## Roll Call

*All matters listed within the Consent Agenda are considered to be routine by the Council and will be enacted by one motion. There will be no separate discussion on these items unless a Councilmember or citizen so requests in which case the item will be removed from the Consent Agenda and placed on the Regular Agenda.*

## Proposed Amendments to Agenda

Any Items Added Less Than 48 Hours Prior to the Meeting Are Added by Council Motion at This Time

## New Business

1) Update on Tyler ERP Project
2) Approve Increased Budget for Personnel in Software Project for a Total of $137,780
3) Approve Contract Change Order for Eide Bailly in the Amount of $76,231 for Fees Plus $7,439 for Travel, for a Total of $83,670

## Next Meeting

**Regular Council at 6:30 p.m. – Monday, March 5th 2018 - City Council Chambers**

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♦ Individuals, who require language interpretation or special assistance to accommodate physical, vision, hearing impairments, please contact the City Clerk's Office at Nampa City Hall, (208) 468-5426. Requests should be made at least five (5) days prior to the meeting to allow time to arrange accommodations

February 26, 2008

TO:     Mayor Debbie Kling
        City Council

FR:     Vikki Chandler, Finance Director
        Tina Combs, Director for HR and IT

RE:     ERP Software Project

Action Item:
1) Approve increased budget for personnel in software project for a total of $137,780.
2) Approve contract change order for Eide Bailly in the amount of $76,231 for fees plus $7,439 for travel, for a total of $83,670.

Attached is a presentation identifying for new council members the importance of our city-wide software project and for all of Council an update of its status. The critical nature of this project is demonstrated by the fact that this type of project may occur once in a decade and impacts how the City will do business for the next ten years.  The project has been pushed out 3 months and thus, we are asking for an increase in its contractual budget through September 30, 2018. However, we underestimated the impact of this project on staff and we are also seeking a budget amendment to add personnel.

It appears the City will be unable to forego an additional budget amendment toward the end of the fiscal year after our regular budget season. We already have a significant grant that was not included in estimates; if the bond passes, we will also need an amendment; plus this item. (There is no escape.) It now appears that we will be doing our regular budget in our old budget module and the last amendment in our new system.

City of Nampa

# Business Case for ERP

February 2018

An Enterprise Resource Planning system (ERP) is software that replaces many standalone systems of individual departments and offices – such as finance, budget, purchasing, project and grants management, payroll and human resource management – and integrates the functions into a single, automated system that runs off a single database.

Today, more than ever, public managers and leadership teams are realizing that modern technologies such as an ERP system can enable the City of Nampa to process transactions more efficiently and effectively. ERP systems, for example, integrate all facets of the business across all departments/divisions and functional processes. This capability provides significant advantages over legacy financial and administrative systems, which are often comprised of a variety of separate systems and databases that perform the various accounting, payroll, and maintenance operations tasks within the City. Using separate, non-integrated systems requires expensive and inefficient manual intervention to perform transactions. An ERP system can also reduce the complexity of accessing, viewing, and managing the vast sums of information collected and disseminated by the City of Nampa. In addition to creating new opportunities for reshaping core internal functions, such as how accounting, purchasing, and payroll activities are performed, this type of system can also enhance the ability of how the City conducts business with external stakeholders, such as customers/citizens and vendors. As a result, the City management is being transformed to a more efficient and effective operation.

## Overview

Software technology typically evolves around current organization structures and legacy business processes. The City of Nampa is no different than many governments and private enterprises in this naturally occurring technology evolution in which software is implemented and enhanced around current business processes. Over the last 10 plus years, the City of Nampa has operated semi-successfully with decentralized management of many of its core business processes such as Finance and Human Resources. The legacy systems installed over the last decade were designed to complement these processes and structures and have served the organization in enabling it to meet its ongoing goals year after year. Today, however, there are new environmental factors facing the City that required a re-evaluation of our core business processes and the software applications that support them in the coming years.

**Efficiency through Process Standardization and Automation**
For the city to meet the efficiency demands of the upcoming decade, standardization of its core business processes needs to occur across the enterprise. Non-value-added processes need to be removed and replaced with a more integrated approach to managing core processes in Accounting, Purchasing, Payroll, Human Resources, Project, Grants, and many other core areas in the city. The investment in a modern ERP technology solution provides a foundation for more standardized and automated processes. Not only will the ERP, Tyler Technology serve as the foundational tool set for standardizing core processes, it also will enable automation of many manual processes through a more integrated technology that promotes one-time data input and reuse of data across the entire city.

2

**Shared Services for Future Processes**
ERP software provides tools and a foundation for support of key business processes as shared services. Once processes are standardized, they will be provided across the city as a complete service and eliminate the need for redundancy in the current legacy systems. Providing business functions as shared services also results in a more performance-driven organization.

**Maximizing the Return on Technology Investment**
As we move toward an integrated business system, we must continue to invest in technology. Beyond this, critical needs for systems to better manage time and attendance, grants, capital projects, and learning will require additional investment. The key is to make capital investments that will return substantial long-term benefits to the city. They Tyler Technology will bring broad-based functionality and modern tools that will enable efficiency and transparency for many years to come. Investments in outdated systems or in new independent systems will perpetuate labor intensity and system fragmentation, and our leaders will continue to be hampered in accessing the information they need to manage the city on a timely basis.

**Conclusion**
The City of Nampa is a $142.4M annual operation that is supported by many paper-based, labor intensive systems. The new Tyler Technology ERP will mean using a multi-module software application to improve, standardize and automate a wide range of government operations including purchasing, finance, accounting, human resources, payment collections, inventory oversight, customer service, resource planning, management control and operational control. Implementing this new solution in technology requires the city to have a massive, multi- year project that will integrate processes across functional departments and divisions and substantially reduce, if not eliminate, manual, paper-based systems. As large and difficult as that sounds, however, the city's adoption of Tyler Technology now has mainstream acknowledgement of its ability to get utilization and benefits that rival private sector ERP accomplishments to have data driven decisions as well as efficient and effective operations.

