

**Enterprise Resource Planning
Costly Lessons from a Decade-Long
Systems Enhancement Effort**

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SUMMARY

Since 2007, Monterey County has incurred approximately \$37,000,000¹ on development and \$3,600,000² on related costs for a new and upgraded financial management software system, known as an Enterprise Resource Planning (ERP) system. (See Appendices A and B). The Monterey County Civil Grand Jury finds that, while an ERP is critical for effective fiscal management, the County made decisions or took actions that needlessly added to the cost of implementation. This must be addressed as the County looks forward to another implementation in the next two to four years.

An ERP system is a business process management software that is used by both industry and government agencies. It creates an integrated system of applications to help manage the business, and automates many functions related to human resources, payroll, budgeting, financial reporting, and technology. In Monterey County, two versions of ERP software systems have been implemented, v3.7 in 2009/10 and v3.10 in 2018.

At the February 6, 2018, Board of Supervisors (BoS) meeting, Supervisor Alejo expressed concern and confusion about costs for v3.10 that he believed had far exceeded the original anticipated cost. The BoS discussed why the original \$4,350,000 projection had escalated to a reported \$27,000,000.

After determining that both implementations exceeded their original approved budgets, the Monterey County Civil Grand Jury (MCCGJ) began an investigation to determine why the spending exceeded original estimates. As the investigation proceeded, it became clear that the overages were largely due to decisions and oversights made by the County during development and implementation, and these became the focus of the investigation. To fully understand how and why decisions were made and why the taxpayer-funded costs escalated, we decided to start our investigation at the very beginning of development for the first system in 2007.

¹ The BoS approved \$36,995,896 to be spent on development charges as summarized in Appendices A and B.

² The Monterey County Civil Grand Jury identified an additional \$3,595,857 of related costs such as legal fees, consulting fees, and additional County staff time allocated to the ERP project but not budgeted for it.

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While the ERP system has improved the County's financial planning, controls, and reporting, the implementations were inefficient and unnecessarily costly. The MCCGJ discovered that the causes of most of the added complexity and costs to the projects can be attributed to three main issues:

1. **Deliberate decision to change previously agreed upon payroll overtime calculations:** A decision was made by senior County management to knowingly launch the first payroll system with overtime (OT) calculations that did not match contractual union bargaining unit agreements. This resulted in employees being paid incorrectly and took three years and additional costs to resolve for all employees impacted and created lawsuits, grievances, fines, and financial penalties.
2. **Lack of documentation for changes made post v3.7:** Historically, the lack of documentation of some Human Resources (HR)/Payroll practices was a significant gap in the County. When v3.7 launched, this resulted in employees being paid incorrectly. Changes were then made by the county outside the ERP system to correct those payroll errors but, again, those changes were not documented. The result was a much higher cost and lengthy delivery period for the next implementation, v3.10.
3. **Inconsistent Project Management:** During the implementation of v3.10, project managers changed five times in less than three years of consistent management and the downtime and learning curves between project managers caused delays and resulted in inefficiencies and added costs.

The MCCGJ also concluded that **other contributing issues adversely impacted the ERP projects:**

- Organizationally, the County was not adequately prepared or skilled for a technology project of this complexity when first undertaken.
- The number of bargaining units in the County and the number of pay practices that must be specially programmed for the County's HR/payroll system create a system that requires more customizations than many other public agencies' systems. (See Appendix F). The impact of that complexity was not fully recognized or understood in the development of the system.
- Implementations were done in "crisis mode" and lacked strategic planning.
- There was not adequate reporting of the risks, costs, and status of the project.

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The MCCGJ's report identifies mistakes made and past practices that were inefficient or ineffective. In addition, we make recommendations to ensure a better process for the next ERP system in two-four years when the current version of the ERP system comes to the end of its expected life, including:

- It is imperative that the Board of Supervisors take a more active role in the next ERP including being up-to-date on strategic decisions, the status of the program's execution, and budgets to ensure prudent spending of taxpayers' money.
- The Board of Supervisors should hold senior County management more accountable for keeping them updated through consistent, comprehensive quarterly project reviews.
- The Board of Supervisors should assign ownership of the next ERP project to the County Administrative Officer (CAO) to create that accountability and reduce costly surprises.
- The County should begin serious planning for the next ERP now, including accrual of capital funds, evaluations of technology, and ERP vendors.
- The County should identify ways to reduce the amount of customized pay practices and the associated programming required to the ERP system to reduce costs.
- The County should put processes in place to ensure that all elements of ERP and related system functions are fully documented and immediately updated as changes are made.

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GLOSSARY

Auditor-Controller (AC): The County's elected Auditor and Chief Fiscal Officer, providing accounting, payroll, budget control, and financial services to the County.

Auditor-Controller's Office: Office of the Auditor and Chief Fiscal Officer and all other employees required therein to provide needed services.

Board of Supervisors (BoS): The governing body of the County of Monterey comprised of five elected officials.

Budget Committee: Subcommittee of the BoS comprised of two board members.

Capital Improvement Committee: Subcommittee of the BoS comprised of two board members.

County Administrative Officer (CAO): The day-to-day manager of the County government appointed by the Board of Supervisors, responsible for Human Resources, Information Technology, Budgeting, and other departments.

Countywide Cost Allocation Plan (COWCAP): Proportional charges allocated to departments for global administrative costs.

Deputy Sheriffs' Association (DSA): The association representing the Deputy Sheriffs' Units A (Deputies and DA Investigators), B (Sergeants), and C (Commanders and Captain) in the County.

Enterprise Resource Planning (ERP): A software system establishing a single interconnected set of individual systems (e.g. Financial, Human Resources, Inventory, Procurement) enabling improved efficiency, accuracy, and productivity.

Executive Steering Committee (ESC): An advisory committee comprised of departmental stakeholders providing guidance and strategic direction to the County throughout the planning, development, and implementation of the ERP systems.

Fair Labor Standards Act (FLSA): A federal statute governing minimum wage, overtime pay, recordkeeping, and youth employment standards.

Government Finance Officers Association (GFOA): Professional association of 19,000 state, provincial and local government finance officers in the US and Canada. Provided consulting services to the County prior to the implementation of the first ERP system.

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Information Technology Department (ITD): The department purchasing, managing and supporting technology resources county-wide, such as computer hardware, software, data, networks, and data centers.

Memorandum of Understanding (MOU): A contractual agreement between the County of Monterey and the union bargaining units detailing wages, benefits, and working conditions.

Overtime for Paid Time Off (PTO): Vacation time, sick time, compensatory time off, holiday leave and paid release time hours are treated as “time actually worked” for the purposes of determining overtime.

Personnel Policies and Practices Resolution (PPPR): A BoS approved document detailing the basic salary, benefits, personnel rules, and procedures for Monterey County employees.

Project Charter: An internal Monterey County document that describes the project vision, overview, scope, objectives, guiding principles, organizational structure, governance, roles and responsibilities, vendor role, project risks, success measures and Steering Committee commitment.

Request for Proposal (RFP): A document that a government agency or organization posts to elicit a formal bid from potential vendors for a desired product or service. The RFP specifies the customer’s requirements and describes the evaluation criterion on which a vendor’s proposal will be assessed.

Service Employees International Union, Local 521 (SEIU): The largest union in Monterey County representing over 3,300 employees in Units F (Supervisory employees), H (Health employees), J (General employees), K (Social Services employees), and R (Resident Physicians).

Side Letters: Addendums to MOUs negotiated and agreed to by County Human Resources and union bargaining units, specifying changes to pay, benefits, and working conditions.

Special Pay Practices: Salary stipends provided to Monterey County employees for special services, such as uniform allowances, bilingual pay, and canine handling. Special pay practices are contractually agreed upon by the HR department and unions.

Statement of Work (SOW): A document that defines project-specific activities, deliverables, and timelines, all of which form a contractual obligation upon the vendor in providing services to the client.

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BACKGROUND

Since 2007, Monterey County has incurred approximately \$37,000,000 for development and \$3,600,000 for related costs to launch two versions of a County-wide financial and HR management software, or ERP, system. (See Appendices A and B.) In 2018, the MCCGJ heard news stories reporting concerns about the amount of taxpayer dollars that were spent and the time it took to get the projects completed. Because of the significant amount of money spent, the MCCGJ became interested in investigating the what, why, and how of the implementation and the associated costs.

An ERP is an expensive, but necessary proposition. The MCCGJ was concerned about the inefficiencies and decisions that needlessly increased costs in the County. As the investigation progressed, it became clear that our concerns were relevant because the County will need to undertake another ERP project within the next two to four years. Despite the cost, the use of an ERP is the way the County does its business and operating without one is not an option.

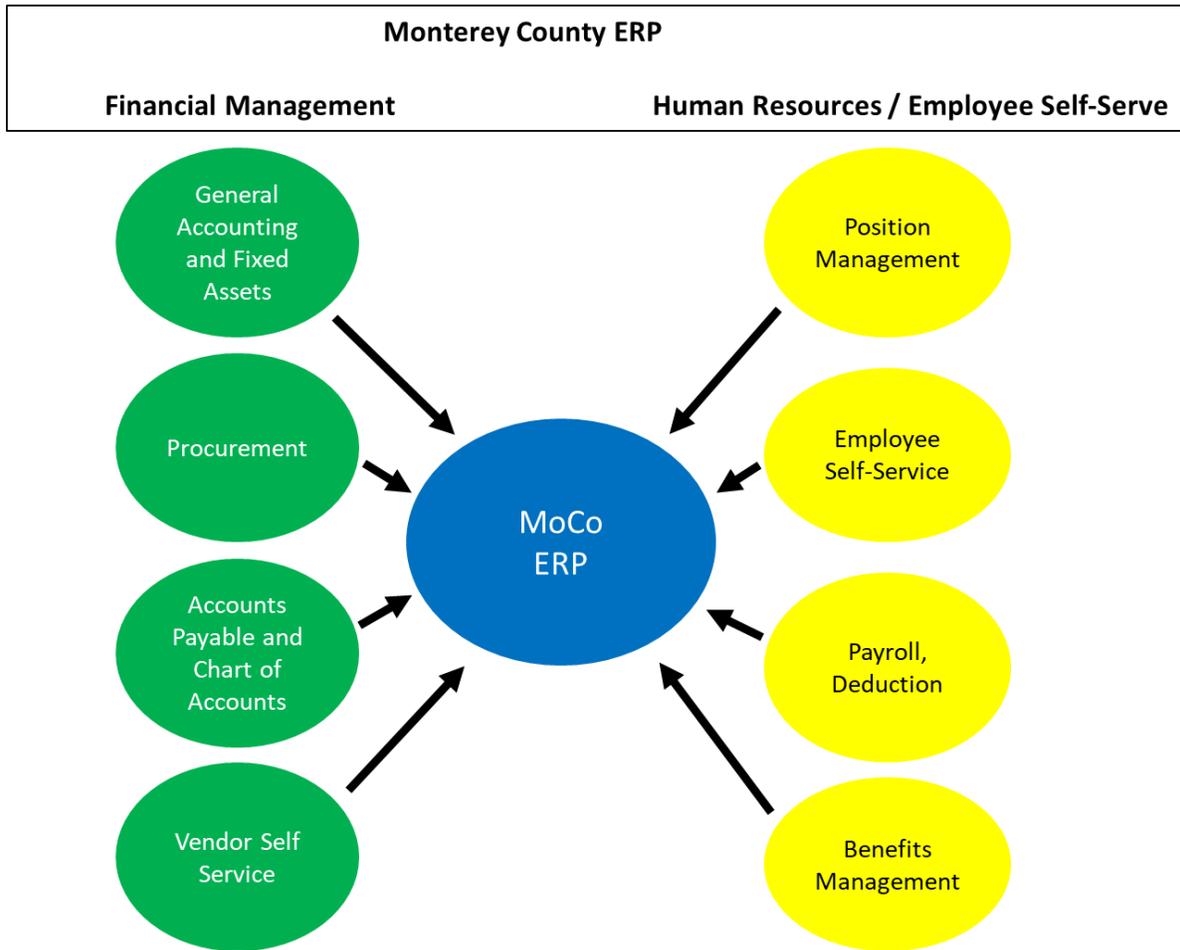
Used by industry and government agencies, an ERP software system establishes a single interconnected set of individual systems to enable improved efficiency, accuracy, and productivity. These technologies enhance data sharing and coordination of the complex financial management and human resources systems. They make it easier to access, view, and manage the vast sums of information that are collected and shared throughout an organization like Monterey County. Additionally, they provide financial controls to help ensure that policies are consistent and accurate. As new technology and functionality are constantly created ERP software needs to be updated every five to seven years to remain current.

ERP systems significantly improve internal administrative functions such as accounting, financial reporting, procurement, and human resources. They also enhance how the County conducts business with external vendors. For the 5,800 employees of Monterey County, this system is extremely important in processing their payroll and benefits. Monterey County has integrated an ERP system through two production efforts utilizing the vendor CGI Inc. v3.7 in 2009-2010 and v3.10 in 2018.

The current Monterey County ERP system is configured in two sets of integrated information technology support structures; Human Resources Management/Employee

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Self-Serve and Financial Management systems, as demonstrated in the following graphic:



Although v3.7 was not launched until 2010, there had been discussions and identification of the need for a new financial management system in the County since the late 1990s. Following are a few brief highlights:

- In the 1990s, the County used disparate and disconnected systems that had inadequate controls, limited functionality, and inconsistent information. One of those systems was the Advantage payroll that was owned by CGI.
- In 2000, the County engaged an external technology management consulting company, Coplan & Co, to assess the status of the County's existing payroll system. Coplan concluded that the payroll system was, at a minimum, in

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immediate need of significant modification because it used 30-year old technology.³ (See Appendix C for a summary of findings.)

- In November 2004, CGI notified the County that, after July 2005, they would no longer support the Advantage payroll system that had long been in use. This meant that, while the County would still be able to use the system, they would not have any support from the vendor should problems occur.
- In 2006, the County hired another vendor, the Government Finance Officers Association (GFOA) to provide a comprehensive needs assessment of the current business systems to determine if there was a compelling case to modify, enhance, or replace them. Some of the GFOA's conclusions were that the systems were inadequate, the accuracy of HR data was questionable, there was a high likelihood that employees were being paid incorrectly, and that key functions were missing. They found that the County should replace its existing business systems through the process of procuring and implementing a state-of-the-art ERP solution that replaces the various stand alone and manual solutions with a single, integrated system."⁴ (See Appendix D for a summary of findings.)

By 2007, when the payroll system was no longer supported by CGI, and the County's long-identified need for an improved financial management system and controls had become critical (if not a crisis), the BoS approved for the CAO's Office to begin negotiations with CGI for an ERP.

In May 2007, the BoS approved a budget to hire 24 County employees in support of the upcoming implementation. In July 2007, the BoS approved an \$863,838 contract with CGI for pre-implementation planning work.

For expediency and to reduce costs, Monterey County had intended to purchase an off-the-shelf product for a basic ERP project. Customizations make systems costlier, and make future upgrades more complex, expensive, and risky. The plan was to build only "mission-critical" exceptions (customizations) into the new system⁵. However, due to

³ Coplan & Company – Assessment of the Payroll System. Auditor-Controller, Payroll Division. County of Monterey, California. October 23, 2000

⁴ Government Finance Officers Association. Consulting Report to Monterey County, California. Needs Assessment Enterprise Resource Planning System. May 2006. See Appendix D.

⁵ ERP Project Charter, May 2007. See Appendix E.

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The level of customizations required to support the County's pay practices, the County was unable to implement an off-the-shelf version.

In April 2008, the BoS approved the expense for v3.7 for a total of \$15,920,352 including a contract with CGI for \$8,184,352 for a customized ERP system. The MCCGJ was unable to identify a benchmark cost for comparison of an ERP system for the County. Costs are dependent on selection of vendors, functions included, and number of customizations required, making it impossible to develop a comparison to other counties.

The number of unique pay practices and compensation requirements that had to be programmed created significant complexity in the County's ERP system and required a large number of customizations. The key reasons for the number of pay practices and payroll complexity were the number of bargaining units supporting Monterey County employees and variations of the compensation terms within their Memorandums of Understanding (MOUs). As an overview:

- There are 18 different employee bargaining units in the County ⁶
- There are 889 unique pay events possible that must be accounted for in the payroll system, of which approximately 70% require custom calculations for the County.
- There are 53,886 possible variations of pay practices within the 889 pay events. Employees may be eligible to receive pay for multiple pay events simultaneously.

According to information received by the County Payroll Department from other CGI clients, Monterey County has a higher number of average pay events per employee than other public and private agencies. This level of required programming customization adds complexity and costs. (See Appendix G for pay event comparisons).

Payroll was the final stage of v3.7 to be installed in August 2010. When the system was launched, some employees received paychecks that were different than what they had been paid in the past or than what their MOUs specified:

⁶ See Appendix F for complete list of employee bargaining units

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- 1) Overtime (OT) calculations for paid time off (PTO) were inaccurate. The County had intentionally changed OT calculations to be calculated differently than they had been paid in the past and as described in MOUs.
- 2) Pay for some special pay practices was not included. The County had programmed the new system for practices that were approved and identified in MOUs, Personnel Policies and Practices Resolution (PPPR), and side letters. However, it was discovered that there were additional pay practices that had not gone through the approval process, were not documented, and thus were not known throughout the County.

Between 2010 and 2014 the County successfully used the ERP system with the exception of the payroll component. During that time corrections were made by the County to the payroll system by creating work-around solutions outside the ERP system.

In 2014, v3.7 was reaching the end of its useful life and an upgrade to the newest version, v3.10, was required by the County. In March, a presentation was given to the Capital Improvement Committee regarding the need for an upgrade and identifying the anticipated cost at \$4,350,000 although no approval was requested. This estimate assumed the County could implement a simple upgrade and that the problems created with v3.7 were no longer an issue. In September 2014, the BoS approved \$564,000 to hire County employees to plan and prepare for the upgrade.

As work began, it was discovered that the County was unable to define its needs or write a Request for Proposal (RFP) for the upgrade due to lack of documentation regarding changes that were made to correct the programming mistakes and omissions made to the v3.7 payroll system. In July 2015, the AC went to the BoS for approval of a \$570,000 CGI contract, Statement of Work (SOW) 11, to help the County determine the extent of the customizations it would need for the upgrade. It was reported to the BoS at that time that the current assumption was that some customization would be required, and the cost would likely be \$7,080,000 for the entire upgrade.

Once CGI finished their evaluation, CGI wrote SOW 12 for the project requirements. However, it was determined that due to the number of customizations that would be required because of the changes made by the County after v3.7, the project could no longer be considered an upgrade. Instead, it became a full new implementation with a revised estimate of \$14,806,764. The BoS approved the CGI contract; work was able to

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begin on v3.10 in 2016; and, the project was finalized in 2018. (See Appendix H for v3.10 progression and reporting of budget.)

While v3.10 was delivered in 2018, it was not the latest version of CGI's ERP systems that was available. Historically, CGI launches new releases every two years: and at the time of launch, v3.10 was already approximately five years and one version old. Following is an overview of CGI version release dates and County implementation dates:

- 2007 – v3.7 (Monterey County released in 2009-2010)
- 2009 – v3.8
- 2011 – v3.9
- 2013 – v3.10 (Monterey County released in 2018)
- 2016 – v3.11
- 2019 – v4.0 (Planned)

There has been significant improvement in payroll, finance and overall administrative processes, record-keeping, and controls since the pre-ERP state. There has also been a significant improvement in the Information Technology (IT) department and employee skillsets to maintain effective ERP delivery. That said, the shelf-life for ERP systems is usually five to seven years; and CGI only supports a parallel system for the current and two previous versions. New systems, vendors, and functionality will need to be considered as the County's current ERP system reaches the end of its lifecycle and vendor support in two to three years. Proactive planning is critical to identify and implement the optimal solution to meet future Monterey County human resources and administrative needs.

APPROACH

To gather information that led us to our ERP investigation facts, findings, and recommendations, the MCCGJ conducted numerous research efforts. Specifically related to the ERP projects, we integrated in-person interviews, execution documentation from pre- and post-implementations, employee impact reports, documents from multiple Monterey County departments and BoS meetings, research studies conducted by vendors, and reports of Monterey County systems.

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More specifically, the MCCGJ:

1. Conducted 18 in-person interviews with members of Monterey County leadership across multiple departments including CAO's Office, AC's Office, IT, HR, Contracts and Purchasing, and County Counsel's Office.
2. Conducted in-person interviews with current and former members of the Monterey County BoS.
3. Conducted informational interviews with representatives of the current ERP vendor, CGI, and the GFOA.
4. Reviewed video recordings and minutes of the Monterey County BoS meetings.
5. Reviewed Monterey County BoS meeting minutes from the Budget and Capital Improvements sub-committees.
6. Conducted interviews with Monterey County employee union representatives from the Service Employees International Union (SEIU) and the Deputy Sheriffs' Association (DSA).
7. Reviewed numerous Monterey County employee union documents including MOUs and side letters outlining pay, benefits, and other contractual compensation requirements entered into between Monterey County and the individual union bargaining units.
8. Reviewed the documentation outlining grievances and lawsuits filed by the unions as well as the arbitration rulings specific to the implementation of the ERP systems and adverse impact on employee compensation.
9. Reviewed multiple external vendor analyses of Monterey County payroll, benefits, and human resources systems.
10. Reviewed numerous ERP project implementation documents outlining structure, goals, scope, requirements, execution, deliverables, costs, timing, issues encountered, etc.
11. Reviewed numerous ERP documents presented to the Monterey County BoS and sub-committees for project updates, recommendations, and requests.

