

**PROPOSAL TO PROVIDE
ERP SERVICES
TO THE
CITY OF PITTSBURGH**



**A Joint Presentation of
The County Executive
&
The County Controller**

March 12, 2010

COP000515

COUNTY OF ALLEGHENY



DAN ONORATO
COUNTY EXECUTIVE

MARK PATRICK FLAHERTY
COUNTY CONTROLLER

March 12, 2010

Mayor Luke Ravenstahl
Room 512
City County Building
414 Grant Street
Pittsburgh, PA 15219

City Controller Michael Lamb
1st Floor
City County Building
414 Grant Street
Pittsburgh, PA 15219

On behalf of the County we wish to propose a shared services arrangement involving the use of the County's ERP financial reporting system. Enclosed find our proposal, a presentation of the proposal, a draft intergovernmental agreement, and a sample service level agreement.

The proposal will enable the City to realize the economic and operational benefits of a proven financial software system.

Our proposal includes the exchange of our current licenses with Oracle for ownership of a master agreement license in which the City would be a sub-licensee. The new license must preserve our current functionality and not increase our current maintenance costs.

The City will have accessibility to all these functionalities. The County configurations and processes will be duplicated for the City to expedite the use of these functionalities.

In order to affect a successful implementation project, the County will provide support, training, and full access to the County's JDE Service Center and participation in the governance structure currently in place for the financial reporting system.

In order to provide you with a functional system for your next fiscal year, it is imperative that we receive a response to our proposal by March 31, 2010. A positive response will require a signed commitment to proceed with the terms of the proposal.

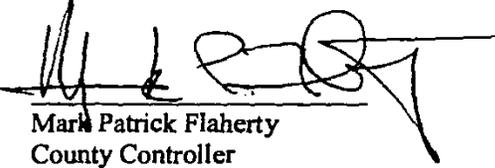
In order to expedite matters, we have taken the liberty to prepare a draft Intergovernmental Agreement. It is enclosed with this letter, together with the proposed offer.

We hope that we can continue working with City personnel to bring this shared services venture to a successful conclusion beneficial to both parties.

Very truly yours,



Dan Onorato
County Executive



Mark Patrick Flaherty
County Controller

cc: Yarone Zober, Chief of Staff
Scott Kunka, Director of Finance
Doug Anderson, Deputy City Controller

MPF/ms

COP000517

PROPOSAL



County of Allegheny ERP Services Proposal Summary



Background

- ❑ The City of Pittsburgh runs a version of PeopleSoft that is no longer supported by Oracle and desires to move to a current ERP platform.
- ❑ The City of Pittsburgh has agreed to financial terms on licensing Oracle's JDEdwards ERP system.
- ❑ The City of Pittsburgh is interested in partnering with the County of Allegheny to implement and share in the ongoing support of a combined ERP system and platform.

Our Proposal

- ❑ ERP Software Licensing
 - The license agreement(s) for this endeavor will result in a master license agreement, to be owned by the County. The master agreement shall be available for use, in whole or in part, by the City and any other City or County Authority.
 - Under the master agreement, component units shall be sub-licensees, with separate and independent financial and legal responsibility.
 - The City's financial terms shall remain as provided in the November 24, 2009 agreement between the City and DLT Solutions.

- ❑ ERP Implementation Services
 - The scope of this implementation is limited to: Address Book, General Ledger, Job Cost, Accounts Payable, Purchasing and Fixed Assets
 - County Configurations and Processes will be duplicated for the City in order to expedite an implementation.
 - The County, through the Controller and Division of Computer Services, will function as the lead project manager and sole service provider for the implementation of JDE with the City.
 - The back-end system infrastructure will be shared between the County and City. All controls will be in place to insure the City has a completely independent and secure database structure. *databases on same server*
 - The project team will consist of approximately 10-15 county resources and a similar number of city resources.
 - Historical data will not be converted within the scope of this implementation.
 - Implementation will begin on March 31, 2010. A system will be setup and running in parallel to the city's existing software from October through December 2010. Go-live will be on December 31, 2010 and implementation support will be provided until March 31, 2011.

