



County of Monterey

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

Board Report

File #: 18-094, Version: 1

- a. Receive an ERP Status Report; and,
- b. Approve a retroactive Change Request for CGI services in the amount of \$409,325.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an ERP Status Report; and,
- b. Approve a retroactive Change Request for CGI services in the amount of \$409,325.

SUMMARY:

The Enterprise Resource Planning project (ERP) is in the final stages of completion. The last estimate for go-live of the final phase of the project (HR/Payroll) was the end of February 2018. Due to the new Federal Tax law, the potential State Tax law changes, and other implementation challenges, the project is expected to be postponed an additional month, until the end of March 2018. The cost of the one month extension for CGI services is \$121,000. The Auditor-Controller has negotiated the one month delay cost with CGI to \$0.00 dollars.

Additionally, the Auditor-Controller is requesting retroactive change request (CR) approval for CenturyLink hardware standup services provided by CGI between July 2016 and November 2016. The cost of the CGI services around the CenturyLink hardware standup is \$409,325, however, no additional funding is requested.

The total cost of the ERP implementation is projected to be \$18,563,271.

DISCUSSION:

This project began with Statement of Work 11 (SOW 11) approved by the Board on July 28, 2015. SOW 11 was the first step in upgrading the CGI Technologies ERP system. Due to the extensive number of modifications to facilitate past pay practices, new Memoranda of Understanding, as well as ongoing policy and procedural changes at the County, State and Federal levels, the number of modifications customizing the ERP System v3.7 to our County requirements made it imperative that we obtain CGI assistance in preparing to port our customizations successfully into the upgrade to ERP System v3.10.

SOW 11 was intended to define the amount of Monterey County specific modifications to CGI baseline software needed to meet the unique needs of the County. As stated in the July 28, 2015 Board Report, "The (estimated) cost of SOW 11, to upgrade Performance Budget, Advantage Financial, Advantage HRM, and infoAdvantage software, prior to the completion of this full volume test preparatory work is \$4.68 million. This estimate could increase or decrease depending on the outcome of this critical testwork, as these tests defined the amount of Monterey County specific modifications to CGI baseline software needed to meet those needs. The County staff costs, ERP building costs and system hardware costs are estimated at \$2.4 million (\$1.8 million for staff, \$0.2 million for ERP building costs and \$0.4 million for system hardware). The total upgrade project costs, \$7.0 million..." As SOW 11 progressed, it was increasingly apparent that the unique needs of the County would increase both the complexity and the cost of the endeavor.

On March 22, 2016, the Auditor-Controller brought Statement of Work 12 (SOW 12) to the full Board. At this point, the level of work necessary demonstrated the project was no longer an upgrade, but a new implementation. Having identified numerous post implementation SQL's and "work arounds" used to facilitate past pay practices and new Memoranda of Understanding, which were not part of the CGI product, they must now be included in the project effort as either part of the baseline product (when applicable) or as a "Monterey County specific customization" which is a very expensive process. SOW 12 provided for 18 months of professional services and licensing fees for the required ERP project from CGI v3.7 to v3.10. It was estimated that the implementation project would require 18 months and a total of \$14,806,765, which included: \$8,218,497 of contracting with CGI SOW 12, \$3,694,991.44 in internal County employee time, \$2,171,276.56 contract labor, \$150,000 for office space, \$122,000 for IT services and \$450,000 for contingencies.

The Enterprise Resource Planning project (ERP) is in the final stages of completion. The last estimate for go-live of the final phase of the project (HR/Payroll) was the end of February 2018. Due to the new Federal Tax law, the potential State Tax law changes, and other implementation challenges, the project is expected to be postponed. Given the information currently available, the best estimate for go-live is the end of March 2018. The cost of this one month extension for CGI services should be \$121,000. However, the Auditor-Controller has negotiated the cost of these additional services to \$0.00. The total cost of the ERP implementation is projected to be \$18,563,271. Please see Attachments B and C for details.

The Auditor-Controller is requesting a retroactive contract change request (CR) approval for CenturyLink hardware standup services provided by CGI between July 2016 and November 2016. This hardware is fundamental in that it is the platform on which the CGI software resides. No additional funding is requested. Originally, the hardware standup was planned by eCare Management, Inc. (eCare). The work was staged to begin on July 5, 2016, however, due to the Board direction of issuing an RFP for Project Management, the eCare contract expired on June 30, 2016, one week prior to the start date. The new Project Management Team from Plante-Moran, PLLC (Plante-Moran) was not yet on site and even so, were not prepared to manage such an extensive project from scratch. Plante-Moran required a two-month assessment period to begin productive work. The contract expiration with eCare did not allow for any overlap or knowledge transfer. See Attachment A. Therefore, it was necessary to contract with CGI to provide for these services.

It is important to inform the Board that a feature of this implementation is that a majority of the costs of the project will eventually be reimbursed through Federal and State programs. Assuming conservatively that 50% will eventually be reimbursed, the final cost to the County of Monterey is reduced to approximately \$9,300,000.

OTHER AGENCY INVOLVEMENT:

The Information Technology Department (ITD) has been extraordinarily proficient and professional in the service provided to the Office of the Auditor-Controller on behalf of this project. The CAO Budget Office has been consulted on the financing issues.

FINANCING:

No additional financing is requested at this time. The cost of the CGI change request is absorbed in previously approved financing.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The County Enterprise Resource Planning financial suite is the official accounting system of record for the

entire County. It is used to produce the Comprehensive Annual Financial Report (CAFR), prepare the County budget, produce and manage all employee benefits, the Human Resource function, produce payroll, Internal Revenues Service (IRS) reporting, manage procurement, manage debt, manage the Treasury Function and produce management reports. The ERP is the financial infrastructure of the County.

Mark a check to the related Board of Supervisors Strategic Initiatives

☐ Economic Development
☒ Administration
☐ Health & Human Services
☐ Infrastructure
☐ Public Safety

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Attachments:

A - Project Management Timeline
B - Reconciliation of Project Expenses
C - SOW 12 Projected Total ERP Upgrade Costs
D - Change Request