

CHINO VALLEY INDEPENDENT FIRE DISTRICT
Special Meeting of the Board of Directors

MINUTES
September 28, 2010

ROLL CALL

Board Members Present: DeMonaco, Espinosa, Evinger, Gray, and Marquez.

Board Members Absent: None.

OPEN SESSION

President DeMonaco called the Open Session to order.

FLAG SALUTE

President DeMonaco

PUBLIC COMMUNICATIONS

None.

CONSENT CALENDAR

1. EXPENDITURE APPROVAL OF APPROPRIATED BUDGETED FUNDS – SALES TAX DUE ON PIERCE PUC FIRE ENGINE. Approve expenditure in the amount of \$42,030.10 for sales tax due on one (1) Pierce PUC Engine. Engine purchase price, excluding sales tax, was prepaid in 2009/10.

Director Marquez pulled the Consent Calendar Item for discussion.

Finance Manager Steve Heide clarified that the expenditure in the amount of \$42,030.19 is for sales tax due on one Pierce PUC Engine. He stated that the Engine purchase price, excluding sales tax, was prepaid in 2009/10.

RECOMMENDATION: Approve Consent Calendar item #1 as presented.

Moved by Director Marquez seconded by Vice President Espinosa, carried by a 5-0 voice vote, that the Board of Directors approve Consent Calendar Items #1 as presented.

AYES: BOARD MEMBERS: DeMonaco, Espinosa, Evinger, Gray, and Marquez.

NOES: BOARD MEMBERS: None.

ABSTAIN: BOARD MEMBERS: None.

ABSENT: BOARD MEMBERS: None.

OLD BUSINESS

None.

NEW BUSINESS

2. **STANDARD SOFTWARE LICENSE AND SERVICES AGREEMENT WITH NEW WORLD SYSTEMS FOR ERP COMPUTER SYSTEM.** Purpose is for the Board of Directors to discuss the proposed Standard Software License and Services Agreement with New World Systems, and authorize the Interim Fire Chief to execute Agreement No. 2010-10 on behalf of the District, in an amount not to exceed \$426,200, and upon terms and conditions substantially consistent with the draft Agreement attached as Exhibit A, in a final form to be approved by General Counsel.

Finance Manager Heide introduced and thanked the Committee which included Kristi Kuchwara, Dawn Burns, Teri Nelson, Deputy Chief Turner and Pete Pappas from the City of Chino Hills IT Department. Finance Manager Heide also introduced Thad Bennett, representing New World Systems and David Gougis from NexLevel Information Technology, the District's systems procurement and implementation consultant.

Finance Manager Heide reported that the District's current financial computer system was installed in 1994 and has limited capabilities to support changes in business processes necessitated by evolving technology as well as growth within the District. He also reported that the District maintains a separate database for permit and inspection processing, and does not currently have software in use for meeting human resources tracking and data processing needs. The finance and permit processing computer systems are not integrated.

Finance Manager Heide reported that staff has recognized the need to upgrade the District's computer systems and seek an ERP (Enterprise Resource Planning) technology solution, one which would ideally accommodate systems needs for finance, permit processing and human resources, for some time now. This important business objective was reflected in the 2009 Board Goal #3: Continue to review and update the Fire District's Information Technology Plan to include financial, personnel, and permit processing software.

Finance Manager Heide reported that in February, the Board approved the engagement of NexLevel Information Technology, a systems procurement and implementation consulting firm, to assist the District in the procurement process. He also reported that the '10/11 budget included funding to continue NexLevel's services into the implementation phase of the project, upon selection of a software vendor.

Finance Manager Heide reported that in May, 2010, the District released a Request for Bid in anticipation of a Board approved capital budget for procurement and implementation of the new system in 2010/11. He also reported that the Board approved up to \$300,000 for the new system. Bids closed in late June and five proposals were received and evaluated.

Finance Manager Heide reported that in July, three vendors were selected for in-house demonstrations, and from those three vendors, a finalist was selected, New World Systems. He also reported that a more detailed demonstration with New World Systems, a Proof of Capabilities (POC), was conducted, and a thorough series of reference checks were undertaken as well.

Finance Manager Heide reported that District staff, with the support of NexLevel, has negotiated the terms of a proposed agreement with New World Systems. He also reported that the current draft of the Agreement is attached hereto as Exhibit A. However some proposed terms were being reviewed and negotiated by New World and the District at the time of the writing of this Staff Report. Basic terms of the agreement call for one-time payments totaling \$258,200 for licensing of the software, as well as the associated implementation services. Additionally, travel expenses, not to exceed \$30,000, are proposed in addition to the acquisition and implementation costs. These costs would be within the Board approved budget for 2010-11 of \$300,000.

Finance Manager Heide reported that in addition, the Agreement anticipates five years of maintenance service, the first year of which is provided as a part of the initial contract cost. Annual software support and maintenance costs specified in the first five years of the agreement would be as follows:

	<u>Annual Maintenance Cost</u>
Year 1	Included
Year 2*	\$28,800
Year 3*	30,600
Year 4*	32,400
Year 5*	<u>34,200</u>
	<u>\$126,200</u>

*Years two through five maintenance costs would be budgeted in each respective fiscal year.

Finance Manager Heide reported that including all years of annual maintenance costs, the Agreement specifies a total cost not-to-exceed \$426,200.

Finance Manager Heide reported that the project is proposed as a phased implementation, with the initial phase of implementation anticipated for July 1, 2011.

Finance Manager Heide reported that a draft of Agreement No. 2010-10 had been reviewed by NexLevel Information Technology and by General Counsel, however, as noted above, some terms and conditions were subject to continuing discussion and negotiation with New World at the time of the drafting of the staff report. He reported that the additional discussion items included requirements to obtain "Non-Disclosure Agreements" from District consultants and others who may have access to the New World software, and limitations on potential liability requested by New World. Finance Manager Heide reported that Board approval is being sought at this time, as New World's proposed pricing expires after September 30, 2010.

David Kendig, Fire District Legal Counsel, reviewed the agreement and was present at the meeting to answer questions and provide clarification on the agreement for the Fire Board. Mr. Kendig commented on the fact that the agreement had been finalized today after discussion between he and legal counsel for New World. The basic terms of the agreement remained unchanged from the draft agreement attached to the staff report, and Mr. Kendig was satisfied with the legal form of the agreement as revised.

RECOMMENDATION: It is recommended that the Board of Directors authorize the Interim Fire Chief to execute Agreement No. 2010-10 on behalf of the District, in an amount not exceed \$426,200.

Moved by Vice President Espinosa, seconded by Director Gray, carried by a 5-0 voice vote, that the Board of Directors authorize the Interim Fire Chief to execute Agreement No. 2010-10 on behalf of the District, in an amount not to exceed \$426,200.

AYES: BOARD MEMBERS: DeMonaco, Espinosa, Evinger, Gray, and Marquez.
NOES: BOARD MEMBERS: None.
ABSTAIN: BOARD MEMBERS: None.
ABSENT: BOARD MEMBERS: None.

BOARD COMMENTS

Director Evinger thanked everyone for their hard work and effort.

ADJOURNMENT

President DeMonaco adjourned the meeting at 5:45 p.m. to a Regular Board Meeting scheduled for Wednesday, October 13, 2010, at 6:00 p.m. The meeting will be held at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA.

APPROVED AND ADOPTED THIS 13th DAY OF OCTOBER 2010.

Sandra Heney, Clerk of the Board

John DeMonaco, President