DISCUSSION

The facts and discussion information contained in this report are the result of interviews conducted as a part of the MCCGJ investigation process, unless noted otherwise by footnotes. Information presented was limited to time and resources available as well as input available and provided by interviewees.

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In the course of this investigation, the MCCGJ encountered several issues relating to information requested from County employees. Specifically, there was an overall lack of consistent information provided from departments both in documents and in interviews. Documents, interviews, figures, and even definitions did not match. We have attempted to note where inconsistencies occur.

The MCCGJ also encountered difficulties receiving information that was clear, concise, and sent in a timely manner. Lastly, we identified a lack of transparency as some senior County officials and BoS members simply did not provide the information requested. The MCCGJ made every effort to sort out these inconsistencies in this report.

A. Deliberate Decision to Change Previously Agreed Upon Overtime Calculations in the Payroll System

In August 2010, the payroll function of CGI ERP v3.7 was launched. During the first 11 months after launch, approximately 25% of the County's bargaining unit employees received paychecks with amounts that were different than past pay practices and bargaining unit MOUs. Those differences were a function of either 1) an intentional recalculation of OT payments, or 2) unknown and undocumented special pay practices that had not been programmed (which will be addressed in the section titled "Lack of Documentation.") The issue being addressed in this section is the OT calculations because:

- They affected all 18 County bargaining units⁷ and 1,383 employees.
- They took the longest time to resolve to make all employees whole in income.
- They required additional money for reprogramming of the ERP payroll system and expenses associated with legal action with unions.
- They caused lawsuits, grievances, fines, and financial penalties.

The OT issue began a year and a half earlier, in March 2009, when the County informed the Deputy Sheriffs' Association (DSA) that the County would be changing the then-current practice of paying overtime for Paid Time Off (PTO) to following the "strictest" Federal Labor Standards Act (FLSA) description of overtime which did not include PTO for determining OT.⁸ (See Appendix J for DSA Grievance Form and Grievance Settlement.) Because the DSA's MOU, their binding contract with the County, specified that OT was to be paid on PTO, they filed grievances against the County after which the

⁷ See list of Bargaining Units in Appendix I

⁸ DSA Grievance forms for Units A, B, C dated Mar. 24, 2009. See Appendix J.

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County did not take any further action in changing OT calculations at that time. This established that the County desired to make the change in OT payments (which would have been a cost savings).

Approximately two weeks prior to the ERP system going live in August 2010, the County notified bargaining units⁹ that the payroll calculations would be changed to adhere to the strictest FLSA definition of overtime. After the County implemented the change that had been delayed since 2009, many employees did not receive the additional OT pay benefit they had previously received based on their union MOUs. Multiple bargaining units filed grievances or lawsuits to resolve the issue.¹⁰ Both the SEIU and the DSA were awarded penalties when the County was required by law to return the OT calculations to past practice, retroactively pay the lost overtime, and pay fees and penalties to the employees and unions. The MCCGJ was able to identify at least \$378,495 paid in fees, fines, and penalties for legal action taken by unions. See the table below for details:

⁹ DSA and SEIU (County's largest union) were notified. MCCGJ did not inquire into or receive information from other bargaining units.

¹⁰ MCCGJ identified SEIU and DSA but did not investigate other unions.

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Legal Fees, Penalties, Fines Paid Resulting from Incorrect OT and Pay					
Date	Reference	Costs Presented to/Approved by Board			Description
		Internal	External	Total	
30-Sep-11	Settlement Agreement and General Release, Mitchell vs County of Monterey, Sept. 30, 2011	\$ -	\$ 33,000	\$ 33,000	Liquidated damages paid to specific sherriff's department employees, equal to amount of retroactive OT pay
30-Sep-11	Settlement Agreement and General Release, Mitchell vs County of Monterey, Sept. 30, 2011	0	16 hrs special paid leave	Unknown	Given to remaining employee members of DSA in lieu of liquidated damages. Amount undetermined but equal to 8 hours/employee/year for 2 years
14-May-13	Arbitrator's Opinion & Award, Dec. 7, 2012, SEIU Local 521	\$ -	\$ 4,849	\$ 4,849	Arbitrator's fee
7-Dec-12	Arbitrator's Opinion & Award, Dec. 7, 2012, SEIU Local 521	0	\$31,800 - \$48,795	\$31,800 - \$48,795	SEIU union members as 20% penalty for retroactive OT pay being paid later than agreed upon by county. NOTE: The Civil Grand Jury has received two differing amounts from county representatives.
From 1-Jul-10 to 30-Jun-12	Document provided by County CAO budget office.	\$ -	\$ 200,000	\$ 200,000	Amount approved for HR Dept. work with Renne Sloane Holtzman Sakai LLP law firm. County is unable to determine exactly how much of the charges were specific to payroll and overtime settlement issues.
From 1-Jul-10 to 30-Jun-12	Provided by CAO budget office	\$ 46,240	\$ -	\$ 46,240	County Counsel's internal staff time spent on resolving payroll and overtime issues
31-Mar-14	Settlement Agreement Between County of Monterey and Plaintiffs Dawn Allen, Jeff Boles, Roger McRae dated Mar. 31.2014	\$ -	\$ 62,606	\$ 62,606	OT settlement w/DSA included: 20% penalty on retroactive OT pay of \$2606; paid to employees \$10424; paid to plaintiff's counsel \$49576
		\$ 46,240	From \$332,255 - \$349,250	From \$378,495 - \$395,490	Total Legal fees, penalties, fines paid EXCLUDING undetermined cost of additional time off for DSA

While the grievances and lawsuits were occurring, the County took the position that the payroll calculations were accurate based on their interpretation of FLSA rules and MOU requirements. Meanwhile, at a BoS meeting in July 2010, board members were informed by the ERP team that they were “working diligently to ensure the payroll system is run accurately according to the MOUs,” thus assuring the BoS that they were creating all calculations within union compliance.

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In arbitration with SEIU 521, County Counsel positioned "...the MOU language in this matter was ambiguous and therefore should not be applied."¹¹ (See Appendix K for the SEIU arbitration settlement.) In fact, the MOUs stated clearly that PTO should be included in OT calculations, as found by the arbitrator. While the County must always adhere to federal FLSA guidelines, union MOUs provided additional contractual benefits for employees in addition to meeting FLSA guidelines. As those MOUs had been vetted by counsel and approved through the County and paid in the past it is unclear why, in programming payroll, the decision was made to change how the calculations were made other than to assume it was done in an effort to save cost.

The decision to change overtime calculations had significant impact on the ERP system. The County had to reprogram the payroll calculations for v3.7 so that employees would be paid the correct rate going forward, incurring delays and adding at least \$304,000 in CGI expenses. After the payroll system launched, there were 10 requests for additional hours and spending for CGI, but it is unknown to the MCCGJ how many of those hours were dedicated to resolving payroll issues based on the documents available. (See Appendix L for v3.7 approved budget details.) Additionally, the County had to retroactively determine and pay for inaccurate OT payments made to employees for the first 27 pay periods post launch.¹² It took approximately three years to make those retroactive payments.

In interviews with County officials and in BoS documents, the issue of OT calculations was never addressed. Union correspondence and interviews, though, made clear that this was a critical issue.

Key Facts:

- ✓ In early March 2009, Monterey County Human Resources (HR) informed the DSA that on March 28, 2009, the County would change the current practice of paying OT for PTO despite a written agreement in the MOU and that it was a long-established past pay practice.¹³
- ✓ Prior to the launch of v3.7, MOUs between the County and union bargaining units stated that "paid hours associated with a County holiday (whether

¹¹ Arbitrator's Opinion and Award, SEIU 521 vs Monterey County, page 8, Dec. 7, 2012. See Appendix K.

¹² County Counsel correspondence to union attorney, dated Sept. 6, 2012. See Appendix N.

¹³ Settlement Agreement Mitchell vs County of Monterey, docket # C08-01166JW, dated Mar. 24, 2009. See Appendix J.

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- actually worked or not), vacation, and compensatory time off shall be considered in hours worked for the purpose of determining overtime.”¹⁴
- ✓ Senior County management directed HR and Payroll to calculate overtime compensation based on a “strict reading” of FLSA standards rather than following union MOUs.¹⁵
 - ✓ The arbitrator in the SEIU 521 hearing “...notes the record is clear that a unilateral move by management deprived bargaining unit workers of part of their pay for overtime.”¹⁶
 - ✓ The County incurred expenses of at least \$304,000 above the original CGI budget to reconfigure system changes resulting from the payroll overtime calculation, union agreements and other pay issues. ¹⁷
 - ✓ The County incurred additional legal expenses, fees, and penalties for union negotiations and settlements resulting from OT calculations of \$378,495 - \$395,490.
 - ✓ The complexity required to identify and change all retroactive payroll overtime calculations, compounded by the fact that payroll department employees were doing the regular business of the County at the same time resulted in three years of work to get retroactive payments made.

B. Lack of Documentation for Changes Made Post V3.7

The v3.7 Project Charter recognized “Many complex issues face the County during the implementation process. With the information currently available, the County cannot provide vendors with sufficient information to accurately estimate the effort and resources to implement the scope of work. This virtually guarantees cost and schedule overruns due to underestimation of effort and resources...” ¹⁸

Lack of or poor documentation is a recurring issue relating to the ERP projects that began well before v3.7 was started. A needs assessment for ERP planning done for the County by the GFOA in 2006 identified the critical need for improved documentation, particularly relating to HR and payroll systems. Specifically, it identified that special pay practices existed that had never been documented.

¹⁴ SEIU 521 General Employees Unit J MOU section 10, page 16, 2006/09. See Appendix O for MOU language. Common language is used in other bargaining unit MOUs.

¹⁵ Multiple interviews; County correspondence - see Appendix N.

¹⁶ Arbitrator’s Opinion and Award, SEIU 521 vs Monterey County, page 8, 12/7/12. See Appendix K.

¹⁷ SOW 6, CGI, Board Agreement A-11135, BoS meeting date 3/28/11

¹⁸ V3.7 ERP Project Charter page 21 dated 5/31/07. See Appendix E.

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Although it is County policy for all pay practices to be approved by the BoS, there were variances that were made at the department manager level that had not gone through the official approval process. This practice had taken place over the course of 20-30 years due to the lack of centralized HR controls. Department managers had been able to go directly to IT to have variances to County-approved pay practices made in the payroll system.

When the v3.7 payroll system launched in August 2010, employees began to see unexpected variances in their paychecks when they did not receive special pay for practices that they had received in the past. Because the variances made at the department level were not documented in the MOUs, they were unknown to anyone else in the County and thus not included in the new payroll system. According to a Jan. 19, 2018 presentation by the AC's Office to the BoS, there were 75-100 of these variances, although no one in the County was able to provide an exact list or number.

Similar to the overtime calculation, when employees did not receive their regular payments, there were grievances filed with the County that were resolved in side letters.¹⁹ Although the undocumented pay practices that were discovered had not been through the proper approval process, the BoS determined that, because they had been past pay practices, employees were entitled to the benefits going forward. As a result, once all the undocumented pay practices were discovered, they had to be resolved to provide both retroactive pay for any benefits missed after the new system launched and for all pay going forward.

To pay employees, County employees made changes that were outside the ERP system instead of having CGI make customized changes. While this effectively solved payroll issues for employees in the short-term, it created a separate issue when these work-arounds were neither documented in the County nor shared with CGI.

The County used one copy of the ERP system while CGI maintained a parallel copy of Monterey County's system to use for development and testing purposes. They were supposed to be identical with programming changes made by CGI. When the County was planning for its regular, planned upgrade to v3.10, it was identified that v3.7 being

¹⁹ Numerous Side Letter Agreements between the County and unions (SEIU 521 Units F, J) dated 11/30/10. See Appendix P for side letter examples.

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run by the County was not matching the system being run by CGI. It should have and it was not known why it did not.

Because the differences between the copies were not understood, the County was unable to define its needs or write an SOW for the upgrade. As a result, the County paid CGI \$570,000 to do an evaluation to determine the extent of the differences between what was being run by CGI versus what was being run by the County. Based on the analysis, it was determined that the differences were due to the County's work-arounds, created outside the ERP system, and not shared with CGI. The County had paid CGI \$10,920,141 up to that point for a system that was unable to be upgraded due to the changes made by the County.²⁰

The lack of documentation and inability to write an SOW for v3.10 had a compounding effect on the ability to choose a project management vendor. When the County went out for an RFP for those services, they were unable to provide potential vendors with a full description of the project they would have to manage. The project management RFP made reference to a needs assessment done by the County for v3.10. When the potential vendors requested a copy of the needs assessment to assist in writing their own RFPs, they were informed by the County the "issues discovered were communicated verbally" and there was no documentation of the needs. The response to the vendors went on to describe the "gist of the needs assessment."²¹ It would be difficult for a vendor to provide a thorough and meaningful RFP to manage a project that has no written description.

To summarize, the County made their own ERP changes outside the system, they did not document them, and they did not share them with CGI. The County was back in the same place it had been prior to the launch of v3.7 still without complete documentation of the special pay practices, including those previously not documented. The result was the inability to prepare for, and an increase in scope, cost, and complexity of v3.10.

Key Facts:

- ✓ The GFOA and Coplan & Co. identified the critical need to document HR and payroll systems.

²⁰ See Appendix L for 3.7 budget details

²¹ RFP 10580 Addendum #2 dated 6/2/16. See Appendix Q for RFP.

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- ✓ Prior to 2010, some special pay practices were not included in MOUs, side letters, or the PPPR, and they were not documented.²²
- ✓ County employees created work-around solutions outside of the CGI v3.7 system to program undocumented pay practices but did not document the changes.²³
- ✓ The RFP 10580 Addendum #2 for v3.10 project management services identified:
 - The lack of documentation of changes post v3.7 as a fundamental issue that needed to be resolved in v3.10.
 - The County did not have documentation available because the issues discovered were communicated verbally.
- ✓ The County paid CGI \$570,000 to identify the extent of variances between the version of the system being run by the County and the baseline system (for which the County had paid) being run in parallel by CGI.
- ✓ The new ERP system has controls in place to prevent any arbitrary or unilateral changes to payroll or benefits in the future.

C. Inconsistent Project Management

A project manager is key to the successful execution of a project, particularly one as extensive and complex as an ERP. During the development and launch of v3.10 between 2014 and 2018, the County went through five internal or external project managers. Decisions made regarding the hiring of two of them resulted in delays, added costs, and confusion.

In November 2015, after two internal project managers left their jobs, the County found itself suddenly in dire need of project management services. The AC's Office hired eCare Manage, Inc., a company with prior County experience, believing that they would be the best solution to resolve an immediate problem. eCare was hired outside of normal and approved protocols, without an RFP, without a contract, and worked "at-risk" (without guaranteed payment) for five months prior to a contract being taken to the BoS for approval. This became an issue because all contracts over \$100,000 must be BoS-approved in advance of work²⁴, and the eCare contract was for \$2,066,000. When the

²² BoS meeting Feb. 6, 2018 AC's Office presentation

²³ BoS meeting Feb. 6, 2018 AC's Office presentation

²⁴ Monterey County Contracts/Purchasing Manual; Updated by: Mike Derr – Contracts/Purchasing Officer 4/25/2008. Pg 72

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contract was finally taken to the BoS for approval in late March 2016, they denied approval of the full contract and required an RFP. The BoS agreed to only pay eCare \$804,824 of the \$2,066,000 for work completed.

As a result of the RFP, Plante Moran was hired as the next project manager and started working with absolutely no transition from eCare to them. This caused delays in the work as Plante Moran had a learning curve. Plante Moran's contract was subsequently terminated after they spent their \$1,830,000 20-month budget in only 12 months without providing effective services²⁵.

Although it happened prior to work on v3.10, another indication that the County did not have adequate project management was the number of revisions made to the v3.7 CGI contract. In total, it took 12 amendments and 9 additional SOWs to get v3.7 developed and launched. (See Appendix L for v3.7 budget details.)

Even external professionals are not a guarantee of good project management, as observed with the hiring of Plante Moran who did not satisfactorily complete their assignment. The County has since recruited a new IT expert who has significant experience in both ERPs and project management. The execution of the project was transferred to the County IT department where it currently resides.

²⁵ Plante Moran termination letter dated June 6, 2017. See Appendix R.

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The following table identifies costs associated with the v3.10 project management delays:

v3.10 Costs and Delays Relating to Project Management Changes		
	Additional Spending	Implementation Delay
County staff assigned to other work during delays but allocated to ERP ²⁶	\$936,560	NA
CGI for additional 9 weeks support for finance system ²⁷	\$289,830	2 months
CGI for additional support for HRM system ²⁸	\$578,080	6 months
Total	\$1,804,470	

Key Facts:

- ✓ County staff hired for the ERP had to be reassigned during down time between project managers, but their cost of \$936,560 was unbudgeted elsewhere and remained as an additional, unplanned cost for the ERP.
- ✓ eCare was hired to work without an approved contract and outside of County protocol.
- ✓ eCare was hired on an emergency basis in order to preserve the initial investment, retain CGI resources, and continue the project.

²⁶ Monterey County BoS File ID: RES 17-093. BoS meeting 6/28/17.

²⁷ Monterey County BoS File ID: 17-0065, 2/15/17. Included in SOW 12 Amendment 1 (\$289,830 of \$1,589,908).

²⁸ Monterey County BoS File ID: 17-0065, 2/15/17. Included in SOW 12 Amendment 1 (\$578,080 or \$1,589,908).

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- ✓ ERP v3.7 had 12 amendments and 9 additional SOWs in place before the project was completed.²⁹
- ✓ The lack of professional project management skills on the part of the County resulted in pre- and post-implementation issues, delays and costs. (See Appendix M for v3.10 budget details.)
- ✓ Plante Moran's 20-month \$1,825,920 contract was spent in 12 months without the required work being completed.
- ✓ A highly experienced IT expert was hired in 2016 and leads the County ITD today.

D. Other Contributing Issues and Actions

Accountability and Responsibility

Board Oversight: The organizational structure of the County has not lent itself to creating clear accountability for the successful implementation of a complex ERP project, including proper budgeting, tracking, and managing of the process. (See Appendix T for County Organization Structure.) In the County, some officials are elected (e.g. BoS and AC), and some are appointed by and report to the BoS (e.g. CAO). While there are policies and best practices that generally must be followed by all, the structure does not create a strong central leadership position for a project like the ERP that crossed all departments. (The GFOA report recommended that the ERP fall under the executive lead of the CAO.) In actuality, the CAO transferred responsibility and leadership of the ERP to the AC. Multiple interviewees commented that the BoS had a “hands-off” relationship with the AC. A direct-report relationship between the BoS and the project owner/leader would have been more effective in keeping the BoS involved and informed.

The Board of Supervisors, the elected leaders of the County, did not play a strong role in holding management responsible for keeping them well-informed about the status and needs of the project for v3.10. It was reported to the MCCGJ that the best practice is for quarterly updates to the Capital Improvement and Budget Committees, subcommittees of the Board of Supervisors, on capital projects. Reports on the ERP were less frequent:

- To the Capital Improvement Committee:

²⁹ CGI SOW 1, Amendments 1-12, SOWs 2-8, 10. See Appendix L for v3.7 budget details.

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- In March 2014, the AC's Office informed the Capital Committee that the County would need to upgrade the ERP to v3.10 for an estimated cost of \$4,350,000.
- On March 14, 2016 the AC's Office presented the eCare contract for \$2,066,000 and CGI contract for \$8,218,497.
- No other updates were made to that committee as the cost increased.
- To the Budget Committee
 - Based on Budget Committee agendas, beginning in March 2016 a quarterly report for the ERP was listed on agendas but no reports were submitted.
 - In January 2017 and January 2018 annual updates for the ERP were provided. (See Appendix S for Budget Committee and Capital Improvement Committee meetings.)

Similarly, presentations to the full BoS were infrequent. Between March 2014, when the upgrade was first mentioned and when the project ended in 2018, there were 10 public BoS meetings at which the ERP was discussed, but only four meetings included updates of the entire project cost. (See Appendix Table H for v3.10 BoS meeting reporting and budget descriptions.) Additionally, at those meetings, there was a lack of consistent format or content provided. The BoS did not hold the AC accountable for consistent reporting to either committee or to the full BoS.

Project Leadership: A well-managed project should begin with a well-defined project scope or charter that defines the project, objectives, deliverables or expectations, budget, timeline, and clarifies roles and responsibilities. A BoS-approved project charter existed for v3.7 but no one in the County could find or provide one for v3.10. The MCCGJ did receive two drafts of Project Charters for v3.10 that were different and never finalized.

