



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: February 19, 2010

REPORT NO:

ATTENTION: Rules Committee and Audit Committee

SUBJECT: Report from the Financial Management Department Regarding OneSD  
(ERP) Project Update

REFERENCE:

REQUESTED ACTION:

This is an Informational Report only.

STAFF RECOMMENDATION:

None.

SUMMARY:

This report provides the Council Committees with a status update of the OneSD Project, including the project budget, schedule and contract scope. In addition, SAP functions and related benefits to the City are described.

Budget Update:

The OneSD project expenditure projections remain within the current allocation amount. The table below reflects the OneSD project funding allocation by source, including expenditures through Period 6.

<b>OneSD Funding Allocation by Source</b>	<b>Allocated Amount</b>	<b>Expended Through Period 6</b>
Capital – IBM Global Finance (lease purchase)	\$37,000,000	
Capital – FY09 Appropriation	\$1,000,000	\$37,464,145
Operational	\$6,820,172	\$5,187,777
SDDPC	\$6,972,000	\$5,373,528
<b>Total</b>	<b>\$51,792,172</b>	<b>\$48,025,450</b>

Note: The SDDPC allocated amount includes the addition of \$800k from SDDPC's FY09 surplus.

**Definitions:**

Capital: used for integration vendor contracts, hardware, software, other consulting, most City and SDDPC labor

Operational: used for data cleansing and conversion, end-user training, debt service, SDDPC network, data center, and some City and SDDPC labor

Schedule Update:

The OneSD project successfully completed the implementation of Finance and Logistics (FILO) on July 1, 2009; Public Budget Formulation (PBF) on December 15, 2009; and Human Capital Management (HCM) in December 2009, with the first SAP-originated paycheck generated on January 8, 2010.

The Accounts Receivable (A/R) implementation is scheduled for March 1, 2009. The Blueprints/requirements have been confirmed, the configuration of the system is complete, and the project is currently in its second of three test cycles. The A/R module selection was based upon the results of the SAP Roadmap effort, which identified a City-wide A/R solution which would be integrated with the future implementation for water and utilities billing and customer service processing.

The eRecruitment function, which is comprised of recruitment, evaluation, certification, and selection, is scheduled for deployment in the fall of 2010. This component is part of the current OneSD SAP project budget and is funded.

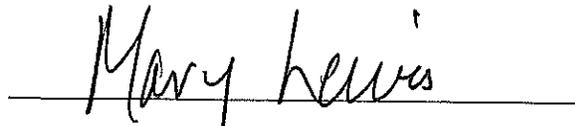
### Current Status of SAP in the City:

- We replaced 206 separate legacy programs and systems by implementing FILO and HCM .
- Through our data cleansing and conversion effort, we found and released \$2 million in funds previously allocated to invalid purchase orders lingering in our old outdated systems.
- Under the old systems, if we owed a vendor money for more than one kind of service, we would print one check per service, now we combine payments into one check. We expect a 50% reduction in the number of checks we will actually have to print and mail.
- We can now enter “date effective” information for payroll – this is a new feature. Previously, forms and data would accumulate because we were unable to enter the information until the new payroll period started. Now we can enter that data as soon as we receive it which enables us to better control our internal work flow and staffing allocations.
- We can run payroll simulations now; we couldn’t do that before. We can see the effect of a payroll change for an employee before we cut the check. This will greatly reduce the number of manual checks and payroll corrections we will have to process.
- With the business warehouse, we have immediate access to reconciled financial data that supports our values of transparency and accountability in Financial Management.
- With the implementation of Public Budget Formulation (PBF), the City will be able to make more informed and accurate budgeting decisions. The additional functionality allows the City to budget and track expenses and revenues from a programmatic perspective. Additionally, full system integration with the Finance and HCM modules allows more immediate analytical reporting capacity.

(It should be noted that during the initial implementation of PBF in January 2010, several technical issues were experienced by the end-user. The City worked closely with SAP to diagnose the problems and apply technical solutions to address the PBF issues that departments were experiencing. SAP global and local representatives continue to be on-site to monitor the system and assist the City in resolving any PBF issues that may arise.)

- Previously, there were many manual reconciliation and processing steps in our old financial systems. Last quarter, we identified 6,750 manual steps that we no longer had to perform due to the SAP implementation.

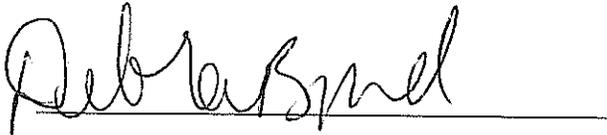
Respectfully submitted,

A handwritten signature in cursive script that reads "Mary Lewis". The signature is written above a solid horizontal line.

Mary Lewis  
Chief Financial Officer  
OneSD Project Sponsor

A handwritten signature in cursive script that reads "Nader Tirandazi". The signature is written above a solid horizontal line.

Nader Tirandazi  
Financial Management Director

A handwritten signature in cursive script that reads "Debra Bond". The signature is written above a solid horizontal line.

Debra Bond  
OneSD Project Director

Attachment 1 – Deliverables List:

The following charts list the deliverables identified in the SAP SOWs, the associated payment amounts, and an indication of the deliverable status.

Phase I - Finance/Logistics				
Date	Accepted	#	Milestone Deliverable Description	Amount
Jan-09	Y	I.1.1.2	Project Preparation Deliverables Analysis Memorandum	\$500,000
Feb-09	Y	I.1.3	Revised Project Plan	\$750,000
	Y	I.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
	Y	I.2.3.5	Validated Business Blueprint	\$500,000
Mar-09	Y	I.3.5	Completed Unit Test	\$750,000
	Y	I.3.8	Completed Integration Test Strategy and Plan	\$500,000
May-09	Y	I.3.8.4	Completed Integration Test	\$1,100,000
Jun-09	Y	I.4.2	Production Cutover Plan - Draft	\$400,000
Jul-09	Y	I.5.5	Production-Ready System Acceptance Sign-off	\$500,000
Oct-09	Y	I.6.1	Completed AR Blueprint	\$250,000
Feb-10		I.6.3	Completed AR Integration Test	\$150,000
Feb-10		I.6.4	Completed AR Development Items	\$200,000
Mar-10		I.6.6	Production-Ready AR System Acceptance Sign-off	\$100,000
				<b>\$6,500,000</b>

- Note: Deliverable 1.6.4 was added in October 2009 via a contract amendment shifting the technical development work and associated cost on the interfaces for A/R from SDDPC to SAP, as SDDPC did not have the technical expertise required to complete the work. This contract amendment is cost neutral to the project.

Phase II - Personnel/Payroll				
Date	Accepted	#	Milestone Deliverable Description	Amount
Feb-09	Y	II.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
	Y	II.2.3.4	Validated Business Blueprint	\$500,000
Mar-09	Y	II.3.6.2	Improvements to Baseline and Final Configuration Analysis Memorandum	\$750,000
	Y	II.3.7.2	Completed Configuration of HCM	\$800,000
Apr-09	Y	II.3.5	Completed Unit Test	\$750,000
May-09	Y	II.3.9	Completed Parallel Test Plan	\$550,000
Jul-09	Y	II.3.8.4	Completed Integration Test	\$1,250,000
Aug-09	Y	II.3.7.3	SAP Configuration & Unit Test (CAPPS)	\$150,000
Oct-09	Y	II.3.9.1	Completed Parallel Test 1, 2 and 3 (Revised)	\$1,250,000
Nov-09	Y	II.3.9.2	Parallel Test 4 Completed	\$800,000
Nov-09	Y	II.4.2	Production Cutover Plan - Draft	\$500,000
Jan-09	Y	II.5.5	Production-Ready System Acceptance Sign-off	\$750,000
				<b>\$8,850,000</b>

PBF - Public Budget Formulation				
Date	Accepted	#	Milestone Deliverable Description	Amount
Jul-09	Y	1.0	Validated Business Blueprint and Addendum	\$400,000
Oct-09	Y	2.0	Production Ready System Acceptance Signoff	\$500,000
Dec-09		3.0	Quality Assurance Checkpoint	\$200,000
Apr-10		4.0	Budget Book Acceptance Signoff	\$150,000
				<b>\$1,250,000</b>