

(CALENDAR ITEM NO. 2)

CITY COUNCIL
CITY OF CAMBRIDGE

~~AGENDA ITEM NO. 12~~ -

~~February 9, 1987~~

February 23, 1987

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1986

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 1986-87 the following sum is hereby accepted in accordance with General Laws Chapter 44, Section 53A and appropriated in the Public Investment Fund of the City of Cambridge:

FUNCTION	DEPARTMENT OR PROGRAM	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
General Government	Finance				\$876,000.00	\$876,000.00

BE IT FURTHER ORDERED: That the above acceptance and appropriations in the Public Investment Fund to be financed by estimated revenues drawn from the following sources:

In City Council February 23, 1987.

Adopted by a yeas and nays vote:-

Yeas 7; Nays 0; Absent 2.

Attest:- Joseph E. Connorton, City Clerk.

A true copy;

ATTEST:-

Joseph E. Connorton

FINANCING PLAN

REVENUE

Free Cash

\$876,000.00

City of Cambridge

MASSACHUSETTS

In City Council February 9, 1987

AGENDA ITEM NO. 12

RE: APPROPRIATION OF \$876,000. TO THE FINANCE DEPT. EXTRAORDINARY EXPENDITURES ACCOUNT

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy			☒	
Mr. Francis H. Duehay	☒			
Ms. Saundra Graham	☒			
Mrs. Sheila T. Russell	☒			
Mr. David E. Sullivan	☒			
Mr. Alfred Vellucci	☒			
Mr. William H. Walsh	☒			
Ms. Alice K. Wolf	☒			
Mayor Walter J. Sullivan			☒	

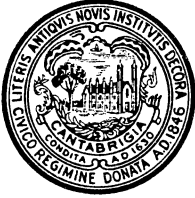
12/9/87

C. Wolf - Chair ?

 CW
 MS.
 M

0

2



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

February 6, 1987

To the Honorable, the City Council:

Recommendation

That the City Council appropriate \$876,000 for the purchase of computer hardware (Digital Model VAX8520) associated utilities and software packages.

Background

In May 1986, the City made a decision to issue a Request for Proposals (RFP) for "Data Processing Services for Financial Management and Administrative Systems". This decision was based on the following:

1. The City of Cambridge's lease agreement (straight lease, no purchase option) for the current central computer expires on May 10, 1987. Therefore, the City needed to take some type of action in response to the lease coming to an end.
2. It was difficult to find software packages available in the marketplace that would run on the current operating system. Since the installation of the current system in 1982, all new applications have needed to be custom developed (delinquent tax system, motor vehicle excise tax system, personnel data analysis, retirement). Having to develop the software from scratch would most likely be the case in adding future automated systems in the City using the current system. Therefore, the continuance of the high cost of contract programmers or the hiring of a programming staff would be needed.
3. There was a lack of software development productivity tools available in the marketplace to run the current operating system (fourth generation language, data base management system, application generators, etc.). The need to internally develop most applications due to lack of available software packages meant that the City was faced with high software development costs and long application development time.

This problem also was the reason for the fragmented data processing growth within the City and the necessity for many of the City departments, who found it more cost effective and timely to purchase their own standalone systems, use timesharing methods or use the School Department's System. Example: it was estimated that the Police Detail application would have cost \$30,000 to be developed on the current system and that it would be less expensive and more timely to purchase a standalone system for the Police Department.

4. There was concern about the future of the current system and its limited growth potential.

RFP DEVELOPMENT

In 1981 the City issued an RFP solely for financial software and compatible hardware. The data processing needs of the City differ greatly at this time. Our next system must satisfy not only the needs of the financial departments but must also serve as the data processing provider for the entire City. Because of this, it was a major concern of those working on the development of the RFP to develop a request which called for an integrated Data Processing environment which allowed all users to share information. The City's current practice of a central mini-computer, stand alone systems and service bureaus is not only costly but extremely inefficient. The table below indicates the existing departmental data processing practices. It should also be noted that the annual (FY 1986) operating cost for those systems is approximately \$1,920,000.

System 80	Budget Purchasing Auditing Excise Collection
Stand Alone Systems	Inspectional Services Police Assessing Election Census Community Development Traffic and Parking Library Hospital School
Service Bureaus	Tax Collection & Billing Water/Sewer Collection & Billing Rent Control Traffic & Parking Public Works Payroll
Additional Requests For Automation	Personnel City Clerk Recreation License Fire

It should also be noted that most departments in stand alone or service bureau arrangements are not satisfied with their existing arrangements and are currently, or will soon be looking at expensive options.

