



Request for City Council Committee Action

Date November 28, 2005

To Ways and Means Committee

Prepared by Chuck Elliott

Submitted by Karl Kaiser _____
Patrick Born _____

Approved for Submittal John Moir _____

Subject Financial System Upgrade

Presenters in Committee Bill Beck & Chuck Elliott

Recommendation **1) Authorize proper City officials to release a limited RFP to software vendors CGI/AMS and PeopleSoft.
2) Approve the Finance Funding approach of using departmental primarily operating budget savings from 2005 – 2009.**

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

The Finance Department will be paying for the software and implementation through departmental savings.

Background/Supporting Information

The City of Minneapolis financial system needs to be upgraded. The current software is 10 years old and has come to the end of its useful life. Two years ago, the current vendor had issued a statement that older software versions, such as our version, would not be supported. The vendor has since recanted that statement, but it is clear that future support of our current version is in question. By moving to a state of the art financial system, the City will gain improvements through a web based package. With a more open architecture, getting information into and out of the system will be easier than today. Also, the upgrade provides an opportunity to more closely look at business processes and how to improve them with the new functionality of the software. To accomplish this process the Finance and BIS Departments recommend sending the RFP to two vendors.

The original approach for this effort was a sole source approach with the current vendor (CGI/AMS). With upgrading the Human Resource system to a newer version of PeopleSoft, it became apparent that additional efficiencies could be gained by having one vendor for both Human Resources and Financial systems.

This modified sole source approach is being used for several reasons.

- Both vendors are leaders in the area of financial system providers.
- The City has existing contracts with both vendors that could be amended.
- Provides a competitive process rather than going sole source
- Gain of efficiencies

Financing

The estimated cost of the financial system upgrade project is \$6 million. Ongoing annual maintenance costs are expected to be similar to the current cost levels, which is approximately \$310,000.

The Finance Department has included this project in its business plan for the past two years and will fund the project costs and ongoing maintenance costs from its operating budget. Finance will fund up to \$1.2 million from its 2005 budget and the balance from its 2006 – 2009 operating budget.