



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

17

2. Council Meeting Date:
February 24, 2011

TO: MAYOR & COUNCIL

3. Date Prepared: February 9, 2011

THROUGH: CITY MANAGER

4. Requesting Departments: Management Services/ Human Resources/City Manager

5. SUBJECT: Award Contract IT1-918-2922 for Oracle Release 12 upgrade implementation and consulting services with Cedar Crestone in a total amount not to exceed \$2,126,411.

6. RECOMMENDATION: Recommend award of Contract IT1-918-2922 for Oracle Release 12 upgrade implementation and consulting services with Cedar Crestone in a total amount not to exceed \$2,126,411.

7. HISTORICAL BACKGROUND/DISCUSSION: The City originally selected and implemented the Oracle eBusiness Suite to serve as the citywide integrated system for managing financial and human resources processes in 1998. This included the purchase and implementation of the following modules: HRMS, Fix Assets, Projects, Inventory, Purchasing, Accounts Payable, Accounts Receivable, Cash Management, Order Management, General Ledger and Payroll. Much of the system was highly customized to the City's business processes in existence at the time.

Oracle has announced that it will no longer support the software version that the City is currently running after November 2013, except for federally mandated requirements. Since the City depends on regular updates to the software for tax law changes and other system fixes and improvements, the City must remain current with a supported version of the software. The City plans to look at modifying business processes to conform to the processes built into the software wherever possible to reduce the amount of customization and make future software version upgrades much easier to implement. The City is also looking at implementing some of the modules that were not implemented during the original project but have become necessary as the City's organization has grown and transactions have become more complex.

In order to assure the processing of routine financial transactions, such as vendor payments and payroll, the upgrade must be completed by the end of November 2013, when the support for the current system ends.

Staff considered looking at solutions other than the current Oracle system. Considering the current economic climate and the cost to retrain all users in another system, and possible loss of functionality, it was determined that it would not be practical, nor cost effective. There are two additional related contracts on the Council agenda for this project.

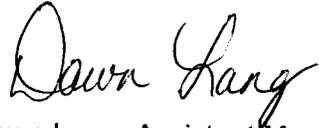
8. EVALUATION PROCESS: On October 8, 2010, staff issued RFP IT1-918-2922 for the purchase of Oracle Release 12 upgrade implementation and consulting services. Responses were due November 9, 2010. The City received ten offers from CedarCrestone, Inc., Polaris Associates, Colibri, LLC, AST Corporation, EIS Technologies, Bahwan Cybertek, Inc., MSS Technologies, High Point Technology Solutions, GoNet USA and Silotech Group. An evaluation committee made up of representatives from Information Technology, Management Services and Human Resources evaluated the proposals. The proposal from Polaris Associates was not considered further because they only proposed a solution to one part of the RFP's requirements rather than an entire solution. CedarCrestone's proposal scored the highest by all committee members. Because they were the top choice of all committee members, it was determined to be in the City's best interest to pursue only CedarCrestone further. They were invited to provide an on-site interview/presentation of their proposed solution and methodology. Staff then completed reference checks and began contract negotiations with CedarCrestone. The committee's recommendation of award to CedarCrestone is based on criteria set forth in the RFP which included experience on similar projects and those references; personnel qualifications and pertinent experience, as well as cost and implementation plan/approach to the project.

9. FINANCIAL IMPLICATIONS: Funds for this purchase are available in: 401.1285.0000.5219.11IT02.

10. PROPOSED MOTION: Move to approve Contract IT1-918-2922 for Oracle Release 12 upgrade implementation and consulting services with Cedar Crestone in a total amount not to exceed \$2,126,411.

APPROVALS

11. Requesting Department



Dawn Lang, Assistant Management Services Director

12. Department Head



Dennis Strachota, Management Services Director



Debbie Stapleton, Human Resources Director



Steven Philbrick, Chief Information Officer

13. Procurement Officer



Carolee Stees, CPPB

14. Acting City Manager



Rich Dlugas

**CITY OF CHANDLER
PROFESSIONAL SERVICES AGREEMENT**

Project No. IT1-918-2922

Project Name: Oracle Release 12 Upgrade

THIS AGREEMENT is made and entered into this _____ day of February, 2011, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "City", and CedarCrestone, Inc., hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of Management Service Director or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement. For this project, the following list identifies Consultant's resources:

- Project Manager: Kim Hallsted
- Quality Reviewer: Kim Hallsted
- Financial Functional Consultant: David Church
- Financial Functional Consultant: Emma Virtucio
- Projects Functional Consultant: Deborah Woble
- Procurement and Inventory Functional Consultant: Francis Reddy
- HCM Functional Consultant: Debi Miller
- Technical and HR/Payroll Functional Consultant: Jim Walsh
- Technical Consultant: Sujender Produturi/Naveen Yeturu
- Database Administrator: Freddy Fernandez
- Training Lead and UPK Developer: Jan Edwards/Carla Ehrlich
- Change Manager: Jan Edwards
- UPK Developer: Swarna Chadawalawada
- Eprentise Flexfield Express Consultant: Helene Abrams

2. SCOPE OF WORK: CONSULTANT shall provide those services described in Exhibit B attached hereto and made a part hereof by reference.

3. ACCEPTANCE AND DOCUMENTATION: Each task shall be reviewed and approved by CITY to determine acceptable completion. The agreed upon procedure for testing and acceptance will be set out in Exhibit B, the Scope of Work. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. FEE SCHEDULE: For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT a fee not to exceed the sum of Two Million One Hundred Twenty-six Thousand Four Hundred Eleven dollars (\$2,126,411) in accordance with the fee schedule attached hereto as Exhibit C and incorporated herein by reference.

5. TERM: Following execution of this Agreement by CITY, CONSULTANT shall immediately commence work. Go-live must occur no later than October 17, 2011 to accommodate the City's Oracle environment and critical City processes.

6. AMENDMENTS: The Contract may be modified only through a written Contract Amendment executed by authorized persons for both parties. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by CITY in writing or made unilaterally by the CONSULTANT are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the CONSULTANT shall not be entitled to any claim under this Contract based on those changes.

7. COOPERATIVE USE OF CONTRACT: In addition to the City of Chandler and with approval of the contracted CONSULTANT, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of eligible entities may be found at www.maricopa.gov/materials and then click on 'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

8. ASSIGNMENT: Services covered by this Contract shall not be assigned in whole or in part without the prior written consent of CITY, except that CONTRACTOR may assign its right to payment hereunder if required by a banking or surety agreement.

9. TERMINATION:

9.1 Termination for Convenience: CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. For any services performed on an hourly basis, CONSULTANT shall be paid for all services provided through the effective date of termination for convenience. As to any services provided on a fixed fee basis, as compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONSULTANT and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed for each task detailed in the Scope of Work and the CONSULTANT's compensation shall be based upon such determination and CONSULTANT's fee scheduled included herein. CONSULTANT, by agreeing to this provision,

does not waive the right to contest the accuracy or fairness of any such determination by the Management Services Director.

