



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: October 19, 2018

The agenda packet includes a proposal from BS&A Software for the licensing of new software, conversion from existing software and training associated with moving from FundBalance software for various accounting applications to BS&A applications.

At one time, FundBalance was a very popular software choice for smaller municipalities in Michigan. Now only a handful of them are still using the software. I have previously reported that the use of FundBalance applications, because they are not being upgraded in any significant way, leads to significant inefficiencies in our financial operations. Council previously authorized moving from FundBalance to Kronos for payroll, a change that contemplates contracting for payroll processing services. The conversion of the other applications is necessary to achieve similar improvements.

You might recall that the City already uses BS&A applications for assessing, property tax administration and building permit management. We have found their software to be well designed, particularly in the way in which applications communicate with one another, and their support is excellent. We believe it makes sense to have the remainder of our financial applications as part of the same ecosystem. Similar recommendations have been made to us by both our IT consultant and our accountants Rehmann Robson.

BS&A has significant experience in converting users of FundBalance to their applications. We learned this week, for example, that they have converted 200 customers from FundBalance for utility billing, for example. As the proposal indicates, that conversion will capture up to ten years of data already in our system.

You will see that the proposal addresses costs in six areas: 1) purchase of the applications; 2) data conversion and setup; 3) project management; 4) implementation and training; 5) hardware; 6) annual license fees. The first four of these are costs that would be incurred in the current fiscal year. We are uncertain at this point which, if any of the hardware costs will be incurred and will be

evaluating their need as we move forward with implementation. The annual license fees, as noted, would be incurred beginning in the 2019-20 fiscal year.

Conversion to BS&A financial applications was planned for the current fiscal year. In reviewing the adopted budget, however, it appears that I neglected to include a request for the \$42,000 we would incur this year. I apologize for this oversight. Due to actions in other areas leading to cost reductions, I would not expect this expenditure to significantly alter total general fund expenditures at year end. More importantly, it is essential that we move forward at this time in order to realize the productivity improvements we would like to achieve beginning July 1, 2019.