

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.



AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Council Chambers, 305 West Third Street
February 28, 2023
Regular Meeting - 5:00 to 6:30 PM

Zoom details to call-in for public comment during a meeting:

- 1. Dial Phone Number: (888) 475-4499**
- 2. Enter Meeting ID: 859 0948 1653**
- 3. Passcode: 070093**

If you wish to speak during public comments or a particular item on the agenda, please sign-on by following the zoom call-in steps listed above. Once the presiding officer calls for public speakers, press *9 to raise your hand to inform the City Clerk you would like to speak during the public speaking section for that particular item on the agenda, while in the zoom waiting room. Press *6 when asked to unmute. Listen to the instructions provided virtually on the phone while on hold in the zoom waiting room. Please note that there is a slight time delay when viewing the meeting via television.

IN ACCORDANCE WITH ASSEMBLY BILL 361 AND IN RESPONSE TO THE DECLARED STATE AND LOCAL EMERGENCIES DUE TO THE NOVEL CORONAVIRUS, THE LEGISLATIVE BODY WILL MEET IN-PERSON AND REMOTELY. TO PARTICIPATE REMOTELY VISIT WWW.OXNARD.ORG.

To find out how you may provide public comment, please refer to the instructions below or at [www.https://www.oxnard.org/city-meetings/](https://www.oxnard.org/city-meetings/).

The public may view the meeting from home on Spectrum channel 10, Frontier channel 35, or YouTube at Youtube.com/oxnardnews. Video recordings of the meeting are typically available online following the meeting at the City's website at www.oxnard.org/city-meetings.

*Please see the link for the Measure M pre-recorded presentation video for each item listed on this agenda.

YOU MAY PARTICIPATE IN THE MEETING IN THE FOLLOWING WAYS:

- 1. ATTEND THE MEETING AT THE LOCATION LISTED ABOVE:** Submit a speaker card to the City Clerk.
- 2. EMAIL COMMENTS OR SIGN UP TO SPEAK REMOTELY BEFORE THE MEETING**
 - a. Submit a request to speak remotely by no later than 3 p.m. on the day of the meeting by using the form available at www.oxnard.org/citymeetings.
 - b. Submit an email to cityclerk@oxnard.org no later than 3 p.m. on the day of the meeting (indicate the agenda item number in the subject line). All email correspondence will be forwarded to the legislative body prior to the start of the meeting and made part of the legislative record.
 - c. Contact the City Clerk's Office at (805) 385-7803 to submit your request.

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item Time Estimates include: (Minutes for Presentation + Council Discussion + Public Comment)

3. PROVIDING PUBLIC COMMENTS REMOTELY DURING THE MEETING

- a. To provide public comment during the meeting dial (888) 475-4499 and enter the Meeting ID and Passcode listed above as the Zoom details for this meeting. When the presiding officer announces the particular item on the agenda you want to speak on, **press *9 to raise your hand** while in the zoom waiting room. Once called on, **press *6 to unmute** your phone.
- b. Public comments on agenda items will be taken following the announcement of the item. After the item is announced, members of the public may register or otherwise be recognized for the purpose of providing public comment.

Please review the Zoom instructions on the registration page to help ensure there are no technical difficulties during your comments and help you understand public comment procedures using Zoom. Detailed participation instructions can be found at www.oxnard.org/city-meetings.

In the event of a disruption which prevents a legislative body of the City of Oxnard from broadcasting a meeting using a call-in option or internet-based service option, or in the event of a disruption within the City's control which prevents members of the public from offering public comment using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on a meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. However, if any of the broadcast options are disrupted, but any of the other broadcast options is still available to the public, the legislative body may take further action on items appearing on a meeting agenda without waiting for the disrupted broadcast option(s) to be restored.

* The City has filed pre-election and post-election lawsuits regarding the validity of Measure M.

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker requests shall be submitted as set forth on the first page of this agenda. Speakers are limited to three minutes. After 30 minutes, if all speakers have not had the opportunity to speak, the remaining speakers will be given an opportunity to speak prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance & Governance Committee approve the minutes of the February 14, 2023 regular meeting as presented.

