

STATE OF TEXAS §
§ AGREEMENT FOR PROFESSIONAL SERVICES
COUNTY OF DALLAS §

This agreement (“Agreement”) is made by and between the City of Coppel, Texas (“City”) and Online Enterprises dba Online Business Systems, (the “Professional”) acting by and through their authorized representatives.

Recitals:

WHEREAS, the City desires to engage the services of Professional as an independent contractor and not as an employee in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, the Professional desires to render professional services for the City in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in exchange for the mutual covenants set forth herein and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

Article I
Term

1.1 This term of this Agreement shall begin on the last date of execution hereof (the “Effective Date”) and continue for twelve months.

1.2 Either party may terminate this Agreement by giving thirty (30) days prior written notice to the other party. In the event of such termination the Professional shall be entitled to compensation for any services completed to the reasonable satisfaction of the City in accordance with this Agreement prior to such termination.

Article II
Scope Of Services

2.1 The Professional shall provide the services specifically set out in Exhibit “A”.

2.2 The parties acknowledge and agree that any and all opinions provided by the Professional represent the best judgment of the Professional.

2.3 All materials and reports prepared by the Professional in connection with this Agreement are “works for hire” and shall be the property of the City. Professional shall upon completion of the services, or earlier termination, provide the City with reproductions of all materials reports, and exhibits prepared by Professional pursuant to this Agreement, and in electronic format if requested by the City. The City grants the Professional a perpetual, non-exclusive, irrevocable, royalty-free, world-wide license to use, copy, display, distribute, transmit and prepare derivative works of Work Products produced under this contract.

Article III Schedule Of Work

The Professional agrees to commence services upon written direction from the City and to complete the required services in accordance with a work schedule established by the City (the "Work Schedule").

Article IV Compensation And Method Of Payment

4.1 The City shall compensate the Professional for the services by payment of a fee as set out in the schedule attached in Exhibit "A".

4.2 The Professional shall be responsible for all expenses related to the services provided pursuant to this Agreement including, but not limited to, copying and facsimile charges, telephone, internet and email charges.

Article V Devotion Of Time; Personnel; And Equipment

5.1 The Professional shall devote such time as reasonably necessary for the satisfactory performance of the work under this Agreement. Should the City require additional services not included under this Agreement, the Professional shall make reasonable effort to provide such additional services at mutually agreed charges or rates, and within the time schedule prescribed by the City; and without decreasing the effectiveness of the performance of services required under this Agreement.

5.2 To the extent reasonably necessary for the Professional to perform the services under this Agreement, the Professional shall be authorized to engage the services of any agents, assistants, persons, or corporations that the Professional may deem proper to aid or assist in the performance of the services under this Agreement. The cost of such personnel and assistance shall be borne exclusively by the Professional.

5.3 The Professional shall furnish the facilities, equipment, telephones, facsimile machines, email facilities, and personnel necessary to perform the services required under this Agreement unless otherwise provided herein.

Article VI Miscellaneous

6.1 Entire Agreement. This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings written or oral agreements between the parties with respect to this subject matter.

6.2 Assignment. The Professional may not assign this Agreement in whole or in part without the prior written consent of City. In the event of an assignment by the Professional to which

the City has consented, the assignee shall agree in writing with the City to personally assume, perform, and be bound by all the covenants, and obligations contained in this Agreement.

6.3 Successors and Assigns. Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

6.4 Governing Law. The laws of the State of Texas shall govern this Agreement; and venue for any action concerning this Agreement shall be in Dallas County, Texas.

6.5 Amendments. This Agreement may be amended by the mutual written agreement of the parties.

6.6 Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

6.7 Independent Contractor. It is understood and agreed by and between the parties that the Professional in satisfying the conditions of this Agreement, is acting independently, and that the City assumes no responsibility or liabilities to any third party in connection with these actions. All services to be performed by Professional pursuant to this Agreement shall be in the capacity of an independent contractor, and not as an agent or employee of the City. Professional shall supervise the performance of its services and shall be entitled to control the manner and means by which its services are to be performed, subject to the terms of this Agreement.

6.8 Notice. Any notice required or permitted to be delivered hereunder may be sent by first class mail, overnight courier or by confirmed telefax or facsimile to the address specified below, or to such other party or address as either party may designate in writing, and shall be deemed received three (3) days after delivery set forth herein:

If intended for City, to:

City of Coppell, Texas
Attn: City Manager
255 Parkway Blvd.
Coppell, Texas 75019
Facsimile No. (972) 304-3673

If intended for Professional:

David Neufeld
Online Business Systems – Vice President
4000 Kruse Way Place, Bldg 1 Suite 360
Portland-Lake Oswego, Oregon 97035
(O) 503-221-4517

6.9 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of any number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