The v3.7 charter included a list of success measures that were to be evaluated to determine how well the project achieved its objectives. A typical project would have a post-production review done to conduct this evaluation and determine what went well, what could have been done better, what was/was not achieved, and what still needed to be addressed. When the MCCGJ requested a copy of the post-project evaluation, no interviewees were aware of one having been done and could not find the information.

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After making the request, the MCCGJ received an evaluation done specifically because of our request - albeit, nine years after the project was completed.

Project Ownership: Initially, the v3.7 project oversight and delivery were owned by CAO's Office, as was recommended by Coplan. However, once v3.7 started, responsibility and project management were transferred to the AC with the support of an Executive Steering Committee (ESC) and remained there throughout v3.10. The AC took the lead and was the primary communicator with the BoS and the ESC. It was not clear how the concept of the ESC team worked with v3.10, as the AC seemed to make the decisions and was the single spokesperson to the BoS.

Currently, the responsibility for the ERP falls under the Director of ITD as directed by the BoS in 2018.³⁰ There is not an active new ERP project underway at this time, but maintenance and update work are ongoing. As v3.10 reaches the end of its life cycle in the next two to four years and the County begins to plan for the next version, it will need to decide how to structure for the best implementation.

When questioned, most County interviewees were either unable to answer who should take the lead for the next version or suggested a steering committee approach. Some indicated that, with the recent upgrades in the ITD, it should reside there. Based on industry best practices³¹, ERPs are business projects and are best served with a business sponsor not an IT sponsor, although IT must work closely with the sponsor to execute a project to meet the business needs.

There are two sets of responsibilities involved in delivering a technology project like the ERP – strategy and execution – that are generally structured as follows:

- **Owner/Sponsor:** Responsible for strategic and key business decisions, has full budget responsibility of the overall project, is the project champion, reports to the BoS, and is the leader of the ESC.
- **Leader/Program Manager:** Responsible for delivery on time and in budget, obtains all strategic departments' scope and requirements for integration into project delivery, manages project team, reports to the ESC.

³⁰ BoS Meeting Feb. 6, 2018

³¹ Gartner Group "Why CIOs Must Refuse the ERP Project Sponsor Role", by Carol Hardcastle, Denise Ganly, Published Feb. 24, 2016.

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Key Facts:

- ✓ Both the AC's and CAO's offices are responsible for significant areas of input for the ERP system:
 - Payroll, accounting, and finance report to the AC.
 - HR (who negotiates MOUs with bargaining units), ITD, and budgeting report to the CAO.
- ✓ The AC's and CAO's offices and BoS were not able to provide a final or approved Project Charter for v3.10 that would have defined objectives, roles and responsibilities, and success measures
- ✓ Neither the AC's nor CAO's offices were able to provide a post-analysis of the success measures associated with v3.7.
- ✓ There was no regular project reporting provided to the BoS, Budget Committee or Capital Improvement Committee for v3.10.
- ✓ Industry best practices suggest the sponsorship for the ERP should reside within a business department rather than the ITD.
- ✓ There is neither clarity nor agreement in the County as to the appropriate structure and ownership of the next ERP iteration.

Crisis Management

ERP-related decisions have been generally focused on the short term rather than being made with a strategic eye toward the future. One example is that, although the County knew and began planning for both versions of the ERP several years in advance, they both ended up being done in real or perceived urgent – or crisis - situations.

While the need for an upgraded financial system was identified as early as 1999, it was not until CGI announced the 2005 discontinuation of support for the County's payroll system that the CAO agreed the need should be funded. The project was not started until 2007 and the contract and budget were not approved until 2008. At that point, the need was immediate due to the imminent product retirement of the payroll system being used. Due to the immediacy of the need, it was determined that the County would not go out for an RFP but instead use CGI, the incumbent vendor of the payroll system who also offered complete ERP systems. While using the incumbent vendor may have been the most expedient choice, the decision meant that no future planning or searching for the best vendor and the best ERP system was done.

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The need for v3.10 was similar in that it was positioned as a crisis need due to the end of life cycle of v3.7 and the 2014 report of the pending failure of the County's existing hardware.³² In addition, it was reported that the upgraded ERP version could not run on the hardware being used in the County. While the MCCGJ was unable to validate the pending hardware failure, the need for the upgrade was nonetheless presented to the BoS as a crisis need. The BoS approved the project in March of 2016 and the system was implemented by the end of 2018.

When v3.7 launched, payroll errors due to the inaccurate overtime calculations and undocumented special pay practices had to be amended immediately. This happened at the end of the calendar year and became another crisis to be managed when all of the overtime and special pay practice errors had to be fixed at the same time that year-end W-2 reporting had to be done, the regular business of the County had to go on, and there were no additional resources added to do it all.

The County then created yet another crisis for itself when changes made to correct the special pay practices were made outside the CGI system and were not documented by the County and not shared with CGI. The special pay practices that had been undocumented when v3.7 launched were still undocumented. Thus, the County was not able to write an SOW for v3.10. In fact, they had to pay CGI to do an analysis of the Monterey County system to identify the extent of changes or customizations that would be required for v3.10. Through CGI's analysis, they determined that the changes would be too extensive for an upgrade and there would actually have to be a new implementation with a much higher cost than a simple upgrade. CGI's evaluation cost the County \$570,000 that could have been avoided had the time been taken to document the post-v3.7 changes.

As previously mentioned, the hiring of eCare was done on an emergency basis to keep the project moving ahead. This was needed due to the lack of internal planning, hiring, or training for project management skills. The crisis decision to hire without an RFP ended up delaying the project and costing additional money when it was required that the County go out for an RFP and changed project management vendors.

³² BoS Meeting, Jan. 31, 2018, AC's Office presentation.

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Key Facts:

- ✓ County employees created work-arounds to the CGI system to resolve employee pay errors after v3.7 launched but did not document the changes that were made and did not share them with CGI.
- ✓ eCare was hired on an emergency basis because there were no internal resources with project management skills to do the work.
- ✓ The lack of documentation of changes made by the County to v3.7 post-launch resulted in the need to pay CGI \$570,000 to assist with determining County needs and writing an SOW for v3.10.

Inconsistent and Inaccurate Reporting

Over the course of the v3.10 project from 2014 through 2018, there was inconsistent communication with and reporting to the BoS regarding project status, risks, and costs. The scope of the project evolved from the original plan of implementing a “simple” upgrade to a full new implementation. As discussed above, between March 2016 and February 2018, ERP presentations by the AC’s Office to the BoS were few and far between. Additionally, much of the information reported was in inconsistent formats and did not provide comprehensive updates regarding status, risks, and costs. Most updates were made to the BoS verbally and in narrative form in written board report discussions. Given the significant changes in scope and spending and the infrequent board updates, confusion by the BoS regarding the final spending is understandable.

The MCCGJ received BOS-approved budget information that was consistent from all departments, and is reflected in Appendices A, B, H, L, and M. To verify the actual expenses in comparison to the approved budgets, we reviewed actual spending numbers received from both the AC’s and CAO’s offices. The MCCGJ found the following two incidences relating to the ERP project, both of which compare costs presented by the CAO’s office in comparison to those presented by the AC’s office:

**Comparison of v3.10 Costs Presented by
CAO’s and AC’s Offices to BoS Jan. 2018**

3.10 Actual Expenses	CAO’s Office	AC’s Office
CGI SOW 11	\$570,000	\$590,250
CGI SOW 12	\$10,942,243	\$10,701,138
eCare	\$796,282	\$826,631
Plante Moran	\$1,684,910	\$1,684,910
Internal Staff	\$3,910,135	\$3,697,628

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Overhead / Depreciation	\$518,144	\$592,277
Sub-total Capital Expense	\$18,421,714	\$18,092,834
County Staff Redirected	\$936,560	N/A
COWCAP	\$5,666,971	N/A
TOTAL v3.10 EXPENSES	\$25,025,245	\$18,092,834

NOTE: These numbers will not necessarily match the budget numbers in the appendices because they are actual spending as compared to budget.

- In January 2018, the CAO's office presented a total v3.10 cost to the Budget Committee of \$25,025,425. At the same time, the AC's Office presented a total cost of \$18,092,834. The differences can be explained in that the CAO's office included expenses that were not part of the capital project budget and included one-time accounting adjustments that affected the 2018 year-end budget. The AC's Office only included direct expenses of the capital project. It is clear, though, that the differences in definitions of "cost" and the different focuses of the two offices added confusion to the BoS.

Comparison of v3.7 and 3.10 Costs Presented by CAO's and AC's Offices to CGJ Mar. 2019

V3.7 and 3.10 Actual Expense	CAO's Office	AC's Office
<u>v3.7</u>		
CGI	\$12,100,000	\$12,100,000
County Staff and OH	\$5,300,000	\$5,300,000
Subtotal Capital v3.7	\$17,400,000	\$17,400,000
<u>V3.10</u>		
CGI	\$11,512,243	\$11,291,388
ECare	\$796,282	\$826,632
Plante Moran	\$1,684,910	\$1,684,910
County Staff and OH	\$4,428,279	\$4,289,906
Subtotal Capital v3.10	\$18,421,714	\$18,092,836
Subtotal Capital Expenses	\$35,821,714	\$35,492,836
Unbudgeted County Staff	\$936,560	-
COWCAP Charge	\$5,666,971	-
Subtotal Other Expenses	\$6,603,531	-
TOTAL ERP EXPENSES	\$42,425,245	\$35,492,836

NOTE: These numbers will not necessarily match the budget numbers in the appendices because they are actual spending as compared to budget.

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- In March 2019, the MCCGJ requested a final cost of v3.10 from both the AC's and the CAO's office. At that point the project was finalized, and all costs should have been available to reflect that. The responses were not the same, though, partially due to the difference in accounting for the County staff and the internal accounting charge. It is unclear and the MCCGJ was unable to discover why the capital expenses do not match.

The MCCGJ has identified several areas of inconsistent information reported to the BoS over the course of the both ERP implementations, including:

- The BoS was told that, in the emergency situation after the launch of the inaccurate payroll in 2010, there were no funds for CGI to assist in fixing the problems. There was, however, at least \$304,000 approved for this which was SOW6. (See Appendix L for details of 3.7 budget.)
- The level of work necessary for v3.10 demonstrated that it was no longer going to be an upgrade but must actually be a full implementation at a significantly higher price than an upgrade.
- The total cost of the project had escalated to \$18,092,834 (per the AC's Office) from an original estimate of \$4,350,000.
- The AC requested a retroactive contract approval for eCare in the amount of \$2,066,000 well after the vendor had begun working for the County.
- In February 2018, the AC requested a retroactive contract change and an additional \$409,325 for CGI work completed in 2016. The AC presented it as a contract change that did not require additional funding as it was included elsewhere; however, it actually did become an incremental cost.³³
- The total cost of the project was \$25,025,425 (per the CAO's Office) for County budgeting purposes.³⁴

Key Facts:

- ✓ Project costs were not reported the same way by different County departments.
- ✓ Project and budget updates to the BoS during v3.10 were infrequent.
- ✓ Between March 2014 and February 2018, there were only 10 public BoS meetings at which v3.10 was discussed: nine were to request incremental

³³ BoS meeting, Feb. 6, 2018

³⁴ BoS Budget meeting, Jan. 31, 2018, BoS meeting Feb. 6, 2018)

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funds, but the total project cost was only discussed at four. (See Appendix H for details of v3.10 progression reporting and budget details.)

Interdepartmental Working Relationships

As reported by all interviewees, there was not a good working relationship among some senior level managers (specifically AC's Office and ITD, and AC's and CAO's Offices) and between the AC and the BoS. Much of this stemmed from the fact that the County did not have the necessary skills or resources to manage an ERP project of this size and scope. An additional exacerbating factor was the continual mode of crisis management. This opened the door for finger pointing as tasks were not done or not done well, such as:

- Changes made by the County to resolve v3.7 payroll issues were undocumented and became an issue for v3.10. No department assumed responsibility and departments blamed each other.
- Communication between departments was poor and requests for information or updates went unanswered.
- Board members received infrequent and inconsistent updates from different sources and departments which created surprises, causing confusion and mistrust.³⁵
- When eCare was hired as external project manager, there was mistrust as to the unknown reasons why the formal RFP process was not followed, and a vendor was unilaterally selected.

Key Fact:

- ✓ All County interviewees, representing multiple departments, expressed opinions that interdepartmental working relationships were not good.

³⁵ Video from BoS meeting Feb. 6, 2018

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FINDINGS

- F1) Decisions were made by the BoS and members of the offices of the AC, CAO, and County Counsel that created confusion, delayed the projects, added costs, and created employee dissatisfaction.
- F2) Throughout the ERP project, the BoS did not demonstrate adequate responsibility for ensuring the taxpayers' monies were spent effectively and appropriately.
- F3) The BoS assumed an arms-length association with the AC and did not exert sufficient oversight of the ERP project.
- F4) The BoS did not create and enforce a policy of comprehensive, consistent, and timely ERP project updates. As a result, they were not adequately informed or kept up to date by the AC's Office regarding project risks, status, and budget and were surprised by changes.
- F5) The cumulative effect of infrequent and ineffective communication, inaccuracies, inconsistencies, and the requests for approval after money was spent created a lack of awareness and confusion. With the ERP system, the MCCGJ would expect that consistent information would be readily available and provided by all parties.
- F6) The offices of the AC and CAO made the decision to knowingly launch v3.7 with OT calculations that were inaccurate in comparison to agreed-upon MOUs.
- F7) The number of unique pay practices and compensation requirements that must be programmed create significant complexity and therefore cost to the County's ERP system.
- F8) The lack of documentation in departments, including HR and ITD, was one of the most significant hurdles for developing and launching the ERP system.
- F9) Numerous changes in project managers caused delays and resulted in inefficiencies and added costs for v3.10.

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- F10) Both versions of the ERP systems were implemented in crisis mode, resulting in greater focus on immediate execution rather than strategic planning.
- F11) There is an overall lack of consistency in reported ERP project costs between the offices of the AC and CAO.
- F12) The implementation of both the v3.7 and v3.10 versions of the ERP lacked effective management from the offices of the AC, CAO and ITD.
- F13) The lack of communication and trust between departments and between departments and the BoS had a negative impact on the County's ability to effectively and efficiently launch both ERP versions.
- F14) The County was unprepared and unable to write RFPs for either ERP version.
- F15) With new ITD leadership and the new skills being developed in the department, the County will be much better positioned to provide adequate project management for the next ERP iteration.
- F16) The AC was not the appropriate owner of the ERP because the position is not responsible for the strategic and administrative management of the County and is not accountable to the BoS.
- F17) As the County prepares for the next ERP, there was ambiguity among County employees and leadership about whether there should be one business owner and if so, who it should be.
- F18) The County should not plan on a low-cost off-the-shelf implementation for the next ERP iteration due to the high level of customization required by the payroll system.

RECOMMENDATIONS

- R1) By September 1, 2019, the current ERP Program Manager, in conjunction with all department heads, should perform a post v3.10 implementation review to evaluate: were the project requirements delivered; are there outstanding issues that need resolution in the future; was the project delivered with quality, on time, within budget; was the process efficient; and, efforts that worked well and those that didn't.

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- R2) Beginning immediately, the BoS should assign ownership for the next ERP implementation to the CAO who reports to the BoS as the County begins to prepare for the next iteration.
- R3) Beginning immediately, the CAO should assign responsibility for project management and execution to the Director of ITD.
- R4) Effective immediately, the HR and CAO directors should not make any changes to programmed pay and/or benefits resulting in differences without documented approval in advance by the corresponding union(s).
- R5) By September 1, 2019, the Director of ITD should implement a strong change management structure and process to ensure all ERP programming is documented and updated as changes are made.
- R6) By September 1, 2019, the Director of ITD should clearly identify and assign responsibility for all system documentation needs in job descriptions and in the ERP Roles and Responsibilities document.
- R7) Beginning September 2019, the Director of ITD should provide quarterly reports to the CAO on the different technology and vendors for ERP hardware and software.
- R8) Beginning September 2019, the CAO should provide quarterly reports to the BOS regarding evaluations and recommendations of new ERP hardware and software.
- R9) By December 1, 2019, the CAO and Director of ITD should perform an evaluation regarding internal ERP Program Manager experience and ability to lead the next ERP project.
- R10) By December 1, 2019, the CAO should assess whether to hire an ERP Program Manager externally if internal capacity or expertise constraints are identified after conducting the internal evaluation and recruit one if needed.

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- R11) By March 1, 2020, the CAO and Director of ITD should ensure that there is always a back-up ERP Program Manager in the County to fill-in should the need arise.
- R12) By March 1, 2020, the next ERP Program Manager should gather input from all County stakeholders to define the County's short-term and long-term ERP needs.
- R13) By September 2020, the next ERP Program Manager should write a comprehensive scope document prior to distributing an RFP to potential vendors.
- R14) By November of 2020, the BoS should require an RFP for the next iteration of an ERP that meets the project needs identified in the scope document.
- R15) Once the next project scope and budget are approved by the BoS, the BoS should immediately mandate quarterly updates from the CAO (project owner) to the BoS, Budget Committee, and Capital Improvement Committee of the overall ERP project clearly highlighting and describing changes to scope and total budget.
- R16) Beginning in July 2019, the CAO should ensure plans for the next ERP are forecasted in the capital projects budget.
- R17) Beginning in July 2019, the CAO should identify a method for and begin accrual of costs for the next ERP.
- R18) By January 2020, the BoS should mandate a standardized ERP project reporting template from the CAO (project owner) for regular reporting to the Budget Committee, the Capital Improvement Committee, and the BoS that includes costs, risks, and status.
- R19) By December 2019, the CAO, HR Director, and AC should analyze all special pay practices that require ERP program customization and make recommendations for areas of reductions in customizations including any related fiscal impact to the County.
- R20) Beginning with the next MOU negotiations, the CAO and HR Director should identify ways to reduce the number of customizations in payroll by negotiating common pay practices with unions while ensuring FLSA compliance.

