

David Ash – Emily Rhodes – Michael Hobert - Sharon Keeler – Dr. Michael Murphy

AGENDA

Joint Administrative Services Board
September 26, 2011 12:00 p.m.
Joint Government Center

- 1. Call to Order.**
Determination of Quorum
- 2. Approval of Minutes.** (July 28 Minutes Attached).
- 3. Director Update.** Deferred Compensation Program Implementation.
- 4. Technology.**
 - A. Draft ERP Budget Request.* Attached is a budget request for implementation of an ERP system. This should be reviewed and modified if needed. It could be considered for adoption at the October meeting.
 - B. Personnel Business Practices.* Memoranda have been shared with Government and Schools concerning the standardization of personnel data and processes in advance of an ERP system implementation.
- 5. Houck/Staelin Report.** The Houck/Staelin report was developed to provide a consistent point of reference in discussions of School Funding. A draft of the most recent report is attached for review and discussion.
- 6. Next Meeting October 24.**

David Ash - Aye

2. Approval of Minutes:

Ms. Keeler moved, seconded by Ms. Ash, to approve the meeting minutes as presented. The motion carried as follows:

Sharon Keeler	- Aye
Robina Rich Bouffault	- Abstain
Emily Rhodes, Chair	- Absent
Michael Murphy	- Absent
J. Michael Hobert, Vice Chair	- Aye
David Ash	- Aye

3. Technology:

Mr. Judge outlined the upcoming conference call regarding the technology infrastructure in the City of Staunton, noting the questions that still need to be answered, with a conference call with Mike Bowen.

Mr. Mike Bowen, systems engineer from the City of Staunton answered the following questions:

1. **Is your system Schools Interoperability Framework (SIF) compliant?**

Mr. Bowen noted that this is unknown to him; however, MUNIS has guaranteed that their system is compliant and could refer to Arlington County School.

2. **What governance structure do you use to keep school and government on the same system?**

Mr. Bowen noted that this program has brought the two entities together. He also noted that there is no specific IT department for MUNIS and that the cities' IT Department does not support the school's software.

Dr. Murphy arrived at 2:15 pm.

Ms. Bouffault asked if there was a committee formed when MUNIS came on board. Mr. Bowen noted that members from the school board and the city council were present on the "board."

3. **Does the system have the ability to import and export data, or cross platforms, to reduce staff time and eliminate duplication of effort?**

Mr. Bowen noted that most data can be imported and exported easily to most program modules.

4. **Explain how end-use access and accessibility works, for staff to log-in, for instance, and either manipulate data, review data, or print data. Are such changes available in real time?**

Mr. Bowen noted that it is browser-based software. Regarding reports, Mr. Bowen noted that it has Windows-based printer options. Mr. Bowen also noted that data is updated in real-time.

5. Which systems has Staunton implemented and which have had the most positive impact?

Mr. Bowen reviewed the systems that Staunton implemented. Mr. Judge asked about real estate assessment system. Mr. Bowen noted that they do not have a MUNIS real estate assessment system because they could not come to terms on the price. Mr. Bowen also highlighted the HR module, including online references, applications, etc.

6. Assuming modular implementation: What was the order of implementation and rough time line? Are there any modules, looking back, that you would have deferred or simply not adopted?

Mr. Bowen noted that the financial module, including general ledgers, were brought on first, followed by the payroll and HR module, utility module, fixed assets module, and inventory module.

7. What are your thoughts on use of "cloud system" v. purchasing a system that resides in our own system?

Mr. Bowen shared his thoughts about the pros of having your own system, which is what the City of Staunton has, noting the control that staff has over the system when in-house.

8. Regarding Implementation: Was the local team enhanced prior to implementation?

Mr. Bowen stated that additional staff was not brought on board for the implementation.

9. What kind of support did you receive from the vendor post implementation? How did it show up?

Mr. Bowen noted that there was an ongoing relationship with MUNIS. Mr. Bowen stated that MUNIS overestimated the amount of training in the contract and that all training was not used initially.

