

# ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: 11/22/2021

Please mark one:  Bill Request or  Resolution Request

## 1. Type of Request:

- Contract/Grant Agreement  Intergovernmental Agreement (IGA)  Rezoning/Text Amendment  
 Dedication/Vacation  Appropriation/Supplemental  DRMC Change  
 Other:

2. **Title:** (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Amends a contract with Fast Enterprises, LLC. by adding \$8,400,000 and extending the term by 5 years for continual use and support of the GENTAX tax collection software supporting the Treasury Department

3. **Requesting Agency:** Technology Services

## 4. Contact Person:

|   |   |
|---|---|
| Contact person with knowledge of proposed ordinance/resolution              | Contact person to present item at Mayor-Council and Council                             |
| Name: Don Korte   | Name: Joe Saporito  |
| Email: <a href="mailto:don.korte@denvergov.org">don.korte@denvergov.org</a> | Email: <a href="mailto:joseph.saporito@denvergov.org">joseph.saporito@denvergov.org</a> |

## 5. General description or background of proposed request. Attach executive summary if more space needed:

Technology Services manages the FAST Enterprises' contract on behalf of the City's Treasury Division (Treasury). Treasury purchased FAST Enterprises' "Gentax" tax collection software application, through an RFP process, to support the Department of Finance in 2009. Gentax is the system used to collect and record all excise tax for the City. These taxes amount to approximately \$1 billion annually and are the primary source of operating revenue for the City. FAST Enterprises provides a "Managed Service" model for the City by providing full onsite support for the Gentax software.

Benefits of this software application include:

- Integrated tax software designed to support an agency implementing multiple taxes
- Adapts to diverse revenue agency requirements through configuration versus customization
- Able to make significant programming changes quickly and accurately in response to large community issues, policy issues, and voter issues. Examples:
  - Preschool tax increase
  - Tourism Improvement District tax
  - Retail marijuana special sales tax rate
- On-site support provides timely and accurate service for all tax system related needs:
  - Analysis
  - Reports
  - Provision of information for decision makers (City Council, Mayor's Office, Budget Management Office)
- On-site support assists with cooperative efforts with the State of Colorado – Department of Revenue (which also has the Gentax system and on-site FAST support).

FAST support ensures reliable and timely upgrades. Treasury is committed to keeping the Gentax system up-to-date through every patch and update regardless of size. This ensures that the Gentax system will serve Denver for many years to come and produce tangible long-term savings by avoiding the costly undertaking of obtaining new systems in the future.

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As part of the City's use of the GENTAX software, the City pays an annual fee for software support and maintenance. Software maintenance and support services include remote troubleshooting and support provided via the telephone and online channels, as well as installation assistance and basic usability assistance. Software support services may also include new product installation services, installation of product updates (including cyber security patching), migrations for major releases of software and other types of proactive or reactive on-site services, future minor versions or future major releases of software. These support services are employed to ensure the application is functioning at its maximum capacity.

**Term exceeding 3 - 5 years per Executive Order 8.**

Per Executive Order 8: "*Agencies should limit the duration of contracts to three to five years at which time a new solicitation should be initiated absent special circumstances.*" For most software applications, technology best practices would advise against decommissioning and replacing applications every three to five years; therefore, there will be several special circumstances that would provide for a justification to deviate from this policy. For this request, the information below provides examples of special circumstances directly related to the Fast Enterprises contract amendment request.

The special circumstances that justify a contract term that exceeds three to five years are listed below:

- Situations where standardization of equipment or continuity of service is required;
- Situations where competition does not exist;
- Situations where economic factors make it unfavorable for the City to re-bid a contract.

**Continuity of Service:**

The Gentax application has been customized and/or configured for the City to integrate with Workday, the City's Electronic Cashiering System and the State's Statewide Sales and Use Tax remittance system (SUTS) so it can meet the City's tax code and financial requirements. Multiple City Agencies use the software and approximately 80 City employees have been trained and are efficient with this application so the continual use of this application will allow these agencies to provide continuity in its internal business functions as well external services available to businesses to file their taxes online.

