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Title: Action on Agreements to Implement a Financial Management System for the Stadium Authority
[Council Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium]

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Attachments: 1. Agreement for Services with Armanino, LLP, 2. Agreement with SaaSplaza, Inc., 3. Concur Technologies PO Terms and Conditions, 4. POST MEETING MATERIAL

Date	Ver.	Action By	Action	Result
10/13/2020	1	Council and Authorities Concurrent Meeting	Approved	Pass

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on Agreements to Implement a Financial Management System for the Stadium Authority
[Council Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium]

BACKGROUND

The Santa Clara Stadium Authority (Stadium Authority), Forty Niners SC Stadium Company, LLC (StadCo), and the Forty Niners Stadium Management Company, LLC (ManCo) entered into a Stadium Management Agreement (Management Agreement) to have ManCo act as the Stadium Manager and provide management services for the Levi's Stadium (Stadium) on a continual, year-round basis. ManCo is responsible for overseeing the day-to-day operations, accounting transactions, and financial reporting to the Stadium Authority for Non-NFL events, Shared Stadium Manager Expenses, and Stadium Builders License (SBL). This also includes developing personnel and accounting policies and procedures and recruiting, hiring and training ManCo staff. ManCo staff have been using StadCo's financial management system to process financial data and reports for the Stadium Authority. Although ManCo is required under Section 2.4.7 of the Management Agreement to "establish charts of accounts and accounting policies, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions," ManCo did not setup a separate company code in the financial management systems to separately account for the Stadium Authority's financial transactions. All of the Stadium Authority's transactions are being recorded on accounts under StadCo's company code, resulting in commingling of StadCo and Stadium Authority revenues and expenses in one company code. This has caused a lack of transparency and delays in generating financial reports for the Stadium Authority because staff have to extract the data out of the statistical accounts and manually prepare the financial reports in Excel. It has also caused disputes over the possession of documents and access to financial information pertaining to the Stadium Authority.

One of the Board's priorities has been the transparency of financial transactions related to the Stadium, especially in relation to Non-NFL events and Shared Stadium Manager Expenses. The Stadium Authority wishes to move forward with this project to provide greater transparency and the cost allocation for the implementation of this project will be subject to subsequent court rulings. In 2019, ManCo and Stadium Authority staff discussed the opportunity to establish a standalone company code or financial management system for the Authority. ManCo and Stadium Authority have agreed to work together to establish a separate financial management system for the Stadium Authority, where Stadium Authority staff will have full and real-time access to all Stadium Authority financial data and supporting documentations.

Both the Stadium Authority and ManCo agreed to:

- Leverage the existing technology and ManCo's familiarity by using the same financial management systems that ManCo is using (i.e., Microsoft Dynamics GP and SAP Concur) for all Stadium Authority-related financial transactions.
- Receive assistance from a consultant for the purchase, implementation and deployment of a cloud-based Microsoft Dynamics GP and SAP Concur, separate from ManCo's systems.
- Utilize the services of a consultant to develop financial reporting policies to streamline the business reporting processes.

DISCUSSION

On June 3, 2019, staff issued a request for Statement of Qualifications (SOQ) to solicit proposals from qualified firms to assist in the purchase and implementation of Microsoft Dynamics Great Plains and SAP Concur as well as to develop financial reporting policies to streamline the business reporting process. The SOQ was published on BidSync, the City's e-procurement system. A total of 77 companies viewed the SOQ.

Two proposals were received by the SOQ deadline from Armanino, LLP and Macias, Gini & O'Connell, LLP (MGO).

Evaluation Process

The procurement process was led by the Stadium Authority Auditor who has experience in procuring financial management systems. The written proposals were evaluated and scored independently by a five-member evaluation committee with representation from the Stadium Authority and ManCo against the criteria and weights demonstrated in the table below.

SOQ Evaluation Weights

Evaluation Criteria	Weight
Proposal Responsiveness	Pass/Fail
Firm Qualifications and Experience	20%
Staff Qualifications and Experience	30%
Project Approach and Methodology	30%
Cost and Cost Realism	20%
Total Score	100%

Both Armanino and MGO were invited to vendor presentations. However, prior to presentations, MGO notified staff of its voluntary decision to withdraw from the process. After thorough review and evaluation of Armanino's proposal, staff determined that the proposal satisfied all the requirements set forth in the SOQ. Armanino is a certified Microsoft Dynamics GP partner for over 16 years, has a successful track record configuring and installing the systems, and has worked with municipalities across California. The experience that Armanino brings will reduce risk by implementing best practices that they have utilized in other municipalities and while the contract's indemnity language differs from the City's standard contract clauses, the risk associated with this change is relatively low due to the nature of the services to be performed, the experience of the contractor and the infrequency of on-site work.

