



**Date:** April 8, 2013  
**To:** Mayor and Members of the City Council  
**From:** Patrick West, City Manager *PWest*  
Robert E. Shannon, City Attorney *RES*  
**Subject:** Complimentary Proposals from Potential Vendors

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There appears on the April 9, 2013 City Council agenda an item requesting the City Manager to provide information necessary to conduct a study as to what it currently costs the City to process time and attendance, payroll and leave administration. The sponsors of the item cite that ADP Government Services (ADP) has offered to conduct a free analysis, via a third party, as to what it costs the City per employee for these processes, and identify potential savings associated with a system upgrade. It would not be appropriate for the City to engage this firm, or any other firm, in this manner.

Historically, when cities engage firms to study an operation, they are precluded from bidding on the project. In this situation, it is clear that ADP wants to "independently study" our operations and then bid on the RFP. This would give them an advantage over other bidders. Additionally, engaging ADP, or their third-party consultant, may indicate to potential bidders that there is a preferred vendor or a pre-selected vendor with whom they must ally themselves. This is likely to adversely affect the fairness of the RFP process and taint its results.

As was communicated to the City Council at the March 5, 2013 Study Session, the City needs to replace its financial and human resources systems. An RFP process for these systems will be implemented once a funding strategy has been identified. Staff believes that new payroll/timekeeping functionality should be evaluated, developed, and activated as part of the overall system replacement.

In summary, engaging potential vendors offering complimentary studies is problematic and should be avoided. Additionally, staff recognizes the need for new payroll/timekeeping functionality, but recommends it be addressed as a component in the replacement of the financial and human resources systems. It should also be noted that staff believes the study proposed by ADP would be of little value. The time allocated for the proposed study is extremely short (8-20 hours) and would likely result in high-level conclusions, which would be the subject of much interpretation or misinterpretation.

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