

April 22, 2025

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to adopt Specifications No. RFP DV-24-430 and award to Speridian Technologies, LLC, of Albuquerque, NM (Speridian), a (1) implementation contract for the design, configuration, and implementation of a new Long Beach Builds-Enterprise Land Management System (LB Builds – ELM), including a one-time implementation amount not to exceed \$9,270,500, with a 20 percent contingency in the amount of \$1,854,100, for a total one-time implementation amount not to exceed \$11,124,600 for a period of three years, with the option to renew for two additional one-year periods, at the discretion of the City Manager; and (2) a related maintenance contract for providing ongoing maintenance and support services for LB Builds-ELM, including an annual amount not to exceed \$180,000 for a period of five years, with an option to renew for two additional five-year periods, at the discretion of the City Manager; and authorize Speridian as the prime contractor to enter into software licenses with Clariti Cloud Inc., of Vancouver, BC, as necessary for services related to LB Builds – ELM, in an annual amount not to exceed \$1,182,600 for the first year of the contract, with annual increases up to five percent, for a period of five years, with an option to renew for two additional five-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into such contracts, including any necessary subsequent amendments;

Authorize City Manager, or designee, to execute all documents necessary to amend Contract No 36749 with Berry, Dunn, McNeil & Parker, LLC dba BerryDunn, of Portland, ME, for General Project Management and Organizational Change Management to provide support for 38 months instead of 20, to increase the contract amount by \$1,201,750, authorize a 20 percent contingency in the amount of \$240,350 for a revised contract amount not to exceed \$3,365,700;

Authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 37261 with Gartner, Inc. of San Diego, CA, for Quality Assurance Services to provide support for 38 months instead of 20, to increase the contract amount by \$1,093,920, authorize a 20 percent contingency in the amount of \$218,784 for a total contract amount not to exceed \$2,572,704;

Increase appropriations by \$8,200,000 in the General Services Fund Group in the Technology and Innovation Department, offset by a transfer from the Development Services Fund Group; and,

Increase appropriations by \$8,200,000 in the Development Services Fund Group in the Community Development Department, offset by a release of reserves and funds available. (Citywide)

DISCUSSION

City Council approval is requested to enter into two contracts with Speridian, including (1) a contract to design, configure, implement LB Builds – ELM, and (2) a second contract covering ongoing maintenance and support for LB Builds – ELM; and amend contracts awarded by the City Council on October 17, 2023, with Berry, Dunn, McNeil & Parker, LLC dba BerryDunn (Berry Dunn) and Gartner, Inc. (Gartner) to extend their services during the implementation timeline that is now understood to be 36 months instead of the previously estimated 20 months, plus provide for an additional two months of post-live support (for a total of 38 months of support).

As detailed in a presentation to the City Council on October 17, 2023 (Attachment A), the City of Long Beach (City) currently has an outdated enterprise land management (ELM) system, installed in 2007, that supports City permitting and licensing functions that needs to be replaced to better meet customer and City needs. While the new LB Builds - ELM system is expected to provide for efficiencies, increased productivity and significantly improve customer satisfaction, it is also necessary to ensure compliance with changes in State law and specific deadlines for online permitting imposed under Assembly Bill 2234. Additionally, the system is needed to attract investment into the City through the improved customer experience. Those building projects, developing real estate and opening businesses consider many factors in making those investment decisions, the City's ability to deliver a fair, expedient, transparent, and predictable review process for permits, entitlements and licenses is one of those many factors considered.

The LB Builds - ELM system will continue to serve seven City departments, approximately 500 internal users, and the multiple licensing, permitting, billing, inspection, payment, and collection functions of the City. The modernization of the LB Builds - ELM system's capabilities will deliver improved interdepartmental coordination by integrating data and removing silos which will better serve customers with streamlined processes and transparency to application status. The new LB Builds - ELM system will allow customers to submit, track, and upload documents; pay; and communicate with City staff conveniently through an online public portal. Significant improvements in permit turnaround times are also anticipated to better serve customers.

The City conducted a rigorous and robust process to develop the Request for Proposals (RFP) with assistance and oversight from an independent consultant, Gartner, with extensive expertise in ELM software for governmental agencies. Comprehensive needs analysis was conducted to identify pain points and areas needing improvement. External users were surveyed to better understand their current experience and solicit ideas for system improvements. Extensive workshops, engaging approximately 150 internal business stakeholders, were held to develop over 2,000 functional and technical requirements to enable business capabilities unique to the City. As LB Builds - ELM is a high priority project, the City has also invested considerable effort to ensure the successful implementation of the new system. Some of those activities include:

- Preparation of a Readiness Assessment early in the process to assess the City's readiness for the implementation of the ELM system against known critical success

factors and provide recommended actions.

- Establishment of an extensive staffing plan to provide future implementation support to ensure the right City staff are available to the project and backfill support is available.
- Establishment of a governance structure including an Executive Steering Committee, Leadership Committee and core team of subject matter experts to streamline decisions and address any issues that may arise.
- Establishment of an Organizational Change Management (OCM) Plan to guide users through the process of change from the current state of operations to a desired future state through communication, active engagement and a training strategy.

Speridian intends to implement the Clariti software solution on the Salesforce platform. This is a Commercial off-the-shelf ELM system that has the benefit of pre-built components to minimize the risks that comes with customizations, such as the inability to seamlessly implement upgrades. However, the solution is highly configurable to support current complex and unique City requirements and to respond to changing needs for in-service life. The Clariti ELM solution has been successfully implemented in similar environments; it is currently used by the City of Bakersfield, City of Irvine, City of Santa Clarita, City of Phoenix and County of Orange, and is being implemented in the City of Los Angeles and the City and County of Honolulu. A three-phase roll-out approach is planned for implementation to allow initial business capabilities to come on-line while others are still in development. This incremental rollout approach should deliver tangible benefits to the City in the near term. The completion of all three phases is anticipated over a three-year period starting in May or June 2025.

Because LB Builds involves multiple business capabilities, like online and in-person permitting, scheduling and billing for multiple departments, a significant contingency is recommended for each contract to provide resources to resolve, with minimal delay, unknown issues and challenges that typically occur with projects of this size. A 20 percent contingency is recommended and commonly expected for an effort of this nature.

While BerryDunn and Gartner will provide professional consulting services to the City as noted above, the Speridian contract includes the design, configuration, implementation, software licensing and ongoing maintenance and support. Speridian intends to subcontract with Clariti for the software solution on the Salesforce platform. Procurement of this contract is described below. Prior to the release of the RFP to solicit ELM software and implementation, an announcement of the pending RFP was posted in the government publication, insider.govtech.com, to attract potential vendors.

The RFP was advertised in the Long Beach Press-Telegram on August 20, 2024, and 60 potential proposers specializing in software design were notified of the RFP opportunity. Of those proposers, 43 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 44 local, minority-owned, and women-owned business groups. Seven proposals were received on October 1, 2024. Of the seven proposers, one was a Minority-owned Business Enterprise, none

were Women-owned Business Enterprises, one was a certified Small Business Enterprise, and none were Long Beach vendors (Local).

The seven proposals were thoroughly reviewed to verify compliance with the mandatory qualification requirements outlined in the RFP, and all were found to meet the criteria. A nine-person selection committee comprised of representatives from the Community Development, Public Works, Financial Management, and Technology and Innovation Departments evaluated the proposals based on their subject matter expertise. Following a thorough review and analysis of the proposals, the selection committee chose three firms to interview with the City. The shortlist was posted on October 30, 2024, and firms were invited to conduct on-site demonstrations on November 12-14, 2024. After the selected firms conducted comprehensive demonstrations, the selection committee conducted a separate evaluation of these presentations based on the following criteria from the RFP:

- Organizational Capacity and Experience;
- Method of Approach;
- Software Solution; and,
- Reasonableness of Cost.

The selection committee unanimously determined that Speridian best satisfied the requirements in accordance with the criteria. Based upon the results of the evaluation/selection process, City staff recommends a contract be awarded to Speridian to design, configure, implement, and provide ongoing maintenance and support of an ELM system.

On October 17, 2023, the City Council awarded two professional service contracts to support an estimated and aggressive implementation timeframe of 20 months. As additional information was gained through the procurement phase, the implementation duration is now expected to be 36 months. A contract with BerryDunn was approved for General Project Management services and OCM services and a contract with Gartner for Quality Assurance services was approved. The two proposed amendments would include the additional cost to utilize the intended professional services for the full 36-month implementation phase plus an additional two months of post-live support. The amended contract amounts also account for contracted cost of living allowance increases. The BerryDunn contract would increase from \$1,923,600 to \$3,365,700 (75 percent increase) and Gartner contract would increase from \$1,260,000 to \$2,572,704 (104 percent increase).

LOCAL BUSINESS OUTREACH

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Long Beach Buys platform to download RFP specifications. Through outreach, four Long Beach vendors were notified to submit proposals, of which four downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Adam Jacobs on April 7, 2025, Purchasing Agent Michelle Wilson on April 2, 2025, and Revenue Management Officer Geraldine Alejo on April 4, 2025.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFP DV-24-430 and award contract is requested on April 22, 2025, in order to allow implementation of LB Builds – ELM to begin as expeditiously as possible.

FISCAL IMPACT

The total project implementation cost for LB Builds-ELM is projected at \$43,537,000. Project implementation is anticipated to occur from FY 25 through project “Go Live” in FY 28. As shown in Attachment B, the project implementation cost includes all elements required to successfully “Go Live” including internal City staff, software design, implementation, configuration and testing; and third-party consultants. The contract costs, inclusive of the proposed amendments and contingencies, with Speridian, Berry Dunn, and Gartner will not exceed a total of \$43,795,571 as shown below on Table 1. Of the total contract authority for the three vendors, \$20,874,916 is specific to services and support provided during project implementation with the balance of \$22,920,655 associated with on-going licensing and support up to 15 years following project “Go Live”:

Table 1: Contract Award Summary

	Speridian	BerryDunn	Gartner	Total
<i>Implementation Period</i>				
Already Awarded Contract	\$0	\$1,603,000	\$1,050,000	\$2,653,000
Already Awarded Contingency	\$0	\$320,600	\$210,000	\$530,600
Proposed Amendment & Contingency	\$0	\$1,442,100	\$1,312,704	\$2,754,804
Solution Implementation	\$9,270,500	\$0	\$0	\$9,270,500
Solution Contingency	\$1,854,100	\$0	\$0	\$1,854,100
Proposed Software & Licenses (first 3-years during implementation)	\$3,611,912	\$0	\$0	\$3,611,912
Maintenance and Support (during implementation)	\$200,000	\$0	\$0	\$200,000
SUBTOTAL CONSULTANT COSTS DURING IMPLEMENTATION	\$14,936,512	\$3,365,700	\$2,572,704	\$20,874,916
<i>On-going Licensing and Support</i>				
Software & Licenses (15-years)	\$20,795,655	\$0	\$0	\$20,795,655
Maintenance and Support (15-years)	\$2,125,000	\$0	\$0	\$2,125,000
SUBTOTAL ON-GOING LICENSING AND SUPPORT COSTS	\$22,920,655	\$0	\$0	\$22,920,655
TOTAL CONTRACT COSTS	\$37,857,167	\$3,365,700	\$2,572,704	\$43,795,571

In addition to the \$20,874,916 in contract costs needed for the implementation period, Table 2 below lists the City departments and number of staff positions expected to be devoted to the project, along with each department's fully loaded annual salary and benefit cost for those employees. Table 2 assumes Full Time Equivalent (FTE) staff are working consistently each year throughout the planned three-year implementation period. It is City staff's and Gartner's best estimate now, at the beginning of the project, that three years' worth of City staff time devoted to the project will range between \$20 million and \$23 million. At the start of implementation, Speridian will work with the project team to update the project plan with a more detailed phased approach, including City staff commitments by department and implementation

phase. As such, these estimates may change after a formal project plan is designed and executed, and as the project unfolds.

To continue existing day-to-day City operations, the departments listed in Table 2 will need to temporarily backfill employees assigned to the project. Since the project will pay the salaries and benefits of the employees assigned to it, salary savings are anticipated to be sufficient to pay for the temporary employees backfilling for those assigned to the project.

Table 2: Annual Staff Resources During Implementation

Department	FTE	FTE (\$)
Community Development	13.40	\$2,746,112
Long Beach Fire	1.95	\$476,387
Financial Management	4.53	\$809,610
Health and Human Services	1.95	\$355,189
Long Beach Police	0.95	\$173,041
Public Works	1.83	\$273,902
Technology and Innovation	7.10	\$1,938,930
Total Annual City Staff Resources	31.71	\$6,773,173

The implementation costs will be incurred in the General Services Fund Group in the Technology and Innovation Department for day-to-day project costs including contract expenses, offset by a combination of funding sources. Cost incurred following formal project “kick-off” and until “Go Live” will be eligible for future bond proceeds. Whereas costs incurred prior to “kick-off” have been and will be funded with existing resources in the Development Services Fund Group in the Community Development Department. Funding sources include accumulated revenue from a technology surcharge. Since 2007, the Development Services Fund Group has accumulated revenue from a technology surcharge, currently set at 4.5 percent, designed to pay for the continuous upgrade, improvement and maintenance of technology for development projects and services. As of January 31, 2025, the accumulated unspent revenue from the technology surcharge totals \$1.5 million, which is expected to be sufficient to cover pre-kickoff contract costs as well as post “Go Live” implementation costs.

Once the LB-Builds ELM project formally kicks off with City staff and the three vendors described above, all implementation costs through project “Go Live,” except for end-user training costs, are capitalizable and eligible for tax-exempt bond financing. Long-term bonds are the most appropriate financing mechanism for a long-lived asset like the LB-Builds ELM software and associated workflows, just like streets, roads, bridges, and City buildings are most appropriately financed through long-term debt.

Capitalizable costs that can be paid for with tax-exempt bond proceeds include not just the amounts paid to the three vendors described above for software licensing prior to “Go Live”, for design, configuration, and for implementation, but also all salaries and benefits of City employees or contractors assigned to work on the project full-time, half-time, or even less. City staff/contractors dedicated to implementing LB-Builds ELM will track their project work through weekly timesheets, so staff/contractors cost to the project can be accurately charged and

reimbursed from the eventual bond proceeds. Internal Revenue Service (IRS) rules prohibit the use of bond proceeds to pay for backfill employees, because backfill employees by definition are conducting day-to-day operations, which are not capitalizable as part of a long-lived asset. Therefore, based on the bond eligible costs included in Tables 1 and 2, City staff estimate an eventual total bond issue of \$41.5 million, consisting of:

- \$2.9 million for remaining contract authority for already awarded contracts;
- \$2.4 million for amendments proposed in this agenda item to existing consultant contracts;
- \$15 million for solution implementation; and,
- \$21.2 million for City staff costs charged to the project.

As of March 11, 2025, interest rates, the annual debt service on a bond sale of \$41.5 million would be \$2.53 million. This bond issuance will be combined with the next tranche of Measure A infrastructure bonds, currently projected to be sold in the spring of 2026. Under that scenario, debt service would begin in FY 27.

The bulk of the LB-Builds ELM project is for the benefit of the Development Services Fund Group. Thus, that fund will bear the majority of the cost. The General Fund Group will also benefit from the business licensing modules and should pay its share of the project's costs. Based on the proportion of activity and benefit of the current system, the debt service cost will likely be covered 30 percent by the General Fund Group and 70 percent by the Development Services Fund Group. This proportion can be revisited when the final benefit is known. A breakdown of the proposed costs and funding sources is provided in Attachment B.

As soon as the project goes live, bond proceeds can no longer be used to pay for what the IRS considers day-to-day operations. Therefore, after "Go Live," departmental operating budgets will include the costs of ongoing software licensing (\$1,630,000 per year) and Technology and Innovation Department operations and maintenance costs (\$180,000 per year), in addition to any permanent new City staff positions, unforeseen at this time, that may be required in the departments using the software. With a three-year project implementation timeline, these operating costs will likely affect departmental operating budgets in late FY 28 or FY 29. A portion of these ongoing operating costs will be offset by savings from discontinuing the current enterprise land management system once fully transitioned, which will be factored into any requests for additional operating budget resources.

Appropriations are needed for the initial project costs anticipated in FY 25; therefore, City Council approval is requested for an appropriation increase of \$8,200,000 in the General Services Fund Group in the Technology and Innovation Department, offset by a revenue transfer from the Development Services Fund Group. To accommodate the expense transfer to the Technology and Innovation Department, a corresponding appropriation increase of \$8,200,000 in the Development Services Fund Group in the Community Development Department is also needed, offset by funds available and a release from the Technology Surcharge reserve in the amount of \$1.5 million. The Development Services Fund Group will be reimbursed by bond proceeds for the bond-eligible portion of the \$8,200,000 incurred following official project kick-off. Staff will

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return to City Council to request appropriations as the project move forward. Appropriations needed for implementation phases following project kick-off through "Go Live" are anticipated to be funded by future bond proceeds.

This recommendation has a significant staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is minimal local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Christopher Koontz
Community Development



Lea Eriksen
Technology and Innovation



Kevin Riper
Financial Management

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: A – LB BUILDS-ELM PRESENTATION TO CITY COUNCIL ON OCTOBER 17, 2023
B – LB BUILDS-ELM PROJECT COSTS