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- R21) Within three months of completion of the next ERP project, the CAO and Director of IT should require the ERP Program Manager, in conjunction with all department heads, to perform a post-implementation review and present it to the BoS.
- R22) By December 2019 and periodically thereafter, the CAO should develop and implement a program to address and improve communication and trust among County elected and appointed department heads to ensure respect and alignment of goals.
- R23) By December 2019, the AC should conduct and/or complete the external audit of the previous ERP processes (including costs) as requested by the BoS at the February 6, 2018 board meeting and report the results to the public.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the MCCGJ requests responses to the Findings and Recommendations as follows:

From the following governing body within 90 days:

- Monterey County Board of Supervisors:
Findings: F1, F2, F3, F4, F6, F9, F10, F11, F12, F13, F16, F17, F18
Recommendations: R1, R2, R3, R4, R7, R8, R14, R15, R16, R17, R18, R19, R20, R21, R22, R23

From the following elected County official within 60 days:

- Auditor-Controller:
Findings: F1, F3, F4, F6, F7, F8, F9, F10, F11, F12, F13, F14, F15, F16, F17, F18
Recommendations: R1, R2, R4, R12, R13, R14, R15, R16, R17, R18, R19, R20, R21, R22, R23

INVITED RESPONSES

- County Administrative Officer:
Findings: F1, F4, F6, F7, F8, F9, F10, F11, F12, F13, F14, F15, F16, F17, F18
Recommendations: R1, R2, R4, R5, R6, R7, R8, R9, R10, R11, R13, R14, R15, R16, R17, R18, R19, R20, R21, R22, R23

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- County Counsel:
Findings: F1, F6
- Assistant County Administrator Officer:
Findings: F6, F8, F11, F12, F13, F14, F17
Recommendations: R1, R5, R6, R12, R13, R14, R17, R18, R21
- Director of Information Technology Department:
Findings: F7, F8, F9, F10, F15, F16, F17, F18
Recommendations: R1, R3, R5, R6, R7, R8, R9, R10, R11, R12, R13, R14, R20, R21
- HR Director:
Findings: F6, F7, F18
Recommendations: R4, R15, R19, R20
- Purchasing and Contracts Manager:
Findings: F12, F14
Recommendations: R13
- Deputy Sheriffs' Association
Findings: F1, F6, F7, F13
Recommendations: R4, R19, R20
- Service Employees International Union
Findings: F1, F6, F7, F13
Recommendations: R4, R19, R20

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Civil Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

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APPENDICES

- Appendix A: BoS-Approved Budget by ERP Project
- Appendix B: BoS-Approved Budget Related to ERP Projects
- Appendix C: Coplan Findings
- Appendix D: GFOA Findings
- Appendix E: V3.7 Project Charter
- Appendix F: Pay Practices by Bargaining Unit
- Appendix G: Pay Event Comparisons
- Appendix H: Progression and Reporting of V3.10 Projected Costs
- Appendix I: County Bargaining Units & #of Employees
- Appendix J: Deputy Sheriffs' Association (DSA)-Grievance and Settlement
- Appendix K: SEIU Arbitration Settlement
- Appendix L: BoS Approved Budget Detail V3.7
- Appendix M: BoS Approved Budget V3.10
- Appendix N: County Counsel Letter
- Appendix O: SEIU MOU Definition of Overtime
- Appendix P: SEIU Side Letters
- Appendix Q: RFP Project Management
- Appendix R: Plante Moran Termination Letter
- Appendix S: Budget and Capital Improvements Committee Meetings
- Appendix T: Monterey County Organizational Chart

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APPENDIX A BOS-APPROVED BUDGET BY ERP PROJECT

All Board Approved Spending Related to ERPs*

		BoS Approved Spending*
Capital Expenses		
<u>ERP v3.7</u>		
CGI	\$	10,920,141
County Staff and OH	\$	<u>7,736,000</u>
Subtotal Capital v3.7	\$	18,656,141
SOW11 CGI	\$	570,000
<u>ERP v3.10</u>		
CGI	\$	11,022,020
eCare	\$	804,824
Plante Moran	\$	1,825,920
County Staff and OH	\$	<u>4,116,991</u>
Subtotal Capital v3.10	\$	17,769,755
Subtotal Capital Expenses	\$	36,995,896
Operating Expenses Related to Implementations		
<u>ERP v3.7</u>		
County staff	\$	153,214
P. Murphy consulting	\$	600,000
CGI pre-work	\$	863,838
Legal fees, fines, penalties	\$	378,495
<u>ERP v3.10</u>		
County staff for planning	\$	564,000
eCare quality pre-work	\$	99,750
Unbudgeted county staff	\$	<u>936,560</u>
Subtotal Operating Expense	\$	<u>3,595,857</u>
Total ERP Expenses	\$	40,591,753

* Refer to Appendix B for Sources

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APPENDIX B

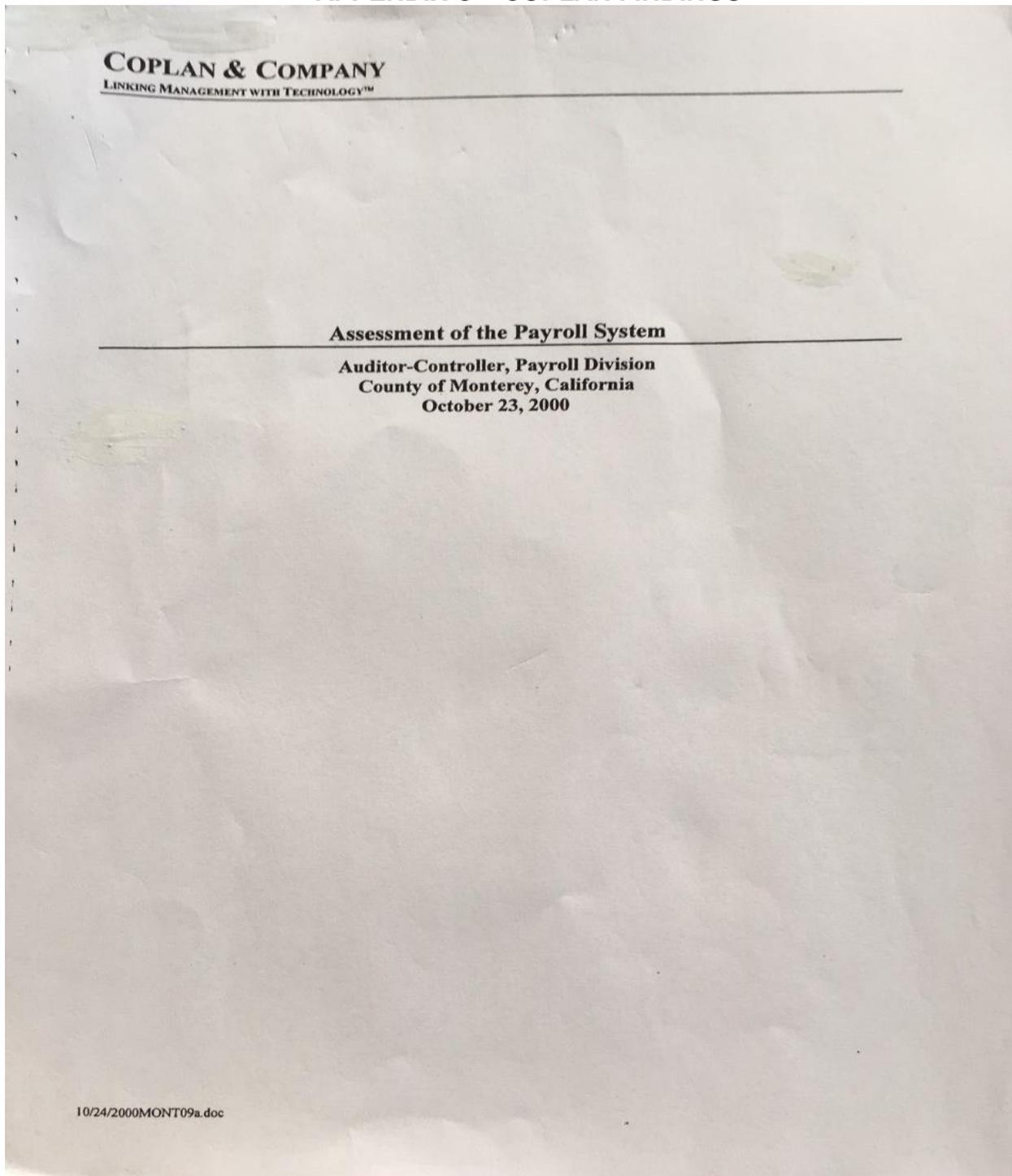
BOS-APPROVED BUDGET RELATED TO ERP PROJECTS

Total and Related Costs of ERP Approved By Board of Supervisors Since 2007 Inception

Date	Costs Presented to/Approved by Board			Description	Reference
	Internal	External	Total		
1-May-07	\$ 153,214	\$ -	\$ 153,214	Internal staff needed for ERP effort	B.U.No. 06/07-183
3-Jul-07	\$ -	\$ 863,838	\$ 863,838	CGI pre-implementation services 9/1/07-1/31/08	Board Agreement # A-10987
28-Aug-07		\$ 600,000	\$ 600,000	P. Murphy & Assoc, Inc. System support svcs for IT	Board Agreement #A-11006
From 1-Apr-08 to 11-Jul-13	\$ 7,736,000	\$ 10,920,141	\$ 18,656,141	CAPITAL PROJECT: CGI v3.7 ERP internal staff, overhead and contingency. External CGI SOWs 1-10 and all amendments	See Table 8
17-Sep-14	\$ 564,000	\$ -	\$ 564,000	Additional labor costs needed to prepare work on upgrade to v3.10	File ID: 14-1022
21-May-15	\$ -	\$ 99,750	\$ 99,750	ECare to provide quality assurance services regarding upgrade	Standard Agreement, signed Apr 24,2015
1-Aug-15	\$ -	\$ 570,000	\$ 570,000	CGI SOW11 for pre-implementation support in prep for upgrade, to define amount of MoCo specific modifications to baseline software	File ID: 15-0842
From 22-Mar-16 to 6-Feb-18	\$ 4,116,991	\$ 13,652,764	\$ 17,769,755	CAPITAL PROJECT: CGI v3.10 ERP internal staff, overhead and contingency. External CGI SOW12 and all amendments, ECare and Plante Moran for project management services	See Table 9
28-Jun-17	\$ 936,560	\$ -	\$ 936,560	Internal staff that was unbudgeted and unfunded.	File ID: RES 17-093
From 30-Sep-11 to 31-Mar-14	\$ 46,240	\$ 332,255	\$ 378,495	Legal fees, fines, penalties resulting from 3.7 Pay and OT Errors. NOTE: This includes low end of cost range. See XX for more detail.	See Table Legal Fees, Fines, Penalties Pg 14
	\$ 13,553,005	\$ 27,038,748	\$ 40,591,753	Total and Related Costs of ERP Since Inception	

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APPENDIX C – COPLAN FINDINGS



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2. Executive Summary

This section contains an executive summary for critical issues that must be addressed to resolve the problems found in the Payroll System from Geac Computer Corporation, Inc. (Geac System). If these issues are not properly addressed, the risks of the current problems continuing and worsening are significant.

2.1 BACKGROUND

The Monterey County Payroll System from Geac consists of the following four separate and distinct application systems:

- **Human Resources** – Maintains and calculates employee benefit balances,
- **Position Control** – Controls salary ranges and authorized positions by department,
- **Time & Attendance** – Accumulates and edits pay information and ensures information is in compliance with all Memoranda of Understanding (MOUs), union negotiations, insurance rules, state and federal laws and regulations, benefits balances (from the Human Resources application), budget information (from the Position Control application), etc. This information is passed to the Payroll application.
- **Payroll** – Calculates gross pay, taxes and other deductions, and prints paychecks using transactions created in the Time & Attendance application.

The original Geac Payroll System suite of applications is 30+ years old.

2.2 STATUS OF PAYROLL SYSTEM

The County Payroll System operates *below a minimum acceptable standard of functionality*. As a result, there is a significant risk of the following:

- *Over or under payment of payroll to employees;*
- *Incorrect retirement benefit calculations (Public Employees Retirement System {PERS}),*

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- Incorrect or inappropriate Social Security deductions/benefits,
- Incorrect or inappropriate State Disability Insurance (SDI) deductions/benefits and
- Incorrect or inappropriate employee benefits deductions.

Producing payroll and maintaining the system is difficult and time-consuming. Consequently, payroll problems may not be detected or corrected for a significant period of time.

2.3 SUMMARY OF THE CRITICAL ISSUES

Below is a list of the critical issues regarding the Payroll System described in more detail in the body of this report:

- **System Is Not Reliable** – The Payroll System includes four separate applications that are neither fully integrated nor share a single database. This lack of integration creates the opportunity for inconsistencies and inaccuracies that compromise data integrity, reporting and the ability to accurately produce payroll. County employees must expend additional effort to maintain duplicate information in separate databases and to correct errors because of data inconsistencies and conflicts. When information is inconsistent, questions as to which data are accurate make corrections difficult. Some examples of reliability issues are:
 - Payroll staff issued a paycheck paying an employee for 123.5 hours when only 43.5 hours were entered into the Time & Attendance application system.
 - Payroll staff entered data into Position Control and that was accepted by the system. However, when an attempt was made to use the information, the system indicated the data were not there.
 - Payroll staff entered leave-time of 100 hours into Time & Attendance that was rejected by the system indicating less than 100 hours were available to that employee. However, when Payroll staff checked the balance, the system indicated a balance of 210 hours was available for that employee.

These inconsistencies reduce customer satisfaction; make it difficult to accurately produce payroll and unnecessarily burdens Information Technology Department (ITD) and Payroll Division Staff.

- **System Lacks Critical Functions** – The system lacks the ability to perform critical payroll functions. As a result, County employees perform these functions using a variety of methods including: maintaining separate supplemental systems, PC based spreadsheets and databases, and manual accumulation and calculation. The results of the interviews indicated that several members of the original “Payroll System Evaluation Team” believe that the selected system at the time of implementation did not meet user needs. The County’s attempt to make the Payroll System meet user needs during the past, approximately, 12 years underscores this fact.

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Extensive enhancements, maintenance, corrections and use of supplemental systems to support the County's payroll requirements cause the following:

- Inaccurate payroll,
 - User and client dissatisfaction,
 - Redundant and inconsistent data entry,
 - Inaccurate information,
 - Incomplete records,
 - Limited reporting,
 - Untimely information,
 - Additional workload and
 - Additional costs.
- **Inadequate Project Management During Implementation** – It appears that the Project Manager assigned to select and implement the current system was autocratic, making decisions about the system and how it was implemented without necessarily reflecting user input. As a result, the County selected a 30+ year-old system. In addition, during implementation, the project manager failed to consider many user needs and consequently did not follow sound system implementation practices. Consequently, the system lacks functionality, has been heavily modified, is not integrated, is difficult to use, is hard to maintain, and payroll accuracy and integrity are compromised.
 - **System Is Difficult to Use** – The County Payroll System is difficult to use. Ease of use has a significant impact on that system's ability to produce payroll in a timely, cost-effective and accurate manner, including for example:
 - Data entry requires complex coding,
 - The number of data entry screens is excessive (as many as 19 screens for one transaction),
 - Data entry screens have incomplete information and
 - Payroll personnel training time is excessive.

The system is also difficult to maintain. According to the Payroll Division and ITD, there are inconsistencies in the documentation for the Time & Attendance System that do not describe the relationship between business functions and the 10 to 15 thousand lines of executable program code found in each of the three major programs that support this

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application. Consequently, modifications to individual programs are in some cases creating unintended and incorrect results.

2.4 CONCLUSION

The County Payroll System is at a minimum in immediate need of significant modification. However, it is more likely that the system should be replaced, particularly given modification of the current 30+ year-old system has proven unsuccessful over the past 12 years.

2.5 RECOMMENDATIONS

Our recommendations regarding the critical issues, in sequential order, are as follows:

1. Select representative users that should meet as a group to comprehensively define their requirements for a new payroll system. Compare the requirements to the corresponding aspects of the existing Payroll System to confirm and document the extent of the modifications required in the existing system and the extent of unmet users needs. In the unlikely event that the modifications are minimal, the system should be modified by ITD.
2. Assuming the results of the requirements analysis justify replacement of the Payroll System, conduct an assessment of the following options:
 - **Buy Option** – Purchase a “packaged” software solution that meets the County’s Payroll System requirements. The “buy” option assumes that a suitable vendor-developed application software package is available.
 - **Build Option** – The “build” option typically involves constructing application software “from scratch” by:
 - Building it using internal (County) resources, or
 - Building it using external (contractor) resources.

The options analysis must assess the cost of constructing a custom solution (both internally and with contractor resources) and the viability and price of vendor packages for the entire suite of Geac System applications (i.e., Human Resources, Time & Attendance, Position Control and Payroll). These estimates should include the total cost of either package modification or custom development to support unique County requirements especially for time and attendance.

If the results of the options analysis indicate that the County should solicit the services of a contract developer (i.e., not use internal development resources) or package provider, the County must supplement the user requirements with system, vendor, procurement and contract requirements (i.e., prepare a Request For Proposal, evaluate the responses, select a preferred solution, negotiate an agreement, and complete the design, develop, test and implement the system). If the results of the options analysis indicate that the County should build its own solution, the County will still need to complete the design, develop, test and implement the system.

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3. Address the fate of the existing Geac System (including the requirements analysis above) with a team of representative users led by a project manager with the following organizational skills:
 - An understanding of the roles and responsibilities of individuals within the system project,
 - Coordination of executive management, operational and technical personnel, as well as vendor technology and their client services personnel, for the implementation or modification of the system in a multi-department public sector environment,
 - Group facilitation skills (e.g., relating to all members of a project team and motivating them to action),
 - Interpretation of information from a number of sources, synthesizing it and determining its impact on the project,
 - Management of project issues before they become crises and resolution of those conflicts in a timely fashion and
 - Project integration skills (e.g., viewing the project from a technological, financial and personnel resources standpoint).
4. While the County pursues the Geac System replacement plan described above, it should mitigate some of the existing system problems by doing the following:
 - Review the current workflow and define requirements that eliminate navigation through multiple screens.
 - Standardize data entry formats (e.g., leading zeros, use of decimal points and date format etc.), and specify required information on individual data entry screens. Provide these requirements to ITD and develop custom screens using the utility available with the Geac System.
 - Continue and accelerate training of Payroll Division staff to minimize reliance on one individual that is fully knowledgeable of the Geac System. The County should also identify Geac System specialties and cross-train individuals to minimize reliance on a single individual to support the Geac System.

2.6 NEXT STEPS

To increase the probability of a successful implementation, County management should address the critical issues outlined in this report by taking the following next steps:

- Review recommendations outlined in this report with County management,
- Develop a plan with specific dates to address the recommendations outlined in this report,

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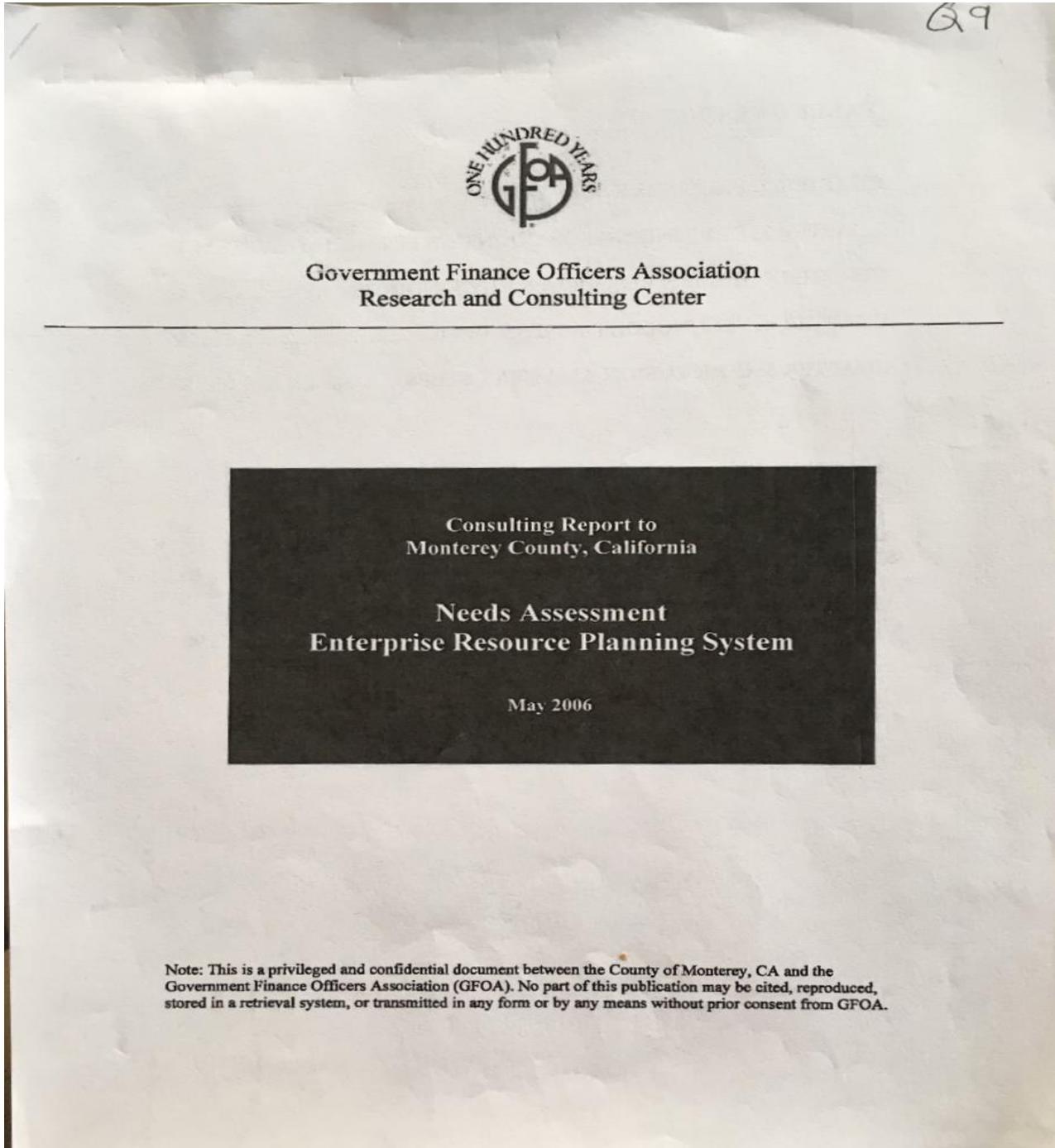
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- Assign and dedicate resources to implement the recommendations approved by County management,
- Agree on completing a requirements analysis before making a conclusive recommendation regarding system replacement and
- Determine the impact of replacing the Geac System on County financial and personnel resources, should the requirements analysis prove replacement of the Geac system is necessary.

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APPENDIX D – GFOA FINDINGS



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County of Monterey, California
Needs Assessment

CHAPTER 1: EXECUTIVE SUMMARY

INTRODUCTION

Today, more than ever before, government organizations are actively seeking to improve their business environments, in an effort to increase efficiency and productivity in meeting the needs of their citizens and stakeholders. To accomplish this, governments are taking advantage of new technologies such as highly advanced financial management and human resources systems (herein referred to as "enterprise resource planning" or "ERP") that enable organizations to not only process transactions more efficiently and effectively, but also reduce the complexity of accessing, viewing, and managing vast sums of information that are collected and disseminated within their agencies. In addition to improving how government organizations conduct business with external stakeholders, these advances are reshaping the landscape for internal administrative functions such as accounting/financial reporting, procurement, and human resources, and establishing new standards for administrative performance.

Defining the "System" -When performing a Business Needs Assessment, one must differentiate between the people, processes, and technologies comprising a means of doing business or a "system." This report will make the following uses of the word "system."

