

SOUND TRANSIT

MOTION NO. M98-35

Financial Systems Development and Support BACKGROUND AND COMMENTS

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	5/7/98	Discussion/Possible Action	Jan Hendrickson Hugh Simpson	206-689-3148 206-684-1717

ACTION:

Approval of a Finance Committee Motion for the total amount of \$2,821,150 for financial systems development and implementation for Sound Move. An additional \$423,173 is requested to be authorized as a contingency reserve.

Note: The contingency reserve is not part of the consultant contract. The contingency reserve will be used, if necessary, to cover additions in the scope of work. The Director of Finance and Administration will be responsible in managing the contingency reserve, and will report back any use to the Finance Committee.

BACKGROUND:

Sound Transit received proposals from eight consultant teams to perform financial system development, implementation and support (Financial Systems Consultant) for Sound Transit in response to Sound Transit's Request for Qualifications. Three consultant teams that submitted written qualifications and deemed competitive were selected for oral interviews held on April 22, 1998. The Sound Transit selection committee recommended that Sound Transit pursue negotiations with Moss Adams based on written qualifications and the results of the oral interview.

Contract terms have been negotiated with Moss Adams. Moss Adams will be compensated based on a composite hourly rate based on services performed. This request includes funding for a separate procurement for financial application software and vendor implementation costs after the strategic plan and agency assessment is complete. Moss Adams will oversee this procurement in conjunction with staff, and then proceed with system implementation, staff training and support.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ← Adoption of *Sound Move* (May 31, 1996)
- ← Adoption of Resolution No. 78 (December 13, 1996)
- ← Adoption of Implementation Guide (May 22, 1997)

- ← Adoption of First Moves (May 22, 1997)
- ← Adoption of Fiscal Year 1998 Budget (December 11, 1997)

KEY FEATURES:

- Moss Adams will provide support to Sound Transit in developing and implementing the Agency’s financial systems and the integration of these systems with the Sound Transit’s interim and long-term project management systems. The emphasis of these systems is to facilitate Sound Transit’s decision making and development of management tools.
- Financial application software costs of \$1,000,000 are included in the amount for approval. Specific financial application software will be selected through a competitive process after the strategic planning process and assessment is complete. Moss Adams is not eligible to compete for this procurement.
- Compensation to the Financial Systems Consultant (FSC) will be based on composite hourly rates.
- Moss Adams is a locally based national accounting/advisory services firm.
- Moss Adams has assembled a team that includes a certified WBE firm and their participation accounts for 18% of the total contract amount. As additional sub-consultants are required, Moss Adams has committed to expanding M/W/DBE participation.
- Initial proposed contract is for May 1998 to April 2000 with the possibility of yearly renewal to a total of 5 years. Because of the nature of the work, the FTA may be asked for an exemption to the “5 year rule” in the event Sound Transit believes it is in the agency’s best interest to renew this contract beyond the 5 year period. Detailed phase costs are as follows:

DEVELOPMENT AND SUPPORT COSTS OVER INITIAL TWO YEAR CONTRACT:

Project Category	Year 1	Year 2	Total
Assessment	89,000	18,000	107,000
Procurement	109,000	0	109,000
Implementation	731,200	108,950	840,150
Maintenance	375,000	390,000	765,000
Total Contract Costs	1,304,200	516,950	1,821,150
Application Software Costs	1,000,000	0	1,000,000
Contingency @ 15%	345,630	77,543	423,173
Total	2,304,200	516,950	3,244,323

FUNDING:

Funding is provided in the Fiscal Year 1998 budget of \$2,000,000. This dollar amount is adequate for 1998 costs and future year costs will be addressed in the 1999 budget process.

ALTERNATIVES:

- Develop in house staff resources that would set back project reporting schedules and timely reporting to the Board.
- Pursue negotiations with one of the other two competitive range consultant teams.

CONSEQUENCES OF DELAY:

Delay in awarding this contract will result in the financial systems development and support system not being implemented in a timely fashion. Development of these systems is paramount to managing the project and providing a level of confidence to the Federal Transit Administration, the Sound Transit Board and staff, Citizen Oversight Panel, and other interested parties.

HOW WILL THIS CONTRACT RELATE TO THE MANAGEMENT REPORTING AND PROJECT CONTROLS SYSTEM CONTRACT (MSC)?

Staff believes that an integrated management reporting/financial accounting system where the financial accounting system forms the basis for reporting actual costs is a priority and is critical to Sound Move’s success. Although few capital projects have attained this goal, staff has reason to believe this goal is achievable, as we have the unusual circumstances of starting from scratch.

A complementary management reporting and project controls contract has been approved and is being implemented. It is the intention of Sound Transit for the Financial Systems Consultant (FSC) and the Management Systems Consultant (MSC) to work together, at the direction of Sound Transit staff, to produce an integrated financial system that will meet both accounting and project reporting needs.

HOW DOES THIS CONTRACT FIT INTO THE OVERALL SOUND MOVE PROGRAM?

The financial systems development and support contract will provide dedicated services to the Finance and Administration Department in providing financial systems support to the modal lines of business and to the Agency as a whole.

HOW WILL THIS CONTRACT BE ADMINISTERED?

Overall, contract responsibility will be assumed by the Director of Finance and Administration. The Finance and Administration Controller/Treasurer will provide day to day management of this contract.

EXECUTIVE SUMMARY OF THE SCOPE OF WORK

Task 1. Access Agency’s Financial Systems Needs and Create Agency Strategic Plan

Task 2. Procure Financial System Application Software

Task 3. Implement Selected Financial System Software

Task 4. Maintain Financial System Software

SOUND TRANSIT

MOTION NO. M98-35

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute contracts for financial systems development and implementation, and to purchase financial application software, from Moss Adams LLP.

Background:

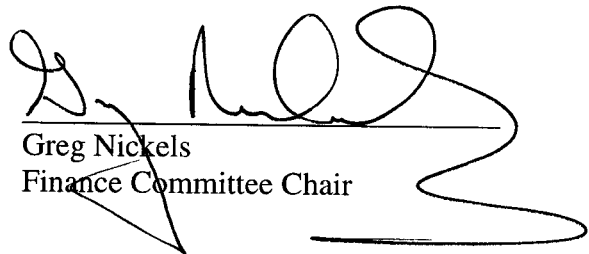
On April 2, 1998, Sound Transit received proposals from eight consultant teams to perform the financial system development, implementation and support (Financial Systems Consultant) for Sound Transit in response to Sound Transit's Request for Qualifications. The Sound Transit selection committee recommended that Sound Transit pursue negotiations with Moss Adams based on written qualifications and the results of the oral interview. Contract negotiations have been completed with Moss Adams.

Moss Adams will provide assistance to Sound Transit in developing and implementing the Agency's financial systems and the integration of these systems with Sound Transit's interim and long-term project management systems. The emphasis of these systems will be to facilitate Sound Transit's decision making and development of management tools. There will be a separate procurement for financial application software and vendor implementation costs after the strategic plan and agency assessment is complete.

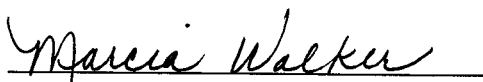
Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute contracts with Moss Adams for financial systems development and implementation, and to purchase financial application software provided that fees and software costs will not exceed \$2,821,150 and if required, contingent costs will not exceed \$423,173.

Approved by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 7 day of May, 1998.


Greg Nickels
Finance Committee Chair

ATTEST:


Marcia Walker
Board Administrator