9.2 Termination for Cause: City may terminate this Contract for Cause upon the occurrence of any one or more of the following events:

- 1) If CONSULTANT fails to perform pursuant to the terms of this Agreement
- 2) If CONSULTANT is adjudged a bankrupt or insolvent;
- 3) If CONSULTANT makes a general assignment for the benefit of creditors;
- 4) If a trustee or receiver is appointed for CONSULTANT or for any of CONSULTANT'S property;
- 5) If CONSULTANT files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
- 6) If CONSULTANT disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
- 7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONSULTANT then existing or which may thereafter accrue.
- 8) Consultant may terminate for cause if its invoices are not paid when due, so long as Consultant first provides notice and a 30-day cure period. If the City disputes any portion of an invoice, it shall pay the undisputed portion; as to the disputed portion, Consultant shall continue to provide services for up to 60 days (or such longer period as the parties agree to) in order for the parties to negotiate resolution of the dispute in accord with section 14.4 of this Agreement.

9.3 Availability of Funds for the next Fiscal Year. Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.

10. INDEMNIFICATION: The Consultant agrees to indemnify, defend, and save harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively; from all losses, claims, suits, actions, payments and judgments, demands, expenses, attorney's fees, defense costs, or actions of any kind and nature resulting from personal injury to any person, including employees of the Consultant or of any Sub Consultant employed by the Consultant (including bodily injury and death) or damages to any property, to the extent arising or alleged to have arisen out of the negligent performance of the Consultant for the work to be performed hereunder. The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

11. INSURANCE REQUIREMENTS: CONSULTANT shall provide and maintain the insurance as listed in Exhibit C attached hereto and made a part hereof by reference.

12. ENTIRE AGREEMENT: This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

13. ARIZONA LAW: This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

13.1 Pursuant to the provisions of A.R.S. § 41-4401, the Consultant hereby warrants to the City that the Consultant and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Consultant Immigration Warranty").

13.2 A breach of the Consultant Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

13.3 The City retains the legal right to inspect the papers of any Consultant or Subcontractor employee who works on this Contract to ensure that the Consultant or Subcontractor is complying with the Consultant Immigration Warranty. The Consultant agrees to assist the City in the conduct of any such inspections.

13.4 The City may, at its sole discretion, conduct random verifications of the employment records of the Consultant and any Subcontractors to ensure compliance with Consultant's Immigration Warranty. The Consultant agrees to assist the City in performing any such random verifications.

13.5 The provisions of this Article must be included in any contract the Consultant enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a Consultant or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

13.6 In accordance with A.R.S. §35-393.06, the Consultant hereby certifies that the Offeror does not have scrutinized business operations in Iran.

13.7 In accordance with A.R.S. §35-391.06 the Consultant hereby certifies that the Offeror does not have scrutinized business operations in Sudan.

14. CONFLICT OF INTEREST:

14.1 No Kickback. CONSULTANT warrants that no person has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONSULTANT'S proposal to the CITY.

14.2 Kickback Termination. CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONSULTANT to any other party to the Agreement with respect to the subject

matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).

14.3 No Conflict. CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

14.4 Alternative Dispute Resolution. The parties hereby agree that there shall be a sixty (60) day moratorium on litigation commencing on the day that a claim is filed by CONSULTANT pursuant to A.R.S. § 12-821.01 during which time the parties will negotiate in good faith to resolve the dispute and evaluate the viability of pursuing alternative dispute resolution procedures such as mediation and arbitration.

14.5 Arizona Law. This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

14.6 Jurisdiction and Venue. The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

14.7 Fees and Costs. Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

15. NOTICES: All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:
City of Chandler
Purchasing Division
P.O. Box 4008, Mail Stop 901
Chandler, AZ 85244-4008
480.782. 2400

In the case of CONSULTANT:
CedarCrestone, Inc.
1255 Alderman Drive
Alpharetta, GA 30005
(678) 385-7544
Attention: CFO

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

16. OWNERSHIP AND PROPRIETARY RIGHTS.

Ownership of Pre-existing Materials. CITY acknowledges and agrees that CONSULTANT is the sole and exclusive owner of all rights, including but not limited to all patent rights, copyrights, trade secrets, trademarks, and other proprietary rights in the systems, programs, specifications,

user documentation, and other materials used by CONSULTANT in the course of its provision of services hereunder which were in existence prior to the execution of this Agreement (collectively "CONSULTANT's Materials"). CITY also acknowledges and agrees that in entering into this Agreement, CITY acquires no rights in CONSULTANT's Materials. CITY shall not copy, transfer, sell, distribute, assign, display, or otherwise make CONSULTANT's Materials available to third parties. CITY agrees to secure and protect each module, software product, piece of documentation, and every other portion of CONSULTANT's Materials so as to protect all of CONSULTANT's rights therein.

Ownership of Tangible Work Product. The tangible property and work products created by CONSULTANT pursuant to this Agreement ("Work Product ") shall belong to CITY.

Ownership of Data Processing Know-how. CITY recognizes that CONSULTANT's business depends substantially upon the accumulation of learning, knowledge, data, techniques, tools, processes, and generic materials that it utilizes and develops in its client engagements. Accordingly, to the extent material that is used in, enhanced, or developed in the course of providing Services hereunder is of a general abstract character, or may be generically re-used, and does not contain Confidential Information of CITY, then CONSULTANT will own such material including, without limitation: methodologies; delivery strategies, approaches and practices; generic software tools, routines, and components; generic content, research and background materials; training materials; application building blocks; templates; analytical models; project tools; development tools; inventions; solutions and descriptions thereof; ideas; and know-how (collectively "Know-how"). To the extent such Know-how is contained or reflected in the Work Product, CONSULTANT hereby grants CITY a fully paid up, perpetual license to use such Know-how only for its internal business. CITY will not sublicense or sell Know-How to any third party, and will not use or exploit the Know-How to compete with the information technology and consulting business of CONSULTANT.

17. WARRANTY.

General. Consultant warrants to City: (a) that Consultant's services shall be performed in a timely, professional, and workmanlike manner in accordance with applicable commercial practices generally observed in the industry for similar professional services; (b) that for a period of 90 days after delivery, Consultant's services shall meet all written specifications agreed to by the parties, and (c) that Consultant's services shall not violate or infringe upon any United States copyrights, patents, trade secret, or other intellectual property right, or any other property, contractual, employment, or confidentiality right of a third party.

Remedies. In the event of a breach of the warranties contained herein, so long as CITY provides consultant with prompt written notice of the breach within the warranty period, Consultant will remedy its breach at no additional cost to the City. If Consultant is unable or unwilling to remedy the breach within a reasonable time, the City may seek to recover its actual damages.

Disclaimer.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY IMPLIED WARRANTIES ARISING FROM STATUTE, COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE .

18. LIMITATION OF LIABILITY.

Limitations. If City should become entitled to claim damages from Consultant for any reason (including without limitation, for breach of contract, breach of warranty, negligence, or other tort claim), Consultant will be liable only for the amount of City's actual direct damages. In no event, however, will Consultant be liable to City (in the aggregate for all claims made) for more than:

- i. 1.25X the Value of the Agreement to the extent the City's actual direct damages are a result of the failure to provide services accepted by the City; or,
- ii. Following acceptance, 1X the Value of the Agreement for the City's actual direct damages that are a result of any other claim brought under the Agreement that arises thereafter.

For avoidance of doubt: (a) "Value of the Agreement" shall mean the one-time charges hereunder for services but excluding ongoing charges such as maintenance, (b) at no point will clause (i) and (ii) be cumulative; 1.25X will apply through acceptance, and thereafter will be reduced to 1X.

No Liability for Certain Damages. In no event will Consultant or any person or entity involved in the performance of services under this Agreement be liable for: (i) any damages arising out of or related to the failure of City or its suppliers to perform their responsibilities; (ii) any claims or demands of third parties (other than those third party claims covered by the indemnification obligations under Section 10); or (iii) any consequential, incidental, indirect, exemplary or punitive damages, even if Consultant has been advised of the possibility of such damages.

Exclusions from Limitation; Survival. The foregoing limitations do not apply to the payment of settlements, costs, damages and legal fees referred to in Section 10. The limitations of liability set forth in this section will survive and apply notwithstanding any determination by a court of law that a limited or exclusive remedy for breach of warranty set forth in the Agreement is inadequate. The parties agree that the foregoing limitations will not be read so as to limit any liability to an extent that would not be permitted under applicable law.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this _____ day of February, 2011.

CITY OF CHANDLER

Mayor Date

APPROVE AS TO FORM

City Attorney

CONSULTANT

By: [Signature]
Title: Chief VP & Treasurer

ATTEST: If Corporation

[Signature]
Secretary, ASSISTANT

[Handwritten mark]

ATTEST:

City Clerk

SEAL

EXHIBIT A
Consultant Immigration Warranty
To Be Completed by Consultant Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the Consultant and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the Consultant shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number:
Name (as listed in the contract): CedarCrestone, Inc.
Street Name and Number: 1255 Alderman Drive
City: State: Zip Code: Alpharetta, GA 30005

I hereby attest that:

1. The Consultant complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Consultant (Employer) or Authorized Designee:



Printed Name: BRIAN E. FELLS

Title: CEO & VP TREASURER

Date (month/day/year): 2/13/11



EXHIBIT B

SCOPE OF WORK

The Consultant shall, with the City's assistance:

Upgrade the following modules and existing corresponding reports (already in use by the City) to the latest R12 release:

- General Ledger
- Cash Management
- Fixed Assets
- Receivables
- Payables
- Human Resources
- Self Service HR
- Standard Benefits
- Payroll
- Inventory
- Order Management
- Purchasing
- Project Accounting

Implement the following modules (new to the City) to the latest R12 release:

- iProcurement
- iExpense
- User Productivity Kit

Release 12 New Functionality for Implementation - Finance

- Implement sub-ledger accounting process to create two additional ledgers. City will utilize the existing set of books (Ledger in R12) for budget basis reporting. A new ledger shall meet modified accrual reporting for fund financial statements. Creating another new ledger shall meet full accrual reporting for government-wide statements.
- Increase the size of existing segments for Accounting Flexfield. (Helene Abrams with Eprentise, the developer of FlexField Express, will provide all services related to the tool on this project through a teaming agreement with Consultant. Post-production support of the FlexField Express tool, if required, will be provided by Consultant.)
- Implement sub-ledger accounting process to configure meaningful journal line descriptions from sub-ledgers.
- Implement security rules functionality to restrict users from performing any unauthorized transactions (e.g. changes to segment values).
- Implement Oracle User Management along with Rel12i new security features across applications.
- Implement short hand aliases functionality to speed up the transactional entry.
- Implement Automatic receipt feature in AR.
- Implement new Rel 12i month end close architecture feature to expedite month end close process across all financial modules.
- Implement iExpense for employee self-service expenses entry.
- Implement Approvals Management Engine (AME) for Accounts Payable and Accounts Receivable.

- Implement ability to track retainage within Oracle using R12's retention functionality. Retention money is currently tracked by individual departments and is not accounted for in the financial books. Departments send their payment request for invoices net of retainage.
- Implement BI Publisher for AP check printing and purchase orders.
- Eliminate manual changes on retiree invoices by automating Retiree Subsidy changes with expected subsidy amounts. Create a separate Invoice Print process for retiree invoices that considers expected subsidy.
- Implement Cash Forecasting functionality in the Cash Management module.
- Configure Projects Module to track CIP asset costs and avoid manual maintenance in Excel spreadsheets.
- Implement the ability to reconcile depreciation with GL in order to close Fixed Assets.
- Evaluate current reports used and make recommendations for improvement.
- Evaluate processes across application and make recommendations for improvements
- Evaluate Encumbrance accounting to determine why rounding issues exist between Purchasing and General Ledger Modules.
- Implement netting of Accounts Payable and Accounts Receivable.
- Evaluate cash reconciliation process in Cash Management.

Release 12 New Functionality for Implementation - Supply Chain

- Implement Oracle iProcurement for requisitioning allowing the ability to: a) change requisition after submitting for approval; b) have a self-service look and feel; c) view PO, Receipt, Invoice and Payment in one single page; d) maintain frequently used charge accounts and e) punch out to vendor hosted catalogs and other market places for requisitioning.
- Implement Oracle AME for approval workflow to accommodate special approvals, such as IT purchases, to eliminate the current manual forward process to respective approvers.
- Implement ABC Analysis and Cycle counting features.

Release 12 New Functionality for Implementation – Projects

- **Project Costing and Burdening**

Implement the ability to capture all project related costs in the Projects module in order to deliver a complete project management solution. In addition to the collection of those costs, the City also needs to utilize the burdening functionality to deliver a true project cost to the project manager. The project costs that need to be captured include: labor costs, usages, expense reports, and miscellaneous costs.

- **Projects Billing Procedure**

Implement the draft invoice functionality within the Projects Module to allow a project manager to create, review and approve a draft invoice. Once the draft invoice is approved, a process can be run to interface that draft invoice to Receivables for billing. The Receivable staff can then invoice the client and apply the payment against that invoice once received. The payment can then be viewable and drillable by the project manager or key members from the Projects module.

- **Capital Project to Fixed Assets**

Enhance the auto-accounting set ups in order to account for CIP costs properly so that the City will be able to collect CIP costs on a project. The process shall allow the capital project to collect cost against a CIP account and then transfer the asset to Fixed Assets. The interface will automatically transfer the cost out of the CIP account and into the asset. Once all the costs are captured in the Project, it shall ensure that no costs are missed during the manual process of collecting the costs to value the asset.

- **Closed Project Process**

Implement new Statuses so that the project managers are able to step through a close process. The process shall review all actual, committed and obligated costs and take action on items that require change. Once the review is complete, the status shall be changed to Closed.

