

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 27, 2024
TO: Mayor and Council
FROM: Candice Gartry, Director, Financial Services
SUBJECT: Contract Award – Financial System Replacement

RECOMMENDATIONS

THAT Council:

1. **Receive the corporate report dated May 27, 2024, from the Director of Financial Services, titled “Contract Award – Financial System Replacement;”**
 2. **Approve the award for the new financial system software implementation and related licensing to Agilyx Solutions and Unit4 Business Software Corporation for a total amount of \$2.5M (excluding GST); and**
 3. **Authorize the Director, Financial Services, to execute all contract documentation required for the project to proceed.**
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EXECUTIVE SUMMARY

The purpose of this corporate report is to obtain Council approval to award contract for the finance system replacement to Unit4 Business Software Corporation and Agilyx Solutions for a total of \$2.5M (excluding GST).

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2024-131 April 15, 2024	THAT Council: <ol style="list-style-type: none">1. Receive the April 15, 2024, corporate report from Candice Gartry, Director, Financial Services, titled “2023 General Fund Operating Surplus Allocation;”2. Confirm that Council agreed to ratify a settlement with CUPE Local 718 in March of 2024 that included increases to wages and benefits and that any increases above the amounts already provided for in the 2024 financial plan would be funded as follows: 2024 incremental costs to be funded from the 2023 General Fund Operating Surplus, and 2025 incremental costs to be funded via taxation;

	<p>3. Endorse any funding cost increases above the amounts already provided for in the 2024 financial plan in accordance with Council’s Exempt Compensation Policy No. 403 as follows: 2024 financial year incremental costs from the 2023 General Fund Operating Surplus, and 50% of the incremental cost for 2025 from the 2023 General Fund Operating Surplus with the balance coming from taxation;</p> <p>4. Direct staff to distribute \$1.5M of the 2023 Unallocated General Fund Operating Surplus to the new ERP/Financial System project; and</p> <p>5. Direct staff to distribute \$0.8M of the 2023 Unallocated General Fund Operating Surplus to the General Operating Fund Accumulated Surplus reserve.</p> <p style="text-align: right;">CARRIED</p>
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INTRODUCTION/BACKGROUND

The City’s current financial system *iCity*, also known as *Vadim*, was implemented around the year 2002, approximately 22 years ago. This system lacks the modern-day functions and workflows that more up-to-date systems provide. Especially noting that technology, workload, standard requirements, information, and processing capability has significantly changed over the past 22 years. The current system’s reporting capacity is limited. Basic functionalities, such as workflows, is not possible in many areas. Staff have had to develop many workarounds in order to use the system which has caused inefficiencies in multiple areas and functions around the City. For more information and rationale on the need for a new financial system, a copy of the June 26, 2023, corporate report titled “New Financial ERP System Background” has been included as Appendix A.

The replacement of the financial system has been budgeted for: A \$2M budget was included in the approved 2024 Financial Plan. An additional budget of \$1.5M was approved at Council’s April 15, 2024, regular council meeting. Together, the total approved budget for the project is \$3.5M.

ANALYSIS

Pryce Advisory Services Inc. was retained to provide RFP support for the project. A Request for Proposal (RFP FIN24001 ERP (Enterprise Resource Planning) Solution) was issued to the market on BC Bid with a closing date of February 6, 2024. The City received seven (7) bids.

Staff and Pryce Advisory Services reviewed the bids and determined that five (5) of the bids were either incomplete, did not meet the City’s requirements, or were outside the funding ability of the City. This left two feasible options as outlined below.

Software and Implementer	Price (excluding GST) (3-year implementation only)
Unit4 Business Software Corporation/Agilyx Solutions	\$2.2 M
Oracle Cloud/Vigilant	\$1.6 M

Detailed reviews of the bids were conducted using a scoring matrix that included categories of experience and reputation, approach and methodology, and price. The results determined that Unit4 Business Software Corporation and Agilyx Solutions would provide the best overall value

to the City. The Unit4 software has a large presence in the BC municipal marketplace with installs in the following municipalities:

City of Langley	City of Powell River	City of Port Moody
City of Kelowna	Township of Langley	City of Surrey
City of Penticton	City of Port Coquitlam	City of Chilliwack
City of Nanaimo	City of Mission	City of Campbell River
Resort Municipality of Whistler	Squamish Lillooet Regional District	Regional District of Central Kootenay
Sunshine Coast Regional District	Metro Vancouver	

Unit4 Business Software Corporation and Agilyx Solutions have partnered on the implementation of many of these installs and have a detailed understanding of the requirements of municipal finance and HR/Payroll. Additionally, their references provided very positive feedback to the City.

The other proponent, Oracle Cloud/Vigilant, although a less costly option at first sight, did not score as highly in the other evaluation categories. One of such areas being that Oracle Cloud/Vigilant only reported one partial installation in British Columbia. Unit4 Business Software Corporation's strong presence in the BC municipal marketplace has added benefits as City Staff can get support from our local municipal peers.

Staff recommend awarding Unit4 Business Software Corporation and Agilyx Solutions the ERP (Enterprise Resource Planning) Solution contract. The Unit4 Business Software Corporation's software contract is a 5-year contract. The first three years (included in the pricing above) will come from the project's capital budget. Years four and five (\$215K), will be incorporated into the City's 5-year financial plan starting in 2027. The total contract award is as follows (See Appendix C: Detailed Project Budget for more detail):

	Price (excluding GST)
Unit4 Business Software Corporation 5-year contract	\$1.06 M
Agilyx 4 GCON4 iConnect Data Migration Tool	\$0.04 M
Agilyx Solutions Implementation (including travel)	\$1.4 M
Total	\$2.5 M

FINANCIAL IMPLICATIONS

This Finance System replacement project has an approved budget of \$3.5M (including the \$1.5M allocated from the 2023 General Operating Fund Surplus at the April 15, 2024, regular council meeting). A summary of the Project Budget (3-year Capital project) is as follows (see Appendix B: Detailed Project Budget) for more details.

	Total (3-year Capital)
Unit4 Business Software Corporation/Agilyx Solutions*	\$2.0 M
Back fill finance staff (estimate)	\$0.8 M
Consultants to supplement City implementation team (estimate)	\$0.3 M
Subtotal	\$3.1 M
Contingency (approx. 11% of project cost)	\$.4 M**
Estimated total Cost	\$3.5 M

* Contracts include annual increases based off CPI. Actual amount of increases are unknown at this time. These will be funded from the project contingency.

**Contingency amount rounded up.

The City’s financial plan for years 4 and 5 (estimated as 2027 and 2028) will need to include the operating cost of the software - currently \$215,000 per year before CPI increases - and optional customer support of \$46,000 per year (before any CPI increases). Overall, it is expected that the City will see cost savings of \$36K annually once the current financial system is fully retired.

LEGAL IMPLICATIONS

No legal implications are anticipated. Staff request authorization for the Director of Financial Services to execute all contract documentation required for the project.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

Staff will be collaborating with all City departments throughout the life of this project as the new financial ERP system will be used by all departments.

ALIGNMENT WITH STRATEGIC PRIORITIES

This project aligns with the following Council Strategic Priorities:

1. Priority Area: Infrastructure
 - a. Ensure future infrastructure resiliency my making decisions through a long-term lens.
2. Priority Area: Organization and Governance
 - a. Realize service delivery efficiencies via digital transformation and aligning existing processes with best practices.
 - i. Identify and replace financial system with an enterprise-grade solution (a system that is integrated across departments), to encompass HR functionality.

OPTIONS / RISKS / ALTERNATIVES

The following alternate options are available for Council’s consideration:

1. Not approve the recommendation to award Unit4 Business Software Corporation and Agilyx Solutions the ERP (Enterprise Resource Planning) Solution contract. This would result in the City not being able to meet the Council's strategic objective ‘Realize service deliver efficiencies via digital transformation and aligning existing processes with best practices’, specially, “Identify and replace financial system with an enterprise-grade solution (a system that is integrated across departments), to encompass HR functionality.”

CONCLUSION

Staff recommend that the ERP (Enterprise Resource Planning) Solution contract be awarded to Unit4 Business Software Corporation and Agilyx Solutions in the amount of \$2.5M (excluding GST). Additionally, staff recommend that the Director of Financial Services be authorized to execute all contract documentation required for the project to proceed.

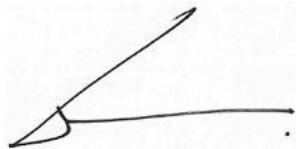
Respectfully submitted,



Candice Gartry, CPA, CGA
Director of Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.



Guillermo Ferrero
Chief Administrative Officer

Appendix A: New Financial ERP System Background
Appendix B: Detailed Project Budget