



STAFF REPORT

Meeting Type: Planning Committee/Board of Directors
Title: ERP Modernization Update
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: February 10, 2026

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TYPE OF ITEM: Approve X Review and Comment

RECOMMENDATION: Review and comment on the status of the ERP Modernization Project

SUMMARY: The District has used SAP as its Enterprise Resource Planning (ERP) software since the early 2000's. Staff are actively working to modernize SAP and install S/4 HANA, the latest cloud-based version of the software. The modernization project is a phased effort that will span multiple years and will include various consulting contracts with system integrators to configure the cloud-based versions and migrate historical data.

DISCUSSION: The District's ERP modernization effort began in February 2024 with a business capability modeling assessment conducted by Gartner. The District began the implementation with the HR and Payroll module, which is called SAP SuccessFactors HCM. In March 2025, Phoenix Business Consulting was selected as the System Integrator for the Payroll and HR phase of the project. Since March, Phoenix Business Consulting has been working closely with District staff to configure and integrate SuccessFactors with the District's existing SAP software. Subsequent phases of the ERP Modernization project will include Customer Service and Billing, Finance, Operations, and Asset Management.

The second phase of the modernization effort focuses on Customer Services and Billing. Staff worked with advisors from the Government Finance Officers Association (GFOA) to analyze current business processes, document functional requirements and develop an RFP for the selection of a systems integrator for this phase of the project. This RFP will likely be issued in the Spring of 2026. A similar needs assessment and process mapping effort for Finance, Operations and Asset Management modules will begin in late 2026 with a systems integrator selection process commencing in 2027.

In a parallel effort, the District is in the process of implementing Advanced Metering Infrastructure (AMI) for the District's water distribution system. While the majority of the AMI effort is managed by the Water Resources Division, the Customer Services and Information Technology departments are working to implement a customer service portal that will integrate AMI data, billing and other existing customer service functions. Given the timing of AMI deployment, the customer service portal will also

be a multi-phased project; as the initial configuration will be built upon the existing legacy on-premise SAP software, and a separate effort will be needed to migrate the customer service portal to the new S/4 HANA platform. In the coming months, the District will work with Smart Energy Water (SEW), an SAP partner, to develop the initial phase of the customer portal. It is anticipated that the portal will be available to customers in early 2027.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: Funding for the one-time system integrator contracts to support the District's ERP modernization efforts are currently included in the adopted FY 2025/26 and FY 2026/27 budget. However, unlike the legacy software platform that was on-premise and managed by District staff, the modern cloud-based software as a service (SaaS) modules require ongoing subscriptions. The District is currently working with SAP to develop cost estimates for the ongoing subscriptions required for each module. The subscription costs will be phased-in over a number of years as the underlying modules are implemented and configured. Staff will return to the Board in coming months with more detailed subscription cost estimates and project timelines.

ATTACHMENT(S): None.