



## CITY COUNCIL WORK SESSION

AGENDA SECTION	WORK SESSION ITEMS
MEETING DATE	APRIL 5, 2021

ITEM:	Purchase of Finance and HR Software (ERP system)	
DEPARTMENT:	Finance	BY/DATE: Joseph Kloiber/March 31, 2021
<b>CITY STRATEGY:</b> <i>(please indicate areas that apply by adding a bold "X" in front of the selected text below)</i>		
<input type="checkbox"/> Safe Community <input type="checkbox"/> Diverse, Welcoming "Small-Town" Feel		
<input type="checkbox"/> Economic Strength <input type="checkbox"/> Excellent Housing/Neighborhoods		
<input type="checkbox"/> Equity and Affordability <input checked="" type="checkbox"/> Strong Infrastructure/Public Services		
<input type="checkbox"/> Opportunities for Play and Learning <input type="checkbox"/> Engaged, Multi-Generational, Multi-Cultural Population		

### BACKGROUND:

After a very long process, city staff has selected a comprehensive software package to recommend as a replacement for the primary finance and human resources software that the City has used for decades. For years, this upgrade has been a goal of staff and prior city councils. It is a huge undertaking, both in terms of initial cost and in terms of the time commitment; not only time from both finance and human resources staff to implement, but also for the learning curve required of the city departments that will access finance and human resource services through this new tool.

As reference, we note that this type of software package with separate-but-related modules for several functions of a business is frequently referred to as an **Enterprise Resource Planning (ERP)** system. In the case of a municipality, an ERP system typically includes modules for budgeting, vendor payments, capital assets, cashing, utility billing including customer web portal, payroll and human resources including employee web portal. These modules are included in the vendor proposals requested by staff. ERP systems may also include modules for property-related services like building permits and code enforcement. Since the City of Columbia Heights already has modern software for most of its property-related services, those modules were excluded from the proposals requested by staff, other than certain features for special assessments.

With the assistance of an independent external consultant, staff reviewed seven different ERP systems. This review included introductory interviews with vendors, live demonstrations of each system, follow-up inquiries from staff, price comparison, and consideration of which other MN cities are using each system. The attached table summarizes certain key data from that review.

Based on all the factors considered, staff recommends that the city council award purchase of this software system to BS&A, a Michigan company. If the award is made at the April 12<sup>th</sup> regular city council meeting, the planning and implementation process would begin approximately May 1<sup>st</sup> and the go-live date would be October 1<sup>st</sup>. Paired with the proposed award of the purchase will be a resolution to establish a project budget in Capital Equipment Fund 431 for \$300,000 for the initial acquisition and implementation. Ongoing annual software support costs of the system are \$23,000. The annual costs will be paid from the finance and administration operating budgets, and are comparable to the annual costs of the existing system.