



INTEROFFICE MEMORANDUM FROM THE FINANCE DEPARTMENT

DATE: June 19, 2024

TO: Cale Curtis, City Manager

FROM: Ismael Diaz, Finance Director

SUBJECT: Procurement of an Enterprise Resource Planning (ERP) System

In the last decade, the City of Margate (city) has grown tremendously by increasing its development, population, economic activities, infrastructure, and operations. These changes require human labor, technology-focused software, and an investment that creates lean processes and operational cohesiveness. Currently, the city handles over 28 funds and \$300 million in fund balances using software purchased 29 years ago, in 1995. Although this software shows some evolution, it does not meet the city's current needs and, in its current state, fails to meet its higher potential. Due to the lack of software upgrades, the city has missed technological advances and the opportunity to streamline processes, thus affecting flexibility, fluidity, and ease of use. As a matter of history, the City of Margate approved an agreement with HTE as the central financial software in 1995. Since then, HTE, which SunGard and Superion LLC acquired, merged with TriTech and Zuercher to form CentralSquare Technologies (CST). While this is not the only software we use throughout the organization, we own several modules from CST, including Government Management & Budgetary Accounting (GMBA), utility billing, building permits, business licenses, and code enforcement. In addition, to enhance HTE, CST developed a software line called Naviline, acquired in the 2000s to improve its functionality and graphical user interface experience. However, although this upgrade was sufficient at that time, today, it lacks the necessary technology and interface to satisfy the city's needs.

Presently, we live in the information age, and investing in software that embraces technologies like artificial intelligence (AI), cloud computing, cloud databases, scalable databases, intelligent scanning, mobile computing, virtual assistants, voice recognition, and intuitive electronic communication, among others, is the norm. These technologies will not only help us have a higher and more efficient labor return but also help the city provide faster and more efficient services.

The city's management team is determined to prioritize and leverage current technology to provide robust, timely, and exceptional services by implementing an Enterprise Resource Planning (ERP) System. This system will create modern digital handshakes and opportunities to grow, expand, evolve, and improve. In addition, the ERP system will be capable of managing the municipality's day-by-day operations by enhancing and coordinating its data flow across departments, users, sections, and divisions. In response to this initiative, the city formed an ERP committee responsible for procuring a system based on needs, features, scalability, security, integration, support, and a friendly budget. The ERP committee included the following employees:

1. Ismael Diaz, Finance Director
2. Patrick Garmon – IT Director
3. Jacqueline Chin-Kidd – Deputy Finance Director
4. Spencer Shambray – Procurement Manager
5. Decia Burke – Budget Manager
6. Tushar Bulsara – IT Technician
7. Verna Broomfield – Controller
8. Johanna Pacheco – A/P Supervisor
9. Wylene Sprouse – Procurement Supervisor
10. Charlotte Jackson – Accounting Supervisor

There is difficulty in selecting an ERP system; its intricacy is attributed to its cost, technical complexity, integration, change management, and hardware configuration. So, to be better informed, the city sought advice from other municipalities, consultants, and other agencies attending financial conferences who were also searching for a competent ERP to fit their needs after spending hundreds of thousands on consultants. They also spent money and resources executing a formal Request for Proposal (RFP), and in the end, they were dissatisfied with their selection. Weighing the impact of such an outcome, our committee realized that we, the City of Margate end users, knew our needs better than anyone else, and such expenses were unnecessary. Ultimately, the committee invited presentations from the following four ERP systems: Oracle Cloud, Tyler Technologies (Munis), CentralSquare (Financial Enterprise), and Aclarian Enterprise and Financial Suite. After further consideration and analysis, the committee determined that Oracle was not a good fit for the city.

So, on November 29, 2023, we held our first ERP live and in-person demo hosted by Aclarian, followed by Tyler Munis on December 6, 2023, and a virtual demo by Centralsquare on December 13, 2023. The three ERP systems were competitive, demonstrating vast and excellent features. These demonstrations were open to other departments, such as the city manager's office, HR, and utility billing, for consideration and deliberation, delivering positive results.

