



# Memorandum

**TO:** Public Safety, Finance and  
Strategic Support Committee

**FROM:** Stephen R. Ferguson  
Chief Information Officer

**SUBJECT:** SEE BELOW

**DATE:** March 4, 2010

Approved

Date

3/6/10

**SUBJECT: REPORT ON ENTERPRISE AND BUSINESS APPLICATIONS –  
PRIORITY PROJECTS**

## RECOMMENDATION

It is recommended that the Public Safety, Finance and Strategic Support Committee accept this report on Enterprise and Business Applications – Priority Projects.

## BACKGROUND

At the September 3, 2009 Public Safety, Finance and Strategic Support Committee meeting, the Information Technology Department (ITD) presented an update of Enterprise and Business Applications. This memorandum provides the Committee with an update on the current activities of priority projects still in progress.

## ANALYSIS

### Integrated Billing System

The Integrated Billing System (IBS) provides staff with management tools to oversee annual revenues approaching \$250 million. In addition, it is estimated that the City responds to over 350,000 citizen and customer calls per year with the aid of this application. The system provides invoicing and revenue management capabilities for the Recycle Plus, Municipal Water, and Storm Water and Sanitary programs, as well as customer relationship management for these programs and the City's Customer Contact Center. In late 2008, the IBS platform was successfully extended to encompass invoicing and revenue management capabilities for the City's Business Tax program with annual revenue of approximately \$16 million.

### *Recent Activities*

The IBS team has worked collaboratively with ESD Integrated Waste Management (IWM) and Finance Departments on many key business objectives. Recent activities include the following:

- *Zero Waste Pilot Programs:* To support the City's Green Vision, IWM launched the first of three pilot programs in November 2009. The primary objective of these pilot programs was to determine the best approach for the City to eventually achieve "Zero Waste." The information gathered from these pilot programs will help to formulate the City's IWM vision and also shape future IWM contracts with the City's haulers. Up to 15,000 households within the City may be involved in these pilot programs. IBS team members worked collaboratively with staff from IWM, Finance, and the Customer Contact Center to understand detailed business requirements prior to technical systems design, development, and configuration work. Additionally, significant effort was expended on data clean-up and reporting. All IBS changes were successfully put into production to support the first pilot program "go-live" in November 2009.
- *Banking Services Transition:* Staff has completed Phase 1 of the banking services transition from UBOC to Wells Fargo. For the IBS function, key services that were successfully transitioned include lockbox payments (check payments) and customer Automated Payment Services (APS) for utility bills. Additionally, on-line utility payments that are processed through third party vendors have transitioned from UBOC accounts to Wells Fargo accounts.

### *Currently in Progress*

IBS team members are currently focused on the following business priorities:

- *Zero Waste Pilot Programs:* The second Zero Waste Pilot Program went "live" on March 1, 2010. IBS team members have been working with ESD IWM staff and the Customer Contact Center to complete systems configuration and data cleanup activities. Additionally, several reports have been created to provide pilot-related information to the Zero Waste Pilot Program business teams.
- *Hauler Negotiations:* The City's contracts with haulers are scheduled to expire in mid-2013. ESD IWM is currently in negotiations of existing contract with haulers. IBS team members have and will continue to support these negotiations by providing queries and reports in response to information requests from IWM staff.
- *Annexations:* As with past years, new annexations have to be entered into the IBS system so that Recycle Plus services for these parcels can be properly started and invoiced. IBS team members will continue to work with ESD contract managers, the Contact Center, and the haulers to process approximately 900 annexations by the May 2010 deadline. It

is anticipated that significant efforts will be needed for data cleanup as part of this annexation process.

