



PURCHASING ITEM  
FOR  
COUNCIL AGENDA

1. Agenda Item Number:

9

2. Council Meeting Date:

May 28, 2009

TO: MAYOR & COUNCIL

3. Date Prepared: May 14, 2009

THROUGH: CITY MANAGER

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

**5. SUBJECT:** Award an agreement for consultant services with AST Corporation to conduct implementation pre-planning to upgrade the City's integrated financial and human resources system to the next version of Oracle eBusiness Suite software in an amount not to exceed \$290,000.

**6. RECOMMENDATION:** Recommend award of an agreement for consultant services with AST Corporation to conduct implementation pre-planning to upgrade the City's integrated financial and human resources system to the next version of Oracle eBusiness Suite software in an amount not to exceed \$290,000.

**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 at a cost of \$2,233,100. This included the purchase and implementation of the following modules: HRMS, Fixed 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 2011. 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. Due to the highly customized nature of the City's implementation of the software and the major changes with the new release, the City will need to remove all of the custom software, install the new software and then recreate the custom processes on the new software version. 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 organization has grown and transactions have become more complex.

This consultant will work with the City to help identify and plan for changes that will be needed to the City's business processes and interfaces with other software to successfully implement the upgraded system and migrating the City's current system to the new version. This will include a cost estimate for the implementation.

Due to the time constraints of when support for the current system will no longer be available, the determination was made that this project could not be put off any longer. The upgrade must be completed by the time support runs out or the City may not be able to perform routine financial transactions, such as vendor payments and payroll, without disruptions or errors.

The City also considered looking at solutions other than the current Oracle system, but it was determined that due to the current economic climate and the cost to retrain all users in another system, it was neither practical nor cost effective.

**8. EVALUATION PROCESS:** On February 4, 2009, staff issued Request for Qualifications and Experience (RFQE) IT9-918-2717 for the purchase of consultant services to plan for implementation of a major upgrade of the City's Oracle system. Responses were received from O2 Works, Kbase Technologies, Navigator Management Partners, Aderas, KPMG, MSS Technologies, 3RP Company and AST Corporation. An

evaluation committee made up of representatives from Management Services, Human Resources and Information Technology evaluated the responses and narrowed the list to the three highest-scoring responses. AST Corporation was the highest-scoring response unanimously and it was determined to be in the best interest of the city to pursue only AST Corporation further. The committee's recommendation is based on further discussion with AST, review of AST's staff qualifications and previous experience, and reference checks confirming that AST Corporation is the best consultant to perform this assessment. Negotiations with AST resulted in a \$20,000 savings from the original proposed price. The City also compared the rates with comparable staff resources from other competitively bid agreements and found the consultant's proposed fees to be in line with those rates.

**9. FINANCIAL IMPLICATIONS:** Funds for this project are available from the following account: 101.1285.0000.5219.9IT044 General Fund, ITOC Capital, Other Professional/Contract Services, Oracle Analysis.

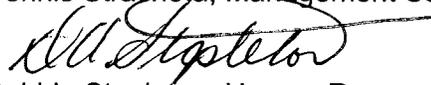
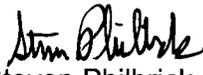
**10. PROPOSED MOTION:** Move to approve an agreement for consultant services with AST Corporation to conduct implementation pre-planning to upgrade the City's integrated financial and human resources system to the next version of Oracle eBusiness Suite software in an amount not to exceed \$290,000.

**APPROVALS**

**11. Requesting Department**

  
Sheneka Coleman, IT Services Manager

**12. Department Heads**

  
Dennis Strachota, Management Services Director  
  
Debbie Stapleton, Human Resources Director  
  
Steven Philbrick, Chief Information Officer

**13. Procurement Officer**

  
Carolee Stees, CPPB

**14. City Manager**

  
W. Mark Pentz

**CITY OF CHANDLER  
PROFESSIONAL SERVICES AGREEMENT  
ORACLE UPGRADE IMPLEMENTATION PRE-PLANNING  
IT9-918-2717**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of May, 2009, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and AST CORPORATION 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 Information Technology Project Manager 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.

