Appendix A – ARPA Submission Format

Project
New city wide software rescue plan– $491,000.

Justification
The City is currently using the financial software Springbrook which was originally designed and created for the City of Newberg in 1985 and Newberg was their very first client. However, the platform the city is currently running is no longer supported by Springbrook (requiring a hefty fee to upgrade) and no module upgrades have been made to the software since 2010, leaving Newberg with very outdated technology to run a growing city. If Covid has taught us any lesson in terms of our fiscal operations, it is that Springbrook is unequal to the challenges of the pandemic.

Having such dated technology has forced the City to do more manual work than should be necessary, and this has taken up a substantial amount of staff time over the years as the software has gotten more and more outdated. Having archaic technology not only adds staff time, but it also adds a significant amount of risk to the city as well. Currently we do not have a bank reconciliation module. This means that we have to reconcile cash completely outside of the general ledger, leaving us exposed to misappropriation of assets. We are severely hampered by a lack of controls around payroll and human resources, particularly the setup of new employees. All of this work must be done manually, including the setup of payroll taxes and benefits which otherwise would be automated in a new software. Our Courts run on an entirely different software, Caselle, because at the time, Springbrook did not offer a Courts module. In order to account for our Courts system in the general ledger, manual reconciliations and journal entries must be made in Springbrook. Incredibly, the City of Newberg maintains a rubber check stamp instead of electronic signatures printed on the approved checks directly from the system. This allows for risk of fraud and misappropriation of assets if the check stamp is not carefully monitored. Additionally, Springbrook doesn't allow for easy viewing of details by account code making it extremely difficult to determine how much has been spent in each budgeted line item.

Many departments have lost faith in Finance because their monthly reports delivered to them have been late and do not have up to date information simply because Springbrook doesn't allow for it. This has caused most of the departments to run their own "side ledgers" to ensure they know at all times what they are spending from their budget. When the pandemic hit and the City was forced to pivot to remote work, Springbrook was incapable of handling the task. Put simply, the majority of the City's work is completed via paper because our current module of Springbrook doesn't offer electronic approvals or reporting. This makes completing simple tasks such as purchase order approvals time consuming. Payroll and accounts payable check runs were virtually impossible to do remotely since timesheets and personnel actions forms are all documented and retained in paper form, and vendors are not set up to be paid via ACH. It is time for the City to update its financial system to reduce its risks for fraud and increase staff efficiency.

Project Sustainability
Upgrading the financial software in the City is a win for both the City and the community it serves. The City will be able to save on numerous hours of staff time because the software will be more automated, and critically, more resilient to the pandemic and other future disasters that may impact our community. This will allow existing resources to focus on other projects that have been put off for years (such as updating internal manuals and procedures, reevaluating policies, etc.). The City of Newberg currently cannot pay vendors via ACH or wire because Springbrook doesn't allow for vendor payments to be set up that way. With the new/upgraded software, we will be able to pay vendors electronically, which happens to be the preferred method for many of our customers. New software will allow for our departments to have their own limited access to run budget and expenditure reports, allowing them to know at all times what has been spent and what remains in the budgets they manage. This will allow for more transparency throughout the City of Newberg.

Additionally, an upgraded system will allow for a more seamless hiring process as it will likely interface with Neogov – the platform we use for new applicants. Our personnel action forms as well as purchase orders will become automated through an electronic queue system which helps reduce paper and the overall time it takes to approve something. Updating the financial software also helps community members – when a member comes to pay their utility bill or for a building permit, the software will have capabilities to do so in an efficient manner. Our ability to deal with planning costs has been a constant drag on many aspects of Newberg's economic development, and that has impacted firms and agencies far beyond City Hall.

Our utility billing system needs to interface with the new water meters, which has been a struggle with Springbrook. New software will allow for water meters to feed directly into the utility billing software and allow customers to access to their water and sewer usage for that day. Paper timesheets will also become a thing of the past as a new software will have an electronic timekeeping mechanism which will help reduce payroll errors and speed up the overall payroll process.

Currently, the City pays an annual maintenance fee for Springbrook, so upgrading systems will not add to that existing cost. The City has lacked funds in the past for the initial investment to upgrade, even within Springbrook. The cost of a new financial software will likely exceed the City's ask of $491,000, however the City will provide the matching funds since this is a critical part of moving the City forward to a more efficient era.

ARPA expenditure categories (EC):
1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency

6.1 Provision of Government Services – Revenue Replacement

During 2020 and the continuing time of COVID, the City experienced a great loss of revenue just like all of the other surrounding businesses in the community. Currently the City has over $300,000 in past due water and other utility bills from citizens that are

essentially deemed uncollectible by the City. The City saw a 34% decline in license and permit revenues in 2020, as well as a 14% decline in charges for services, a 6% decline in franchise fees and state shared revenue, a 41% decline in grants, and 19% decline in interest earnings. In total this resulted in approximately $1.6 million in lost revenue between those categories. Newberg also expended nearly $1 million of its reserves in the General Fund in order to float the loss of revenue and continue the City's operations as is. In 2020, the City's employees had to forgo a cost-of-living salary increase and furloughed a limited number of staff due to the uncertainty of revenue recovery for the City in the future. We could have better anticipated these revenue losses more accurately and timely if we had a financial system that wasn't built in the 1980s. With Springbrook we were simply too antiquated and primitive to do a better job of forecasting. Potentially, furloughs would not have been a necessary option if the City had had better real-time financial model building capabilities. With Springbrook we had to make decisions based on guess work when we most needed to be agile.

Because of these revenue losses, we are asking to use a portion of the ARPA funds to help invest in our infrastructure to better prepare us for future remote work during the continuing pandemic. So much of what the city does is paper ridden, making it difficult to work outside of the office. A new financial software will allow us to become more paperless in general and will have electronic queues for approvals of crucial action items such as purchase orders and personnel changes. Investing these funds into our city will help provide better overall financial transparency and help deliver better ability to budget funds and forecast the City's financial future.