*No
comingling
of data*

March 12, 2010

*- We want same server level
- Can make own requests*

Page 1



County of Allegheny ERP Services Proposal Summary



Post-Implementation ERP Support Services

- Utilize and expand the existing County JDE Service Center and governance structure to support the City and County ERP environments.
- The City will be granted seats on all JDE Advisory Boards. The board will provide guidance and approve any changes to the structure and responsibilities defined in the SLA.
- A Service Level Agreement (SLA) will define the relationship between the City and the JDE Service Center. This document will define services, availability, responsibilities, expectations and metrics.

Functional Support

- In coordination with Business Process Owners & Super Users, the JDEdwards Service Center will provide support for included Business Processes
- Unlimited Incident, Request and Problem Resolution
 - Menu Changes
 - Password Resets
 - Report Creation and more...

Technical Support

- Applications served from County facilities/equipment and access provided via web browsers.
- Version upgrades
- Technical issue resolution
- Performance Monitoring
- Hardware Maintenance
- Server Management
- Network Management
- Security Management
- Database Management & Backups

Cost Summary

One-Time Costs	
JDE Software – to Oracle	\$2,392,000
Hardware & Other Software – to County	\$ 957,500
Implementation Services – to County	\$1,917,500
TOTAL	\$5,267,000
Annual Costs	
JDE Software – to Oracle	\$526,240
Hardware & Other Software – to County	\$ 17,000
Support Services (Hosting & Application Support)- to County	\$780,000
TOTAL	\$1,323,240

*usually
15-18%*

DRAFT
INTERGOVERNMENTAL
AGREEMENT

INTERGOVERNMENTAL COOPERATION AGREEMENT

MADE AND ENTERED into this _____ day of _____, 2010, by and between the COUNTY OF ALLEGHENY, a Home Rule County and political subdivision of the Commonwealth of Pennsylvania, and the OFFICE OF THE COUNTY CONTROLLER, hereinafter "County",

A

N

D

THE CITY OF PITTSBURGH, a Home Rule municipality under the laws of the Commonwealth of Pennsylvania, hereinafter "City".

WITNESSETH

WHEREAS, County has successfully implemented and operates a financial reporting Enterprise Resource Planning (ERP) system; and

WHEREAS, City desires to participate in the County ERP system and agrees to comply with County ERP system procedures; and *have we seen them?*

WHEREAS, County and City have determined that it is in the best interest of their respective governments and citizens to jointly participate in an efficient and effective financial program; and

WHEREAS, County ~~shall host an ERP financial reporting system and shall duplicate~~ *current* County configurations and work processes for use by City; and

WHEREAS, County and City shall further provide for on-going support and maintenance of ERP systems pursuant ^{to} a service level agreement; and

WHEREAS, the specifics of hosting, implementation and a service level agreement as set forth in the **PROPOSAL FOR ERP SERVICES**, attached hereto, labeled **EXHIBIT A** and made a part hereof;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and intending to be legally bound hereby, City and County agree as follows:

1. **Scope of Services** County agrees to provide, perform and carry out, in a professional and timely manner, the work or services described in Exhibit A.
2. **Compensation** In consideration of the provision or performance of the stated work or services described herein, City shall pay County the sum of Two Million Eight Hundred Seventy Five Thousand Dollars (\$2,875,000), for the initial year of this Agreement, which amount shall include implementation and all other costs and expenses attendant thereto. The first year compensation shall be paid as follows:
 - A. One million dollars (\$1,000,000) upon execution of this Agreement;
 - B. One million dollars (\$1,000,000) on or before September 1, 2010;
 - C. Eight Hundred Seventy Five Thousand Dollars (\$875,000) on or before March 31, 2011.

Compensation for the subsequent years of this agreement shall be as follows:

- A. Seven Hundred Ninety Seven Thousand Dollars (\$797,000) per year;
- B. This amount shall be paid, in a single payment, on or before March 31 of the preceding year of this Agreement.

3. **Term and Termination**

A. This Agreement shall become effective on March 31, 2010, and shall expire on March 31, 2015. By mutual written agreement of the parties, this Agreement may be extended for one or more additional annual periods.

B. This Agreement may be terminated at the stated termination date, by either party, for any reason, upon one year's written notice to the other party. Said notice shall be given in the manner and to the persons set forth below.

4. **Insurance** Each party acknowledges that the other is self-insured, in the manner required by law.

5. **Assignment and Delegation** Neither party shall have the right or power to assign or delegate any rights or duties under this Agreement without the written consent of the other.