**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. 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 Hundred Ninety Thousand dollars (\$290,000) 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 commence work upon notice to proceed and shall complete all services described herein within twelve (12) weeks from date of notice, unless otherwise agreed to in writing by both the CITY and CONSULTANT.

**6. TERMINATION:**

**6.1. 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, CONTRACTOR shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. As compensation in full for services performed to the date of such termination, the

CONTRACTOR 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 CONTRACTOR 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 CONTRACTOR's compensation shall be based upon such determination and CONTRACTOR's fee scheduled included herein.

**6.2 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.

**6.3. 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.

**7. 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, arising or alleged to have arisen out of the negligent performance of the Consultant for the work to be performed hereunder, except any such injury or damages arising out of the sole negligence of the City, its officers, agents or employees. IT IS THE INTENTION OF THE PARTIES to this contract that the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property.

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.

8. **INSURANCE REQUIREMENTS:** CONSULTANT shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.
9. **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.
10. **ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
  - 10.1. Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor 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 "Contractor Immigration Warranty").
  - 10.2. A breach of the Contractor 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.
  - 10.3. The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.
  - 10.4. The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verifications.
  - 10.5. The provisions of this Article must be included in any contract the Contractor 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 contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
  - 10.6. In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the offeror does not have scrutinized business operations in Iran.
  - 10.7. In accordance with A.R.S. §35-391.06 the Contractor hereby certifies that the offeror does not have scrutinized business operations in Sudan.
11. **CONFLICT OF INTEREST:**
  - 11.1 **No Kickback.** CONTRACTOR 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 CONTRACTOR'S proposal to the CITY.
  - 11.2 **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 CONTRACTOR 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).

- 11.3 No Conflict.** CONTRACTOR 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.
- 11.4 Alternate Dispute Resolution.** Notwithstanding anything to the contrary provided elsewhere in the Agreement documents, the alternate dispute resolution (ADR) process provided herein shall be the exclusive initial means for resolution of claims or disputes and other matters in question between CITY and CONSULTANT arising out of, or relating to the Agreement documents, interpretation of the Agreement, or the performance or the breach by any party thereto, including but not limited to, original claims or disputes asserted as cross claims, counterclaims, third party claims or claims for indemnity or subrogation, in any threatened or ongoing litigation or arbitration with third parties, if such disputes involve parties to Agreements containing this ADR provision.

#### **A. INTERNAL RESOLUTION PROCESS**

- 1. Notice:** CONSULTANT shall submit written notice of any claim or dispute to the Purchasing Manager within thirty (30) days of the occurrence, event or disputed response from CITY for immediate resolution pursuant to these provisions. Each claim or dispute shall be submitted and resolved as they occur and not postponed until the end of the Agreement nor lumped together with other pending claims.
- 2. Forfeiture:** Failure to submit a notice of any claim, dispute, or other issue within such thirty (30) days shall constitute CONSULTANT'S forfeiture of its right to dispute the issue, raise the claim or make the request and shall also constitute CONSULTANT'S agreement and acceptance of CITY'S position.
- 3. CITY Response:** The Agreement Administrator will provide to CONSULTANT a written response to any claim, request for clarification or dispute on or before thirty (30) days from receipt of CONSULTANT'S written claim.
- 4. Appeal:** If CONSULTANT disagrees with the response of the Purchasing Manager, within fifteen days of the date of the response by the Agreement Administrator, CONSULTANT shall file with the Assistant Management Services Director, written notice of appeal. The Purchasing Manager shall provide copies of all relevant information concerning the Agreement and claim or dispute to the Assistant Management Services Director who will determine the appeal. The Assistant Management Services Director may request additional information from either party, may hold an informal informational hearing or may make the determination based on the information provided. The Assistant Management Services Director shall make a final determination of the appeal and provide written notice to CONSULTANT within sixty (60) days from the date of CONSULTANT'S written notice of appeal.

#### **B. ARBITRATION**

- 1. Arbitration:** If CONSULTANT is not satisfied with the determination of the Assistant Management Services Director, the following binding arbitration procedure shall serve as the exclusive method to resolve all unresolved disputes in which the claims

are for \$500,000 or less except for errors of law which may be appealed if an award exceeds \$100,000 and is based on an error of law. If CONSULTANT chooses not to accept the decision of the Assistant Management Services Director, CONSULTANT shall notify the Agreement Administrator in writing within ten (10) business days of receipt of the Assistant Management Services Director's decision of a request for arbitration. The CONSULTANT shall post a cash bond with the Arbitrator in the amount of \$5,000, or a greater amount as determined by the Arbitrator, that will defray the cost of the arbitration as set forth in paragraph E, Fees and Costs, and proceeds from said bond shall be allocated in accordance with said paragraph by the Arbitrator.

2. **Arbitration Panel:** The Arbitration Panel shall consist of the arbitrators selected by the parties involved in the dispute, (i.e., CITY will select one arbitrator, CONSULTANT will select one arbitrator, and any other CONSULTANT who has a Agreement with CITY which contains this ADR provision and is a party to the same dispute will also select an arbitrator), and the foregoing arbitrators shall select a neutral Arbitrator who will hear the matter and make a final determination, as set forth herein.
3. **Expedited Hearing:** The parties have structured this procedure with the goal of providing for the prompt and efficient resolution of all disputes falling within the purview of this ADR process. To that end, any party can petition the Arbitrator to set an expedited hearing if circumstances justify it. The Arbitrator shall contact the parties and schedule the arbitration at the earliest possible date. In any event, the hearing of any dispute not expedited will commence as soon as practical, but in no event later than sixty (60) days after notification of request for arbitration having been submitted. This deadline can be extended only with the consent of all the parties to the dispute, or by decision of the Arbitrator upon a showing of emergency circumstances.
4. **Procedure:** The Arbitrator shall conduct the hearing that will resolve disputes in a prompt, cost efficient manner giving due regard to the rights of all parties. Each party shall supply to the Arbitrator a written pre-hearing statement, which shall contain a brief statement of the nature of the claim or defense, a list of witnesses and exhibits, a brief description of the subject matter of the testimony of each witness who will be called to testify, and an estimate as to the length of time that will be required for the arbitration hearing. The Arbitrator shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence consistent with the deadlines provided herein, and the parties' objective that disputes be resolved in a prompt and efficient manner. The Arbitrator, upon proper application, shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary, or sensitive materials or information from public disclosure or other misuse. Any party may make application to the Maricopa County Superior Court to have a protective order entered as may be appropriate to conform to such orders of the Arbitrator.
5. **Hearing Days:** To effectuate the parties' goals, the hearing once commenced, will proceed from business day to business day until concluded, absent a showing of emergency circumstances.
6. **Award:** The Arbitrator shall within ten (10) days from the conclusion of any hearing issue its award. The award shall include an allocation of fees and costs pursuant to the Binding Arbitration Procedure paragraph herein. Any award providing for deferred payment shall include interest at the rate of ten (10%) percent per annum. The award is to be rendered in accordance with the Agreement and the laws of the State of Arizona.

7. **Scope of Award:** The Arbitrator shall be without authority to award punitive damages, and any such punitive damage award shall be void. The Arbitrator shall also be without authority to issue an award against any individual party in excess of \$500,000, exclusive of interest, arbitration fees, costs, and attorney's fees. If an award is made against any individual party in excess of \$50,000, exclusive of interest, arbitration fees, costs and attorneys' fees, it must be supported by written findings of fact, conclusions of law and statement as to how damages were calculated.
8. **Jurisdiction:** The Arbitrator shall not be bound for jurisdictional purposes by the amount asserted in any party's claim, but shall conduct a preliminary hearing into the question of jurisdiction upon application of any party at the earliest convenient time, but not later than the commencement of the arbitration hearing.
9. **Entry of Judgment:** Any party can make application to the Maricopa County Superior Court for confirmation of any award and for entry of judgment on it.
10. **Severance and Joinder:** To reduce the possibility of inconsistent adjudications, the Arbitrator, may at the request of any party, join and/or sever parties, and/or claims arising under other Agreements containing this ADR provision, and the Arbitrator may, on his own authority, join or sever parties and/or claims subject to this ADR process as they deem necessary for a just resolution of the dispute, consistent with the parties' goal of the prompt and efficient resolution of disputes. Nothing herein shall create the right by any party to assert claims against another party not recognized under the substantive law applicable to the dispute. The Arbitrator is not authorized to join to the proceeding parties not in privity with CITY.

