Monterey County

Item No.

Board Report

Legistar File Number: 21-791

September 21, 2021

Introduced: 9/10/2021

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

a. Receive an update on the Enterprise Resource Planning (ERP) Replacement Project Planning; and
b. Approve an initial budget allocation of $690,000 for the project resource costs related to pre-implementation planning phase which will include requirements definition, implementation resource planning, RFP development and release, and vendor selection; and
c. Authorize the Auditor-Controller to amend the Fiscal Year 2021-2022 Adopted Budget to increase appropriations by $690,000 in Fund 478 (Enterprise Resource Planning), Department 1050 CAO, Unit 8506, Appropriation Unit CAO034 funded by unrestricted net position.

RECOMMENDATION:

It is recommended that the Board of Supervisors:
a. Receive an update on the Enterprise Resource Planning (ERP) Replacement Project Planning; and
b. Approve an initial budget allocation of $690,000 for the project resource costs related to pre-implementation planning phase which will include requirements definition, implementation resource planning, RFP development and release, and vendor selection; and
c. Authorize the Auditor-Controller to amend the Fiscal Year 2021-2022 Adopted Budget to increase appropriations by $690,000 in Fund 478 (Enterprise Resource Planning), Department 1050 CAO, Unit 8506, Appropriation Unit CAO034 funded by unrestricted net position.

SUMMARY:

The current ERP Advantage 3.10 system contract and vendor support will end in June 2024. In preparation for replacement of the current system, resources are required to support pre-implementation planning activities such as requirements definition, resource planning, RFP development and release, and vendor selection. The primary departments supporting these activities are CAO, ACO, HRD and ITD.

To date, $12M in funding has been allocated via and Internal Service Fund (ISF) that was established in FY19-20 and it is estimated that $21M will be funded in total by June 2024.

DISCUSSION:
Current State:
- Current County ERP Advantage v 3.10 solution implementation completed June 2018
- CGI contract expires and current version 3.10 support ends June 2024
- On-premise solution hosted by a 3rd party vendor, Lumen (previously CenturyLink)

The County is currently behind 2 versions behind the current Advantage 4.0 version. It is anticipated that the level of effort for an upgrade of the current system to the newest version (Advantage 4.0) will be similar to implementing a new system.

As a result, the County will be going to RFP (Request for Proposal). The goal is to implement a state-of-the-art ERP system that can support County activities, increase operational effectiveness, and efficiencies in business processes.

Schedule:

- High Level Requirements Gathering: Jul-21 thru Dec-21 **In Progress*
- Implementation Staffing Needs Assessment: Dec-21 thru Jan-22
- RFP Development & Solicitation: Jan-22 thru Aug-22
- Vendor Selection: Sep-22 thru Dec-22
- Finalize Agreement & Obtain BOS Approval: Jan-23 thru Feb-23
- Project Kick-Off: Mar-23
- GO LIVE: TBD **Dependent on agreed upon Implementation Plan jointly developed between the County and selected vendor.*

As noted in the above schedule, an additional staffing needs assessment for the implementation phase will be conducted by January 2022 and will be presented to the Budget Committee for approval. As the solution will not be known at this time, this assessment will be considered a rough order of magnitude estimate. The third and final resource needs assessment will be conducted shortly after the vendor solution has been decided.

Project Budget:

In FY19-20, an Internal Service Fund was established to gradually build a reserve for the next ERP Replacement. As of August 9, 2021, the ERP sub-fund has $12.2 million in cash reserves to replace the 3.10 ERP system. The total planned reserve balance will be $20 million in FY 2024. This balance is only the reserve balance and doesn't include any future drawdowns for a project cost.

The department presented the request for an initial budget allocation of $690,000 to the Budget Committee on August 25, 2021 for costs related to pre-implementation planning phase which will include requirements definition, implementation resource planning, RFP development and release, and vendor selection. The Budget Committee supported the recommendation.

OTHER AGENCY INVOLVEMENT:
The Information Technology Department is working closely with CAO, Auditor Controller, and Human Resources department on these planning activities. Other County departments have been invited to participate in the pre-implementation phase to contribute to requirements development.

FINANCING:
Any required funding will utilize resources from Fund 478 (Enterprise Resource Planning), Department 1050 CAO, Unit 8506, Appropriation Unit CAO034, which was established for this purpose.

Available fund balance for the Enterprise Resource Planning project is $12.2 million. Support of initial budget allocation will reduce balance to $11.5 million.

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 (i.e. encourage streamlining and automation of standard routine business transactions, enhanced processing, self-service, workflow, etc.).

b. Encourage the implementation of 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. Information access must be perceived by the County's average user as intuitive and efficient.
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
X Administration
__Health & Human Services
__Infrastructure
__Public Safety

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Approved by:

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Attachments:
ERP Replacement Leadership Update