Recognizing that the City could not respond or convert all of these requests and systems in a short time period, the RFP called for vendors to propose a package which met the following requirements:

- . Provide a solid foundation, ie., a cornerstone system for the long range (5-10 year) computer requirements of the City.
- . Meet the immediate fiscal/administrative system short range (1-2 years) computer requirements of the City.
- . Show a proven track record in design and implementation of comprehensive municipal computer systems, preferably in Massachusetts and New England.
- . Provide software for the immediate fiscal/administrative applications that is already developed and operating in several municipal governments similar to Cambridge.
- . Provide hardware and operating system software with a proven track record in the industry and in municipal EDP environments.
- . Provide a system that makes minimal EDP operations and software maintenance & development demands so as to minimize the size of the City EDP staff, while providing fast response to departmental needs.
- . Provide a system that creates the most "user friendly" environment for City personnel in general.
- . Provide functional software easily modified to City requirements.
- . Be highly cost effective, in both the short-range and long-range requirements of the City.
- . Minimize the operational and functional risk to the City.

The limitation of risk to the City was and continues to be a key issue. For this reason it was decided to expand the conversion time schedule by extending the current system lease on a month to month basis for an additional 14 months.

EVALUATION PROCESS:

Due to the critical and far reaching effects of the decision of selecting the City's next generation central computer system, the City first developed an Evaluation/Selection organizational structure.

A Selection Steering Committee consisting of the appropriate data processing and financial expertise was created. This committee included:

Greg Billington	Conversion Project Coordinator, previously the Fiscal Director in the Human Services Department
Jim Conry	Finance Director, School Department
Guy DeLuca	Data Processing Manager, School Department
Jim Maloney	Finance Director
Valerie Roman	Data Processing Director

A Selection Advisory Committee was created in order to insure that the details of the application software needs were met. This committee included:

Louis DePasquale	Budget Director
Arthur Libitz	City Auditor
Mike Gardner	Personnel
Ray Santilli	Police Department
Peter Helwig	Assessor's
Robert Reardon	Assessor's
Barbara Duffy	Purchasing
Eleanor Burke	Revenue
Charles Reale	Auditing

Additionally all of these members, along with representatives from the Water Department, City Clerk's Office and Treasury were offered the chance to have input into the RFP. It should be noted that some of these members were not active in the review due to time and financial (travel costs) constraints.

As further support to the decision-making process, the City employed the services of Myron Weiner Associates (MWA), an independent consulting group consisting of experts in a wide range of fields, including, but not limited to municipal management and data processing. MWA has been a consulting firm since 1962, specializing in public and nonprofit management. The principals have been recognized for their expertise and leadership in the field of municipal use of computers for the past 24 years. Therefore, unlike the common one consultant/one outlook arrangement, the services of MWA gave the City the distinct advantage of approaching the evaluation and selection process with the necessary expertise and perspectives to cover all relevant issues and insurance of an objective and thorough decision process.

RESPONDENTS:

On November 3, 1986, seven vendors, Burroughs, Cogebec, Data National, Wang, MISTI, Sperry and Infocel responded using the criteria spelled out in the RFP. The Steering Committee and the consulting group reviewed each of the seven written proposals. Members of the advisory committee were also offered the opportunity to read the various proposals. Client references were contacted by mail. The responses are available in the Data Processing Department. On November 26, 1986, the consulting group met with the Steering Committee to discuss the various proposals and to determine the

finalists. It was the decision of both the Steering Committee and the Consulting Group to include the Wang, Sperry, and MISTI proposals as finalists. The remaining proposals were determined not to be in full compliance with the required criteria. The three finalists were chosen primarily on the basis of what they had stated in their written proposal.

Having narrowed the vendors to three possibilities, a number of site visits were scheduled in order to see each vendor's proposal in operation. The site visits were as follows:

Sperry	Forrest County, (Hattiesburg) Mississippi
Wang	Lowell, Massachusetts
MISTI	Peabody and Framingham, Massachusetts and Allentown & Lehigh County, Pennsylvania

In addition to the site visits, each finalist was allowed to make a presentation at City Hall and other operational sites not visited were contacted by telephone.

