



County of Monterey

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

Board Report

File #: 15-1255, **Version:** 1

Support the Office of the Auditor-Controller to prepare an agreement and Statement of Work with CGI, Inc. for upgrade software and implementation services for the CGI 3.10 Enterprise Resource Planning upgrade effort. As the statement of work is in progress, the timeframe of the agreement and the cost is yet to be determined.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Support the Office of the Auditor-Controller to prepare an agreement and Statement of Work with CGI, Inc. for upgrade software and implementation services for the CGI 3.10 Enterprise Resource Planning upgrade effort.
- b. Acknowledge the approximate cost of the upgrade to be between \$8,000,000 and \$10,000,000.

SUMMARY:

The County Enterprise Resource Planning (ERP) system, CGI Inc. v.3.7, has reached the end of its useful life. CGI, Inc. will no longer provide support for the product, and therefore it must be replaced. The Office of the Auditor/Controller (A/C) is engaged in determining the effort and cost of the replacement. This report is intended to provide an estimate of the cost and duration of the upgrade effort in order to provide pertinent information to the Budget Committee for future planning.

DISCUSSION:

After eight years, the current version of our ERP system (CGI 3.7) has reached the end of its useful life and must be replaced. The County ERP provides a majority of the financial infrastructure for the entire County government, including; general accounting as the system of record for all departments, financial reporting, payroll, accounts payable, debt management, benefits management, human resources management, budget preparation and reporting, and budget control. The A/C is engaged in assessing the cost, effort and duration of the upgrade.

As part of our due diligence, Statement of Work No. 11 with CGI, Inc was entered into in order to help assess the effort of work needed to accommodate the unique needs of our County and incorporate the necessary "customizations" into the new ERP version CGI 3.10. The cost of the software license is relatively easy to assess, but this is not the majority of the cost. The cost and effort to incorporate the complicated and voluminous unique requirements of the administrative management of the County is the challenging part. As the Board is aware, this is particularly true in our HR/Payroll requirements. Because this portion of the implementation is solely dependent on human capital, the longer the effort, the more expensive it will be. Thus the estimate is provided in a range of timeframes:

An 18 month implementation - Approximately \$8,000,000

A 22 month implementation - Approximately \$10,000,000

OTHER AGENCY INVOLVEMENT:

The A/C will be working closely with the County Administrative Office, County Counsel, and all departments

to ensure a successful outcome.

FINANCING:

Currently Fund 403 consists of \$1.6M. \$570,000 is allocated to SOW No. 11, and \$564,000 was provided by the Board and budgeted in 2015-16 for County backfill staffing on the ERP project. \$394,000 is allocated to reimburse a portion of the ERP managed services, setup and installation for disaster recovery with CenturyLink. The balance of \$72,000 is being used to set up a test environment. Therefore, all available funding has been allocated to current year expenses.

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