10. How did you address data migration? Did you prepare a plan in advance that identified the data to move and the timing?

Mr. Bowen explained that MUNIS migrated the data and then had the IT department review the data. Mr. Judge asked if business practices / process were changed before MUNIS was implemented. Mr. Bowen noted that processes were reviewed during the MUNIS implementation and less before the implementation.

11. How do you address, generally, access control and firewalls?

Mr. Bowen noted that there is a VPN tunnel on the network, limiting the files and records that school and county personnel can access.

12. Did you prepare summary of various business processes before implementation?

Mr. Bowen stated there was no summary prepared.

13. Were there many changes to your business practices?

Mr. Bowen noted the increase in business efficiency once MUNIS was implemented and established.

14. Is there any other reorganization that a local government might consider before ERP implementation?

Mr. Bowen stated that there has been some reorganization but not because of a direct correlation to the MUNIS implementation. Mr. Bowen also noted the increase of efficiency because of the reorganization.

15. How did you or would go about creating an objective selection methodology to choose an ERP system?

Mr. Bowen stated that the city looked at several vendors, noting the need for functionality and feasibility. Mr. Bowen also noted that MUNIS was a 'happy medium' that could address both school and city needs.

16. What can we do now to improve or increase our systems and personnel readiness to adopt ERP?

Mr. Bowen noted that needs have to be assessed internally in order to create personal matrix. In regard to IT, Mr. Bowen noted that the type of system in place could determine what type of infrastructure to use.

17. Does the system handle personal property tax calculation well?

Mr. Bowen noted that MUNIS calculations have functioned properly. Mr. Bowen also noted that MUNIS keeps updated with new Virginia tax codes and laws.

Mr. Hobert asked approximately how much was spent on MUNIS last year. Mr. Bowen stated that the training package was \$100,000.

After the conference call, Mr. Judge reported that work will continue on the HR data for integration. Mr. Judge would also submit a budget request to the JAS board for FY2013. Ms. Bouffault suggested a financing option.

Regarding the training, Mr. Baggett stated that most of the training will be for the staff that import and use the data, noting less of an IT issue, and more of a management issue. Dr. Murphy noted the need for intensive end-user training. The board members then discussed workload and the increased efficiency for staff.

Regarding payment, Ms. Bouffault noted that the RFP perimeters will have to be created. Mr. Judge stated that information given is enough for an appropriation request. Mr. Judge also noted that there is a cost involved whether or not the MUNIS system is bought, stating that other programs will have to be replaced and maintained. The board members then discussed short- and long-term goals associated with replacing programs.

Mr. Hobert noted the timeline of approximately next 3 months. Mr. Judge stated that he will be in contact with Loudoun County for any updates they may have on a similar project.

4. Virginia Retirement System Deferred Compensation Plan

Mr. Judge reviewed the need for the resolution regarding the VRS Compensation Plan and Ms. Keeler questioned if a staff member can contribute to both funds. Mr. Judge stated that only one fund can be contributed to.

Dr. Murphy moved, seconded by Ms. Bouffault, that the Resolution on Page 3 of the July 28, 2011 JAS packet be adopted as written: The motion carried as follows:

Sharon Keeler	-	Aye
Robina Rich Bouffault	-	Aye
Emily Rhodes, Chair	-	Absent
Michael Murphy	-	Aye
J. Michael Hobert, Vice Chair	-	Aye
David Ash	-	Aye

5. Next Meeting

Mr. Hobert reminded the JAS board that the next meeting scheduled will be on September 26th at noon.

6. Adjournment

Mr. Hobert adjourned the meeting at 3:53 pm.

Minutes Recorded and Prepared by: Amanda W. Kowalski

MEMORANDUM

Draft

TO: Clarke County Board of Supervisors Finance Committee

FR: Thomas Judge, Director of Joint Administrative Services

DT: TBD

RE: *ERP System Budget Request*

Over the past eighteen months the Joint Administrative Services Board has researched a long term plan for the replacement of aging computer applications. Many of these systems were originally implemented, some as far back as the 1980's, as the automation of paper processes for specific functions of the Government and School. These systems are inadequate because: 1. their electronic data is available only to persons associated with that function; 2. these applications have not kept pace with widely available technology advances; and 3. Maintenance of the variety of applications, associated operating systems, and associated hardware is not the best use of the time of Information Technology personnel. The Joint Administrative Services Board has concluded that an Enterprise Resource Planning (ERP) System should be procured, and a governance structure established to make decisions regarding the implementation of this system.

The purpose of the ERP System is to replace diverse systems and business processes with a single database and standardized business processes. Implementation would require several years. The following research led the JAS to make this recommendation:

Chronology

April 2010	Board of Supervisors appropriate \$50,000 for software integration.
May 2010	JAS begins discussion on solutions to administrative data system problems.
August 2010	RDA, Financial Systems vendor, presents their new system OpenRDA. It supports only modules that interface with General Ledger. RDA agrees to perform study of Clarke systems. JAS research begins into communities using ERP systems. Clarke Technology Directors state that infrastructure is currently in place to support ERP.
November 2010	Report on ERP systems used by Gloucester and Isle of Wight. List of current Government and School applications developed.
January 2011	RDA presents Best Practices Report calling for further implementation of RDA software. JAS Director delivers response. JAS Board selects GFOA to provide "business process analysis" and "business case development" at a cost of \$24,100.
February 2011	Nine Gov/School Focus Groups meet to discuss business processes and automation.
March 2011	GFOA Study states business case, recommends ERP System implementation. Cost range \$383K-\$1,078K. Return on investment in 3.8 to 6.6 years through recapture of \$250K to \$350K per year in lost productivity with current systems.
April 2011	Supervisors appropriate additional \$50K for software integration, leaving 7/11 balance of \$75,900. Finance Committee directs JAS to schedule an opportunity to

	pose questions to a similarly sized community that has implemented an ERP system (Staunton).
May 2011	Update on communities implementing ERP: Loudoun, Winchester, Prince George.
July 2011	Phone conference with City of Staunton on their ERP experience. JAS directs that a draft proposal for ERP System be developed for the FY 13 budget process. Work begins on revising Government and School business processes related to personnel.
August 2011	Commonwealth HJ130 study determined that local government business practices too dissimilar for single software specification. HJ645 study is underway to create central database of local government software implementations to assist with local government procurement. Includes input from VACO, VML, and VALGITE.

Options

Status Quo. The County (Government and Schools) could continue upgrading its current systems. This involves the least cash outlay in the next few years, but the highest cost over the mid and long term. Vendors will force upgrades, and certain systems will continue to fall behind on the latest technology developments. IT staff will continue to overextend in supporting disparate systems. Agencies will continue performing processes that could be automated. Example 1: the building permit system contains building value information that is printed out then rekeyed into the real estate assessment system. Example 2: the Treasury system prints out revenue information that is rekeyed into the Finance system.

Share ERP with another community. Communities sharing ERP computer applications is increasingly common. It saves money, provides offsite data backup, and permits communities to share best practices. Thus far attempts to find such a partnership for Clarke County have been unsuccessful. The primary reason is the complexity of trying to coordinate an ERP implementation with another community or communities.

ERP Software as a Service. ERP vendors will run their application on their own computer for multiple communities. They provide hardware, software updates, operating system updates, and data backup. The communities connect through a communication link. This solution has been frequently mentioned as superior by IT Directors because highly trained IT staff working for the vendors are ensuring the integrity of the data and application. In addition, the initial investment is reduced. The problems raised include concerns about the security and consistent availability of public data held on the computers of a private company.

ERP Local Server. Providing the ERP application on a local server would require the largest near term investment. It would also require a greater maintenance effort by IT staff. However, it would provide autonomy over the security and availability of the data. The cost estimates and return on investment periods provided in the GFOA report are premised on implementation of this option.

