



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: BC 24-088

July 31, 2024

Introduced: 7/19/2024

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

Receive an update on the Enterprise Resource Planning (ERP) Replacement Project Planning.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive an update on the Enterprise Resource Planning (ERP) Replacement Project Planning.

SUMMARY:

This agenda item is to provide the Budget Committee with an overall project status update including project funding for the FY23-24 project implementation costs to date for the ERP Replacement project. Cost for subsequent fiscal years will be incorporated as the department prepares its requested budget for the corresponding fiscal year. As of the date of this report, there are no anticipated cost overruns and funding has been set aside for the full cost of the project.

DISCUSSION:

The last update provided to the Committee was November 29, 2023, covering the project's progress since its Kick- Off in August 2023.

The objective is to provide the Committee with an update on project progress since the last report in addition to FY23-24 project expenditures to Fund 478 (ERP Resource Planning, sub fund ERP).

Scope:

Project scope remains a key Risk item due to functionality concerns that were raised by the Auditor Controller and CAO-Contracts and Purchasing departments.

The ERP phase has faced challenges due to functionality gaps that have been discovered by the Auditor Controller's Office based on their hands-on experience in the system. Initial concerns were raised in September 2023, and escalated to leadership in November 2023, however it was agreed to move forward based on the iterative implementation approach outlined in the Statement of Work and the System Implementor's willingness and commitment to collaborate with the County to address the functional gaps. The implementor (Graviton Consulting) has delivered initial solutions and continues to make progress based on ongoing feedback provided by the Business Subject Matter Experts with each iteration that is presented.

While progress continues to be made and the System Implementor has advised that some additional enhancements can be developed, the Auditor Controller still has significant concerns regarding the solution's capabilities to meet the operational needs of the County and conduct their mandated responsibilities timely and accurately.

It has also been noted that the new Oracle functionality is expected to provide benefits and functionality that is not in place with the existing system. The implementor, Graviton Consulting and Oracle partners continue to remain committed to collaborate with the County to deliver solutions to address the high priority functional gaps prior to Go Live.

The first Conference Room Pilot for Human Capital Management (HCM) concluded in May 2024. The Human Resources Department has identified some potential gaps and concerns based on their first hands-on experience in Oracle, however these issues need to be further discussed with the Implementor in the next discovery phase (CEMLI2). There are no scope concerns with the Enterprise Performance Management (EPM) module and progress continues to be made towards a November 2024 Go Live.

Schedule:

There were schedule delays with the ERP phase due to the functionality challenges noted above. These delays impacted the HCM and EPM phases as the Oracle solution is tightly integrated and modules are dependent upon one another.

The EPM phase resumed and is currently on track for November Go Live. Some ERP interface development continued and HCM workforce structure (aka Position Control) design sessions were held.

A Change Order is in progress to re-plan the implementation approach and schedule based on County feedback.

The current and revised schedules are as follows:

- Enterprise Performance Management (EPM - Budgeting) Current Go Live - November 2024/ No Change
- Enterprise Resource Planning (ERP - Financials) Current Go Live - April 2025 / Revised Go Live July 2025
- Human Capital Management (HCM - Human Resources) Current Go Live - July 2025/ Revised Go Live October 2025

Budget:

Currently the overall project budget remains on track. As of June 2024, \$5,019,126 has been expended against the \$8M planned costs for FY23-24. Total expenses to date including pre-implementation phase total \$7,141,368. Overall project budget remains at \$18.6M.

Resources:

The Auditor Controller's Office has 10 operational vacancies that also include backfill positions. The Auditor-Controller has dedicated an equivalent of more than 5.5 FTEs to the project on an ongoing basis.

The Human Resources Department has filled 3 backfill positions.

Change Order History:

Two Change Orders have been approved to date, impacting the project schedule without affecting the overall budget.

- CO01 approved in October 2023 to move up the Enterprise Performance Management Go Live from May 2025 to November 2024.
- CO02 approved in February 2024 to extend the timeline for Enterprise Resource Planning (ERP - Financials) from November 2024 to April 2025 and Human Capital Management (HCM) from April 2025 to July 2025 to allow address County resource constraints and additional time to design and develop solutions to address functional gaps.
- CO03 (In Progress): As of the date of this report, a third Change Order is being reviewed to grant the additional time for the County project team to validate the system design during each iteration and for the Implementor to design and configure the system to address the County's specific Business processes and implementation approach feedback. This Change Order will be presented to the Steering and Leadership

committees for approval (ETA July 2024). It is estimated that the additional costs as a result of this Change Order will be covered by the current project surplus and/or contingency funding, with no impact to the overall budget.

OTHER AGENCY INVOLVEMENT:

The implementation project team will be led by Information Technology Department and will include County Administrator Office, Auditor-Controller’s Office, and Human Resources department leaders and staff. Other County departments will need to participate as stakeholders and will be engaged throughout various phases of the project. An update will be provided to the Board of Supervisors in August of 2024.

FINANCING:

There is no financial impact from receiving this report. Funding for the project will be provided by Fund 478 (Enterprise Resource Planning), Department 1050 CAO, Unit 8506, Appropriation Unit CAO034, which was established for this purpose. The available fund balance of the Enterprise Resource Planning project as of 07/01/2024 is estimated at \$19,606,692. Total Expenditures in FY 2023-24 through June 2024 are \$5,019,126 with a current estimated fund balance of \$13,304,372 as of 7/1/24.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:


In addition to supporting the existing basic ERP functions, the below Project Objectives support the BOS Strategic Initiative for Administration:

- A. Enable the County to increase operational efficiencies by implementing best business practices and increased automation.
- B. Implement standard functionality and best business practices embedded in the solution to reduce cost, long-term maintenance impacts, and avoid or minimize customizations.
- C. Improve quality and accessibility of information through standard reports, ad hoc tools, and the ability to create new reports.
- D. Promote a system that provides for self-services to the General Public, County departments, County employees, and external agencies via online and mobile capabilities.
- E. Implement a scalable platform that will support future growth and integration without requiring significant upgrades, costs, and County resources.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Michelle Karim, IT Project Manager III, 759-6901

Approved by:

DocuSigned by:

 Date: 7/24/2024 | 9:47 AM PDT
 747D862C7BD04AE...
 Eric A. Chatham, Chief Information Officer, 759-6920

Legistar File Number: BC 24-088