6. **No Co-Partnership** It is understood and agreed that nothing herein contained is intended or shall be construed to in any respect, create or establish the relationship of co-partners between County and City.

7. **Notices** All notices, reports and documents required or furnished pursuant to this Agreement shall be in writing and shall be mailed by first-class mail, postage prepared, or sent by facsimile, confirmed by letter, addressed to each party as follows:

A. As to County:

County Controller
104 Courthouse
436 Grant Street
Pittsburgh, Pennsylvania 15219

County Manager
119 Courthouse
436 Grant Street
Pittsburgh, Pennsylvania 15219

With a copy to:

County Council President
119 Courthouse
436 Grant Street,
Pittsburgh, Pennsylvania 15219

Or to other such persons or places as County may from time to time designate in writing.

B. As to City:

City Controller
City-County Building
414 Grant Street
Pittsburgh, Pennsylvania 15219

Director of Finance
City of Pittsburgh
City-County Building
414 Grant Street
Pittsburgh, Pennsylvania 15219-2476

With a copy to:

Solicitor
City of Pittsburgh Department of Law
313 City-County Building
414 Grant Street
Pittsburgh, Pennsylvania 15219

With another copy to:

Clerk
City of Pittsburgh
414 Grant Street, 5th Floor
Pittsburgh, Pennsylvania 15219

Or to such other persons or places as City may from time to time designate in writing.

8. **Workers Compensation** The parties hereby certify that they have accepted the provisions of the Pennsylvania Workers' Compensation and Occupational Disease Acts, as amended and supplemented, insofar as their duties covered by the Agreement are concerned, and that they have insured their liability there under in accordance with the terms of said Act or that they have duly filed a proper certificate of self-insurance with the Pennsylvania Department of Labor and Industry. Both City and County recognize that the other party is self-insured for the purpose of the Workers' Compensation Act.
9. **Compliance with Laws** The parties shall fully obey and comply with all federal, state and local laws, statutes, ordinances, resolutions and administrative regulations, which are or shall become applicable to any duty performed under this Agreement. Notwithstanding the above, it is understood and agreed to by the parties that County shall not be required to enforce City legislation or requirements.
10. **Anti-Discrimination** County shall not discriminate in its employment on the basis of race, color, religion, ancestry, national origin, place of birth, sex, age disability, non-job-related handicap or sexual orientation and shall comply with the applicable provisions of the Pittsburgh Code, Title Six Conduct, Article V Discrimination and any amendments thereto regarding any activities within the scope of this Agreement. County shall also comply with the applicable provisions of Title I and Title II of the Americans with Disabilities Act, any amendments thereto and any regulations issued there under regarding any activities within the scope of this Agreement.
11. **Pittsburgh Home Rule Charter** This Agreement is subject to the provisions of the Pittsburgh Home Rule Charter limiting City liability there under to the sum of Two

Million Eight Hundred Seventy Five Thousand Dollars (\$2,875,000) for services rendered in the first year of this Agreement, and the stated amounts for the subsequent years of this Agreement until or unless amended by written agreement.

suby +
annual
legu.
appr

12. **ERP Advisory Committee/JDE Governance Structure** The current JDE Executive Steering Committee and JDE Management Board shall expand to include City representation and shall continue to function in the current fashion, and shall develop all necessary additional procedures and practices.

13. **Representations and Warranty Disclaimer**

A. City represents and warrants that data and information used by City in connection with this Agreement does not, as of the implementation date, and shall not, during the term of this Agreement, operate in any manner that would violate any applicable law or regulation;

How old is system?
What warranties does County get?

B. County shall make no representations or warranties of any kind, whether, statutory, express or implied regarding the services provided pursuant to this Agreement, including but not limited to any implied warranty of merchantability, noninfringement or fitness for a particular purpose or implied warranties arising from a course of dealing or course of performance. County expressly disclaims any representation or warranty that County service shall be error free, secure or uninterrupted. No oral advice or written information given by County, its employees or the like shall create a warranty; nor shall City rely on any such information or advice.

?

