

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 11/27/06		Item Number: <u>C-5</u>	
AGENDA ITEM: Contract Award to Purchase Cash Receipting Software from Progressive Solutions Inc (PSI) to Support and Enhance the City's Revenue Collection System.			
Contact Person/Dept.: Michele Williams Information Technology		Phone Number: 310.253.5959	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Public Notification: E-mail Master Notification List on 11/22/06; Progressive Solutions Inc (PSI) on 11/20/06			
Department Approval: John Richo 11/08/06 Crystal Alexander 11/16/06		City Manager Approval: Jerry B. Fulwood (11/21/2006)	
City Controller Approval: Marlee Chang (11/21/2006)			
<u>RECOMMENDATION:</u> Staff recommends the City Council authorize purchasing cash receipting software and related components from Progressive Solutions Inc (PSI) of Brea, CA to support and enhance the City's revenue collection system. <u>BACKGROUND:</u> On November 9, 1998, City Council authorized the purchase of the City's current cash receipting software, Quadrant. This software was recommended as one of the application components included in the Year 2000 compliant financial system replacement. The current install of Quadrant is a DOS-based application. While the Quadrant cash receipting software has functioned well, it has limited the implementation of enhanced functionality and reduced the ability to deploy additional cash management internal controls. The vendor released a windows-based software product a few years ago but after City Treasurer's staff surveyed other cities who upgraded to the product, it was discovered that the software had technical and stability issues. CTO and IT staff agreed that it was in the best interest of the City not to upgrade to the Quadrant windows-based software. Additionally, the vendor has provided very limited technical support for the product.			

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DISCUSSION:

In April 2006, Information Technology and Treasury combined efforts to launch the Accounting Automation Project. The objective of the project is to enhance accounting operational processes and to implement where appropriate technology for increased efficiency. The following is the mission statement for the project:

To streamline accounting operations, centralize revenue collection, and to provide enhanced software system integration. The project will provide staff with tools that result in reduced data entry, more efficient operating procedures, and a centralized customer database for consolidated billing and revenue processing.

The cash receipting software is the first point of entry for most revenue collection. A stable system needed to be in place that allows for technical enhancements with the ability to easily integrate with other financial software. CTO and IT staff developed a list of system requirements that would meet the City's needs for use in evaluating a cashiering solution (attachment 1). The list included baseline requirements and items that also resulted in further system integration and enhanced functionality.

System Integration

The cash receipting software must integrate with various financial and department specific software in order to streamline business operations. There is a requirement to integrate the software in all areas where departments receive payments for services or invoice customers. If there is no integration with the cash receipting system, it becomes more difficult to control the revenue collection process and this also results in duplicate manual data entry increasing the risk of error. The following interfaces have been identified as requirements for cash receipting:

1. Financial System General Ledger Module
2. Financial System Accounts Receivable Module
3. Parks / Recreation Registration Software
4. Business License Software
5. Sanitation Refuse Billing

Enhanced Functionality: Bar-coding

As previously mentioned, one of the goals of the project is to reduce manual data entry. One way this can be accomplished is by implementing bar-coding. Currently, an invoice is generated and sent to a customer. When the payment is received significant data entry is required to record the identity of the customer and the payment amount into the cash receipting system. Implementing bar-coding reduces the required manual entry. The invoice is printed with a bar code that stores the identity of the customer and the payment amount due. When the payment and remittance stub are returned, the bar-code reader records and posts the entry into

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the system. Manual data entry is only required for exceptions where the payment amount is not equal to the amount owed or if the remittance stub is not returned.

