



OFFICE OF THE CHAMPAIGN COUNTY EXECUTIVE

1776 East Washington Street, Urbana, Illinois 61802-4581

Darlene A. Kloeppel, County Executive

MEMORANDUM

To: Jeff Blue, County Engineer
Lynn Canfield, Director Mental Health and Developmental Disabilities Boards
Dalitso Sulamoyo, CEO Regional Planning Commission
Leanne Brehob-Riley, GIS Director
Stephanie Joos, Animal Control Director

From: Darlene Kloeppel, County Executive
Tami Ogden, Director of Finance

Date: July 7, 2020

Subject: Enterprise Resource Planning (ERP) Cost Allocation

Champaign County began the process of replacing its legacy financial system in 2015, starting with a Business Case Report conducted by the Government Finance Officers Association (GFOA). The report identified vulnerabilities of the current system cited by our external auditors, inefficiencies, and the lack of common features found in modern systems. GFOA recommended the County proceed with a project to replace the system with a modern ERP system to cover core financial functions including accounting, purchasing, accounts payable and receivable, financial reporting, budgeting, human resources, payroll management and time entry. In October 2019, the County issued a Request for Proposal for an ERP System. At last, five years after the County began this process, a contract with the successful vendor is presently being negotiated.

As contract negotiations progress and we determine which modules are necessary for our operations, we now have a clearer understanding of the system/software costs. For many years, the County has benefited from the low-cost in-house legacy system, with the General County covering those costs including personnel to maintain the system. Very minimal accounting user fees have been passed on to departments (\$12.34/user/year with no more than any fund contributing over \$310/year). Once we fully transition to the new system, these user fees will no longer be assessed. However, the cost of the new ERP system including implementation and software will be allocated based on headcount and budget.

The County's investment in the project, including the Business Case Report completed in 2016 and project management in 2020 and 2021, is expected to be \$175,000. These costs will not be passed on to other funds. Depending on the contract start date, software fees incurred in 2020 (\$71,000-\$88,000) will not be passed on other funds. System implementation costs (anticipated to be around \$547,000 in 2021) and recurring annual software fees (anticipated to be around \$212,000 beginning in 2021) will be allocated.

A cost allocation spreadsheet has been developed based on the modules the County plans to move forward with at this time. This allocation is built on the FY2020 Budget; however, will be recalculated

once we complete the FY2021 Budget. As with any system, first year costs are greater due to implementation, data migration, travel and vendor project management. Recurring software costs are locked for the term of the five-year contract. Appropriation for the system will be in the Capital Asset Replacement Fund, with reimbursement from other funds facilitated by transfer. Therefore, budgets will need to add line 571.14 (TO CAPITAL IMPRV FUND 105) for FY2021.

The County has strived to make this process as transparent as possible, meeting with departments to determine needs, encouraging departments to evaluate RFP responses, offering demos and opportunities to provide feedback. Information was uploaded regularly to the ERP Project SharePoint site. Although no one system will necessarily meet every department's needs, there was overwhelming support to proceed with Tyler Technologies, which fortunately was also the most economical system. We thank you and your staff for the time committed towards the selection of the vendor. While there is still much work to be done, the benefits of a modern financial system are significant, including automation of manual tasks, improved integration, enhanced reporting, elimination of shadow systems, and the standardization of business processes.

Attachment: 20200706 ERP Cost Allocation