



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS AGENDA
SPECIAL MEETING
SEPTEMBER 30, 2022 – 8:00 AM**

**DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED
VIA TELECONFERENCE ONLY (NO PHYSICAL LOCATION)
PURSUANT TO ASSEMBLY BILL 361
(GOVERNMENT CODE SECTION 54953)**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

Directors, staff and the public may participate remotely via the Zoom website [at this link](#) and following the instructions or by calling 1-669-900-9128 Meeting ID: 840 2837 5147 Passcode: 247723

Members of the public are encouraged to participate remotely. Public comments may be submitted via email to boardinquiries@scmttd.com. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in the Board's correspondence that is posted online at the Board meeting packet link. Oral public comments will also be accepted during the meeting through Zoom. Should Zoom not be operational, please check online at: www.scmttd.com for any updates or further instruction.

The Board of Directors Special Meeting Agenda Packet can be found online at www.SCMTD.com.

The Board may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

BOARD ROSTER

Director Kristen Brown	City of Capitola
Director Rebecca Downing	County of Santa Cruz
Director Jimmy Dutra	City of Watsonville
Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Bruce McPherson	County of Santa Cruz
Director Donna Meyers	City of Santa Cruz
Director Larry Pageler	County of Santa Cruz
Director Ari Parker	City of Watsonville
Director Mike Rotkin	County of Santa Cruz
Ex-Officio Director Dan Henderson	UC Santa Cruz
Ex-Officio Director Alta Northcutt	Cabrillo College
Michael Tree	METRO CEO/General Manager
Julie Sherman	METRO General Counsel

TITLE 6 - INTERPRETATION SERVICES / TÍTULO 6 - SERVICIOS DE TRADUCCIÓN

Spanish language interpretation and Spanish language copies of the agenda packet are available on an as-needed basis. Please make advance arrangements with the Executive Assistant at 831-426-6080. Interpretación en español y traducciones en español del paquete de la agenda están disponibles sobre una base como-necesaria. Por favor, hacer arreglos por adelantado con Coordinador de Servicios Administrativos al numero 831-426-6080.

SECTION I: OPEN SESSION

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

- 1 CALL TO ORDER**
- 2 ROLL CALL**
- 3 COMMUNICATIONS TO THE BOARD OF DIRECTORS**
- 4 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

REGULAR AGENDA

- 5 CONSIDERATION OF AWARD OF CONTRACTS TO WORKDAY, INC. FOR A SAAS ERP SOFTWARE SOLUTION AND AVAAP U.S.A. LLC FOR SOFTWARE IMPLEMENTATION SERVICES FOR A TOTAL COMBINED NOT TO EXCEED AMOUNT OF \$6,600,000 OVER TEN YEARS**
Chuck Farmer, CFO
- 6 ADJOURNMENT**
Larry Pageler, Board Chair

Pursuant to the Government Code of the State of California, this agenda was posted at least 24 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmtd.com subject to staff's ability to post the document before the meeting.



DATE: September 30, 2022
TO: Board of Directors Special Meeting
FROM: Chuck Farmer, CFO
SUBJECT: CONSIDERATION OF AWARD OF CONTRACTS TO WORKDAY, INC. FOR A SAAS ERP SOFTWARE SOLUTION AND AVAAP U.S.A. LLC FOR SOFTWARE IMPLEMENTATION SERVICES FOR A TOTAL COMBINED NOT TO EXCEED AMOUNT OF \$6,600,000 OVER TEN YEARS

I. RECOMMENDED ACTION

That the Board of Directors authorize the CEO/General Manager to:

- 1) Execute a contract with Workday, Inc. for a SaaS ERP Software Solution in an amount not to exceed \$4,400,000 for a ten-year period; and**
- 2) Execute a contract with Avaap U.S.A. LLC for Software Implementation Services in an amount not to exceed \$2,200,000 for a 24-month period.**

