

CITY OF OAKLAND

AGENDA REPORT

OFFICE OF THE CITY CLERK

2006 SEP 27 PM 12:23

To: Office of the City Administrator
Attn: Deborah A. Edgerly
From: Finance and Management Agency
Date: October 10, 2006

Re: Resolution Authorizing the City Administrator to Negotiate and Execute a Contract with Active Network, For an Amount Not to Exceed \$250,000.00 to Purchase an Enterprise Point-of-Sale (POS) System Which Will Automate the Cash Handling Process Within the City of Oakland

SUMMARY

A Resolution has been prepared for City Council approval, which authorizes the City Administrator to execute a Professional Services, Software License, and Maintenance Agreement with Active Network to install an Enterprise Point-of-Sale (POS) System for an amount not to exceed \$250,000.00.

The Agreement with Active Network will facilitate the standardization of cash handling / management within the City of Oakland via a state-of-the art Enterprise Point-of-Sale (POS) System. The POS System will expedite the reporting of cash receipts by interfacing with the City's Oracle Financial Suite of enterprise applications and departmental applications such as the new Permit-Tracking System, the new Business Tax System, and other 3rd party systems that the City may implement in the near future.

FISCAL IMPACTS

The fiscal impact of the Agreement with Active Network for a POS System is the not-to-exceed amount of \$250,000.00. This amount will be used to purchase the hardware, software, professional services, and one year of software maintenance and support.

The total not-to-exceed amount of \$250,000.00 will be funded from the Fiscal Year 2006-2007 budget of the Finance and Management Agency's Treasury Division. The subsequent annual software maintenance and support costs of approximately \$20,000 will be encumbered funds from the budgets of the respective divisions and or agencies that will utilize the new POS system throughout the City.

Item: _____
Finance and Management Committee
October 10, 2006

BACKGROUND

The City of Oakland has operated with a predominantly manual cash handling process for decades. The current cash handling process is the result of tradition and a series of Administrative Instructions enacted in the 1970s.

The exception to this manual process is the SAFARI (formerly known as RecWare) system which is used by the Office of Park and Recreation. The SAFARI is a modern system that facilitates online recreation class enrollments and payment. The system is also accessible over the Internet. In contrast, the Community & Economic Development Agency, Revenue Division, and Parking Division use legacy systems to generate and track payment transactions (building permits, business tax certificates, neighborhood parking renewals, etc.). These legacy systems do not have the online capability to electronically transmit cash receipt information to the Treasury or Accounting divisions.

Other City departments also use cash handling processes which are manual systems and none of the above systems interface with the City's Oracle Financial system. Subsequently, cash receipt management is delayed as cash receipt information must be manually transferred from these departments to Treasury and then passed to Accounting before they are posted to the City's General Ledger.

The City is in the process of replacing or upgrading all of the financial systems with applications which can support automating cashier location identification, configuration and security. These new systems also provide standard as well as ad hoc cash reporting capabilities along with Internet payment features. It is imperative that the City upgrade its cash handling model to ensure it can leverage the inherent capabilities of these new systems. In addition, the City's existing cashiering model is incompatible with the Oracle e-business suite which was implemented in 2001. Therefore, the City seeks a state-of-the-art cashiering solution, which meets its current distributed model and which offers scalability to meet future needs.

In January 2006, the Finance and Management Agency, Treasury Division obtained the support of the Information Technology Division to develop the functional and technical requirements for a state-of-art (POS) system. Representatives from these divisions met with City personnel representing the Police, Fire, CEDA, Library, Park & Recreation and the Public Works Agency for a series of site visits to document the cash handling / management functional requirements of these organizations. These functional needs were incorporated into a Request for Proposal (RFP). A total of six vendor proposals were received in response to the RFP. All six vendors were given the opportunity to demonstrate the functionality of their product to an Evaluation Team composed of representatives from Treasury, Police, Fire, CEDA, Parking Administration and Revenue. A shortlist of four vendors was developed based upon the product demonstrations and responses to end-user (department representatives) questions. Two weeks later, short list vendors were invited to provide a detailed presentation of their product's ability to complete a pre-defined script of complex point-of-sale transactions developed by the Evaluation Team. Each demonstration was followed by a Q&A session with Information Technology Division (ITD) representatives from Network Support, Desktop Support, Database Administration and Application Development. Vendors were rated based upon their demonstrated performance and responses during the Q&A sessions and the results were communicated to the Treasury Manager.

Item: _____
Finance and Management Committee:
October 10, 2006

The Treasury Manager concluded that the Active Network Point-of-Sale (POS) solution meets the cash management needs of the City based upon the evaluations of the Evaluation Team regarding the vendor product demonstrations, the ITD technology evaluations, and the managerial assessment of the cashing needs of the City of Oakland.

