



REPORT TO COUNCIL

City of Sacramento

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STAFF REPORT
March 28, 2006

Honorable Mayor and
Members of the City Council

Subject: Limited Term Positions for the Enterprise Resource Planning (ERP) Project

Location/Council District: Citywide

Recommendation: Adopt a Resolution that authorizes the City manager to establish up to 24 limited term FTE positions for a period not to exceed 30 months.

Contact: Dennis Kauffman, Accounting Division Manager, 808-5843
Russell Fehr, Director of Finance, 808-7138
Geri Hamby, Director of Human Resources, 808-7173
Steven R. Ferguson, Chief Information Officer, 808-8600

Presenter: Russell Fehr, Director of Finance

Departments: Finance, HR and IT

Division: Accounting

Organization No: 1131 (Finance), 1511 (HR), and 1311 (IT)

Summary: The City's current Financial and HR/Payroll software system is obsolete and no longer meets current business needs. On February 7, 2006, the City Council approved establishing a Capital Improvement Project (CIP) and \$14.6 million in appropriations to initiate the ERP project to replace the city-wide systems for Financial and HR/Payroll operations. As part of the project plan, experienced staff from various departments will be assigned to the project for its duration, creating a need for their backfill. This backfill plan, and associated costs, is typical of these types of projects as City staff are our experts with regard to our business processes and needs. Funding for these positions is included in the ERP project budget. The aggressive project schedule necessitates that recruitment, selection and training of limited term staff should begin immediately to prepare for an October 2006 project implementation start date. Therefore, staff recommends establishing limited term positions, outside the standard budget cycle and funded by the established project budget, to temporarily backfill behind staff assigned to the project.

Committee/Commission Action: None.

Background Information:

On February 7, 2006, City Council appropriated funding to replace the existing Financial and HR/Payroll systems. City Council also approved an agreement to contract with Government Finance Officers Association (GFOA) to help in the planning and selection of software and consultants to implement the project.

Briefly, the following are issues identified with the existing system:

- Current business software architecture is obsolete and no longer supported by its vendor
- Budget and planning tools are inadequate
- The finance system modules no longer meet current business management needs
- The human resources system modules do not provide adequate support for standard Public Sector Human Resources and Payroll functions
- Project management and cost accounting management tools are inadequate, resulting in dependence on redundant and expensive "shadow" systems
- Management reporting capability cannot support real-time decision making

The goal of the new system is to allow for better integration of financial data, improve the City's capacity to support activity-based cost accounting, and yield better customer service for the constituents. The project has an estimated 30-month timeline and as such, is going to require participation of staff from various departments who are experienced and/or subject matter experts in areas such as accounting, payroll, budget, benefits, procurement, human resources, and information technology. The reassignment of staff from regular responsibilities to work on this project would create a backlog of work and would impact key business processes without backfill staffing. For project success, the most experienced and highly qualified employees are those who should be assigned to the project. This increases the need for backfill.

In this regard, the project steering committee has identified a need for up to 24 limited term backfill positions for the duration of the project. The limited term FTEs will not necessarily work full time for the entire duration of the project. City staff has developed a preliminary project backfill staffing plan that will be refined during the planning and software selection phases and estimated the backfill plan to cost up to \$3,000,000 over the course of the project. Limited term staff such as account clerks, personnel technicians, program analysts, and programmers will be needed to replace staff members who, beginning in October 2006, will be assigned to the project. For example, payroll technicians will need to be backfilled to ensure payroll processing continues uninterrupted. As such, staff proposes to begin filling limited term positions beginning in June 2006 so that staff is trained and ready to ensure key business processes in October.

As the project moves through its phases, which include the software selection phase, the implementation phase and the post production phase, project staff will regularly

return to City Council with project progress updates. Staff will also return to City Council as the project progresses, and the need arises, to request limited term positions to backfill subject matter experts from departments and/or to request permanent positions for post implementation system administration.

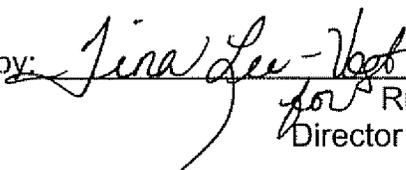
Financial Considerations: CIP AB81 was established pursuant to City Council approval of the ERP project on February 7, 2006. Initial project funding of \$14.6 million was authorized by City Council at the Midyear budget hearing, also on February 7th. The limited term positions recommended in this report will be funded by the approved project appropriation.

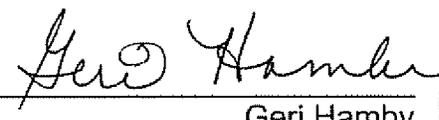
Environmental Considerations: None.

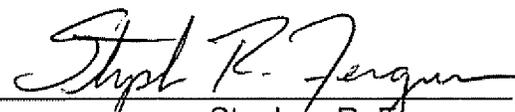
Policy Considerations: This report is consistent with existing policy and in conformance with the goals, objectives, initiatives and operating principles of the City's Information Technology Strategic Plan. The successful implementation of a replacement ERP system will ultimately result in improved customer service for all City residents and more effective and efficient government.

Emerging Small Business Development (ESBD): None. No goods or services are being purchased.

Respectfully Submitted by: Dennis Kauffman, Accounting Manager

Approved by: 
for Russell Fehr
Director of Finance

Approved by: 
Geri Hamby
Director of Human Resources

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

for 

RAY KERRIDGE
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

March 28, 2006

RESOLUTION AUTHORIZING THE CITY MANAGER TO ESTABLISH LIMITED TERM POSITIONS FOR THE ENTERPRISE RESOURCE PLANNING (ERP) PROJECT

BACKGROUND

- A. On February 7, 2006, City Council approved a plan to appropriate \$14.6 million in funding to replace the existing Financial and HR/Payroll systems with an Enterprise Resource Planning (ERP) application. City Council also approved an agreement to contract with Government Finance Officers Association to help in the planning and selection of software and consultants to implement the project.
- B. ERP software functions as the main software system for all areas of an enterprise. Through the promotion of best business practices and the use of a single database, enterprise software:
- Maximizes efficiencies
 - Improves reporting capabilities
 - Streamlines the flow of information throughout an organization
- C. City staff has determined through research, training and past experience that a project of this scope will require a significant amount of dedicated staff time. As a result, key business processes in various departments would be impacted by the ERP project without additional staff resources. The City's estimate of the total project cost includes resources for backfill staffing.
- D. The City has developed a preliminary project backfill staffing plan that will be refined during the ERP project planning and software selection phases. The plan includes up to 24 limited term FTE positions, including payroll and personnel technicians, program analysts, buyers and programmers. The City estimates the backfill plan to cost up to \$3,000,000 over the course of the project, which is estimated to last up to 30 months.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to establish up to 24 limited term FTE positions for a period not to exceed 30 months and at a cost of up to \$3,000,000.