Contact: Rose Chaparro, (805) 385-7805

D. REPORTS

1. City Manager Department

SUBJECT: Risk to the ERP Project related to Aaron Starr Lawsuit preventing City from Obtaining Council-Approved Bonds; Fifth Amendment to Project Management Contract; and Annual Report. (10 minutes)

RECOMMENDATION: That the Finance and Governance Committee recommend that the City Council:

1. Consider approving using up to \$2,500,000 from Fiscal Year 2022-23 General Fund to cash fund the portion of all FY 2022-23 Enterprise Resource Planning (ERP) project expenditures in excess of the initial bond proceeds received in prior fiscal years (with additional FY 2023-

- 24 General Fund as listed in budget to cash fund the FY 2023-24 ERP project expenditures if litigation remains pending that prevents City from issuing bonds); and
2. Approve and authorize the Mayor to execute a Fifth Amendment to the Professional Services Agreement with Kreative Core Technologies Corp (9431-21-FN) in the amount of \$2,120,000 for a new not to exceed contract amount of \$4,720,000 and to extend the term from December 31, 2023, to December 31, 2024, for Project Management Services related to the Human Capital Management (HCM), Energov, Enterprise Asset Management (EAM), and Utility Billing phases of the City's multi-year Enterprise Resource Planning (ERP) implementation; and
 3. Receive and file the ERP system annual report.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/jgoZCZU6cJ8>

Contact: Shiri Klima, (805) 385-7487

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT



**FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT**

**CONSENT AGENDA
AGENDA ITEM NO. C.1**

DATE: February 28, 2023

TO: Finance & Governance Committee

FROM: Rose Chaparro, City Clerk, (805) 385-7805, rose.chaparro@oxnard.org

SUBJECT: Approval of Minutes.

RECOMMENDATION

That the Finance & Governance Committee approve the minutes of the February 14, 2023 regular meeting as presented.

BACKGROUND

Approval of Minutes.

STRATEGIC PRIORITIES

This agenda item is a routine operational item.

FINANCIAL IMPACT

There is no financial impact.

Prepared by: Rose Chaparro, City Clerk

ATTACHMENTS

1. MINUTES 02 14 2023 Finance & Governance

MINUTES
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
February 14, 2023

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 5:01 p.m., Chair John C. Zaragoza called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Chair Zaragoza and Member Gabriel (Gabe) Teran were present in person.

Member Gabriela Basua joined the meeting at 5:11 p.m.

Staff members present in person were Alexander Nguyen, City Manager; Ashley Golden, Assistant City Manager; Stephen M. Fischer, City Attorney; Shiri Klima, Deputy City Manager; Michael Wolfe, Public Works Director; Denise Olson, Interim Chief Financial Officer; Beth Vo, Assistant Chief Financial Officer; and Rose Chaparro, City Clerk.

Auditor Eden Casareno, Partner In-Charge of Attest Services with Eadie + Payne LLP also participated in person.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Martin Ramirez. Mr. Ramirez thanked the Code Enforcement and Police Departments for all the clean-up efforts done throughout the City and keeping areas clean and safe throughout the City of Oxnard. The improvements are being noticed by the residents.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Finance & Governance Committee approve the minutes of the January 24, 2023 regular meeting as presented.

It was moved by Member Teran, seconded by Chair Zaragoza, to approve the Information/Consent item as presented. VOTE: Teran and Zaragoza voted in favor; the motion carried 2-0. Member Basua was absent during this vote.

D. REPORTS1. Finance Department

SUBJECT: FY 21-22 Annual Comprehensive Financial Report and Summary Presentation. (40 minutes)

RECOMMENDATION: That the Finance and Governance Committee receive, and recommend that staff proceed to the full City Council with, the FY 21-22 Annual Comprehensive Financial Report (ACFR) and summary presentation from the City's external financial auditors, Eadie + Payne, LLP.

(Presentation will be live upon consultant's request.)

Shiri Klima, Deputy City Manager introduced Denise Olson, Interim Chief Financial Officer. Ms. Olson, introduced Beth Vo, Assistant Chief Financial Officer; Cesar Perfecto, Controller; and Auditor Eden Casareno, Partner In-Charge of Attest Services with Eadie + Payne LLP who presented and answered the Committee's questions. No public comments were received. Discussion ensued among the Committee and staff.

It was moved by Member Teran, seconded by Member Basua, to approve the recommended action as presented. Basua, Teran, and Zaragoza voted in favor; the motion carried 3-0.

E. ITEMS FOR FUTURE AGENDAS (No requests were made.)F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Zaragoza adjourned the meeting at 5:58 p.m.