II. SUMMARY

- The Santa Cruz Metropolitan Transit District (METRO) has a need for Software as a Service (SaaS) Enterprise Resource Planning (ERP) Software and Implementation Services.
- A formal Request for Proposals (RFP) was conducted to solicit proposals from qualified firms. Five firms submitted proposals for METRO's review.
- A 26-member evaluation team composed of METRO staff from seven functional areas reviewed and evaluated the proposals, and conducted oral presentations. The evaluation team is recommending that the Board of Directors (Board) award to the highest ranking proposer, consisting of one contract to Workday, Inc. (Workday) for a SaaS ERP Software Solution, and another contract to Avaap U.S.A. LLC (Avaap) for Software Implementation Services.
- These contracts were being considered for the October 2022 Committee and Board meetings. However, Workday offered METRO a discount of \$137,546 if METRO could finish and sign the deal before the end of September 2022. Therefore, METRO has asked for a special Board meeting to let the members of the Board determine if METRO should sign and receive the discount. This discount is a one-time offer and will not be given after September 2022.

III. DISCUSSION/BACKGROUND

METRO identified a need for an ERP encompassing, but not limited to, the following key components: Financial System, Budget System, Procurement System, Human Capital Management (HCM), Timekeeping and Payroll.

The most immediate need is the replacement of the Financial System. The current Financial System was initially purchased in the late 1990s. In the late 2000's METRO purchased a front-end upgrade that eliminated the text based interface and allowed the system to move to a Windows-based front end, but processes and reporting functionality were not changed or enhanced.

METRO's Finance Department is able to have two years of financial information available electronically on the current system at one time, but no older historical information is electronically accessible on the current system; it is only available via offline backups. Excessive manual data entry is needed to use the current system; and, there is no ability to scan in documentation that references financial transactions. Reporting out of the current system is limited and labor intensive.

The current Financial System does not have a Budget component and the Operating and Capital Budgets for METRO are entirely developed and maintained in Microsoft Excel. The Finance Department also continues to be heavily dependent upon spreadsheets. This is not a best practice due in part to the potential vulnerability of spreadsheets, which includes the potential of the data being corrupted and the individuality of the techniques utilized by the spreadsheet creator.

The current Procurement System was implemented in 2010 and is no longer supported as of late 2020. Additionally, the procurement system is not integrated with METRO's Financial System. The current fixed asset management system was implemented over ten years ago and is a single user asset depreciation platform, also not integrated with the existing Financial System. The current Timekeeping System is approximately 14 years old and is no longer supported by the vendor.

METRO's Payroll System consists of custom middleware between Timekeeping and Payroll processing that was developed in-house. Payroll processing is contracted out to The County of Santa Cruz. The County of Santa Cruz will no longer be offering Payroll processing services in the near future and has alerted METRO to this effect. Consequently, METRO needs to bring Payroll processing in-house and ensure that it is fully integrated into the Timekeeping, HCM and Finance Systems.

The current HCM was procured in 2015 and is only partially integrated into Timekeeping and Payroll via custom in-house interfaces. This system is not integrated into the current Finance System due to technical limitations and is due for an upgrade.

On December 9, 2021, METRO legally advertised RFP No. 22-10, distributed notices via Bonfire (METRO's e-procurement portal) to 622 firms, including 245 Disadvantaged Business Enterprises (DBEs), and sent email notices to all GovDelivery subscribers. On January 28, 2022, proposals were received and opened from five firms. A list of these firms is provided in Attachment A. A 26-member evaluation team composed of METRO staff from seven functional areas reviewed and evaluated the proposals, and conducted oral presentations over several weeks with a shortlist of proposers.

The evaluation team conducted a preliminary responsiveness check (Round 1), and scored the proposals that passed Round 1 with the following Round 2 criteria, as contained in the RFP:

Evaluation Criteria	Points
Ability to meet functional requirements	50
Ability to meet technical requirements	30
Project team staffing and vendor qualifications	20
Implementation approach	30
Cost	70

The evaluation team then moved on to the Round 3 Evaluation, which included oral presentations, follow-up questions and answers, and extensive reference checking.