- C. **APPEAL TO MARICOPA COURTS:** Any party may appeal errors of law by the Arbitrator if, but only if, the errors arise in an award in excess of \$100,000; the exercise by the Arbitrator of any powers contrary to or inconsistent with the Agreement; or any of the grounds provided in A.R.S. 12-1512. Appeals shall be to the Maricopa County Superior Court within fifteen (15) days of entry of the award. The standard of review in such cases shall be that applicable to the consideration of a motion for judgment notwithstanding the verdict, and the Maricopa County Superior Court shall have the authority to confirm, vacate, modify or remand an award appealed under this section.
- D. **UNIFORM ARBITRATION ACT:** Except as otherwise provided herein, binding arbitration pursued under this provision shall be governed by the Uniform Arbitration Act as enacted in Arizona in A.R.S. 12-1501, et. seq.
- E. **FEES AND COSTS:** Each party shall bear its own fees and costs in connection with any internal dispute resolution procedure. All fees and costs associated with any arbitration before the Arbitrator, including without limitation, the Arbitrator's fees, the prevailing party's attorneys' fees, expert witness fees and costs, will be paid by the non-prevailing party, except as provided for herein. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, will be included in the award by the Arbitrator.
- F. **EQUITABLE LITIGATION:** Notwithstanding any other provision of ADR to the contrary, any party may petition the Maricopa County Superior Court for interim equitable relief as necessary to preserve the status quo and prevent immediate and irreparable harm to a party or to ongoing work pending resolution of a dispute pursuant to ADR provided for herein. No court may order any permanent injunctive relief except as may be necessary to enforce an order or award entered by the Arbitrator. The fees and costs incurred in connection with any such equitable proceeding shall be determined

and assessed in pursuant to the Alternative Dispute Resolution provisional of this Agreement.

12. **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:

AST Corporation  
Pravin Kumar  
1755 Park Street #100  
Naperville, IL 60563  
888-278-0002

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.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this \_\_\_\_\_ day of May 2009.

CITY OF CHANDLER

CONSULTANT

\_\_\_\_\_  
Mayor Date

By: Pravin Kumar  
Title: President

APPROVE AS TO FORM

\_\_\_\_\_  
City Attorney

ATTEST: If Corporation

\_\_\_\_\_  
Secretary

ATTEST:

\_\_\_\_\_  
City Clerk

SEAL

EXHIBIT A

Contractor Immigration Warranty  
To Be Completed by Contractor Prior to Execution of Contract

**A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor 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 contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

<b>Contract Number: IT9-918-2717</b>		
<b>Name (as listed in the contract): AST Corporation</b>		
<b>Street Name and Number: 1755 Park Street #100</b>		
<b>City: Naperville</b>	<b>State: IL</b>	<b>Zip Code: 60563</b>

I hereby attest that:

1. The contractor 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 Contractor (Employer) or Authorized Designee:**

*Pravin Kumar*

**Printed Name:** PRAVIN KUMAR

**Title:** President

**Date (month/day/year):** 05/12/09

## **EXHIBIT B SCOPE OF WORK**

### **Tasks to be Performed**

The following detailed tasks define the scope of work and will be accomplished during the project. These tasks will result in the deliverables outlined in the subsequent sections:

### **Planning & Preparation**

1. Review and finalize the project methodology, approach, project plan, roles and responsibilities, work space, user interview process, site and system access, status reporting mechanism and logistics with the City's project manager.
2. Conduct a project kick off meeting to prepare the project team.
3. Establish project repository, and templates for status reports, deliverables, acceptance certificates and issues reporting.
4. Identify and catalogue the sources of exiting system documentation, site specific user guides, setup documents, custom extension design documents and test scripts.

