



MEMORANDUM

TO: Whatcom County Council
Satpal Singh Sidhu, County Executive

THROUGH: Kayla Schott-Bresler, Deputy Executive

FROM: Brad Bennett, Finance Manager
Perry Rice, IT Manager *PJR. BB*

RE: Financial System Software Upgrade Project Status

DATE: May 21, 2024

Whatcom County is in the process of upgrading our current financial system software from Oracle JD Edwards World to Oracle JD Edwards EnterpriseOne. This memo provides a project background, implementation status, current timeline, budget review and project phases.

Project Background

The County implemented our current financial system software (Oracle JD Edwards World) in 1994. The system has served us well over the years, but the software is end-of-life. It is running on outdated technology and is a text-based system that is not user friendly.

In 2018, County Council adopted Ordinance 2018-049 establishing the Financial System Software Fund and associated project-based budget to upgrade or replace the current system. County Council also provided \$1,750,000 of initial funding to begin the project.

In 2019, a project team was assembled and issued Request for Proposal (RFP) #19-62 and selected a consultant (Soft Resources) to assist the county plan for the replacement or upgrade of the current system.

In early 2020, Soft Resources performed a needs assessment by meeting with representatives of all county departments. After reviewing Soft Resources reports and findings, the project team determined that upgrading the current Oracle JD Edwards World software to the newer Oracle JD Edwards Enterprise One software would be the most viable option.

In 2020, the project was interrupted by the COVID-19 Global Pandemic for a period of two years.

In 2022, the project team re-assembled and RFP #22-22 was issued for a JD Edwards implementation consultant to assist with an upgrade to JD Edwards Enterprise One. A selection committee of staff from Finance, Human Resources and Information Technology identified iKW Solutions, Inc. (iKW) as the finalist. Staff from the Executive's Office, Treasurer's Office and Public Works Administration endorsed the recommendation. Whatcom County entered into a \$1,225,975 consulting services contract (#202211028) with iKW at the

end of 2022. The contract that was entered into with iKW included a stage to discover and further define the requirements to help solidify the project scope. It was anticipated that additional project phases and contract amendments would be needed to successfully complete the project.

In the 2023-2024 Biennial Budget, Council approved an additional \$1,604,000 be added to the Financial System Software project budget in 2023 based on revised cost estimates that the project team gathered during the RFP process.

Project Implementation Status

In early 2023, Whatcom County and iKW kicked off the project, performed an assessment, gathered requirements and developed a preliminary design.

During the requirements process, the following items were discovered that added to project scope:

- Chart of accounts needs to be reorganized to take full advantage of the new software and to resolve a number of current issues
- Chart of accounts reorganization changed the project approach from a migration to a new install. Custom scripts are needed to populate the new system with our data.
- Enhance accounting capabilities for cash and investments
- Enhance accounting capabilities for junior taxing districts
- Implementation of a new module is needed to improve grant accounting
- New report writing software is needed to successfully reproduce reports in the current system that were created with end-of-life tools
- Custom development is needed to reproduce complex forms for payroll and purchasing
- New sophisticated electronic time entry software is needed due to our complex timekeeping requirements

Given our timeline and limited staff resources, it was also determined that the project team needed to narrow the current project focus to “Go Live” critical items. Other improvements such as budgeting software, accounts payable automation, advanced purchase order approval routing, and integration with Public Works fleet and asset management would need to be planned for a future project phase.

In the summer of 2023, Whatcom County and iKW began building and configuring the new system based on the requirements identified earlier in the year. The team started to build the server infrastructure in the Oracle cloud, but after a brief pilot we found that it would be more cost effective and take less time to use on-premise servers. The Oracle cloud also presented unanticipated software licensing issues. The sophisticated computer server infrastructure (database, application, web and reporting servers) was then purchased, setup and the new Enterprise One software was installed. Early in the project we also experienced software licensing challenges to protect our historic investment in the EnterpriseOne software.

Combined teams of Whatcom County and iKW subject matter experts then began the process of configuring the Enterprise One software modules such as:

- Human Resources \ Payroll
- General Ledger and Reporting
- Purchasing and Accounts Payable
- Treasurer Special Districts and Investments
- Grant Job Cost and Accounting
- Fixed Asset Management

In the fall of 2023, it was determined that it was not feasible to complete the system configuration and fully test it prior to the end of 2023. A new target Go Live was established for the end of 2024.

