City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
December 6, 2022

TOPIC: Agreement With SDI Presence For Enterprise Resource Planning (ERP) System Selection Professional Services

AGENDA TITLE:
Approve Agreement with SDI Presence, LLP for Enterprise Resource Planning (ERP) System Selection Professional Services in an annual amount not to exceed $128,344 (Non-General Fund)

RECOMMENDED ACTION
Authorize the City Manager to execute an agreement for Enterprise Resource Planning (ERP) System Selection Professional Services with SDI Presence, LLP (SDI), for a term beginning January 1, 2023, and expiring June 30, 2024, for a total amount not to exceed $128,344, which includes a contingency in the amount of $25,669 subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION
The two primary applications that make up the City of Santa Ana's Enterprise Resource Planning (ERP) system are the Infor Lawson Financial and Procurement system (Lawson) and the NeoGov High Line (High Line) Human Resources and Payroll system (HRMS). The City has been utilizing the existing Lawson financial system since September of 2009, and it has approximately 300 users citywide. The City uses the Lawson financial system to process, account for, maintain, track, and report on the City's financial information and transactions. This includes functions for general ledger, accounts payable, billing, accounts receivable, cash management, procurement, inventory, asset management, grant management, projects and activities, budgeting control, business intelligence, and financial reporting. The system is used to produce the annual financial statements required by California state law and the City charter. The City has been utilizing the High Line HRMS since December of 1999. This system is used to maintain personnel information, record time and attendance, process payroll, administer benefits, control positions, and forecast personnel costs. The system's employee and manager self-service portal is used by approximately 1,500 City employees to access their pay stubs, benefits, leave accrual balances, salary information, training, and other employee information.

The City owns perpetual software licenses for these systems and has regularly performed upgrades as the vendors have issued new releases. We are currently on the latest release of each system that each vendor offers that is not a cloud-based, Software-as-a-Service (SaaS) version. The software industry is trending towards the SaaS subscription licensing model, and most vendors no longer offer perpetual (on-premise) licensing or will not provide future upgrades to the legacy versions. In fact, the City has been told that there will not be any additional upgrades to the versions of our systems and we would be required to transition to the vendors' SaaS versions in order to obtain any new enhancements.

Since the City will have to expend a large effort to migrate to a new software version, this is an ideal time to evaluate vendor solutions to see which systems would best meet the City's current and future needs. As the City has not evaluated the marketplace for ERP systems for nearly 20 years, it is prudent to utilize a professional service consultant that has extensive, niche knowledge of current vendor offerings to assist us with our selection process.

Staff researched the City's options to engage a firm for system selection professional services and subsequently received a proposal from SDI for ERP Consulting Services to assist with conducting a comprehensive needs assessment, developing an RFP, assisting with vendor evaluations, performing business process mapping, and assisting with vendor contract negotiations. SDI is uniquely qualified to perform this work, as they have more than 25 years of hands-on experience with ERP software procurement and implementations. They have worked with more than 200 West Coast clients and completed well over 50 ERP software selection projects for similarly-sized public sector agencies for both on-premise and SaaS (Cloud) ERP solutions. They have local Southern California staff that are able to be onsite as needed for the duration of the project and have hourly rates consistent with the industry marketplace. Contracting with SDI would reduce the administrative costs and time required to commence the project.

The proposal is for $102,675 and includes an option for additional services. The City has identified several financial business processes that we would like them to analyze for potential improvement prior to the implementation of a new system. Because the proposal cost is based on an estimate of hours required to perform the work and because the City may wish to add additional process areas to be analyzed, we are including a 25-percent contingency of $25,669 for a total not-to-exceed amount of $128,344.

ENVIRONMENTAL IMPACT
There is no environmental impact associated with this action.

FISCAL IMPACT

Funds in the amount of $128,344 are budgeted and available in the current fiscal year's contract professional services account 62300, and remaining funds will be rolled over to the future fiscal year, if necessary, for a total aggregate amount not to exceed $128,344 over the life of the agreement. Estimated amounts expended per fiscal year are shown in the table below.

Fiscal Year	Accounting Unit - Account No.	Fund Description	Accounting Unit – Account No. Description	Amount
2022-23	10920149-62300	Information Technology	Projects – Professional Services	$70,000
2023-24	10920149-62300	Information Technology	Projects – Professional Services	$58,344
Total:				$128,344

EXHIBIT(S)

1. Agreement with SDI Presence, LLP

Submitted By: Jack Ciulla, Chief Technology Innovations Officer

Approved By: Kristine Ridge, City Manager