



Legislation Text

File #: 07-0135, **Version:** 1

Recommendation to authorize 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 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 City Manager to execute an amendment to the agreement with Hansen Information Technologies, Inc. in the amount of \$370,000 for programming services. (Citywide)

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.

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

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.

Approve recommendation.

NAME Curtis Tani, Director of Technology Services APPROVED:
TITLE Michael Killebrew, Director of Financial
Management

GERALD R. MILLER
CITY MANAGER