



CITY OF HOUSTON

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Subject: Clarification Letter No. 1
Procurement Process Improvement

References: Q23472

To All Prospective respondents:

This Letter of Clarification is being issued for the following reasons:

- To answer the following questions:

1. Is there a budgetary cap planned for this enhancement?

A. This information is not being made available to the vendors.

2. Would you be more open to a team of consultants (with divided duties) vis a vis 1-2 individuals working on the project? Does the City have a preference?

A. The City recognizes that this project will require a combination of skills and it may require a team effort to provide the appropriate skill-sets to perform this work.

3. Change to Base UOM

- Changing the Base Unit of measure can have significant impact throughout the system. In the material master is a table of conversion units. This table is maintained to facilitate the conversion from the lowest common unit of measure (the base unit of measure) and other units such as Purchasing, Issuing, or Warehousing units. For example consider a conversion of 1 box = 100 each. If the base unit is currently box and it is to be changed to each, the inventory valuation would also need to change. Additionally, many other things in the system would be impacted. The largest thing impacted would be inventory valuation and accounting postings that have already occurred. After a change, these postings would no longer reflect the correct valuation. Any document already posted could be affected as well as Fleet Maintenance pick lists (BOMs). Comparative reporting would also be impacted. A change of this magnitude would be extremely difficult due to its complexity.

Is the City ready to undertake such a task and the expense involved or is the City open to less complex workarounds to resolve this issue?

A. The City needs to improve its analysis and reporting capabilities. If this change can provide significant improvement in these capabilities, then the City would consider initiating extensive changes. However, if we cannot identify tangible savings, we will find for pragmatic solutions to address our requirements.

4. Material Group Search

- The COH would like to be able to search for Material groups by 3 characters instead of 5. Are these 3 characters part of the 5 already?

A. The first 3-digits of the 5-digits is the 3-digit material group.

- Is the External Material Group being used?

A. We are not using Logistics – General > Material Group, instead our material groups are established in Materials Management > Purchasing > Materials Master > Entry Aids

5. Change of Decimal Place on currency.

- The number of digits after the decimal is a system wide setting and is not restricted to Purchasing alone. Has the COH looked at using the existing price scaling functionality availability in Purchasing? For example an eraser which costs \$.001 could be order as 1 ea. @ .01 per 10 units.

A. The City is using the price scaling function and the order price unit conversion, however we must stay with 2-digit in order to make vendor payment.

6. We have full capabilities for integrating any software package into SAP with several built in standard technologies such as BADI, BAPI, remote Function Calls etc. Just would like to get an idea of how the current fleet system is used within the mix of systems the city has.

- Is the City's Fleet Management System SAP or from a 3rd party such as Maximo?

A. The City is in the process of deploying a 3rd party solution from Asset Works (FleetFocus M5).

7. If SAP, then no need to answer the below. If 3rd party, then:

- Is the Fleet System a stand-alone system? -or- part of another City group of systems?

A. Stand-alone.

- How is the Costing information linked back to the system of record?

A. The costing will be linked via an interface. SAP will be the system of record for parts pricing. M5 will be the system of record for parts inventory.

- How is the purchasing of material currently handled in that system?

A. In the new system, M5, parts requisitions will be created in M5, and submitted to SAP to complete the purchasing process.

- How is purchasing information linked back to the system of record?

A. In the new system, receipt and invoice information will be interfaced between M5 and SAP.

- Is SAP the system of record for FI/CO data for procurement, materials management and cost accounting?