### **Business Process Assessment**

The project team will collect existing business process information via review of the on-line system setups, data query, questionnaires, documentation review, and interviews with City staff. The following specific tasks will be performed to arrive at the current state project report deliverable:

5. Review the Oracle health check recommendations and translate them into actionable R12 features and configuration changes where applicable.
6. Review the existing documentation, site specific user guides and test scripts. Identify the extent of changes required or new documentation that will have to be created for R12.
7. Map the existing business processes to R12 functionality and document the functions that may not be supported in R12 with possible workarounds and solutions.
8. Document the pros and cons for any substantial change required to the system configuration or business processes. Where multiple options are available, provide recommendations for the preferred option based on best business practices.
9. Review audit, control or process related issues currently faced by the users and relate them to the future state in R12. Where possible, provide recommendations for resolving the known issues.
10. Identify the extent of use of the desk top integration tools (ADI, Discoverer etc.) and document the impact of the upgrade on the use of these tools on business users. Recommend best practices and workarounds for any loss in functionality.
11. Review and recommend reporting, business intelligence and portal capabilities of EBS that may be affected or should be utilized in R12.
12. Review the business function and importance of the existing customizations and explore the feasibility of replacing them with standard functionality in R12.
13. Review the external system, processes and agencies like benefit carriers, NACHA direct deposit, banks, supplier catalogue and document the impact of R12 upgrade on them.
14. Review available patches, bug fixes and setup changes for the application modules in use that can be applied to streamline and application performance and reduce the

downtime during the R12 upgrade. Make recommendations for inclusion of such patches and setup changes in the planned patch application schedule at the City.

15. Explore, document and recommend the opportunities for purging and archiving of the historical data prior to the R12 upgrade to improve system performance and reduce downtime during upgrade.

### **Release 12 New Features Evaluation**

16. Review the enhancements available in R12 that may be beneficial to the City. Evaluate the strength of desired functionality and the resources required to implement the new features.
17. Discuss new modules available in R12 with City users and provide broad assessment of benefits, organizational impact and resource requirements to implement those modules.

### **Infrastructure Analysis**

18. Review the existing server hardware and technical infrastructure. Identify the sizing, CPU and memory upgrades required to support R12.
19. Review operating system versions and its compatibility with R12.
20. Validate the recommendations contained in Oracle health check document related to database, application server and other technology stack components. Identify Tech Stack upgrade requirements including database, Oracle internet application server, and Application Developer tools versions supported by R12.
21. Review pros and cons of database upgrade to 11g. Review new/upgraded tuning and monitoring tools available with R12.
22. Review the instance plan, disaster recovery plan, patch application plan and environment cloning plan and document the changes required in R12.
23. Document and recommend deletion of any un-compiled and inactive database objects that are not used in the current release or will be obsolete in R12.
24. Review existing patches and architectural changes for the technology stack that can be applied to reduce the downtime for the R12 upgrade. Make recommendations for inclusion of such patches in the planned patch application schedule at the City.
25. Review licensing usage, inactive users, responsibilities and other application objects.
26. Recommend client (desktop) computer configuration for casual user, self service only user, power users, system administrators and developer.
27. Review the use of Single Sign-On, Oracle portal, BPEL, OBIEE and other infrastructure enhancements.

### **Interface Analysis**

28. Identify and evaluate interfaces between Oracle E-Business and other internal systems or 3rd party software products in use or currently being implemented at the City.
29. Identify and evaluate external interfaces between Oracle E-Business and outside agencies like banks, credit union, and benefits carriers.
30. Document possible effect on these interfaces and estimate the effort required to migrate them to Release 12.

### **Project Management & QA**

31. Perform quality review of all deliverables prior to submission to the City. Ensure that the City's feedback is incorporated in the final version saved in the project repository.

32. Ensure that all deliverables are formally accepted by the City in a timely manner. Coordinate any resolve any deliverable quality of content issues.
33. Prepare the final assessment report and management presentation. Present the pre-planning results and recommendations to the City management.
34. Coordinate the availability and proper utilization of consulting staff.
35. Conduct regular status meetings, prepare and submit weekly status report to the City.