C. County shall not guarantee continuous uninterrupted access to and availability of applications and functionalities within the scope of this Agreement

14. **Limitation of Liability** Under no circumstances of any kind whatsoever shall County be liable for any damages or losses of any type, including but not limited to indirect, incidental, special or consequential damages, loss of revenues or loss of profits, or any other damages that may result from the use of or inability to use the services within the scope of this Agreement, mistakes, omissions, interruptions, deletion of files or email, errors, defects, viruses, delays in operation or transmission, failure of performance, theft, destruction or unauthorized access to County records, programs or services, even if County has been advised of the possibility of such losses.
15. **Confidentiality of Information/HIPPA Regulations** ?
- A. Each party acknowledges that it shall have access to certain confidential information of the other and agrees that it shall not use this information in any way other than as contemplated by this Agreement;
- B. The governance structure, set forth in Paragraph 12, above, shall develop and implement all necessary procedures so as to conform to HIPPA and HIPPA regulations.
16. **Right To Know Act Requests** County and City shall be responsible for responding to their respective Right to Know Act requests.
17. **Dispute Resolution** The governance structure set forth in Paragraph 12, above, shall meet and expend all necessary good faith efforts to resolve any disputes that may arise under this Agreement.
18. **Third Party Beneficiary** County and City acknowledge that when County provides services on behalf of City, City shall be a third party beneficiary under this Agreement.

19. **Notice of Conflicts/Disputes** Each party agrees to give the other timely notice of any conflicts or disputes arising under the contract.
20. **MWDBE Goals** County and City agree to work together in a good faith effort to achieve their respective MWDBE goals for participation when contracting under this Agreement.
21. **No Personal Liability** No elected official, director, officer, agent or employee of City or County shall be charged personally or held contractually liable by or to City and/or County under this Agreement or because of any breach thereof, provided that the actions giving rise to each claim occurred within the scope of the regular duties or course of employment.
22. **Headings** The headings of the several paragraphs of this Agreement are inserted only as a matter of convenience and for reference and they no way define, limit or describe the scope or intent of any provisions of this Agreement nor shall they be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.
23. **Severability** The parties intend and agree that, if any paragraph, subparagraph, phrase, clause, or other provision of this Agreement, or any portion thereof, shall be held to be void or otherwise unenforceable, all other portions shall remain in full force and effect.
24. **Further Assurances** The parties covenant and agree to perform, execute and delivery, or cause to be performed, executed and delivered, any and all such further acts, instruments, and assurances as either party may reasonably require of the other

party for the purposes of or in connection, with perfecting the transactions contemplated herein.

25. **Amendment or Modification** Except as noted herein, this Agreement constitutes the entire agreement of the parties on the subject matter hereof and may not be changed, modified, or extended except by a written amendment duly executed by the parties.
26. **Applicable Law** This Agreement shall be deemed to have been made in and shall be construed according to the laws of the Commonwealth of Pennsylvania.
27. **Force Majeure** Neither party shall be liable in any amount for failure to perform any obligation under this Agreement if such failure is caused by the occurrence of any unforeseen contingency beyond the reasonable control of such party including without limitation loss of electrical power, acts of war, acts of God, earthquake, flood, fire, embargo, riot, explosions, sabotage, labor shortage or dispute, governmental act or failure of the Internet.
28. **Authorization** This Agreement was authorized by the County Manager on _____ on Executive Action Number _____ and by the Council of City of Pittsburgh by Resolution _____, effective _____.

True ICA
or CA?