- **Project Period Close Process**

Implement the ability to close the Projects period as part of the financial close each month. The process shall ensure that transactions are placed in the proper project and GL period. As part of the process, the reporting period will need to be changed to the current period so that when the Project Status Inquiry screen is used it will provide current information.

- **Integration with Oracle General Ledger**

Integrate with General ledger by creating additional accounting set ups to allow the interface of both DR and CR for each projects transaction to General Ledger. The set-ups shall include transaction of labor, usages, expense reports and miscellaneous costs.

- **Integration with Third Party Project Management Tools**

Integrate two scheduling tools to manage project schedules with Projects Module. The new process shall begin in Oracle Projects, with the added ability to update schedule from the third party tool. The scheduling integration along with complete financial data shall create the ability to manage and analyze projects from one central location.

Release 12 New Functionality for Implementation - Human Resources

- Implement HRMS Standard Security to provide proper check and balances within Human Resources and Payroll groups. Custom responsibilities, custom request groups and custom menus shall be created in order to limit the type of information and processes available to a role based user.
- EEO4 Reporting- Determine the steps necessary to implement the Oracle standard EEO4 report and implement this functionality.
- Evaluate automatic numbering within HRMS. Identify the steps necessary to implement this functionality. Implement this functionality if desired by the City of Chandler.
- Implement Extra Information Type security functionality for special information categories.
Evaluate available Employee Self Service and Manager Self Service functionality and implement functionality as determined by the City of Chandler.
- Add Classification Date to Employee and Manager Self Service in employment history views.
- Implement functionality for costing data to be set up on the organization, element, and element link level. Current costing on employee assignments will be removed and will only be used when other costing sources are not available.
- Implement standard functionality of salary administration to meet the City's requirements for annual salary adjustments.

- Implement redesign of HRMS assignment records to better handle the eligibility requirements for benefits and elements.
- Set up retirees as system type of Ex-employee.
- Implement Performance Management through Oracle self-service.
- Implement functionality for position management to allow workflow approvals for creation of new positions and changes to positions.
- Streamline HR data entry by configuring and implementing People Management Templates.
- Streamline the end of probation process by automating the update of the assignment descriptive flexfield (DFF) upon approval of the manager self-service action.
- Implement basic competencies for competency management with the ability for the City to add competencies over time.
- Implement HR report security in order to allow organizations to run reports for authorized organizations only.
- Update the HR Self Service forms in Employee and Manager Self Service while maintaining the changes that the City has made to the forms regarding menu options, menu names, and data fields. Training will also be required for City staff to enable the City to update form versions with future upgrades while maintaining the City's changes made to the forms.

Total Compensation Statement Implementation:

1. Cash Compensation
 - a. Annualized salary base
 - i. ANNUAL SALARY
 - ii. FIREFIGHTER WAGES
 - iii. HOURLY WAGES
 - b. Other cash compensation (assignment pays, shift pay, phone/car allowance, etc.)
 - c. One time payments (lump sum merit payments, special merit pay(for TOR), vacation/compensatory payout, 17/3 payouts, EMA, EPA) – PROVIDE VERBIAGE ONLY
2. Healthcare
 - a. Medical (24 pay pay period deduction)
 - i. COC Medical ER
 - ii. COC Medical Pretax EE
 - b. Dental (24 pay period deduction)
 - i. COC Dental ER
 - ii. COC Dental Pretax EE
 - c. Vision (24 pay period deduction)
 - i. COC Vision Pretax EE
 - d. FSA Health care (26 pay period deduction)
 - i. COC FSA ER
 - ii. COC FSA Medical
3. Retirement & Savings
 - a. ASRS or PSPRS-(State retirement systems)
 - b. Retirement Health Savings Plan (26 pay period deduction)

- i. COC RHSP ER
 - c. ICMA Deferred Comp (26 pay period deduction)
 - i. Employer element is by bargaining unit
 - ii. COC Deferred Comp- EE
 - d. Social Security
 - i. No element
 - e. Medicare
 - i. No element
- 4. Income Protection
 - a. City Life Insurance/ADD (26 pay period deduction)
 - i. COC City Life ADD
 - b. Voluntary Term Life (24 pay period deduction)
 - i. COC Vol Life Emp
 - ii. COC Vol Life Spouse
 - iii. COC Vol Life Child
 - c. City Paid STD (26 pay period deduction)
 - i. COC STD ER
 - d. City Paid Commuter Life (26 pay period deduction)
 - i. COC Commuter Life ER
 - e. Cancer Insurance (Sworn) (26 pay period deduction)
 - i. COC Cancer Ins ER
 - f. City Paid LTD (sworn) (26 pay period deduction)
 - i. COC PSPRS LTD ER
 - g. ASRS LTD (non-sworn) (26 pay period deduction)
 - i. COC ASRS LTD ER
 - ii. COC ASRS LTD
 - h. Worker's Compensation
- 5. Work and Life
 - a. EAP program (26 pay period deduction)
 - i. COC EAP ER
 - b. FSA Dependent care (26 pay period deduction)
 - i. COC FSA DepCare ER
 - ii. COC FSA Dep Care
 - c. Vacation (hours employee accrues per year/value of hours?)
 - d. Sick (hours employee accrues per year/value of hours?)
 - e. Holidays (11 holidays/value) VERBIAGE ONLY
 - f. Tuition assistance (maximum of \$3,200 in FY)-VERBIAGE ONLY

Release 12 New Functionality for Implementation – Payroll

- RetroPay shall be configured to enable the City to use the standard system functionality to calculate retroactive amounts for earnings and/or deductions. This shall eliminate the need for manual calculations.
- The standard Third Party Payment functionality shall be implemented to eliminate the need for manual data entry into the Accounts Payable module. Using the Costing of Payment functionality along with third party payments shall eliminate the need to make a

- manual journal entry.
- The current security access shall be reviewed in the HR/Payroll area. Explore the standard US Payroll Manager and, US HR Manager responsibilities. If these responsibilities do not offer sufficient restrictions, custom responsibilities shall be created. Security will be role based which will reflect best business practices. Role based security shall achieves a higher standard of security which is generally preferred by internal and external auditors.
 - Evaluate custom reports currently utilized and make recommendations for standardizing.
 - Evaluate Self Service HR for on-line pay slips to either exclude reversals and originals or include all three transactions – original, reversal and replacement.
 - Implement Standard Accruals.
 - Evaluate element setups and identify improvements and/or standardizing.
 - Streamline payroll reconciliation for bi-weekly, monthly, quarterly and year-end.
 - Evaluate Cash management reconciliation process to ensure full integration with payroll.
 - Evaluate existing setups, processing and reporting of bargaining groups including unions, etc.

Reporting Study

- Gather requirements from Focus groups on reporting needs throughout all levels of the organization.
- Review and make recommendations of current reporting solutions, including KBX, Noetix, Discoverer and Application Express based on the needs of the Focus groups.
- Recommend options for “dashboard” reporting solution.
- Review reports with team prior to implementation and development.
- Based on results from Focus Groups, identify and recommend reports for each Oracle module to best meet the needs of the users.

