



CITY OF LONG BEACH

DEPARTMENT OF TECHNOLOGY SERVICES

R-31

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6455 • FAX (562) 570-5270

February 13, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a lease-purchase agreement and all related documents with Bank of America Public Capital Corporation for the financing of a code enforcement, permitting and licensing system in the amount of \$4,400,000 payable over a seven-year period; authorize the City Manager to execute agreements with recommended firms to provide professional and technical services for system implementation, amendments to extend the term, and all related documents for two years in an amount not to exceed \$2,832,000; and authorize the City Manager to execute an amendment to the agreement with Hansen Information Technologies, Inc., of \$370,000 for programming services. (Citywide)

DISCUSSION

In November of 2005, City Council authorized the acquisition and implementation of a code enforcement, permitting and licensing system from Hansen Information Technologies, Inc. in the amount of \$3,446,580 (Attachment A). At that time, staff communicated that final equipment and implementation costs would be determined through the analysis and design phase of the project, and staff would return to City Council for lease financing at that point. With the majority of the analysis and design complete, the full cost has been determined and staff is requesting approval for the lease financing.

Implementation of the Hansen system represents a major step in the City's long-range initiative to replace its aging information systems and transition to current technology. The existing systems supporting code enforcement, building permits and business licensing are 20 to 25 years old, and do not meet current demands of the City and the public. Moreover, vendor support of the existing hardware and software of the building permit system terminated in 2006. Replacement of these systems was identified as a top priority in the City's 2003 Information Systems Master Plan.

Hansen was selected based on a comprehensive system evaluation process. It is a functionally rich and easy to use system that will allow the City to manage land-based activities, leveraging geographic information system (GIS) technology, and designed specifically to incorporate the best practices of municipal service providers. A leader in the industry, Hansen has a large and established user base including the cities of Atlanta, Las Vegas, Phoenix, Portland and Seattle.

The enterprise-wide system will be used by several departments to streamline and integrate operations of Planning and Building, Community Development, Financial Management,

Health, Fire, Police, Parks, Recreation and Marine, and Public Works. The system will be used to issue and track various permits, licensing and related inspection activities, as well as planning actions and code enforcement cases.

Hansen system capabilities will directly and indirectly support a number of the City Council's stated priorities including improving the quality of life in neighborhoods, enhancing neighborhood economic development efforts and ensuring that Long Beach becomes more business friendly. Also, it offers the City many benefits including:

- Automate many manual activities associated with permitting and inspections;
- Enhance customer service by enabling public access through the City's website to request and check on the status of inspections;
- Improve coordination of interdepartmental operations by providing multi-department access to comprehensive and real-time data of permitting and code enforcement activities by address;
- Enable City staff to analyze data by geographic area, identify trends, and take proactive steps to address emerging issues;
- Increase productivity by providing field access to the system for inspectors; and
- Streamline our ability to gather and report performance data.

In addition to meeting the initial high priority needs of permitting, inspections and code enforcement cases, the Hansen system has additional modules for governmental business that could be acquired and integrated into the existing system to meet potential future needs. This includes asset and work order management, billing and collections support, as well as 311-call center support, though selection of systems in these areas will be reviewed independently.

Analysis and Design

Since receiving City Council authorization to acquire the Hansen system, the project team has been working with City departments to complete the detailed analysis and design phase of system implementation. Among other activities, this consists of conducting interviews with staff, reviewing current documentation and procedures, analyzing and reengineering business processes, and developing system prototypes. It also includes data conversion and consolidation of various data sources into a single City address master database in GIS.

Based on the analysis and design phase, the estimated go live schedule for the major systems being replaced with Hansen modules is as follows: Code Enforcement in July/August 2007; Planning and Building in January/February 2008; Business License in April/May of 2008, and Parks, Recreation and Marine and miscellaneous permits in September/October 2008.

Professional and Technical Services

The analysis and design phase also has required the City to acquire professional and technical support in the form of business analyst services and programming specialist services. Business analyst services are needed to document processes, ensure proper testing, develop system documentation and create training materials. Also, as internal staff will be reassigned to this project from their current roles of supporting existing systems, it will be necessary to backfill their positions with programming specialist services. Project management services are also required to ensure that the project is kept on schedule, within budget, and meets the needs of the City.

To that end, a request for quotations for professional and technical services in support of this project was issued in December 2006, specifically requesting business analyst services, project management services, mainframe system programming services, and web and interactive voice response (IVR) system programming services. Based on the review of quotations received, the following companies are recommended based on pricing, experience, and qualifications: IT Resources, Ispace, Outsource Technical, The Ryte Professionals, and Metronome, Inc. The estimated cost for needed process design, programming and project management support is \$2.8 million over the period of system implementation. City Council authorization to award contracts with these firms is included in the recommended action.

Further, the analysis and design phase identified additional system programming required by Hansen to provide enhanced capabilities for field staff to access the system remotely. System development is also necessary to allow customer access via the Internet to a wider range of permits than originally anticipated. An amendment to the Hansen agreement in the amount of \$370,000 is proposed for the firm to complete programming required to provide these essential capabilities.