KEY ISSUES AND IMPACT

The acquisition and implementation of the Active Network System will become the de facto standard for cash handling procedures in the City of Oakland. The installation of a POS System will result in the review and modification, if applicable, of all City Cash Management Administrative Instructions to ensure consistency with the functionality of the new POS system. In addition, it will be necessary for the City's Information Technology Division to establish system interface requirements for future systems that require point-of-sale capability with the City's official POS System. In conclusion, the benefits resulting from the implementation of this point-of-sale solution include:

- Improved Citywide / Department cash management efficiency
- Greater fiscal security
- Efficient batch reconciliation
- Faster deposit of City funds
- Maximization of bank interest received on deposited City funds
- Accurate cash receipt reporting
- Ad hoc report capability

PROJECT DESCRIPTION

The goal of the project is to identify, acquire and implement a system which provides an automated solution to the cash handling needs of the City. The needs include but are not limited to the ability to establish a hierarchy cash reporting system which supports establishing cashier location and configuration, supervisory oversight and monitoring, security controls, consistent cash closeout process, and standard or ad hoc report capability.

SUSTAINABLE OPPORTUNITIES

Economic: The implementation of the POS system will improve the efficiency in handling the City revenues and improve accurate reporting.

Environmental: There are no environmental sustainable opportunities that have been identified within this report.

Social Equity: No social equity issues have been identified within this report.

Item: _____
Finance and Management Committee:
October 10, 2006

DISABILITY AND SENIOR CITIZEN ACCESS

There are no disability or senior citizen access issues within this report.

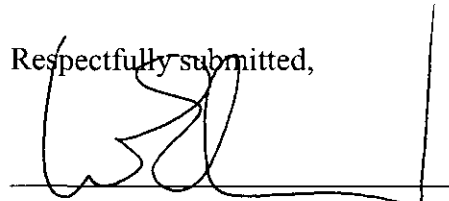
RECOMMENDATION AND RATIONALE

The Treasury and Information Technology divisions recommend that the City Administrator enter into a contract to acquire the Active Network (POS) System. The acquisition of the Active Network (POS) System will ensure the efficient capture, tracking and reporting of cash receipts throughout the City of Oakland. It will also ensure leverage of future cash handling capabilities as technology evolves.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Administrator be authorized to enter into a professional services agreement with Active Network. In the event that the City Administrator is unable to successfully enter into an agreement with Active Network; then staff recommends that the City Administrator be authorized to enter into a professional services agreement with System Innovators which received the 2nd highest evaluation on vendor short list.

Respectfully submitted,



William E. Noland

Finance and Management Agency Director

Reviewed by:

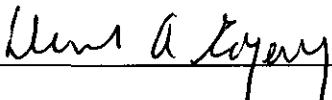
Katano Kasaine, Treasury Manager

Robert Glaze, IT Chief Technology Officer

Prepared by:

Andrew Hopkins, Project Manager

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE



OFFICE OF THE CITY ADMINSTRATOR

Item: _____
Finance and Management Committee:
October 10, 2006

OFFICE OF THE CITY CLERK
OAKLAND
2006 SEP 27 PM 12:23

OAKLAND CITY COUNCIL
RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH ACTIVE NETWORK, FOR AN AMOUNT NOT TO EXCEED \$250,000.00 TO PURCHASE AN ENTERPRISE POINT-OF-SALE (POS) SYSTEM WHICH WILL AUTOMATE THE CASH HANDLING PROCESS WITHIN THE CITY OF OAKLAND

WHEREAS, the City of Oakland's Finance and Management Agency, Treasury Division is working to update and standardize its cashiering processes; and

WHEREAS, the implementation of a new Enterprise Point-of-Sale (POS) System can reduce the repetitive process of cash receipting and mitigate key punch errors; and

WHEREAS, staff from the Treasury and Information Technology Divisions prepared and distributed a Request for Proposal to numerous proposed vendors; and

WHEREAS, the Treasury and Information Technology Divisions reviewed proposals and facilitated product presentations by the six responding vendors for an Enterprise Point-of-Sale (POS) System; and

WHEREAS, the selection committee recommended Active Network based on their knowledge and experience installing enterprise cashiering solutions and their ability to provide an Enterprise Point-of-Sale (POS) System to meet the unique needs of the City; and

WHEREAS, initial funds for a not-to-exceed in the amount of \$250,000.00 have been allocated from the Treasury Division FY 2006-2007 Budget to cover the cost of the associated hardware, software, licensing, and first year maintenance, and approximately \$20,000 (beginning in FY 2008); for maintenance to be distributed annually among various agencies (Departments) that will use the Enterprise Point-of-Sale System; and

WHEREAS, the City finds that the services provided pursuant to the agreement authorized hereunder are of a professional and technical nature; and

WHEREAS, the City finds that this contract shall not result in the loss of employment or salary by any person having permanent status; now, therefore, be it

RESOLVED: That the City hereby finds and determines that it is in the best interest of the City to enter into an agreement with Active Network to provide the City with an Enterprise Point-of-Sale (POS) System; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to negotiate and execute a contract, for an amount not to exceed \$250,000.00 for the Enterprise Point-of-Sale (POS) System with Active Network. The City Council hereby authorizes the City Administrator to begin negotiating with the second highest ranked vendor if negotiations with Active Network fail due to contractual obligations; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to approve any subsequent amendments to or extensions of the purchase order with the exception of those related to an increase in the purchase price or the allocation of additional funds provided that such amendments or extensions shall be filed with the City Clerk's office; and be it

FURTHER RESOLVED: That the purchase order shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and a copy shall be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California