- **"Legacy system"** refers to the technology that supports the current means of doing business. An example of a legacy system is AFIN.
- **"Shadow system"** refers to standalone repositories of data used to compensate for deficiencies the legacy system. Shadow systems are often recognizable by their use of Microsoft Excel or Access.
- **"Business system"** refers to the collection of people, processes, and technology that constitute a means of doing business.
- **"Enterprise system"** means a means of conducting business that cuts across functional areas and that relies on the use of advanced technology.

PROJECT SCOPE & OBJECTIVES

Monterey County is seeking to take advantage of this trend, and has engaged the Government Finance Officers Association (GFOA) to support the County through the initial process of conducting an evaluation of its current business systems, to determine whether there is a compelling case for action to modify, enhance, or replace them. The purpose of the GFOA evaluation of the County's business systems was to evaluate the unmet needs of the County for its core administrative functions.

The GFOA evaluation of the County's current environment consisted of several activities, including: an executive visioning session, along with a presentation of digital government opportunities; executive discussion of internal and external issues that have impacted the County's current business environment; extensive focus group meetings with business staff to understand major weaknesses and unmet needs; observation of core

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legacy systems and the surveying of County stakeholders. This report identifies the key findings of GFOA's analysis.

Some of the key issues that GFOA sought to understand during the evaluation of existing systems included the following:

Data Transactional Activity – How do existing business processes work and support County operations? Are transactions efficiently processed in the legacy systems? Can staff readily check the status of transactions and access data in a real-time manner? To what extent are the current processes paper-intensive and manual? How complete, accurate, timely, and accessible is the data to support planning/decision making, regarding County services and other activities? Do the underlying legacy systems support the desired business processes? To what extent is the system tightly integrated to enable the exchange of data between core functions?

Efficiency of Operations – Do the administrative functions consume more resources than necessary? Can resources be redirected to other activities?

Customer Service – Do the current legacy systems meet the management and reporting needs of County Administrative Officer or other County stakeholders such as Department Directors/Managers, Personnel staff, and external parties such as citizens and suppliers?

Support of Organizational Goals – Can the legacy systems support the County's strategic objectives? Do the various systems enable staff to capture the required information in the system? Can the County utilize the current system to track performance data regarding personnel, programs, and/or services? Do the systems generate reports that are useful for planning and decision-making? Are the systems capable of accommodating the County's goals for e-Government service activities?

Technology – Will the existing legacy systems adequately support County operations for the next five years? Can commercial, off-the-shelf software enhance the County's administrative and service delivery operations?

GFOA FINDINGS AND RECOMMENDATIONS

Executive Visioning Session – As part of its work with the County, GFOA conducted Executive and e-Government Visioning sessions. The purpose of the sessions was to establish project attributes and set a framework for the County's future e-government capabilities. Specifically, the executive session was conducted to establish the County's core values, identify business issues driving the project and root causes for the issues, and to define project success.

The executive vision established for the County was characterized by the following elements:

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- Stewardship/Good custodian of public funds and information through improved security requirements, standards, and internal controls
- Effective decision-making including access to consistent and accurate information on a timely basis and based upon such information
- A Business Process Improvement ethos that ensures:
 - All customers see improvement in business processes, a standard, simplified, and integrated array of business processes.
 - Incorporate best business practices
 - Common goals for business processes and coordination toward those goals.
- Promoting accountability/results through measurable performance, viable and consistent policies monitored and adapted as needed, and compliance with Federal and State accounting standards.
- Focus on service to customers: public, employees, vendors, partner agencies to be achieved through formalized, substantive, and consistent training and a structured vendor management strategy.
- Efficiency of services through reduced labor devoted to administrative “overhead” and shifted toward more value-added roles and by utilizing cost-effective technology solutions.

GFOA also led a discussion on current issues / concerns that are significant business drivers to the project. Those business issues driving the project included the following:

1. Lack of common/holistic approach to County business across departments.
2. Fragmented data base for fiscal forecasting
3. Cumbersome process for contract approval
4. Rudimentary in-house human resource system
5. Inconsistency/inefficiency creating liability and risk

Although the group identified root causes for each issue, the group spent considerable time discussing the first issue listed above due to its fundamental impact on project success. The root causes identified included the following elements:

- Lack of leadership direction to take a more holistic approach
- Lack of awareness/appreciation of “big picture”
- Fragmented decision-authority
- Lack of documented/consistent processes
- Person-driven processes instead of function-driven processes
- Lack of training
- Lack of supporting technology to automate workflows and provided integrated data in a timely fashion
- Lack of organizational transparency
- Lack of internal customer service attitude
- Insufficient staffing level for ERP systems for support, maintenance, and training.

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Another important element was discussed during the visioning session – defining success for a new system. The initial success metrics that were discussed included:

- 100% of customer groups feel they are better-off (i.e., perform a survey)
- Reduce the amount of time it takes to execute a contract is by (X) days
- To be able to maximize budget by receiving accurate and timely budget information
- Reduction in procurement costs (by reducing cycle time or increasing discounts)
- Capture and report payroll information related to employee pay every two weeks
- Ability to take advantage of volume purchasing and discounts
- Reduce the number of payroll adjustments by 50%
- Achievement of a new account structure

While a number of important issues and ideas were discussed during the visioning session, GFOA strongly recommends that the executive sponsors continue to engage executive staff throughout the organization to expand, clarify, and solidify the County's vision and expectations for a new system. Part of the vision and expectations should include discussions on the changes to business operations the County will have to undertake in order to optimize the new technology. Those discussions, and subsequent work effort, can begin immediately on some issues

Administrative Systems Overview – Currently, the County uses the Advantage Financial System (AFIN) from CGI-AMS as its financial management system of record. The County has indicated that the vendor will withdraw vendor support for the Advantage Financial System in the near future.

Through the executive visioning described above, interviews, and focus group comments, the majority of internal stakeholders—including County senior management, administrative staff, and others—expressed widespread dissatisfaction with the existing business environment. This dissatisfaction was mostly related to the functional limitations of AFIN, which has required the County to develop numerous system, “workarounds” to accommodate its needs, in light of the system's limitations. These workarounds have included the development of manual business activities, system duplication and overlap, the proliferation of shadow systems and the fragmentation of information that is critical to County leadership and end-users alike.

From a human resources perspective, GEAC is the system of record for payroll. Many other various shadow systems exist to account for remaining functionality (e.g. applicant tracking, benefits administration, etc.). As with the legacy financial system, GFOA staff found widespread dissatisfaction the functionality that exists in GEAC. In addition to the issues related to the legacy and shadow systems, the County also has other issues that are non-technical related. Many issues that were uncovered in the human resources arena were rooted in non-standardized business processes. Many times, County stakeholders were unsure as to how a human resource or pay practice should be applied. Regardless, of whether the County moves forward with new technology, these issues would need addressed from a business improvement perspective.

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Overall, the lack of functionality and the resulting fragmentation within the current technology environment have lead to significant challenges in managing business processes, analyzing resources, and accessing timely and accurate information.

The detailed analysis of major business areas contained in Chapters Two and Three extensively describes the significant weaknesses of the existing system. GFOA also conducted an evaluation of the County's technical environment, which is discussed in Chapter Four of the report. As stated previously, GFOA particularly identified a number of critical human resource findings that are of a serious nature, which should be addressed by the County immediately.

Exhibit 1-1 highlights several of the key technology challenges and functionality needs of the County.

Exhibit 1-1. Key Technology and Functional Issues	
Technology and System-Wide Issues	Major Functionality Issues
Disparate business systems, and a host of supporting spreadsheets, databases and paper logs result in a severe lack of system integration and real-time data. The accuracy of the County's Human Resource data is questionable.	The limited Chart of Accounts structure and insufficient end user tools hamper financial reporting.
Manual processes significantly contribute to data entry redundancy and process inefficiencies.	The OBS Budget Development application does not provide flexible budgeting capabilities.
The County's current solutions are unable to maintain detailed information resulting in a lack of reporting capabilities. There are no end-user reporting tools and no automated report distribution capability.	The Purchasing process is largely manual and conducted in a decentralized manner. Additionally, procurement process currently in use does not provide "hard dollar" savings information.
Systems are not intuitive and/or user-friendly.	Functional limitations with all the applications have been manually intensive, and have created a proliferation of shadow systems.
Insufficient security for current environment where processes are internal to the County. Unacceptable, hazardous security infrastructure for the future business environment.	Work Order and Maintenance Management functions are supported by standalone departmental systems.
The County is currently deploying a significant amount of staffing resources to support its business systems.	There is no central management of Countywide accounts and grants receivables.
Limited on-line access to historical data.	Much of the Human Resource function is manually conducted, and does not have internal controls; this results in the likelihood that the County is incorrectly paying employees.
Lack of on-line audit trails and drill down features.	Limitations in Time and Attendance and Payroll functions make it unlikely that County employees are properly paid.
A lack of a strong centralized management structure results in business process inconsistency throughout the County.	Position management is virtually non-existent with very poor controls that would prevent "ghost" employees.
No integration with desktop applications, and poor integration with other departmental systems. System lacks open, non-proprietary architecture and integrated development toolkit.	Financial account structure is not designed for financial reporting and includes cost accounting; use of the account structure is inconsistent across County departments; business systems cannot obtain an accurate

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**County of Monterey, California
Needs Assessment**

	financial picture of the County from almost any dimension; compromised reporting, control and decision-making
Technology platform cannot support: <ul style="list-style-type: none"> ▪ drill-down reporting ▪ the saving of document images to include them in workflow ▪ The extension of business to the internet for digital government capabilities 	County's organizational structure is not recorded in AFIN; the County cannot budget by organization, conduct program budgeting, multi-year budgeting, capital project budgeting, flexible budgets or performance budgeting; nor can the system conduct scenario analysis. This is because the budget application does not support this tracking by these approaches. As a result, the development of the County's cost plan is an extremely labor-intensive activity.
No automated workflow capability.	The County's current solution has none of the following capabilities: contract management, grant management, project management, billing, Accounts receivables, collections, cash management, cash forecasting, or integrated fixed asset functionality.
Business rules are not table-driven. There is virtually no flexibility to adjust to changes in business requirements.	Fixed assets oversight is insufficient; Fixed asset reporting is likely not GASB 34 compliant.
Deficient data retention policies and procedures; no disaster recovery capability exists at the County.	GEAC is heavily customized to support complex MOU's, pay practices; there are 400 unique combinations of benefits plans and 800 position classifications; without standardization and simplification, this may result in the continued need for significant custom development and unnecessary complexity in the new business environment.
The County is not using a common chart of accounts. GEAC and OBS do not perform real-time edits against the chart of accounts	Time and Attendance system does not have the ability to capture grant, project, work order and program-related expenses.
	Benefits administration is fragmented between GEAC, EBS, ACS and numerous shadow systems.
	No integrated training capability.
	No integrated risk management capability. Current system is labor intensive, error prone and inconsistent in handling worker's compensation activities.
	No integrated performance appraisal capability.
	No integrated grievance, complaint and discipline tracking capability.
	Best business practices are non-existent; processes are not standardized across the County and lack appropriate internal controls.

Application support-related issues were identified in addition to the specific technology and functional issues noted above. Issues identified were:

- *No centralized support*
- *No help desk*
- *Insufficient training*
- *Insufficient business processes documentation*

Enterprise Resource Planning

County of Monterey, California
Needs Assessment

- *Limited ability to satisfy new business requirements including reporting-related or new business capabilities.*

The significance of these issues cannot be understated as they can impair implementation of best business practices in the County, generate inefficient business practices such as shadow system development, under-utilization and misuse of technology resources, etc.

CONCLUSION

Based on the evaluation of the County's current business environment, the GFOA has concluded that there is a solid business case for the County to replace its existing legacy systems with a new enterprise system, that not only addresses the current unmet needs of the County, but also establishes the foundation for the County to take advantage of the e-government initiatives and would meet the County's future business needs.

Enterprise Resource Planning

APPENDIX EV3.7 PROJECT CHARTER

Monterey County

Project Charter

Project Charter

Enterprise Resource Planning (ERP) Project

Date: May 31, 2007

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Enterprise Resource Planning

GUIDING PRINCIPLES:

Principle 1 – Countywide Focus

Project decisions will be made for the betterment of the entire County, but department needs will be given full consideration.

Principle 2 – “Vanilla” Implementation

Monterey County will implement the vendor’s delivered software, and adapt its business processes to the best business practices embedded in the selected software. In the industry, this is termed a “vanilla” implementation. Exceptions to this principle will only be considered in cases of mission-critical importance.

Principle 3 – Embrace “Best Practices”, Standardization, Effectiveness / Efficiency

The County will embrace “best practices” embedded in the vendor’s software. Further, the County will strive to standardize business processes across the enterprise. Business processes will be designed to maximize effectiveness and efficiency from a countywide perspective.

Principle 4 – Assignment of Responsibility

Responsibility for data entry and approvals will be assigned at its operational source to the degree reasonable and possible.

Principle 5 – Integration Priority

The project will minimize system interfaces, and prioritize integration over standalone solutions, unless significant, mission-critical reasons exist. Mission-critical means the enterprise solution cannot meet statutory requirements without cost-prohibitive customization.

Principle 6 – Adequate Financial Resources

The County is committed to adequate financial resources to ensure the success of the project during pre-implementation, implementation and post implementation timeframes.

Principle 7 – Adequate Staffing Levels Utilizing the Best Resources and Backfill

The County is committed to providing adequate resources dedicated to the Implementation Project. The best County resources will be committed to the effort and their positions will be backfilled to ensure operational needs are met.

Principle 8– Change Management and Rapid Decision Making

A key GFOA finding validates that the County, like other organizations, has a significant resistance to the changes necessary to successfully transform our business environment. Keeping a countywide focus in mind, the County is committed to placing an emphasis on Change Management. A key element of Change Management will be constant communication with County stakeholders. Another key element is rapid decision-making.

Principle 9 – Employee Impacts

The County will place high priority on addressing employee impacts resulting from project business transformation. This includes, but is not limited to, the following changes: policy, organizational structure, MOUs, and job classification / roles and responsibilities / compensation / knowledge, skills, abilities / training, etc.

Enterprise Resource Planning

Principle 10 – Adequate Training

The County commits to ensuring that adequate training. This includes Project Team training to prepare them for their Implementation Project responsibilities, and end user training to prepare them to use the system when it is put into production.

Principle 11 – Scope Management

The scope for each phase of the project will be carefully defined. Once the scope for each phase of the project has been defined, changes to that scope will only be allowed for changed statutory requirements, or mission critical issues that the existing scope did not address.

Principle 12 – Knowledge Transfer and Post Implementation Support

The County is committed to knowledge transfer during Implementation Project to maximize the County's ability to autonomously support the production system to the maximum degree possible. The County will commit the resources to support the system once it has been put into production. Support for the new system will include, but is not limited to: (1) technical and business process maintenance for existing functionality, (2) implementation of new functionality (not customization) and changes to business processes, (3) timely implementation of software upgrades, (4) on-going training, and (5) Help Desk support.

Enterprise Resource Planning

Underestimating Effort and Resource Requirements: Many complex issues face the County during the Implementation Project. With the information currently available, the County cannot provide vendors with sufficient information to accurately estimate the effort and resources to implement the agreed scope of work. This virtually guarantees cost and schedule overruns due to an underestimation of effort and resources that includes, but is not limited to:

- Change account structure including the creation of an organization structure
- Balance sheet reconciliation
- Set-up master data
- Business process reengineering
- Data conversion
- Modify existing Payroll system with account structure changes and support project, grant and program accounting requirements
- Implement complex HR / Payroll business requirements
- *NMC business model implementation*
- *HR Roadmap implementation coordination*

Risk Mitigation Actions – (Responsibility):

- The contract will be structured to include an initial phase that allows the vendor and the County to jointly perform critical analytical work necessary to understand the magnitude of the complex issues that face the County. This initial phase will also be used to finalize the overall scope of the project and prioritize that scope. The output of this initial phase will be a detailed Implementation Plan that: (1) incorporates the overall scope of the project, (2) identifies each phase of the project and the scope of that phase, and (3) estimates the effort and resources, both vendor and County, for each phase - (Project Director, Project Manager, Change Manager)
- Coordination with NMC and other stakeholders to develop a new NMC business model that will define ERP scope associated with NMC and honor timing dependencies between the creation of the business model and contract negotiations - (Project Director, Project Manager, Change Manager)
- Coordination with Central HR and HR Department Head on HR Roadmap implementation and its dependencies with ERP – (Project Director, Project Manager, Change Manager)

Scope Change Control: Project scope for each phase of the project will be very carefully defined to introduce changes that the ESC believes the County can be incrementally assimilate. Expanding the scope of any phase of the project may necessitate additional training, effort, and resources, increase complexity, introduce change that cannot be assimilated, etc. and increase the risk of project failure.

Risk Mitigation Actions – (Responsibility):

- Once the scope for each phase of the project has been defined, changes to that scope will be closely controlled in accordance with the Project Charter principle of “Scope Management” and the corresponding change processes – (ESC, Project Director, Project Manager, Change Manager)

Deficient Operational Staffing Levels: Our recent Needs Assessment effort with the GFOA validated the deficient operational staffing concern expressed by numerous stakeholders during our change management activities with GFOA. Pre-implementation tasks that were scheduled were not completed, did not meet quality requirements, or tasks assigned to project team members were performed by others due to unavailability. The County does not have the

Enterprise Resource Planning

APPENDIX F PAY PRACTICES BY BARGAINING UNIT

Bargaining Units

Special Pays	A Deputy Sheriff's Association	B Deputy Sheriff's Association	C Deputy Sheriff's Association	D Public Defender's Association	E Prosecutor's Association	F SEU Supervisory Employees	G County Counsel Employee Association	H Health Employees	J General Employees	K SEU Social Services	L Probation Managers' Association	M & N Probation Association	Q & V Park Rangers' Association	R SEU Resident Physicians	S Registered Nurses' Association
<i>Bilingual Pay (Primary)</i>	5%	5%	5%	-	-	\$0.56/hr.	-	\$0.56/hr.	\$0.56/hr.	\$1.00/hr.	\$20.00/pp	2%-4%	\$42.00/pp	\$0.56/hr.	\$45.00/pp
<i>Bilingual Pay (Provisional)</i>	-	-	-	-	-	\$0.25/hr.	-	\$0.31/hr.	\$0.25/hr.	\$0.32/hr.	-	-	\$20.00/pp	\$0.31/hr.	\$25.00/pp
<i>Bilingual Longevity Incentive Pay</i>	-	-	-	-	-	-	-	-	-	\$520.00/yr.	-	-	-	-	-
<i>Qualified Medical Interpreter</i>	-	-	-	-	-	\$60.00/pp	-	\$60.00/pp	\$60.00/pp	-	-	-	-	-	-
<i>Uniform Allowance</i>	-	-	-	-	-	\$25.00-\$50.00/mo.	-	-	\$25.00-\$50.00/mo.	-	-	-	\$60.00/mo.	-	-
<i>Shift Differential</i>	\$0.90/hr.	\$0.90/hr.	\$0.90/hr.	-	-	\$1.55/hr.	-	\$0.55/hr.	\$1.55/hr.	\$2.05-\$3.55/hr.	-	\$2.00/yr.	\$0.95/hr.	-	\$3.00-\$4.50/hr.
<i>Shift Differential- MMC</i>	-	-	-	-	-	\$1.55-\$3.50/hr.	-	\$2.00-\$5.00/hr.	\$1.55/hr.	\$2.05-\$3.55/hr.	-	-	-	-	\$1.25-\$4.50/hr.
<i>On-Call/Standby</i>	\$3.00/hr.	\$3.00/hr.	-	-	-	\$2.55-\$4.50/hr.	-	\$2.25-\$4.50/hr. or \$150-\$300/weekend (PAs)	\$2.55/hr.	\$4.50/hr.	-	\$2.55/hr.	\$2.55/hr.	-	-
<i>On-Call/Standby- MMC</i>	-	-	-	-	-	\$12.00-\$20.00/hr.	-	\$12.00/hr.	\$5.00/hr.	\$4.50/hr.	-	-	-	-	\$12.00-\$31.00/hr.
<i>Call Back</i>	4 hr. min.	4 hr. min.	-	-	-	2 hr. min. x base pay	-	1 hr. min. @ 1.5 x base pay	2 hr. min.	2 hr. min.	-	2 hr. min.	2 hr. min.	-	-
<i>Call Back- MMC</i>	-	-	-	-	-	1 hr. min. @ 1.5 x base pay	-	1 hr. min. @ 1.5 x base pay	1 hr. min. @ 1.5 x base pay	2 hr. min.	-	-	-	-	2 hr. min.
<i>Unscheduled Shift- MMC</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 1/2 x base pay for shift
<i>Competency Pay</i>	-	-	-	-	-	\$2.00/hr.	-	-	\$2.00/hr.	-	-	-	-	-	-
<i>Certification Pay</i>	-	-	-	-	-	\$1.05/hr.	-	-	-	-	-	-	-	-	\$1.15/hr.
<i>Certification/Competency Pay- MMC</i>	-	-	-	-	-	\$1.05/hr. or 5%	-	3%-10%	5%	-	-	-	-	-	\$1.15/hr.
<i>Communications Training Officer Pay</i>	-	-	-	-	-	\$2.65/hr.	-	-	\$2.65/hr.	-	-	-	-	-	-