Today's environment has demands that the city manage more with less. However, in the past three years we have removed resources, and we expect to continue experiencing budget cuts for at least another year. The only way to preserve current services and be able to handle increased business workloads is to address our current system deficiencies. Tyler Technology ERP will provide many modern tools that will enable us to maintain and improve service to our customers. It will enable the integration of core business processes and facilitate consistent, integrated reporting with fewer resources. This in turn will enable additional oversight and accountability. Once the system is implemented and automated, these processes will be monitored by leadership using online reporting tools and on demand dashboards.

The Tyler Technology systems provide for policies and procedures to be built into the system and updated as necessary. This will greatly reduce our dependence on policy and procedure manuals for knowledge transfer and provide a much more efficient means to handle knowledge retention, especially as experienced staff retire. This system also come with built-in audit and security controls that have been implemented and tested by other public agencies. These will enable more efficient and effective accountability of the core business processes. By implementing this solution now, the City of Nampa will receive the benefit for many years.

## Background
In July 2016, the City of Nampa contracted with Eide Bailly for process evaluations and to assist with the

development of the RFP used for selection of the ERP, specifically an evaluation of city's financial and human resources management systems. They found that the City has numerous independent and aging business systems that are not meeting business needs. They recommended that we seriously consider implementing Enterprise Resource Planning (ERP) software to eliminate inefficiencies and provide much greater functionality for all City operations.

Building on this recommendation, the city selected Eide Bailly to serve as our Third-Party Assurance (3PA) Provider and as the City's project manager for the implementation of an ERP system. Eide Bailly was also was engaged to assist the city in analyzing our business processes, defining city-specific requirements for an ERP System, developing solicitation documents for software and a system integrator, and assisting in evaluating potential software and system integrators. In July 2016, the city created an ERP Core Team to assist and determine the best solution for the city. This was to engage all departments and divisions in the selection process to ensure all or most of the challenges were being addressed across the city.

A 12-step ERP methodology was adopted by the city for planning and implementation of an ERP solution. This method allows for incremental decision points to evaluate and validate information and/or results prior to taking each successive step toward an ERP implementation. These decision points and the steps of the methodology are presented below. Work completed to date constitutes Steps 1- 4. This report presents the planning that is in place and analysis to support the current decision point which is to proceed with a solicitation for software and implementation services and pricing.

| | | |
|---|---|---|
| **DECISION POINT: Select an Independent ERP Advisor to provide guidance and analysis services** | | |
| | | 1. Analyze/Quantify Cost of Current Processes |
| | | 2. Identify/Quantify costs of inefficiencies |
| | | 3. Define future processes ERP Requirements and Business Case |
| | | 4A. Prepare solicitation documents for ERP Software Documents |
| **DECISION POINT: Solicit and evaluate proposals for ERP Solutions that meet defined requirements** | | |
| | | 4B. Solicit and select ERP Provider |
| **DECISION POINT: Select vendors for software and implementation services for negotiations** | | |
| | | 4C. Negotiate with selected vendor for ERP Software |
| **DECISION POINT: Award ERP solution contract and completed implementation planning** | | |
| | | 5 - 12. Plan, Design, Train, Test and Implement Phase I Modules |
| | | Repeat steps 5 - 12 for next phase of implementation |

The business case for the city is based upon assessments from two different perspectives: a system perspective and a process perspective. The System assessment examines the extent to which our systems meet our critical business needs. The Process assessment builds on the System assessment and examines the cost and efficiency of our processes. Together they present a compelling case for modernizing our technology and streamlining our processes to operate more efficiently and cost effectively.

## System Assessment

The assessment of our business systems and business requirements was undertaken in 2016-2017 by the Eide Bailly team. They found that the lack of interfaces between multiple systems in the current environment, the lack of an effective reporting tool available to end-users, the dependence on [an]

antiquated and out-of-date, paper-based environment, and the inability of current systems to adapt and change with new demands have left the city with an array of inefficient, time-consuming, and manual business processes.  The key weaknesses identified from a systems perspective and key impacts of these weaknesses are summarized below.

1.  **Lack of System Integration and Real-time Data**
    Lack of integration between the financial (Springbrook) and HR systems as the following impacts:
    - ➢ The transfer of data between the systems requires manual intervention by the information technology office, and finance team.
    - ➢ Many of the city's business functions are supported by a series of independent systems, which results in inconsistent access to information.
    - ➢ Data lacks timeliness, and therefore reliability, stemming from the inability to directly access the required systems and inflexibility in the extraction and reporting of information.
    - ➢ Data that is transferred between the systems is predominantly at the aggregate level, forcing users to go to the primary system to obtain transaction detail.

2.  **Inefficiencies Due to Redundant Data Entry and Manual Processes**
    - ➢ The existence of multiple standalone systems and reliance on desktop applications like Excel and Access result in redundant data entry efforts because information is taken out of one system and entered in another.
    - ➢ Also, there are a host of manual processes that support certain business functions.

3.  **Reporting Tools are Substandard for City Needs**
    - ➢ The current systems lack sufficient querying tools, and the small number of standard reports in the Springbrook system do not meet overall city needs.
    - ➢ Most non-standard reports requested by management and Council members require intervention by the IT Department and/or manual development by staff.

These weaknesses and associated impacts comprise key system problems and inefficiencies that need to be overcome.  Detailed reports from the assessments can be made available separately from this document.