6.10 Exhibits. The exhibits attached hereto are incorporated herein and made a part hereof for all purposes.

6.11 Indemnification. CITY SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM THE SERVICES OF THE PROFESSIONAL PURSUANT TO THIS AGREEMENT. PROFESSIONAL HEREBY WAIVES ALL CLAIMS AGAINST CITY, ITS OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "CITY") FOR DAMAGE TO ANY PROPERTY OR INJURY TO, OR DEATH OF, ANY PERSON ARISING AT ANY TIME AND FROM ANY CAUSE OTHER THAN THE NEGLIGENCE OR WILLFUL MISCONDUCT OF CITY. PROFESSIONAL AGREES TO INDEMNIFY AND HOLD HARMLESS CITY FROM AND AGAINST ANY AND ALL LIABILITIES, DAMAGES, CLAIMS, SUITS, COSTS (INCLUDING COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION) AND ACTIONS BY REASON OF INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO OR LOSS OF PROPERTY TO THE EXTENT CAUSED BY THE PROFESSIONAL'S NEGLIGENCE PERFORMANCE OF SERVICES UNDER THIS AGREEMENT OR BY REASON OF ANY ACT OR OMISSION ON THE PART OF PROFESSIONAL, ITS OFFICERS, DIRECTORS, SERVANTS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, SUCCESSORS OR PERMITTED ASSIGNS (EXCEPT WHEN SUCH LIABILITY, CLAIMS, SUITS, COSTS, INJURIES, DEATHS OR DAMAGES ARISE FROM OR ARE ATTRIBUTED TO SOLE NEGLIGENCE OF THE CITY). IF ANY ACTION OR PROCEEDING SHALL BE BROUGHT BY OR AGAINST CITY IN CONNECTION WITH ANY SUCH LIABILITY OR CLAIM, THE PROFESSIONAL, ON NOTICE FROM CITY, SHALL DEFEND SUCH ACTION OR PROCEEDINGS AT PROFESSIONAL'S EXPENSE, BY OR THROUGH ATTORNEYS REASONABLY SATISFACTORY TO CITY. THE PROFESSIONAL'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR REQUIRED TO BE MAINTAINED BY PROFESSIONAL UNDER THIS AGREEMENT. THIS PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT

6.12 Limitation of Liability

(a) *Express Understanding Regarding Risk Allocation.*

City acknowledges and agrees that the fees payable by it to Professional pursuant to this Services Agreement and any Work Order have been or will be negotiated based upon a specific risk allocation between Professional and the City, and that Professional would not have entered into this services agreement and will not enter

into any Work Order but for the specific understanding reached with the City as to certain risks as set forth in this Section 11.

(b) *No Liability for Indirect Damages*

In no event shall Professional be liable, regardless of the form of action, whether in contract under this Services Agreement or any Work Order or in tort (including negligence), for any indirect, incidental, consequential, special or punitive losses or damages of any nature or kind whatsoever including, but not limited to, losses or damages arising out of or resulting from this Services Agreement or any Work Order, any use of or inability to use the Services and/or any Deliverable, business interruption, lost or corrupted data of City or any third party, lost revenue or lost goodwill, failure to realize savings, or for any claim or demand against customer by any third party, even if Online may have been advised of the possibility of such losses or damages. City shall indemnify Professional and hold Professional harmless from and against any and all liabilities, damages, losses, costs and expenses (including, without limitation, legal fees and disbursements) suffered or incurred by Online and arising out of or attributable in any manner whatsoever to any claim or demand by any third party.

(c) *Limited Liability for Direct Damages*

Regardless of circumstances, the cumulative liability of Online for direct losses or damages arising out of or resulting from this Services Agreement or any Work Order, any use of or inability to use the Services and/or any Deliverable or otherwise, shall in no event exceed the fees paid for any deficient Services or Deliverables under the relevant Work Order.

6.13 Audits and Records. The Professional agrees that during the term hereof the City and its representatives may, during normal business hours and as often as deemed necessary, inspect, audit, examine and reproduce any and all of the Professional's records relating to the services provided pursuant to this Agreement for a period of one year following the date of completion of services as determined by the City or date of termination if sooner.

6.14 Conflicts of Interests. The Professional represents that no official or employee of the City has any direct or indirect pecuniary interest in this Agreement.

6.15 Insurance.

- (a) Professional shall during the term hereof maintain in full force and effect the following insurance: (1) a policy of insurance for bodily injury, death and property damage insuring against all claims, demands or actions relating to the Professional's performance of services pursuant to this Agreement with a minimum combined single limit of not less than \$1,000,000 Dollars per occurrence for injury to persons (including death), and for property damage; (2) policy of automobile liability

insurance covering any vehicles owned and/or operated by Professional, its officers, agents, and employees, and used in the performance of this Agreement; and (3) statutory Worker's Compensation Insurance covering all of Professional's employees involved in the provision of services under this Agreement.

- (b) All insurance and certificate(s) of insurance shall contain the following provisions: (1) name the City, its officers, agents and employees as additional insureds as to all applicable coverage with the exception of Workers Compensation Insurance; (2) provide for at least thirty (30) days prior written notice to the City for cancellation, non-renewal, or material change of the insurance; (3) provide for a waiver of subrogation against the City for injuries, including death, property damage, or any other loss to the extent the same is covered by the proceeds of insurance.
- (c) All insurance companies providing the required insurance shall either be authorized to transact business in Texas and rated at least "B" by AM Best or other equivalent rating service, or approved by the City Risk Manager. (d) A certificate of insurance evidencing the required insurance shall be submitted to the City prior to commencement of services.