After hosting the demos and having exhaustive Q&A sessions, the committee required quotes from all three software companies to address pricing modules, implementation, IT, and maintenance costs. Please see each ERP implementation and annual maintenance cost below.

1. **Tyler Munis** – Total three-year cost - **\$2,486,015**
 - a. Implementation of CORE modules- **\$490,200**
 - b. Recurring maintenance - \$394,492 with a minimum 3-year contract or **\$1,183,476**
 - c. SaaS services - \$392,450 for implementation and \$139,963 recurring costs or **\$812,339**.
 - d. Additional modules - \$193,063 for implementation and \$108,382 for recurring costs.
2. **CentralSquare** – Financial Enterprise – Total one-year cost - **\$610,435**
 - a. Implementation fees - \$372,980
 - b. Recurring maintenance fees, including all current modules - \$237,455
3. **Aclarian** – Enterprise and Financial Suite - Total one-year cost - **\$387,475**
 - a. Implementation - \$324,975
 - b. Recurring maintenance fees, including all 25 modules - \$62,500.
 - i. *Aclarian charges fees based on the number of users, not by module, so all 25 modules are available.*

After careful consideration and analysis, the committee unanimously selected the Aclarian ERP for recommendation due to its simplicity, fluidity, variability, sophisticated interface, modern programming, customization, streamlined data flow, flexibility, and price. They offer modules that address notifications/announcements, general ledger, billing & A/R, accounts payable, budgeting, purchasing, capital assets, central cashiering, code enforcement, custom reporting, human resources, implementation forms, integrations, inventory, lease accounting, payroll, permitting, projects and grants, task management, templates, treasure management, training, user management, utility billing, and workflow management.

The goal is to have these Aclarian modules replace all the current Centralsquare modules and gradually phase out our annual cost of \$157,000. We estimate that we will see savings of around \$36,000 within the first six months after implementing direct interfaces with utility billing, code enforcement, business licenses, and building modules. Based on the above annual maintenance fees, by contracting with Aclarian, we will reduce these yearly costs by 79%. As noted in the quote above, this is possible because Aclarian charges fees based on the number of users and not by module. This pricing model makes all Aclarian modules, present and future, available without additional costs. Additionally, purchasing and implementing Aclarian ERP software will offer the city more than \$1,000,000 in savings from the \$2,000,000 assigned fund balance reserved for purchasing Enterprise Software. These savings can be reassigned to other essential items such as Emergency Preparedness, Revenue Loss Mitigation, or Capital Projects.

To gauge client satisfaction, we chose seven Aclarian clients from a list of 34 and sent them a 10-question subjective survey, to which all responded with positive feedback. To address questions, we contacted them via phone and addressed the issues, which proved conventional and trivial. Once Aclarian was informed about the committee's decision, they submitted a professional two-phase implementation plan that discussed requirements gathering for each module, data migration, custom development, QC testing, training, and deployment/post-implementation support. The first phase of the implementation plan, scheduled to last a minimum of six months, will also include the creation of a steering committee comprised of the city manager, the director of IT, the finance director, and one other department director. In addition, we are creating a subject matter experts (SMEs) committee, designating a project manager, and identifying a project room (probably the Think Tank Conference Room) to become the implementation hub to embrace project planning, project management, and change management.

Understanding that this change will affect all departments, each SME will constantly communicate with a department designee to keep them informed and answer their concerns. We aim to use the Think Tank Conference Room to train users and department designees and to debug and correct anomalies. Furthermore, our strategy is to train some employees to become department trainers, thus disseminating knowledge as much as possible. The implementation plan also includes the services of CPA firm Caballero Fierman Llerena & Garcia, LLP, which will provide accounting consulting services to ensure compliance and an efficient transition.

In conclusion, the ERP committee believes that the Aclarian Enterprise and Financial Suite will deliver efficient operational modules and will provide the City of Margate with other functions like informational dashboards, workflow management, cloud-based security, web-based accessibility, integration, forms automation, online approvals, notifications/alerts, documentation scanning, archiving, and more moving us closer towards a paperless environment.