



SAN DIEGO
HOUSING
COMMISSION

HOUSING AUTHORITY REPORT

DATE ISSUED: January 20, 2012

REPORT NO: HAR12-013

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of February 28, 2012

SUBJECT: San Diego Housing Commission's Business Systems Strategic Plan

COUNCIL DISTRICT: Citywide

REQUESTED ACTION: Recommend approval by the Housing Authority of the City of San Diego ("Housing Authority") of the Business Systems Strategic Plan and deployment of Yardi Systems, Inc. ("Yardi") Enterprise Management Software system Agency-wide.

STAFF RECOMMENDATION:

That the Housing Authority:

- 1) Authorize the President & Chief Executive Officer ("CEO"), or designee, to execute a purchase agreement with Yardi, under a General Services Agreement (GSA) Schedule 70 contract, to expand the Housing Commission's existing Yardi Enterprise Management Software system and associated implementation services, as well as additional non-Yardi consultants/contractors/temps, for the Housing Commission at a one-time cost of \$1,657,475.
- 2) Approve an amendment to the FY12 budget in the amount of \$459,380, transferring the funds required from Reserves to Information Technology to support the additional right to use software licenses, migration, expansion and implementation of the Yardi system.
- 3) Authorize the President & CEO, or designee, to execute amendments/extensions in one-year increments for the Software License and Service Agreement (Purchase Agreement), as approved as to form by General Counsel, for a maximum of ten years, which compensation for amendments/extensions shall be based on the prior year's cost, plus an escalation percentage cap equal to the Consumer Price Index, and, if necessary, cost for an increase in additional Housing Commission units' support, utilizing funds that have been approved through the Housing Commission and Housing Authority annual budget process.
- 4) Authorize the President & CEO, or designee, in a form approved by General Counsel, to execute all necessary documents to complete this action and implement these approvals and to further authorize the President & CEO, or designee, to take such actions as are necessary and appropriate to implement these approvals by the Housing Authority.

SUMMARY:

The purpose of this action is to approve the Business Systems Strategic Plan and award a Purchase Agreement to Yardi Systems, Inc. for a Housing Commission Agency-wide migration and expansion of the Yardi Enterprise Management Software system. The purchase will allow the Housing Commission to replace several outdated systems and enable staff to work more efficiently, effectively and accurately on an integrated software platform with greatly improved capabilities and functionality.

The current systems are incompatible and outdated. Because information is difficult to access, data is obtained from multiple sources, making the process of gathering data labor intensive, and subject to errors and inconsistencies.

The Housing Commission has three major business systems:

- PeopleSoft for financial management
- Emphasys for Section 8
- Yardi for Real Estate / Property Management and Public Housing.

Each of these systems were implemented separately and configured with basic functionality to minimize support requirements.

In July of 2011 the Housing Commission's business systems strategic direction was re-evaluated and confirmed that the existing business systems did not meet the current requirements nor could they meet the new requirements imposed by HUD to support the Move to Work ("MTW") initiative.

While consideration was given to upgrading PeopleSoft and Emphasys, these solutions would not move the Housing Commission toward a single, integrated system. The table below outlines the options considered, and pros and cons for each option.

Options	Pros	Cons
1) Migrate to an entirely brand new system. I.E. SAP, Oracle, Sage, Microsoft	Would have a system that meets business requirements.	Very costly and could take an additional 12 months to implement. Would not be implemented in time to support the MTW initiative required by HUD (1/1/13).
2) Upgrade PeopleSoft and expand functionality and capabilities. Retain Emphasys and implement MTW customization to support HUD requirements. Integrate PeopleSoft with Emphasys. Migrate Yardi system to PeopleSoft.	Utilize existing systems that we are familiar with already. Can implement MTW customization within timeframe to support 1/1/13 go-live.	Very costly and would require a completely new technology infrastructure to support latest version of PeopleSoft. Would still require having two separate systems. Would require customizations to support management of Real Estate Development portfolio.

3) Expand Yardi with additional functionality and capabilities.	Utilize existing system with which we are already familiar.	Might need some customizations or additional bolt-on to fully support all of Real Estate's requirements in the future.
Migrate PeopleSoft to Yardi.	Can be implemented within timeframe to support MTW requirements.	
Migrate Emphasys to Yardi.		
Single system being utilized for entire Agency.		

Based on the current and future requirements for the Housing Commission, option number three was selected as the most suitable and economical solution.

The major benefits of having one system will be improved cross functional and operational efficiency, increased functionality and capabilities, and overall data integrity and access. The single system will also provide a fully-integrated environment that will reduce complexity and simplify support. The following are just a few examples of anticipated improvements:

- Fully-integrated and automated purchase-to-pay process with online approval process and budget checking designed to eliminate manual paper processes currently used.
- Landlord portal providing internet access to real time inspection results, instead of waiting 3 to 5 days for a mailed letter.
- Resident portal providing secure internet access to real time information for 14,300 clients 7-days a week, 24-hours a day.
- Built-in management dashboards and reporting that will deliver a real time view of operational and financial performance instead of the current 5 to 7 day process required to locate the information from the different departments, import the data into a spreadsheet, create the reports, validate the data is correct and then print/distribute them.