A. Yes. M5 will be the system of record for parts inventory and valuation only.

8. Can you provide your SAP System Landscape?

A. Systems/Clients:

- a. Sandbox (SRA) clients: 100 (sandbox configuration & development)
- b. Development (DRA) clients: 400 (Golden Client), 410 (Security), 420 (Development), 430 (Unit Testing)
- c. Testing (TRA): 100
- d. Quality Assurance (QRA): 100
- e. Education (ERA): 100 (Golden), 201 (Training), 202 (Training)
- f. Production (PRA): 100
- g. Solution Manager: 400 for documentation
- h. No ITS

9. Can you provide the SAP Version and all SAP Modules and Systems currently implemented?

A. SAP ERP Central Component 5.0, patch level 21.

i. SAP Modules and Sub-modules:

- a. Finance and Purchasing: General Ledger and split ledger (GL), Controlling (CO), Accounts Payables (AP), Treasury (TR), Assets Management (AM), Project Systems (PS), Materials Management (MM), Inventory Management (IM), Warehouse Management (WM), Purchasing (Requisition, Contracts, and Purchasing), Funds Management(FM)and Grants Management(GM)
- b. Human Resources / Payroll: Organization Management (OM), Personnel Administration (PA), Benefits (BN), Time Management (TM), Payroll (PY)

ii. New Dimension Products: Business Objects version 3.0 XI.

iii. Standard SAP workflow used for purchase requisition approvals.

10. Do you use SAP BI or Business Objects for Reporting?

A. We are in the process of implementing Business Objects and Rapid Marts for Data Warehouse reporting.

11. Delivery Code – what field are you referring to? Is this storage location?

A. No, this is delivery address tab for the line item on the purchase order, address group ME01.

12. PO Order types – what are the definitions of these? RO SRO SVA BPA PSA IL CP

A. RO – Release Order (PO issued against an outline agreement)

SRO – Service Release Order (PO issued against an outline agreement where the contract requires a supplemental allocation clause)

SVA – Services Outline Agreement (contract for non-professional services)

BPA – Blanket Purchase Agreement (contract for goods)

PSA – Professional Services Outline Agreement (contract for professional services)

IL – Interlocal Purchase Order (PO issued to an external governmental agency)

CP – Project Release Order (PO issued against a CP capital project outline agreement)

13. WK - this is a standard Outline Agreement (Contract) order type, but not a PO order type.

A. This document type was only used to convert contracts from legacy that were not identified by the business unit as any other specific document type.

14. **Department (4 digit code) – what field are you referring to? Is this the department field on the Cost Center?**
- A. Department = Business Area for account assignment & Purchasing Organization also (except SPD which is the COH PORG)
15. **Category – what field are you using for category? You mention Material Group separately, so I do not think they are referring to this.**
- A. This is the first 3 digits of the NIGP code.
16. **What is a SPD Buyer?**
- A. Strategic Purchasing Division (SPD) is the City's centralized purchasing unit.
17. **What process are you using for P-cards?**
- A. Interface – items identified as contract buy create a purchase order and draw down outline agreement, however items not identified as contract buy create a journal entry for financial posting only. The City will require changes that will require a new document type for non-contract p-card purchase order with invoice (similar to contract buy interface).
18. **Are you on ECC 6.0?**
- A. ECC 5.0, patch level 21
19. **The document states that the length of submittal document shall not exceed 5 pages (single sided) per competency area, excluding resumes. Could you define a competency area? Is it the 6 areas listed under the Background section?**
- A. Address data integrity issues
B. Integrate data
C. Determine the best approach for closing gaps
D. Interface the new fleet management system
E. Assess the existing processes
F. Develop effective training programs
- A. The above listed items are objectives. Competencies would be areas such as Project Management, Business Analysis, Materials Management Configuration, ABAP, etc. needed to accomplish the above objectives.
20. **Will the City allow an executive summary or 1-2 pages of introduction/summary?**
- A. Yes
21. **The performance bond clause is not something we typically see for professional services companies. Is this a necessity for the City and how is the bond calculated?**
- A. The performance bond is a tool that the City uses to mitigate project risk. The decision to require a performance bond will depend on the risk associated with the project and overall cost of the project. Our objective is to ensure that the vendor community is aware that if the completion of this project creates a significant risk for the City, then the City will incorporate the appropriate risk mitigation tools as part of the contractual arrangement.

When issued, Letter(s) of Clarification shall automatically become a part of the RFQ documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the respondents to ensure that they have obtained all such letter(s). By submitting a response on this project, respondents shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into their response.

Thank you,

Frank Rodriguez

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