## Process Assessment

To assist the city in understanding its current processes and placing a cost on the inefficiencies identified by the analysis, Eide Bailly assessed how business processes are conducted in the current environment, the assessment of city processes to identify all resources throughout the City that are involved in key business functions, not just resources in administrative service departments and divisions, like Finance or Human Resources.  Process refers to all activities that are performed to complete a transaction or deliver a service regardless of the organizational unit in which the person doing the work is located. The citywide cost of processes includes the applicable time of staff in main area functions plus the time spent by operating staff completing other parts of the process.  For example, paying an employee may involve personnel in several sections of operating departments and divisions as well as in the payroll.  The time spent by everyone who touches the time and attendance and payroll tasks is counted to assign a cost to this process.

## Current Process Costs

Placing a cost on processes is difficult to accomplish without automated systems.  Time allocations could be accumulated for all business processes and direct service processes provided by operating

departments and divisions.  Operating expenses that could be directly traced to a process were assigned to that process, and all remaining expenses were allocated proportionately (excluding expenses such as capital outlay, debt service, reserves, and cost allocation charges).   Business processes are the focus of this report; they can be divided into administrative, independent and other business processes.

Administrative Business Processes

The Process Assessment was focused primarily on those business processes that are supported by a Springbrook and UltiPro system.  The Springbrook Financial system and UltiPro HR/Payroll systems are the major systems that are operated administratively.   The functions or processes that are served to some extent by these two systems include: accounts payable, accounts receivable, purchasing, general accounting, payroll and human resources.  Estimated savings from Tyler Technology have been made only for these business processes because there are other processes that is currently being analyzed for improvement potential.   Technology support of these processes exists within the city beyond that which is provided through the two systems.  For this analysis, all city technology costs are included in this category.

Independent Business Processes

Many other city business processes are either not supported by Springbrook and UltiPro, in which other departments and division within the city have purchased other software for their key business processes. The key processes that operate independently in the city are: NexGen (Streets, Wastewater, Water, and Traffic Division) Faster is being utilized by our Fleet Division, TeleStaff (Time and Attendance, Fire Dept).

Project Management is being handled through Microsoft Project, and other various means that are not within any software solution.  Independent means that the process is supported by a different system or by 'shadow' systems such as standalone spreadsheets and databases.  These processes are very likely to benefit from the functionalities in the Tyler Technology ERP, but savings have not been estimated because there is not been a citywide system or process that can be analyzed for improvement potential.

The remaining business processes include risk management and document management functions. Records/document management accounts for numerous employees throughout the city.  This is primarily the result of paper-based records retention practices.

## Business Process Inefficiencies

When processes are inefficient, they deliver a lower level of service to our end users and customers while consuming a greater proportion of total operating dollars.  Processes consume different amounts of time and resources.  Process inefficiencies are a function of many factors including systems and their functionality, the extent of process automation and the extent of process standardization.  Other factors such as leadership and employee progression opportunity also may contribute to process inefficiency, but they are not addressed by an ERP.

To aid in quantifying the cost of some of the current inefficiencies, the performance of key business processes was compared to the performance of a wide range of organizations to determine the amount of improvement that potentially could be achieved with the Tyler Technology ERP Solution.  Performance metrics that are commonly used to compare the performance of ERP-related business processes were  drawn from several sources.

6

To compensate for the inadequacies of our standalone, non-integrated systems, multiple controls have been put in place to ensure responsible business transactions.  While these controls add security to outdated systems and processes, they increase the time and resources consumed by already cumbersome systems.

## Cost of ERP-related Inefficiencies

To place a value on the ERP-related inefficiencies of the city's business processes, Eide Bailly assessed the system and human resource costs that could be reduced with the functionality of an ERP.  A wide range of cost drivers were considered including availability of technology, extent of manual and duplicative processes, current process flows compared to the flows in an ERP, associated controls and extent of standardization, current organization structure, comparative performance, and the functional requirements needed to overcome the City of Nampa's critical unmet business needs.

The costs of ERP-related inefficiencies were quantified in the following manner:

Value of maintenance expense  associated with  systems replaced by an  ERP:    Maintenance expenses were quantified for current Springbrook Financial system and HR/PR UltiPro system that would be replaced with Tyler Technology ERP.

Value of staff support costs associated with systems replaced by Tyler Technology ERP:   Technology staff support costs were quantified for those systems that would be replaced by the implemented solution.

Value of staff savings if median level benchmark performance was achieved:  Eide Bailly compared the performance of administrative business processes to the  performance of other  public and private, large and small organizations with and without ERPs.   Then they estimated the resources that would be required for the city to support these processes based on current transaction volumes. The difference between current resources and the resources required at a median performance level is the inefficiency that could be eliminated with an ERP.

Value of operating agency business resources that could be eliminated/redirected if critical business needs are met:  City departments and divisions operate standalone, non-integrated systems, databases and spreadsheets to overcome the inadequacies of the current financial and HR systems.  These systems all require staff to maintain the systems and to extract and reconcile information to produce reports and manage operations.   If system inadequacies can be addressed with Tyler Technology ERP, the need for many of these resources would be eliminated, or reallocated resources to other business needs. Based on this assessment, the value of business process inefficiencies that could be addressed with implementation of ERP functionality.

This value excludes inefficiencies that could be overcome in functions such as document management that consume city resources, or contract/grants management, employee expense reporting and fixed assets and accounting citywide process costs.    These latter functions are not supported by any single system and are operated independently in city departments and divisions;  consequently,  there  is  little  basis  for quantifying  current  inefficiencies.   Even  though  they cannot be quantified an automated system with full functionality will generate operational benefits and savings over the existing stand-alone systems.