EXECUTED this _____ day of _____, 2016.

City of Coppell, Texas

By: _____
Clay Phillips, City Manager

EXECUTED this _____ day of _____, 2016.

Professional

By: _____
Name: David Neufeld
Title: Vice President

**EXHIBIT “A”
SCOPE OF SERVICES**

**CITY OF COPPELL
SERVICES AGREEMENT**

1 GENERAL INFORMATION

1.1 Summary

The following statement of work describes the scope of services proposed by Online Business Systems (The Professional). In summary, this statement of work provides for professional services supporting the ERP (Enterprise Resource Planning) Replacement Discovery Project. This project will be followed by the separately contracted ERP Replacement Implementation Project. The services for this project include Discovery, Project Management and Ad-Hoc Services.

1.2 Project Management

1.1.1 City’s Project Manager

Jerod Anderson

1.1.2 Professional’s Project Manager

The Professional’s Project Manager will be Rolando Martin. The Professional may change Professional’s Project Manager from time to time upon written notice to City.

Contact Information:

Rolando Martin
Online Business Systems
rjmartin@obsglobal.com

1.3 Deliverables

The individual tasks including a task description, the Deliverables associated with each task, the task prerequisites, the responsibilities of each Party, and the task completion criteria are described in more detail in below in Section 1.1 below.

1.4 Status Reports

Professional’s Project Manager will summarize activities completed under this Project in written monthly status reports submitted to the City Project Manager. The status reports are due on the last day of the month and will include summaries of all activities and deliverables completed in the prior reporting period. The report shall include a list of any

delayed items, a description of the problem, schedule impact, and a method of resolution. The item shall be carried over onto subsequent reports until the problem is resolved.

1.5 Order of Precedence

In the event there is a conflict between the terms and conditions of one portion of this Contract with another portion of this Contract, the conflict will be resolved by designating which portion of the Contract documents takes precedence over the other for purposes of interpretation, except where a clear statement of precedence other than that set forth in this section is included in the document. In this Contract the order of precedence shall be:

1. Amendments to the Contract
2. The Contract's terms and conditions
3. Change Orders
4. Task Orders
5. Exhibit A, Scope of Services

1.6 Task Orders and Change Orders

The City and Professional agree that if the City requires additional Services or Products, it may submit a Task Order to Contractor. The scope of work, schedule, Deliverables, and compensation for each project will be defined in the Task Order prior to commencement of the work. Task Orders are subject to the terms of this Contract. Agreed-upon changes shall not be retroactive and shall apply as of the effective date of the respective Task Order. Any changes to the scope of work, schedule, Deliverables, or compensation in a Task Order must be agreed upon by Professional and the City in writing via the Change Order process, outlined below.

Change Orders to a Task Order. The City reserves the right to make changes, at any time to a Task Order in the form of a Change Order agreed to in writing by the Parties. Professional agrees to timely alter the delivery of Products or Services accordingly. If such changes materially increase or decrease Contractor's obligations, the Parties shall execute an Amendment to the Contract as needed or adjust the fee accordingly, and if the amount of such adjustment is not calculable as a function of hours or tasks, the Parties shall negotiate in good faith a modified fee.

Survival of Orders. In the event that a Task Order/Change Order is not completed prior to the expiration of this Contract, the Task Order/Change Order shall survive the expiration of such until completion and all provisions of this Contract shall be considered active and in full force until the Task Order/Change Order reaches conclusion. In no case shall a new Task Order/Change Order be placed by the City or be accepted by the Professional after the expiration date of this Contract. The City reserves the right to make changes, at any time to a Task Order in the form of an amendment agreed to by the Parties. The

Professional agrees to timely alter the delivery of Products or Services accordingly. If such changes materially increase or decrease Professional's obligations, the City shall execute an Amendment to the Contract, and if the amount of such adjustment is not calculable as a function of hours or tasks, the Parties shall negotiate in good faith a modified fee.

In no case shall a new Task Order be placed by the City or be accepted by the Professional after the expiration date of this Contract.

1.7 Place of Performance

Most work under this Project is expected to be completed at the Professional's office, and delivered remotely to the City's facilities. The Professional will be onsite, and work at the City's facilities as required by the needs of the project.

2 SCOPE OF WORK

2.1 Discovery Services

The project is designed to help the City of Coppell develop a more detailed understanding of their scope and requirements as well as areas of risk that will need to be addressed. The ERP solution will be a superset of Munis that will affect Logos and other peripheral systems as well; the form of the overall solution, boundaries and process impact will all be considerations of Discovery.

The key outcome of Discovery is a contract for the ERP vendor that addresses the scope, requirements and risks identified.

This approach will create a more accurate vendor contract that reduces the risk of scope and/or budget increases and increases the overall quality of the final product delivered by the ERP vendor.