Best of Breed. Each application could be replaced with the best application available at the time the current application needs replacement. This would gradually improve the quality of computer applications, but would not resolve integration, hardware, and IT staff workload issues. Nevertheless, the GFOA study did recommend continued use of certain systems like Parks and Recreation program

management, and maintenance work order management because the cost savings associated with integrating these modules were not offset by savings at the current time.

Requested Option

The Joint Administrative Services Board recommends that the Clarke County Board of Supervisors include \$650K in its 2013 budget for implementation of an ERP system, whether shared, service, or on a local server. This is the mid-point of the cost estimate provided by GFOA, less the \$75,900 already budgeted. This would be used to convert as many current applications as possible to the new ERP system. First priority would implement Treasury, Property Assessment, General Ledger, Accounts Payable, Payroll, and Purchasing, and Utilities. Second priority is for Document Management and Human Resources (including Applicant Tracking, Time and Attendance, and Leave Management). The third priority would integrate GIS, building inspections, and schools.

Advantages of Requested Option

Staff Availability. The economic slowdown has reduced workload in many operations, providing an opportunity to devote staff time to the ERP implementation in advance of an economic recovery.

Intercepts needed software upgrades and extensions. The Treasury system is in need of immediate upgrade, and the vendor of the finance system has stated that they will soon require an upgrade. Other applications face similar needs. Funding the ERP now will intercept the need for these expenditures by creating a clear upgrade path for most applications.

Advanced Technology. Capabilities such as on-line bill paying, electronic document management, and on-line job applications will be possible in the future with implementation of the ERP system now. It is not clear whether our current systems will evolve to embrace these new technologies.

Risks of Requested Option

Partial implementation. If an ERP implementation stops part way, due to lack of funding or staff support, or a lack of employee willingness to modify business processes, the result can be worse than if no implementation had occurred at all. This is because the costs have been incurred, but the benefits have not been realized. The GFOA report states that this is the single most important source of risk for this option.

Weak Governance. Local government structure is made up of many independent and quasi-independent boards and agencies. For the system to work, all will need to agree up front to utilize the ERP system, and abide by policy decisions associated with it. This may require modification of agency business processes to conform to the best practices inherent in the software design. A governance structure must be established to enforce decisions made with respect to the system in order to ensure the greater good, and agencies must subscribe to it.