Training

Consultant shall conduct onsite training on Release 12 functionality/new features, whether newly implemented modules or existing modules, to all necessary City staff. All training shall be accompanied by manuals on CD or DVD. Estimated number of staff to be trained will be no more than 50 employees.

Consultant shall develop fifty (50) tailored UPK topics, of the City's choice.

Documentation

Consultant shall provide sufficient documentation on the following:

- Project Documentation
- Detailed Communication Matrix
- Detailed Responsibility Matrix
- Weekly Issues Log
- Weekly Risks (Identified and Mitigated)
- Detailed Project Scheduled
- Scope Change
- Weekly Variance Report (Scope and Cost)
- Weekly Status Reports
- Implementation Document of each Module

Project Management: The City will direct and the Consultant will be responsible for the

management and implementation of the project, including activities conducted by subcontractors and City personnel. Consultant understands and acknowledges that changes to the Consultant Project Manager must be mutually agreeable to Consultant and the City prior to any resultant changes.

Project Management will include, at a minimum:

- Project plan (following standard project management methodology (PMI) and best practices)
- Task schedule, administration and coordination of activities
- Project time and expense management – Consultant will be required to provide written project time and expense weekly and monthly reports to the City Project Manager. The reporting period begins with the execution of the contract and continues through acceptance and completion of the implementation.
- Project status reporting – Consultant will be required to provide a weekly written project status report to the City Project Manager, with monthly and quarterly status reports to be conducted with the City's management team as necessary. The reporting period begins with execution of the contract and continues through final acceptance and completion of the implementation.
- Project risk reporting
- Change order control management
- Quality management

Change Management:

Change Management will include, at a minimum:

- Review of the City's current business processes and inform staff of best business practices and provide support with business process changes during the Oracle R12 implementation
- Identify stakeholders and build a stakeholder engagement plan. The stakeholder engagement plan should include activities to increase involvement, achieve buy-in and maintain support of the stakeholders
- Conduct a Change Readiness Needs Assessment
- Design and deploy a Change Readiness Network to assist in communication activities
- Develop a change management strategy that incorporates detailed descriptions of how communications, business process re-engineering, workforce transitioning and training initiatives will be used to enable effective and sustained change
- Assist with the development of a communication plan. The communication plan should be designed to build awareness and increase understanding of the project's goals, objectives, activities, and timeline
- Perform a post-implementation process audit for confirmation of best practices success

Report Development:

- Provide estimated costs for development of each recommended report prior to report development
- Development of reports and/or reporting infrastructure based on Consultant recommendations

Roles and Responsibilities

The Parties will work together to assign both City and Consultant resources to specific roles as a means of matching skills to tasks and assigning ownership for specific tasks.

City of Chandler

The following table provides a listing of recommended City roles for this project, responsibilities, the number of resources, and level of participation. City resources are required to provide the business knowledge related to the City's existing systems, make decisions regarding the configuration of the system and related business processes, and receive knowledge from Consultants to become self-sufficient in the usage and maintenance of the system.

CITY OF CHANDLER ROLE	RESPONSIBILITIES	NUMBER OF RESOURCES
STEERING COMMITTEE	<ul style="list-style-type: none"> ▪ Steer the Project Manager ▪ Address issues presented by the Project Manager ▪ Clear roadblocks that jeopardize project success ▪ Create the conditions to make the Project Manager successful in their role ▪ Review and decide on proposed changes to organizational policies and procedures that will be impacted by the project ▪ Review and make decisions on major changes to the project ▪ Review and approve significant project recommendations (e.g., go-live) ▪ Review, discuss and approve all white papers submitted to the ESC ▪ Set and maintain alignment of project goals and expectations to include matters of scope, time, cost and business results ▪ Provide insight and counsel in addressing policy and cross-functional issues ▪ Provide assistance in readying departments for departmental implementation ▪ Provide assistance in managing the expectations of the organization in terms of the challenges, issues and benefits of an integrated system 	1
EXECUTIVE SPONSOR	<ul style="list-style-type: none"> ▪ Has ultimate authority over and is responsible for the project ▪ Sets goals and objectives for the project ▪ Approves changes to project scope and provides necessary additional funding ▪ Acts as a change leader and final escalation point for issue resolution ▪ Approves deliverables and policy changes 	1

PROJECT MANAGER	<ul style="list-style-type: none"> ▪ Has authority over and responsibility for the project ▪ Assists in developing the project charter and project plans ▪ Establishes internal standards and confirms compliance with external regulations ▪ Provides timely decision making and scope management ▪ Resolves issues, change requests, and makes user resources available ▪ Assists in tracking action items ▪ Responsible for the functional quality of the solution ▪ Controls the business aspects of the project including project financial controls and budgeting ▪ Performs team management processes (structure, plan, control, assess, report, conclude) ▪ Manages internal resource commitment and schedules ▪ Communicates to executive sponsor ▪ Performs overall audit of project and approves all work products ▪ Executes formal and management reviews ▪ Monitor communications and change management project risks 	1
FUNCTIONAL LEADS	<ul style="list-style-type: none"> ▪ Participates in Project Team Training Sessions which focus on new functionality and new modules ▪ Assist in the day to day aspects of the project ▪ Assist with team management processes ▪ Define and design business and system requirements ▪ Document and analyze business processes ▪ Assist with system configuration ▪ Act as decision makers for team ▪ Track action items ▪ Track and resolve issues ▪ Identify customization, interface, report, and conversion requirements ▪ Complete functional specifications ▪ Assist with data mapping and complete data validation ▪ Lead development of testing materials and testing effort ▪ Help develop training needs ▪ Assist with project communication ▪ Assist with training materials and delivery 	<p>Total – 5 to 7</p> <p>2 – Financial</p> <p>1 – Project Accounting</p> <p>1 – Supply Chain</p> <p>1 - Human Resource Management</p> <p>1 - Payroll</p> <p>*Note – the total number of resources required, and their associated commitments, will be finalized during the Planning Phase of the project.</p>

<p>TRAINING TEAM</p>	<ul style="list-style-type: none"> ▪ Develops and tracks overall training plan including identification of resources (e.g. trainers, facilities, materials, etc.) and the design of the training program with respect to change management needs associated with people, process, and technology ▪ Develops and conducts or assists end-user training ▪ Coordinate the development of training materials ▪ Develops the UPK content for use in online and instructor led training ▪ Identify and acquire City trainers for the various phases of the project in accordance with the training approach as described above ▪ Coordinate the logistics related to the actual scheduling and delivery of training 	<p>1-2</p>
<p>TECHNICAL LEAD AND DEVELOPERS</p>	<ul style="list-style-type: none"> ▪ Provide knowledge of current system ▪ Comply with development standards and procedures ▪ Create technical specifications and develop interfaces, reports, conversion programs, and customizations ▪ Complete unit testing and troubleshooting ▪ Assist with application of updates and fixes 	<p>1-2</p>
<p>DATABASE ADMINISTRATOR</p>	<ul style="list-style-type: none"> ▪ Assess current environment, needs, and hardware needs in preparation for the upgrade and increased footprint ▪ Assist with hardware installation and configuration for upgrade and increased footprint ▪ Assists with installation media staging ▪ Creates clones prior to upgrade iterations ▪ Assist with software installation and configuration ▪ Assist with performing the upgrade iterations ▪ Assist with installing the new applications ▪ Assists with supporting the upgraded environments during the project ▪ Supports the Production environment after go-live ▪ Coordinates access and information on database users ▪ Monitors system for performance tuning 	<p>1</p>