**Deliverables**

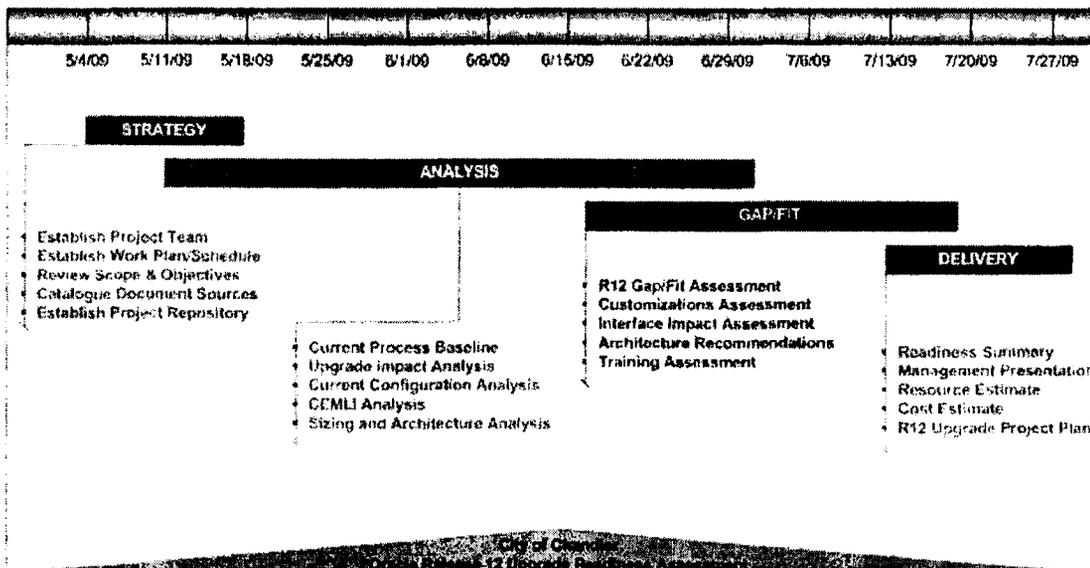
The following is a list of deliverables that will be produced by AST during the project at the City of Chandler.

Deliverable	Acceptance Criteria
1. Pre-Planning Project Plan	Must be finalized in consultation with the City's project manager and follow the broad timeline shown in the following section - Project Timeline. The project plan shall encompass all tasks and deliverables identified in this statement of work.
2. Business Process Baseline	Must identify key components of the City's current Oracle Applications environment and related third party systems.
3. Feature/Function Mapping	Must include existing 11i features used by the City and identify features that do not exist or have been significantly changed in R12.
4. Customizations Impact Document	Must identify and assess all customizations and include a description of their associated business functions. Customizations that are targeted for elimination after migration to R12 must be clearly flagged.
5. New R12 Features Evaluation Report	Must relate new features of R12 that are specific to the City's environment and assess their usability as well as effort estimate to implement any recommended feature.
6. Interface Impact Document	Must identify all interfaces and feeds to and from internal and external sources. Document changes and effort required for their continued use in R12.
7. Infrastructure Analysis	Must specify all capacity requirements for the hardware and network to support R12 without any deterioration of performance.
8. Training Needs Assessment	Training requirements should be documented for role-based training. Where possible standard Oracle University classes should be identified or where in-housing is feasible. If customized (private event) training is recommended for any topic, duration, cost and effort estimate should be included in the report.
9. Upgrade Strategy & Risks	Risk analysis of the impact of all proposed changes to the software and hardware should be provided. Options for upgrade vs. reimplementation should be explored and the recommendation should be substantiated.
10. Upgrade Resource Plan	Include both City and consulting staff requirements. City staffing requirement should be prepared in consultation with the City's project manager to utilize a realistic participation level by the users and technical staff.
11. Upgrade Project Plan	Microsoft project plan that accounts for City specific tasks and deliverables for R12 upgrade. Resources, duration and dependency should be identified on the project plan.
12. Upgrade Cost Estimate	Project cost estimate for external (consulting) resources, additional hardware and software required should be identified. City's internal resource estimate will be at the effort level unless the City provides a cost structure for its staff. In addition to the

	implementation cost, the Consultant shall provide a Total Cost of Ownership estimate for the Oracle application.
13. Management Presentation: Assessment and Recommendations	Prepare and present a pre-planning report and recommendations suitable for management. Incorporate feedback and recommendations into the final report or the detailed assessment deliverables as needed.
14. Implementation Pre-Planning Report	Final report must provide analysis and discussion of all the individual assessment reports. It should highlight the scope, extent and complexity of the R12 upgrade, associated risks in non technical terms, implications for City management and operations, and a broad discussion of alternatives to the R12 implementation, should they be available. Recommendations from individual deliverables should be presented for general audience.

