

<b>Subject</b>	<b>Software Selection Consultant Contract</b>
<b>Summary</b>	The Authority authorized Request for Qualifications 08-02 to obtain consulting services to assist in the selection of a new financial management software application. Services to be provided include analyzing the Authority’s business processes, documenting system requirements, vendor research and facilitating a Request for Proposal process to select a software vendor best suited to meet the Authority’s objectives. Qualifications from four firms have been evaluated and staff recommends contracting with Schafer Consulting. Staff and the consultant will provide the APC with an overview of the software selection process, timeline and preliminary budget for the software implementation.
<b>Recommendations</b>	Staff recommends that the Authority enter into a consulting service contract with Schafer Consulting to assist in the selection of a new financial management software application.
<b>Financial Implications</b>	The fee component of the Schafer Consulting contract is based on the completion of milestones with a total not-to-exceed amount of \$59,180.
<b>Options</b>	<ol style="list-style-type: none"> <li>1. Enter into a contract with Schafer Consulting for software selection consulting services.</li> <li>2. Reject all qualifications.</li> </ol>
<b>Attachments</b>	A. Excerpt from the written proposal submitted by Schafer Consulting describing the approach and task to be performed.
<b>Changes from Committee</b>	

### Background

In 1993 the Authority implemented a project tracking system (“Minotaur”) using an older version of Microsoft Access. This database was specifically designed to track project expenditures pursuant to the Measure C Strategic Plan. A strategy to replace Minotaur was formulated once it became evident that this older application would no longer support the needs of the Authority as it transitions to Measure J. In preparation for a new system, the Authority authorized the issuance of a Request for Qualifications process to obtain the services of a software selection consultant. Services to be provided include analyzing the Authority’s business processes, documenting system requirements, vendor research and facilitating a Request for Proposal process to select a software vendor best suited to meet the Authority’s objectives. Qualifications have been evaluated and it is recommended that the Authority enter into a contract with Schafer Consulting.

The process for evaluating the software selection consultants was based on open competition and evaluation against criteria including qualifications, relevant experience, the understanding of the Authority’s objectives, and pricing to provide the services. Sixteen firms were asked to submit qualifications, of which three firms respectfully declined to respond and four firms responded. The pricing terms for all firms ranged from \$47,500 to \$75,450, plus expenses. The pricing terms of \$59,180 from Schafer Consulting were especially favorable, and included a fixed (“not to exceed) price paid incrementally as milestones are accomplished. Specific qualifications and relevant experience with transportation agencies were also important factors in selecting Schafer Consulting as the recommended consultant.

Schafer Consulting has extensive experience in the selection and implementation of financial information systems for public sector organizations. The firm is uniquely qualified to meet the needs of the Authority, as two of the key personnel assigned to the Authority's project are prior finance personnel from the Orange County Transportation Authority and the Alameda Corridor Transportation Authority. Schafer is a 100% minority, women-owned firm founded in 1999 to provide management and information technology consulting services to the public sector. Ms. Nancy Schafer, CPA, leads the firm along with other highly qualified personnel in the areas of governmental accounting, project costing, capital and operating budgets, grant administration, and contract administration.

The software selection process is a critical step in preparation of a software implementation. It is not uncommon to read or hear about a public agency that has spent millions of dollars on a technology initiative, only to halt the project and either abandon it altogether or start over again. Such events are extremely costly. Of the many reasons for project failure, one cited by the Government Finance Officer's Association is the lack of organizational readiness. Another significant risk is not taking the time to carefully evaluate the software needs of the organization. These pitfalls can result in the purchase of software applications that are over-scaled or not ideally designed to address the specific needs of a particular organization. The cost of hiring a software selection consultant can therefore be viewed as a financial hedge against future cost impacts of buying the wrong system.

A new financial application will afford the Authority opportunities to better manage the Measure J expenditures. Currently much of the process is performed manually, with paperwork being typed, copied, and then delivered to County offices for processing. The new system envisions that the general ledger and accounts payable functions will be brought in-house and performed by Authority staff in a more efficient and timely manner. Replacing these manual processes with electronic "workflow" will allow staff to pay vendors in a timely manner, collect grant reimbursements sooner, and monitor project budgets more effectively. The vision is to purchase a financial system that includes core financial applications and web technology functionality to grow with the Authority over the next 25 years. The investment for such a system is expected to range from \$300,000 to \$600,000 and be completed during FY 2008-09.