Enterprise Resource Planning

	A Deputy Sheriff's Association	B Deputy Sheriff's Association	C Deputy Sheriff's Association	D Public Defender's Association	E Prosecutor's Association	F SEU Supervisory Employees	G County Counsel Employee Association	H Health Employees	J General Employees	K SEU Social Services	L Probation Managers' Association	M & N Probation Association	Q & V Park Rangers' Association	R SEU Resident Physicians	S Registered Nurses' Association	
Special Pays																
Charge Dispatcher Pay	-	-	-	-	-	-	-	-	\$1.50/hr.	-	-	-	-	-	-	-
Law Enforcement Advisory Pay	-	-	-	-	\$276.75/wk	-	-	-	-	-	-	-	-	-	-	-
Incentive pay for Dep. Ag Comm. Or Dep. Sealer License	-	-	-	-	-	-	-	-	3%	-	-	-	-	-	-	-
Eligibility Worker Intake Differential	-	-	-	-	-	-	-	-	-	5%	-	-	-	-	-	-
Educational Stipend	-	-	-	-	-	-	-	-	-	-	-	5%	-	\$1.20-\$2.40/hr.	-	
Longevity/Performance Stipend	6%	6%	6%	-	-	4%-8%	Based on ee performance	4%-8%	-	-	-	-	-	-	3%-9%	-
Professional Development Stipend	-	-	-	-	-	\$100.00-\$250.00/yr.	-	\$100.00/yr.	\$100.00/yr.	-	-	\$100/yr.	\$100.00/yr. (V unit only)	\$50.00/month	-	-
Professional Organization Membership Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Expense Allowance	-	-	\$25.00/mo.	-	-	-	-	-	-	-	-	-	-	-	-	-
Nurses Development Certification Stipend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$150.00-\$350.00/yr.	-
Float Pay	-	-	-	-	-	5%	-	5%	-	5%	-	-	-	-	\$3.12/hr.	-
Charge Pay- NMC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3.12/hr.	-
Resource Nurse Premium Pay- NMC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10%	-
Specialty Nurse Practitioner Pay- NMC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$4.00/hr.	-
Transport Premium Pay- NMC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3.00/hr.	-
Retention	1.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacist Retention Bonus- NMC	-	-	-	-	-	-	-	\$3,000/6 months	-	-	-	-	-	-	-	-
Sick Leave Bonus- NMC	-	-	-	-	-	\$1,500-\$3,000/yr.	-	-	-	-	-	-	-	-	-	-

Enterprise Resource Planning

Special Pays	A Deputy Sheriff's Association	B Deputy Sheriff's Association	C Deputy Sheriff's Association	D Public Defender's Association	E Prosecutor's Association	F SEIU Supervisory Employees	G County Counsel Employee Association	H Health Employees	J General Employees	K SEIU Social Services	L Probation Managers' Association	M & N Probation Association	Q & V Park Rangers' Association	R SEIU Resident Physicians	S Registered Nurses' Association
Training Officer Assignment	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Detective Assignment	13.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SWAT	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Bomb Squad	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
CERT	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Gang Task Force	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Hostage Negotiator	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Dive Team	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Search and Rescue	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Canine Handler	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Investigative Sergeant Premium Pay	-	5%	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate Post Certificate Pay	2.6%	2.6%	2.6%	-	-	-	-	-	-	-	-	-	-	-	-
Advanced Post Certificate Pay	4.4%	4.4%	4.4%	-	-	-	-	-	-	-	-	-	-	-	-

Enterprise Resource Planning

APPENDIX G PAY EVENT COMPARISONS

Client	Payroll cycle	# paid employees	Unique pay events	Pay Policy Event Type (PPET)	# of pay events divided by # employee
County of Monterey, CA	Bi-weekly	5,290	889	35,301	0.168
Los Angeles County, CA	Semi-monthly	120,179	1,020	32,660	0.009
State of Wyoming	Monthly	9,500	126	344	0.013
Anne Arundel County Public Schools (MD)	Monthly / Weekly	15,000	320	2,906	0.021
City of Mesa, AZ	Bi-weekly	4,100	167	634	0.041
State of Michigan		51,000	519	2,358	0.046
Baltimore County, MD	Bi-weekly and Semi-monthly	11,000	110	800	0.010
Aldine Independent School Dist. (TX)	Semi-monthly	10,000	2,180	2,278	0.218
Wake County, North Carolina	Semi-monthly	4,000	53	367	0.014
Baltimore County Public Schools	Monthly	22,178	699	37,728	0.032

Source: CGI customers as reported to Monterey County Payroll Department and AC's Office

Enterprise Resource Planning

APPENDIX H PROGRESSION AND REPORTING OF V3.10 PROJECTED COSTS

Summary of ERP Spending Requests and Budget Updates to Board of Supervisors for v3.10						
Board Update on Estimated Total ERP 3.10 Cost						
Board Date	Board File ID	Amount Requested to Spend	Internal County Costs	External Vendor Costs	Total ERP Cost	Description of Meetings and Expense Explanations
17-Mar-14	14-233	\$ -	\$ 1,700,000	\$ 2,650,000	\$ 4,350,000	Provided report to Capital Improvement Committee (consisting of 2 board members). Presented the need for an upgrade to the ERP system for an estimated cost of \$4.350M. No money was requested, this was just an update. NO ACTION TAKEN
16-Sep-14	14-022	\$ 564,000	--	--	None Provided	ACO requested the Board to increase the budget of the ACO office to add incremental staff to backfill positions being assigned to work on the ERP. No other update on ERP costs were presented. BOARD APPROVED SPENDING
28-Jul-15	15-0842	\$ 570,000	\$ 2,400,000	\$ 4,680,000	\$ 7,080,000	ACO presented the need for CGI to do an analysis in the county of ERP needs to assist in writing a Scope of Work for an upgrade. ACO requested approval for the contract and \$570K spending for the project, and provided the full Board with an updated estimate of an upgrade of \$7.1M. BOARD APPROVED
22-Mar-16	16-343	\$ 8,218,497	\$ 4,416,991	\$ 10,389,773	\$ 14,806,764	Once the work in SOW11 was completed, it was determined that the work needed to be done for the county would require a new system implementation instead of an upgrade. CGI provided a proposal for a the system of \$8.218M. The ACO presented the total estimated cost of the new system to the board of \$14.806M (\$4.4M for internal staff and overhead and \$10.4 for CGI and Project Management contractors). ACO requested contract approval for CGI. BOARD APPROVED contract
22-Mar-16	16-059	\$ 804,824	--	--	None Provided	ECare was hired by ACO to provide project management services and worked for 5 months without a contract. The ACO requested approval for the contract of \$2.066M; the Board declined and requested the work go out for an RFP. The Board did approve \$.805 for work previously done by ECare. No other update on ERP costs were provided by the ACO. BOARD APPROVED contract and payment of services to date only.
26-Jul-16	16-914	\$ 1,825,920	--	--	None Provided	An RFP was conducted for project management services and Plante Moran was selected as the new vendor. The ACO requested approval for a \$1.825M 18-month contract for them, and did not provide any additional update on the cost of the ERP. BOARD APPROVED contract.
31-Jan-17	17-065	\$ 1,589,908	--	--	None Provided	During implementation of the ERP v3.10, delays were incurred when project managers changed which required additional time from CGI. ACO requested approval of an amendment to the CGI \$8.2M contract of \$1.59M. BOARD APPROVED amendment and spending
16-Jun-17	17-093	\$ 936,560	--	--	None Provided	During the time that project management providers were changing and Plante Moran was coming up to speed, county employees whose costs were allocated to the ERP project were working on other projects instead, but their salaries and benefits had to be charged somewhere. The ACO requested an additional \$937K in labor expenses in the department to support the ERP. BOARD APPROVED spending.
29-Aug-17	17-0808	\$ 804,290	--	--	None Provided	The ACO came back to the Board to request another extension in implementation deadline with CGI with Amendment 2 to the contract for \$804K. There was no additional update on the total project cost made. BOARD APPROVED SPENDING
26-Feb-18	18-094	\$ 409,325	\$ 4,442,385	\$ 14,120,885	\$ 18,563,270	The ACO presented a project budget update to the Board, the first since March 22, 2016. Total projected cost was \$18.563 (excluding SOW11) for \$4.4M internal staff and overhead, and \$14.1M external vendor costs. Also requested approval for a retroactive change and budget increase to the CGI contract for work that was done in 2016 for \$409K. BOARD APPROVED CONTRACT AMENDMENT AND SPENDING.
22-May-18	18-182		--	--	None Provided	The ACO presented a request for approval of Amendment 3 to the CGI contract to extend terms to complete the Human Resources module. No additional money was requested, and no update to costs was provided. BOARD APPROVED AMENDMENT

Enterprise Resource Planning

APPENDIX I

COUNTY BARGAINING UNITS & # OF EMPLOYEES

County Employees by Bargaining Employee Unit

Bargaining/Employee Unit	Permanent	Temporary
A Deputy Sheriff's Association (Deputies & DA Investigators)	294	
B Deputy Sheriff's Association (Sergeants)	37	
C Deputy Sheriff's Association (Commanders & Captain)	14	
D Monterey County Public Defender's Association	25	
E Monterey County Prosecutor's Association	49	
F Service Employees International Union Local 521 - Supervisory Employees	278	5
G Monterey County Counsel Employee Association	17	3
H Service Employees International Union Local 521 - Health Employees	520	97
J Service Employees International Union Local 521 - General Employees	1534	156
K Service Employees International Union Local 521 - Social Services Employees	715	11
L Monterey County Probation Manager's Association	16	
M Monterey County Probation Association (Probation Officers)	171	3
N Monterey County Probation Association (Juvenile Institution Officers)	9	
O Unrepresented Board of Supervisors	5	
P Unrepresented Board of Supervisors Executive Assistant	5	2
Q Monterey County Park Rangers' Association (Rangers)	4	
R Service Employees International Union Local 521 - Resident Physicians	30	
S Monterey County Registered Nurses' Association	472	24
T Unrepresented Per-Diem Employees		82
U Contract Physicians	66	1
V Monterey County Park Rangers' Association (Supervisory)	1	
X Unrepresented Management	466	42
XL Unrepresented Limited Term Employees		3
Y Unrepresented Executive Management	61	3
X Unrepresented Confidential Employees	58	2
Total	4847	434

Enterprise Resource Planning

APPENDIX J DEPUTY SHERIFFS' ASSOCIATION (DSA) – GRIEVANCE AND SETTLEMENT

County of Monterey

Sheriff's Office

GRIEVANCE FORM

For Units A, B & C

Represented by the Deputy Sheriff's Association

Instructions:

1. To utilize the grievance procedure, you must first informally discuss your alleged grievance with your immediate supervisor.
2. If informal discussion does not result in the resolution of your grievance, completion of this form is necessary to pursue the grievance to its next formal step.
3. Present all of the information relating to your grievance on this form and submit the original to your immediate supervisor.

Please refer to your current MOU for guidance in filing and routing a formal grievance.

****This form will clear when you exit. If you wish to preserve your entries, save this form to your desktop and/or print before closing.****

Employee Information:

Employee Name: Filed by Dan Mitchell, on behalf of myself and similarly situated employees, the Monterey County Deputy Sheriffs' Association ("MCDSA"), David A. Allred; John C. Baird; David P. Burnside; Joseph A. Chaffee; Bryan R. Clester; John DiCarlo; Edward Durham; Joaquin Gonzalez; Ruben A. Garcia; Dustin A. Hedberg; Alfredo Jimenez; Tim Krebs; Richard D. Matthews; Bruce A. Mauk; Daniel J. Mitchell; William D. Napper; Shawn O'Connor; David R. Ramon; Kenneth A. Resop; Robert O. Rodriguez; Michael R. Shapiro; Gary Wheelus and the members of the MCDSA.

Employee's Job Class: Deputy Sheriff, as to myself, and all classifications represented by the MCDSA Employee's Department: Sheriff's Department

Employee's Work Location: Central Area Employee's Work Phone Number: (831)755-3710

Supervisor's Name: Commander Joe Pedroza

Date Grievance Occurred or Was Discovered: Monday, March 16, 2009

Date of Informal Discussion with Supervisor: March 24, 2009

Oral Reply Received from Supervisor? Yes Date: March 24, 2009 No

Name of Employee's Representative: Deputy Sheriffs' Association of Monterey County

Address of Employee's Representative: P.O. Box 345, Salinas, California 93902

Date This Form Was Given to Supervisor: March 24, 2009

Nature of Alleged Grievance:

- I. Please state as clearly as possible the nature of the grievance, including names and titles of all individuals involved and dates and places of occurrence(s).

The County of Monterey has implemented a new policy taking effect March 28, 2009 that will stop compensating the Grievants at an overtime rate of pay for hours worked in excess of 80 hours per pay period, and will begin providing overtime compensation only for hours

Enterprise Resource Planning

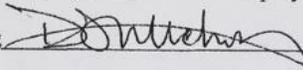
County of Monterey

Sheriff's Office

Sheriffs' Association. To do so, the County must continue providing overtime compensation to Grievants for all hours worked in excess of 80 hours per pay period. The County must also continue providing Grievants overtime compensation for all hours worked in excess of eight (8) hours per day or their regularly scheduled shifts, whichever is greater. In addition, the County must continue treating PTO taken as "hours worked" for purposes of determining overtime compensation entitlements. The County must also provide full back pay and liquidated damages to Grievants for every underpayment resulting from the implementation of the County's new pay policy. Further, the County must provide interest 10% interest on Grievants' back-pay, pursuant to Civil Code § 3289. The County must also provide attorney's fees and costs, and other relief as necessary to make the Grievants whole.

Who is filing this form? Employee Employee's Representative

Signature of person filing



*****This form will clear when you exit. If you wish to preserve your entries, save this form to your desktop and/or print before closing.*****

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SETTLEMENT AGREEMENT AND GENERAL RELEASE

Mitchell vs. County of Monterey

U.S. District Court for the Northern District of California Docket No. C08-01166 JW

Grievance by Dan Mitchell et al. dated March 24, 2009

Grievance by Dave Dungan et al. dated April 6, 2009

This Document is subject to Public Disclosure

This is an agreement between the COUNTY OF MONTEREY and the DEPUTY SHERIFFS' ASSOCIATION OF MONTEREY COUNTY, a labor organization, DAVE DUNGAN, and the following 22 plaintiffs: DAVID A. ALLRED, JOHN C. BAIRD, DAVID BURNSIDE, JOSEPH ANTHONY CHAFFEE, BRYAN CLESTER, JOHN Di CARLO, EDWARD DURHAM, RUBEN A. GARCIA, JOAQUIN GONZALEZ, DUSTIN HEDBERG, ALFRED JIMENEZ, TIM KREBS, RICHARD D. MATTHEWS, BRUCE MAUK, DAN MITCHELL, WILLIAM D. NAPPER, SHAWN O'CONNOR, DAVID R. RAMON, KENNETH A. RESOP, ROBERT Q. RODRIGUEZ, MICHAEL R. SHAPIRO, and GARY WHEELUS. Its date for reference purposes is September 30, 2011.

Recitals

This agreement is made with reference to the following facts.

A. On February 27, 2008, plaintiffs DAN MITCHELL, DAVID A. ALLRED, JOHN C. BAIRD, JOSEPH ANTHONY CHAFFEE, JOHN Di CARLO, EDWARD DURHAM, DENNIS ENGLISH, NELSON GARCIA, RUBEN A. GARCIA, DUSTIN HEDBERG, ALFRED JIMENEZ, TIM KREBS, RICHARD D. MATTHEWS, BRUCE MAUK, WILLIAM D. NAPPER, SHAWN O'CONNOR, DAVID R. RAMON, KENNETH A. RESOP, ROBERT Q. RODRIGUEZ, MICHAEL R. SHAPIRO, and GARY WHEELUS, filed in the U.S. District Court for the Northern District of California, San Jose Division, a complaint against MONTEREY COUNTY, case no. C08-01166 JW. Subsequently, two of these plaintiffs dropped from the lawsuit, namely, DENNIS ENGLISH and NELSON GARCIA, and three new plaintiffs joined, namely, DAVID BURNSIDE, BRYAN CLESTER, and JOAQUIN GONZALEZ. All the plaintiffs are or were during the period applicable to their complaint employed by the County of Monterey in the Sheriff's Office.

B. In their complaint, the plaintiffs sought damages for alleged violations of the Fair Labor Standards Act occurring and continuing to occur in the period from February 27, 2005, up through the date of trial or other disposition of the case. In particular, the plaintiffs made the following claims: (1) the County failed to correctly calculate the overtime rate of pay for the plaintiffs by omitting various stipends from the overtime rate calculation; (2) the County failed to pay the plaintiffs for the time they spent donning and doffing their uniforms and equipment; and (3) the County failed to pay the plaintiffs for the time they spent in other pre-shift and post-shift activities. Based on these liability claims, Plaintiffs sought an award of back pay, liquidated damages, and a one-year extension of the statute of limitations.

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Mitchell vs. County of Monterey, USDC ND Calif. C08-01166 JW

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C The County answered the complaint, generally denying the allegations, except that the County admitted that it had incorrectly calculated the overtime rate of pay. In addition, the County claimed that in other respects the County had paid more wages to the plaintiffs than was required by the Fair Labor Standards Act, and that the County was entitled to use those more generous payments to offset any shortfalls that might otherwise be found to exist. In addition, the County claimed that the FLSA overtime threshold applicable to the plaintiffs' claims was 86 hours actually worked in a two-week work period and that, measured against that overtime threshold, many if not all of the pre-shift and post-shift activities for which the plaintiffs claimed compensation occurred during the gap time and that the FLSA did not require compensation for these activities in the gap time. Finally, the County claimed that the plaintiffs who were sergeants were exempt from the FLSA's overtime requirements.

D. Subsequently, on motions for summary judgment, the court ruled that the time spent by plaintiffs donning and doffing uniforms and equipment was not compensable, and that the County had violated the FLSA with its incorrect calculation of the overtime rate of pay. The court deferred all other issues for a decision to be made at trial.

E. Meanwhile, on March 24, 2009, the MONTEREY COUNTY DEPUTY SHERIFFS' ASSOCIATION (MCDSA), the 22 Plaintiffs, and DAN MITCHELL, on behalf of himself and similarly situated employees in the Sheriff's Department, filed a grievance with the County. In this grievance, the grievants alleged that the County had failed to pay overtime compensation to grievants for all time actually worked in excess of eight hours in a day or grievants' regularly scheduled work shifts, whichever was greater. In addition, the grievants alleged that the County had failed to calculate their overtime rate of pay in accord with the FLSA. The grievants asserted that these failures violated the MOU between the DSA and the County. The County denied the grievance, and the grievants appealed, ultimately to arbitration. The County denied the grievance, and the grievants appealed, ultimately to arbitration. Arbitration has not been scheduled on this grievance, and the grievance is therefore still pending.

F. In addition, on April 6, 2009, the MCDSA and DAVE DUNGAN, on behalf of himself and similarly situated employees classified as District Attorney Investigators I, II and II, and Supervising District Attorney Investigators, filed a grievance with the County. In this grievance, the grievants alleged that the County and the Monterey County District Attorney's Office failed to pay overtime compensation to Grievants for all time actually worked in excess of eight hours in a day or grievants' regularly scheduled work shifts, whichever was greater. In addition, the grievants alleged that the County had failed to calculate their overtime rate of pay in accord with the FLSA. The grievants asserted that these failures violated the MOU between the DSA and the County. The County denied the grievance, and the grievants appealed, ultimately to arbitration. Arbitration has not been scheduled on this grievance, and the grievance is therefore still pending.

G. In an effort to resolve the issues raised in the lawsuit and the grievances, the parties have engaged in extensive negotiations regarding these matters. Throughout these negotiations all parties were and continue to be represented by counsel experienced in wage and employment matters.

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H. The parties wish to avoid the potential uncertainty, expense and delay of litigation and have therefore, based on their extensive negotiations, agreed to a settlement of these disputes. The parties understand that the potential recovery at trial remains unknown, but the parties believe that the terms of this Agreement are consistent with and within the range of a reasonable result that Plaintiffs might expect to obtain after a trial.

I. The parties now desire to resolve all of the outstanding issues in the above-described lawsuit and grievances, and to that end, enter into this agreement.

Terms

NOW THEREFORE, the parties hereto agree, warrant, and represent as follows:

1. **Resolution of past claims.** The following provisions address the claims and grievances arising in the past, up to and including the effective date of this settlement agreement:

a. The County shall award to each of the 22 named plaintiffs who sign this agreement 16 hours of special paid leave in calendar year 2012 and 16 hours of special paid leave in calendar year 2013.

b. (i) The County shall pay the total amount of \$66,000 to the Plaintiffs who execute this agreement, to be divided among and distributed to the plaintiffs as provided below. This amount includes \$33,000 as overtime wages for past work and \$33,000 as liquidated damages pursuant to 29 USC Sec. 216(b). The parties understand the payments for overtime wages and the liquidated damages are not reportable to PERS or includable in PERS calculations.