The joint proposal submitted by Avaap, as the system implementer, and Workday, as the software service provider, was determined to be the highest ranked proposal. Staff then entered into contract negotiations with Avaap and Workday. The negotiations were successful, and staff is recommending that the Board authorize the CEO/General Manager to execute a separate contract with each vendor on behalf of METRO at this time.

The contract with Avaap for implementation services would be for a 30-month period in an amount not to exceed \$2,200,000. The contract with Workday for software services would be for a ten-year period, with an annual subscription cost of \$440,000 (average), for a total amount not to exceed \$4,400,000 for the full ten year term.

Workday and Avaap will provide all services meeting all METRO's specifications and requirements of their respective contracts. Chuck Farmer, CFO, and Isaac Holly, IT & ITS Director, will serve as Contract Administrators and will ensure contract compliance.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

The award of this contract would align with the following Strategic Priorities:

- Financial Stability, Stewardship & Accountability
- Internal and External Technology
- Employee Engagement: Attract, Retain and Develop
- State of Good Repair

V. FINANCIAL CONSIDERATIONS/IMPACT

The value of the contract with Avaap is \$2,200,000 for the initial term. The value of the Workday contract is \$4,400,000 for the full ten-year term. Funds to support the Avaap contract and the first two years of the Workday contract are included in the Capital plan. Future funding for the Workday contract will be part of the Operating Budget. Since this is a multi-year contract, the Department Manager will be accountable for budgeting the cost in future years.

VI. ALTERNATIVES CONSIDERED

- Not doing anything will result in continuing to maintain outdated systems that are not supported by the software maker. Should a system crash, there is no fix other than going back in time and restoring information and the recreation of data to present time.
- Not doing anything will result in METRO having to still go and procure a Payroll System due to the County of Santa Cruz moving METRO off their current payroll system. Currently the payroll processing is done by the County of Santa Cruz which does not reside at METRO. All payroll systems the County of Santa Cruz uses are located at the County and not within METRO's current IT environment. Therefore METRO will need to procure their own payroll system and have a software implementer configure the payroll system for METRO's needs. Current costs to procure and implement a payroll system are estimated to be more than \$1,000,000 primarily due to the complexity of METRO's payroll.

VII. ATTACHMENTS

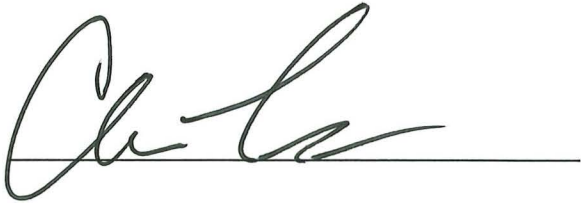
Attachment A: List of Responding Firms

Note: A full copy of the Contracts are available on request.

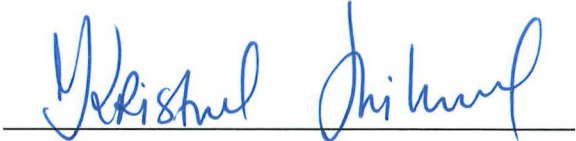
Prepared by: Chuck Farmer, CFO

VIII. APPROVALS

Chuck Farmer, CFO



Approved as to fiscal impact:
Kristina Mihaylova
Deputy Finance Director



Michael Tree, CEO/General Manager



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Attachment A



Responding Firms for RFP No. 22-10

For SaaS ERP Software and Implementation Services

Received by January 28, 2022 at 5:00 PM

Alcor Solutions, Inc.	Dublin	CA
Avaap U.S.A. LLC with Workday, Inc.	Columbus	OH
CentralSquare Technologies, LLC	Lake Mary	FL
Collaborative Solutions, LLC with Workday, Inc.	Reston	VA
Tyler Technologies, Inc.	Yarmouth	ME

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