HALDIMAND COUNTY

Report ECW-05-2021 Budget Amendment - Business Application Software Project

For Consideration by Committee of the Whole on March 4, 2021

OBJECTIVE:

To obtain approval for a capital budget amendment for the Business Application Software (BAS) Project.

RECOMMENDATIONS:

1. THAT Report ECW-05-2021 Budget Amendment - Business Application Software Project be received;

2. AND THAT the revised budgets as outlined in Report ECW-05-2021 Budget Amendment - Business Application Software Project be approved.

Respectfully submitted: Tyson Haedrich, M. Eng., P. Eng., General Manager of Engineering & Capital Works

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

The Business Application Software project requires a budget amendment to increase total funding for the project. The proposed budget amendment impacts only the capital reserve fund balances noted within the report, and therefore have no impact on the proposed rates included in the 2021 Tax Supported Capital Forecast.

BACKGROUND:

The Business Application Software (BAS) project involves the replacement of the County's software systems implemented during the 2001 Transition Board with a comprehensive Enterprise Resource Planning (ERP) solution. This ERP includes integrated business software applications including asset management, property management, customer service and work order management.

In December 2015 staff presented Report CS-IS-02-2015 Re: Business Application Software Replacement Project – Phase 1 to obtain Council approval for the framework of the "Business Application Software Replacement Project" including the following key decision principles of the project:

- Limit reliance on manual processes; limit redundant data processing and increase integrity of the data which improves the reliability and accuracy of the results.
- Be responsive to the end user; be accessible and reliable.
- Consider the ease of use and training requirements.
- Enable self-service and on-line services.
- Be a cost effective investment for Haldimand County's operational needs.
- Be proven, adaptable and scalable for current and future needs and growth in technology.

- Enhance the ability to conduct analysis and performance metrics.

In October 2017 through Report CAO-03-2017 Award of Request for Proposal CS-IS-02-2017 Business Application Software – ERP Solution the project was awarded to CentralSquare (previously Aptean/Diamond) to install the Dynamics GP software modules.

Council and staff recognized the magnitude and complexity of the BAS project and, as part of the report, identified the following internal staff resources to be seconded to this project:

- Dedicated full time project manager
- 2.5 FTE's from Finance, Human Resources, and Information Systems

The original timeframe for the project anticipated that the financial and human resource modules would be functional by the end of 2019, however, due to a number of factors, the project is now scheduled for completion at the end of 2021.

As a result the extended implementation schedule, staff are seeking a budget reallocation in order to complete the work associated with the BAS project.

In accordance with Procurement Policy 2013-02, Council must approve the reallocation of funds for a capital project where there is a budget shortfall of $75,000 or more (or 20% of the approved budget), or where insufficient funds are currently available.

ANALYSIS:

As part of the Municipal Modernization Project the County engaged Perry Group Consulting Ltd. to conduct a high-level review of the current BAS project situation, assess project delivery and operational issues with the BAS solution, and provide independent advice to the County on current state, issues and recommended next steps/actions.

The BAS High Level Project Review confirmed that the CentralSquare product-set is broadly suitable and upon completion will significantly increase efficiencies and improve customer service, but additional work is needed to assess gaps and provide solutions for missing or inefficient functionality and that the County should continue on the planned implementation path.

The report also provided the following recommendations specific to required resources:

- Dedicated full time project manager (currently being performed as dual role)
- Additional resources (secondments) from the business units where the system is being deployed

The report also noted that ERP projects typically take up to five years to implement, and while the County is behind its stated schedule, that is not uncommon. County staff have come to the realization that the original two year implementation schedule was not realistic however a number of other factors including the corporate reorganization, the move to a new centralized administration building, County staff turnover in key divisions, CentralSquare staff turnover and the ongoing Covid-19 pandemic have significantly affected the project schedule. The allocation of dedicated resources is critical to get the project back on track.

At this time it is estimated that $330,000 in additional funds will be required to complete the original project. The majority of the expenses are related to the operating costs required to dedicate the following staff to the project on a full time basis:

- 1.0 FTE Human Resources (Coordinator, HRMS/Benefits)
- 1.0 FTE Information Systems (Desktop Support)
- 2.0 FTE Finance (Financial Analyst)

This represents an increase of 1.5 FTE dedicated to the project. It should also be noted that the original project manager (Lori Friesen) has been performing a dual role as the BAS project manager and the Manager Legal & Support Services since she returned to that position in December 2019. In recognition of this key role in the project's success a dedicated BAS project manager was approved through Report FDS-04-2020 Municipal Modernization Project Final Report presented in December 2020.

FINANCIAL/LEGAL IMPLICATIONS:

Through Report CAO-03-2017 Award of Request for Proposal CS-IS-02-2017 Business Application Software – ERP Solution a project budget was established in the amount of $2,639,500. In 2019 the project budget was increased by $75,000 to $2,714,500 under authority of Procurement Policy 2013-02 Section 3.03c. The increase was offset by decreases in other Information Systems capital projects.

Further, FDS-04-2020 Municipal Modernization Project Final Report, presented to Council in December 2020, resulted in the approval of a dedicated BAS project manager increasing the project expenditures an additional $105,720 in 2021. The additional funds will be drawn from the Service Delivery Improvement grant of $725,000 received from the province in March 2019 for support in delivering modern and efficient services. These funds are currently in the CRR – Information Technology reserve.

The following table shows the current budget related to the Business Application Software project, as well as the proposed revised budget amounts:

	Current Budget	Additional Funds Required	Proposed Revised Budget
Capital Expenditures:			
Project Expenditures	$2,820,300	$330,000	$3,150,300
Total Capital Expenditures:	**$2,820,300**	**$330,000**	**$3,150,300**
Financing:			
CRR- Information Technology	$1,192,800	$330,000	$1,522,800
CRR – General	$755,500		$755,500
Contingency Reserve	$872,000		$872,000
Total Financing:	**$2,820,300**	**$330,000**	**$3,150,300**

It should be noted that while the BAS project is now anticipated to be completed in four years as opposed to the original two year schedule the total increased project costs represent a 19% increase in the overall budget.

As these changes impact only the capital reserve funds noted above there will be no impact on the proposed rates included in the 2021 Tax Supported Capital Forecast.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

ATTACHMENTS:

1. None