DRAFT 09/22/11 Subject: Clarke County School Expenditure Trends

Source	Actual FY 2003	Actual FY 2004	Actual FY 2005 ¹³	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Budget FY 2012
Title										
Source for Average Daily Membership	Table 13	Table 13	Table 13	Table 13	Table 13	Table 13	Table 13	Table 13	Unaudited	Original
SAR & Budgets ⁷	2,025	2,033	2,120	2,196	2,199	2,150	2,166	2,143	2,043	1,992
Computed	1.66%	0.40%	4.28%	3.59%	0.13%	-2.24%	0.76%	-1.08%	-4.65%	-2.50%
Bur. Labor Stats	0.81	0.83	0.86	0.89	0.92	0.95	0.95	0.96	1.00	1.01
SAR Table 13	15,065,525	16,168,085	16,961,793	17,883,392	19,030,449	19,481,366	20,319,502	19,105,110	19,096,974	19,244,194
SAR Table 13	540,339	587,233	642,057	657,360	630,671	633,732	752,423	728,439	811,394	780,232
SAR Table 13	63,326	70,766	75,157	88,617	77,886	65,524	55,824	58,717	44,465	48,366
SAR Table 13	7,956	7,073	1,453	1,655	2,293	-	2,040	2,041	2,041	2,350
SAR Table 13	309,191	358,789	350,057	323,649	284,337	302,766	252,926	278,001	254,601	243,898
SAR Table 13	152,380	543,086	572,234	2,072,262	2,728,387	2,080,598	3,788,763	2,399,464	14,619,038	609,600
SAR Table 13	1,301,162	1,428,405	1,283,963	1,457,534	1,377,100	3,904,316	3,528,668	3,494,857	3,722,518	4,122,196
Computed or Sch. 1		250,000	-	53,933	1,883,591	663,346	3,334,543	1,794,790	14,103,923	
Audit Exhibit 30							68,532	76,968	106,777	14,976
Computed ¹⁰	16,899,540	18,326,204	19,244,657	21,773,176	21,616,962	25,171,224	24,681,712	23,620,368	23,742,491	24,285,580
SAR Table 12	9,707,704	10,819,357	10,777,740	11,164,102	11,658,825	12,946,998	13,115,628	14,661,749	14,378,724	15,002,303
Audits: Exhibit 2	29,904,656	28,516,077	29,752,774	32,827,166	36,868,619	40,337,965	41,595,630	39,053,808	50,267,144	38,011,684
Computed	29,364,257	27,678,844	29,110,717	32,061,939	34,154,027	35,753,675	36,082,284	36,525,779	34,804,155	37,246,428
Audits: Exhibit 2	1,676,545	1,669,437	1,514,423	3,324,626	4,610,428	3,211,909	2,122,701	3,141,660	15,868,928	2,570,443
FY 07 Budget				53,933	200,330	3,267,212	1,494,912	81,768	654,449	-
Audits: Exhibit 2	1,366,663	1,372,114	1,356,963	1,535,036	1,460,100	4,011,771	3,766,858	3,950,058	4,087,218	4,496,325
Computed	26,861,448	25,474,526	26,881,388	27,967,504	30,798,091	33,114,285	35,706,071	32,062,090	30,310,998	30,944,976
Audit Schedule 1	14,075,089	14,487,261	16,017,466	18,805,731	20,114,087	21,204,013	21,016,153	21,466,035	22,062,946	22,025,645
Computed	57,55%	66.21%	66.11%	67.91%	63.29%	70.40%	68.40%	64.67%	66.22%	65.20%
Computed	56.09%	63.47%	63.10%	63.94%	61.79%	68.83%	66.91%	59.59%	63.00%	62.19%
Computed	68.97%	74.66%	67.29%	59.37%	57.96%	61.06%	62.41%	68.30%	65.17%	68.11%
Computed	7,440	7,953	8,001	8,143	8,654	9,062	9,381	8,917	9,348	9,661
Computed	9,185	9,582	9,303	9,150	9,407	9,539	9,875	9,289	9,348	9,565

1 Excludes Non-Regular day school (preschool, programs, afterschool programs, summer, adult), facilities, food service, debt service. Includes 50% Joint Administrative Serv/ces.
 2 Bond funded expenditures are expenditure of bond proceeds (excluding interest), which can occur over several years subsequent to receipt of these proceeds. Some estimation required due to differences in accounting measurement focus.
 3 Noncategorical Revenue includes: General Property Taxes, Other Local Taxes, Revenue from Use of Money, & PPTRA. Large accounting change due to PPTRA in FY 06.
 4 A portion of School expenditures, and therefore total County expenditures, results from discretionary grants and donations. This portion is larger in the later years of this schedule.
 5 CPI - Bureau of Labor Statistics. 2012 estimated. All on calendar year basis.
 6 Superintendents Annual Report 1990 through 2010, and 2011 unaudited (minor variances with County Audits noted).
 7 Original FY 12 Budget.
 8 Clarke County Financial Reports FY 90 through FY 10; FY 11 unaudited.
 9 In FY 01 \$480,000 interest on bond proceeds was used to reduce the local transfer for school debt service.
 10 Computed by taking SAR Table 13 Total Expenditure less SAR Table 13 Food Services, less computed BFE, but adding back the amount transferred from School Operations to Food Service.
 11 There was a single capital projects fund in FY 93 - 96. SAR facilities expenditures are adjusted to reflect school expenditures in this fund.
 12 SAR Table 13 combines operational technology and capital technology expenditures into single category. This new category not shown to retain historic consistency.
 13 Table 13 states EOY ADM as 2172.19, which appears to be an error.
 14 The Original FY 12 Budget includes \$247,227 of carryover from prior years as a source of funding for the School Operating Fund.