(ii) The amount paid to each plaintiff shall be allocated ½ to wages and ½ to liquidated damages. Each plaintiff's specific share of this settlement (including the amount allocated to wages and the amount allocated to liquidated damages) is listed in a separate sheet attached to this Agreement as Exhibit A. Each plaintiff's signature on this Agreement constitutes an acknowledgment of his individual settlement amount, affirming that he accepts the amount as fair, just and reasonable.

(iii) The County will then distribute the appropriate amounts to the respective plaintiffs. The County will pay each plaintiff their amount in two separate checks, one check for liquidated damages and a second check for wages (included as back pay on the employee's regular payroll check, less the withholdings for that plaintiff).

c. The County shall provide to all other sworn personnel in the Sheriff's Department 8 hours of special paid leave in calendar year 2012 and 8 hours of special paid leave in calendar year 2013, provided that such award shall go only to those who execute a waiver and release of all potential FLSA or MOU liability for all claims of the kind asserted in the above-described litigation and grievances arising up to and including the effective date of this

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APPENDIX K SEIU ARBITRATION SETTLEMENT

*Arbitration Office
of
John D. Perone
2005 Palo Verde Ave, Suite 147
Long Beach, CA 90815*

RECEIVED
DEC 10 2012
WR & R

IN BINDING HEARING PROCEEDINGS IN ACCORDANCE WITH THE COLLECTIVE
BARGAINING AGREEMENT BETWEEN THE PARTIES

In the Matter of a Dispute)	
-between-)	
Service Employees International)	
Union, Local 521)	Arbitrator's Opinion
)	&
vs)	Award
The County of Monterey, California)	
Subject of Appeal: Alleged Contract)	
Violation in Payment of Overtime)	
Wages)	

This hearing arises pursuant to the Collective Bargaining Agreement between Service Employees International Union, Local 521; hereinafter, the Union, and the County of Monterey, California; hereinafter, the County or the Employer. Under the controlling language of the Collective Bargaining Agreement the Arbitrator's function is to consider Union grievances filed on behalf of bargaining unit members in SEIU Unit F, Unit H, Unit J, and Unit K. The essence of the grievances are to protest an alleged contract violation of the Employer in the computation of overtime payment for Bargaining Unit Members.

✓ KLH
DECISIONS 1
DONE

DOCKET

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The record reflects that on August 28, 2010, the County implemented a new payroll system called Advantage in which the overtime rate of pay was devised by a formula different from that used prior to August 28, 2010. Prior to August 28, 2010 the County, when calculating overtime pay for bargaining unit members, included all time for holidays, vacation, compensatory time off, and paid time off as hours worked for the purposes of determining overtime at the rate of 1.5 hours for each hour of qualified overtime worked.

Subsequent to August 28, 2010, with the implementation of the new payroll system, the overtime rate was calculated using a different formula excluding pay for "*non-productive time*." The new procedure required that the amount of "*productive*" time only was divided into the total number of hours for both nonproductive time and productive time, the results multiplied by 1.5 to arrive at the overtime rate - which results in less paid to Bargaining Unit members who worked overtime.

It is relevant that subsequent to filing of the grievances, various meetings were held between the Union and Management continuing until September 18, 2011. The Employer recognizing a mistake was made, corrected the system so that employees were paid under the original provisions of the Memorandum of Understanding (MOU), using all compensable time to compute the overtime rate. The fact record reflects the

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County represented to the Union that it would pay employees back pay for overtime miscalculated between August 28, 2010 and September 8, 2011, by early 2011. However, when due, the County represented it could not meet that date, but promised on back-pay compensation and pay to Bargaining Unit employees by April 2011, then again by November 24, 2011, and then by December 31, 2011.

Back pay was not issued for two years and so, the Union instigated arbitration proceedings in order to seek an appropriate remedy for payment of the monies owed bargaining unit members by a reasonable deadline set for the County by the Arbitrator.

John D. Perone was appointed by the parties and a full evidentiary Hearing was held on September 25, 2012, at the County Government Center in Salinas, California. All witnesses testified under oath administered by the Arbitrator who issued this report with a binding award.

REPRESENTING THE PARTIES

Representing the Union

Anne I. Yen, Esq.
Weinberg Roger & Rosenfeld
1001 Marina Village Parkway
Suite 200
Alameda, CA 94501

Representing the County

Janet Holmes, Esq.
Deputy County Counsel,
County of Monterey
168 West Alisal St, 3rd Floor
Salinas, CA 93901-2653

ISSUES

At the hearing, the Parties were unable to stipulate as to an Issues statement. They did agree that the Arbitrator would

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have the authority to frame an Issues statement after consideration of the evidence presented and the position of the two Parties. The Issues statement, as presented by the Union, is as follows:

"What is the appropriate remedy for the County's failure to include vacation, compensatory time, and holidays in computing overtime pay for bargaining unit employees?"

The County's version of an Issues statement is as follows:

"Are the grievances presented arbitrable under the applicable MOUs? Did the County violate applicable MOU provisions in calculating overtime pay after transition to the new payroll system?"

After consideration of the evidence and argument submitted, the Arbitrator hereby frames the Issue statement as follows.

1. *Are the grievances arbitrable?*
2. *If so, did the County violate applicable MOU provisions in calculating overtime pay after transition to the new payroll system? If so, what is the proper remedy?*

POSITION OF THE PARTIES

Position of the Union

It was the position of Counsel for the Union in her closing argument brief, in essence, that effective August 28, 2010, upon implementation of the new payroll system called Advantage, the County unilaterally devised a different formula for computation of the overtime rate for bargaining unit members. The Union contends that prior to August 28, 2010, overtime pay was computed simply by multiplying 1.5 by the number of overtime hours worked. As of August 28, 2010, the new

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system devised a formula by which employees were paid an overtime pay rate for "productive" time divided into the total number of hours of both productive and nonproductive time, the resulting hours were then multiplied by 1.5 to arrive at the overtime rate. Union asserts this violates Section 10 of the MOU.

Counsel for the Union notes after discussion between the Union and Management concessions, the system was corrected going back and implementing the pre-Advantage system rate, effective September 18, 2011, however, the County did not honor its promise to compensate employees for back pay between August 28, 2010 and September 18, 2011, for any overtime incorrectly compensated. Counsel notes an agreement dated November 5, 2010 between the Parties (Union Exhibit E) specified that the past practice be reinstated and employees receive back pay for any incorrect calculations of overtime rate prior to September 18, 2011.

Counsel for the Union maintains the evidence reflects the miscalculation in the Advantage system was in violation of the Memorandum of Understanding and, in spite of many promises for dates by which back pay would be provided bargaining unit members, the County has not complied and kept its word. Counsel maintains the Union has the right to seek remedy in these arbitration proceedings and provides evidence and citation to support that point of view.

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Counsel maintains the Union seeks appropriate remedy in the matter, including ten percent interest on amounts owed and additional interest charges to the County if it does not comply with the Arbitrator's deadline for submission of the remedy.

Position of the County

Counsel for the County's closing argument brief concedes the question of arbitrability to the Union's position. However, Counsel for the County maintains the Union failed to meet its burden to demonstrate that the County violated the MOUs in transitioning to the new payroll system. Counsel notes the pay stubs submitted into evidence are impossible to interpret and are of no value to the grievance. Counsel also claims the MOU language in this matter is ambiguous, and therefore should not be applied. Counsel reviews the testimonial evidence to claim the Union's witnesses provided either hearsay or irrelevant testimony. Counsel maintains the Union did not specify the specific articles claimed in the grievance and therefore it cannot be supported.

In conclusion, Counsel for the County maintains the County at all times proceeded in good faith to comply with the MOU system while converting to a new payroll system in 2010. Counsel for the County classifies the Union's request for additional interest and double damages as inappropriate in this matter.

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RELEVANT PROVISIONS OF THE MOU

Section 10 Overtime . . .

"For the purposes of this section, paid hours associated with a County holiday (whether actually worked or not), vacation and compensatory time off, shall be considered in hours worked for the purpose of determining overtime."

Exhibit A, page 13 (Unit F)

Section 10 Overtime . . .

"For the purposes of this section, paid holiday, vacation, paid time off (except for the first day of unscheduled PTO) used for personal and family illness) and compensatory time off shall be considered as hours worked for the purposes of determining overtime."

Exhibit B, page 15 (Unit H)

Section 10 Overtime . . .

"For the purposes of this section, paid hours associated with a County holiday (whether actually worked or not), vacation and compensatory time off shall be considered as hours worked for the purposes of determining overtime"

Exhibit C, page 16 (Unit J)

Section 8.11 Overtime Work . . .

"For the purposes of this article, paid holiday, vacation and compensatory time off hours shall be considered as hours worked for the purposes in determining overtime."

ARBITRATOR'S FINDINGS AND CONCLUSIONS

After review of the complete record of this case, the hearing evidence, and closing argument briefs, the Arbitrator finds that the Union satisfactorily carried its burden to show the County violated the Memorandum of Understanding and the matter is arbitrable. The grievance remedy agreed upon by the parties providing back pay must be sustained. Further remedy is hereby issued to require the Employer pay the penalties it previously agreed upon and additional penalty through this

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award because of their failure to honor previous agreements, for whatever reason.

The Arbitrator notes the record is clear that a unilateral move by Management deprived bargaining unit workers of part of their pay for overtime. County Management agreed to change the County system to correct the error, but for the subsequent two years has, in essence, put off back payment of overtime pay for the approximately thirteen months the rate was miscalculated.

Counsel for the Employer is found to fail when she argues such as there was no specific contract article listed in the grievance. The grievances admitted into evidence show alleged violation of overtime sections of the MOU. The County also ignored repeated promises to make these back payments. The evidence in this case dissuades the Arbitrator from the position of the Employer.

The Arbitrator herein provides increased remedy to the previously agreed upon penalties and interest rates approved by the Parties. The penalty rate will now total ten percent (10%) of all back pay due and paid by March 1, 2013. If the County does not pay employees included in the grievances, all back pay that is due to them by March 1, 2013, the total penalty percent figure will increase to twenty percent (20%) of wages owed.

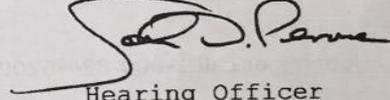
The grievances are found to be arbitrable and are sustained.

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AWARD

Remedies will include payment by the County of the amount of back pay due bargaining unit members for the period of time they were underpaid, plus ten percent (10%) of the amount due to each employee, if the County pays all Grievants due by March 1, 2013. If all employees are not provided compensation for back pay by March 1, 2013, the ten percent figure will increase to twenty percent (20%), which basically provides for double the penalties amount. The Arbitrator hereby retains jurisdiction in this matter for six months from the date of the issuance of this award.

John D. Perone



Hearing Officer

December 7, 2012

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APPENDIX L BOS APPROVED BUDGET DETAIL V3.7

All Expense Requests Approved by BoS for v3.7

Date	Board Reference	Costs Presented to/Approved by Board			Description
		Internal	External	Total	
1-Apr-08	Agreement A-11135	\$ 7,736,000	\$ 8,184,352	\$ 15,920,352	CGI SOW 1 for v3.7 implementation, license, maintenance costs. Internal staff, overhead, contingency
10-Mar-17	Agreement A-11135	\$ -	\$ 817,388	\$ 817,388	CGI SOW 1 Amendments 1-6 and SOW 2&3 for additional hours
2-Jul-10	Agreement A-11135	\$ -	\$ 408,000	\$ 408,000	CGI SOW 1 Amendments 7&8 for extension. Includes authorization for \$200,000 additional work to be approved by Purch Mgr if needed.
8-Feb-11	on SOW 7 & 8	\$ -	\$ 198,360	\$ 198,360	CGI SOW 5 for additional hours
28-Mar-11	Agreement A-11135	\$ -	\$ 304,000	\$ 304,000	CGI SOW 6 to reconfigure system changes resulting from overtime calculation union agreements and other payroll topics
26-May-11	Agreement A-11135	\$ -	\$ 185,350	\$ 185,350	CGI SOW 4 to reconfigure HRM and SOW 1 Amendment 11 for finance modifications
15-Sep-11	Agreement A-11135	\$ -	\$ 70,300	\$ 70,300	CGI SOW 7 to support development, project management services
13-Oct-11	Agreement A-11135	\$ -	\$ 152,000	\$ 152,000	CGI for SOW 8 to configure poll workers stipends
24-Jan-12	Agreement A-11135	\$ -	\$ 157,691	\$ 157,691	CGI SOW 1 Amendment to cover services not mentioned in original agreement
12-Mar-13	File ID: 13-0132	\$ -	\$ 252,700	\$ 252,700	CGI W 10 and Amendment 1 for HRM post implementation configuration and support
11-Jul-13	File ID: 13-0816	\$ -	\$ 190,000	\$ 190,000	CGI SOW 10- Amendment 2 for added hours
		\$ 7,736,000	\$ 10,920,141	\$ 18,656,141	Total v3.7 Costs

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APPENDIX M BOS APPROVED BUDGET V3.10

All Expense Requests Approved by BoS for v3.10

		Costs Presented to/Approved by Board			
Date	Board Reference	Internal	External	Total	Description
22-Mar-16	File ID: 16-343	\$ 4,116,991	\$ 8,218,497	\$ 12,335,488	CGI SOW 12 Internal staff, overhead and contingency. External CGI implementation. Excludes project management.
22-Mar-16	File ID: A16-059	\$ -	\$ 804,824	\$ 804,824	Ecare contract cost for time worked "at risk"
26-Jul-16	File ID: 16-914	\$ -	\$ 1,825,920	\$ 1,825,920	Plante Moran for 20-month project management services
15-Feb-17	File ID: 17-0065	\$ -	\$ 1,589,908	\$ 1,589,908	CGI SOW 12 Amendment 1 to extend implementation date
1-Sep-17	File ID: 17--0808	\$ -	\$ 804,290	\$ 804,290	CGI SOW 12 Amendment 2 to add testing and training support for delayed go-live
6-Feb-18	File ID: 18-094	\$ -	\$ 409,325	\$ 409,325	CGI SOW 12 retroactive approval for 2016 project management services provided
		\$ 4,116,991	\$ 13,652,764	\$ 17,769,755	Subtotal Capital Expenses
28-Jun-17	File ID: RES 17-093	\$ 936,560	\$ -	\$ 936,560	Internal staff that was unbudgeted and unfunded. NOTE: This expense was an operating rather than capital expense.
		\$ 5,053,551	\$ 13,652,764	\$ 18,706,315	Total v3.10 Costs Approved by BoS

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APPENDIX N COUNTY COUNSEL LETTER

MONTEREY COUNTY

OFFICE OF THE COUNTY COUNSEL
168 WEST ALISAL STREET, 3RD FLOOR, SALINAS, CALIFORNIA 93901-2439
(831) 755-5045 FAX: (831) 755-5283



CHARLES J. McKEE
COUNTY COUNSEL

Janet L. Holmes
Deputy County Counsel

September 4, 2012

RECEIVED

SEP 06 2012

WR & R

Weinberg, Roger & Rosenfeld
1001 Marina Village Parkway, Suite 200
Alameda, CA 94501

Re: Recalculation of Overtime Pay

Dear Sir or Madam:

The purpose of this letter is to update you as to the steps the County of Monterey has taken to resolve the issue over the inadvertent errors in overtime calculations that occurred for a period of time and resulting from a transition of the County's old payroll system to the new Advantage HRM system.

As the County has previously acknowledged, there were some errors in some overtime calculations for certain County employees from the period of August 28, 2010 until September 17, 2011, when this error was corrected. The County has also previously acknowledged a need to calculate any overtime differentials resulting from this error and has taken steps to develop a program to do so. So that we are clear, the "overtime differentials" that need to be identified and recalculated are the differences between overtime actually paid based upon a strict reading of the Federal Fair Labor Standards Act and overtime that should have been paid based upon various employee unit agreements, which incorporated "non-productive" time into some calculations.

It should be noted that this task has not been an easy one. The County employs over 4,000 people, some of which are overtime exempt and some of which became overtime exempt within the pay periods in question. There are some twenty-seven separate pay periods which are the subject of potentially erroneous calculations. For each of these separate pay periods, the County must determine:

- which employees are subject to potential overtime compensation;
- the specific terms of MOUs with regard to overtime compensation (e.g., whether overtime is based on an 8, 10 or 12-hour day, a 40-hour per week or an 80-hour pay period);
- whether any employee overtime calculation was based in whole or in part on so-called "non-productive" time;
- whether any overtime calculation for one pay period was submitted as a "time adjustment" in another pay period;
- whether there was any other adjustment based upon step increases or the like; and
- similar considerations.

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Weinberg, Roger & Rosenfeld

September 4, 2012

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Working with a consultant with expertise in the County's pre-Advantage HRM payroll system, the County has been able to develop a SQL program that appears to identify all the variables and account for the differing terms of overtime calculation for different bargaining units.

That program produces a number of different Excel spread sheets for each pay period. These spread sheets must then be manually reconciled into a summary sheet for each pay period. It is estimated that it takes between 8 and 10 hours to run the SQL for each pay period.

Once these summarized "pay period" determinations have been made, the County will merge or combine the amounts owed to determine a single amount of "overtime differential" for each eligible employee. This combination is necessary because some pay period payments may offset others. For example, after running the first pay period, it appeared that some employees were actually overpaid and therefore owed money to the County for this overtime differential. The County is expecting and hoping that combining all pay periods will result in a balancing out of "over" and "under" payments, so that any potential costs to employees is minimized.

You should also be aware that, based on our estimates, the range of potential compensation may not be as significant as some employees think. This is, after all, the calculation of overtime differentials, and not total amounts of overtime. Thus, the calculations in question relate to only to a portion of overtime, the bulk of which was properly paid. Moreover, as a result of the glitch in the then-new system, some employees were underpaid, while some were overpaid.

Example Number 1: Employee ("EE") #1 has total hours for pay period ending 12/31/2010 = 96 hours.

- Worked 63 regular hours
- Worked 8 hours on holiday
- Was Paid 16 hours of holiday pay (non-productive)
- Took 8 hours of vacation (non-productive)
- Took 1 hour comp time (non-productive)
- EE was paid 16 hours of overtime premium at \$ 8.987 = \$143.79 on 1/7/2011
 - Recalculation is now adding in \$388.85 in non-productive \$\$ into the regular rate calculation
 - New overtime premium rate is \$12.152 *16 hours = \$194.42
 - EE is owed difference \$194.42 -143.79 = \$ 50.63.

Example Number 2: EE #2 is eligible for Daily overtime after 10 hour shift and/or MOU overtime after 40 hours in a 7-day work period.

- EE's pay policy & schedule code was incorrect in system at Go-Live with Daily overtime set at 8 and/or after 80 in a 14 day work period
- Based on incorrect EE record the employee is paid Daily overtime after 8 hours instead of 10.
- EE was sick 10 hours in week 2 so the employee did not qualify for MOU overtime in the pay period
 1. Week 1 – EE was overpaid \$40.24 in excess Daily overtime
 2. Week 2 – EE was overpaid \$81.50 in excess Daily overtime

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Weinberg, Roger & Rosenfeld

September 4, 2012

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EE owes the County total overpayment \$121,74.

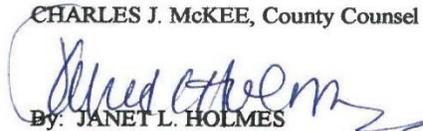
To the extent that these SQLs require, say, nine hours to produce per pay period, and to the extent that there are 26 additional pay periods to be subjected to this programming, the County estimates that an additional 234 hours will be required simply to identify employees and amounts. Some additional time will be required to verify and collate the amounts due for each impacted employee. At this point we estimate that it will take up to another 60 to 80 hours to complete this task. Thus, if the County could devote a single knowledgeable person to perform these tasks, we estimate it will take an additional 8 weeks to be able to produce a final amount of "overtime differential" for the employees in question, assuming a best case scenario. Of course, the County does have to continue to calculate ongoing payrolls and process other payments and do everything else a larger employer must do at the same time.

The Office of the Auditor-Controller is, however, and has been taking steps to expedite this process where possible. It is already working to try to run at least some of the SQLs concurrently, and is seeking resources to be able to dedicate people towards completing these calculations. Because of the specialized nature of these calculations, and the unique pay practices of Monterey County, it is not reasonably possible to simply bring in "AccounTemp" type personnel to expedite matters. In addition, it should be acknowledged that Auditor-Controller employees have devoted hundreds of hours on identifying and resolving this issue, since it first arose, including weekends, evenings and "spare time."

In keeping with current and past practice, the Auditor-Controller's Office will continue meeting with the various bargaining units and others periodically. We will certainly provide an update if there are any issues that could cause a material change to the timeline described above.