SYSTEM ADMINISTRATOR	<ul style="list-style-type: none"> ▪ Establishes, coordinates, and maintains all servers, including database, application, and network environments ▪ Hardware installation and configuration ▪ Assists with software installation ▪ Monitors system for performance tuning 	1
USERS	<ul style="list-style-type: none"> ▪ Provides expert understanding of their business area ▪ Provides source information to the team on current system and business processes ▪ Represents the user's area in identifying current and future procedures and participates in testing activities ▪ Assists with training materials and delivery 	TBD

<p>CHANGE MANAGEMENT AND COMMUNICATIONS TEAM</p>	<ul style="list-style-type: none"> ▪ Review, execute, and monitor change management strategies and practices that can be used to enhance project success ▪ Review, execute, and monitor change management action plans ▪ Review, execute, and monitor a Communications Management Plan that identifies how oral and written communications will be addressed for the various project stakeholders. Components of this plan may include: <ul style="list-style-type: none"> ○ Manage the structure and content of the City Intranet project site that is visible to all City staff ○ Manage a project suggestion/comment box ○ Develop a project Glossary of Terms that is updated throughout the course of the project and posted to the City facing project site ○ Develop and publish a monthly project newsletter that is published on the City facing project site ○ Develop a FAQ document that is updated frequently and published to the City facing project site ○ Implement a project hotline for fielding project questions ○ Develop a 1 page project summary document that is posted on the City facing project site ▪ Act as the focal point for project communications that are directed towards stakeholders external to the project team (e.g., press, community, etc.) ▪ Implement and monitor strategies related to maintaining employee morale during the project (e.g., name the project, project celebrations, recognition of outstanding results, etc.) ▪ Work with the PMO to execute and monitor team building activities and exercises ▪ Maintain awareness of general communications that are occurring related to the project ▪ Be cognizant of project rumors and work with the PMO to address accordingly 	<p>1</p>
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	<ul style="list-style-type: none">▪ Provide advice and counsel to the PMO and Executive Steering Committee as it relates to communications and change management items	
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Consultant

The staffing matrix below provides a summary of Consultant roles, the corresponding skill set/responsibilities, the number of resources recommended for the project, and their level of participation.

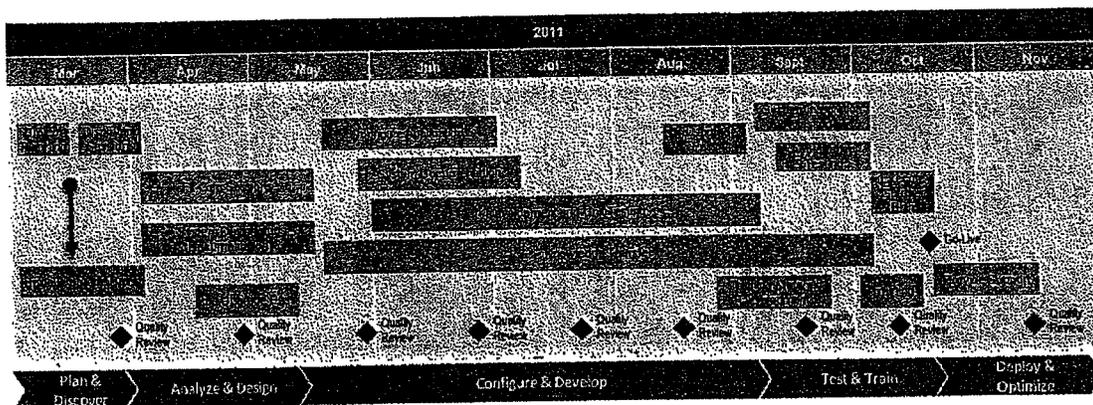
CONSULTANT ROLE	SKILL SET/RESPONSIBILITIES	NUMBER OF RESOURCES
PROJECT MANAGER	<p>The project lead works closely with City of Chandler management to manage a successful project.</p> <ul style="list-style-type: none"> ▪ Assists in developing the project charter and project plans ▪ Monitors progress in adherence to the project plan and maintains the project plan ▪ Provides scope management ▪ Assists in tracking action items ▪ Resolves issues and change requests ▪ Escalates issues ▪ Develops status reports ▪ Communicates project status to City of Chandler executive sponsors ▪ Manages consultant resources ▪ Confirms on time and quality project deliverables ▪ Provides knowledge transfer to City of Chandler team ▪ Define and implement a process for reviewing and approving process changes 	1
QUALITY REVIEWER	<ul style="list-style-type: none"> • Performs a quality review of materials and progress at each phase. ▪ Monitor change management action plans ▪ Monitor communication action plans ▪ Maintain awareness of general communications that are occurring related to the project ▪ Monitor communications and change management project risks 	1
FUNCTIONAL CONSULTANTS (SMEs)	<p>These individuals provide the business representation and leadership for the functional areas. Functional leads have deep knowledge of the business processes that support an E-Business application. Each has a strong understanding of how projects are run and how to transfer knowledge and train City of Chandler team.</p> <ul style="list-style-type: none"> ▪ Delivers Project Team Training which focuses on new functionality and new modules ▪ Assist with team management processes ▪ Assist with project communication ▪ Lead City of Chandler team through system configuration, fit/gap analysis, and functional design ▪ Map business processes and procedures in support of the City's ERP upgrade ▪ Assist City of Chandler team with completing functional specifications ▪ Assess customization, interface, report, and conversion requirements ▪ Assist with data mapping and data validation ▪ Guide development of testing materials and testing effort ▪ Develop test scripts ▪ Track action items 	5-6

CONSULTANT ROLE	SKILL SET/RESPONSIBILITIES	NUMBER OF RESOURCES
	<ul style="list-style-type: none"> ▪ Track issues and provide expertise and guidance for resolving issues ▪ Provide knowledge transfer to City of Chandler team ▪ Assist City of Chandler with training material development and delivery 	