ROSE CHAPARRO
City Clerk

JOHN C. ZARAGOZA
Chair



FINANCE AND GOVERNANCE COMMITTEE AGENDA REPORT

REPORTS AGENDA ITEM NO. D.1

DATE: February 28, 2023

TO: Finance & Governance Committee

FROM: Shiri Klima, Deputy City Manager, (805) 385-7487, shiri.klima@oxnard.org

SUBJECT: Risk to the ERP Project related to Aaron Starr Lawsuit preventing City from Obtaining Council-Approved Bonds; Fifth Amendment to Project Management Contract; and Annual Report. (10 minutes)

RECOMMENDATION

That the Finance and Governance Committee recommend that the City Council:

1. Consider approving using up to \$2,500,000 from Fiscal Year 2022-23 General Fund to cash fund the portion of all FY 2022-23 Enterprise Resource Planning (ERP) project expenditures in excess of the initial bond proceeds received in prior fiscal years (with additional FY 2023-24 General Fund as listed in budget to cash fund the FY 2023-24 ERP project expenditures if litigation remains pending that prevents City from issuing bonds); and
2. Approve and authorize the Mayor to execute a Fifth Amendment to the Professional Services Agreement with Kreative Core Technologies Corp (9431-21-FN) in the amount of \$2,120,000 for a new not to exceed contract amount of \$4,720,000 and to extend the term from December 31, 2023, to December 31, 2024, for Project Management Services related to the Human Capital Management (HCM), Energov, Enterprise Asset Management (EAM), and Utility Billing phases of the City's multi-year Enterprise Resource Planning (ERP) implementation; and
3. Receive and file the ERP system annual report.

Please click the following link to view the required Measure M pre-recorded presentation video: <https://youtu.be/jgoZCZU6cJ8>

BACKGROUND

The City used CentralSquare (formerly Superior, formerly SunGard) HTE/NaviLine as its main Enterprise Resource Planning (ERP) software since 1992. This software supported all financial reporting including payroll, purchasing, utility billing and business licensing functions; while it served the organization well for many years, thirty years later, it is slow and outdated. Other than job postings and performance reviews for certain job classes (which were moved to other software), the City's human resources functions, including timesheets, were all manual and paper-based. The City's permitting and land management functions are mostly manual and paper-based. Functions within the Community Development Department include building, planning entitlement, and encroachment permitting activities and are highly manual and paper-based. Between maintaining legacy processes, functional gaps in the software, and inadequate data extraction and reporting tools, City staff over the years has developed more than 150 standalone shadow systems (mostly Microsoft Excel spreadsheets and Access databases) to store, manipulate, and analyze data.

In October 2019, the City Council decided to engage Tyler Technologies for its integrated ERP solution to replace existing software and manual processes. Tyler offers modern technology to give our staff the tools necessary to conduct business, analyze data, and serve our residents better.

The total estimated cost of this project was initially set in 2019 at \$14.9 million, consisting of the Tyler contract for \$9.1 million (including contingency) and additional implementation costs of \$5.8 million, including project management services, business process design costs, and organizational change management consulting services. Bonds were issued for \$6.9 million in 2019 as part of a plan to finance the first major phases in one series of bonds and return to the market to finance the final phases at a later date. The project commenced in October 2019.

At its October 18, 2022, meeting, the City Council approved staff's recommendation to issue new bonds, including funding required to complete the ERP Project and street improvements. The plan for bonds included pairing the software with the larger streets and alleyways improvements to reduce issuance costs and benefit from economies of scale. The bonds included a 15-year repayment period related to the ERP system (estimated useful life) and a 30-year repayment period for street work. The Council approved \$9 million not-to-exceed par amount for the ERP portion and \$36 million for the street improvements. Those bonds now cannot be issued due to the latest lawsuit filed by Aaron Starr, and the project cannot proceed without some source of immediate funding.

DISCUSSION

Project Financing - Risk to Project

In December, following Council's approval of the bonds, the City received notification of yet another lawsuit by Aaron Starr and his political corporation, challenging the bond issuance approved by Council in October. Although the financing is a supplement to the outstanding 2019 bonds and is based on 30+ years of case law, this lawsuit has the effect of preventing the City from accessing the capital markets to finance the remainder of the ERP project. The lawsuit puts at risk many other major City operations spanning critical capital improvement and infrastructure projects, not just the completion of the final phases of the ERP.

