

February 24, 2015

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at the FPB Downtown Office located at 317 West Second Street, Frankfort, Kentucky, on Tuesday, February 24, 2015, beginning at 1:00 p.m.

**ATTENDANCE:**

Ralph Ludwig, Board Chair  
Rick Pogrotsky, Board Secretary/Treasurer  
Arthur McKee, Board Member  
James Liebman, Board Attorney  
Herbbie Bannister, General Manager  
Katrina Cummins, Asst. Finance Director  
David Denton, Finance Director  
Kathy Poe, Executive Assistant  
Hance Price, Staff Attorney/Asst. GM Administration  
Karl Pitzer, IT Director  
Glen Waldrop, Public Information Officer  
Seth Littrell, State Journal Reporter

**AGENDA**

The Agenda for the Board Meeting was received and entered into the Minute Book as follows:

**FEBRUARY 24, 2015 SPECIAL BOARD MEETING AGENDA**

1. **Action Item:** Consider Purchase of a Centralized Budgeting, Forecasting, and Reporting Software Package in the Amount of \$39,749 from Centage Corporation.

**BOARD ACTION**

Mr. Ludwig called the meeting to order at 1:00 p.m. Ms. Poe noted three (3) board members in attendance and noted Ms. Lynch and Dr. Green absent.

1. **Action Item:** Consider Purchase of a Centralized Budgeting, Forecasting, and Reporting Software Package in the Amount of \$39,749 from Centage Corporation.

Budgeting, forecasting, and reporting of financial and non-financial information are extremely important business processes in any organization that effect all facets of the business. An organization's ability to produce and analyze accurate, and as important, timely financial and non-financial data can be the difference between top business performers and the rest. Today the Frankfort Plant Board uses a Microsoft Excel based budgeting process that is working, but brings unique challenges to finance professionals, internal budget developers, and budget end-users such as significant time wasted on updating, revising, consolidating, modifying, correcting spreadsheets, and rigidity in forecasting ability. These challenges translate into a very inefficient, manual process that requires significant time commitments from staff with large of amount of that time spend validating data instead of spending value added time analyzing the data for best budget results possible. FPB staff would like to purchase a dedicated, centralized budgeting, forecasting, and reporting software solution that will help automate the budget process, provide flexibility, significantly reduce man-hours and turn-around time, provide integration to FPB's accounting software Microsoft Dynamics SL, and

provide industry leading analysis tools. Below some other benefits this type of software solution can provide to FPB:

- Streamline the budget process, significantly reducing the time and effort necessary in creating the budget, analyzing, and planning.
- Allow for cash flow reporting on all budget items, which is significant considering unique monetary challenges facing each FPB division.
- Allow management feedback to be entered into the budget at any time and quickly and easily evaluate the impact of that feedback.
- Run unlimited “what-if” scenarios to more effectively and thoroughly evaluate the best way to move FPB forward.
- Easily and powerfully perform strategic analysis to adapt to changing market dynamics, allowing management time and tools to perform multiple budget scenarios and alternatives.
- Manage the “budget contribution” process. Enabling more employees to contribute to the budget.
- Direct integration to FPB’s accounting software package, Microsoft Dynamics SL, allowing accounting data to be available to the budget and forecasting process with click of a button.
- Compare budget to actuals and easily identify variances and anomalies.
- Create a more comprehensive, collaborative, and accurate budget.
- View and analyze FPB in an infinite number of ways to best model the operation from a budgeting perspective.
- Leverage drivers and the “what-if” sections to automatically associate and update multiple related budgets for on-demand scenarios testing.

Staff developed a Request for Proposal (RFP) and advertised the RFP in the February 5, 2015 edition of the State Journal. FPB distributed RFPs to 11 software vendors representing 10 different software packages and received 8 RFP responses. Below is a summary of RFP’s submitted:

Vendor Name	Software Name	Cost		Estimated Implementation
		1st Year	Annually	
Adaptive Insights	Adaptive Planning	Not Provided	Not Provided	200-300 hours
Ascent Innovations	BI360	\$ 42,457	\$ 4,244	100-150 hours
Board	Board	\$ 75,015	\$ 7,803	240 hours
<b>Centage</b>	<b>Budget Maestro</b>	<b>\$ 39,749</b>	<b>\$ 5,599</b>	<b>100 hours or less</b>
Dynac	Dynac	\$ 42,350	\$ 3,850	124 hours
Host Analytics	Host Analytics	\$ 64,763	\$ 21,588	320 hours
Prophix	Prophix	\$ 55,650	\$ 3,700	240 hours
Vena	Vena	\$ 50,000	\$ 15,000	320 hours