CONSULTANT ROLE	SKILL SET/RESPONSIBILITIES	NUMBER OF RESOURCES
TRAINING TEAM	<ul style="list-style-type: none"> ▪ Assists with the overall training plan including identification of resources (e.g. trainers, facilities, materials, etc.) and the design of the training program with respect to change management needs associated with people, process, and technology ▪ Assists with the end-user training ▪ Coordinate the development of training materials ▪ Assists with the UPK content for use in online and instructor led training ▪ Identify and acquire consulting trainers for the various phases of the project in accordance with the training approach described above 	2
TECHNICAL CONSULTANTS	<ul style="list-style-type: none"> ▪ The technical lead receives direction from the project lead and has extensive expertise with Oracle technology and application specific product knowledge ▪ Coordinates efforts of the technical team ▪ Provides guidance for creating development standards and procedures ▪ Creates technical specifications ▪ Retrofits and develops interfaces, reports, and customizations ▪ Completes unit testing and troubleshooting ▪ Provides troubleshooting guidance during testing phases ▪ Assists with environment management ▪ Assists with application of updates and fixes ▪ Provides knowledge transfer to City of Chandler team 	1-2
DATABASE ADMINISTRATOR	<ul style="list-style-type: none"> ▪ Assists with: <ul style="list-style-type: none"> ○ Assessment of current environment, needs, and hardware needs in preparation for the upgrade ○ Hardware installation and configuration for upgrade ○ Staging installation media ○ Software installation and configuration ○ Upgrade iterations ○ Customization and interface configuration in the upgraded environments ○ Supporting the upgraded environments during the project ○ Documentation and knowledge transfer on upgraded system 	1
CHANGE MANAGEMENT TEAM	<ul style="list-style-type: none"> ▪ Assess the readiness of the City with respect to change that will occur as a result of the project ▪ Develop change management strategies and 	1

CONSULTANT ROLE	SKILL SET/RESPONSIBILITIES	NUMBER OF RESOURCES
	<p>practices that can be used to enhance project success</p> <ul style="list-style-type: none"> ▪ Develop change management action plans ▪ Develop and communicate a Communications Management Plan that identifies how oral and written communications will be addressed for the various project stakeholders ▪ Provide advice and counsel to the PMO and Executive Steering Committee as it relates to communications and change management items ▪ Work with the various functional teams to craft communications strategies as it relates to disseminating information to City departments ▪ Act as a liaison to the team leads for identifying and resolving change issues associated with people, process and technology ▪ Educate the project teams on change management theory and practices and bring those to the project ▪ Develop strategies related to maintaining employee morale during the project (e.g., name the project, project celebrations, recognition of outstanding results, etc.) ▪ Work with the PMO to define potential team building activities and exercises 	

High Level Estimated Project Schedule



Assumptions:

#2922 CedarCrestone PSA

- City and Consultant project team members will be co-located at the City.
- City will provide Consultant with reasonable working space, equipment and office support.
- City will provide Consultant with reasonable access to their facilities during normal business hours and otherwise as reasonably requested by Consultant.
- Consultants work a four-day, forty hour workweek, subject to time off for holidays, vacation, medical, and other leave, unless dictated otherwise by the project schedule and agreed to by City and Consultant.
- City will implement changes in Production with Consultant assistance.
- City assumes the responsibility for support or maintenance of Oracle licensed software.
- Consultant will provide City with guidance to modify existing business processes instead of customizing the software where applicable.
- City will be responsible for the upgrade of Noetix.
- Consultant will require City signoff on the final design document within five (5) working days of submission and prior to starting the system configuration. Any changes made after signoff will be considered a Change Order.
- The City will only have one Total Compensation Statement for all employees.
- The project must start no later than March 7, 2011 in order to meet the specified October 17, 2011 go-live date.

Acceptance Process:

As Consultant completes the associated deliverables for a given milestone, it will present the City with an Acceptance Certificate. Within five (5) business days following receipt of the deliverables and Acceptance Certificate (the "Acceptance Period"), the City shall indicate its acceptance of such deliverables by signing the Acceptance Certificate and returning it to Consultant (the "Acceptance") or, if the City does not believe the milestones have been reached or that the deliverables are acceptable, the City will notify Consultant in writing of the basis for its rejection. If the City does not accept or reject the Acceptance Certificate within such Acceptance Period, Acceptance will be deemed to have occurred.

If the City rejects any milestone deliverables presented by Consultant, the written rejection notice shall specify the basis for the City's determination that the milestones have not been reached or the deliverables are not acceptable. The Consultant will have three (3) business days following receipt of the written rejection notice to resubmit an Acceptance Certificate. The Acceptance Process will repeat until Acceptance occurs.

**EXHIBIT C
FEE SCHEDULE**

City shall pay Consultant a total contract amount not to exceed \$2,126,411 (total consists of \$1,574,411 for services provided and expenses/per diem which will be billed as incurred up to a cap of \$352,000 and up to \$200,000 for report development) per the following schedule:

Phase or Event	Required Deliverables	Scheduled Payment
Contract Execution	<ul style="list-style-type: none"> • Signed Contract • Detailed Project Plan Schedule Completed and Accepted • Project Team Kickoff Executed 	\$140,000
Phase One	<ul style="list-style-type: none"> • Discover Workshops Completed • Discover Findings Document Completed and Accepted • Change Readiness Needs Assessment Completed and Accepted • Communication and Change Management Plan Completed and Accepted • 1st Instance Upgrade and New Applications Installed • Quality Review Report Completed and Accepted 	\$240,000
Phase Two	<ul style="list-style-type: none"> • Fit Gap Analysis Workshops Completed • System Design Document Completed and Accepted • Training Strategy Document Completed and Accepted • Technical Assessment Document Completed and Accepted • Report Study Completed and Accepted • 2nd Instance Upgrade and New Applications Installed • Quality Review Report Completed and Accepted 	\$240,000
Phase Three – Part I	<ul style="list-style-type: none"> • Test Script Preparation Completed and Accepted • Configuration of Applications Completed • Cycle 1 of Unit Testing Completed and Accepted • Quality Review Report Completed and Accepted 	\$80,000

Phase Three – Part II	<ul style="list-style-type: none"> • Technical Specifications Completed and Accepted • Cycle 2 of Unit Testing Completed and Accepted • Quality Review Report Completed and Accepted 	\$80,000
Phase Three – Part III	<ul style="list-style-type: none"> • Cycle 3 of Unit Testing Completed and Accepted • 3rd Instance Upgrade and New Applications Installed • Quality Review Report Completed and Accepted 	\$80,000
Phase Four	<ul style="list-style-type: none"> • 4th Instance Upgrade and New Applications Installed • User Acceptance and Integration Testing Completed and Accepted • UPK Topic Development Completed and Accepted • End User/Super User Training Completed • 2 Quality Review Reports Completed and Accepted 	\$240,000
Phase Five	<ul style="list-style-type: none"> • Go-live (Must occur no later than 10/17/11) 	\$240,000
Post Production	<ul style="list-style-type: none"> • Support • Post Production Quality Review Report Completed and Accepted 	\$234,411

Report Development

For report development, the City will be billed \$125/hour for fees for actual hours expended. Actual travel related expenses will also be billed as incurred. The fees for the report development effort is not included in the Exhibit C Fee Schedule.

Estimated costs for the design, development, and testing of each recommended report will be provided. Reports will be identified and specified during the course of the project, especially during the Report Study. The aggregate amount billed for report development will not exceed \$200,000. This not-to-exceed cap includes fees and travel related expenses.