Please Review FINAL Draft **To Be Submitted to County on Monday, March 29th**

City Response to County Proposal

1. Enterprise Resource Planning (ERP) Software Licensing
 - The software license agreement(s) for this endeavor, still being negotiated with Oracle and DLT Solutions, will result in a master license agreement (MLA) purchased by the City.
 - The MLA will be ultimately administered after ERP Implementation Services (see paragraph 2. below) are completed, by a Shared-Service Organization (SSO) to be formed between the City and County.
 - The MLA administered by the SSO shall be available for use, in whole or in part, by the City, County, or any City or County Authority.
 - Under the MLA, component units shall be sub-licensees, with separate and independent financial and legal responsibility.
 - During ERP Implementation, the County shall continue to own and administer its own ERP software license(s), until such time as when the City's license is transferred to the SSO.
 - The software license agreement by the City for eventual transfer to an SSO shall not reduce the licensing privileges currently benefitting the County, but may result in access to additional or supplemental modules that will benefit both the City and County. (see Attachment 1 – JD Edwards Product Listing)
2. ERP Implementation Services
 - The scope of the initial implementation of Oracle J.D. Edwards ERP (JDE ERP) is limited to core financial modules of: Address Book, General Ledger, Job Cost, Accounts Payable, Purchasing, and Fixed Assets. Implementation of HR/Payroll functions will immediately follow implementation of core financial modules.
 - Staff from the County Controller and County Division of Computer Services will provide knowledge leadership because the County has operated JDE ERP for eight years.
 - The County and the City will each assign one (1) equal co-project manager for the implementation of JDE ERP.
 - The JDE ERP project team will consist of mutually agreed upon quantity of City and County resources. County resources will be compensated at a mutually agreeable rate for services rendered, as incurred, on a time and materials basis.
 - The City may employ independent consultants as City resources on the JDE ERP project team.
 - The back-end JDE ERP system, configuration, and core financial business processes will be shared between the County and City. Appropriate controls will be in place to ensure the City and County have a completely independent and secure database structure.
 - Historical City data will not be converted within the scope of this implementation.
 - ERP Implementation Services will begin on March 31, 2010.
 - The prosed time-line is:
 - i. A system will be setup and running in parallel to the City's existing software from October through December 2010.
 - ii. Go-live of core financials will be on December 31, 2010 with on-going implementation support provided until March 31, 2011.
 - iii. Implementation of HR/Payroll will commence after March 31, 2011.
 - iv. Go-live of HR/Payroll will be on or before January 1, 2012.

Please Review FINAL Draft **_To Be Submitted to County on Monday, March 29th**

3. Hardware, Data Storage, Disaster Recovery, and Software Related to Data Center Operations (IT Infrastructure)
 - o The location of back-end system physical IT Infrastructure, including any required expansion of the City's or County's current Hardware, Data Storage, Disaster Recovery, and Software Related to Data Center Operations, will be determined by the mutually agreeable selection of an independent 3rd party consultant.
 - o The independent consultant will complete by April 30 a survey and report of City and County IT Infrastructure, at the full expense of the City. The report will recommend the best hardware set-up/configuration and most appropriate location for JDE IT Infrastructure.
 - o The City's JDE IT Infrastructure operations will require knowledge leadership of staff from the County Controller and County Division of Computer Services.
 1. The City's and County's JDE IT Infrastructure operations will be supported and managed by mutually agreed upon County and City staff. Use of County staff will be compensated at a mutually agreeable rate for services rendered, as incurred, on a time and materials basis.
 - o The City's and County's JDE IT Infrastructure operations will share day-to-day operational costs, as incurred, based upon mutually agreeable terms and conditions.
4. Post-Implementation JDE ERP Support Services
 - o The existing JDE Service Center, in place within the County, will expand to provide support for the City based upon mutually agreed upon Service Level Agreement and metrics to share costs based upon actual usage and needs.
 - o The City will be granted seats on all County JDE Advisory Boards. The board will provide guidance and approve any changes to the structure and responsibilities defined in the Service Level Agreement.
 - o The Service Level Agreement (SLA) will define the relationship between the City and the JDE Service Center until such time as an SSO is formed by the City and County. This document will define services, availability, responsibilities, expectations, and metrics to define the allocation of on-going service costs between the County and City.

Please Review FINAL Draft **To Be Submitted to County on Monday, March 29th**

Cost Summary

One-Time Costs		
JDE Software (ERP) Licensing – to Oracle	TBD	Currently negotiating specific licensing terms. Where County benefits from additional license access, City will receive credit in the form / value of implementation services from the County.
Hardware, Data Storage, Disaster Recovery, and Software Related to Data Center Operations (IT Infrastructure) – to Vendors, City, or County	TBD	City will be responsible for direct Hardware, Data Storage, Disaster Recovery, and Software Related to Data Center Operations costs associated with expansion of system to accommodate the City. This will be determined by an independent third party consultant who will provide specifications for the IT Infrastructure needs related to this project. Where County also benefits from expansion, costs would be allocated to the County.
JDE ERP Implementation Services – to County	TBD	City and County will jointly develop a project implementation services budget, consisting of payroll costs for County employees as well as any additional direct costs the County incurs as a result of the City. Additionally, the City will be responsible for any jointly procured 3 rd -party consulting services to assist with implementation and customization.
TOTAL		
Annual Costs		
JDE Software Maintenance – to Oracle or other Vendors	TBD	Currently negotiating specific licensing terms. When Master License Agreement is transferred to SSO, software maintenance fees will be shared based on clear and definable metrics jointly determined by the City and County (i.e. # of users, module usage, transactions, storage space, etc...)
IT Infrastructure	TBD	
JDE Support Services (Help Desk / Application Support) – to Oracle, County, and/or other Vendors	TBD	Any application support costs need to be documented and based on actual need. These costs should be shared based on clear and definable metrics (as recommended with Software Maintenance costs), which will ultimately be memorialized in the enabling agreement for the SSO.
TOTAL		