Summary of the Agreements

In order to implement the financial management system, the Stadium Authority would need to purchase Microsoft Dynamics GP and SAP Concur for ManCo to use. The Stadium Authority elected to purchase cloud-based systems to enable remote real time access of the financial data. The following summarizes the various agreements required to fully implement and support the financial management system for recording financial transactions solely for the Stadium Authority:

- The agreements with Armanino include provision of professional services to develop a business process roadmap and assist in the implementation of Microsoft Dynamics GP and SAP Concur as well as for the purchase of Armanino's proprietary Microsoft Dynamics GP and SAP Concur Integration Pack.
- The agreement with SaaSplaza, Inc. will provide for cloud hosting services, including subscription services for Microsoft Dynamics GP, third-party add-ons for additional system functionalities, and ongoing support and maintenance.
- The agreement with Concur Technologies, Inc. will provide for the necessary software subscription services for SAP Concur Expense and SAP Concur Invoice software modules. This is to support the processing of expense reports and vendor invoices.

In addition, staff will evaluate the level of effort to migrate SBLs information over and possibly integrate with Microsoft Dynamics GP so that the systems can interface with each other. Any additional costs from this assessment will be brought back to the Board for review and approval.

Cost Summary

The initial costs for this project are summarized below.

Armanino (Professional Services)

Accounting Enablement Assessment and Roadmap Services	\$60,900
Concur/Microsoft Dynamics GP Integration	\$8,400
Microsoft Dynamics GP Implementation	\$104,160
Contingency	\$25,000
Contract Not-To-Exceed Total (initial three-year term)	\$198,460

Armanino (Microsoft Dynamics GP and Concur Integration Pack)

Annual Subscription Fee	\$5,000
Contract Not-To-Exceed Total (initial one-year term)	\$5,000

SaaSplaza, Inc.

One-Time Set Up Fee	\$4,438
Subscription Licenses and Hosting Fee for Microsoft Dynamics GP including add-ons for 6 full users and 6 limited users	\$38,652
Contract Not-To-Exceed Total (initial one-year term)	\$43,090

Concur Technologies

One-Time Set Up Fee	\$2,500
SAP Concur Expense and Invoice Subscription Services (additional incremental transaction fees will be incurred if initial estimates are exceeded)	\$13,014
Contract Not-To-Exceed Total (initial one-year term)	\$15,514

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Based upon the proposed Statement of Work between the Stadium Authority and the consultants, the total costs of the Agreements for the Performance of Services will not exceed \$262,064. Sufficient funding is available to award the project in the Stadium Authority’s FY 2020/21 Capital Expenditure Budget. The ongoing annual subscription costs of \$56,666 is subject to future budget appropriations. Staff time to implement the project for both the Stadium Authority and ManCo are also included in the FY 2020/21 Budget. All costs to implement the project are subject to subsequent court rulings on cost allocation.

COORDINATION

This report has been coordinated with the Stadium Authority Counsel’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the Executive Director to negotiate and execute an agreement with Armanino, LLP to provide professional services for the implementation of a financial management system for an initial three-year term with maximum compensation amount not-to-exceed \$198,460, and execute up to two one-year options to extend the term of the agreement for ongoing support and related professional services, subject to annual appropriation of funds;

2. Authorize the Executive Director to execute Purchase Orders with Armanino Solutions, LLC for software subscription services for an initial twelve-month period with maximum compensation amount not-to-exceed \$5,000, and execute one-year renewals as required, subject to annual appropriation of funds;
3. Authorize the Executive Director to negotiate and execute an agreement with SaaSplaza, Inc. for Microsoft Dynamics Great Plains software subscription and web hosting services for an initial twelve-month period with maximum compensation amount not-to-exceed \$43,090, and execute one-year renewals as required, subject to annual appropriation of funds;
4. Authorize the Executive Director to execute Purchase Orders with Concur Technologies, Inc. for SAP Concur software subscription services for an initial twelve-month period with maximum compensation amount not-to-exceed \$15,514, and execute one-year renewals as required, subject to annual appropriation of funds; and
5. Negotiate and execute amendments and/or change orders to the above referenced agreements/Purchase Orders related to system implementation and requirements including additional software licenses and transaction fees, subject to the annual appropriation of funds.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. Agreement for Services with Armanino, LLP
2. Agreement with SaaSplaza, Inc.
3. Concur Technologies PO Terms and Conditions