Given the timing of this legal challenge, current project costs exceed the proceeds of the initial bond issuance, meaning that the City is now faced with a decision on how to proceed with the ERP project. Any additional and significant delays in payments will result in additional costs to the City in software fees as well as implementation and project management expenses. The City may cash fund the project at this point, and **when new bonds are issued, the proceeds can reimburse the City**. Of course, this option includes an inherent risk that, in the unlikely event that the litigation prevents the City from using bond proceeds to fund the ERP implementation, the General Fund would not be reimbursed for the cost of that project. Using the General Fund for this project would also reduce the availability of those funds for other City initiatives and key projects until the funding is reimbursed. The alternative is to delay the project until resolution of the lawsuit. This means most of the City's inefficiencies continue.

In order to continue with the ERP project and stay on track to deliver the much needed system improvements, staff recommends that the project continue and be funded from the General Fund with a reimbursement from future bond proceeds should the City prevail in its legal defense. The time frame for final resolution of the litigation is unknown, and the amount of General Funds required depends upon how long the bond issuance is delayed.

Total Cost of Project

The project has expensed \$7.2 million to date, \$0.3 million more than the initial proceeds received in 2019 of

\$6.9 million. Staff anticipates the project will consume a further \$2.2 million by end of FY 2022-23, and approximately \$3.0 million in FY 2023-24. While there is still some uncertainty over the full costs of the project pending the result of the discovery phase of the remaining modules, staff anticipates that the initial estimate of \$14.9 million may be slightly lower than the full and final cost of the project. As we unravel our current antiquated system and learn the new system, current estimates of the cost to implement all phases of the ERP project are \$16.4 million, an increase of \$1.5 million from original estimates four years ago. However, we will better know the total cost of the project in 12 to 18 months as we complete the discovery phases of the final three modules. Please note that the cost of operating and maintaining any software (including the ERP) after implementation is charged to the operating budgets across the City on an ongoing basis, not to the project. So, the total cost of the project listed above does not include the annual software fees paid to Tyler for the rights to use the software, nor does it include the annual cost of having City staff or consultants maintain the system after implementation.

Project Management & External IT Support Services

Kreative Core Technologies Corp. (Kreative) has been successfully providing project management and IT support services for the ERP project over the last eighteen months. Kreative was instrumental in helping deliver the Core Financials phase of the project on time and under budget; it is now a key player in implementing Human Capital Management (HCM). In September 2021, the City entered into a contract with Kreative that has since been amended four times. Its current value is \$2,600,000.

Staff recommends that Kreative continue to provide services for the remaining phases of the Project. Thus, staff recommends that Council approve a fifth amendment to the Kreative agreement with the City, adding \$1,820,000 for a new “not-to-exceed” amount of \$4,720,000, and extend the contract term for one further year, ending December 31, 2024. This amendment provides Kreative the time to implement and stabilize HCM as well as conduct discovery for three remaining phases -- EnerGov (planning, permitting, code compliance and business licensing), Enterprise Asset Management (Public Works) and Utility Billing. IT support services for all phases are anticipated to continue under this agreement while the City seeks to recruit and train internal support staff, and Kreative Core is also taking over organizational change management services. The amendment is currently being drafted; if the Committee recommends that this report proceed to the City Council, the amendment will be attached to the staff report at that time.

Given the nature of ERP projects, and the frontloaded discovery of three major phases to be completed as part of this fifth amendment, staff anticipates returning to the Council in Fiscal Year 2023-24 to recommend additional project management, IT support and organizational change management services required to ensure effective implementation and stabilization of the final phases.

Annual Update

1. Core Financials Complete; Budgeting Software Coming Soon

In the last annual report, it was listed that implementation of Executime (an electronic time tracking system) was completed in the fall of 2020 and implementation of Bluebeam (an online electronic mapping and design sharing system for plan check) was completed in the summer of 2021. The Core Financials implementation phase was completed and launched on October 1, 2022. This is the largest and most complex phase of the ERP, which included Purchasing (requisitions, purchase orders, contracts), Accounts Payable (receiving invoices and issuing payments), Accounts Receivable (billing for City fees and charges and processing payments), Project Management (accounting for capital improvements within the City’s limit, and grant accounting), recording all financial transactions that result in monthly issuance of reports (balance sheet, cash flow, statement of government activities), and financial planning with its integrated budget projection and control tools. The new ERP provides real-time project reporting and budgetary controls for all capital projects and grant funded activity. This system is being built more securely than what Oxnard had in place for so many years, and more

than three hundred City staff attended many training sessions in advance of this change.