### Project Timeline

Based upon the scope of work outlined, EAM methodology and Consultant's experience with similar engagements the Consultant has established a high-level project plan that spans approximately 12 weeks. As per the Consultant's upgrade methodology the phases and major tasks against each of the phases are illustrated in the high-level timeline shown below.



### ROLES & RESPONSIBILITIES

#### AST Responsibilities

AST shall provide the overall leadership, functional and technical expertise required for the assessment project. Roles and responsibilities for the consulting staff are outlined below.

#### AST Account Manager's Responsibilities

- AST Account Manager will be part-time and will be responsible for the overall delivery.
- Initiate the project; Assist with establishing the charter and schedule.
- Manage overall Quality Assurance.
- Ensure Project governance is followed throughout the project.

### **AST Project/Functional Lead**

- Manage scope, schedule and budget.
- Review and report project status.
- Review existing documentation including Oracle Health check.
- Conduct interviews with the City key users and IT staff.
- Review Public Sector specific R12 new features with business and IT staff.
- Review existing application and process issues.
- Review customizations and evaluate opportunities to replace them with Oracle standard processes and features.
- Review process standardization and best practices opportunities with City staff.
- Identify R12 versions and application patches appropriate for the City.
- Review R12 delta training needs.
- Prepare Current baseline and Gap Fit Assessment report.

### **AST Technical Consultant's Responsibilities**

- Review existing customizations and reports and evaluate the impact of R12 upgrade.
- Review existing application interfaces and impact of the R12 upgrade.
- Review Application architecture changes in R12 with City staff.
- Review overall reporting changes with changes in R12 architecture changes (Sub Ledger Accounting Impact).
- Review changes in Application development tools with R12 (BI Publisher, Web ADI, Web Discoverer, JDeveloper).
- Assist City with review of compatibility of third party systems with R12.

### **AST Infrastructure (DBA) Consultant Responsibilities**

- Review existing architecture including Database, IAS, Application Development and Monitoring tools and required upgrades for R12.
- Assist with hardware sizing for R12.
- Work with City Unix Admin to evaluate needs for operating system changes/patching.
- Review and document infrastructure patching requirements.
- Review new monitoring tools/capabilities in R12 with City DBA team.

### **City of Chandler Responsibilities**

The City staff will need to actively participate in the assessment project to accomplish the goals and objectives. Roles and responsibilities for the City staff are outlined below.

### **City Project Management Responsibilities**

- Provide direction and guidance to the City's personnel as required by AST to maintain project momentum.
- Provide information and resources in a timely manner, as needed by AST to enable completion of the tasks.
- Review project deliverables.

- Coordinate the City's acceptance and approval of deliverables.
- Provide issue resolution support.
- Represent the City during project meetings.
- Provide needed approvals for Change Requests.
- Ensure adequate workspace for on-site consultants, including desks, telephones, building access, laptop connectivity and system access.

#### **City SME (Business Leads) Responsibilities**

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- Participate in Review and Business Requirements validations.
- Attend R12 New features review meetings.
- Provide feedback on process standardization and elimination of customizations.
- Participate in review of the custom components.
- Sign-off on deliverables.

#### **City Technical Staff Responsibilities**

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- Work with AST staff on identifying custom components.
- Work with AST staff on reviewing architectural changes in R12.
- Review changes to application development tools.

#### **City DBA Responsibilities**

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- Work with AST staff on establishing server sizing for R12.
- Review and approve recommendations architectural changes in R12 and impact on the infrastructure.
- Review and approve recommendations for database and system administration tools available in R12.

### **ASSUMPTIONS**

#### **General Assumptions:**

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1. Scope of the project will remain as defined in this document, unless otherwise modified in writing by both the City and Consultant.
2. The City staff will be available in a timely manner to review, approve and provide feedback for each the project deliverables.
3. The City is responsible for the hardware and software environment that will be the basis of the analysis and assessment outlined in this scope of work. These systems will be available in a timely manner to the project team and will be available during normal business hours to our consultants through the duration of the project.
4. The City will provide adequate workspace and desktop computers available for the AST consultants assigned to the project.
5. The City will designate a project manager who shall be responsible for communication and coordination with AST and other City staff and management for the duration of the project.
6. There is an existing active support contract (CSI#) with Oracle and access to the support CSI will be available to AST staff for evaluation of existing or closed system issues.

