



Staff Report T2025-10

Committee 2025-06-09

Council 2025-06-23

Amendments

Submitted To: Committee of the Whole | Council
Submitted By: Jennifer Graham, Director, Finance/Treasurer
Prepared By: Jennifer Graham, Director, Finance/Treasurer
Subject: T2025-10 Enterprise Resource Planning Software Replacement
Project Planning

Recommendation

THAT Staff Report T2025-10, **Enterprise Resource Planning Software Replacement Project Planning**, be received;

AND THAT Council direct Staff to proceed with the development and issuance of a Request for Proposal (RFP) for a new Enterprise Resource Planning (ERP) system in 2025;

AND THAT Council direct Staff to use the General Reserve to offset upfront ERP implementation costs in 2025, including hiring of a contract Project Manager for a three-year period.

Amendments

None.

1. Executive Summary

Microsoft Dynamics GP, the Town's critical financial and Enterprise Resource Planning (ERP) system, will reach end-of-life in 2029, necessitating the transition to a new ERP platform to mitigate operational and security risks. Staff propose to initiate an Request for Proposal (RFP) process in 2025 to begin this significant, multi-year project, with an estimated minimum cost of \$600,000 to \$800,000, offset in part by operational savings and reserve funding. The project, led collaboratively by Corporate Finance and

Information Technology Services, will explore integration opportunities and will be incorporated into the Town's Long-Term Strategic Financial Plan to manage financial impacts.

2. Analysis

Background

Microsoft has formally announced that support for Dynamics GP will end on December 31, 2029. Microsoft Dynamics GP is critical to the Town's financial operations, including but not limited to general ledger, accounts payable, accounts receivable, purchasing, payroll, taxation, and reporting. Continued reliance on unsupported software poses significant operational and security risks.

The transition to a new ERP system is a major, multi-year project, typically requiring a minimum of two years for procurement, implementation, testing, and training. Initiating the RFP process in 2025 will position the Town to begin implementation in 2026 and ensure full transition before the end-of-life date.

Based on experiences of peer municipalities and a review of recent staff reports published by other municipalities, the minimum estimated cost for a modern ERP solution is \$600,000 to \$800,000. This includes licensing, implementation services, data migration, and training, though actual costs may be higher depending on selected modules and scope and timing of project.

In addition, a dedicated, contract staff member will be essential to manage the project, prepare and evaluate the RFP, support submissions to IT governance, coordinate internal resources, engage with vendors, and lead change management.

This project will be a significant collaborative effort led by Corporate Finance and Information Technology Services, working closely with internal services to ensure a smooth transition.

Key Opportunities for Integration and Cost Efficiency

The RFP will explore bundled modules and integration opportunities to reduce duplication and improve efficiencies, including:

- Human Resources Information System (HRIS) and Payroll – Current budget allocation of approximately \$75,000 can be redirected to the ERP project as both

modules will be included within the scope of the project. In addition, Modernization Funding of \$127,000 can be reallocated from these projects.

- Existing Software outside of Microsoft Dynamics GP – Current recreation, asset management, timesheets, business and animal licensing, building and planning software, and outsourced utility billing software, can potentially be amalgamated into a complete ERP system. Leveraging synergies with these systems may improve data integration and reduce costs. These options will not be part of the initial purchase, though it is intended to evaluate the functionality with respect to future consolidation as part of the scoring of the RFP.
- Regional Collaboration - Staff are exploring joint procurement and shared service opportunities with Simcoe County municipalities, which may offer economies of scale, shared expertise, and potential cost-sharing arrangements. The taxation module, a key component of municipal ERP systems, offers particular opportunities for collaboration with the County given the Town's role in levying and collecting taxes on its behalf.

Potential Funding Sources

In addition to anticipated operational budget allocations in 2026 and beyond, the Town may consider drawing on the General Reserve, which had an unaudited balance of approximately \$2,227,344 as of December 31, 2024 (before rebalancing entries). This reserve could serve as a funding source to offset upfront project costs including hiring of project manager, or support phased implementation. In addition, the Modernization Reserve Fund has an unaudited balance of \$127,302 as of December 31, 2024 and was earmarked for capital implementation of HRIS system.

Strategic Timing and Risks

While the Town does not intend to be the first to implement a new ERP system, delaying action may limit vendor availability and increased project costs, as vendor capacity to onboard municipal clients is already constrained. A significant number of municipalities in Ontario are currently navigating similar transitions, further straining vendor resources and creating a competitive environment for securing implementation timelines and expertise.

This multi-year project and the proposed dedicated contract staff support will be incorporated into the Long-Term Strategic Financial Plan (LTSFP) currently underway. This will ensure that the Town fully understands the financial implications and identifies strategies to mitigate costs to taxpayers over the implementation period.

Financial Impacts

The total project cost is estimated at a minimum of \$600,000 to \$800,000, with potential offsets from HRIS/Payroll budget reallocations, operational savings through system integration and in-house service delivery (including utility billing). The project will also be incorporated into the LTSFP to fully assess and mitigate long-term financial impacts.

3. Input from Other Sources

Information Technology and Procurement Support Services have met several times with Corporate Finance.

Reviewed at Department Heads on June 3rd, 2025.

4. Applicable Policy or Legislation

Not Applicable

5. Considerations

2024-2028 Community Based Strategic Plan: Not Applicable

Sustainable Connected Vibrant Responsible

Services adjusted if any [Choose an item.](#)

Climate Change / Sustainability: [Choose an item.](#)

Communication / Engagement: [Choose an item.](#)

Accessibility / Equity, Diversity, Inclusion: [Choose an item.](#)

Registered Lobbyist(s) relating to content: [\[add content and meeting dates\]](#)

Rights of Indigenous Peoples ([UNDRIP](#)): [\[add content\]](#)

Next steps and future action required following endorsement:

- Initiate the RFP process in 2025 for ERP system selection.

- Proposal to allocate funding for a dedicated contract project manager in the 2026 through 2028 budget, with 2025 cost allocated from General Reserve
- Include ERP implementation costs in the 2026 - 2028 budget forecasts.
- Engage with internal services and external partners, including Simcoe County municipalities and local school boards, to explore shared service opportunities, particularly in taxation and billing modules.
- Incorporate the ERP project and contracted staff support into the LTSFP for comprehensive financial planning.

6. Appendices and Other Resources

Not applicable.

7. Approval

Prepared By:

Jennifer Graham, CPA CA, Director, Finance/Treasurer

CAO Comments:

Endorsed by CAO Skinner on June 4, 2025 to proceed to COW.