7

Because business processes are highly decentralized in the city, the costs of inefficiencies and the targeted savings are attributable not only to Finance and HR, but across the City of Nampa. There are many reasons for this.  In some cases, operating departments and divisions have separate standalone systems for the same processes.  In other cases, shadow systems have been created to satisfy needs that are not met by the citywide systems.  In yet a third set of cases, processes are highly manual and require an elevated level of human intervention to handle routine processing.

# ERP Requirements and Costs

## Functional Requirements

The cost of Tyler Technology ERP Solution was based the functions to be included in the system. The City of Nampa's vision is for an integrated, enterprise-wide system that supports all our business functions.   Close to 4,000 requirements have been developed to address the broadest possible set of functions that typically are part of an ERP.  Some functions such as utility billing, licensing and traffic engineering will be a part of the Tyler Technology ERP software so that we incorporate the maximum functionality.  This suggests that the service functionalities needed by the City of Nampa can be met with minimum customizations which otherwise add cost to an implementation.

The functional requirements categories that are included in the Tyler Technology ERP Software and Implementation Services are listed in the following table:

**It is essential that we recognize at the outset of this initiative that years will be required to meet all our unmet needs and realize our vision of an integrated, enterprise-wide system.**  The key to realizing our vision is to take the first step toward change.  Implementing Tyler Technology will allow us to begin that change and break the cycle of unmet needs and standalone, non-integrated systems.



Each Department provided input to the detailed set of ERP requirements to ensure that they can maintain or improve business process functionality from an ERP Solution.  This allowed us to solicit for solutions that meet all functional requirements across the city.

8

## Projected Software Modules

The software modules and associated software maintenance fees that were projected to be purchased for the city ERP were identified by aligning Nampa's ERP requirements with typical ERP modules.  The following modules were purchased to be implemented in a phased approach over a period of approximately 3 years.

| Process Area | Software Modules |
|---|---|
| Financial Processes | General Ledger<br>Accounts Receivable<br>Accounts Payable<br>Billing<br>Asset Management<br>Cash Management/Treasury<br>Planning and Budgeting<br>Expenses |
| Operations | Purchasing<br>Inventory Management<br>Facilities Maintenance<br>Fleet Management<br>Utility Billing and Business Licensing<br>Work Orders<br>Business Licenses<br>Code Enforcement |
| Human Resource/Payroll Processes | Payroll<br>Time and Labor<br>Human Resources<br>Compensation<br>Benefits<br>Recruiting<br>Employee Performance and Development<br>Risk Management |
| Capital Project Processes | Project Costing<br>Project/Portfolio Management<br>Grants<br>Contract Management |
| Training Processes | Learning Management<br>Learning Development |
| Decision Support Processes | Portal Management Data<br>Manager/Employee Self Service<br>Ad-Hoc Reporting |

## Implementation Deployment Plan

Once the city identified the software modules, the implementation deployment plan was projected. This plan is based on analysis conducted to compare all implementation deployment plan approaches with one another to determine the timeline and sequence of implementation. Also critical was to determine the feasibility of rapid deployment or pilot as a potential option.

To determine an appropriate pace of implementation, different models for implementation were reviewed.

The following four approaches were evaluated:

> Big Bang:  Implementation of all modules in one phase
> Modular:  Implementation of one module at a time
> Best of Breed:  Implementation of one or more or part of modules in one phase, with the next phase closely following

Once the Implementation Deployment Plan was finalized, the timeline for each phase was established and the costs for implementation services, both internal and external (vendors), could be projected.

## Anticipated Return on Investment

The Return on Investment from implementing an ERP in the City of Nampa will address several aspects of our current conditions: business needs, business service levels, and business process costs.  Under prior economic conditions, we expected to realize the Return on Investment from ERP implementation in a straightforward way:   1) unmet needs would be addressed, 2) business service levels would improve, and 3) business costs would decline.  With the decline in business process costs would come an opportunity to either reduce staff levels or reallocate staff to direct service programs creating capacity in other areas for business needs.

The economic decline of the past several years created a different situation for the City in terms of how we would realize the benefits of an ERP.   Figure 2 illustrates the various cause-effect relationships. With the reduction of staff resources and staying in our current technology environment before it would be expected to reduce business service levels and affect both internal and external customers.   Thus, we will be behind in the level-of-service base line without the ERP solution across the city.  In the short term, the improvements from ERP will allow us to recover to the service levels desired rather than realizing bottom line savings, and business process costs would remain.
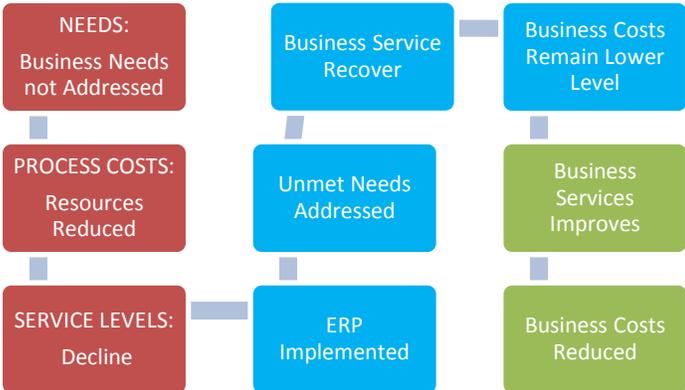
In the longer term as new systems stabilize and staff can maximize use of the new tools, additional savings may be realized. These savings may come from further staff-related efficiencies. Allocation of longer term staff savings that are created would be addressed as part of the annual budget process. The four key aspects of return on investment (business needs, business service levels, business process costs, minimize direct service cuts) are discussed further in the following sections.

## Critical Business Needs Addressed



The initial, most significant returns on investment from an ERP will be overcoming the weaknesses of existing systems and providing much-needed tools and functionality for users and customers of City of Nampa's business processes. In addition, incorporation of our policies and procedures into the system will greatly aid in knowledge management and retention of critical skills. The identified the following unmet needs that that are being addressed with Tyler Technology ERP Solution:

1. A single, modern system with user-friendly features (e.g., easy navigation, drop down boxes, drill down functionality, validation of data upon entry, etc.) that offers on-line help functions and customized system documentation.

2. Public sector accounting functionality with cost and accounting.

3. Full integration between all modules.

4. Single entry of data and reduction in manual processes

5. Employee self service.

6. User-friendly, user-driven and flexible reporting tools with distributed, securitized access to all users.

7. Thorough, job-specific training on the system, such that users learn not only what they need to do on the system, but the ramifications and the logic underlying the transaction--understanding the big picture, as well as the detailed specifics of each job.

8. Real-time, immediate update and access to the financial and HR data.

9. Elimination of paper-based processes and replacement with automated, online workflows and approvals.

10. Streamlined business processes incorporating established best business practices.

11. Self-service capabilities and e-government opportunities.

12. Document management so that paper files are not maintained.

## Improved Business Operations
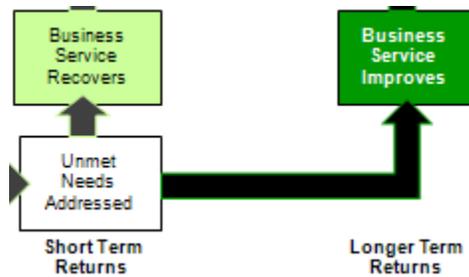
When user needs are met with modern business tools and systems, business operations will improve in ways that are both quantitative and qualitative. In the short term, service levels are expected to recover to pre-cutback levels with the already-reduced level of staffing. Elimination of manual processing and standalone systems will allow process cycle times and associated staff time to drop and accuracy to increase. As the new system stabilizes and staff can take advantage of the various tools and efficiencies, the service levels would improve beyond the 2018 baseline levels.

Other benefits are difficult to document or quantify until the business process changes are made through the ERP implementation, but they are important benefits nonetheless. A few of these benefits would include:

**Ready access to data** – The ERP – Tyler Technology Solution will provide much greater visibility to citywide data. This will eliminate some of the need to generate customized management reports. Drill down capabilities will allow access to targeted information without having to include layers of detail in custom management reports.

**More data driven decision making and reduced stress on the organization** – Ready access to data also will enable more data-driven decision making throughout the City. The reduced need to create custom reports from disparate systems will reduce stress on organization staff.

**Increased adherence to policies and procedures** – Today the city is heavily dependent on people to know policies and procedures and to review and monitor for compliance. With Tyler Technologies, most of the business policies, procedures and controls will be built into the system. This will greatly increase the consistency of our processes and our compliance with policies and procedures.

**More effective interfaces with external parties** – There are many requirements for the city information to be provided to regulating authorities (e.g., State of Idaho agencies, Department of Labor, etc.) and a common, updated technology structure would facilitate these interfaces.

**Support for succession planning** – The common resources within an ERP system such as a comprehensive training program would also serve to support succession planning within the city.

These more qualitative benefits should be realized throughout the ERP Tyler Technology implementation as the system is designed and processes are reconfigured and updated.

## Lower Business Process Costs

12
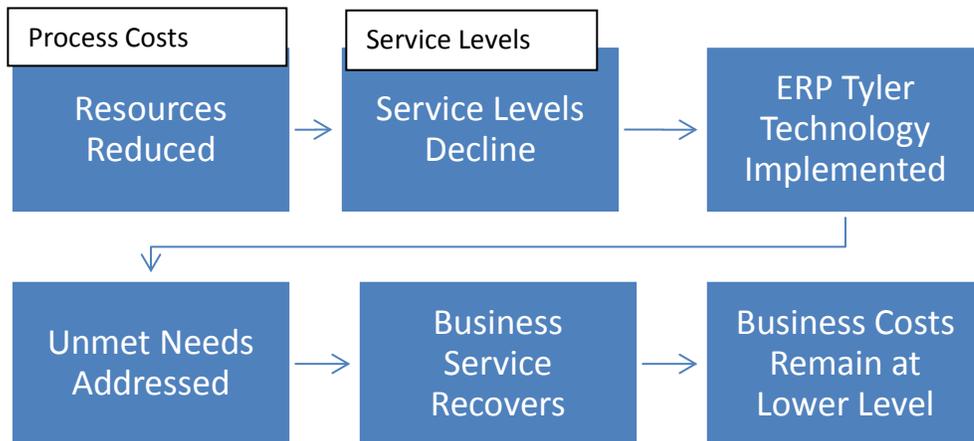
## Quantified Savings

As business processes are streamlined and the Tyler Technology ERP modules are put into operation, the final aspect of return on investment will begin to occur in the form of reduced business process costs. As those inefficiencies are eliminated, savings will be generated because fewer resources will be required to operate the processes. The savings will vary among processes because the inefficiencies vary.

The estimated citywide savings represent a combination of system cost reductions and employee cost reductions. The savings from system retirements (elimination) are based on current identified paid maintenance costs for 33 systems that would be eliminated with Tyler Technologies ERP Solution. They do not include FTE savings that would result from retirement of home-grown systems that currently are maintained in-house, to include the citywide budget module.

The reason for this is that manual processes, non-standard procedures, lack of automation, and lack of integration of systems require an elevated level of human intervention to conduct business processes. When systems are automated and policies and procedures are standardized and incorporated into the automated systems, the need for human intervention for routine tasks and decisions is greatly reduced.

## Potential Additional Savings

Additional savings that are reasonable to expect but that cannot be quantified at this time include the following:

**Common technology platform and common support resources** – Presently numerous applications are utilized to support varied business processes within the city and as a result, no consistent training program or upgrade scenarios exist. Some applications currently in place have not been upgraded due to significant customization. In addition, there is duplicate architecture in place throughout the city for the support of these current applications. With a common technology platform established for these city business processes, there will be common resources available to all agencies and the platform will be maintained on a current level.

**Reduced cost of independent business processes that are not currently supported by any of the city's systems** -- These processes represent process costs and include budgeting, contract administration, fixed assets & inventory, grants administration, risk management, employee expense reporting.

**Reduction in document management needs** – The use of electronic transactions would significantly reduce the production of hard copy documents that must be managed through a document management system that is integrated in the one system and not many.

## Strategy for Realizing Savings

Savings from the Tyler Technology ERP implementation will come from two sources:  retirement of systems and FTE savings. Savings resulting from retirement of systems will be realized immediately upon elimination of those systems.

FTE savings normally would be realized only after implementation phases are complete and systems have stabilized, and efficiencies have been gained. Whatever savings are realized would be recurring savings in future years.

FTE savings are not likely to be available to be realized until later following implementation and stabilization of major modules.  Prior to that, the city will be making the changes required to implement the Tyler Technology ERP and realize improvements.  The city's strategy for realizing these savings will be to take them through natural attrition over a period of years.
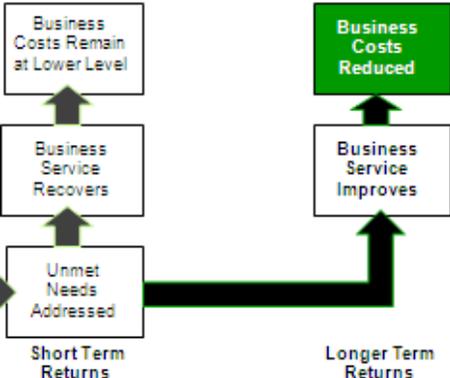


## Strategy for Funding ERP

By investing in Tyler Technology's ERP, City of Nampa will advance an enterprise vision for technology that will enable us to break the cycle of unmet business needs and standalone, non-integrated systems. It is important to recognize that this is a long-term investment with the primary purpose of meeting critical needs and providing substantial operational benefits.  This investment will be made over a period of two (2) to three (3) years depending on staff capacity and strong project management to implement modules.

To date, capital funds totaling $2.26M have been budgeted/reserved for the Tyler Technology ERP.

14

In summary, the City's ERP Funding Strategy has been conducted in the following order:

1. Solicit proposals to address the full set of functional requirements.
2. Based on the vendor responses and pricing, the City determined how much the city should implement through the ERP.
3. Revised the initial list of modules to purchase and implementation phasing as necessary to encompass the most urgent elements currently envisioned with Phase 1 and Phase 2.
4. Finalized the funding and implementation plan approved along with Tyler Technology vendor contract.
5. Funded the first phase of implementation from the General Capital Outlay Fund. Phase 1 and Phase 2 is currently being set up and implemented to include the financial, purchasing, accounts payable, human resources and payroll.
6. Repeat Steps 5 -6 as subsequent phases are completed.

# Implementation Readiness

The ERP Project is an enterprise-wide re-engineering initiative that requires commitment and planning to be successful. Work completed to date includes establishing a project organization, governance approach and staffing strategy, documenting and analyzing current state conditions, developing approaches for change management, risk management and training, and preparing for software and implementation services.

The project management structure would remain for the entire implementation period as would the Change Management and Training Team that will be led by the Eide Bailly Project Manager. The remaining 5 teams will be formed and staffed by the departments and divisions during applicable phases of implementation.

The preparations completed to date include the following:

Project Organization and Governance

1. Adopted a strong, enterprise-oriented Governance Model with the City Finance Director and City HR/IT Director as the project sponsors.

2. Established a ERP Core Team of ten key department heads/decision makers who are impacted by the implementation and positioned in the organization to make consensus decisions for the city.

3. Established an onsite project office for Eide Bailly reporting directly to the City Project Sponsors.

4. Selected an experienced Independent Advisor/Project Manager (Eide Bailly) to oversee all work plans and progress, design and manage training and change management functions, manage project risks, and ensure that the city receives the functionality defined for the ERP.

5. Adopted a project organization structure for implementation with detailed roles and responsibilities.

Documentation and Analysis

6. Mapping and analysis of current processes

7.  Analysis of our processes to establish a baseline of current process costs and estimate potential savings from an ERP

8.  Generic mapping of future-state processes

9.  Detailed functional requirements for the city ERP

10. Estimated Total Cost of Operation and potential Return on Investment from implementing detailed functional requirements

Implementation Planning
    11.  Developed a preferred sequence for deploying (implementing) ERP modules

    12.  Developed a preferred approach to deployment

    13.  Developed a work plan for multi-year implementation.

    14.  Developed approaches for risk management, change management and training.

 Change Management and Training Approaches
    15. These two project elements are essential for successful project implementation.   Detailed approaches for Change Management and Training will be been defined and accepted by the Core Team for use across the city.

 Staff Planning
  16.  Approaches to providing city project staff have been developed as described in the following section.

## Staff Planning

The roles typically filled by internal staff during ERP implementation include:

Functional Leads (individuals who lead functional teams on a full-time basis: Finance,
Purchasing, HR/Payroll);
Subject Matter Experts (staff who know the city's business requirements); and Technical Experts (staff who know the

*Functional Leads*
Staff proposes to fill the leadership roles for each functional team on the project with an external resource who has deep, across-the-board, knowledge of the business processes in the functional area, as well as knowledge and experience in how it is implemented in an ERP solution. This approach would rely on the

16

expertise of the external resource to push the transition to a new system. The advantages would be that the functional lead would have experience with ERP implementation and knowledge of the functional area without a pre-disposition to re-create the old systems. In addition, this approach would have the benefit of leveraging the City's Subject Matter Experts (SMEs) on a part-time basis and minimizing issues with on-going operational responsibilities.

*Subject Matter Experts (SMEs)*

SMEs from the departments and divisions will be required to assist with configuration of the new system. The participation of these individuals is projected to be approximately 1 day per week during the applicable implementation phase(s). SMEs will be required for each of the approximately 20 functional areas.

> A core SME is responsible for managing a function (i.e. Accounting would typically own Accounts Payable, therefore the Core SMEs for Accounts Payable would come from Accounting). In addition to the Core SMEs, 6 business operations SMEs from each of the 8 operating departments will be needed to oversee system configuration.

> A business operations SME is someone who performs the same function as a Core SME (i.e. Accounts Payable) but performs the function differently than the Core SME or with a different system. By providing this cross section of SMEs, the design of the ERP Solution will take all variations into account when designing a single process.

*Technical Experts*

The city will need to provide three leadership roles for the Technical Team and depending upon the solution implemented, may also provide up to three (3) Technical Administrators in the IT department.

Staffing planning will always be advancing as we move through the implementation phases. As will the need for project management to ensure the project is successfully for many years to come.

# ERP Project

(ENTERPRISE RESOURCE PLANNING)

# Impactful

- Every City Department

- Every City Employee

- Every household in Nampa

# What was (is) the problem?

1) Current Software Outdated and Outgrown (Springbrook)

2) High Degree of Risk

3) Lack of Integration for several software packages

4) High Dependence on Limited IT Resources

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# 1) Springbrook – Core Financial Software

A. The product is 10 years old

B. 81 customizations need heavy  City IT support

C. No upgrade since 2014; no upgrade is possible

D. Springbrook support is slow at best

E. Independent Consultant identified in June 2015 that the City had outgrown Springbrook and recommended pursuing new software

# 2) High Degree of Risk

Lack of Redundancy

Disaster Recovery Weak

Aging Software

# 3) Current Lack of Integration

| HR and Payroll | Financials | Budget | Fixed Assets |
|---|---|---|---|
| Risk Management | Code Enforcement | Laserfiche | Service Orders |
| Faster (Fleet) | NexGen | | |

# What was the process to choose Tyler?

- ▶ RFP issued
  - ▶ 2 Responses
- ▶ Webinars with Vendors
- ▶ On Site Demonstrations
- ▶ Reference calls
- ▶ Final Evaluation resulted in one choice
- ▶ Contract signed June, 2017

# Who was involved?

- An Executive Team:
  - Vikki Chandler
  - Tina Combs
  - Debbie Bishop
  - Darrin Johnson
  - Tom Points
  - Deborah Spille
  - Adria McCaw

- 66 Employees as Subject Matter Experts at Demonstrations or on Reference Calls:
  - Clerks
  - IT and HR
  - Finance and Utility Billing
  - Public Works – Airport, GIS, Engineering, Water, Wastewater, Fleet
  - Parks & Rec, Golf

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# Why Tyler?

- Hosted/SaaS
- Evergreen (Continual update)
- Data in Central Location
- Less dependence on IT
- Less support required by IT
- Capacity for growth
- Customer satisfaction with portal
- Transparency and better decisions
- Council/Citizen access to programs
- Audit trails
- Better user interface
- Project Management

- Product support
- Integration to eliminate data gaps
- Eliminate errors from duplicate entries
- Reduce research time from errors in separate system
- Simplified and robust reporting methods
- Integrated systems
- Mobile applications
- Drill down searching
- Better P-card reporting & management
- Built-in import process
- Position Control for HR

# Tyler Costs

| | | | |
|---|---|---|---|
| One Time Fees | $ 733,850 | | |
| Travel Estimate | $ 124,364 | | |
| Total One-Time Fees | | $ | 858,214 |
| SaaS (Recurring Fees) | $ 355,973 | | |
| Current Annual Fees | $ 314,210 | | |
| Annual Variance | | $ | 41,763 |

# Return on Investment

- Hard to measure lost efficiencies

- We've calculated $80,000 annual savings in 5 departments in soft costs

# What's our timeline? 3 months late

| February, March & April 2018 | April - May 2018 | June 2018 | July 2018 | October 2018 | January 2019 | October 2019 |
|---|---|---|---|---|---|---|
| •Testing Finance, HR & PR | •Training End Users | •Finance Go-live | •HR & PR Go-Live<br>•Begin Implementation Phase 3 (Work Orders, Capital Mgmt, etc.) | •Begin Implementation, Phase 4 (UB, Business Licensing, Code Enforcement) | •Go Live Phase 3 | •Go Live Phase 4 |

# Why are we meeting today?

We've had some challenges to a very aggressive implementation schedule

# Trouble on our side

Turnover
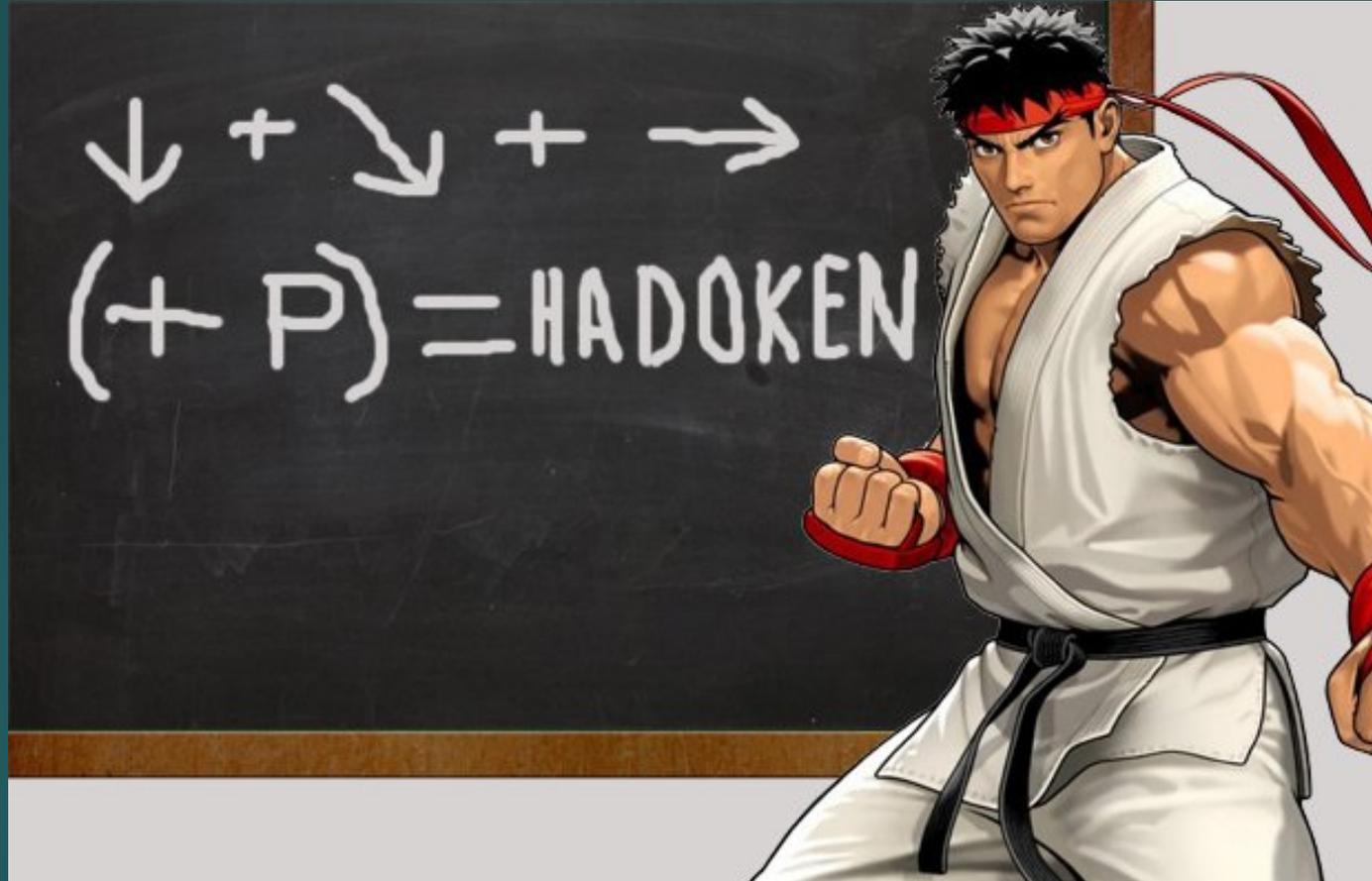
Ineffective temp staffing

Lack of Capacity

Lack of knowledge of Tyler

# Trouble on the Tyler Side

- New, unskilled trainers
- Opposing, misleading directions
- Poorly converted data
- Unstable test environment

# Value of Eide Bailly…



## They fight for us every day!

# What does the daily battle look like?

- Tyler has been "persuaded" to give us credit for bad trainers
- Tyler has reassigned better quality trainers to us
- Tyler is giving us 50% credit and free travel for the remaining 5 weeks of on-site support for go-live
- Tyler is sending on-site support to assist with conversion efforts
- Tyler had to assess and correct unstable test databases.
- EB is *the* Tyler expert on-site—even when Tyler consultants are present
- EB assigns the tasks and helps keep staff on track when questions arise—and they arise constantly as we test all processes

# We believe in the Final Product

➤ We need continuing support from EB

➤ We need more capacity on staff

➤ We will not go-live until assured of success—we cannot afford failure

# What must happen for SUCCESS?

**Finance** — Become Experts in Tyler

- Troubleshoot unexpected results
- Enforce use of and support system

**Tyler Now** — Effective Consultants

- Engaged in project tasks
- Assist with configuration
- Correct data conversion

**Tyler Environment** — Stable – No technical errors

- Refreshes 100% correct

**Tyler Go-Live** — Key consultants available

# Why not wait? A few risks…

▶ Loss of momentum—Staff is ready to proceed now

▶ Loss of Staff training—may need re-training in the future

▶ Potential Staff turnover and temporary staff turnover

▶ Loss of Tyler resources to other projects

▶ Paying for a system that is not being used yet

▶ Increasing # of years of duplicate payment for systems

▶ Delay of other phases (Work Orders/Asset Management, Utility Billing, Business Licensing & Code Enforcement)

# Proposal to Build Capacity

| Project Budget | Feb-Sept 18 |
|---|---|
| Implementation Specialist | $ 53,487 |
| Project Assistant | $ 43,300 |
| UB Project Assistant | $ 30,912 |
| HR Project Assistant | $ 10,080 |
| Eide Bailly Extension to 9/30 | $ 83,670 |
| Total Budget Amendment | **$ 221,449** |

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The Funding is Available in the Capital Fund for This Project.

It is rollover funding from last year.

We need your approval to amend the budget and the EB contract.