A new chart of accounts within Munis consolidates and changes the number of accounts necessary to operate the City, meaning the prospective chart of accounts in some City funds and programmatic areas looks very different compared to the legacy chart of accounts. For this reason, the City's financial information prior to July 1, 2022, can continue to be accessed through the existing OpenGov portal that is reporting data from the legacy ERP system (HTE). For any information pertaining to July 1, 2022, onward, financial information can be accessed through a new OpenGov portal that is reporting Munis data. These two portals will be clearly labeled on the City's website. Stakeholders should expect to be able to see the same level of information under either portal, and a full list of contracts over \$200,000 and checks issued will continue to be made available to all.

A new request for proposals will be released in the coming years for budget creation software that best meets the needs of the City. During the implementation of Core Financials, it became apparent that the existing budget modules within Tyler Munis do not contain the functionality required for the City to complete its budget processes effectively. In order to implement new budgeting software, it is vital that the City first completes the Human Capital Management (HCM) phase so that staff salaries and benefits can be incorporated into the new system.

2. Human Capital Management and Advanced Scheduling in the Works

Human Capital Management (HCM) is a large phase encompassing all the functions and processes from recruitment through payment and termination of all 1,700+ employees, recording and processing all benefit payments, employment taxes, retirement plan contributions, and implementing various bargaining unit memorandum of understanding (MOU) agreements in relation to employee pay and benefits. The HCM phase includes integration with leading industry learning and recruitment tools, enhancing the way the City can identify, nurture and retain talent for the benefit of the organization and its residents and customers. The HCM phase is currently underway with configuration and functional testing. This module is expected to Go Live this September.

During the period of Core Financials being live and HCM in development, the City will continue to use its legacy system, HTE, to perform all payroll calculations, payments and benefit calculations, taking that information and translating it into the appropriate Munis accounting codes such that all activity will be reportable and managed against the adopted and revised budgets that are held in Munis. Testing will continue to ensure accuracy of non-public safety payroll in Munis, with the first such payroll anticipated to be completed in Munis in October 2023.

Additionally, the Police and Fire Departments have a need for advanced scheduling unique to public safety. Each of these departments has located software specific to its scheduling and used by a significant number of California law enforcement and firefighting agencies. However, due to delays on the contractors' side, we are currently considering when the advanced scheduling software should be implemented, as the concurrent implementation with HCM as originally planned is no longer possible.

3. Discovery Beginning on Energov (Planning, Permitting), Enterprise Asset Management (Public Works) and Utility Billing

The City is currently entering into the discovery (or pre-implementation) phase of each of the last three modules: Energov, Enterprise Asset Management, and Utility Billing. The goal is to gather information on the current processes, identify gaps and opportunities, and create the vision and roadmap for the future. Energov discovery has already begun with fact finding in the Business Licensing Division; this discovery is scheduled to be completed this calendar year, with implementation beginning immediately thereafter. The discovery phase of Enterprise Asset Management will begin this March with implementation scheduled for a year thereafter.

The discovery phase of Utility Billing will begin this July with implementation scheduled to begin in January 2025. This schedule may shift as we learn more about the new system's capabilities as compared with our needs.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to reinforce, stabilize, improve, and strengthen the organizational foundation of the City in order to build a modern, high-functioning City government that effectively and efficiently supports the operating departments in providing high-quality services and programs for our residents and businesses.

FINANCIAL IMPACT

The ERP Project was budgeted at \$14.9 million for all five phases. To date \$7.2 million has been spent in the delivery of Executime, Bluebeam, and Core Financials, and with significant progress on HCM too. There are sufficient appropriations within the Capital Outlay Fund (301) in the FY 2022-23 budget to cover the current year anticipated expenses; however, it was anticipated that new bond proceeds would fund these appropriations. Should Council decide to fund the ERP using General Fund dollars, then it would require approximately \$2.2 million in FY23, and another \$3.0 million by the end of FY 2023-24.

The proposed fifth amendment to the consulting services agreement with Kreative Core for Core Financials and HCM project management services has a not-to-exceed amount of \$4,720,000 spanning approximately 18 months. The total cost will be funded through the existing project budget. The IT department continues to have a large number of vacancies and thus considerable staff savings that help to offset some but not all of the anticipated contracted costs.

