



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 9

Section Name: {{section.name}}

Account Number: 10-2031

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TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Finance Department

MEETING DATE: December 05, 2022

SUBJECT:

Enterprise Resource Planning System Replacement Project – Change Order C03

RECOMMENDATION:

Approve Change Order C03 to the agreement with Collaborative Solutions for extending the Phase II timeline by an additional 14 weeks for the enterprise resource planning system replacement project in the amount of \$260,235, for a new Phase II total of \$1,503,375 and a new agreement total of \$2,866,895.

BACKGROUND:

The City Council awarded contract to Collaborative Solutions (Collaborative) in February 2022 as a part of the enterprise resource planning (ERP) system replacement project in the amount of \$2,527,160. Implementation is in phases, with Phase I covering the core financial elements, including accounting, accounts payable, accounts receivable, and financial reporting. Phase I began in March 2022 and went live on November 1, 2022. The City Council approved Change Order C01 on November 7, 2022 in the amount of \$14,700. Change Order C02 is also on the same Council meeting agenda under a separate item, as the change in scope is for Phase I of the ERP implementation, which implemented Workday Financials.

Phase II of the ERP implementation, which began implementation efforts on October 10, 2022, will deliver Workday payroll, time keeping, and human capital management (HCM) functionality to the City. Based on information that was yielded as a part of the Architect Stage interviews, Order C03 is for the cost of increasing the overall timeline from 44 weeks to 58 weeks of Phase II. One of the primary drivers for the change order are the time keeping/scheduling solutions that are used by the San Mateo Police Department (SMPD) and the San Mateo Consolidated Fire Department (SMC Fire). During the pre-implementation scoping process, the original scope of work anticipated integrations with the time keeping/scheduling solutions for SMPD and SMC Fire, which included calculation of payroll within these solutions before the data is passed on to Workday. However, the optimal configuration will be to have the respective public safety time keeping solutions pass on the employee hours to the Workday ERP to calculate payroll. In order to configure Workday to calculate public safety payroll, additional scope and time are necessary given the complexity of public safety payroll. As a means of comparison, implementation of the Tyler Eden payroll and HCM modules took 130 weeks (two and a half years). Approval of Change Order C03 will increase the timeline for ERP Phase II from 44 weeks to 58 weeks.

During Phase II Planning and Architecture stages, the City uncovered additional Workday capabilities that will help us further streamline our business processes, improve efficiency, and enhance effectiveness in delivering services to our employees. These areas include benefit administration, compensation tracking and CalPERS reporting requirements, recruiting, onboarding staff, talent management, and integrations with third party vendors. Waiting to implement these capabilities at a later date or after go-live will cost the City more time, effort, and funds because it will require re-work and duplication of effort. This rework and duplication are avoided now as we are in the building stage, and this will only be needed to be done once.

Based on the City's experience with Phase I, additional time for the testing and payroll parallel stages is critical to the success of Phase II to provide adequate time to test the configuration of Workday and ensure that payroll and benefits are correctly set up to serve the City's most important assets – its employees. As such, Change Order C03 includes five additional weeks of testing and two additional weeks of payroll parallel, where payroll will be run in Tyler Eden system and the test tenant of the Workday solution. Absent the additional time afforded by Change Order C03, Human Resources, Information Technology, and Finance department staff will be put in a difficult position of validating the new Workday solution without adequate time to complete the task, putting the City at higher risk of more errors coming to fruition in the production environment.

BUDGET IMPACT:

No supplemental budget appropriations are necessary. The cost of Change Order C03 can be offset by General Fund vacancy savings in the current fiscal year.

ENVIRONMENTAL DETERMINATION:

This change order is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Change Order C03

STAFF CONTACT

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