RESOLUTION - ACTION REQUESTED 2020-234

MEETING: May 5, 2020

TO: The Board of Supervisors

FROM: Dallin Kimble, County Administrative Officer

RE: Approve Enterprise Resource Planning ERP Contract with Graviton Consulting and Oracle

RECOMMENDATION AND JUSTIFICATION:

Approve Enterprise Resource Planning (ERP) Agreement with Graviton Consulting and Oracle; and Authorize Board of Supervisors Chair to Sign.

Staff recommends entering an agreement with Graviton Consulting and Oracle to replace its Enterprise Resource Planning System.

The County's Enterprise Resource Planning (ERP) System, also frequently called the "financial system", "HTE", or "AS400", is now forty years old and approaching the end of its useful life. It was twelve years old when Mariposa County acquired it in 1992. This system is critical to County operations and includes central elements of budget, financial management, human capital management, and payroll.

In anticipation of the need for a new ERP, the Board directed staff to pursue a new system, approved an agreement with Government Finance Officers' Association (GFOA) to guide a procurement and contracting process, and set aside money to pay for the replacement.

The lengthy and thorough GFOA-led process engaged staff and stakeholders from all areas of the County to first evaluate our own processes, identify valuable improvements to our processes, and then seek vendors who could meet County needs. Seven bids were received and evaluated. Final candidates were subjected to four days of in-person interviews and demonstrations of their software. The Graviton-Oracle partnership was selected based upon its performance and feedback from all staff who were involved in the process and we are confident this solution will meet our needs.

In addition to streamlining and automating processes, the selected system would be cloud-based. This feature eliminates the need for local maintenance, allows for remote access and telework, and ensures the product will always be up to date. It will facilitate better budget and financial
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management practices, such as the use of purchase orders and transparent access for the public, while also enabling better analysis of financial data and stronger controls against misuse and abuse of county funds.

GFOA has negotiated the contract on our behalf, leveraging decades of experience in municipalities across the US to ensure we have a contract that supports our needs and ensures success. The resulting agreement has no costs in the current fiscal year, a total cost of $1,452,465 in Fiscal Year 2021, $735,227 in Fiscal Year 2022, and ongoing maintenance costs of approximately $300,000 per year. There are sufficient funds in the Technical Service Reserve Fund (446) and other non-General Funds (such as a portion to be paid through HHSA) to pay for installation costs. Maintenance costs will continue to be budgeted on an annual basis.

Staff acknowledges that the ERP replacement is an expensive enterprise and that the timing for this project may not seem ideal. At the same time, failure to move forward at this time will likely be even more costly to the County. Social distancing and shelter-in-place requirements associated with COVID-19 have highlighted many of the challenges associated with current legacy systems that are based on local servers maintained by local staff, paper-based exchanges of information, workarounds through hundreds of shadow systems and social proximity. Telework is difficult or impossible when working with AS400.

The few technicians that still know how to work with our old systems are also retiring and dramatically reducing options for service while those still in the field are increasing their fees to provide those services. Parts and developer support are no longer available.

The process by which the new system has been selected and the contract negotiated required the engagement of many employees over a period of more than a year and involved significant expense that is time-specific. If we were to postpone this decision, we would need to start over from the beginning.

This system has never been more important than it is today. Staff recommends approval of this agreement to keep the County moving forward.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The current ERP is a green screen system that hit the open market in 1980. Mariposa County acquired this system in 1992 and has used it ever since.

In 2013, and again in 2017, the Grand Jury recommended replacement of the ERP. In 2017, the Grand Jury concluded, "replacement of antiquated software managed on the County's computer systems by in-house staff should become a higher priority for the Board."

The Board had already begun setting aside some one-time revenue for replacement of the ERP and other antiquated systems in 2015. Approximately $1 million has been saved for technical upgrades to date.
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County staff conducted an in-house procurement process to select an ERP in 2016. Two systems were reviewed, but no selection was made at that time.

In December 2018, the Board approved a Request for Proposals to retain a consultant to guide the ERP replacement process. GFOA was selected in February 2019.

On February 11, 2020, the Board received an ERP presentation, which outlined the selection process and discussed next steps.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The Board could request a modification to the contracts or could not approve them, and the County would continue to work with AS400.

FINANCIAL IMPACT:
No costs will be incurred in this fiscal year FY20. Costs incurred in next fiscal year FY21 ($1,452,466) will be included in the FY21 budget and will be taken primarily from the Technical Services Reserve Fund (446).

ATTACHMENTS:
Graviton Contract (DOC)
Exhibit A Statement of Work and Cost Proposal (DOCX)
Attachment A to Exhibit A – Functional Requirements (PDF)
Oracle DLT 5 Year Price Quote (PDF)

RESULT: ADOPTED [UNANIMOUS]
MOVER: Marshall Long, District III Supervisor
SECONDER: Rosemarie Smallcombe, District I Supervisor
AYES: Smallcombe, Jones, Long, Cann, Menetrey