

To the Mayor and Members of the City Council

November 17, 2015

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SUBJECT: ERP FINANCIALS UPDATE AND FUTURE PHASES

The purpose of this Informal Report is to provide the City Council an update on the status of the Enterprise Resource Planning (ERP) Financials initiative and anticipated future phases.

ERP Phase II went live starting with Asset Management in August 2014. On October 1, 2015 new modules went live to include: Accounts Payable, Accounts Receivable (Deposit), Cash Management, Commitment Control, General Ledger, and integration with the City’s HR/Payroll and Purchasing Systems.

On February 13, 2015, staff provided an implementation schedule for future modules including Accounts Receivable & Billing, Project Costing & Grants, Budget Preparation, and Purchasing and Inventory to occur through FY2017. The project from this point forward is expected to occur in multiple phases. Staff has further refined the needs and organized the remaining financial modules that have been purchased or are recommended for purchase to be implemented into three tracks:

Track 1 Accounts Receivable	Track 2 Budget	Track 3 Purchasing & Projects
Receivables	Hyperion Workforce Planning	Purchasing
Billing	Hyperion Planning Plus	eProcurement
Point of Sale System *	Hyperion Public Sector Planning Budgeting **	Supplier Contract Management
		eSupplier Connection
		eSettlements
		Strategic Sourcing
		Inventory Management
		Contracts
		Grants
		Project Costing

* System to be selected and purchased as part of Track 1

** Module to be purchased as part of Track 2

The staff report on February 13, 2015, identified a project budget of \$48.7M plus additional capacity of \$4.7M. You may recall that due to the successful contract negotiation, \$4.1M in resources were transferred back to the originating operating fund and future contributions from enterprise funds became unnecessary. The table on the next page summarizes the current funding status.

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ERP Financials Funding and Expense Overview

Revenues	\$ 57,617,659
Transfers Out to Operating Funds in 2014	\$ (4,152,908)
Additional Capacity	<u>\$ (4,728,752)</u>
Project Budget	<u>\$ 48,735,999</u>
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Estimated Expenditures of Phase IIA	<u>\$ (33,870,316)</u>
Remaining Project Budget for Future Phases	\$ 14,865,683
Additional Capacity in Reserve	<u>\$ 4,728,752</u>
Total Available Resources	<u>\$ 19,594,435</u>

It is anticipated that on December 1, 2015, that an M&C will be presented to the City Council to increase contract authority \$1.6M with eVerge, the existing ERP vendor, to continue with Phase IIA. Separately, in order to have additional choices, competitive pricing and capacity for vendor support for the future effort, staff released a Request for Proposals on September 30, 2015 for Indefinite Delivery Indefinite Quantity (IDIQ) Professional Services contracts that will be used to select the vendors for implementation of these future tracks in addition to other PeopleSoft upgrades, support, etc. Contracts are expected to be in place in January 2016.

Staff have identified Track 1: Accounts Receivable and Track 2: Budget as the next priorities. The plan is to leverage the IDIQ contracts in 2016 for these projects. The goal is to roll out Track 1 on a department-by-department basis, while Track 2 is being targeted for the FY2018 Budget cycle for capital projects. Over the next three months staff will begin the planning and scheduling of these two tracks. The resulting pricing and schedule will be evaluated by the City Manager's Office in conjunction with other competing technology needs and a final recommendation provided to the City Council early next year.

For questions or further information, please contact Aaron Bovos (x8517) or Kevin Gunn (x2015).

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City Manager