Sincerely,

CHARLES J. McKEE, County Counsel


By: JANET L. HOLMES
Deputy County Counsel

JLH;so

cc: Michael J. Miller, Auditor-Controller
Manuel Real, Chief Probation Officer
Kimberley Moore, Human Resources
Brette Neal, County Administrative Office

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**APPENDIX O
SEIU MOU DEFINITION OF OVERTIME**

A-11007

***MEMORANDUM
OF
UNDERSTANDING***

Between

County of Monterey

And

***SERVICE EMPLOYEE
INTERNATIONAL UNION (SEIU)
LOCAL 521
General Employees Unit J***

July 1, 2006 through June 30, 2009



Unit J – SEIU

7/30/2007

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9.5 The employee may use any Paid Time Off (PTO), compensatory or vacation time that is available in the employee's PTO, compensatory or vacation bank prior to the day they are called off. For purposes of this section, sick leave is not included in the time available for the employee's use.

9.6 In the case of advance notification (as provided for in Section 9.2 above), temporary call offs shall not be for less than four (4) hours or more than forty (40) in any two consecutive pay periods, during which time the employee's insurance benefits will continue.

9.7 Employees may be offered the opportunity, on a voluntary basis, to float to other departments within the hospital depending upon hospital needs and employee skills.

Section 10 OVERTIME

If in the judgment of an appointing authority, extra hours are required to be worked by an employee for the accomplishment of County business, the appointing authority may authorize and require the performance of said extra hours.

Overtime shall be defined a time actually worked in excess of forty (40) hours in a workweek.

Natividad Medical Center (8/80) employees shall work schedules agreed to under exemptions allowed by the Fair Labor Standards Act.

For the purposes of this section paid hours associated with a County holiday (whether actually worked or not), vacation and compensatory time off hours shall be considered as hours worked for the purpose of determining overtime. An individual employee's work schedule shall not be altered for purpose of eliminating overtime compensation equal to that earned as a result of the employee using approved vacation or compensatory time off hours.

An appointing authority requiring extra hours to be worked by an employee may, within the same work week, for departments for which overtime is defined as time actually worked in excess of forty (40) hours in a work week, or within the same pay period for departments for which overtime as defined as time actually worked in excess of eighty (80) hours in a pay period, and with no less than thirty (30) hours notice to the employee require the employee to use unpaid compensatory time off equal to the extra hours worked.

10.1 All County job classes shall be designated as either 1) overtime eligible, or 2) overtime exempt. Each of the above categories shall be assigned a special code which shall appear beside each class as listed in the County salary resolution.

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APPENDIX P SEIU SIDE LETTERS

Side Letter Agreement
Between
County of Monterey and SEIU Local 521, Unit F
Regarding Shift Differential for Emergency Communications Shift Supervisors

The County of Monterey and SEIU Local 521, having met and conferred on the issue of shift differential for Emergency Communications Shift Supervisors, agree to extend the terms of Item 5 of the August 21, 2007 Side Letter Agreement between County of Monterey and SEIU Local 521 Move of Emergency Communication Shift Supervisors from J to F Unit (Attached), which reads "Shift Differential negotiated for J-Unit Workers shall apply to Emergency Communications F-Unit Workers who meet the same criteria stated in Unit J."

This agreement is subject to final approval by the Monterey County Board of Supervisors and SEIU's governing board. This agreement is retroactive to implementation of the Advantage payroll system and will sunset on June 30, 2011. If the parties wish to continue these provisions during the next contract term, the parties must agree to amend the succeeding MOU between the County of Monterey and the Service Employees' International Union, Local 521 representing Unit F or extend the terms of this agreement.

s/Dianne Dinsmore 11/30/10
FOR MONTEREY COUNTY DATE

s/Jay Donato 11/30/10
FOR SEIU LOCAL 521 – UNIT F DATE

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Side Letter Agreement
Between
County of Monterey and SEIU Local 521, Unit F
Behavioral Health Unit Supervisors

The County of Monterey and SEIU Local 521, having met and conferred on the issue of compensation for Behavioral Health Unit Supervisors, agree to a non-precedent setting authorization of pay on an hour-for-hour basis for time worked in excess of eighty (80) hours in a pay period for Behavioral Health Unit Supervisors in Unit F working on the Crisis Team at NMC. Such additional time shall be pre-approved by the Appointing Authority (or within twenty-four (24) hours if pre-approval is not possible due to the critical nature of the situation. This agreement shall be effective retroactively for the period to August 27, 2010 to March 1, 2011. It may be extended by mutual agreement of the parties if additional time is needed to address organizational issues related to staffing of the Crisis Team at NMC.

This non-precedent setting agreement is agreed to in accordance with Section 10.D of the Unit F MOU, which states:

Employees in overtime exempt classes shall not receive compensation for overtime except as may otherwise be authorized by the Board, but may be authorized administrative leave with pay by their Appointing Authority or his/her designee in the event that county operations result in extraordinary work assignments for such employees. Such administrative leave shall not exceed two (2) working days in any pay period. The County Administrative Officer may approve additional administrative leave with pay, upon written request from an employee's Appointing Authority showing special circumstances warranting such leave. Such approval shall be given in writing. The provisions of this item shall be administered by the Appointing Authority, but shall in no way establish any right to any type of overtime compensation for overtime exempt employees, regardless of whatever records are kept by the Appointing Authority.

s/Dianne Dinsmore 11/30/10
For the County of Monterey

s/Jay Donato 11/30/10
For SEIU Local 521 – Unit F

Date:

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Side Letter Agreement
Between
County of Monterey and SEIU Local 521, Units J and F
Sheriff's Office, Parks Department, Health Department and Public Works Uniform Allowance

The County of Monterey and SEIU Local 521, having met and conferred on the issue of Sheriff's Office Uniform Allowance, agree to the following modifications of Units J and F Section 20 to designate all Sheriff's Office employees in the listed classification required to wear and maintain a uniform to receive a \$35 monthly allowance.

Unit J, Section 20

Every newly hired Parks Department employee in a maintenance classification and Sheriff's clerical employee covered by the agreement who is required to have and maintain a uniform shall receive an advance credit to be used exclusively to purchase required uniform items. Said uniform items shall be considered the property of the Parks Department or the Monterey County Sheriff's Department Office for a period of one year from the newly hired employee's date of appointment. Any employee whose employment is terminated prior to the completion of one (1) year of service shall return all uniform items to the department or refund the full uniform credit. Employees who receive the initial uniform credit shall not receive an additional uniform allowance during their first year of employment.

The new hire advance credits shall be:

- Parks Department Maintenance Classifications: Two Hundred Dollars (\$200)
- Sheriff's clerical employees in the following classifications: Three Hundred and Fifty Dollars (\$350)
 - Vehicle Abatement Enforcement Officer
 - Corrections Specialist
 - Sr. Corrections Specialist
 - Inmate Services Specialist
 - Sr. Inmate Services Specialist
 - Sr. Storekeeper

The monthly uniform allowance for those employees eligible for a monthly uniform allowance and not covered by the provisions of the first paragraph of this section shall be as follows:

- The uniform maintenance allowance for employees designated above in the Sheriff's Civil Division Office will be Thirty-Five Dollars (\$35) per month.
- The uniform maintenance allowance for Parks Department employees in maintenance classifications who are required to maintain a class C uniform shall be Twenty-Five Dollars (\$25) per month.

Payments will be made to each eligible employee no less than quarterly in any year.

The practice of the issuance of coveralls to Public Works Department's employees shall be continued to those presently eligible. In addition, a safety color work shirt shall be issued to Road Maintenance, Bridge Maintenance and ~~Waste Water~~ Sanitation Worker crew members in those class series on the following basis: Employees as of the date of the initial distribution shall receive an initial supply of five (5) shirts and then three (3) shirts each year thereafter. Employees hired after the initial distribution is made shall

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receive two (2) shirts at the time of hire and three (3) additional shirts per year thereafter. The employees shall be responsible for the maintenance of the shirts (laundry, repairs, etc.) and for the replacement of any shirts lost or damaged beyond repair.

~~The practice of the issuance of uniforms to cooks in the Adult Rehabilitation Center shall be continued.~~

The Health Department shall provide Animal Control Officers the first uniform and a monthly allowance of forty dollars (\$40) for the maintenance, repair and replacement of uniforms. If an Officer leaves the classification within one year after receiving the first uniform, all uniform items shall be returned to the Department.

Nothing in this section shall be construed to limit the authority of management to require employees to wear a uniform. If employees are required to purchase or maintain a uniform, the County agrees to meet and confer with the Union concerning a uniform allowance.

The Public Works Department shall provide Road Maintenance employees one (1) pair of clean coveralls once per week.

Unit F, Section 20

Every newly hired Parks Department employee in a maintenance classification and Sheriff's clerical employee covered by the agreement who is required to have and maintain a uniform shall receive an advance credit to be used exclusively to purchase required uniform items. Said uniform items shall be considered the property of the Parks Department or the Monterey County Sheriff's Department Office for a period of one year from the newly hired employee's date of appointment. Any employee whose employment is terminated prior to the completion of one (1) year of service shall return all uniform items to the department or refund the full uniform credit. Employees who receive the initial uniform credit shall not receive an additional uniform allowance during their first year of employment.

The new hire advance credits shall be:

Parks Department Maintenance Classifications: Two Hundred Dollars (\$200)
Sheriff's clerical employees in the following classifications: Three Hundred and Fifty Dollars (\$350)
Sheriff's Records Supervisor (Corrections Specialist Supervisor)

The monthly uniform allowance for those employees eligible for a monthly uniform allowance and not covered by the provisions of paragraph one of this section shall be as follows:

- The uniform maintenance allowance for employees in the Sheriff's Civil Division Office will be Thirty-Five Dollars (\$35) per month.
- The Health Department shall provide Animal Control Officers the first uniform and a monthly allowance of forty dollars (\$40) for the maintenance, repair and replacement of uniforms. If an Officer leaves the classification within one year after receiving the first uniform, all uniform items shall be returned to the Department.
- The uniform maintenance allowance for Parks Department employees in maintenance classifications who are required to maintain a class C uniform shall be Twenty-Five Dollars (\$25) per month.

Payments will be made to each eligible employee no less than quarterly in any year.

The practice of the issuance of coveralls to Public Works Department's employees shall be continued to those presently eligible.

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~~The practice of the issuance of uniforms to cooks in the Adult Rehabilitation Center shall be continued.~~

Nothing in this section shall be construed to limit the authority of management to require employees to wear a uniform. If employees not covered by the provisions of this agreement are required to purchase or maintain a uniform, the County agrees to meet and confer with the Union concerning a uniform allowance.

This agreement is subject to final approval by the Monterey County Board of Supervisors and shall be implemented upon the start of the abovementioned assignment. This agreement is retroactive to implementation of the Advantage payroll system and will sunset on June 30, 2011. If the parties wish to continue these provisions during the next contract term, the parties must agree to amend the succeeding MOU between the County of Monterey and the Service Employees' International Union, Local 521 representing Units F and J.

s/Dianne Dinsmore 11/30/10
FOR MONTEREY COUNTY DATE

s/Jay Donato 11/30/10
FOR SEIU LOCAL 521 – UNITS F & J DATE

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APPENDIX Q RFP PROJECT MANAGEMENT



COUNTY OF MONTEREY
CONTRACTS/PURCHASING DIVISION
1488 SCHILLING PLACE
SALINAS, CA 93901
(831) 755-4990

REQUEST FOR PROPOSAL 10580

For
PROVIDING PROJECT MANAGEMENT FOR THE
ENTERPRISE RESOURCE PLANNING (ERP)
v.3.10 UPGRADE

Proposals are due by 3:00 pm (PST) on June 17, 2016

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County of Monterey will be referred to as "County" or "the County" throughout the responses.



County of Monterey
RFP 10580, Addendum #2
PROVIDING PROJECT MANAGEMENT FOR THE ENTERPRISE RESOURCE PLANNING (ERP) RFP (#10580)

Question	RFP Section Number	RFP Page Number	Request for Clarification/Question	County of Monterey Response
1.			<ol style="list-style-type: none"> 1. This RFP is for project management, will a subsequent RFP be released for the ERP system? 2. How will this effort be funded? 3. Is there an estimated cost? 	<p>No, the ERP system was selected in 2005. This is primarily an upgrade from v.3.7 to v.3.10.0.1. The ERP System is managed by CGI, and has received initial funding and approval from the County's Board of Supervisors. The cost of the CGI effort is approximately \$8.5 million. Cost of internal staff is approximately \$3.5 million.</p> <p>Documentation is not available as the issues discovered were communicated verbally. The gist of the needs assessment was that the lack of professional project management on the part of the County resulted in significant pre and post implementation issues, mostly, lack of proper testing, lack of documentation, lack of coordination when solving post implementation issues, faulty synchronization of test environments, and lack of proper changemanagement procedures and SQL "fixes" that were not properly aligned with CGI v.3.7 workflow designs. This resulting in the contracted requirement that Professional Project Management staff be acquired through the end of the implementation effort.</p>
2.	2.1.2.2		<p>Section refers to a Needs Assessment that was conducted that identified the inefficiencies with the initial implementation of CGI Advantage 3.7. Is the Needs Assessment document available to review?</p>	

Revised: 6/22/2016

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APPENDIX R PLANTE MORAN TERMINATION LETTER

MONTEREY COUNTY

INFORMATION TECHNOLOGY
1590 Moffett Street (831) 759-6900
Salinas, CA 93906 (831) 759-6910 fax



Via Certified Mail

June 6, 2017

Plante & Moran, PLLC
27400 Northwestern Highway
Southfield, MI 48034

RE: Purchase Order 14030 --- Cancellation of Agreement for Project Management for the
ERP upgrade

Dear Mr. Bagley,

This letter is written notice that, pursuant to section 3.2 of the agreement between Monterey County and Plante & Moran, PLLC, the County cancels this agreement effective July 7, 2017. A copy of the executed agreement is enclosed for your convenience.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric A. Chatham".

Eric A. Chatham
Director of Information Technology Department

A handwritten signature in cursive script, appearing to read "Mike Derr".

Mike Derr
Contracts/Purchasing Officer

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APPENDIX S Budget and Capital Improvements Committee Meetings

Date	Committee	Subject	Comments
2014			
1/24/14	Budget	ERP not on Agenda	
1/29/14	Budget	ERP not on Agenda	
2/24/14	Budget	ERP not on Agenda	
2/26/14	Budget	ERP not on Agenda	
2/26/14	Capital Improvements	ERP not on Agenda	
3/17/14	Capital Improvements	ERP Report discussing CGI upgrade 3.7 to 3.10, est. cost \$4.4M + \$0.1 capital lease cost	Attachments with overview and individual dept. allocations
4/3/14	Budget	ERP not on Agenda	
4/7/14	Capital Improvements	ERP not on Agenda	
4/10/14	Budget	ERP not on Agenda	
4/30/14	Budget	ERP not on Agenda	
5/28/14	Budget	ERP not on Agenda	
6/2/14	Capital Improvements	ERP not on Agenda	
6/20/14	Budget	ERP not on Agenda	
7/14/14	Capital Improvements	ERP not on Agenda	
7/17/14	Budget	ERP not on Agenda	
7/23/14	Capital Improvements	ERP not on Agenda	
7/30/14	Budget	ERP not on Agenda	
8/13/14	Capital Improvements	ERP not on Agenda	
8/27/14	Budget	ERP not on Agenda	
9/8/14	Capital Improvements	ERP not on Agenda	
9/24/14	Budget	ERP not on Agenda	
10/13/14	Capital Improvements	ERP not on Agenda	
10/16/14	Budget	ERP not on Agenda	
11/7/14	Capital Improvements	ERP not on Agenda	
12/3/14	Budget	ERP not on Agenda	
2015			
1/28/15	Budget	ERP not on Agenda	
3/2/15	Budget	ERP not on Agenda	
3/25/15	Budget	ERP not on Agenda	
4/10/15	Capital Improvements	ERP not on Agenda 5 Year CIP Summary	ERP included on '15/'16-'19/'20

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			summary - \$4.48M funded
4/29/15	Budget	Century Link ERP disaster recover on agenda	
5/29/15	Budget	ERP not on Agenda	
6/24/15	Budget	ERP not on Agenda	
7/22/15	Budget	SOW 11 on Agenda w/attachment \$570K Also attached, System Components / Costs recap	Actual 3.7 Components and Costs build (2008) – Go-Live (2010) - \$16.3M. Since 2010 – \$1.1M additional interfaces, modules, CGI consult = \$17.4M
7/29/15	Budget	ERP not on Agenda	
9/2/15	Budget	ERP not on Agenda	
9/18/15	Capital Improvements	ERP not on Agenda	
9/30/15	Budget	ERP not on Agenda	
10/28/15	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
11/9/15	Capital Improvements	ERP not on Agenda	
11/12/15	Budget	ERP on Agenda. Requested support for ACO to prepare SOW w/CGI for 3.10 upgrade and implementation. Timing and costs TBD	
12/16/15	Budget	ERP not on Agenda	
2016			
1/27/16	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
2/24/16	Budget	ERP not on Agenda	
3/2/16	Budget	ERP on Agenda: 1) eCare contract \$2.06M (11/1/15-6/30/17)	

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		2) CGI SOW 12 \$8.22M	Preceded Board of Supervisors review on 3/22/16
3/14/16	Capital Improvements	ERP on Agenda: 1) eCare contract \$2.06M (11/1/15-6/30/17) 2) CGI SOW 12 \$8.22M	
3/30/16	Budget	ERP not on Agenda ERP now listed in Standing and F/U Reports	Standard Report: Quarterly ERP Report listed as due 3/2/16. Status = Pending
4/20/16	Capital Improvements	ERP not on Agenda	
4/27/16	Budget	ERP not on Agenda Standing and F/U Reports attached	Standard Report: Quarterly ERP Report Status = Pending
5/25/16	Budget	ERP not on Agenda	
6/20/16	Capital Improvements	ERP not on Agenda	
6/29/16	Budget	ERP not on Agenda Standing and F/U Reports attached	Standard Report: Quarterly ERP Report Status = July
8/31/16	Budget	ERP Quarterly Report on Agenda. No attachment. Standing and F/U Reports attached	Standard Report: Quarterly ERP Report Status = August
9/12/16	Capital Improvements	ERP not on Agenda	
9/28/16	Budget	ERP not on Agenda	Standard Report: Quarterly ERP Report Status = Pending
10/26/16	Budget	ERP not on Agenda Standing and F/U Reports attached	Standard Report: Quarterly ERP Report Status = October
11/14/16	Capital Improvements	ERP not on Agenda	
12/9/16	Capital Improvements	ERP not on Agenda	
12/12/16	Budget	ERP not on Agenda Standing and F/u Reports attached	Standard Report: Quarterly ERP Report Status = December

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2017			
1/25/17	Budget	ERP status report update on Agenda SOW 12 Addendum incremental \$1.59M	CGI Power Point status, timing, overview and SOW 12 addendum cost increase report presented. Preceded Board of Supervisors review on 1/31/17
2/13/17	Capital Improvements	ERP not on Agenda	
2/22/17	Budget	ERP not on Agenda	
3/8/17	Budget	ERP not on Agenda	
3/29/17	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
4/10/17	Capital Improvements	ERP not on Agenda	
4/28/17	Budget	ERP not on Agenda Standing and F/U Reports on Agenda/Attachment 5 Year CIP Plan Reviewed / Attachment	ERP not included on Reports 5 Year CIP includes ERP slide
5/31/17	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
6/28/17	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	
8/16/17	Capital Improvements	ERP not on Agenda	
8/24/17	Budget	ERP not on Agenda	
8/30/17	Budget	ERP not on Agenda	
9/18/17	Capital Improvements	ERP not on Agenda	
9/27/17	Budget	ERP not on Agenda	
10/25/17	Budget	ERP not on Agenda	
11/13/17	Capital Improvements	ERP not on Agenda	
11/15/17	Budget	ERP not on Agenda	
11/27/17	Budget	ERP not on Agenda	

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12/11/17	Capital Improvements	ERP not on Agenda	
12/15/17	Budget	ERP not on Agenda	
2018			
1/19/18	Budget	ERP Status – Reconcile Project Expenses, Timeline, SOW 12	
1/31/18	Budget	Finish Receiving ERP Status – Reconcile Project Expenses, Timeline, SOW 12, CGI Change Request (\$409,325)	Miller signed / dated CGI Change Req. 7/25/16
3/8/18	Budget	ERP not on Agenda	
3/12/18	Capital Improvements	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
3/25/18	Budget	ERP not on Agenda	
4/16/18	Capital Improvements	ERP not on Agenda	
5/2/18	Budget	ERP not on Agenda Standing and F/U Reports on Agenda	Attachment with all Standing and F/U Reports due; ERP not included
5/30/18	Budget	ERP not on Agenda	
7/25/18	Budget	ERP not on Agenda	
10/10/18	Budget	ERP not on Agenda	
10/31/18	Budget	ERP not on Agenda	
11/13/18	Budget	ERP not on Agenda	

