



City of Moose Jaw

COMMUNICATION # CC-2019-0238

TITLE: Enterprise Resource Planning (ERP) System

TO: City Council

FROM: City Manager, Departments of Information Technology, Financial Services

DATE: November 14, 2019

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT City Council award the supply and implementation of an Enterprise Resource Planning (ERP) System to Diamond Municipal Systems; and

THAT the source of funding being \$1,382,545 from accumulated depreciation of the 2020 Equipment Reserve Budget and \$545,072 from year 2021 of the General Capital Reserve portion of the Capital Budget.

TOPIC AND PURPOSE

The purpose of this report is to seek funding approval to award an Enterprise Resource Planning (ERP) System RFP for the City of Moose Jaw.

BACKGROUND

City Council directed Administration to issue an RFP for the supply and implementation of an Enterprise Resource Planning (ERP) system after the JD Edwards Enterprise System project was put on hold.

The City issued an RFP on August 19, 2019, which closed on September 17, 2019. Administration has evaluated the responses and wishes to award the RFP and negotiate a contract with the successful proponent.

DISCUSSION

After review of the RFP responses, the City is recommending Diamond Municipal Systems, the only bid that met all the requirements of the RFP, as the successful bidder. The previous survey of other municipalities showed that Diamond Municipal Systems is one of the most widely used municipal ERP systems in Saskatchewan and Western Canada

particularly by municipalities comparable to our population. The City currently uses Diamond Municipal Systems as its water utility and cashiering system.

This project expands on the current implementation to utilize the complete and integrated ERP capabilities of Diamond Municipal Systems. The modules included in this project are:

- Core Accounting
- Utility Billing including eBilling
- Purchasing including accounts payable and electronic funds transfer
- Inventory Tracking
- Property Taxation
- Tangible Capital Assets
- Work Orders
- Budgeting and Reporting
- Dog and Business Licensing
- Fleet Management
- Facility Management

In addition to these new modules, the project will build interfaces with other City systems including:

- HRIS and payroll – DayForce by Ceridian
- Recreation booking software - PerfectMind
- Building Permits - CityWorks
- Cemetery management - Stone Orchard
- GIS - ESRI

Diamond has a publicly available web interface called Virtual City Hall. Virtual City Hall will be accessible from the internet and residents will be able to sign up for a City account. Once signed up the residents will have access to the following information:

- Payment Manager for online payments
- Property Tax – history, viewing, payment
- Utility Bills – history and viewing
- Business Licenses – viewing, applying, renewing
- Pet Licenses – viewing, applying, renewing

Links to Virtual City Hall will be provided through the City's website and upcoming mobile application. As well, the system will be cloud based resulting in less hardware to maintain and replace. There will be other operations savings such as postage, however, until fully implemented, it cannot be stated with certainty.

The proposed software purchase of \$417,159, implementation costs of \$735,220 and with a 10% contingency the total is \$1,267,617.

A **Key Lesson** learned from the JD Edwards Project was that it was critical to have human resources and expertise devoted to the project to provide guidance, change management, trouble shoot and ensure an effective implementation as it is a massive undertaking that cannot be completed off the "side of a desk".

The estimated cost for backfill and project management for two years is estimated to be \$660,000, which includes a full-time project manager for the duration of the project as well as backfill for key staff positions that will require substantial amounts of time dedicated to this project.

Another **Key Lesson** learned from the JD Edwards Project was that our processes will have to change to meet the capabilities of the system as compared to customizing the software to meet our processes.

Total upset cost including backfill: \$1,927,617. In terms of the funding resources available for this project, the City will have a total of \$1,382,545 in accumulated depreciation in the 2020 Equipment Reserve Fund from the following programs, most will be replaced with this solution:

- Budget Software: \$61,800
- JD Edwards: \$378,818
- HR System Software: \$80,983
- Utility Billing System: \$356,140
- Taxation Software: \$423,821
- Payroll System Software: \$80,983

City Administration requests that City Council approve the use of \$1,382,545 in accumulated depreciation from the 2020 Equipment Reserve and an expected contribution of \$545,072 from year 2021 of the General Capital Reserve portion of the Capital Budget.

Further, the proposed annual recurring licensing and support fees for Diamond Municipal systems is \$180,799. In 2021 both the current and the new system will be required to run concurrently. Once complete, the City will no longer have to pay the current software costs for Manta (taxation) systems and will reduce the licensing for JD Edwards to a minimum for the next 5 years. This results in a net software cost increase of \$156,799 in 2021 which will be reduced to \$112,599 going forward. The annual licensing and support fees will provide the City with updates to the software on a regular basis taking away the need for incurring costs for periodic updates and also ensuring that the software is kept up to date and offers the most advanced features into the future.

The proposed phased implementation timeline from the vendor is two years, starting in early 2020 when the project management and backfill positions have been filled.

OPTIONS TO RECOMMENDATION

City Council provide alternative direction.

PUBLIC AND/OR STAKEHOLDER INVOLVEMENT

City staff have been involved in reviewing the Diamond Software and are aware that the City will be moving forward with a replacement enterprise software in the near future.

STRATEGIC PLAN

To be able to serve its citizens in a timely and efficient manner, the City needs the ability to have an integrated system to manage its business processes and to make the leap forward into the 21st century and implement a fully integrated ERP system. Further, by implementing an ERP system, it will enable the organization to more closely align itself to strategic plans and goals going forward and change from some manual, paper-based systems.

This meets the City of Moose Jaw Strategic Plan major objective of an Entrepreneurial Civic Administration and sub-heading of Updated Information Technology Systems.

FINANCIAL IMPLICATIONS

The proposed ERP system has an estimated cost of \$1,927,617. It is proposed that this be funded from \$1,382,545 in accumulated depreciation from the 2020 Equipment Reserve and \$545,072 from year 2021 of the General Capital Reserve portion of the Capital Budget.

The annual net increase to the equipment reserve contribution is estimated to be \$72,894 and the net increase to annual maintenance costs are estimated to be \$156,799 in 2021 and \$112,599 in 2022 and beyond for a total Operating Budget impact of approximately \$229,693 and \$185,493 respectively.

PRESENTATION

VERBAL: Administration will be in attendance to provide a brief overview of the report.

REPORT APPROVAL

Written by: Jim Puffalt, City Manager
Reviewed by: Tracy Wittke, Assistant City Clerk
Approved by: Jim Puffalt, City Manager
Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

Report Approval Details

Document Title:	Enterprise Resource Planning System - Public Report - CC-2019-0238.docx
Attachments:	
Final Approval Date:	Nov 19, 2019

This report and all of its attachments were approved and signed as outlined below:



Tracy Wittke



Jim Puffalt



Fraser Tolmie