Travel Related Expenses

CONSULTANT shall invoice the CITY for travel expenses, providing a summary of such expenses with the invoice and copies of individual receipts upon request. All travel and living expenses (with the exception of per diem meal allowances) are billed at the actual costs incurred, with receipts for such costs retained by Consultant in accord with IRS guidelines.

Reimbursable expenses include travel cost for airfare (coach), car rental (economy), taxis, shuttles, trains, parking, tolls and fees, lodging, and a per diem to cover meals, meal tips, and incidental expenses.

The CITY shall be responsible for payment of any sales or use taxes applicable to its purchase of services under this Agreement.

Lodging:

CONSULTANT employees will acquire lodging consistent with business travel rates for the area of CITY's offices. CONSULTANT employees will use the lower of CedarCrestone's corporate rate or the rate available to the CITY, if the same rate may be obtained by CONSULTANT, at designated national brand hotels whenever possible.

Per Diem:

Meal expenses are calculated on a per diem basis using the allowed rate for the specific local or metropolitan area under the General Service Administration ("GSA") tables applicable to Federal employees traveling at government expense. GSA publishes Continental US (CONUS) per diem tables for each local or metropolitan area annually on October 1. The per diem rate includes all meals, meal tips, and incidental expenses. The per diem rate is prorated for partial days of travel away from home according to the GSA guidelines.
<http://www.gsa.gov/portal/category/100120>

Rate Table: The below rates are in effect for 18 months from the time of contract execution and are to be used for pricing any additional services.

Consultant Level	Hourly Rate
Project Manager and Quality Advisor	\$150
Functional Implementation Consultant	\$145
Technical Implementation Consultant	\$135
Change Management and Education Consultant	\$145
Consultant Report Development	\$125

**EXHIBIT D
INSURANCE REQUIREMENTS**

1. CONSULTANT, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of B++6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.
2. Policies written on a "Claims made" basis, other than Professional Liability insurance, are not acceptable without written permission from the City's Risk Manager.
3. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of CITY, constitute a material breach of this Agreement and may result in termination of this contract.
4. If any of the insurance policies are not renewed prior to expiration, payments to the CONSULTANT may be withheld until these requirements have been met, or at the option of the City, the City may pay the Renewal Premium and withhold such payments from any monies due the CONSULTANT.
5. All insurance policies, except Workers' Compensation and Professional Liability required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this contract, the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insureds.
6. CONSULTANT's insurance shall (except in the case of Professional Liability coverage) be primary insurance over any insurance available to the CITY and as to any claims resulting from this contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.
7. The insurance policies, except Workers' Compensation and Professional Liability, shall contain a waiver of transfer rights of recovery (subrogation) against CITY, its agents, representatives, officers, directors, officials and employees for any claims arising out of CONSULTANT's acts, errors, mistakes, omissions, work or service.
8. The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of CONSULTANT. CONSULTANT shall be solely responsible for the deductible and/or self-insured retention. The amounts of any self-insured retentions shall be noted on the Certificate of Insurance. CITY, at its option, may require CONSULTANT to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit. Self-insured retentions (SIR) in excess of \$25,000 will only be accepted with the permission of the Management Services Director/designee. The CITY acknowledges that CONSULTANT's Professional Liability policy has a \$250,000 retention.
9. CONSULTANT agrees to provide the CITY with notice at least 30 days in advance if the coverage afforded under such policies will be reduced, canceled or allowed to expire.

10. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the CONSULTANT with reasonable promptness in accordance with the CONSULTANT's information and belief.

11. In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under this contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the CONSULTANT until such time as the CONSULTANT shall furnish such additional security covering such claims as may be determined by the CITY.

C.1 PROOF OF INSURANCE - CERTIFICATES OF INSURANCE

1. Prior to commencing work or services under this Agreement, CONSULTANT shall furnish to CITY Certificates of Insurance, issued by CONSULTANT's insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect and obtain from the City's Risk Management Division approval of such Certificates.

2. If a policy does expire during the life of this Agreement, a renewal certificate must be sent to the City of Chandler five (5) days prior to the expiration date.

3. All Certificates of Insurance shall identify the policies in effect on behalf of CONSULTANT, their policy period(s), and limits of liability. Each Certificate shall include the job site and project number and title. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents. Information required to be on the certificate of Insurance may be typed on the reverse of the Certificate and countersigned by an authorized representative of the insurance company.

4. CITY reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. CITY shall not be obligated, however, to review same or to advise CONSULTANT of any deficiencies in such policies and endorsements, and such receipt shall not relieve CONSULTANT from, or be deemed a waiver of CITY's right to insist on, strict fulfillment of CONSULTANT's obligations under this Agreement.

C.2 REQUIRED COVERAGE

1. Such insurance shall protect CONSULTANT from claims set forth below which may arise out of or result from the operations of CONSULTANT under this Contract and for which CONSULTANT may be legally liable, whether such operations be by the CONSULTANT or by a Sub-consultant or subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to severability of interest and waiver of subrogation clauses.

2. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;

3. Claims for damages because of bodily injury, occupational sickness or disease, or death of the Consultant's employees;

4. Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Consultant's employees;
5. Claims for damages insured by usual personal injury liability coverage;
6. Claims for damages, other than to Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
7. Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; Coverage will be at least as broad as Insurance Service Office, Inc., coverage Code "I" "any auto" policy form CA00011293 or equivalent thereof.
8. Claims for bodily injury or property damage arising out of completed operations;
9. Claims involving contractual liability insurance applicable to the Consultant's obligations under the Indemnification Agreement;
10. Claims for injury or damages in connection with one's professional services;

C.2.1 Commercial General Liability - Minimum Coverage Limits

The Commercial General Liability insurance required herein shall be written for not less than \$1,000,000 limits of liability or ten percent (10%) of the Contract Price, whichever coverage is greater. Any combination between general liability and excess general liability alone amounting to a minimum of \$1,000,000 per occurrence (or 10% per occurrence) and an aggregate of \$2,000,000 (or 20% whichever is greater) in coverage will be acceptable. The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc's (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for CONSULTANT's operations and products, and completed operations.

C.2.2 General Liability - Minimum Coverage Limits

The General Liability insurance required herein, including, Comprehensive Form, Premises-Operations, Explosion and Collapse, Underground Hazard, Products/Completed Operations, Contractual Insurance, Broad Form Property Damage, Independent Consultants, and Personal Injury shall be written for Bodily Injury and Property Damage Combined shall be written for not less than \$1,000,000 or 10% of the contract cost and with a \$2,000,000 aggregate.

C.2.3 Automobile Liability

CONSULTANT shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in performance of the CONSULTANT's work. Coverage shall be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

C.2.4 Worker's Compensation and Employer's Liability

CONSULTANT shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over CONSULTANT's employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease coverage for each employee, and \$1,000,000 disease policy limit. In case any work is subcontracted, CONSULTANT will require the Subcontractor to provide Workers' Compensation and Employer's Liability to at least the same extent as required of CONSULTANT.

C.2.5 Professional Liability

CONSULTANT shall maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by CONSULTANT, or any person employed by CONSULTANT, with a claims made policy limit of not less than \$1,000,000.