

## Agenda Report

February 2, 2015

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Department of Information Technology

**SUBJECT: AUTHORIZATION OF ADDITIONAL LIMITED-TERM, FULL-TIME EQUIVALENT (FTE) POSITIONS FOR THE ENTERPRISE RESOURCE PLANNING PROJECT AND RECEIVE THE QUARTERLY PROJECT STATUS AND FINANCIAL SUMMARY REPORTS THROUGH DECEMBER 31, 2014**

### **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the addition of six new limited-term full-time equivalent (FTE) positions to the Department of Information Technology FY2015 Operating Budget funded by the ERP Project, 71149 in the Project Management Fund (301), increasing the department total FTE count from 71.50 to 77.50, and authorize staff to make necessary adjustments to the budget; and
2. Receive the Enterprise Resource Planning (ERP) Quarterly Project Status Report (Attachment A) and Financial Summary Report (Attachment B) through December 31, 2014 for information purposes.

### **BACKGROUND:**

On November 25, 2013, City Council authorized the City Manager to enter into a three-year contract with Tyler Technologies, Inc. to furnish and deliver software, hardware, and services for an Enterprise Resource Planning (ERP) System. In conjunction with that approval, Council also authorized the addition of six new limited-term full-time equivalent (FTE) positions to the ERP project to support project implementation through project management, data analysis and back filling for key City staff that will have a prominent role in the project process.

Since that time, staff has provided regular quarterly ERP project status reports to the Finance Committee for updates on the project budget, schedule, accomplishments, planned activities and any major issues. The purpose of these updates is to ensure the project stays on schedule, within budget, and any major issues are identified and remedied in a timely manner.

In that vein, the Quarterly Project Status Report (Attachment A) highlights project activities that occurred from October 1, 2014 through December 31, 2014 and those that are planned for the next quarter. In summary, the project remains on budget with thirty-seven percent spent to date and on schedule with thirty-five percent completed. The Financial Summary Report (Attachment B) provides detail on where expenses have occurred. The major accomplishment to report over the last quarter was the launch of the Budget module on November 11, 2014 to support the preparation of the FY2016 Operating Budget.

The project schedule overall remains on-time with an expected launch date of July 2015 for the financial modules that includes accounts payable, accounts receivable, purchasing, general ledger, and project accounting, among others. City staff and system implementation consultants from Tyler Technologies, Inc. are onsite weekly to configure the system according to industry best practices. This is expected to provide greater accountability within the organization, and ensure financial information is of the highest quality in terms of timeliness, reliability and accuracy.

However, the recent audit findings as part of the invoice investigation announced in December 2014 is expected to have an impact on the project. Staff anticipates additional data validation efforts, increased levels of backfill of City staff, and temporary staff augmentation where resource gaps exist are needed to keep the project on-schedule and successful. As a result, use of project contingency funds is anticipated. Staff is requesting six (6) new limited-term full-time equivalent (FTE) positions in the FY2015 DoIT Operating Budget to provide staffing flexibility that will support the on-time launch of the finance modules. It is important to note that improvement of process controls can occur sooner if the project is kept on its current schedule, and not delayed in any way.

All of these positions will utilize existing classifications and the two below will provide support in the following areas:

- 1) Management Analyst IV (C) – Payroll
- 2) ERP Business Systems Analyst - Purchasing and Accounts Payable

The two positions above are at-will and serve at the pleasure of the City Manager or his designee. They will be appointed by the City Manager or his designee and will be hired via an employment contract, which will outline the specific terms of employment.

The other four positions will be existing City Temporary Worker (CTW) classifications used to backfill for various City staff who will be pulled away from their normal work duties while assigned to the project, or to provide temporary staff augmentation where

resource gaps exist. Areas where immediate needs exist include accounting, change management, project coordination support and data entry.

Employment in all these positions will be limited to the length of the project, or the specific assignment therein, whichever comes first.

The cost of all the new positions will be paid utilizing managed savings in the respective departments' operating budgets where the backfill will occur or through the use of project contingency funds. No new appropriations are requested, however, over the next quarter, staff will assess observed impacts and may recommend additional project funding through the Finance Committee during the FY2016 Capital Budget process or in future phases of the project should the project contingency funds be exhausted.

The ERP Project staffing organizational structure is included in Attachment C and has been updated to reflect how the new positions will be deployed within the structure. The ERP Project is organized with multiple levels of control; Executive Steering Committee, which includes the Assistant City Manager, Chief Information Officer, Director of Finance and Director of Human Resources who meet weekly to review project status, Project Management Office oversight with a dedicated Project Manager, a Project Steering Team who are manager level staff from Finance, Human Resources and Payroll that meet weekly, and a Core Team.

**COUNCIL POLICY CONSIDERATION:**

This action supports the City Council's three year goal to improve, maintain and enhance public facilities infrastructure; to provide a high quality of public service, which adds to the quality of life in the City and increases its attractiveness through more efficient management of resources.

**FISCAL IMPACT:**

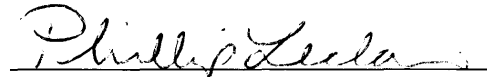
The fiscal impact as a result of this action if all six temporary positions are filled through the remainder of the calendar year is shown in the following table:

Project Contingency Funds	\$	198,000
Department Managed Savings	\$	343,200
<b>Total Fiscal Impact</b>	<b>\$</b>	<b>541,200</b>

However, staff anticipates the fiscal impact to be much less, as the majority of the work will occur over the next six months in preparation for the launch of the financial modules. Further, over the next quarter, staff will assess observed impacts and may recommend additional project funding to the Finance Committee during the FY2016 Capital Budget process or in future phases of the project.

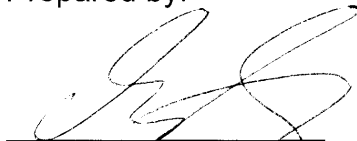
The anticipated impact to other operational programs or capital projects as a result of this action will be minimal.

Respectfully submitted,

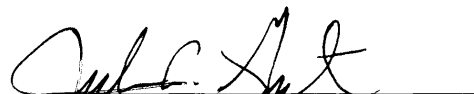


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Attachments: (3)

Attachment A – ERP Quarterly Project Status Report through 12/31/14

Attachment B – ERP Financial Summary through 12/31/14

Attachment C – ERP Project Organization Chart