



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

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MEETING DATE: August 25, 2026

SUBJECT: Consideration of Resolution 2026-110, Approving the Purchase of a New IBM Server to Support the Central Square-Naviline ERP Upgrade, Authorizing the Required Installation Services, and Approving a Citywide Naviline Business Process Review and System Re-Implementation

STAFF RECOMMENDATION:

Adopt Resolution 2026-110

BACKGROUND:

The City currently operates the CentralSquare Naviline Enterprise Resource Planning (ERP) software system in an on premises environment. The existing IBM hardware platform has reached the end of its support lifecycle and is no longer compatible with the operating system and software versions required to deploy the latest Naviline release. To maintain vendor support, ensure software compatibility, and preserve operational stability, an upgrade of the underlying server hardware is required.

The current Naviline ERP modules utilized by the City include:

- Customer Information System (i.e. Utility Billing)
- Fixed Assets
- Payroll/Personnel
- Purchasing/Inventory
- Land/Parcel Management
- GMBA (Government Management and Budgetary Accounting)
- Cash Receipts
- Work Order Interface

As part of a broader long term IT infrastructure evaluation, staff reviewed both the continuation of the on premises environment (Option 1) and the option to migrate to the Naviline Cloud platform (Option 2). The evaluation considered system requirements, operational impacts, financial constraints, and the City's long term strategic objective to maintain uninterrupted ERP operations while continuing to evaluate future system modernization opportunities.

Option 1 – Continue On Premises Operation (Recommended)

This option involves purchasing a new IBM server that meets the current operating system requirements for the latest Naviline software release. Key benefits include:

- Ensuring compliance with Naviline vendor support requirements

- Maintaining full compatibility with current and future software updates
- Preserving system performance and existing department workflows
- Maintaining the City's direct control over data, infrastructure, and security
- Providing the most cost effective approach under current financial conditions

This option ensures the City continues operating a fully supported ERP system using existing staff expertise and current operational practices.

Option 2 – Transition to CentralSquare's Naviline Cloud Platform

Staff evaluated the cloud hosted Naviline option, which provides advantages such as reduced local hardware maintenance, enhanced uptime, and improved disaster recovery.

The cloud solution is approximately \$80,000 more annually than the City's current on premises cost structure. However, this difference narrows during years when new IBM replacement hardware is required (every 6-8 years), as those years include larger one-time capital expenditures for on premises infrastructure.

Despite this narrowing, the recurring annual cost increase remains significant and is not feasible within the City's current financial constraints. For this reason, cloud migration is not recommended at this time. The cloud option is an alternative that could be considered in the future once the hardware is at the end of its useful life and the City's financial position improves.

Business Process Review and System Re Implementation (Recommended Regardless of Option)

The Naviline system has been in use for more than 20 years. Over this period, the City has experienced substantial organizational changes, staff turnover, and retirements, resulting in a loss of institutional knowledge. Many departments no longer fully utilize available Naviline functionality, and some workflows reflect outdated or incomplete system usage.

Staff recommends treating the Naviline upgrade as a functional system re-implementation, including a comprehensive business process review. This effort would:

- Modernize workflows across all departments
- Align City processes with current system capabilities and industry best practices
- Rebuild institutional knowledge through targeted training
- Improve consistency and system usage across departments
- Identify opportunities to streamline operations and reduce manual work
- Maximize the City's return on its ERP investment

This re-implementation approach applies to either deployment model (on premises or cloud) and is essential to ensuring long term ERP success.

OMNIA Partners – Hardware Installation

The City is utilizing the sole-source procurement provisions permitted under its Purchasing Policy to retain Solutions II for installation and integration services. Solutions II is an authorized installer and integrator for the specific hardware purchased through the OMNIA Partners cooperative agreement. OMNIA contracts are competitively solicited at the national level and provide pre-vetted vendors, verified qualifications, and competitively established pricing. Although other information technology service providers exist, they lack the manufacturer certifications and OMNIA contract authorization required to install and integrate the City's purchased hardware.

Cooperative purchasing agreements like OMNIA Partners are commonly used by the City and are recognized as an acceptable procurement method for public agencies because they streamline acquisition, reduce administrative overhead, and ensure compliance through competitively awarded contracts. Utilizing this agreement allows the City to obtain specialized hardware installation services

from a contractor already determined to be qualified through a rigorous competitive process, eliminating the need for a separate bid solicitation.

JUSTIFICATION:

The City's NaviLine ERP system supports key financial, utility billing, payroll and purchasing functions. The current IBM server is at end of life and cannot support required system upgrades. Replacing it is necessary to maintain vendor support, ensure compatibility, and avoid service disruptions.

Staff also evaluated a move to CentralSquare's cloud platform, but it would increase annual costs by approximately \$80,000. Given current budget constraints, replacing the server and remaining on-premises is the most cost-effective option while maintaining performance. Cloud migration may be reconsidered in the future.

A Business Process Review and system re-implementation are also needed due to outdated workflows and loss of institutional knowledge over time. This effort will improve consistency, reduce manual processes, enhance training, and better use existing system capabilities.

Together, these actions provide a cost-effective approach to maintain ERP operations, improve efficiency, and preserve future modernization options.

Lastly, staff's recommendation to approve Resolution 2026-110, is consistent with the City's Strategic Plan, Strategic Initiative 4b. "Two Phase Evaluation of the City's Utility Billing Function". This strategic initiative describes the first phase as including upgrading the existing utility billing software by bringing Navaline to the most current version.

FISCAL IMPACT:

The cost to purchase of the new IBM server hardware is \$55,321.39.

The installation costs to install the new hardware is \$8,200.

The Business Process Review and System Re-Implementation, a service to be provided by Central Square, will cost \$69,840.

The total cost of the project is \$133,361.39.

The required funding will be a part of the Information Systems Services (Fund 703) Fiscal Year 2026/2027 budget.

ATTACHMENTS:

1. [Reso 2026-110.docx](#)
2. [CentralSquare BPR Proposal](#)
3. [Omnia Partners POWER10 Hardware Proposal.pdf](#)
4. [Solutions II Installation/Migration Services Proposal.pdf](#)
5. [Sole Source Vendor Form Solutions II.pdf](#)