



Information and General Services Agency

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: September 24, 2024
TO: Board of Supervisors
FROM: Landon Beard, Chief Information Officer

SUBJECT: Resolutions approving:

1. The establishment of an Internal Service Fund (ISF) for the enterprise resource planning (ERP) finance system, approving and interfund loan from the General Fund to the ISF Fund, and amending the Fiscal Year 2024/25 ERP ISF Budget (4/5 affirmative vote required)
2. A software as a service contract between the County of Nevada and Workday, Inc for the software license, support, and maintenance for an initial term of ten years with an option to renew for an additional five-year term, for the total amount not to exceed \$3,953,132 for the ten year term, and authorizes the purchasing agent to execute change orders in an amount not to exceed 10% (\$395,313) of the contract total; and
3. A professional services contract with Cognizant Worldwide Limited for implementation of the Workday enterprise resource planning system for \$2,640,751 and authorizes the purchasing agent to execute change orders in an amount not to exceed 10% (\$264,075) for a total contract not to exceed of \$2,904,826.

RECOMMENDATION: Adopt resolution approving the three resolutions necessary to implement the Enterprise Resource System.

FUNDING: The first Resolution will establish an internal service fund (ISF) where the expenditures related to the enterprise resource planning system (ERP) will occur. These expenditures include the contracts for the Workday software, the implementation services provided by Cognizant Worldwide Limited, County staff time, and any other additional costs associated with the programmatic functions of the ERP ISF. Additionally, the ISF Resolution approves a loan from the General Fund in the amount of \$4,375,000 and a release of General Fund Information Systems Technology Assignment in the amount of \$625,000 for a total initial funding of \$5,000,000, which will cashflow the initial implementation phase of the program. The loan will earn interest at a rate of 2% and be paid back to the General Fund over the next 15 years. Upon completion of implementation, the ISF will operate through rates charged to users each year for the ongoing internal and external support and maintenance, the amortized implementation costs, and repay the General Fund Loan. A budget amendment has been included in the resolution for the initial funding plan and expenditures associated with the current fiscal year 2024/25 in the amount of \$3,051,463. Future fiscal year expenditures will be brought to the Board of Supervisors through the annual budget process for review and approval.

BACKGROUND:

The Enterprise Resource Planning (ERP) system is essential to the delivery of nearly all services in any organization, and the County is no different. The current system (Finance Plus) is used to process budgeting, accounting and payroll for every County department and is at end of life with the current vendor. A cross section of County staff convened in 2022 to begin planning for the replacement of the current financial and human resources systems by producing a business case document, an analysis of the current state of Finance Plus and NeoGov systems, developing a project plan and timeline, surveying other California Counties who recently kicked off and/or completed similar projects, and developing a project scope and preliminary budget.

County staff began messaging about this project in December 2022 and further details were presented during the Board's January 2023 Workshop. In addition, Resolution 23-563 was adopted on November 7, 2023, approving a contracted project manager through ePlus Technology Inc. to lead this effort on behalf of the County. Once the project manager was selected, 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, representing each of the major agencies, and Auditor-Controller, Treasurer-Tax Collector, and Human Resources departments (further defined herein as "Core Team"). A robust selection process which included demonstrations of five different software solutions, reference checks with other Counties using the systems, and negotiations with the final vendor has culminated with the proposed contracts before the Board for approval today.

The first resolution will establish an internal service fund which is a strategic financial tool designed to allocate the costs of services provided within the organization, improve financial transparency, enhance efficiency, enable better budgeting and planning, and to be in alignment with government accounting principles. The internal service fund will 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. 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. The General Fund loan will be assessed an interest rate of 2% with no penalty to the ERP ISF for early payment of any amount due to the General Fund. A budget amendment has been included in the resolution for the initial funding plan and expenditures associated with the current fiscal year 2024/25 in the amount of \$3,051,463 Future fiscal year expenditures will be brought to the Board of Supervisors through the annual budget process for review and approval.

Workday, Inc. 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. This 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. The proposed Workday contract includes all required attachments to capture the essential components of the Workday platform including the selected software modules, pricing, ongoing maintenance and support, and training credits. The Contract is for an initial term of ten years with an option to extend for an additional five years. The initial term will commence upon the completion of all signatures for an amount of \$3,953,132 with the additional 5-year term cost not to exceed \$2,487,809. This contract is a software as a service and therefore includes periodic updates to the system at no additional cost throughout the term. There are additional HR

modules offered as part of the Workday platform that are not included in this contract which will be reviewed for consideration during the implementation phase. The County has a price hold on these modules for 18 months and will re-evaluate those modules prior to the expiration of that 18-month price hold. In the event staff recommend implementation of these additional HR modules with the price hold an item will be brought back to the Board for approval.

An implementor of the Workday software is required to ensure the software product installation and setup meet our needs and operates as intended. The Core Team selected Cognizant Worldwide Limited as the implementation consultant. The proposed fixed-cost contract is \$2,640,751 and includes major elements such as project management, planning, staff training, data conversion, implementation/configuration, documentation, and post go-live support. ERP projects often uncover unforeseen situations; thus a 10% contingency is included as optional to allow the County to flexibly address these needs should they arise in the amount of \$264,075 for a total contract amount not to exceed \$2,904,826.

The three resolutions before you approve (1) the establishment of the ISF and the General Fund Loan, (2) contract approval for Workday Inc. for the initial term commencing upon final signatures in the total contract amount not to exceed \$4,348,455 (which includes 10% contingency) and (3) the contract with Cognizant Worldwide Limited in the amount not to exceed \$2,904,826 (which includes 10% contingency). The resolutions also request delegated authority for the Chief Information Officer to sign the Contracts and all documentation related to these items, and authorizes the Purchasing Agent to execute change orders within the 10% contingency.

Item Initiated and Approved by: Landon Beard, Chief Information Officer