



RESOLUTION No. _____

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION ESTABLISHING THE INTERNAL SERVICE FUND (ISF) FOR THE ENTERPRISE RESOURCE PLANNING FINANCE SYSTEM, APPROVING AN INTERFUND LOAN FROM THE GENERAL FUND TO THE ISF FUND, AND DIRECTING THE AUDITOR-CONTROLLER TO AMEND THE FISCAL YEAR 2024/25 ERP ISF BUDGET (4/5 AFFIRMATIVE VOTE REQUIRED)

WHEREAS, the Enterprise Resource Planning (ERP) system is essential to the delivery of nearly all services in any organization. A cross section of County staff convened in 2022 to begin planning for the replacement of the current financial and human resources systems; and

WHEREAS, the Board of Supervisors received a presentation at the January 2023 Board Workshop for the timeline and cost estimate for the ERP replacement; and

WHEREAS, County staff drafted a Request for Proposals (RFP) to solicit both software vendors and implementation consultants. On February 15, 2024, eight proposals were received and reviewed by an internal scoring team; and

WHEREAS, Workday was selected by the Core Team as the software which best fits the needs for Nevada County now and with the capability for future growth; and

WHEREAS, an implementor of the Workday software is required to ensure the software product installation and setup meet our needs and operates as intended. The selected implementation consultant for the Workday software is Cognizant Technology Solutions. A concurrent resolution has been brought to the Board to approve the Cognizant Technology Solutions contract; and

WHEREAS, the Workday software solution has a strong representation among local government organizations in California and demonstrated success in providing the functionality needed to operate the financial and human resource needs of local government. A concurrent resolution has been brought to the Board to approve the Workday contract along with this resolution; and

WHEREAS, an internal service fund is a strategic financial tool designed to allocate the costs of services provided within the organization, improve financial transparency, enhance efficiency, and enable better budgeting and planning; and

WHEREAS, to be in alignment with government accounting principles staff request approval to establish an internal service fund for the enterprise resource planning program; and

WHEREAS, Internal service funds help distribute the costs of services to the departments that use them, ensuring that the expenses are borne by those who benefit from the services. However, cost distribution cannot occur until implementation is complete therefore a loan from the General Fund is required to cash flow the initial implementation, software, training, and other costs; and

WHEREAS, based on the contractual and county costs associated with the implementation phase of the project the recommended General Fund loan is \$4,375,000 with an additional \$625,000 release of General Fund from the Information Systems Technology Assignment for a total initial funding of \$5,000,000; and

WHEREAS, General Fund loan will be assessed at an interest rate of 2% with no penalty to the ERP ISF for early payment of any amount due to the General Fund; and

WHEREAS, a budget amendment has been included for the anticipated expenditures for the current fiscal year 2024/25 in the amount of \$3,051,463.

NOW, THEREFORE, BE IT HEREBY RESOLVED, by a four-fifths affirmative vote, the Board of Supervisors of the County of Nevada, State of California:

1. Establishes the Internal Service Fund 4334 (Fund) for the Enterprise Resource Planning Finance System functions.
2. Approves a loan of \$4,375,000 from the General Fund to the ERP ISF 4334 for the implementation and initial costs of the Workday Enterprise Resource Planning System with the following terms:
 - a. The loan shall bear interest of 2% and there shall be no penalty to the ERP ISF for early payment of any amount due to the General Fund.
 - b. Beginning upon completion of the implementation of the finance modules of the Workday Platform, the Fund shall make annual loan payments to the General Fund.
 - c. All installment payments from the ERP ISF 4334 to the General Fund shall be made on or before September 30th of each fiscal year with said loan to be repaid in full no later within 15 years.
3. Directs the Auditor-Controller to release Fund Balance from the General Fund Unassigned Fund Balance in the amount of \$4,375,000, release Fund Balance from the Information Systems Technology Assignment in the amount of \$625,000, and amend the Fiscal Year 2024-25 ERP ISF budget as follows:

Increase:

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