test results for each applicant for each exam?	Y
8.1.20	d. Enable automatic waiving of previously passed performance tests based on a user-defined period of time?	N
8.1.21	e. Prepare an attendance list for all eligible for each performance test?	Y
8.1.22	f. Reports include the ability to show performance test results for each exam, over any specified period of time?	Y
8.1.23	g. Reports include the ability to show performance test results for each applicant, over any specified period of time?	Y

The RFI, in combination with any current issues list, would be used as the baseline for the Statement of Work and the contract in order to hold Tyler to its promises. Payments would also be indexed to services and acceptance testing.

4. Evaluate Munis RFI Response and Decision to retain Munis or full replacement procurement (RFP release)

- a. **Decision to retain Munis:** The City would continue in project implementation mode under the authority of the Executive Committee and operationally through the Project Operations Team and the Project Implementation Team.
- i. The Project Operations Team would develop the Statement of Work and any supplemental agreements;
 - ii. The Project Operations Team will address remaining deficiencies and resolutions in version 9.x and complete the fixes to enhance City operations;
 - iii. Planning would commence for re-implementation and migration to V10 or V11. This will include the Project Implementation Team and it will seek to:
 1. broaden module usage, pay specific attention to information flow and data integration, and work flow processes;
 2. Correct addressing, security, and implement a new Chart of Accounts;
 3. Critical work on data conversion;
 4. Risk mitigation to prevent disruption.
 - iv. The Executive Steering Committee will authorize the implementation of a change management strategy, led by a Change Management Team;
 - v. The City will implement the latest version of Munis ERP (v.10 or 11) in test mode;
 - vi. Munis will train users directly on the applications;
 - vii. The City will go-live on the re-implemented Munis ERP;
 - viii. The City will allocate resources for On-going management of ERP system, including training and continuous business process improvements

OR

- b. **Full Replacement Procurement:** The City would move into procurement mode. Under the authority of the Executive Committee and

operationally through the Project Operations Team and the Project Implementation Team the City would:

- i. Release the RFP to the marketplace of ERP vendors;
- ii. Conduct a pre-RFP conference;
- iii. Evaluate proposals;
- iv. Conduct reference checks
- v. Conduct City on-site demonstrations with participation of appropriate City-wide staff
- vi. Visit selected Cities with comparable demands
- vii. Visit corporate headquarters
- viii. Development of a Statement of Work and contract negotiations
- ix. Project Implementation
 - x. Implement change management strategy
 - xi. Implement applications in test mode
 - xii. Training on applications
 - xiii. Go-live on applications
 - xiv. On-going management of ERP system

5. Change Management -- It is imperative that the City embark upon discussing and planning to actuate the P & Q issues associated with process improvement, business process re-engineering and how to make effective change happen prior to its decision to retain or reject Munis. Change management will continue throughout the engagement, regardless of the migration decision.

Definitions of P & Q Issues:

- **People:** Evaluate People roles vis-a-vis newer technology innovations. The goal would be to enhance work tasks being provided by current staff to be possibly more fulfilling and more proactive.
- **Policies:** Often the policies applicable for older paper driven systems need to be modified to accommodate the newer digital innovations such as electronic signatures and more end-user entering and processing of data.
- **Processes and Procedures:** Often there are many manual physical processes and procedures which need to be modified to eliminate much of the redundant physical paper requirements
- **Paperwork:** Newer systems often deploy the workload to end-users at the desktop digital level, thus typically significantly eliminating much of the redundant physical paperwork trails.
- **Paperwork Clarity:** In many municipalities utility notices, door hangers, and delinquent notices are not provided in bi-lingual formats,
- **Progression from old to new:** Business Change Management often requires a significant migration from old methodologies to new ones.
Productivity: Routinely, individual and citywide productivity is the first benefit of newer technologies and maximize the productivity transition process.
- **Procooperation- Coefficient™:** Measuring the procooperation efforts of the staff to engage in the avalanche of data conversions, training, and business statement of work defined reengineering tasks.
- **Performance:** Define metrics to pre-measure productivity before the new innovations and to re-measure the staff performance with the same metrics after the new technologies are fully deployed.
- **Quality of Workflow:** There are two types of workflow: people workflow in which information flows from one designated person to another (for example, purchasing permissions through electronic signatures on requisitions and purchase orders), as well as the business process work flows that articulate policy and procedures (for example, purchasing rules are embedded into the system such that different purchasing thresholds have different pathways in the electronic purchasing process).
- **Quality of Services:** Quality of services metrics need to be both defined and deployed to install quality of services measures.