Future budgets will include the appropriations necessary to cover anticipated costs of completing the project phases planned for those fiscal years, and it is still staff's recommendation to issue new bonds for the remaining anticipated project costs in due course.

Prepared by: Mark Sewell, Assistant Chief Financial Officer

ATTACHMENTS

1. no-audio-2023_02_28 ERP Report to F&GC MS

Risk to ERP Project related to Aaron Starr Lawsuit preventing City from Obtaining Council-Approved Bonds; Fifth Amendment to Project Management Contract; and Annual Report

Finance & Governance Committee

February 28, 2023

Mark Sewell, Assistant Chief Financial Officer

That the Finance and Governance Committee recommend that the City Council:

A. Consider approving using up to \$2,500,000 from Fiscal Year 2022-23 General Fund to cash fund the portion of all FY 2022-23 Enterprise Resource Planning (ERP) project expenditures in excess of the initial bond proceeds received in prior fiscal years (with additional FY 2023-24 General Fund as listed in budget to cash fund the FY 2023-24 ERP project expenditures if litigation remains pending that prevents City from issuing bonds); and

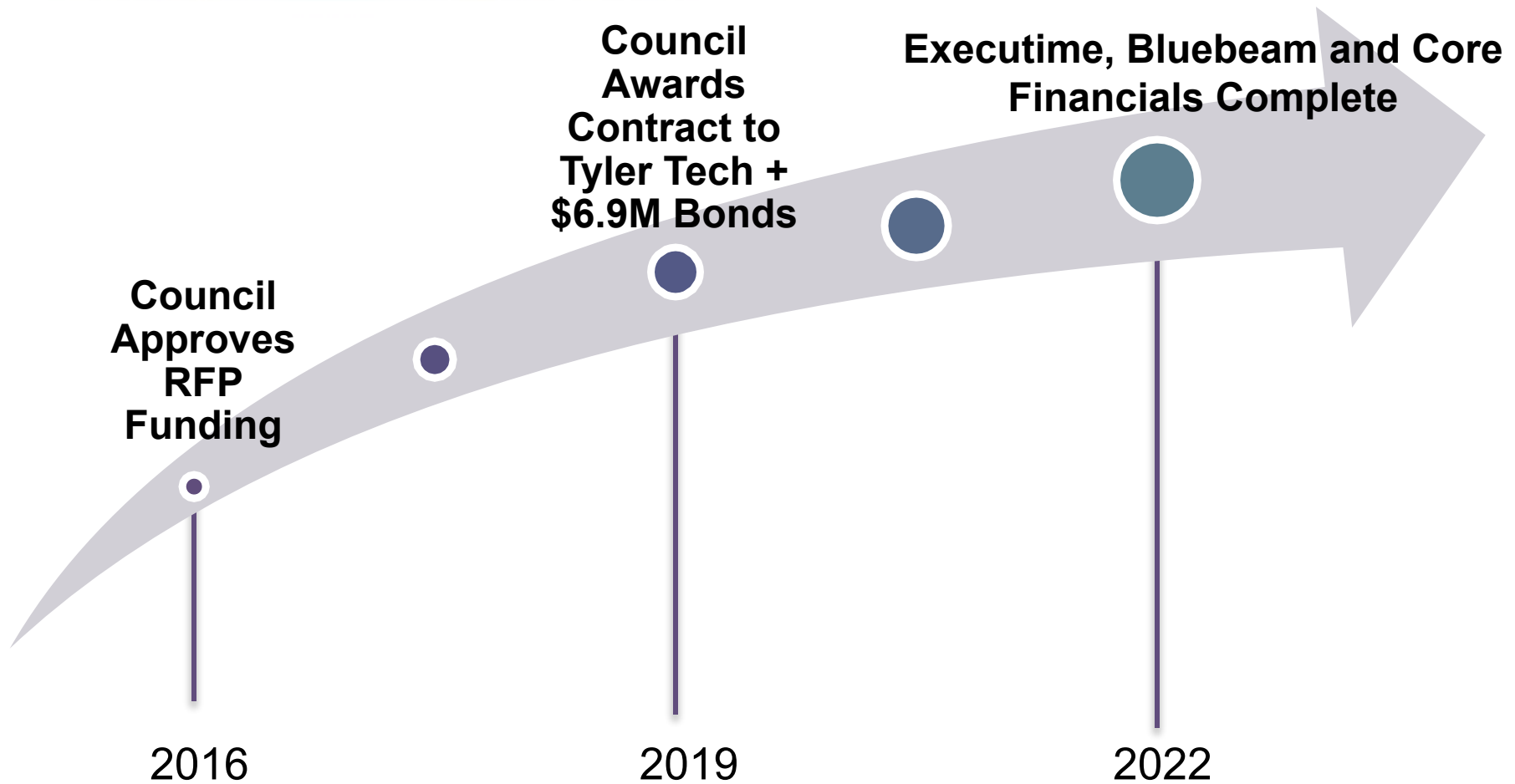
B. Approve and authorize the Mayor to execute a Fifth Amendment to the Professional Services Agreement with Kreative Core Technologies Corp (9431-21-FN) in the amount of \$2,120,000 for a new not to exceed contract amount of \$4,720,000 and to extend the term from December 31, 2023, to December 31, 2024, for Project Management Services related to the Human Capital Management (HCM), Energov, Enterprise Asset Management (EAM), and Utility Billing phases of the City's multi-year Enterprise Resource Planning (ERP) implementation; and

