

MEMORANDUM

DATE: August 2, 2021

TO: Ted Corrigan, CEO and General Manager

FROM: Michelle Holland, Controller
Amy Kahler, Chief Financial Officer

SUBJECT: Financial Management System Replacement

Des Moines Water Works currently uses PeopleSoft Financials as our financial management system. This system provides the following functions:

- General Ledger
- Project Costing
- Accounts Payable
- Fixed Asset Management
- Cost Allocations
- Banking

There are integrations with our payroll system and Enterprise Asset Management (EAM) system for purchasing and inventory.

PeopleSoft Financials was implemented in 1999. Due to our utilization of activity-based costing (project accounting) and our public sector nature, the respondents at the time were large Enterprise Software providers like PeopleSoft and SAP. We last upgraded in 2005 to version 8.8. With support costs rising and the complication and cost of upgrading the system to later releases, we have stayed with this version. In 2009, we moved from Oracle support to a third-party support vendor, Rimini Street.

We've been using PeopleSoft for 22 years. Much like our previous customer billing system (CRM), PeopleSoft is running on versions of software that are no longer offered or supported by Microsoft. While the system continues to meet our needs, the sheer volume of activity that it has accumulated over this time has caused the system to slow and reach potential breaking points.

In May 2021, staff drafted a Request for Information (RFI) for a new financial management system. Information sought from this RFI included:

- Information – latest products, features, and functionality
- Affordability – costs to purchase, install, train, and maintain proposed financial system
- Technical Support – technical support information and associated costs

We invited 10 financial management software vendors to respond to our RFI. We received information from three vendors in response to the RFI, which we believe provides an adequate representation of the estimated cost.

From these responses, we have estimated approximately \$1.8 million of non-labor expenses for the 2022 budget, including licensing fees, implementation costs, consulting, and training. This is the cost for the full implementation. The most recent 5-Year Capital Improvement Plan (CIP) included a projection for the replacement of PeopleSoft in the amount of nearly \$4.0 million spread over two years (2022-2023). Based on the information received from the RFI, we believe it could cost about half the amount projected in the CIP.

If the project is approved as part of the 2022 budget, the next steps would be to draft a more formal Request for Proposal. We would like to have vendor presentations, tighten up the cost estimates, and determine a project timeline. By including it in the 2022 budget, we can hit the ground running in early 2022 to select a vendor, schedule the resources, and begin the project.