- *Water Conservation Program:* The Muni Water Conservation Program was implemented in August 2009. The IBS system was enhanced to identify, track, and adjust customer water usage budgets, to notify customers regarding their water usage budgets via letters, to provide water savings or excess usage information on bi-monthly billing statements, and to produce key reports and queries for Muni Water management. By July 2010, the Water Conservation Program will be continued, expanded, or terminated. In all scenarios, configuration and/or development work will be needed for the IBS system. IBS team members will continue to work with Muni Water management to understand upcoming business requirements in this area.
- *New Interface with San Jose Water:* San Jose Water has been providing the City with an interface file with water usage information for all San Jose Water customers. This water usage information, along with similar usage information from Muni Water, is critical to the Storm and Sewer billings which represent revenue in excess of \$140 million for the City. San Jose Water is in the process of replacing and upgrading their billing system and will no longer be able to provide to the City the interface file in its current format. San Jose Water has agreed to provide a new interface file from their new billing system, providing an opportunity to revamp the interface so that it can be processed more efficiently by the City's systems. IBS team members will begin work with San Jose Water to define this interface in the April 2010 timeframe. Deployment is expected in August 2010.
- *Banking Services Transition:* Staff has begun Phase 2 of the banking services transition. This includes the acceptance of credit card payments for lockboxes and the transition of Internet Banking Services from UBOC to Wells Fargo. Internet Banking Services represent payments made by customers using their personal online home banking capabilities. Currently, customers are able to use online home banking to pay the City for utility bills only. In addition to transitioning the Internet Banking Services provider to Wells Fargo, the City is also looking to expand these capabilities so that additional types of payments (such as for animal care, traffic citations, permits, etc.) are available to customers who choose to make payments to the City using their banks' online payment services.
- *Infrastructure Optimization:* As part of an overall objective to reduce IT operational costs, staff will be working on completing a project to migrate the IBS platform to run less expensive hardware. This is one element of a greater ongoing effort to reduce costs in a number of areas including hardware, software, licensing and any others that will result in a hard cost savings.

## HR / Payroll

The HR/Payroll system provides staff with the management tools to oversee a workforce of over 7,000 employees and an annual employee payroll of approximately \$600 million.

### *Recent Activities*

- *Banking Services Transition:* As noted earlier, ITD and Finance worked collaboratively to handle the transition of banking services from UBOC to Wells Fargo. In September 2009, direct deposit payroll interface files and bi-weekly paychecks were successfully transitioned to Wells Fargo on schedule.
- *Fair Labor Standards Act (FLSA) Program Changes:* FLSA modifications were put into production in December 2009. These enhancements are needed for the HR/Payroll system in response to OER requirements to handle different types of FLSA generated for Local 230 that are related to Retirement compensation.
- *City Auditor's Benefits Audit:* Per recommendations of the Benefits audit, changes were made to the HR/Payroll system to allow broker fees to be separated from the health premiums sent to providers. This allows the City to pay the broker fees directly, eliminating any conflict of interest. Previously, providers would extract the broker fees from the premiums and submit payment to the brokers.
- *Paycheck Stub Printing:* As a cost-savings measure and to support the City's Green Vision, the City has discontinued the printing of paycheck stubs. Employees who require a paycheck stub can still go online and print a paycheck stub via eWay. While paycheck stub printing via e-Way has been working for the vast majority of City employees, there are still City employees who are unable to do so. While employees located at City Hall, Central Service Yard and the Police Department are able to print pay stubs, employees who access eWay via the Nortel VPN are still experiencing problems. Technical teams are currently working on this issue and expect to have a resolution soon.

### *Currently in Progress*

The HR/Payroll team is currently engaged in the following areas:

- *Automated Benefits Billing Interface:* The implementation of this interface will improve productivity by providing an automated interface between the HR/Payroll system and the RevPlus system to invoice Leave of Absence medical premiums.
- *City Auditor's Benefits Audit:* ITD will continue to work with HR to address recommendations that require systems modifications and enhancements. ITD is currently reprogramming the Benefits eligibility interfaces and reports to allow for improved auditing capabilities.

- *HR/Payroll Application Upgrade:* The City's HR/Payroll system is based on the PeopleSoft HCM Platform, version 8.9. This version will soon reach end of support. Staff has been working to evaluate upgrade options and associated budget requirements.

### **Finance Systems**

The Financial Management System (FMS) used in the City is based on the Cayenta Financial Management Applications Suite. Initially installed in 1989, FMS has been in use for over 20 years in the City, and ITD staff is tasked with the responsibility of maintaining the viability of this system.

RevPlus is the Accounts Receivable (AR) application that is used by the Finance Department to handle the collections process. RevPlus was enhanced in 2009 to facilitate migration of the obsolete Admin Citations application off the now decommissioned VAX platform.

#### *Recent Activities*

As noted earlier in this memo, Finance and ITD staff worked collaboratively to successfully complete Phase 1 of the Banking Services transition to Wells Fargo. Accounts Payable checks were transitioned in late 2009. Additionally, staff is now in the final stages of implementing changes for payee validation which should improve overall security, control, and fraud protection for the accounts payable process.

Another recent accomplishment is the implementation of new 1099 interface requirements with the IRS. In order to comply with new IRS requirements, staff implemented new file layout changes for the 1099 data transmissions to the IRS. This project is now entering the final stages of end-user testing, and is expected to be deployed to production shortly.

#### *Currently in Progress*

Staff is currently focused on the following initiatives in the Finance Systems area:

- *Banking Services Transition Phase 2:* ITD and Finance team members are working to implement electronic disbursements to the City's vendors. This should further improve overall security and control for the City's payment process and system.
- *FMS Version Upgrade:* The current version of FMS, Cayenta 7.3, reached end of support in 2009. Staff is currently developing a comprehensive recommendation and plan to upgrade to Cayenta version 7.5. A funding source for this project has not been identified.
- *Migration of Critical Reports:* Many key FMS reports were developed years ago using obsolete and difficult to support tools (COBOL). To ensure on-going viability and support of these critical reports, staff has embarked on a project to migrate these key reports from COBOL to the Crystal platform. Thus far, approximately 15% of the critical

reports have been migrated. Staff anticipates completion of this project by the end of third quarter, 2010.

### **Budget Systems**

The City's budget system is a collection of modules that automate many of the processes used by the City Manager's Budget Office and City departments to develop the annual budget and publish the numerous budget documents. These systems were developed by internal City staff using Oracle database and tools. There are six key modules including the Automated Budget System (ABS), Capital Automated Budget System (CABS), Proposal Database System (PDS), Mid-year/Annual Report System, Ordinance system, and Fees and Charges System.

#### *Recent Activities*

Staff has continued to deliver critically needed support and enhancements for the budget systems. Recent activities include the following:

- *Platform Support Improvements:* The budget system modules were developed at different times and on different operating system platform versions. Inconsistencies in the environment often make development and support difficult. Staff completed a project in October 2009 to consolidate all modules to a single platform and software version. This enhances the ability of staff to most effectively and efficiently support these modules.
- *Deployment of Systems Enhancements:* The last set of budget system enhancements completed development and underwent testing in May 2009. Staff completed production migration activities, and enhancements became available to users in the production environment in October 2009.
- *On-going Systems Enhancements for 2010-2011:* To support the Budget Office's new requirements for 2010-2011, staff has processed more than 20 service requests to date. The following are some key enhancements that have been delivered:
  - Overhead calculations - the ABS system now provides automatic calculation of overhead costs and transfer to the General Fund, reducing the need to manually calculate overhead in budget proposals
  - Refined calculations - the system has been fine-tuned to ensure accurate current and ongoing position costs and savings
  - New fields (end date, competition checkbox, program prioritization level) - new data fields, along with new reports, are now available to facilitate the analysis of budget proposals
  - New fields (Restore checkbox) - new data fields, along with a management reports, have been implemented to facilitate the restoration of previously rejected budget proposals

### *Currently in Progress*

Staff continues to work closely with the Budget Office to provide support and functionality as required for the 2010-2011 budgeting cycle and beyond. Staff is currently working on new management reports to help address this year's budgeting challenges. While staff is using a disciplined approach and prioritizing work, it should be mentioned that resources are limited and there are additional requests in queue. The following are two requests that are in the initial stages of requirements analysis:

- *Spell check capabilities:* Staff is currently evaluating 3<sup>rd</sup> party spell check tools that can integrate with the City's Budget modules.
- *Enhanced publishing capabilities:* Although the City's budget modules do an adequate job in producing the needed output for the City's budget books, the budget modules do not provide full-fledged desktop publishing features. In particular, the Budget Office expends significant time and effort in formatting and transforming the budget system outputs into the final budget document. Staff is currently researching desktop publishing tools that can improve the efficiency of the budget document preparation process.

### **Enterprise Content Management**

Enterprise Content Management (ECM) includes technologies to capture, manage, store, preserve, and deliver content and documents related to organizational processes. Two primary functions of ECM are to provide electronic document management capabilities and web content management.

While ITD sees a great value to implement an ECM for this organization, the current economic environment has proven difficult to take on new projects and the funding was cut for a Citywide ECM implementation. ITD is completing existing projects and for the most part, unable to enter into new projects.

- *Request for Proposal (RFP) for Consultant Services for the Selection of an Enterprise ECM:* The ECM Consultant Services contract was awarded to iMerge Consulting, and work began in September of 2008. Requirements have been gathered using comprehensive surveys to collect information from department subject matter and technical experts. Data collection and fit gap analyses have been completed. The final report identifies numerous benefits to the City including potential savings; however, funding and resources are not currently available for implementation. The scope of the contract was reduced during the project to delete the portion that assisted the City in preparing specifications for an ECM Request for Proposal.

## Online Permits System

The Online Permits System used in the City of San José is based on CSDC Systems' AMANDA software. The online permits application facilitates the management and administration of approximately 30,000 permits per year, representing approximately \$60 million annually. The system provides online permitting and retrieval capabilities for development services including Planning, Building, Fire and Public Works permits.

At the end of November, three staff positions funded by the IDTS program were eliminated. As a result, primary technology support activity for Online Permits is simply focused on operational efforts in order to "keep the lights on."

### *Recent Activities*

- *Operational Enhancements to the AMANDA Permitting System:* During the last reporting period, enhancements were made to the Multiple Housing functionality, streamlining the fee and payment processes which produce approximately \$3 million in revenue. A billing cycle was successfully completed this period during which time payment functionality issues were addressed and the system was stabilized.

### *Currently in Progress*

Staff continues to engage in efforts to effectively support the Online Permits system as well as meet the critical need of the organization. However, as a result of the three Midyear position eliminations, ITD no longer has the capacity to provide enhancements such as Mobile Inspection and Electronic Plan Review.

- *Workstation Environment Migration:* A plan to migrate AMANDA to a terminal services environment has been developed. This environment will allow for central deployment of the AMANDA application which will reduce operational costs and provide for performance improvements.
- *Permits Online Web Server Migration:* Migration of Permits Online to the Citywide web server will provide a redundant and more reliable environment as well as allow for the leveraging of resources. A test environment which mimics the Citywide web server environment was successfully completed. Additional work remains to complete migration to the Citywide production environment.

## Conclusion

The City's current fiscal limitations obviously pose significant challenges both to the City and to ITD. One of the greatest challenges in times of reduced resources is making sure that the limited dollars we have to invest in business systems and IT Infrastructure are invested in projects that generate the greatest value for the largest segment of the organization.

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**Subject: Update on Enterprise and Business Applications**

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Management Partners recently completed an "Information Technology Optimization Study." The overall purpose of the study was to examine how IT services are funded and delivered in San José. Management Partners concluded that in addition to underfunding and understaffing of IT, the decision-making processes that determined priorities and investment choices for IT were ineffective.

Management Partners recommended the development and implementation of a new IT Governance structure designed to improve IT governance Citywide. City administration has developed a governance charter for an oversight organization called the Technology Leadership Council (TLC). Under the new IT governance structure, the TLC will play an integral role in recommending IT investment priorities to the City Manager through the budget development process.

The level of funding and personal resources for ITD continues to reduce substantially and additional reductions are expected again in Fiscal Year 2010-2011. Consequently, the department will necessarily focus on daily operations, enterprise systems, and the prioritization of short-term enhancements that can lighten the operational load in the near term. ITD is proactively consolidating lines of service in efforts to minimize downtime for users as reductions continue to be realized.

  
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If you have any questions, please contact Steve Turner, Deputy Director of Business Applications at 793-6971.