



Monterey County

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Board Report

Legistar File Number: A 16-059

March 22, 2016

Introduced: 3/10/2016

Current Status: Consent Agenda

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Auditor-Controller execute an Agreement with eCare Manage, Inc. in the amount of \$2,066,000 for Project Management, Quality Assurance Services and Technical Documentation Services relating to the CGI 3.10 Enterprise Resource Planning (ERP) Upgrade. The term of the Agreement is November 1, 2015 through June 30, 2017; and
- b. Approve of a FY 2015-16 appropriation increase of \$804,824 in 403-1110-8006 (AUD006) for the Office of the Auditor-Controller to fund this Agreement with eCare Manage, Inc. to include County portion of PERS contributions (4/5ths Vote Required).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Auditor-Controller execute an Agreement with eCare Manage, Inc. in the amount of \$2,066,000 for Project Management, Quality Assurance Services and Technical Documentation Services relating to the CGI 3.10 Enterprise Resource Planning (ERP) Upgrade. The term of the Agreement is November 1, 2015 through June 30, 2017; and
- b. Approve of a FY 2015-16 appropriation increase of \$804,824 in 403-1110-8006 (AUD006) for the Office of the Auditor-Controller to fund this Agreement with eCare Manage, Inc. to include County portion of PERS contributions (4/5ths Vote Required).

SUMMARY:

On August 27, 2015, the Office of the Auditor-Controller entered into an Agreement with CGI for Statement of Work (SOW) No.11 which the Board of Supervisors had previously approved. SOW No. 11 included CGI services enabling the County to obtain a comprehensive assessment of the ERP 3.7 functionality currently used and implemented in its production environment. The assessment included documentation of requirements that will be included as the deliverables within the SOW for the ERP Upgrade to version 3.10. So far, the SOW assessment has resulted in significant findings and recommendations for an improved implementation process that will result in a more efficient upgrade and improvements in post-implementation processes and effectiveness.

Combining the significant revelations of SOW No. 11 and the unexpected departure of the Project Director, it was imperative that management staff with senior project management experience and knowledge of the CGI systems be acquired immediately, hence the November 1, 2015 begin date to the Agreement with eCare Manage, Inc. Time was of the essence as both County and CGI resources were onsite assessing needs and assembling the statement of work and project plan for the CGI 3.10 upgrade. Without an immediate solution to the lack of project management, critically needed human resources provided by CGI, Inc. would have been reassigned to other projects. To delay and begin again at some future date would have cost the County significant time, money and resources.

DISCUSSION:

It is a largely known and well documented fact that the County of Monterey has unique, complicated and voluminous requirements in the administrative management of the County. This is particularly true of the Human Resources, Benefits and Payroll functions, and is manifest in the ERP system that is the tool used to manage the administration of the County. It is inherently true of any ERP system that such uniqueness requires custom changes to the basic or baseline design and coding of any ERP system; and that the more voluminous and complicated these required changes are, the more difficult and expensive they are to design, code, implement and test. After eight years, the current version of our ERP system (3.7), has reached the end of its useful life and must be replaced.

As part of our due diligence, SOW No. 11 was entered into in order to assess the effort of work needed to accommodate the unique needs of our County and incorporate the necessary customizations into the new ERP version 3.10. SOW No. 11 has been extraordinarily helpful in understanding the particular needs of the County, in discovering deficiencies in the original implementation, as well as planning the change management processes needed to properly control and implement any required changes. This Agreement with eCare Manage, Inc. is necessary to address these deficiencies as part of our upgrade to CGI version 3.10 and to assist in developing needed improvements to our current ERP version 3.7. These efforts require Strategic Consulting, and Professional Project Management services beyond what was originally anticipated for the ERP 3.10 Upgrade.

One of the findings of SOW 11 is that our initial implementation of ERP 3.7 was performed by in-house personnel, lacking the necessary Project Management Skills that are necessary to insure a complete, efficient and timely implementation. At the sudden loss of the Project Director, eCare Manage was in the unique position to step in and provide the project management services immediately due to its singular and detailed knowledge of the County's custom specifics for ERP's data infrastructure, assistance in managing and implementing the CenturyLink contract which provides ERP hardware infrastructure, and as part of the CenturyLink implementation, has participated in the CGI Upgrade integration process and SOW 11. To perform these services eCare Manage, Inc. is providing three senior level consultants who report directly to management within the Office of the Auditor-Controller. They are:

1. **Senior Consulting Strategist (part time)** - This position will assist in the overall strategic planning of the project, including Project Management, resource management, CenturyLink Data Center implementation, security, change management process development, post implementation processes, provide technical support, serve as a liaison between ITD, CGI, CenturyLink and the County.
2. **Senior ERP Project Manager (full time)** - Project management is a professional skill that is necessary to manage the implementation of any project as large and complicated as the ERP upgrade. However, this skill is not necessary post implementation. Therefore, the Office of the Auditor/Controller has opted to hire a professional Project Manager rather than request a permanent position for this duty.

3. **Senior Technical Writer (full time)** - This position will develop, manage and control the standards for documentation needed for migrating from ERP v3.7 to the upgraded v3.10.

The Office of the Auditor/Controller acknowledges that the employees of eCare Manage assigned to the ERP Upgrade qualify for PERS in accordance with the rules and regulations of the Public Employee Retirement Law. The County portion of PERS contributions for the qualifying employees of eCare Manage will take place upon approval of the agreement, based on hours as reported by eCare Manage. It is estimated that County PERS contributions will total \$105,276 for the term of this agreement. Specific language has been written into the agreement to ensure eCare Manage is responsible for the employee portion of PERS contributions. Note that as Project Management is a highly technical area of expertise, and only necessary for implementation services such as our ERP upgrade, the Office of the Auditor/Controller does not need these skills on a permanent basis, and therefore, did not request permanent positions to fill this gap. Therefore, as the projected duration of the project is eighteen months, the CalPERS costs would be incurred in any event.

OTHER AGENCY INVOLVEMENT:

County Counsel has assisted with Exhibit C, Additional Terms & Conditions, containing language specific to Independent Contractor and PERS withholding. Based on current experience with eCare Manage, as well as the immediate need to enter into this agreement for the reasons above, the Department recommends approval.

FINANCING:

The Agreement consists of the term November 1, 2015 through June 30, 2017. The Office of the Auditor-Controller can cover funding in the amount of \$804,824 for FY 2015-16 from previously appropriated funds in fund 403 Capital Automation Fund (403-1110-8006).

Prepared by: Michael J. Miller, CPA, CISA, Auditor-Controller, 755-5084

Attachments:

eCare Manage, Inc. Agreement with Exhibits A, B, C, D