FISCAL CONSIDERATIONS:

A portion of the funds for this request are in the approved FY12 Housing Commission Information Technology budget, and if this item is approved, \$298,348 of Local Funds and \$161,032 Section 8 Housing Choice Voucher administrative fees will be transferred from Reserves to the Information Technology budget. Funds for future years will be budgeted in applicable fiscal years to the Information Technology department's budget. Costs associated with implementing Yardi over the next 18 months are summarized in the table below:

Annual Software Cost	
Licensing / Support / Maintenance (a)	\$ 314,716
Onetime Costs	
Implementation	
Implementation Services *	\$ 1,533,000
MTW Customization	\$ 100,000
Hardware	\$ 25,000
	\$ 1,658,000
* Includes travel/expenses and 15% contingency	

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- (a) The Software License and Service Agreement (Purchase Agreement) includes an annual cost. Compensation for amendments and/or extensions will be based on the prior year's cost, plus an escalation percentage cap equal to the Consumer Price Index. For the past two years the increase averaged 2.76 percent per year.

Other cost considerations: If the Agency went with an entirely new system like SAP or Oracle the estimated cost would be \$640K to \$1M for licensing and \$2.5M to \$5M for consulting.

The Yardi Systems will provide the Agency with a low risk implementation and solid state of the art solution that meets the requirements for today as well as the future.

For full details on the cost breakdown of this project, refer to the *Project Cost Breakdown* (Attachment 1).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Commission Board approved this action at the regular Housing Commission meeting of January 20, 2012 by a vote of 4-0.

On September 2, 2010, the Housing Authority authorized the Housing Commission's President & CEO to negotiate a contract for additional licenses and support services in the amount of \$123,344 plus applicable taxes with Oracle Corp.

The Housing Authority authorized the President & CEO to negotiate a contract not to exceed \$346,500 for computer software and consulting services with Emphasys Computer Solutions, Inc. on February 13, 2001. This software is used to support Section 8 and Public Housing programs.

The Housing Authority authorized the President & CEO to negotiate a contract not to exceed \$379,125 with PeopleSoft, Inc. for the licensing of financial software on November 18, 1997.

ENVIRONMENTAL REVIEW:

The funding of this item is not a project within the meaning of the California Environmental Quality Act. Processing under provisions of the National Environment Policy Act is not required as no federal funds are implicated in this action.

Respectfully submitted,



Dave Nebo
Vice President Information Technology
& Chief Information Officer

Approved by,



Jennifer Adams-Brooks
Sr. Vice President
Administrative Services

Attachments: 1. Project Cost Breakdown

One Time Project Cost	\$1,657,475
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Financial Analysis

MTW allocation		FY12 Total	MTW	Local	Total	FY13/14 Total	MTW	Local	Total		
Project Manager	\$56,160	45.95%	25,805.52	54.05%	30,354.48	56,160.00	45.95%	64,018	54.05%	75,302	139,320
Business Analysis Fin	\$33,930	45.95%	15,590.84	54.05%	18,339.17	33,930.00	45.95%	-	54.05%	-	-
Business Analysis Pur	\$33,930	45.95%	15,590.84	54.05%	18,339.17	33,930.00	45.95%	15,322	54.05%	18,023	33,345
IT Support	\$2,400	45.95%	1,102.80	54.05%	1,297.20	2,400.00	45.95%	-	54.05%	-	-
Implementation Services	\$311,700	45.95%	143,226.15	54.05%	168,473.85	311,700.00	45.95%	287,417	54.05%	338,083	625,500
MTW Customization						100,000	100%	100,000			100,000
MTW Implementation						77,500	100%	77,500			77,500
Additional Software	\$0	45.95%	-	54.05%	-	-	45.95%	-	54.05%	-	-
Optional Software	\$0	45.95%	-	54.05%	-	-	45.95%	-	54.05%	-	-
Hardware (Servers/Storage)	\$25,000	45.95%	11,487.50	54.05%	13,512.50	25,000.00	45.95%	-	54.05%	-	-
Consulting - RED	\$45,000	-	-	100.00%	45,000.00	45,000.00	0	-	100.00%	20,000	20,000
Consulting - RED	\$30,000	-	-	100.00%	30,000.00	30,000.00	0	-	100.00%	12,000	12,000
Business Analysis RED	\$33,930	-	-	100.00%	33,930.00	33,930.00	0	-	100.00%	-	-
Temps (Data Migration)						38,880	45.95%	17,865	54.05%	21,015	38,880
Temps (Data Migration)						38,880	45.95%	17,865	54.05%	21,015	38,880
	\$572,050		\$212,804		\$359,246	\$572,050		\$79,988		\$505,437	1,085,425
FY 12 Budget											
4120 Contract Consulting	-125000	45.95	(57,437.50)	54.05%	(67,562.50)	(125,000.00)					
7520-261 HW / SW	-150000	45.95	(68,925.00)	54.05%	(81,075.00)	(150,000.00)					
	-\$275,000		(126,362.50)		(148,637.50)						

less additional optional software

275,000

86,441

210,609

572,050

162,330

459,380

Existing FY 2012 IT Budget

FY 2012 Additionl Funds - MTW

FY 2012 Additionl Funds - Local Funds

FY 2012 Funding

FY 2013/14 Budget - MTW

FY 2013/14 Budget - TBD Local or Other Unrestricted Funds

Total Project Cost

\$1,657,475

161,032

74,591

87,740

298,348

505,437

1,085,425