



**TOWN OF LOS GATOS**  
**FINANCE COMMISSION REPORT**

MEETING DATE: 08/5/2024

ITEM NO: 2

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DATE: July 26, 2024  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review the Status of the Enterprise Resource Planning (ERP) System Upgrade Project (6101) Including But Not Limited to Reviewing the Statement of Work, Projected Cost Versus Approved Capital Plan, and Timing for Implementation Versus Approved Implementation Plan.

**RECOMMENDATION:**

Receive a status report of the new ERP system implementation.

**BACKGROUND:**

The Town's current ERP system, CentralSquare FinancePlus, was implemented back in 2008 and has become outdated and increasingly difficult to support. Staff determined that a modern system was required to meet the demands for advanced functionalities, improved efficiencies, fiscal transparency, better customer service, and enhanced systems integration all in a single platform. A Request for Proposals (RFP) was posted to solicit responses from qualified firms, such as WorkDay, Oracle, Tyler Technologies, OpenGov, and CentralSquare.

Tyler Technologies was the only vendor to respond back with a proposal. It is typical for small agencies to receive little interest in its opportunities. The proposal and demonstration of their system was reviewed by an inter-disciplinary Town team, evaluating the system's reporting capabilities, streamlined process workflows, and self-service online capabilities for employees, residents, and vendors. The reviewers also assessed the vendor's demonstration of organizational, functional, and technical abilities, as well as the experience, expertise, and qualifications necessary to provide a fully integrated and proven ERP solution to include both implementation and ongoing maintenance and support.

**PREPARED BY:** Sai Kim  
IT Manager

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Reviewed by: Town Manager, Town Attorney, Assistant Town Manager, and Finance Director

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BACKGROUND (continued):

Tyler Technologies currently has over 2,000 customers nationwide and over 150 in California. Forty former CentralSquare customers have migrated over successfully to Tyler's Munis solution in California (Attachment 1). Staff also performed reference checks with other surrounding municipalities who currently utilize the Tyler Munis solution and received positive feedback.

Council approved entering into an agreement with Tyler Technologies at its June 21, 2022 meeting.

DISCUSSION:

The implementation of the Tyler Technologies Enterprise ERP system began in August 2022 with the following objectives:

- Consolidate information, link processes and functions, and eliminate separate Departmental spreadsheets/Excel databases in favor of a single system that integrates the Town's financial and non-financial systems where possible.
- Streamline business processes to take advantage of best practices through automation, integration, and enhanced workflows.
- Provide a user-friendly and intuitive user interface to promote system use and productivity.
- Eliminate the need for redundant data entry.
- Improve and/or provide necessary reports and reporting capabilities, and access to data through inquiry or drilldown capabilities.
- Provide interface capabilities with third-party systems.

The following functional areas were included in the implementation:

- Financial Management
  - General Ledger (GL), Budgeting, Accounts Payable, Procurement, Cash Management, Capital Assets, Account Receivables, General Billing, and Cashiering
- Human Capital Management
  - Payroll, Human Resource Management System, Time, and Attendance

The various modules for each functional area are being implemented through a phased approach spanning a multi-year period. The implementation methodology is an iterative process where the Town's business processes are first assessed through a detailed current state and future state analysis. The new ERP system is then configured, validated, and refined cyclically and then preparations are made for the system to go live.

DISCUSSION (continued):

The Town, together with the vendor have completed the assessment, along with much of the configuration stages, and is deep in the validation and refinement processes. The data conversion is a critical element to the validation process which has proved to have its challenges as described below.

The original proposed go-live dates proposed by Tyler Technologies were:

Financial Management – July 2023

Human Capital Management – October 2023

Advanced Time and Attendance – September 2024

As the implementation progresses, the originally proposed go-live dates were not realistic due to difficulties and delays with the data conversion. It is critically important for the Town's data to be converted thoroughly and accurately. In addition, during the configuration process, it became clear that it makes more sense to go-live with all functional areas at the same time rather than a phased roll-out approach. Therefore, the new go-live date is February 2025. Specifically, the detailed data conversion of the Town's General Ledger (GL) history continues to be a complex process for the Tyler Technologies conversion team. This has been identified as the only risk at this time and is the primary reason for pushing the go-live date to February of 2025.

Here are a few key improvements that will come with the new ERP system:

- Removal of manual processes through new automated workflows, approvals, and notifications.
- Automated central document storage, eliminating the manual process of saving various documents to a separate location.
- Vendor self-service portal for direct vendor access to invoices, payments, W9 submittals, and other vendor information.
- Public self-service portal for general billing and online payments.
- Employee self-service portal for updating employee information, forms and documents, benefits administration, paystubs, and online expense reimbursement.
- Electronic timesheet system that removes manual timesheets and integrates directly with the new Payroll system.

CONCLUSION:

Staff looks forward to the Finance Commission's questions and discussion.

FISCAL IMPACT:

The project is currently under budget as reflected in the following fiscal table.

Enterprise Resource Planning Upgrade CIP No. 841-6101		
	Budget	
<b>Fiscal Years</b>		
2022/23	\$ 215,360	
2023/24	\$ 1,094,647	
2024/25	\$ -	
<b>Total Budget</b>	<b>\$ 1,310,007</b>	
		<b>Actuals to Date</b>
<b>Fiscal Years</b>		
2022/23		\$ 215,360
2023/24		\$ 319,598
2024/25		\$ -
<b>Total Expenditures</b>		<b>\$ 215,360</b>
<b>Total Project Balance to Date</b>		<b>\$ 1,094,647</b>

Attachment:

1. Account Success Replacing CentralSquare