7. System and documentation access will be provided to the existing Oracle Applications environment and developer tools for the AST consultants assigned to the project.

**Software Warranty Assumptions:**

8. AST's undertaking of Implementation Pre-Planning project does not imply an endorsement of a particular Release or product from Oracle or any other software vendor.
9. AST does not guarantee the performance of Oracle E-Business Suite Release 12 any other software or imply that the software.

**Pricing Assumptions:**

10. AST has relied on the information provided by the City in the RFQ No. IT9-918-2717 and through an Oracle created health check report. The price and timeline quoted in this document are dependent on this information as well as on the assumptions outlined in this Statement of Work. Should any of these information and assumptions prove incorrect or are changed during the course of the project or should the City fail to comply with any of its responsibilities set forth in this SOW, the price and/or timeline may have be modified.
11. Price estimates are incumbent on the project scope and timeline. If the City desires to change the scope or the projected timeline for staff availability constraints or any other reason, the price and/or timeline may have to be modified or resources shifted between project tasks.

**RESOURCE & COST ESTIMATES**

Based on our current understanding of the project scope, the following estimated consulting resources are proposed for the project.

The resource requirements shown below are estimated to complete all proposed deliverables. AST will provide adequate resources to complete all tasks outlined in this statement of work within the established timeline.

**Resource Requirements**

Task Description	Account/ QA Manager	PM & Financial Lead	Functional Consultants (Multiple)	Tech Lead	DBA	Total Hours
Project Management & QA	36	36				72
Risk Assessment & Strategy	16	24		8	8	56
R12 Project and Resource Plan	16	40				56
QA & Management Presentation	24	40				64
Infrastructure Planning, Sizing					56	56
Support, Help Desk Review		16		8	8	32
Interface Impact Review		32	40	80		152
Third-Party Software Impact		32	24	16		72
Customizations Impact		40	120	280		440
Customizations Elimination		60	120	60		240
Financials Process Review		80				80
Procurement Process Review			72			72
HR-Payroll Process Review			72			72

Benefits/Self Service/OTL Process Review			72			72
Projects/Grants Process Review			72			72
Inventory/OM Process Review			60			60
Training Needs Assessment	8	80	-	8	8	104
<b>Grand Total:</b>	<b>100</b>	<b>480</b>	<b>652</b>	<b>460</b>	<b>80</b>	<b>1,772</b>

**EXHIBIT C  
FEE SCHEDULE**

City shall pay AST an amount not to exceed \$290,000 (includes all travel and per diem expenses) per the following schedule:

Task Description	Total Amount
Project Initiation & Kickoff	15,000
Assessment Work Plan Approved	15,000
Current Business Process Baseline	40,000
Future Business Process Baseline	40,000
Customizations Analysis & Recommendations	35,000
Interfaces and 3rd Party Software Impact	25,000
Infrastructure and Sizing Recommendations	15,000
Upgrade Strategy & Risk Assessment	25,000
R12 Upgrade Project Plan, Resource and Cost Estimate	20,000
Training & Help Desk Assessment	22,000
Management Presentation	14,000
Implementation Pre-Planning Report	24,000
<b>Grand Total:</b>	<b>\$290,000</b>

**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 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 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, 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..
9. All policies and certificates shall contain an endorsement providing that the coverage afforded under such policies shall not be reduced, canceled or allowed to expire until at least thirty (30) days prior written notice has been given to CITY.
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 Contractor's employees;
4. Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Contractor'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 "1" "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 Contractor's obligations under the Indemnification Agreement;
10. Claims for injury or damages in connection with one's professional services;
11. Claims involving construction projects while they are in progress. Such insurance shall include coverage for loading and off loading hazards. If any hazardous material, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included.

#### 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 Contractors, 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). Such insurance shall include coverage for loading and off loading hazards if hazardous substances, materials or wastes are to be transported and a MCS 90 endorsement shall be included with coverage limits of \$5,000,000 per accident for bodily injury and property damage.

#### 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 DESIGN CONSULTANT, or any person employed by CONSULTANT, with a claims made policy limit of not less than \$1,000,000.