Discovery Approach

- Divide Discovery into three relatively independent steps spread over an extended timeline
 - Planning & Needs Analysis -> Solution Definition -> Contracting & Project Planning
 - Approach / scope / scale of subsequent steps may well change based on outcomes of earlier steps
 - Allow for adequate duration for each step
- Proceed with broad, shallow engagement and analysis quickly
 - Need to get our arms around breadth of needs and opportunities
 - Can refine selection of project participant SMEs based on improved understanding
- Functional analysis should be "Munis-oriented"

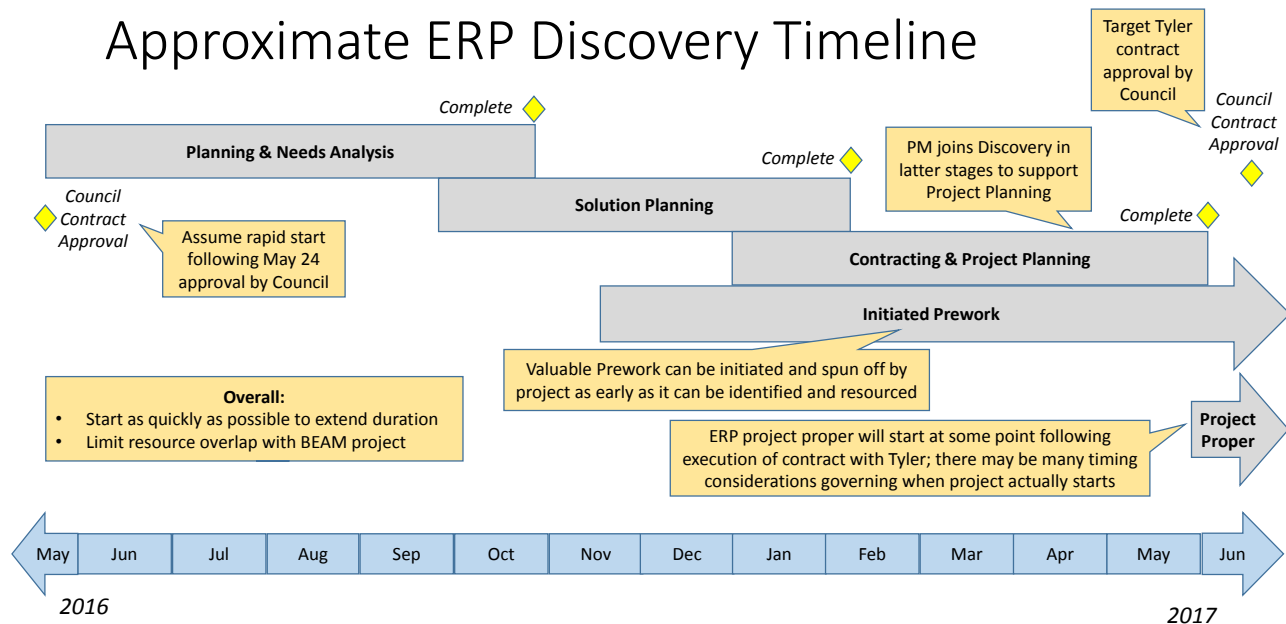
- To support solution definition and contracting with Tyler
 - Must be slightly more general as the solution will be broader than Munis
- Keep Discovery artifacts relatively lightweight
- Introduce the Implementation Project PM in the latter stages of Discovery
 - To directly support project planning and ownership over the work they are to manage
 - Leverage Project Management Office templates
 - Draft planning artifacts will be draft, to be completed during detailed planning early in the project itself
- Aim for additional implementation plan clarification
 - Better end-to-end clarity than we had with BEAM

Work Break Down and Deliverables

Planning & Needs Analysis	Solution Definition	Contracting and Planning
Key Activities		
<ul style="list-style-type: none"> • Meetings with Tyler – initial engagement, information requests and clarification, client contacts • Internal meetings and workshops – technical and business context and concerns, functional analysis, interfaces, data, solution planning • Engage with other jurisdictions • Analysis, formalization 	<ul style="list-style-type: none"> • Structured discovery sessions with Tyler – determine modules, solution boundaries, interfaces, infrastructure, data conversion, project scope, overall phasing and planning strategy • Internal meetings and workshops – business and technical solution scoping and definition, boundaries, interfaces, data, planning and contracting strategy • Engage with other jurisdictions • Analysis, architecture, formalization 	<ul style="list-style-type: none"> • Structured discovery sessions with Tyler to fill gaps in solutioning and planning, address contracting topics and reach agreement on contract for council • Internal meetings and workshops – contract review and discussion, planning, transition architecture definition, plan project and pre-work • Engage with other jurisdictions • Project planning, analysis, architecture, road mapping, formalization
Key Outcomes / Artifacts / Deliverables		
<ul style="list-style-type: none"> • Discovery Planning • Business Context / scope • Technical Context / scope • Functional Area Analysis / scope • Input to Solution Planning 	<ul style="list-style-type: none"> • High Level Scope Statement • Conceptual Business Solution • Conceptual Technical Solution • Input to Contracting and Planning, particularly clear scope for Munis procurement 	<ul style="list-style-type: none"> • Draft Core Planning Artifacts (Org chart, Roles & Responsibilities, RACI, Charter) • Refined Solution and Roadmap • Budget Input • Contract for Council • Identified / Initiated Pre-work

Discovery Timeline

The following diagram describes the planned 12-month duration for the project. This will be refined in collaboration with the City of Coppell as required.