Findings

Based upon site visits, presentations, discussions with other clients, and follow up questions with various vendors, the MISTI proposal was determined to be the strongest package to meet the City's data processing needs.

The Company:

Management Information Systems and Training Incorporated (MISTI) is a Connecticut based firm that has been designing financial and administrative applications similar to those called for in the Cambridge RFP since 1976. The MISTI package runs on a fourth generation language called Admins, developed and supported by a Cambridge firm of the same name. The MISTI package operates on hardware from the Digital Equipment Corporation (DEC) and MISTI would be the provider of that equipment and therefore sole vendor in this proposal.

It was the Steering Committee's and Consultant's opinion that the proposed DEC hardware (Model 8520) is the most capable hardware proposed by the respondents. The hardware is fully able to meet not only the immediate but also the long range requirements of the City. Unlike other hardware proposed, Digital Equipment Corporation has developed a clustering philosophy which allows clients to add to existing DEC systems. Thus clients never lose their initial investment. As the leader in this concept, DEC provides the City with the most economical hardware expansion option. In addition to the advantages offered by the DEC cluster possibility, the DEC hardware also provides the City with a greater potential for the purchase of "turnkey" or "canned" third party software packages than the other two finalists. In the areas of software, MISTI has developed software for 38 municipalities around the country. Past and present clients include Lehigh County, Pennsylvania (population 200,000) and Ventura, California (population 86,000). In Massachusetts, MISTI lists Andover, Peabody, Framingham, Marlborough and Reading among its clients. On site visits to Peabody and Framingham, users expressed satisfaction with both the MISTI product and staff. Similar responses were received in Lehigh County and Allentown, Pennsylvania. Additionally, strong recommendations were received by mail and telephone from other MISTI clients around the nation.

Fiscal Impact

There are basically three options available to the City in obtaining the proposed equipment: lease, lease-purchase and purchase. Because of the unique clustering possibility offered by DEC hardware, it is not advisable to lease the system. Clustering allows users to merely add additional hardware to the system without replacing the base, therefore the initial investment is never lost. The lease-purchase option is an expensive method of purchasing the equipment. Rather than having to come up with the full funding immediately the City would basically finance the system over a five year period. Not only paying interest, but paying interest rates considerably higher than we would if we were to bond the cost.

The table below compares the total purchase cost of the system by outright purchase versus bond funding. As can be seen outright purchase is much less costly.

	<u>Bond</u>	<u>Outright</u>	<u>Difference</u>
Principal	876,000	876,000	
Interest	122,690	0	
Total Cost	<u>998,690</u>	<u>876,000</u>	<u>122,640</u>

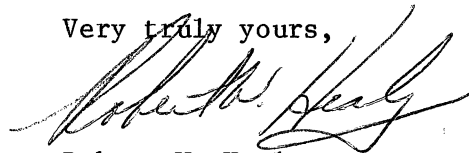
I recommend that the City Council use available free cash to finance this project. As the Council is aware, we have been reducing our available free cash by allocating funds to capital projects such as these.

Conclusion

As previously stated, the requirements called for in the RFP differed greatly from the one issued by the City in 1981. In 1981 the City was primarily interested in obtaining functional financial software to replace the City's service bureau provider. Since that time the City has added some additional financial oriented packages to the system. However, the main direction in recent years has been the purchase of stand-alone automated systems. For various administrative reasons this course has not proven to be a successful one. Stand-alone systems assume that every department has the necessary technical expertise to support the operation and maintenance of their individual system. In Cambridge, experience has shown that this is not always the case.

This recommendation will move the City towards a more centralized data processing environment. While the recommended package will enable the centralization of data processing operations, it will allow the City to maintain a relatively low staffing requirement for data processing. However, the City Council should be aware that future data processing staffs will grow in direct relationship to our success in converting and automating various City departments. Jim Maloney and Valerie Roman, the City's Data Processing Director, are available to meet with any City Councilor who wishes to discuss this recommendation in greater detail.

Very truly yours,



Robert W. Healy,
City Manager

RWH/dls

K-51

Re: appropriation of \$876,000. to the
Finance Dept.

In City Council,

February 9, 1987

C. Wall

Exercised Charter

Right

2/23/87

Order Adopted

C. Wall
ms
AK

Roll Call
7-0-2