Project Financing

As previously communicated, once the design and analysis was complete, City Council approval for lease financing would be requested. The Department of Financial Management conducted a bid process to secure the most favorable financing terms for this acquisition. Requests for bids were solicited from twenty finance corporations. Of the twenty vendors, one firm was from Long Beach and two firms were minority-owned business enterprises (MBEs). Two firms responded. After an evaluation of the proposals, Bank of America Public Capital Corporation offered the best terms with a rate of 3.93 percent for seven years and is, therefore, recommended to provide the required financing. The total amount to be financed will not exceed \$4,400,000 and will be financed over a seven-year period. The total debt service (principal and interest) for the agreement is approximately \$5,040,100; of that amount approximately \$480,000 will be paid in FY 07.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on February 5, 2007.

TIMING CONSIDERATIONS

City Council action on this matter is requested on February 13, 2007 in order to maintain the current project schedule and avoid delay.

FISCAL IMPACT

As presented in the November 2005 City Council letter, the original estimate of the land management system acquisition and implementation cost was \$5,048,341. The letter also stated that the Department of Technology Services would subsequently seek approval for lease financing after the analysis and design phase was sufficiently complete to further define implementation requirements and costs. As a result of the analysis and design phase, it was determined that additional specialized technical and project management support are needed to fully implement the Hansen system over the next year and a half. The updated total project cost is approximately \$8.8 million. The \$3.8 million difference consists of \$2.8 million for professional and technical services for system design, programming and project management services; internal staff costs assigned to the project have been revised to \$630,000; and \$370,000 for increased Hansen programming services.


Existing funding in the amount of \$4.4 million is available for system procurement, hardware and support costs, including a Planning and Building technology surcharge, in place explicitly to support department costs for the system, one-time budget resources, and FY 07 allocations to user Departments. As a result, the amount needed to fund remaining project costs is \$4.4 million. Based on the financing proposal from Bank of America Public Capital Corporation, annual lease payments are estimated at \$720,000, for seven years. Combined with annual vendor support costs of \$299,673 and ongoing internal support costs estimated at \$447,738, total annual costs are estimated at \$1,467,411. These ongoing costs will be funded by future allocations to user departments, which are supported by user fees. Sufficient funds have been budgeted in the General Services Fund (IS 385) and in the Department of Technology Services (TS) to support this activity as well as in user department budgets to cover required annual allocations.

SUGGESTED ACTION:

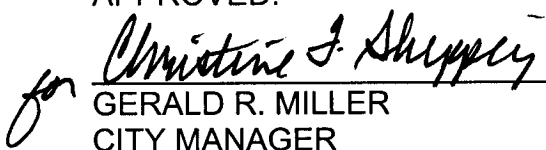
Approve recommendation.

Respectfully submitted,


CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES


MICHAEL KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

Attachment

APPROVED:

GERALD R. MILLER
CITY MANAGER



CITY OF LONG BEACH

DEPARTMENT OF TECHNOLOGY SERVICES

~~R-39~~

333 West Ocean Boulevard, 12th Floor

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(562) 570-6455

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November 15, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute agreements, amendments to extend the term, and all related documents to purchase and implement a code enforcement and land management permitting system, including related software, hardware, professional services, and first year system support fees from Hansen Information Technologies, Inc. (\$3,446,580) and Business Objects, Inc. (\$231,000) for a total cost of \$3,677,580. (Citywide)

DISCUSSION

In the Fall of 2003, City staff completed an Information System Master Plan. The Master Plan identified implementation of an enterprise land management system as a top priority. A new land management system would replace obsolete existing systems and allow the City to more efficiently and effectively manage permitting, licensing, inspections and code enforcement cases.

The Master Plan calls for a new land management system to replace Planning and Building's permitting system and Financial Management's business license system. Both systems are over 20 years old and are not able to meet current demands of the City and the public. Moreover, vendor support of the hardware and software of the existing Planning and Building system will terminate after December 31, 2006. In addition to supporting the needs of Planning and Building and Financial Management, the new system would provide dedicated computer support for Community Development's Code Enforcement operations, as well as meet the permitting and inspection needs of other City departments, including the Health, Fire and Public Works Departments. The system would also assist the Police Department's Neighborhood Nuisance Abatement efforts. Using a common system with complete information will vastly improve coordination among departments and enhance service to the public.

In summary, the Hansen system capabilities would provide both direct and indirect support for a number of the City Council's stated priorities including:

- Improve the quality of life in the neighborhoods.
- Enhance neighborhood economic development efforts, particularly on the commercial corridors.
- Promote workforce and business development efforts so as to create new jobs; ensure Long Beach becomes more business friendly.