Discovery Deliverables

The following provides additional detail related to some of the Key Outcomes / Artifacts / Deliverables in the earlier table. The intent is for Discovery artifacts to be lightweight, favoring understandable models, matrices and presentation material. These deliverables will be continuously refined over the course of the project as information continues to be gathered. A great deal of information will be collected and analyzed over the course of Discovery; that information will be selectively organized and structured as needed in supporting artifacts.

Planning and Needs Analysis

- Discovery Planning – project planning and management artifacts as required, as Discovery will be agile and dynamic, driven by information uncovered and the need to explore areas in differing degrees of depth as required (in contrast to the project proper, which will be more structured, formal and heavier weight)
- Business Context / Scope – business context model(s) of the domain initially and refined as required with additional detail and concerns; clarification of scope through statements of direction
- Technical Context / Scope – technical models and documentation as required, capturing details of concern around current systems, interfaces, data and concerns

- Functional Area Analysis / Scope – Matrix model of functional areas of interest / context, noting scope boundaries of current systems and summarizing key details of functional areas, with additional notes, concerns and opportunities relevant to later solutioning

Solution Definition

- High Level Scope Statement – visual model(s) and / or statement(s) of direction, communicating explicit boundaries of envisioned solution scope to support contracting and planning
- Conceptual Business Solution – business view(s) of the solution, clarifying the solution and relevant details of business usage; will include solution context model(s) and model(s) indicating intended business usage of distinct business solution components
- Conceptual Technical Solution – technical view(s) of the solution, clarifying technical solution components and relevant details of the solution environment

Contracting & Project Planning

- Draft Core Planning Artifacts – including Org chart, Roles & Responsibilities, RACI, Charter; plus planning notes and considerations to support detailed planning and management
- Refined Solution and Roadmap – refined models of the end solution and roadmap communicating key interim / transition states to be planned and executed; roadmap may extend beyond the end of the ERP implementation to show the project in the context of a larger vision
- Budget Input – if it makes sense based on Discovery findings and refined planning, the project will refine estimation models to provide improved budgetary guidance
- Contract for Council – a key deliverable of the project will be a draft contract for council based on negotiations with Tyler

2.2 Project Management Services

During this ERP Replacement Discovery Project, the primary focus is on Discovery. PM Services will be a part of Discovery (as described above), focused on planning for the future ERP Replacement Implementation Project, so that it can be more formally managed and controlled.

During the future ERP Replacement Implementation project, the PM will be responsible for the planning, management, and control of the City of Coppell. This includes (i) the successful management of the implementation solution, on time, within budget and to the specified quality standards (ii) development and maintenance of a project plan (work breakdown structure and schedule), (iii) status reporting, communications, resource management, risk management, issues management, budget management and change management, (iv) the day-to-day management of project activities and (v) management of the ERP Vendor Relationship.

The Project Manager will report to the Project Sponsor and Project Steering Committee. The PM will tailor the current project management framework at the City and work to

refine it and close any framework gaps to ensure a solid framework is in place that fully supports the ERP project.

A detailed description of our approach and methodology can be found in **Appendix A – Project Management Fundamentals**.

2.3 Ad Hoc Services

Ad Hoc Services represent services that the City of Coppell may or may not require at any point during the ERP Replacement Discovery or Implementation projects. At this early stage it is difficult to project what services will be required, however, based on the City's experience with the BEAM project for example, it is known that requirements are likely to surface that have not and could not have been anticipated or planned for during the discovery, contracting or implementation phases.

These requirements may require additional services, which will be provisioned by issuing work orders against the Ad Hoc Services budget.

The work order process will define the scope, budget, and payment terms for the required services as defined and approved by the City of Coppell.

3 Budget

The total contract value for this services agreement is **\$442,680**. The budget and terms associated with the scope of work items (as defined in section 2 of this services agreement) are as follows:

	Budget	Terms
Discovery Services (which includes two months PM Services supporting implementation planning)	\$364,560	Firm Fixed Price
Ad-Hoc Services	\$78,120	Variable / Not-to-Exceed
Total	\$442,680	

3.1 Travel and Living Costs

Invoice Amounts for the PM and Discovery services are inclusive of travel and living expenses. Terms for Travel and living expenses for the Ad Hoc services will be documented in the individual work orders as those services are provisioned.

4 **PAYMENT SCHEDULE**

All payments to Professional specified below will be due upon the successful completion of the associated milestone/Deliverable as indicated by the issuance of a Certificate of Acceptance by the City for that milestone/Deliverable.

