

To the Mayor and Members of the City Council

January 26, 2016

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SUBJECT: ENTERPRISE RESOURCE PLANNING PROJECTS

The purpose of this Informal Report is to provide the City Council a summary on the City’s Enterprise Resource Planning (ERP) Projects beginning August 26, 2008 (M&C G-16255) when Council authorized Phase I of the ERP initiative designed to address weaknesses identified in several management letters from the City’s auditor.

ERP Phase I – Human Capital Management

ERP Phase I encompassed the PeopleSoft Payroll/Timekeeping implementation providing functionality for: Time & Labor, Payroll, Human Resources, Absence Management, Benefits Administration, and Recruiting. In October 2010, the Payroll/Timekeeping modules went into production replacing the previous Genesys system. ERP Phase I stabilization efforts continued through October of 2012. At that time, the ERP Phase I project was closed and the remaining project funds were transferred to General Debt Service on March 3, 2015, M&C G-18422.

Capital Investment Summary: ERP Phase I - HCM		
Available Funds	\$25,215,681	
Expenditures	\$24,109,179	
Balance	\$ 1,106,502	Applied to Debt Service

ERP Phase II – Financials

ERP Phase II encompassed the PeopleSoft Financials implementation. To address the operational impacts on the organization, the project was broken down into sub-phases. Phase IIA went partially into production starting with Asset Management in August 2014. On October 1, 2015 the remaining Phase II modules of Accounts Payable, Accounts Receivable (Deposit), Cash Management, Commitment Control, General Ledger, and integration with the PeopleSoft Payroll/Timekeeping and the BuySpeed Purchasing Systems (collectively known as Enhanced General Ledger) were moved into production. ERP Phase II is scheduled to be closed in November 2016. The total project expenditures through this date are projected to be \$33,870,316 which include stabilization activities, the achievement of monthly/quarterly financial management reporting, and year-end close milestones. An estimated balance of \$19,594,435 is expected to be available for future efforts as described in the Informal Report: ERP Financials Update and Future Phases, provided City Council on 11/17/2015. It is anticipated that this future work will continue through at least FY2017 and will be prioritized among capital technology needs across the organization.

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Capital Investment Summary: ERP Phases – Financials

Available Funds	Original Funding	\$57,617,659	
	Transfer Out/Refunds	\$ 4,152,908	
	Net Available Funds	\$53,464,751	
Project Expenses	Estimated to Complete Phase IIA	\$33,870,316	
	Additional Capital/Reserve for Future Phases	\$19,594,435	IR 9821, 11/17/2015 identified additional modules and functionality that are scheduled; the summary table is included below.

Planned Use of Additional Capital/Reserve for Future Phases

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

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Recurring Operating Expenses

The ERP system replaces several legacy systems such as Genesys, MARS, and the mainframe revenue system as well as numerous desktop ad hoc systems based on Excel and MS Access databases. By decommissioning the MARS and Genesys systems, and migrating the revenue system to a temporary operating platform, the IBM mainframe has been decommissioned saving approximately \$835,000 annually. This savings will not be fully realized until implementation of the future billing modules to replace the mainframe revenue system. The estimated annual operating expense for the current ERP environment is provided in the following table.

Estimated Annual Operating Expense for HCM and FSCM		
Staff – 22 AP’s (ITS, FMS, HR)	\$1,771,884	Salaries and Benefits
Outsourced/Contract Support	\$1,400,000	Project software development efforts
Software Maintenance	\$ 576,000	Oracle software licensing
Upgrades	\$ 500,000	Estimated \$1.5M/3 years
Total	\$4,247,884	

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

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