Please Review FINAL Draft To Be Submitted to County on Monday, March 29th

Attachment 1 – JD Edwards Product Listing

Oracle's JD Edwards EnterpriseOne Product Listing

Contracting Listing	Description
UPK	User Productivity Kit - On-Line Context Sensitive Training; 4 Modes - See it, Try It, Do it, Know It; Testing Capabilities; Manual Creation; Documentation Creation; Developer
General Ledger	Journals; Entries; Allocations; Bundling; Account Reconciliation; Budgeting; Forecasting; Cash Forecasting; Cash Flow; Actual Modified Actual; Cash Basis Accounting; Consolidations; Organizational Setup and Control; Advanced Cost Accounting
Accounts Payable	Supplier Master; Invoicing; Payments; Positive Pay; 1099 Processing; Netting
Accounts Receivable	Customer Master; Invoicing; Cash Receipts; Aging; Credit & Collections; Netting
Fixed Assets	Accounting; Depreciation; Transfer Split; Disposal; Revaluation; Year End Processing
Procurement and Subcontract Acctg	Vendor Master; Taxes; Requisitions; Blank Orders; Contracts; Purchase Orders; Receiving; Invoice Matching; Routing; Rebates; Encumbrance Accounting; Budget Checking; Electronic Routing/Approval
Real Estate	Facility Master; Tenant/Lease Master; Billing; Receipts; Security Deposits; Work Orders; Sales Overage; Forecasting; Gross Lease Occupancy; Expense Participation; Adjustments; Escalator Billing; Rent Projections
FMCC	Financial Management Compliance Console - Dashboards; Financial Metrics; Segregation of Duties; Compliance; Alerts
Expense Management	Employee Expense Reporting; Employee Profiles; Policy Management; Credit Cards; Auditing; Approval Workflow

HR/FR	Employee Master; Compensation Management; Competency Management; Performance Management; Job Classifications; Requisition Management; Applicant Tracking; Position Control; Health & Safety Management; Benefit Administration; Payroll Cycle; Interim Pay; Taxes; Stop Progress on Wage Attachments; Payroll History; Government Reporting; Year End Management; Approval Workflow
eRecruit	Job Postings; Processing Applicants; Self Service Registration & Security
Time and Labor	Time Entry; Except Only Time Entry; Overtime; Retroactive Pay; Global Leave Administration; Workflow Approval
Contract and Service Billing	Contracts; Billing; Rate Management
Project Costing	Project Management; Budgeting; Forecasting; Change Management; Scheduling; Job Progress; Draws
PGCA	Contracts; Account Classification Reference #; Billing; Invoicing; Retainage; Subcontract Management; Timesheet Processing
Buyer Workspace	Vendor Master; Direct Connect; Commodity Code Structure; Requisition Processing; PO Creation; Approval Workflow; Receiving
Operational Sourcing	Online RFX Processing; Templates; Create Event; Event Response; Analyzing Awarding
RSS	Requisition Self Service - Direct Connect; Commodity Code Structure; Requisition Processing; PO Creation; Approval Workflow; Receiving
SSS	Supplier Self Service - PO Acknowledgement; PO Shipment; Receipt; Routing; PO Inquiry; Inventory Inquiry; Payment Inquiry; Supplier Release Scheduling; Web Ports; Vendor Registration
CAM	Capital Asset Management - Fixed Assets; Preventive Maintenance; Resource Scheduling; Equipment Master
Inventory	Item Master; Supply and Demand; Counts; Costs; Kits; Lot Processing; Adjustments; Transfers

April 6, 2010

Michael Lamb, Controller
City of Pittsburgh
414 Grant Street
Pittsburgh, PA 15219

Mayor Luke Ravenstahl
City of Pittsburgh
414 Grant Street
Pittsburgh, PA 15219

Dear Mike and Luke:

Once again, I am disappointed that the City has rejected Allegheny County's proposal to share Allegheny County's JDE/Oracle ERP Financial management system that would have resulted in millions of dollars in savings for City and County taxpayers.