C. Receive and file the ERP system annual report.

There are separate technology systems that provide the foundational framework for nearly all City functions including:

1. Financial Management
2. HR, Timekeeping & Payroll
3. Community Development
4. Assets Maintenance
5. Utility Billing

The ERP integrates these functions so they “speak to each other”



- In October 2022, Council authorizes obtaining bonds for the ERP and streetwork; ERP portion would be \$9M in bonds, \$36M would have been for street improvements
- In December 2022, City received notification of yet another lawsuit by Aaron Starr and his political corporation, challenging this bond issuance
- This lawsuit has the effect of preventing the City from accessing the capital markets to finance the remainder of the ERP project until the litigation is resolved
- The lawsuit puts at risk many other City operations, including capital improvement and infrastructure projects

1. City can cash fund ERP project through the General Fund

<i>Pros</i>	<i>Cons</i>
<i>Project continues without delay and harm</i>	<i>Cash can't be used for other purposes</i>
<i>When new bonds are issued, proceeds can reimburse the City</i>	<i>Risk the General Fund will not be reimbursed if City loses litigation</i>

2. Delay the project until the lawsuit is resolved

<i>Pros</i>	<i>Cons</i>
<i>No risk to cash</i>	<i>Project stops</i>
<i>Can use cash otherwise</i>	<i>Most of City's inefficiencies continue</i>

- The project has expensed \$7.2M to date
- Staff anticipates project will consume further \$2.2M by end of FY22-23
- Staff anticipates project will consume \$3.0M by end of FY23-24 for a total of \$12.5M by June 30, 2024.
- In 2019, total project cost was estimated at \$14.9M; as we unravel our current antiquated system and learn the new system, staff estimates \$16.4M total project cost
- We will know more in 12-18 months

- Kreative Core Technologies has successfully provided project management, IT support and organizational change management services over last 18 months
- Kreative Core helped implement Core Financials and is now helping deliver Human Capital Management (HCM)
- Current contract plus amendments = \$2.6M
- Requires 5th amendment in the amount of \$2.12M (Total \$4.72M)

	Spent to Date with Kreative	FY22-23 Remaining	FY23-24	Total with Kreative
Core Financials	\$644,430	\$19,125	-	\$663,555
HCM, Time & Att.	\$448,378	\$246,100	\$383,900	\$1,078,378
Energov, EAM, UB	\$27,535	\$163,000	\$700,400	\$890,935
IT	\$481,173	\$489,850	\$666,550	\$1,637,573
Training	(in-house)	\$108,800	\$339,200	\$448,000
Totals	\$1,601,515	\$1,026,875	\$2,090,050	\$4,718,440

Phase/Module	Description	Status
ExecuTime	Timekeeping software	Complete
Core Financials	Includes capital assets, general ledger, purchasing, etc.	Complete
Human Capital Management	Simplify HR and payroll processes, integrate all City employee data in one system	In Progress (Go Live in Fall 2023)
EnerGov	Planning, permitting, code compliance and business licensing	Starting Discovery
Enterprise Asset Management	Public Works	Starting Discovery
Utility Billing	Utility billing	Starting Discovery

