

**Section I – Items for Board of Directors Action**

**TO:** Chair and Members of the Board of Directors  
Friday, May 23, 2025 Meeting

**FROM:** Linda Charlebois, Director, Corporate Services

**RE:** **FINANCIAL SYSTEM MODERNIZATION PROJECT  
FINANCIAL PLAN**

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**KEY ISSUE**

To provide information to the Board of Directors regarding the proposed financial plan to support the Financial Systems Modernization Project.

**RECOMMENDATION:**

**WHEREAS** Toronto and Region Conservation Authority (TRCA) has undertaken a detailed assessment of business requirements and solution directions to support the modernization of its financial management, procurement and related services;

**AND WHEREAS** TRCA conducted an evaluation of all funding sources and potential strategies to determine the most appropriate approach for funding the development of the Financial Systems Modernization Project;

**THEREFORE LET IT BE RESOLVED THAT** TRCA contribute \$2.68M from corporate reserves to support the development of the Financial Systems Modernization Project in 2026-2027, with payback to be generated through operational efficiencies over 10 years.

**BACKGROUND**

TRCA has relied on a hybrid solution to manage its core financial accounting, reporting, procurement and administrative services for over a decade. The majority of business processes and workflows are built on standalone Lotus Notes databases, which collect and process business transactions to a centralized Enterprise Resource Planning (ERP) system for financial review, payment processing and reporting.

In 2012, TRCA contracted with Unit4 Business Software Corporation to implement the Agresso Business World platform as the organization's core ERP system. The initial rollout successfully deployed key financial

functions, including core accounting, accounts payable, billing, and receivables, establishing a centralized financial system. However, the project did not extend to procurement, purchasing, workflow management, and other operational services due to business process complexities and limited internal capacity. As a result, TRCA has continued to rely on Lotus Notes databases to support these functions, leading to:

- Isolated business functions, with limited integration
- Staff inefficiencies due to duplication of processing, reconciliation of data and manual workarounds
- Lack of visibility across databases, impacting controls and monitoring

#### **Unit4 Software Roadmap**

In early 2024, Unit4 announced that it would be discontinuing support for legacy, client-based installations as part of its migration to a Cloud Software-as-a-Service (SaaS) model. Unit4 approached its client based with a target of end of 2024 to commit to the new software license path and to schedule a migration project to the new architecture. The new service model would require a license migration to subscription model. The new model, while in line with the software market, would substantially increase the current operational costs for the ERP.

In the third quarter of 2024, Unit4 announced a delay in its plan to discontinue support for legacy systems, with no updated deadline provided. Despite the delay, TRCA must continue preparations for transitioning to a new operational framework, which will require a full reimplementation of its ERP services.

#### **Financial Systems Modernization Roadmap**

Staff have initiated planning activities in anticipation of the reimplementation and modernization of TRCA's financial, procurement, and related administrative systems. In late 2023, Corporate Services conducted an internal assessment project to document current state functions and processes, identify gaps and gather requirements for a future ERP.

In mid-2024, Corporate Services also contracted with BDO Canada to conduct a Financial Systems Modernization Roadmap study to analyze the solution options to meet TRCA's business needs, and to provide a future-state architecture and high-level project plan to replace the current solutions. The deliverables included:

- Fit-Gap Assessment of TRCA's Financial Systems

- Market assessment of alternative systems to consider
- Recommendation of system directions to build a comprehensive and integrated financial services solution
- Development of a project roadmap and budget to modernize TRCA's Financial Systems

This project was completed in the first quarter of 2025. The report confirmed the availability of several mid-market solutions that would be capable of meeting TRCA's needs for a modernized ERP. It identified a new solution architecture that would consolidate the majority of services into a single, comprehensive ERP platform, along with recommendation for enhanced interfaces to other core TRCA business applications.