**Competition does not exist:**

As the City has already purchased, implemented, has been trained on and intends on using the Gentax software application for the foreseeable future, continual support from Fast Enterprises is needed to ensure the application is functioning at its maximum performance. This is a service that should come from the software's manufacturer, so an opportunity for competition does not necessarily exist.

**Economic factors make it unfavorable for the City to re-bid a contract:**

The City and Fast Enterprises underwent a very time and resource-consuming process which included multiple phases from the time of purchase to having a fully implemented system. The City would incur these costs every time a new system is implemented. This is a substantial investment by the City and it would result in an unnecessary negative financial impact on the citizens of Denver if this type of system was replaced every three to five years. The process includes conducting an RFP process, Technology Services review of vendor's security protocols as well as technical architecture to ensure they align with Technology Services' requirements, negotiating a Statement of Work, negotiating a contract, analysis of the City's current state, planning for the new system, designing the new system to meet the City's objectives, migrating from the old system, implementing the new system, configuring (fine tuning) the new system, testing the new system and training employees on the new system. This process took approximately two - three years to complete. For the City to re-bid this every three to five years would mean the opportunity for any type of return on the City's investment would be minimalized and the City would be in a perpetual cycle of bidding, implementing, retraining and decommissioning of previous applications.

**Analysis of Market / Technology Best Practices**

Although there are other products available, replacing the Gentax application at this point would go against technology best practices and would bring about undue costs to the City. Also, through contracting, the City has been able to keep any increases in annual costs at or below industry standards.

By their very nature, strategic enterprise-level or major solutions are not re-evaluated for alternatives on a yearly-basis but are evaluated constantly to ensure that they are still providing the expected value. The main reasons for this are as follows:

- Strategic Enterprise-level or major solutions typically have a larger Total Cost of Ownership (TCO) and therefore require longer-term commitments and use to get the full benefits of the ROI.
- Strategic Enterprise-level or major solutions are typically used as a development platform to build other solutions. This decreases the cost of new features/capabilities provided and time-to-market; however, this does increase the dependency to that platform and the cost to move away from it.

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Technology Services is responsible for strategically managing technology and part of that is having an architectural technology roadmap that outlines the total life cycle of product(s): when to retire/decommission, upgrade, add functionality to an existing platform or acquire a net new product, etc. that may differ from a three to five year replacement cadence.

- 6. **City Attorney assigned to this request (if applicable):** Steve Hahn
- 7. **City Council District:** N/A - Citywide
- 8. **\*\*For all contracts, fill out and submit accompanying Key Contract Terms worksheet\*\***

### Key Contract Terms

**Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):**

Standard Expenditure contract exceeding \$500,000

**Vendor/Contractor Name:** Fast Enterprises, LLC.

**Contract control number:** TECHS-202159876

**Location:** Citywide

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** Fifth

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):**

Current Term: 1/1/2009 - 12/31/2021      Proposed term: 1/1/2009 - 12/31/2026      Duration: 17 years

**Contract Amount (indicate existing amount, amended amount and new contract total):**

| <i>Current Contract Amount</i><br>(A) | <i>Additional Funds</i><br>(B) | <i>Total Contract Amount</i><br>(A+B) |
|---------------------------------------|--------------------------------|---------------------------------------|
| \$15,626,500                          | \$8,400,000                    | \$24,026,500                          |

  

| <i>Current Contract Term</i> | <i>Added Time</i> | <i>New Ending Date</i> |
|------------------------------|-------------------|------------------------|
| 1/1/2009 - 12/31/2021        | 5 Years           | 12/31/2026             |

**Scope of work:**

Vendor will continue to support the Gentax software according to our Service Level Agreement. This includes vendor monitoring of the application as well as issue resolution assistance to ensure the application is functioning at its maximum performance.

**Was this contractor selected by competitive process?**      Yes      **If not, why not?**

**Has this contractor provided these services to the City before?**  Yes  No

**Source of funds:** Technology Services Operational Funds

**Is this contract subject to:**  W/MBE  DBE  SBE  XO101  ACDBE  N/A

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**WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A**

**Who are the subcontractors to this contract? N/A**

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