

The Corporation of the Town of Lakeshore
Report to Council

Finance Services



To: Mayor & Members of Council
From: Rosanna Pellerito, Director of Finance
Date: September 8, 2020
Subject: Enterprise Resource Planning and Human Resource Management System Implementation

Recommendation

1. Approve the purchase implementation and year one licensing costs of an Enterprise Resource Planning System (ERP) and Human Resource Management system (HRM) for \$972,905 plus HST, to be funded from the Software Reserve and the Municipal Efficiency grant; and
2. Direct Administration to enter into a 5 year agreement with a 5 year option to renew to supply and implement the new ERP and HRM system with the vendor Unit 4; and
3. Approve the establishment of a contract position for the duration of the implementation of both the ERP system and the HRM system to serve as the Project Manager on this project acting on behalf of the Corporation, at a cost of \$300,000 to be funded from the Software Reserve fund, as described in the report presented at the October 6, 2020 Council meeting.

Background

The Town of Lakeshore's current financial system (Vailtech) was implemented in 1993. Vailtech is a basic accounting system with added modules for cash handling, payroll, tax/water billings. The ERP system will be replacing all the modules with the exception of Tax and Water Billings. These modules will be integrate with the new ERP system allowing for better efficiencies and visibility of our citizen services.

The Town does not currently have an HRM system to help manage and store employee records. Employee records are currently paper copies and also stored in either word documents or excel spreadsheets.

While the current system has served the Town well, it is twenty-seven years old and is beyond its technological lifespan. Vailtech does not have the ability to be upgraded or converted to a modern cloud based system to allow for workflow efficiencies, citizen engagement, electronic billings and payments and provide real-time data. The current system relies heavily on manual data entry that creates inefficient processes with an inherent and increased risk of human error. It does not provide for approval workflows and employee collaboration. Daily tasks are also time consuming to complete and very labour intensive.

Given the age of the current system, Administration prepared an RFP for an ERP/HRM system which was issued in June of 2020 and closed on July 10, 2020. The RFP was structured to provide a solution for the Town that would not only modernize the current accounting/billing/property tax system (ERP), but provide for an HRM system, improved workflow efficiencies, single entry data processing, integrated customer accounts and a citizen engagement portal to allow for electronic billing and electronic payments as well as the ability to access customer information on-line. The RFP was structured in such a way that a proponent could submit a proposal for an ERP system, an HRM system or a combined solution for both functions.

Four proponents submitted a proposal. Three proponents submitted a combined solution and one proponent submitted a proposal for an HRM solution only.

The evaluations of each proponent were undertaken in four stages. The first stage was a 'pass or fail' stage based on the initial requirements of the RFP. Any proponent that passed this stage moved on to stage two. Stage two was a review of the detailed proposals and a scoring of 0, 1, or 2 was given to each of the various functions required in the RFP. Only those proponents that met a minimum score in this stage, moved on to stage three. Only three proponents moved on to stage three. Stage three required the proponent to provide a demonstration of their proposal. The final stage was an evaluation of the pricing of the three proponents. The scores of each stage were then added according to the evaluation matrix in the RFP. The successful proponent, Unit4, was the proponent with the highest score, and the proponent being recommended to Council.

Comments

The objectives of this project were to provide for a mechanism to improve efficiencies for Administration within the organization, to improve workflow and improve data collection processes and to allow for greater functionality that is not possible with the current system.

The proposed system will allow managers real-time access to financial data, vendor information, project status, and budget variances seamlessly. It will also allow for integration and more effective communication between the presently separate systems the Town currently uses. The proposed system is capable of integrating all the current standalone systems used by the Town to create a unified asset database as well as the

ability to allow for a customer/property database containing information in one central location.

The proposed system also provides efficiencies by automating the many manual processes that are required of the current system. Electronic forms, comprehensive electronic approvals to speed up processes times and reduced paper usage lowering the environmental footprint are all added features of this system.

Features of the system include:

- an integrated comprehensive solution based on Microsoft technology;
- a web-based employee self-service portal for all employee related needs; and
- a customer portal to assist with electronic billings and electronic payments.

The proposed solution meets the current technology standards provided by Microsoft and has the ability for virtual upgrades effortlessly with little disruption to the Municipality.

Based on the needs of the Town and the requirements included in the RFP, Unit4 has provided the preferred solution for the Town.

Others Consulted

References provided by the proponents were contracted for further information regarding the services provided by each proponent.

Financial Impacts

As part of the 2020 Budget, Council approved a budget of \$650,000 for an ERP and HRM system that would include the purchase, implementation, project management and year one licensing costs. The implementation of these systems will be phased over multiple years. Annual licensing costs from Year 2 to Year 4 will be \$128,750 per annum. This cost will be included in future budgets.

In 2019 the Town was provided \$620,201 from the Provincial Government as a one-time grant to *“identify more modern, efficient ways of operating in critical and complex work”*. This one-time grant is to support small and rural municipalities’ efforts to become more efficient. This project is an ideal candidate for this grant.

Given the magnitude of this project, significant staff resourcing will be required to work with the vendor for implementation. The request for a dedicated full time contract position to serve as Project Manager is also being requested for the duration of the implementation, which is expected to be for a 2 year period.

A summary of the cost of this project and the recommended funding sources is detailed below:

ERP/HRMS System Implementation Project	
Software and Implementation Costs	\$ 972,905
Non-Refundable HST	17,123
Total Software Cost	990,028
Project Contingency	80,172
Project Manager	300,000
Total Project Costs	\$ 1,370,200
Funding	
2020 Budget - Software Reserve	\$ 650,000
2021 Budget Request - Software Reserve	\$ 100,000
Efficiency Grant	620,200
Total Funding	\$ 1,370,200

Conclusion

The Town does not currently have an ERP or HRM system. The current accounting system and manual processes/forms that are in use are not efficient for our staff and does not provide the Town the ability to provide modern day interactions with customers/ratepayers. The RFP allowed proponents to combine these modules to create an overall solution for the Town, resulting in economic and administrative efficiency. Unit4 scored the highest through the RFP process, provided an overall solution that was effective, based on the latest technology, and is capable of upgrades to maintain best practices and take advantage of technological advancement over time.

Report Approval Details

Document Title:	Enterprise Resource Planning and Human Resource Management System Implementation.docx
Attachments:	
Final Approval Date:	Sep 29, 2020

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

Kristen Newman

Truper McBride