In the early 2024, we worked with iKW to further delve into and finalize the project requirements, scope, revised timeline and additional budget needed to complete the core project by the end of 2024. We also advanced the configuration of various EnterpriseOne software modules. Recently we procured, setup and completed training on the ReportsNow reporting software critical to having reports ready for Go Live.

Project Timeline

The following revised timeline for Phase I of this project is shown below.

	Year 2024												Year 2025		
	April	May	June	July		August		September		October	November	December	January		
Project Management	Plan for 2024 Go Live		Prep UAT1	Prep UAT2		Prep UAT3		Prep Train				Prep Go-Live	Support Go-Live		
General Ledger and Reporting	Build - Configuration, Build Reports, Development, Menus, Unit Testing			UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff		Training Prep	End User Training	Cutover Prep	Go-Live	Post Go Live Support	
Treasurer				UAT-World Tasks	Rework	UAT-Bank Rec, etc.	Rework	UAT-Signoff							
Purchasing and Accounts Payable				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Human Resources and Payroll				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Grant, Contract and Job Cost						UAT-Grants/Job Cost	Rework	UAT-Signoff							
Cash Receipts and Receivables				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Fixed Assets Management				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Budget Management				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Fleet Support				UAT-World Tasks	Rework	UAT-Report	Rework	UAT-Signoff							
Technical System Support				System Support	R24 Upgrade		UAT Support		UAT Support						

Key to Remaining Project Stages
Stage 2 - Planning
Stage 4 - Build, Configure, and Unit Test
Stage 5 - User Acceptance Test (UAT) including Cut-over
Stage 6 - Train and Go-Live
Stage 7 - Support Go-Live Effort
Stage 8 - The Live Environment

iKW Contract Status

The current contract with iKW has less than \$100,000 remaining as of April 30, 2024. iKW has provided an estimate that an additional \$711,825 in consulting resources will be needed to assist Whatcom County complete the Phase I configuration of the system and to perform extensive user acceptance testing over the next six months. A summary of the estimated additional consulting effort is shown below.

Forecasted Effort and Costs to Complete Project Through User Acceptance Testing Stage

Functional Role	iKW Consultant	Rate	Estimated Hours	Estimated Functional Costs	Estimated Technical Costs
Functional Consultant - GJC (Grant, Job Cost and Contract)	Amy Wellman	\$175	400	70,000	
Functional Consultant - R2R (General Ledger & Reporting)	Amy Wellman	\$175	90	15,750	
Functional Consultant - CRR (Cash Receipts & Receivables)	Amy Wellman	\$175	200	35,000	
Technical Consultant - TE1 (Technical System Support)	Andrew McClure	\$175	564		\$98,700
Functional Consultant - BPC (Budget and Position Control)	Bill Frisco	\$175	100	\$17,500	
Functional Consultant - SDI (Treasurer Special Districts & Investments)	Bill Frisco	\$175	160	\$28,000	
Functional Consultant - TDV (Treasurer Special Districts & Investments Technical)	Bill Frisco	\$175	160		\$28,000
Functional Consultant - R2P (Purchasing and Accounts Payable)	Bill Frisco	\$175	80	\$14,000	
Functional Consultant - TDV (Purchasing and Accounts Payable Technical)	Bill Frisco	\$175	90		\$15,750
Functional Consultant - HRP (Human Resources and Payroll)	Buffy Dorpinghaus	\$175	350	\$61,250	
Functional Consultant - TDV (Human Resources and Payroll Technical)	Buffy Dorpinghaus	\$175	317		\$55,475
Project Manager - PMO (Project Management)	Dan Murphy	\$195	460	\$89,700	
Functional Consultant - FMA (Fixed Asset Management)	Thomas Grace	\$175	60	\$10,500	
Functional Consultant - AFM (Asset Management for Fleet)	Thomas Grace	\$175	100	\$17,500	
Functional Consultant - APW (Asset Management for Public Works)	Thomas Grace	\$175	0	\$0	
Technical Lead/Developer - TDV (Technical Development)	Lee Magness	\$175	649		\$113,575
Functional Consultant - R2P (Purchasing & Accounts Payable)	Thomas Grace	\$175	200	\$35,000	
Functional Consultant - TDV (Purchasing & Accounts Payable Technical)	Thomas Grace	\$175	35		\$6,125
			4,015	\$394,200	\$317,625
Total Estimated Costs				\$711,825	

The project team is working with the County Executive's Office to amend the iKW contract in the amount of \$711,825 to keep the project moving forward. Since Council approved this funding using a project-based budget, the County Executive has the authority to enter into planned Amendment 1 with iKW.

A summary of the iKW contract compensation with the planned Amendment 1 is shown below:

Contract Compensation Summary

Contract (#202211028)	
Consulting Services	\$1,075,975
Travel Expenses	\$150,000
Total Contract	\$1,225,975
Contract Amendment 1 (#202211028-1)	
Additional Consulting Services	\$711,825
Total Contract as Amended	\$1,937,800

It is anticipated that once the system is properly configured and thoroughly tested, additional iKW consulting resources will be needed in the fall of 2024 to assist Whatcom County with training, data population, report development and general support for a successful Go Live at the end of 2024.

The total funding in the Financial System Software project-based budget is \$3,354,000. The budget will have \$1,349,946 remaining after entering into the \$711,825 Amendment 1 with iKW.

Budget Review

The Financial System Software project-based budget was established by County Council in Ordinance 2018-049. In addition to the contract with iKW, the project-based budget has been used for a preliminary needs assessment by the SoftResources consulting firm, online training, computer software and computer hardware. An itemization of project-based budget revenue and expenses to date including the planned Amendment 1 with iKW is shown below.

The table below also includes a forecast of \$400,000 in iKW consulting resources that will be needed in a future contract amendment to complete the training, Go-Live and Post-Go Live support of Phase I.

Financial System Software Upgrade Project Budget			
<i>5/21/2024 - Prepared by P. Rice & B. Bennett</i>			
Revenue			
10/9/2018	Financial System Software Fund (375100) (Project Based Budget Established)	\$1,750,000	Council Ordinance AB2018-269
	2023 - 2024 Biennial Budget Additions	\$1,604,000	
		<u>\$3,354,000</u>	
Expenses			
	SoftResources Needs Assessment	\$47,885	2020 following RFP #19-62
	iLearnERP Online Training	\$17,408	2022, 2023
	RFP Notice - Bellingham Herald	\$58	2022
	RFP Notice - Daily Journal of Commerce	\$101	2022
	iKW Implementation Services	\$1,056,991	2022 following RFP #22-22
	Oracle Cloud Infrastructure Pilot	\$389	2023
	Computer Servers (6)	\$80,512	2023
	Microsoft Windows Server Software Licenses	\$7,740	2023
	Microsoft Visual Studio Software Licenses	\$2,164	2023
	Microsoft SQL Server Software Licenses	\$22,840	2023
	ReportsNow JDE Reporting Software and Training	\$56,141	2024
		<u>\$1,292,229</u>	
Current Balance			
		Balance	\$2,061,771
			Booked values as of 5/14/2024
	Planned Amendment 1 with iKW Solutions	Balance	\$711,825
			Configuration & User Acceptence Testing
		Balance	\$1,349,946
	Forecasted Amendment 2 with iKW Solutions		\$400,000
		Balance	\$949,946
			Traning, Go Live & Post-Go Live

Project Phases

The Financial System Software project is a large, complex and multi-year effort. The current phases of the project as identified at this time are shown below.

<p>Phase I: Upgrade Core System</p> <ul style="list-style-type: none">• Upgrade the Current Oracle JDE World to Oracle JDE EnterpriseOne Software• New Computer Hardware and Software Platform• New Reporting Software• Incorporate Treasurer's Office Cash Receipting• Incorporate Job Cost and Grant Accounting
<p>Phase II: Key Enhancements to Core System</p> <ul style="list-style-type: none">• New Electronic Time Keeping• Accounts Payable Automation• Basic Interface with Public Works Fleet Management• Managed Services to Assist County in Supporting the New System
<p>Phase III: Integration with Public Works</p> <ul style="list-style-type: none">• Improved Integration with Public Works Fleet Management System• Integration with a New Public Works Asset Management System