



Memorandum

Date: 10/6/2020
Meeting of: City Council

File No. AM No. 20-131
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Malisa Files, Director	425-556-2166
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DEPARTMENT STAFF:

Technology and Information Services	Jonny Chambers	Director
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TITLE:
Big Four Project: D365 Financial System Upgrade Contract

OVERVIEW STATEMENT:

Staff recommends approval of the \$2,778,030 contract with HSO (Attachment A) to upgrade the City’s current Dynamics 2012 Financial System to D365 the newest cloud version of Dynamics as presented at the August 25, 2020 Finance, Administration and Communications Committee of the Whole. Secondly, allocate a total of \$5,128,357, the total project cost including two years of licensing and maintenance, from the City’s unallocated sales tax on construction.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
The D365 upgrade is one of the Big Four technology projects planned for the next several years along with the City’s Workforce Management (WFM) project, records management and Energov upgrades.
- **Required:**
The current Dynamics 2012 financial system will be unsupported by the end of 2021.
- **Council Request:**
N/A
- **Other Key Facts:**
The attached contract is one of several contracts that will come before Council. There will be other contracts from integration partners that staff will bring forward during the course of the project. Those contracts will be smaller in scope.

OUTCOMES:

The upgrade of the Financial System to the D365 platform will allow the Finance Department to improve processes, including:

- Standardize business procedures
- Continue strong accounting practices
- Increase data accountability
- Increase accuracy and avoid redundancies
- Support integrated systems and organization wide business analytics
- Improve quality of service
- Improve accessibility of records
- Enhance user experience
- Streamline processes
- Measure tangible results
- Replace an at risk and outdated technology
- Increase system and data security

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

Total cost of the project is \$5,128,357 which includes one-time implementation costs, ongoing licenses and maintenance for two years and a project contingency. Of the \$5.1 million total project cost the one-time implementation contract with the City's implementation partner HSO equals \$2,778,030. Staff is asking to use unallocated one-time funds from the sales tax on construction to continue the upgrade of the Dynamics system.

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

N/A

Budget Priority:

Responsible Government

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

The project cost includes licensing and maintenance through 2022. Future maintenance costs will be budgeted in the future.

Funding source(s):
Unallocated one-time sales tax on construction.

Budget/Funding Constraints:
N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
8/25/2020	Committee of the Whole - Finance, Administration, and Communications	Receive Information
9/22/2020	Committee of the Whole - Finance, Administration, and Communications	Provide Direction

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
	None proposed at this time	N/A

Time Constraints:

The Finance Department would like to begin the implementation project in October 2020 once the Finance staff concludes the conference room pilot activities of mapping all the new business processes to the new system.

ANTICIPATED RESULT IF NOT APPROVED:

The City's current Dynamics 2012 financial system will be unsupported by the end of 2021. If this contract were not approved, the City would continue to use the old system, but deploy a break/fix model for any system failures.

ATTACHMENTS:

- Attachment A: HSO implementation Contract
- Attachment B: Council Memorandum Regarding the D365 Upgrade
- Attachment C: PowerPoint Presentation from the 8/25/2020 Committee of the Whole Meeting