

RESOLUTION NO. 73952

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE FINDING THAT AN UNUSUAL OR UNIQUE SITUATION EXISTS THAT MAKES THE APPLICATION OF THE REQUIREMENTS FOR COMPETITIVE PROCUREMENT OF A SERVICE AGREEMENT CONTRARY TO THE PUBLIC INTEREST, AND AUTHORIZING THE DIRECTOR OF FINANCE TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH BEARINGPOINT FOR THE DEVELOPMENT AND IMPLEMENTATION OF A BUSINESS TAX LICENSE APPLICATION INTO THE INTEGRATED BILLING SYSTEM FOR A NOT-TO-EXCEED AMOUNT OF \$1,900,000 INCLUDING \$155,000 IN CONTINGENCIES AND TO EXECUTE CHANGE ORDERS NOT TO EXCEED THE CONTINGENCY AMOUNT

WHEREAS, on August 14, 2007, the City Council heard a staff report regarding the need to migrate the Business Tax, BID assessment and Police Regulatory Permit applications from legacy VAX systems to the recently acquired IBS System; and

WHEREAS, Section 4.12.235 of the San Jose Municipal Code provides the authority to procure a contract for unique professional services upon a determination that an unusual or unique circumstances exists that make the application of the requirements for competitive procurement contrary to the public interest, and

WHEREAS, the report and the accompanying oral testimony presented the basis for making such a determination with regard to awarding a contract for the services outlined in the report to Bearing Point, Inc., including the following specific findings:

1. The current BearingPoint staff has extensive knowledge of the City's current billing processes and policies. They have built effective working relationships with many of the City's subject matter experts. This results in significant cost savings of city resources, as opposed to explaining background processes and procedures to a new contractor, duplicating work that was already completed in prior phases.
2. BearingPoint staff has a firm technical and functional understanding of IBS. They are very capable of implementing the new system and are well aware of the configuration issues unique to the City of San Jose.
3. Since BearingPoint completed the Fit-Gap analysis for IBS Phase 2.1, as approved by Council under the third amendment to the current contract, Bearing Point staff is well aware of the issues regarding the creation of the Business Tax application within IBS, the challenges of this project, including awareness of IBS' proper operation, that existing operations do not interfere with IBS, and that business operations work in concert with the new billing system.

4. Since BearingPoint has been the implementation consultant for the City since 2004, BearingPoint has unique knowledge and subject matter expertise that will help ensure that the new Business Tax License application will be very compatible with IBS and reduce risks associated with the development and implementation of the new application.
5. The current Business Tax License system has aged and is extremely vulnerable to failure. Hardware replacement parts and programming support are difficult to procure. It is critical that the current system be replaced in a timely, orderly and thorough manner. It cannot be relocated without significant risk of system failure and data loss. If the project is delayed, the probability of system failure is increased.
6. The Business Tax License application is a key component in managing a significant revenue source to the City with annual revenue of \$16 million. Delaying the proposed implementation puts the entire Business Tax, BIDS assessment, and Police Permit revenue stream at risk with a potential monthly revenue stream impact of \$1.3 million.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. for the reasons set forth above, an unusual or unique situation exists that makes the application of the requirements for competitive procurement of a service agreement for the development and implementation of a Business Tax License application into the Integrated Billing System contrary to the public interest.
2. the Director of Finance is hereby authorized to negotiate and execute an agreement with Bearingpoint for the development and implementation of a Business Tax License application into the Integrated Billing System for a not-to-exceed amount of \$1,900,000 including \$155,000 in contingencies and to execute change orders not to exceed the contingency amount for modification of scope of services.

ADOPTED this 14th day of August, 2007, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE
LICCARDO, NGUYEN, PYLE, WILLIAMS; REED

NOES: OLIVERIO

ABSENT: NONE

DISQUALIFIED: NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk