Blue Sheet No. 20150647	Lee County Board Of County Commissioners Agenda Item Report **Meeting Date:** 11/17/2015	Item No. 34

TITLE:
Approve Bid Waiver to purchase software upgrades for Lee County Utility Customer Information System.

ACTION REQUESTED:
A)   Approve Bid Waiver W-160003 to waive the formal bidding procedure to allow for the purchase of the software, maintenance, support and professional services required to upgrade the Vertex enterprise customer information system (eCIS) software in the amount of $1,946,264 from Vertex Business Services, the sole source developer, copyright holder and distributor for any upgrades, captive replacement parts, components, maintenance service and warranties for this software for Lee County Utilities (LCU).
B)   Authorize the term of this waiver to extend beyond the initial upgrade purchase for the useful life of this software to allow for the purchase of, but not limited to, new software, software upgrades, training, maintenance, transaction and hosting fees, and related services from Vertex. Maintenance fees will be $555,024 for the first year, and will remain unchanged annually thereafter for the annual amounts listed below, unless program enhancements are made:
ANNUAL MAINTENANCE
Year 2 $555,024
Year 3 $555,024
Year 4 $555,024
Year 5 $555,024

C)   Authorize an additional $95,000 in contingency funds for incidental items. (i.e. – additional user licenses if needed, additional training, reimbursable expenses, etc.).
D)   Authorize the Chair on behalf of the Board to execute the Vertex Master Services Agreement (including attachments thereto) as part of this acquisition.
E)   Authorize the Chair on behalf of the Board to approve transfer of Utility enterprise reserves in the amount of $1,400,000.
F)   Terminate the current contract (N-130228/Contract No. 6343) with Vertex approved by the Board via Blue Sheet No. 20130123 at the February 19, 2013 meeting.

FUNDING:
$1,964,264; Enterprise Fund; The LCU CIP project #200607 includes the following budgeted amounts for this project: $700,000 for FY15/16, $1,400,000 for FY16/17.

Annual maintenance beginning in FY16/17 will be $555,024 with no annual CPI increases, with$155,024 for new software hosting services and Mobile Application (App) services. The maintenance fee also includes enhanced IVR and Web services, which are currently outsourced through third party vendors. The current total cost is $400,000 for maintenance and Web/IVR services, for an increase of $155,024.

Fund: LCU Capital Improvements; Program: Capital Projects; Project: LCU Billing System; Software greater than $100,000. #20060748730.506810

WHAT ACTION ACCOMPLISHES:
Waives the formal bidding procedure to allow for the purchase of the software, maintenance, support and professional services required to upgrade the Vertex enterprise customer information system (eCIS)

Required Review:					
Pam Keyes	**Lori Borman**	**Robert Franceschini**	**Peter Winton**	**Corris L. McIntosh Jr.**	**Doug Meurer**
UTILITIES	Budget Analyst	Purchasing	Budget Services	County Attorney	County Manager

software in the amount of $1,946,264 from Vertex, the sole source developer, copyright holder and distributor for any upgrades, captive replacement parts, components, maintenance service and warranties for this software to support Lee County Utilities (LCU) customer service and billing operations.

MANAGEMENT RECOMMENDATION:
Approve

Requirement/Purpose: *(specify)*	Request Initiated	
☐ Statute	**Commissioner:**	All
☐ Ordinance	**Department:**	UTILITIES
☒ Admin Code AC-4-4	**Division:**	No Divisions
☐ Other	**By:**	Pam Keyes

Background:

LCU has completed an analysis to assess the options to upgrade the existing system vs. full replace of the system.   The four (4) options considerate are as follows:

1)Upgrade existing software to eCIS+ for an amount of $1,946,264 and annual maintenance of $555,042. It was concluded that the combination of the current investment in the Vertex product, the elimination of such indirect costs as internal training, and a determination that the Vertex product remains compatible with the department's requirements, along with a short nine (9) month implementation schedule, made the upgrade of the current system to Vertex's eCIS+ the most efficient transition and cost effective solution. With this upgrade, LCU will no longer be hosting its own CIS database and maintaining hardware on County premises. LCU's current hardware has surpassed its useful life and will soon require replacement.   The maintenance of LCU's server and auxiliary hardware will become the responsibility of Vertex. With the upgrade, Utility customers will also benefit from enhanced web services, such as being able to access their account online, increased notification options, added payment options, and a mobile application (App) to be able to pay and gain account information. The enhanced web platform would help reduce the 2,000 call center calls/month for customers wanting to pay by credit card, and would allow us to consolidate these services under one vendor, Vertex, thus eliminating two (2) interfaces with external vendors. This consolidation will result in a savings of approximately $93,000/year.

2)Upgrade to VertexOne for an amount of $2,802,000 and annual maintenance of $1,242,838. VertexOne is the newest billing platform offered by Vertex. The cost of migrating is approximately $2.8 million, with yearly support services approximately $1.3 million/year. The product is a relatively new product offering by Vertex and has not been fully tested and have a substantive recommendation base. This may be a logical "next step" option to look at after seven+ (7+) years with the eCIS+ platform upgrade (discussed above), depending on the technology changes that occur during that time.

3)Create a RFP for a new software program.   This is not recommended , given the time line for the current system to be obsolete. The process from RFP to "go live" may be 3 years or longer. It would also demand a team of staff to recreate interfaces, processes, tables, reports, etc. and train staff on the new software.

4)Do nothing. This is not an option. The current eCIS billing system, and the associated hardware, is past its expected lifecycle. Customers are demanding online options that the platform cannot fulfill. Vertex support for eCIS is being reduced and the current licensing expires in four (4) years. As our number of billing accounts grows, we want to ensure that we have a stable system for tracking and billing for our user revenues.

LCU has $700,000 budgeted in CIP project number 200607 for FY15/16 and $1,400,000 budgeted for FY16/17, with estimated yearly maintenance costs projected at $1,000,000/year beginning in FY17/18. The upgrade to eCIS+ the most efficient manner to upgrade the current 15 year software, and have a cost saving of approximately $600,000 than originally projected, for the upgrade alone.

Option		Cost to implement	Maintenance Cost	Implementation Time
1)	Original Cost of eCIS	$707,000	$129,684	9 months
2)	Upgrade to eCIS+	$1,946,264	$555,042	9 months
3)	Upgrade to Vertex One	$2,802,000	$1,342,838	9 months
4)	Create New RFP (Source: TMG Consulting)	$1,500,000-$3,850,000	$800,000-$1,600,000	2-3 years

Procurement received a request from LCU to waive the formal bidding procedure for the purchase of the software, maintenance, support and professional services required to upgrade the Vertex customer information system (CIS) software in the amount of $1,946,264 from Vertex, the sole source developer, copyright holder and distributor for any upgrades, captive replacement parts, components, maintenance service and warranties for this software.

The Vertex customer information system (CIS) software has been in use by LCU since the late 1990's. This system is used for maintaining the customer billing accounts and interfaces with meter reading data software. The existing system received consistently positive feedback from the customer base and staff has been pleased with the software's reliability. While minor upgrades have been purchased over the years to attempt to keep the system current, technological advances have made the current software on the verge of becoming obsolete. Vertex has notified staff that they will no longer support the software after March 8, 2019. Thus, a major upgrade is now required.

D) Attachments
1) Vertex Master Services Agreement
2) Schedule A1, A-1 Attachment, A-2, A-3, A-4, and Schedule B
3) Justification for Sole Source Waiver
4) Sole Source Verification Letter from Vertex
5) Blue Sheet No. 20130123 – Approved 2/19/13
6) Funds Transfer from reserves