- **Quantity of Accurate Information:** Quantifying the consensus of staff to determine consistent accurate and timely information as a before and after observation.
- **Quality of shared information among departments:** One of the major impediments to change seems to be redefining citywide ownership of information, as opposed to the normal silo approach.
- **Query Analytics:** One of the immediate changes we encounter when transitioning from paper and older technologies is a drastic availability of better query tools and analytical tools. Sometimes we encourage vendors and clients to intentionally invest in sufficient training time to maximize the often more advanced query and analytical tools.

The City must tailor its business and the use of the Munis ERP applications to a changed landscape. In 1990 there were only 62,126 residents in the City, whereas in 2013 there are 101,000 -- a 60% increase in residents. Over the past decades the complexities of utilities and cities has been compounded many, many fold, and the technology that was needed over two decades ago would not meet the needs and legal requires of today. Web enabled access to information in "the cloud" permits citizens to have 24 hour access to utility information, city information, and an ability to pay or register for dozens of services where were not remotely available to citizens, taxpayers, or utility customers. In other words, it will not be enough to address the issues of a 2005 implementation. The City needs to design the business processes and the application functionality to address the demands of the City's external and internal customers, its taxpayers and citizens, for 2014 and beyond. We do not anticipate that this will be easy which is why we have emphasized the need for authority and accountability. Unfortunately cleaning up a bad project deployment is far more costly and time consuming than doing it right the first time. Trying to undo file setups that were not sufficiently well thought out, or changing business processes that were configured without adequate consideration is more difficult than preventing problems up front.

The City needs to measure Quality of Performance using these metrics:

- **Cost Containment** – increase efficiencies and contain or reduce cost;
- **Streamline Operations** -- increase the productivity of existing personnel and provide policy makers with essential management information;
- **Enhanced Service** – provide employees with the tools to effectively represent and deliver the tasks of government;
- **Accountability** – provide clear cost and service justifications for services provided to citizens and taxpayers.

The City needs to focus, as it rethinks its business processes and designs the configuration of the ERP application, about these “P” issues:

- People [staffing and role changes due to technology innovations]
- Policies [needing to be re-evaluated for 21st century expectations]
- Processes [needing to be streamlined to increase quality of customer service]
- Procedures [needing to be re-thought to reduce workloads and work-efforts]
- Paperwork reduction to simplify and expedite data capture, storage, retrieval
- Paperwork evaluation for the linguistic clarity
- Progression-review from paper to electronic/optical data capture and storage
- Productivity [evaluate how to increase staff productivity]
- Performance [evaluate performance in the UB division]

This also includes the “Q” issues attendant to employee and customer satisfaction:

- Quality of work
- Quality control
- Quality of customer service
- Quantity of work units per person
- Query of analytical data

Change management is a process not an outcome. If not specifically and rigorously addressed, projects like these tend to replicate existing designs and work processes rather than take the opportunity to re-engineer processes for greater efficiency, effectiveness and accountability. In these engagements, it is the human resistance and failure to embrace change, not the technical

implementation, which poses the greatest risks for falling short of the goals of this effort. Engaged change management will mobilize and positively motivate your staff to consider better ways to get the work done and hold them accountable for the system and workflow design.

- In the initial phase of the project, it is imperative that stakeholders at all levels, and in all units, must understand the project and its purpose. Employees should have clear expectations about anticipated results of their individual and collective efforts. An initial task is to develop a Project Charter and a Change Management Plan. A Project Charter lays out the history of the project, the strategic goals and objectives of the project, and roles and responsibilities of the participants. A Change Management Plan describes the expectations for the organization and the organizational culture in adopting and adapting to the application software and the attendant new business processes. The Change Management Plan can be described as follows:
 - Executives, managers and staff work toward clear and explicit expectations for their roles in pre- and post-go-live participation. They must all understand the decision process, which includes assigned authority and the chain of command. Timelines, Deadlines and Milestones should be clear, as well as requirements for training.
 - The Executive Sponsor, the Executive Steering Committee, and the Project Operations Team should understand the primary areas of strain, including culture, people, politics and policy. They must have a clear and transparent understanding of risks to project success. The Change Management Plan seeks to answer the question: what factors will assure successful implementation and satisfaction of the end users? This will likely have an impact on policies and business processes, and require changes in information flow and work flow as part of Business Process Re-engineering.
 - Design and configuration: re-engineering of the data, screens, processes, reports. This project will be exhausting and require focus and energy.

- This and subsequent phases must also have:
 - On-going communication
 - Regular and systematic risk assessments
 - Pilot and feedback: is this what we thought it would look like? Do we have time to correct it? Are we headed in the right direction?
 - Implementation phase: are we ready? Does it work?

Finally, after the project is complete, the City will need to consider post-go live adjustments. Did users get sufficient training? Does the system function as designed and anticipated? Can it be corrected, and at what cost?

In all cases communication must be carefully targeted and crafted to different stakeholder audiences. All communications about the project must be consistent, credible, and manage expectations. Messages must be genuinely informative. Leaders and consultants should act in a consultative manner (listen) and respond quickly and thoroughly (feedback and action). Strategies and activities must generate user participation and involvement. Presentations and activities should focus on clarifying information about the positive and realistic impact of the project on departments and individuals and reducing resistance to change.

In order to minimize risk and increase the likelihood of project success, project and change management depends on regular and systematic reviews of Organizational Risk. Specifically, the change management strategy should include:

- Looking at how clearly, and how strongly, the vision and value of the project is shared by stakeholders;
- Reviewing the readiness of the stakeholders to embrace task changes and new job roles;
- Understanding and using communications strategies and activities to support the project;
- Assessing how prepared the staff is to be trained in the new application and work flow.

At Las Cruces major changes are likely to include less dependence on IT for query and reporting tasks and more responsibility on the end-user. Employees will be required to learn new skills, enter additional data, follow new codes and

new work flow procedures, and often to make immediate decisions that have an immediate impact on financial and system data. Staff may be required to embrace expanded value-added job tasks and perhaps redeployment of efforts or assignment. Staff will be expected to abandon other forms of data recordkeeping such as their own spreadsheets and databases to insure that the new system is comprehensive and is functioning as a true integrated system. Some of the new functionality is likely to cause concerns about authority, control over information, process flow, and issues of accuracy.

Failure to manage the change curve will, in our experience, result in project delays, problems with workforce morale and performance, non-compliance with new policies, flawed work flow processes and procedures, untrained staff, varied acceptance levels, reduced credibility of the project leaders, negative political implications, and remedial work and supplemental budgeting post-implementation.

Las Cruces has been here before. Is it time to “bite the bullet,” cooperate at the highest levels of the organization, wield executive authority and hold employees accountable, demanding the necessary synergies between departments, and finally making the needed changes in the organizational culture? If so, implement the plan.

- 6. Form a Technology Governance Committee:** In the context of our report it is our observation that much has been expected of the IT Department that is more properly the domain of the business units. As a result, IT is unnecessarily blamed for the dysfunctionality of the Munis ERP system.

More importantly, IT has attempted in the past to create a governance structure and process and it has not met with eager participation. This is a critical organizational need if the City is to develop synergies between departments, identify priorities, have clear decisions based on those priorities, and contain duplication and cost. It is especially crucial in those areas that are of enterprise-wide concern and involve the provision of services by many departments using the same application software and tools.

In what follows we present a technology governance model that can be modified as appropriate to the City of Las Cruces: