

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 12/13/2023

**Staff Report No.** 23-526

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**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager/Chief Executive Officer  
**SUBJECT:** Single Source Contract with Prophix Software, Inc

### ACTION ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider authorizing the General Manager to execute a single source contract with Prophix Software, Inc., to provide continued services and technical support for the District's budget system for a term of five (5) years.

Staff Contact:  
Chris Andrichak, Chief Financial Officer

**STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency  
Initiative - Financial Efficiency and Revenue Maximization

Maintain Financial Stability and Resiliency for the District by continuing the facilitation of budget development, budget reporting, and budget analysis using Prophix.

**BUDGETARY/FISCAL IMPACT:**

Prophix Software, Inc. provides the District with secure technology for compiling operating budgets, comprehensive and custom reporting capabilities, and PeopleSoft Integration at a cost of \$1,039,449 over the next five (5) years, from March 1, 2024 to February 28, 2029.

The following cost proposal includes a 16% increase for the first year (from \$162,500 to \$188,114) and capped increases of 5% each year thereafter.

- Current: \$162,500
- Year 1: \$188,500
- Year 2: \$197,520
- Year 3: \$207,396
- Year 4: \$217,766
- Year 5: \$228,654
- Total: \$1,039,449

The 16% increase in the first year is "catchup" for fees and inflation as the annual payments were unchanged

at \$162,500 for the past 3 years. Annual increases for the next four years are capped at 5%.

**BACKGROUND/RATIONALE:**

The District requires a versatile solution for compiling and reporting budget data. In 2018, the District selected Prophix Software, Inc. through a competitive solicitation process. In 2021, the Board approved staff's recommendation for a three (3)-year single source contract extension with Prophix Software, Inc, which critically enabled collaborative and effective budgeting during the challenges of the pandemic. Prophix continues to fulfill critical business needs and is uniquely best suited to:

- Enable ready access to historical, current, and projected financials;
- Handle a high level of complexity in planning personnel and operating budgets;
- Be intuitive and easily accessible to users with diverse technical backgrounds; and
- Be integrated with PeopleSoft.

Prophix is considered an "Enterprise System" for AC Transit (as defined in Cal. Gov't Code § 7922.7). The system took more than a year to set up and cost nearly \$350,000 to implement the design, integration, and staff training. Any alternative integrated budget planning and analysis solution would require similar effort and cost to reach a similar level of utility and maturity. Re-training would also pose an issue, as over 100 District staff depend on direct access to the budget information and functionality provided by Prophix. Because of this, staff recommends continued use of Prophix and, pending Board approval, intends to publish a Notice of Intent to award the single source contract for a minimum of five (5) business days (in accordance with Board Policy 465).

The cloud-based, SaaS (Software as a Service) configuration makes Prophix especially adept for coordinating with departments to develop line-item-detail budgets and creating custom reports (not "out of the box"). The current system is also designed to relieve the need for regular technical support from the IT department, which would not be the case during the integration and implementation stages and possibly throughout regular use of a new SaaS budgeting system.

Prophix was among the first SaaS systems adopted by the District, which has since continued to shift from on-premise to cloud-based for the benefits of reduced infrastructure costs, increased scalability, and assurance in lower downtime during disaster recovery or trouble-shooting. SaaS cost increases are currently high due to inflation along with growing cybersecurity needs. Prophix teams with several large technology partners for cloud services, such as Amazon Web Services (AWS) and Microsoft (MS), which have significantly increased their costs as much as 20%-30%. The District is not alone in facing higher SaaS costs.

Staff met and negotiated a reduced cost proposal with Prophix. The first annual payment increases by 16% (from \$162,500 to \$188,500) to "catchup" since the former 3-year contract had a fixed annual cost. The remaining years of the contract have a capped 5% annual inflation. Prophix is offering the District a "special allowance" 5-year contract for cost certainty, unique to the District.

**ADVANTAGES/DISADVANTAGES:**

The primary advantage associated with this single-source procurement of the Prophix budget software is the

cost avoidance of implementing a new software system to integrate with Peoplesoft and the re-training of 100+ users that such a new system would require. It is in the District's best interest to execute the proposed agreement to allow the District to have continued access to the Prophix software, a financial application that is a crucial tool to support the daily business operations for the Budgeting department.

Staff cannot identify any disadvantages to issuing this single source contract to Prophix.

**ALTERNATIVES ANALYSIS:**

An alternative to a five (5)-year single source contract award is to issue a shorter three (3)-year single source contract award. This shorter contract price would total \$593,030. Staff prefers the longer contract term as it gives longer price-certainty and more time for return on the investment staff continues to make in report development and system functionality.

Another alternative would be to issue a Request for Proposals (RFP) for a new budgeting system software. However, this is not recommended for the reasons stated above.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

Board Policy 465, Procurement Policy  
SR 21-107

**ATTACHMENTS:**

None

**Prepared by:**

Mary Archer, Budget Manager

**In Collaboration with:**

Cheryl Sudduth, Contract Services Manager  
Michael Daly, Senior Contracts Specialist

**Approved/Reviewed by:**

Chris Andrichak, Chief Financial Officer  
Richard Oslund, Director of Management & Budget  
Fred Walls, Director of Procurement and Materials  
Manjit K. Sooch, Director of Innovation and Technology  
Jill A. Sprague, General Counsel/Chief Legal Officer