



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
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Consent
October 31, 2006

**Honorable Mayor and
Members of the City Council**

Title: Agreement: Telecommunication Expense Management System

Location/Council District: Citywide

Recommendation: Staff recommends that the City Council adopt the attached **Resolution** authorizing the City Manager to execute a Consultant and Professional Services Agreement with Invoice Insights to provide Telecommunication Expense Management System (TEMS) services for two (2) years in an amount not to exceed \$164,000.

Contact: Karl Rosander, Information Technology Manager, 808-8262
Ignacio Estevez, Program Manager, 808-7349

Presenters: None

Department: Information Technology

Division: Administration

Organization No: 1311

Description/Analysis

Issue: The Information Technology (IT) Department is responsible for managing telecommunication services delivery under citywide contracts with various vendors. Additionally, the IT Department is responsible for reviewing and approving vendor invoices for payment under those contracts, allocation of service costs, and reporting of those costs to City Programs and Operating Divisions. Currently, these invoices are all processed manually through the City's financial system.

The number and complexity of telecommunication services has grown substantially in the past 5 years. So too, have the challenges of reviewing and approving vendor invoices for payment and the allocation of costs to departments. The need for a single, centrally managed business system that can process vendor billings electronically and insure effective and accurate cost management for all telecommunication services and to improve reporting capabilities is apparent.

This project will result in the implementation of a TEMS that will enable the IT Department to continue to provide these expense management services in an effective, efficient, and timely manner. This business process change, from a manual to an automated process, is the result of a 2004 Sacramento Organizational Assessment Project (SOAP) recommendation. That recommendation included the reduction of one (1) full time employee (FTE) in the IT Department that directly supported the manual telecommunication billing process.

The projected two-year cost savings from this eliminated position is approximately \$228,000. The two-year cost for replacing the position with an automated TEMS service is \$164,000. Over the two years of this proposed contract, the city will save \$64,000.

Policy Considerations: This recommendation is in conformance with the goals, objectives, initiatives and operating principles of the City's IT Strategic Plan. In particular, this recommendation is in accordance with Goal #2, which is, "City employees are provided with the highest quality information technology customer service and support."


Environmental Considerations: The report concerns administrative activities that will not have a significant effect on the environment, and does not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: The implementation of a TEMS in conjunction with the elimination of an FTE in FY 2005/06 is consistent with the 2004 SOAP recommendation.


Financial Considerations: No additional funding is requested. There is sufficient funding available in IT operating budget 101-130-1341.

Emerging Small Business Development (ESBD): Invoice Insights is not a City certified E/SBE firm.

Respectfully Submitted by: Ignacio Estevez, Program Manager

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:



Ray Kerridge
City Manager

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Attachment 1**Background**

In February 2005, a Request for Proposal (RFP) for TEMS service was advertised on the City's web site. There were a total of two (2) proposals that were received and opened on March 2, 2005. Of the two proposals, City Staff determined that Telesoft Corporation's proposal best met the City's needs for an automated TEMS service.

On July 26, 2005, City Council adopted resolution 2005-566, authorizing the City Manager to execute a contract with Telesoft Corporation for the implementation of the TEMS. Due to a lack of performance resulting in numerous implementation delays of almost a year by this vendor, City staff exercised its right under the contract to terminate this agreement on May 3, 2006.

City Staff then pursued contract negotiations with ISI, the second vendor that submitted a proposal. ISI, however, was unwilling to agree to the City's standard contract terms and conditions concerning indemnification.

City Staff began a search to identify other vendors that could provide the needed TEMS services. As a result of this search, City Staff has identified Invoice Insights as a firm that is able to provide the required TEMS services and is also agreeable to the City's standard contract terms and conditions. Invoice Insights was, in fact, included as a sub-contractor in the proposal from the second vendor ISI. It is therefore in the best interests of the City to suspend competitive selection process at this time and enter into an agreement with Invoice Insights to provide the needed TEMS services.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZE CITY MANAGER TO EXECUTE A CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT WITH INVOICE INSIGHTS FOR TELECOMMUNICATION EXPENSE MANAGEMENT SYSTEM (TEMS) SERVICES IN AN AMOUNT NOT TO EXCEED \$ 164,000

BACKGROUND

- A. The Information Technology (IT) Department is responsible for managing telecommunication services delivery under citywide contracts with various vendors, including review and approval of vendor invoices for payment, allocation of service costs, and reporting of those costs to City Programs and Operating Divisions. Currently, these vendor invoices are processed manually through the City's financial system.
- B. The number and complexity of telecommunication services has grown substantially in the past five (5) years. A single, centrally managed business system that can process the vendor invoices electronically would enable the IT Department to continue providing effective and accurate cost management for all telecommunication services and improve reporting capabilities.
- C. City Staff has identified Invoice Insights as a vendor qualified to provide the City's needs for Telecommunication Expense Management System services.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute an agreement with Invoice Insights for Telecommunication Expense Management System services, for an amount not to exceed \$164,000.
- Section 2. The agreement provides for an initial term of two (2) years, with the option to extend for additional one year terms, up to a total agreement term of five (5) years. The City Manager may authorize such extensions for the annual not to exceed amount of \$82,000, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year.