Hansen System Selection

As a result of an extensive request for proposals process to review enterprise land management systems, a team of representatives from several City departments selected Hansen Information Technologies, Inc. ("Hansen"). Hansen is a comprehensive, functionally rich and easy to use system that enables governments to manage land-based activities utilizing map-based technology designed specifically to incorporate the best practices of municipal service providers. They are a leader in land management systems with a large and established user base including the cities of Atlanta, Las Vegas, Phoenix, Portland, San Antonio and Seattle.

The City issued a purchase order in October 2005 to Hansen in accordance with administrative procedures for purchases of \$100,000 or less. The purchase order is for services to complete pre-project planning including project scope finalization, identification of high-level requirements and refinement of cost estimates.

Hansen System Benefits

The Hansen system is an enterprise system and would be used by several departments including, but not limited to, Planning and Building, Community Development, Financial Management, Health, Fire, Police, and Public Works. It would be used to issue and track various permits, licensing and related inspection activities as well as planning actions and code enforcement cases. The system integrates well with the City's existing Geographic Information System, thereby improving our ability to graphically view and report land-based activities. It offers the City many other benefits including:

- Enhances customer service by enabling public access through the City's website to request and check on status of inspections.
- Improves coordination in interdepartmental operations by providing multi-department access to comprehensive and real-time data of permitting, inspections, and code enforcement activities by address.
- Enables City staff to analyze data by geographic area, identify trends, and take proactive steps to address emerging issues.
- Increases productivity by providing field access to the system for inspectors.
- Streamlines the ability to gather and report performance data.

In addition to meeting the initial high priority needs of permitting, inspections and code enforcement cases, the Hansen system has additional modules for governmental business that could potentially be used for future needs. This includes asset and work order management, billing and collections support, as well as 311 call center support.

Data Conversion Software

Implementing the new system would require conversion of data from multiple systems and platforms. The Technology Services Department has identified software from Business Objects, Inc., that would allow the City to efficiently extract and combine data from these systems as it is being migrated to the Hansen system. This tool would greatly enhance the accuracy of migrated data, eliminate the need for significant staff hours to complete this task, and speed up the conversion. It would be used for this project as well as other future needs.

This matter was reviewed by Senior Deputy City Attorney Donna F. Gwin on October 24, 2005.

TIMING CONSIDERATIONS

City Council action on this matter is requested on November 15, 2005, to begin this vital project. System implementation is projected to take 14 months for the Planning and Building component, which coincides with the vendor support end date for the existing system. The overall project completion timeline is approximately 24 months.

FISCAL IMPACT

The Hansen land management system acquisition cost is estimated to be \$3,446,580. This amount consists of software, installation and configuration, and implementation services which includes vendor project management, business analysis, programming and technical support, and training services. Additionally, it includes the first year of maintenance costs.

The cost of the data conversion software from Business Objects is \$231,000. The amount includes the cost for software and implementation services, as well as first year maintenance costs. In total, City Council approval is requested for the Hansen land management system and Business Objects data conversion software in the amount of \$3,677,580.

In addition, the project will require new computer hardware including servers and handheld computer devices, database software, project management, and telecommunications services at an estimated cost of \$907,973. Including a 15 percent contingency amount, calculated based on hardware and implemented service costs, the estimated cost would be \$1,370,761. Existing City Council-approved vendor agreements are in place to meet these needs.

The total land management system project cost is estimated to be \$5,048,341. It would be funded through a combination of existing funding and lease financing to be repaid over a seven-year period. At this point, it is estimated that annual lease payments would be \$826,964 for seven years, with annual vendor support costs estimated to be \$306,275, for a total annual cost of \$1,133,239.

The analysis and design phase of the project will provide information regarding required equipment necessary to develop the detailed specifications for a financing contract. The lease-financing agreement and required budget adjustments will be brought back for City Council approval after the analysis and design phase is complete.

In December 1992, the Planning and Building Department established a technology surcharge applied to permits. Currently, there is \$1.4 million available from the surcharge to fund the land management system project. The ongoing surcharge is expected to generate approximately \$500,000 per year, which would be available to fund a portion of the project costs. In addition, Planning and Building would experience cost savings in the amount of \$99,360 annually as a result of retiring the existing system and eliminating the annual maintenance costs.

The remaining annual lease financing and ongoing support costs would be allocated to City departments based on expected usage of the Hansen System. At this point, it is expected that Planning and Building, Community Development, and Financial Management would be allocated the majority of the costs. The cost allocations will be fully developed as more detailed information is obtained in the analysis and design phase and would be reflected in the FY 07 Proposed Budget. It is anticipated that Departments would seek to recover system costs through appropriate increases to permit, inspection and license fees in FY 07.

SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



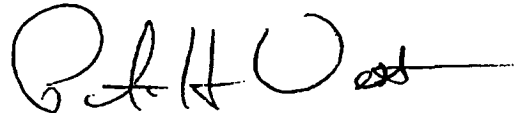
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DIRECTOR OF COMMUNITY DEVELOPMENT

CT:ds

APPROVED:



GERALD R. MILLER
CITY MANAGER