Enhanced Functionality: Electronic Check 21

The Check Clearing for the 21st Century Act (Check 21) was signed into law on October 28, 2003 and became effective on October 28, 2004. Check 21 is designed to increase innovation in the payments system and to enhance efficiency (attachment 2). Check 21 permits banks (and business entities who receive payments) to truncate original checks, to process check information electronically, and to deliver substitute checks to banks that want to continue receiving paper checks. The following are the benefits to the City:

1. Funds are transferred much more quickly which also enhances investment options
2. Faster returned item notification
3. Reduced costs for transporting the physical check to the bank
4. Improved bank reconciliation capabilities

Enhanced Functionality: Expanded Cashiering Stations

Currently departments not located in City Hall also interact with customers and collect revenue for various services. This is done to increase customer service by eliminating the requirement to visit City Hall to make a payment, or to allow payment when City Hall is closed. Rather, the payment is collected at the respective department where the service transaction takes place. This typically consists of a manual operational process. The revenue is tallied and physically delivered to Treasury on a daily basis. Staff in Treasury then manually enter the transactions into the cash receipting system. In an effort to enhance internal cash management controls, additional cashiering stations will be deployed to the Police and Transportation departments. Implementing this new system and deploying this capability will also give Treasury staff the ability to view real-time transactions at each remote cashiering station.

A total of seven cashiering stations would be deployed at the following locations:

1. Treasury Counter (1)
2. Treasury Staff Workstations (3)
3. Transportation Department - 2nd Floor (1)**
4. Police Department – Front Lobby (1)**
5. Police Department – Records (1)**

***Proposed cashiering station which does not currently exists*

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In the Parks & Recreation Department, the following locations also have the ability to perform cashiering functions:

1. Recreation Lobby
2. Veterans Memorial
3. Municipal Plunge

Revenue collection controls have been implemented at these locations using an automated system interface. All transactions are recorded within the Parks & Recreation software and uploaded to the cash receipting system daily.

Recommended Vendor

IT and CTO staff have been researching various vendors that provide cash receipting software solutions. After surveying other cities, it was determined that Progressive Solutions Inc (PSI) offered a solution, Cashiering Central, which has been implemented with success within neighboring cities. PSI has been in the business of providing software solutions exclusively to local municipalities since 1979.

On August 7, staff visited the City of Gardena where PSI's cashiering solution has been installed since 2001. The City's Chief Deputy Treasurer and staff provided a demonstration of their operations and use of the product (attachment 3). The City of Gardena is very pleased with the PSI's cashiering solution. They also expressed a high satisfaction with the customer support provided by PSI. Most issues, while rare, are resolved within 24 hours. Additionally, PSI offers online support where staff can contact PSI via the Internet to request support, using dial-in capabilities their questions are resolved within minutes.

Staff provided PSI with the list of system requirements in an effort to further evaluate their software solution. PSI's responses indicated that their software fully meets the cashiering needs of the City and also lays the foundation for expanding functionality within a stable technical infrastructure (attachment 4).

PSI also offers a suite of modules that assist local municipalities with tracking revenue including alarm permitting, business license, and utility billing tracking. These modules automatically integrate with cashiering software. Pending approval and successful implementation of the cashiering system, staff will investigate the feasibility of incorporating these functions. Staff may return to City Council at a later date with a recommendation to implement these modules.

FISCAL ANALYSIS:

The authorization to contract with Progressive Solutions Inc (PSI) would result in an expenditure not to exceed \$71,825 (attachment 5) which includes one year of annual

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hardware and software support. Sufficient funds have been allocated in the following Capital Improvement Budgets:

1. 42000870 – Cash Receipting System (\$40,000)
2. 42000780 – Bar Coding Software/Hardware (\$31,825)

ATTACHMENTS:

1. Cash Receipting System Requirements
2. Check Clearing for the 21st Century Act Overview (Source: Federal Reserve Board)
3. Memo to IT Director and City Treasurer Summarizing the Site Visit to the City of Gardena
4. PSI Quote for Cashiering Central Software w/ System Requirements' Responses
5. PSI Hardware and Software Quote

MOTION:

That the City Council:

- 1) Authorize the purchase of PSI's Cashiering Central Software and related components for an expenditure not to exceed \$71,825;
- 2) Authorize the City Attorney to prepare any appropriate documents; and
- 3) Authorize the City Manager to execute any required agreements on behalf of the City.