Your new idea, sent by the City Team members on Thursday evening, does not meet the scope of the project that has been discussed for the last 18 months. It puts at risk the millions of dollars of investment that the County has made into our successfully working and time-proven system. It also duplicates services which the County already has in existence such as our JD Edwards Governance Committee and JD Edwards Service Center.

The County stands ready to help the City solve its current problems with its financial accounting system. We stand by our original proposal in which millions of dollars can be realized by both the City and the County taxpayers; however, we cannot waste any more time or resources in trying to recreate a successful system when we are currently operating one now.

You are invited to join our existing structure in the terms outlined by our proposal. We welcome the opportunity to discuss how you can pursue a solution within the framework of our proposal at the Wednesday meeting.

Sincerely,

Mark Patrick Flaherty
Allegheny County Controller

Comment [JaB1]: We did not reject, rather we are ready to utilize the County's existing JDE structure to get the City's ERP current. We disagreed on paying lump-sum costs to the County that weren't substantiated, and also proposed a long-term arrangement where the City and County would form an SSO to govern the ERP operation moving forward. This is consistent with what we had discussed in the past (remember LOGIS).

Comment [JaB2]: It would actually have cost the City more, since we could always move to a lower tier solution that would be more than adequate, and would not include costs to license new modules for the County. Also, it wouldn't include the exorbitant lump sum payments to the County.

Comment [JaB3]: This is not correct. For the past 18 months, we discussed a scenario where the City would receive a "copy" of the County's current JDE configuration, which we are still proposing. The project also centered on forming an SSO, similar to the LOGIS group in Minnesota. The last meeting I was in with the County Controller, he stated that we was dissatisfied with the County's ERP support, and he wanted to outsource the whole project and move to a 3rd-party hosted solution. We weren't opposed to that idea, but first wanted to get up and running before we outsourced (and it would be easier to outsource... [1])

Comment [JaB4]: How does it risk the County's investment? The County ERP operation remains unchanged, as they will maintain their existing license and structure until such time as a SSO can be formed between the City and County to mutually manage the ERP system moving forward.

Comment [JaB5]: The City's response did not propose duplicating any services... don't know where he interpreted that.

Comment [JaB6]: Once again, the County operation remains unchanged. Once the City's JDE instance is running smoothly, though, both the City and County would stand to save taxpayer resources by jointly operating the ERP via an SSO organization. This would include savings on software licensing (not just JDE, but also O/S, hardware... [2])

Comment [JaB7]: Also unmentioned is the fact that the County was not able to substantiate any of the costs they outlined that the City would pay to the County. We agreed to pay for all costs the County incurred on our behalf, including their own staff time. The County proposal, on the other hand, included lump-sum payments that had no basis in real... [3]

Page 1: [1] Comment [JaB3]

Jim and Brianna

4/6/2010 7:11:00 PM

This is not correct. For the past 18 months, we discussed a scenario where the City would receive a "copy" of the County's current JDE configuration, which we are still proposing. The project also centered on forming an SSO, similar to the LOGIS group in Minnesota. The last meeting I was in with the County Controller, he stated that we was dissatisfied with the County's ERP support, and he wanted to outsource the whole project and move to a 3rd-party hosted solution. We weren't opposed to that idea, but first wanted to get up and running before we outsourced (and it would be easier to outsource if the City and County outsourced together using an SSO as the contracting authority).

Page 1: [2] Comment [JaB6]

Jim and Brianna

4/6/2010 6:56:00 PM

Once again, the County operation remains unchanged. Once the City's JDE instance is running smoothly, though, both the City and County would stand to save taxpayer resources by jointly operating the ERP via an SSO organization. This would include savings on software licensing (not just JDE, but also O/S), hardware, personnel, help desk, disaster recovery, etc....

Page 1: [3] Comment [JaB7]

Jim and Brianna

4/6/2010 7:13:00 PM

Also unmentioned is the fact that the County was not able to substantiate any of the costs they outlined that the City would pay to the County. We agreed to pay for all costs the County incurred on our behalf, including their own staff time. The County proposal, on the other hand, included lump-sum payments that had no basis in reality. When asked for documentation on how the costs were obtained, we received a spreadsheet with inadequate detail that was created by a consultant at Market Sphere.