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New City Financial System

In 2002, the City installed a comprehensive Financial Management, Human Resources and Payroll system called AMS Advantage, by American Management Systems. The AMS Advantage system included modules for Finance, Accounting, Budget, Human Resources, Payroll and Management Reporting. The AMS Advantage system went through its last major upgrade in 2005 and, largely due to technology complexity and upgrade costs, has not been kept up to date from an end-user functional and technology standpoint. In 2007, the AMS Human Resource and Payroll functions were replaced with Ultimate Software's Ultipro Human Resources and Payroll system. The financial aspects of the AMS system, including Finance, Accounting, Budget and Management Reporting, remain in use today.

At the May 4th City Council meeting, a contract with The Azimuth Group, Inc. was approved for a financial system needs assessment, the output from which would help the City determine whether or not to upgrade or seek a replacement for the AMS Advantage Financial system. Over the last several months, the Accounting and Information Technology Service Units, along with the Azimuth Group have interviewed various City staff involved with the City's financial processes. They gathered and organized the financial system needs, developed a cost-benefit analysis for system upgrading or replacement, developed a gap analysis of current needs versus current functionality, and developed a Request for Proposal for a new financial system.

In August, the City received six responses to the Financial System RFP#749, and through the course of RFP review and a full day due diligence process for each vendor, the evaluation committee eliminated four of the six vendors. The two finalists were brought back to City Hall for separate two-day demonstrations, where each vendor was subjected to the same "script". A team of over 100 city staff were invited to participate. At the end of the process, a single vendor's solution will be recommended.

The approximate cost for this project will be:

1. a first year cost of between \$750,000 and \$1,200,000

2. an ongoing maintenance cost of between \$50,000 and \$175,000, increasing at a rate of 5%-6% per year.

As part of the City's long-term strategic plan for Information Technology, the City has planned for this project for the last five years and has the set aside funding in the approved budget for the project in the Information Technology Fund.

There are several anticipated benefits to upgrading or replacing the financial system:

1. The implementation of a new financial system that is based upon web-based technology and is Microsoft compatible allows the City to leverage existing technology such as Active Directory (which enables single sign-on), stronger desktop integration through Microsoft Word and Excel, access to the system via the Internet, and expanded use of the Microsoft reporting tools we currently own.
2. From a change management standpoint, fiscal year 2010 is an off-budget cycle year, and is an ideal time to implement a new financial system for our customers. As the same customer resources and financial staff are involved in both tasks, the next opportunity for an upgrade is fiscal year 2012, which is too late to address some of our pending regulatory issues outlined in #3 below.
3. If left in its current state, the AMS Advantage Financial System will generate compliance issues for the City for items such as a pending 2011 IRS legislation surrounding a withholding tax from City vendors. Without a major system upgrade or replacement, the City will be unable to support this legislation.
4. Continuing to operate the City's financial system, a core platform, on unsupported software and hardware along with the above three issues, creates a medium-to-long term risk.

Finally, as we search for ways to be more efficient and cost effective with fewer resources, it is the ideal time to combine business process improvement with technology investments. This will enable us to be better positioned to consolidate and streamline financial activities across the organization. In fact, in anticipation of a new system and in an effort to reduce costs, in September 2009, the primary AMS Advantage applications support resource retired from the City and was not replaced.

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