The roadmap estimates in the report were in line with the Statement of Interest estimate for the Financial Systems Modernization project of \$3.8 million over 10 years, submitted in 2024, which now sits on the Unfunded Priorities list.

## **RATIONALE**

The Financial Systems Modernization project will enable TRCA to transform its capabilities across its broader administrative services to better serve the organization in its financial accounting, procurement, project tracking and billing, asset management and operational reporting. It will also enable TRCA to substantially increase organizational efficiencies by:

- Eliminating redundant systems and manual processes
- Eliminating duplication of effort to process, review and correct transactions
- Streamline business transactions within a single platform
- Simplify the integration of other core business applications
- Optimize business automation and workflow
- Enhance decision making and program monitoring through centralized dashboards and reports
- Provide improved controls and auditability

The project will also enable TRCA to evolve its technology services to adopt current cloud solution architectures, improving reliability and security.

## Relationship to TRCA's 2023-2034 Strategic Plan

This report supports the following Pillars and Outcomes set forth in TRCA's 2023-2034 Strategic Plan:

### Pillar 4 Service Excellence:

4.2 Provide and manage an efficient and adaptable organization

### Pillar 4 Service Excellence:

4.4 Transparent decision making and accountable results

### Pillar 4 Service Excellence:

4.1 A strong and skilled workforce

## FINANCIAL DETAILS

The total estimated cost to procure and implement the Financial System Modernization project is \$2.68 million, including consulting services and software costs during the implementation. Ongoing software subscription costs are estimated to be \$250K annually to support the core ERP solution and additional software to address specific process in contract management and procurement.

The following table provides a breakdown of the anticipated costs associated with the Financial Systems Modernization Project, including one-time implementation expenses and ongoing annual subscription fees. Implementation is planned across 2026 and 2027, with ongoing costs related to the new ERP and supplementary software solutions beginning in 2028. Annual savings from the retirement of legacy systems will help to offset a portion of the subscription costs. This financial summary outlines the total projected expenditures over a five-year period.

		2026	2027	2028	2029	2030	Total
<b>Implementation Costs</b>	One-time	\$1.09M	\$1.09M	\$0	\$0	\$0	\$2.18M
<b>Software:</b>							
• <b>Core ERP</b>	Annual	200K	200K	200K	200K	200K	1.0M
• <b>Additional Software</b>	Annual	50K	50K	50K	50K	50K	250K
<b>Legacy Systems (Savings)</b>	Annual			(180K)	(180K)	(180K)	(540K)
<b>Total by Year</b>		\$1.34M	\$1.34M	\$70K	\$70K	\$70K	\$2.89M
<b>Project (Reserve Contribution)</b>			\$2.68M				

As the project implementation costs are currently unfunded, this project is listed on TRCA's 2025 unfunded priorities list.

This report seeks the approval to finance the implementation costs of \$2.68M from reserves (\$2.18M of implementation costs; \$500K of software subscription costs). These reserve contributions are proposed to be restored through operational efficiencies over the next 10 years.

Incremental software costs of \$70K annually, beginning in 2028, are proposed to be financed through increases in municipal levy contributions or through operational efficiencies.

To support the repayment of reserve contributions, operational efficiencies are expected to arise from reductions in manual processing, consolidation of administrative workflows, and enhanced automation. These efficiencies will help TRCA contain future cost growth, allowing for cost avoidance and reallocation of resources. The resulting financial savings will be directed toward restoring the reserves over the following 10 years.

## **DETAILS OF WORK TO BE DONE**

Following Board of Directors approval for the reserve payment in support of the implementation of the Financial Systems Modernization Project, staff will initiate a public procurement process to select a preferred ERP solution and implementation partner. TRCA will implement a project governance structure to oversee the procurement and implementation phases, ensuring that deliverables meet business and technical requirements, and that cost control measures are in place. Staff will also coordinate comprehensive training and change management activities to support a smooth transition to the new system and to maximize user adoption across the organization.

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