4.1 **Discovery Services**

Discovery Services for the 12 month duration will be invoiced in two ways: a portion will be invoiced over incremental monthly payments, and the remainder will be invoiced on approval of the delivery of each of the three phases outlined in section **2.1 Discovery Services**.

Additional Discovery or PM Services would be extended via a change order for the project.

ERP Discovery Services			
Invoice Date	Deliverable	Payment Amount	Sum of Payments
Incremental payments (invoiced monthly at month end for 12 months)	Status Report or satisfaction with incremental progress on Deliverables outlined in Section 2.1 Discovery Services	\$21,040	\$252,480
On approved completion of phase, at approximately month 5 of Discovery	Substantial completion of Planning & Needs Analysis Phase Deliverables, outlined in Section 2.1 Discovery Services	\$20,000	\$20,000
On approved completion of phase, at approximately month 9 of Discovery	Substantial completion of Solution Planning Phase Deliverables, outlined in Section 2.1 Discovery Services	\$20,000	\$20,000
On approved completion of phase, at approximately month 12 of Discovery	Completion of Contracting & Project Planning Phase Deliverables, outlined in Section 2.1 Discovery Services	\$20,000	\$20,000
PM Services (month one of implementation planning, at approximately month 11 of Discovery)	Substantial progress on Contracting & Project Planning Phase Deliverables, outlined in Section 2.1 Discovery Services	\$26,040	\$26,040
PM Services (month two of implementation planning, at approximately month 12 of Discovery)	Completion of Contracting & Project Planning Phase Deliverables, outlined in Section 2.1 Discovery Services	\$26,040	\$26,040
Total Payment			\$364,560

4.2 Ad Hoc Services

Payment terms and deliverables for Ad-Hoc services will be defined in the change order or work order requesting/authorization those services. Unused Ad Hoc Services budget will be available to the ERP Replacement Implementation project.

4.3 Payment Terms

The Professional shall provide an invoice for the full amount of a milestone/Deliverable as specified in the table above upon written/email acceptance for the milestone/Deliverable by the City's Project Manager.

The City shall issue payment for a submitted invoice within thirty (30) Calendar Days from the date of the invoice from the Professional. The Professional's invoices must contain Professional's name and address; invoice number; date of invoice; Contract number and date; Task and Subtask Number(s) completed, amount invoiced; and the title and phone number of the responsible official to whom payment is to be sent.

The City may stipulate how line items are entered on an invoice to ensure compatibility with the City's accounting and financial systems and to facilitate payment to the Professional.

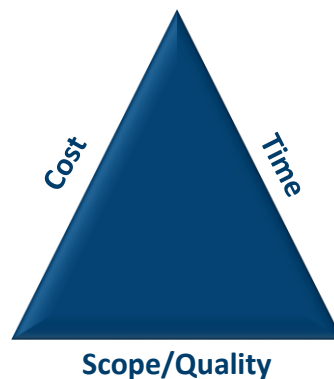
5 TERM

The term of this contract will reflect the project cycle. The project is planned to run for 12 months from the Award of Bid.

6 Appendix A – Project Management Fundamentals

The Project Manager will follow standard principles for project management and while these fundamentals may be well known to some project participants and stakeholders, the Project Manager will ensure that a common understanding of the project management approach is understood by all project participants.

1. **Project Definition:** As with the standard definition of “Project”, the ERP Project will be defined as a temporary endeavor undertaken to create a unique product or service. (Projects are different from other ongoing operations in an organization, because unlike operations, projects have a definite beginning and an end - they have a limited duration. (Helpdesk support is not a project)).
2. **Business Focus:** Our project manager will help to ensure that all components of the ERP project are business-driven and business-focused. If any component of the project ceases to align with and support the overall goals and mission of the City, the Project Manager will collaborate with the Steering Committee and project participants to (re)assess project direction.
3. **Triple Constraint:** The Project Triple Constraint is defined by Scope (Quality), Cost (Resources) and Time (Schedule). It is usually represented by a triangle as follows:



These three elements of a project are highly inter-dependent. When one of these elements is reduced or increased, one or both of the other two elements will then also need to be reduced or increased. (An effect similar to adjusting one side of the triangle). There is a balancing of the three elements that only when fully managed, allows for the successful planning, resourcing and execution of a project. At the end of the day, these are the three key elements of a successful project and these are the things that our Project Manager will diligently manage through successful project completion.

4. **Baselining and project change management:** Baselining refers to an activity at the end of project planning where budgeted cost, time and scope/quality are recorded. It's almost inevitable that the project will encounter change throughout its life. Some changes will be undesirable and efforts will be made to avoid them. Some changes will introduce benefits and should be accommodated if possible. Therefore, a project's success is not measured by how well it kept within the constraints of the original (baselined) cost, time and scope/quality. Rather, a project's success is measured by

its ability to stay within the constraints of the sum of the original baseline plus all subsequently approved change requests. Our Project Manager will implement and manage this framework.