Based on a review of the submitted RFPs, estimated total cost of ownership, and software best fitting FPB’s needs staff would like to recommend awarding the bid to Centage Corporation in the amount of \$39,749. The funds to purchase the software would come from the 2014-2015 FPB Information Technology Budget, Section 9, Page 13, Lines 2 and 4. FPB would spend \$10,000 from the PC Software category of the IT budget (Section 9, Page 13, Line 2) and \$29,749 from the Data Warehousing category of the IT budget (Section 9, Page 13, Line 4). The IT Department Virtualize Server Project budgeted (FY 13-14 Budget, Section 9, Page 13, Line 6) and performed in 2013-2014 has allowed the IT department to push back the purchase of hard drives for the Data Warehousing Project until next fiscal year. This reallocation of IT capital funds for 2014-2015 will in no way impede the mission and initiatives of the IT department and shows staffs ability to allocate capital resources where they can have the most value adding impact to the company. This budgeting software project has the full support of the IT department both conceptually and with manpower needed for successful implementation. The Return on Investment of this initiative is significant with

software payback period being less than two years considering FPB employee work hours saved alone. This software will also replace FPB's current financial statement reporting tool writer eliminating the annual maintenance fee it requires. In addition, the FPB Finance and Assistant Finance Director will earn CPA license required Continuing Professional Education (CPE) credits as they go through software training.

If the Board approves this software purchase FPB and Centage will immediately begin the implementation process and will use the software for 2015-2016 budget development.

Mr. Bannister stated that FPB did not currently have budgeting software and was currently completing the budget process manually in Excel. He advised that the process was very burdensome, labor intensive and time consuming. Mr. Bannister discussed a few of the benefits of the software.

Mr. McKee noted his concern that Staff had sent out the RFP without the Board's knowledge. Mr. Bannister stated that funds were available in the IT budget and that Staff does not normally request Board approval to send out an RFP. He advised that Staff brings the lowest bidder meeting specifications to the Board to award the bid at which time the Board can approve or deny the bid. Mr. McKee stated that he did not want any vendor to come back and say that they did not know about the bid.

Mr. Denton explained the utilization of Excel spreadsheets in the current process of budget preparation and assembly. He further explained the complexity of the current process as well as the copious amount of time spent entering data and information on the front end of the process.

Mr. Denton explained that a centralized budgeting, forecasting and reporting software would reduce labor, overtime, as well as allow Staff and the Board to see budgets with different scenarios prior to approval. He advised that the budgeting software would link with FPB's current accounting software and that each user could login to input their data without the need to wait on someone else. He noted that all data would roll into place when each user completed data entry.

Mr. Denton discussed advertisement of the bid. He stated that the bids were submitted to eleven (11) vendors representing ten (10) different software packages with eight (8) responses received. He advised that Centage was the lowest bidder meeting specifications. He further discussed the costs and fees associated with the new software.

Mr. Denton stated that he and Mr. Pitzer had discussed the software as well as the re-allocation of budgeted funds for the purchase. Mr. Denton and Mr. Pitzer acknowledged that IT projects would not be adversely impacted with this purchase. Mr. Denton further advised that the payback period for this software would likely be less than two (2) years.

In discussion, Mr. Denton stated that FPB had not done business with this company in the past. He discussed references and research of software demonstrations and stated that he and Mr. Pitzer were very comfortable with the software package. He further noted that the references stood on their own merits.

In response to Mr. McKee, Mr. Denton stated that FPB would own the software and would receive support for maintenance and updates and further explained installation and set-up procedures. Mr. Denton advised that there would be nothing running parallel to this new software and that Staff would utilize the new software to prepare the upcoming budget.

In response to Mr. Pogrosky, Mr. Denton advised that this software would autofill information for every user as they complete their individual sections and that the budget would be more uniform as a result. He further discussed the software

options regarding allocations, cash flows, narratives, explanations, and all aspects of the budgeting process. He further noted that the process will be complete at data entry. Mr. Denton stated that this software was a multi-use software and could be utilized to produce and fill reports and charts as needed.

Mr. Pitzer stated that the system is not hard coded and that some modifications could be made specifically for FPB.

In response to Mr. McKee, Mr. Bannister advised that FPB reserved the right to terminate within the initial 60 days of contract within the RFP.

Mr. Pogrosky moved to approve the purchase of a centralized budgeting, forecasting, and reporting software package in the amount of \$39,749 from Centage Corporation. Mr. McKee seconded.

In response to Mr. McKee, Mr. Denton explained that annual fee would only include updates, maintenance and support. He further noted that he and Ms. Cummins would be training Staff on the use of this system once the software set-up was complete. Mr. Denton further advised that Staff hoped to have this system in place by the end of March.

With no further questions, Ms. Poe polled the Board and the motion passed.

With no further business, Mr. Pogrosky moved to adjourn. Mr. McKee seconded. The motion passed and the meeting adjourned.



ATTEST: