



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES
December 2 2010
3:00 p.m.**

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Greg Anderson (Chair), Joe Andrews, Thomas Martin, Marcella Lowe

Guests: Kevin Holzendorf and Eric Nagel – Information Technologies Department

The meeting was called to order at 3:00 p.m. by Chairman Anderson who gave a brief overview of the committee's work with regard to the City's FAMIS accounting system and its meeting last month with City Treasurer Mike Givens and Comptroller Kevin Stork. Mr. Anderson introduced Kevin Holzendorf, Director of the Information Technologies Department to make a presentation on ITD's plans to replace the system.

Mr. Holzendorf stated that the planned replacement of the FAMIS system is only one part of a larger effort by ITD to examine "transformational technology" for the City. The purpose of the effort will be to determine how changes in both technology and the business practices of the city can lead to greater efficiency and effectiveness in service provision. ITD is a facilitator rather than a driver of the process, which will be led by the City's operating departments.

Eric Nagel explained that the City's goal is to do Enterprise Resource Planning (ERP) to develop a system that integrates all internal operational functions (payroll, accounting, budget, human resources, etc.). Everything should work together seamlessly and feed information from one function to the others as needed. He stressed that this is *not* an ITD initiative – it's a complete transformation of how the City operates internally. In response to a question about where this type of effort has been tried and failed, Mr. Nagel cited the city of San Diego where a multi-year, multi-million dollar effort has stumbled and had to be re-started with different contractors.

An RFP has been issued, responses received, and the City is currently negotiating with a company to move the FAMIS software from the City's servers to hardware in a remote data center and get the system operating on more stable, reliable hardware than the City's old servers. A second RFP will be going to the Professional Services Evaluation Committee soon and will be issued after the first of the year to hire an ERP consultant who will identify all of the City's technology needs and service provision options. Once that is complete then there will be two more RFPs – one to procure the new solution system (whatever that may be) and the other for system integration services to implement the new solution system and provide the change-over from the current systems. The ERP consultant hired through the second of the four RFPs will guide the City's efforts through steps three and four and will provide oversight and advice along the way to maximize the success of the program.

The \$2 million allocated in the current fiscal year is for the shift of the existing FAMIS software to operation from the remote data center. The total cost of the remainder of the process is unknown; it will depend on what the consultant finds, what system options are available, and how far the City wants to go in remaking its business processes. Experience both in Jacksonville and elsewhere has shown that complete transformation of business systems is vital in making this effort successful because it is important to use the vendor's off-the-shelf system with as little customization as possible. The base package has been tested by and is supported by the vendor. Customizing features and demanding changes from the standard package involves extra time and expense and a much greater chance that something will go wrong and not function as designed. It will be incumbent upon the City to change its processes to match the requirements of the software package rather than demand that the software be customized to fit the particular quirks of the City's operations.

Mr. Holzendorf cautioned that national experience with these kinds of transformations indicates that there will be considerable pain involved in the implementation process because of this need to change processes to fit a standard model. There will undoubtedly be resistance and push-back, but change is necessary. The entire process could take four or five years from start to finish. He reiterated several times that FAMIS is a powerful accounting package and is doing a good job at what it does. The problem is the limits in its functionality and user-friendliness. What is needed first and foremost is more reliable software to house the system and that is being taken care of by the first RFP. The consultant will help the City decide from there what changes need to be made, what can stay, and what has to go.

In response to a question about just replacing the FAMIS system and leaving all the other software packages in place, Mr. Holzendorf indicated that might be an option, but the consultant will help judge whether that's a viable solution or not. One option might be to use Oracle as the foundation for all the City's computer applications (FAMIS for accounting, Oracle for human resources, JAXPRO for procurement, and BPrep for budget preparation), as it is the system currently used for our human resource system and has modules for other financial functions. Or the consultant might determine that another system is better and it would be best to migrate the HR function away from Oracle. The City could probably do this analysis in-house, but there will be more trust in the recommendations of a neutral, expert third party.

In response to a question about multi-year contracting for lengthy, complex projects like this, Mr. Nagel indicated that most of the City's IT contracts are one-year contracts, or multi-year contracts with annual opt-out provisions. When the time comes to move from the current systems to whatever the new system solution may be, the City will transition into month-to-month contracts with the current vendors in order to make the transition as cost-effective as possible. He also stated that ITD currently supports approximately 30 separate interfaces for FAMIS with other systems and agencies that feed it information. When the City moves from FAMIS's system query language (SQL) to a newer Windows-based, point-and-click system then ITD can stop writing custom data queries and managers can search information from their desk.

In response to a question about why FAMIS was not replaced years ago if it was recognized that it was based on outdated technology, Mr. Holzendorf speculated that the anticipated cost and operational disruption of changing out the system may have made it easier to opt to keep the known and working system rather than take a chance on a new but unknown system. Making this change in the future may be somewhat easier since the focus is on a complete business transformation and not just on replacing hardware and software to keep doing the same thing we've always done. New technology may present opportunities for substantial cost savings and service improvements which the City needs to pursue in tough economic times. Once we bite the bullet and make the changeover then the benefits will become more apparent. Keep in mind that we will then need to keep up with hardware and software updates so as not to get hopelessly behind the times again.

There being no further business, the meeting was adjourned at 3:54 p.m.

Jeff Clements, Chief
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5:00 p.m.