Defining an Implementation Plan

The PM will have overall responsibility for the development of the implementation plan. The implementation plan will be aligned with industry best practices for solution development. It will include components for quality management, planning, analysis, design, testing, deployment and turnover to support. Factors that will contribute to the overall structure of the implementation plan include the following:

- **Vendor Approach:** The Contracted System Integrator will likely have an implementation approach that will need to be considered and accommodated.
- **Deployment Approach:** Further project planning will provide insight on the preferred deployment approach (e.g. incremental or phased deployment, parallel processing, 'model office', 'mock implementations (dry-runs)', etc.).

The Project Manager will collaborate with the Project Sponsor, Project Steering Committee, contractors and consultants, the independent Quality Assurance and other project participants to develop and manage the ERP Project Implementation plan.

Defining, Refining and Managing an Integrated Project Plan

The integrated project plan will contain component plans that address key project management areas. These include organizational change management, scope management, schedule management, cost management, resource management (staffing), communications, Issues management, requirements management, quality management, risk management and quality Assurance. Our Project Manager will be responsible for ensuring that all the component plans are defined, continually revised so as to be continually up-to-date and managed through the life of the project. Descriptions of how component project planning will be performed for key areas is outlined in the sections below.

Project-Status/Project-Performance Reporting

We refer to the term 'Status Report' as a report that reports project status, project forecast and project performance.

Project status reporting will be the responsibility of the Project Manager and reports will be produced at least monthly.

The format of the status report will be that currently used by the BEAM project.

Key characteristics of good status/performance reporting

The reporting tool that the Project Manager develops for the ERP project will have the following characteristics:

1. Information is **Easy** to understand
2. As much useful information as possible can be **consumed quickly**
3. Serves **as wide an audience** as possible (project manager types, non-project manager types, technical, non-technical, etc.)

4. Information is **accurate**.
5. Information is **up-to-date**.
6. Producing the communication is as **non-onerous** as possible
7. The method is **flexible** so that it can change as requirements change

Ideally the reviewers of the status report will want to receive the same types of measurements every week. Switching from one metric to another will not show trends or provide week-to-week comparisons. That said, the process that the Project Manager will follow will also be flexible enough to accommodate changes to the project reporting requirements that will occur throughout the life of the project.

Graphical Reporting

Graphs and charts that report project progress, project performance and forecast will be used where possible.

Stage-Gate or Key-Milestone Reporting

Most stakeholders with an interest in project status/performance will not have the time or interest in assessing the planned v actual dates for all elements of a project plan (work breakdown structure). To address this, the Project Manager will leverage stage-gating or milestone reporting.

Milestones represent events on the project where there is delivery of a key solution component or project management artifact and where formal approval is required. Overall project progress will be measured by comparing milestone actual completion dates against milestone baseline completion dates. The number of milestones for the project will be kept at a 'manageable' level (perhaps one per month) and will be spread across the project timeline (as opposed to being bunched into a shorter timeframe).

Example key sections of a status report

The following represents key information that the Project Manager will include in the status report.

- Project picture (a graphical representation) of project status, project performance, forecast and issues/risks.
- Concise textual description (executive summary) of project status, project performance, forecast and issues/risks.
- Stage-gate or Key-Milestone progress table that reports actual days early/late for completed milestones and forecast days early/late for future milestones.
- High level summary of what was accomplished since the last report
- High level summary of what was planned and not accomplished since the last report
- High level summary of what is planned over the next couple of months
- High level summary of project change requests

- High level summary of open project issues/risks
- High level summary of upcoming approvals that will be required from the Project Steering Committee and other approvers

As mentioned previously, Online Business Systems hosts a methodology library (which includes many best practice processes, tools, templates, etc.). These processes, tools and templates will be available to the project (eliminating any necessary cost and effort if required, for the City to develop them from scratch). Also available to the project will be the experience and expertise of the consultants from Online's project management practice who will be available as needed to respond to any specific or unique queries.

The following sections outline how our firm through the services of our proposed Project Manager will address the needs of the Project.

Issues and Risk Management

Issues and Risk Management

The Project Manager's responsibility is to communicate a common understanding of the root cause of project-related issues and the resulting project implications. By identifying the root cause, the project team will be better equipped to identify options for resolution, which can be evaluated and analyzed so that a recommendation can be put forward. Depending on the nature, scope, and magnitude of the issue, the options and recommendation may be vetted via the Steering Committee for approval before moving forward. In this scenario, the issue, options, and implications of the options and recommendation will be clearly communicated to the Steering Committee so that they are enabled to make an informed decision. Project issues are tracked in an Issues Log to facilitate transparency, and effective tracking and reporting.

Risk Management

The Project Manager's responsibility is to ensure that standard risk management process is being followed to ensure that project risks have been identified, and properly defined, assessed, and mitigated. The purpose of the Risk Management Plan is to document project risks and any associated response plans. Response plans can include activities to mitigate, avoid, or transfer risk. The Risk Management plan is revisited throughout all project phases in the event new risks are identified or response plans are changed.

Best-practices risk management includes but is not limited to the following activities:

- **Risk Identification** - Identification that the risk exists
- **Risk Qualification** - Assessment of the probability of the risk trigger
- **Risk Quantification** - Assessment of the project impact
- **Risk Response Plan** - Planning to accept, avoid, defer, or mitigate the risk (contingencies)
- **Risk Control** - Review identified risks on a regular basis (at least monthly) and update Risk Management plans

Communications Management

The importance of project communications and reporting cannot be underestimated. It is not unusual to find industry reports that indicate upwards of 90% of a project manager's time is spent on communications.

The Project Manager will have overall responsibility for project communications as it relates to communications within the project and communications to entities and stakeholders outside the project. The City may appoint internal representatives for formal communications to the legislature, media, public and external entities.

The project manager will be responsible for liaising with the communications lead (if one has been appointed) and developing a communications plan that meets the requirements of the Project Sponsor and Project Steering Committee.

One of the key formal communications mechanisms is the weekly project status report prepared and distributed by the project manager.

With regard to project management reporting and project communications, experience shows:

- Every project is different and every project requires a customized communications and reporting approach that best meets the unique needs of project stakeholders and other participants. For example, a one-page weekly project status summary might best serve the needs of one stakeholder while another stakeholder might be best served with a daily, 5-minute phone-call.
- To realize the best possible project communications and reporting, techniques used will need to change (generally on an on-going basis) during the life of the project. Focus will change during the life of the project and as stakeholders and participants become more project savvy (during the life of the project) – their requirements will also change.

Communications Planning

During this activity, the following artifacts are used.

The Responsibilities, Accountabilities, Consult and Inform (RACI) Matrix

The RACI outlines Roles and Responsibilities, charting (i) what has to be done; and (ii) who has to do it. The output is a matrix showing the people involved, the functions to be performed and the degree of participation each person has in each function.

The Approvals Schedule

The Approvals Schedule will be developed after the project schedule and project artifacts and deliverables have been identified. It lists the actual deliverables, events and artifacts that will surface in the project, refers to the RACI to determine who serves in the related roles and specifies when the approval is expected (or has occurred). The Approvals Schedule gives approvers a forward view to what is expected of them throughout the remainder of the project.

The Communications Plan

The Communication Plan will identify all project participants and stakeholders and documents the level of content, frequency and medium agreed for on-going project communications.

Project Repository

A shared network drive or SharePoint site will be set up with (i) a folder hierarchy to store project artifacts; and (ii) read/write access for all project participants and stakeholders.

Information Distribution

On an ad-hoc or as-needed basis, the Project Manager will conduct in-person or by-phone meetings with Business Stakeholders to ensure project activities and direction are being communicated and that any information on changes in business requirements or direction are collected.

Scope Management

Project Scope Management relates to the management of changes that have a potential impact (positive or negative) on project scope as it relates to (i) deliverables/effort/quality, (ii) timeline, or (iii) financial cost.

A key to effective project management is to actually embrace change (shifting business priorities, new customer needs, competitive pressure, etc.). Good change is often characterized by the potential to increase the business value that will be delivered. While effective project management embraces change, it doesn't necessarily encourage it. Not all change is good – often it can be distracting and frustrating to the team and the overall organization. The key is to know when change is “good” and when it is potentially “bad”. An important project management function therefore is – Project Change Management. Our proposed Project Manager will be responsible for effective project change management.

The objectives will be to:

- minimize the negative effects of changes on projects
- monitor and control all change requests
- monitor and control all changes

Project changes take various forms. Changes to the project plan may creep in slowly (e.g. the planned testing stage extends day by day until it completes 4 weeks later). Alternatively, changes to the project plan may be identified in advance (e.g. a user inquires on the possibility of the development of seven more reports). Some changes may have little or no effect on the original project plan and estimate while others may have a significant effect.

Change requests can be initiated as follows:

- **Proactive:** Examples are requests that are made by the user or customer that compromise (i) the end date of a project, (ii) the cost of a project or (iii) the final deliverables or quality of the project. Examples of these types of change requests include a request for seven more reports in the delivered system or a request to include an extra status code on an on-line system or a request to have the new system provide a text file for down-loading to a spreadsheet.
- **Reactive:** These are requests (usually prepared by the Project Manager) that are in response to a risk or issue.

When the ERP steering committee approves the project baseline, they will delegate responsibility to the Project Sponsor, Project Manager and Project Team to complete the project according to plan. Any potential changes to the baseline will follow the project change management process outlined below.

Change requests will be identified as early as possible. They will be documented by the Project Manager, reviewed by the Project Coordination Group (if one has been established) and submit them to the Project Steering Committee and Project Sponsor for approval. The Project Steering Committee will either approve or reject the change request.

The Project Manager will be responsible for compiling change request forms and maintaining a summary of change requests in the Project Change Log.

Vendor Management

We understand that in addition to the core project management roles and responsibilities, a key role for the project manager is to actively manage the vendor relationship to ensure the quality and fit of the delivered system.

Vendor management also serves to maintain a positive and healthy working relationship between all parties while helping to reduce/eliminate issues such as miscommunication, and feature gaps (perceived or real) that create an adversarial relationship and can negatively affect the quality of the delivered solution.