

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

May 19, 2020

FROM

ENSEN MASON, Auditor-Controller/Treasurer/Tax Collector

SUBJECT

Amendment No. 1 to Agreements for SAP Enterprise Support Services

RECOMMENDATION(S)

1. Approve **Amendments** with the following two contractors to provide additional SAP Enterprise Support Services, increasing the total aggregate contract amount by \$2,543,600, from \$12,500,000 to 15,043,600, with no changes to the contract term of August 7, 2018, through June 30, 2023.
 - a. The Peloton Group, LLC – **Amendment No. 1 to Agreement No. 18-588**
 - b. Labyrinth Solutions, Inc. dba LSI Consulting – **Amendment No. 1 to Agreement No. 18-589**
2. Authorize the Auditor-Controller/Treasurer/Tax Collector to continue approving Work Orders for SAP Support Services, within the aggregate contract amounts, with vendors based on the needed skill sets.
3. Authorize the Auditor-Controller/Treasurer/Tax Collector to prepare and post the necessary budget adjustments, as detailed in the Financial Impact section, to fund the increased contract amount. (Four votes required.)

(Presenter: Tori Roberts, Assistant Auditor-Controller/Treasurer/Tax Collector, 382-7005)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). Sufficient appropriation for the reimbursements from the Arrowhead Regional Medical Center (ARMC) has been included in their 2019-20 budget and will be included in future recommended budgets.

The Auditor-Controller/Treasurer/Tax Collector (ATC) is requesting a budget adjustment in the amount of \$1,020,000, and RESD is requesting a budget adjustment in the amount of \$50,000 for the 2019-20 budget. Necessary budget adjustments for 2020-21 will be included in a future quarterly countywide budget report presented to the Board of Supervisors for approval.

Recommendation No. 3 will authorize ATC to post the following adjustments to the 2019-20 budget:

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Funds Center	Commitment Item/GL	Description	Action	Amount
7700001000	54904095	Purchased Software	Decrease	(\$50,000)
7700001000	55405016	Fixed Assets Transfers Out	Increase	\$50,000
3400001000	55415017	Fixed Assets Transfers In	Increase	\$50,000
3400001000	55415013	Serv/Supp Transfer In	Increase	\$970,000
3400001000	52002445	Other Professional Services	Increase	\$1,020,000

The below table outlines the maximum payment amount by department and fiscal year for the term of the amended contracts:

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Five-Year Total
ATC	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
ARMC	0	970,000	1,523,600	0	0	2,493,600
RESD	0	50,000	0	0	0	50,000
Total	\$2,500,000	\$3,520,000	\$4,023,600	\$2,500,000	\$2,500,000	\$15,043,600

BACKGROUND INFORMATION

On October 1, 2017, the County successfully implemented the new Enterprise Financial Management System (EFMS) with software from SAP Public Services, Inc. (SAP), which replaced the old Financial Accounting System (FAS), the TZ Treasury system, and several functions of the existing ePro system. The current contracts with Peloton Group, LLC and Labyrinth Solutions, Inc. dba LSI Consulting allow the County to continue receiving professional SAP EFMS support services following the end of the EFMS implementation's post-production support. The recommended amendments will increase the aggregate contract amount by \$2,543,600 to cover two projects that were not included as part of the original costs to sustain and support the current SAP system.

ARMC is currently utilizing both SAP and Meditech to support their financial reporting, which resulted in business process inefficiencies and redundancies, as well as an increase in cycle time for major business processes. With the selection of Epic as ARMC's new Electronic Health Record (EHR) system, ARMC concluded that there was a need to implement a single, integrated, data repository to improve decision-making and self-service inquiry. The overall goal is for ARMC to have SAP as their financial system, while Epic will be their official EHR system. It will cost \$2,493,600 to fully migrate ARMC into SAP.

RESD is currently in the process of implementing a new project management tool, Aurigo, which requires information from SAP. In order to feed the required data from SAP to Aurigo, a full-time SAP Advanced Business Application Programming (ABAP) developer was assigned to build the three interfaces that will send key data from SAP to Aurigo. The cost for the full-time ABAP developer was \$50,000.

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PROCUREMENT

As the result of a competitive process, on August 7, 2018 (Item No. 10), the Board of Supervisors approved Agreement No. 18-588 with The Peloton Group, LLC and Agreement No. 18-589 with Labyrinth Solutions, Inc. dba LSI Consulting to provide SAP Enterprise Support Services at fixed rates by classification for the period of August 7, 2018, through June 30, 2023, in an aggregate amount not to exceed \$2,500,000 per fiscal year, for a total aggregate contract amount of \$12,500,000 for both vendors.

The below table outlines the current contract amounts expended by each contractor as of March 2020.

	2018-2019	2019-2020 (as of March 2020)	Total
LSI Consulting	\$1,330,823	\$1,214,373	\$2,545,196
The Peloton Group, LLC	351,094	934,738	1,285,832
Total	\$1,681,917	\$2,149,110	\$3,831,027

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert F. Messinger, Principal Assistant County Counsel, 387-5455) on April 29, 2020; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on May 7, 2020; Information Services (Larry Ainsworth, Chief Information Officer, 388-5501) on April 29, 2020; Arrowhead Regional Medical Center (Jeff Emery, Associate Chief Financial Officer, 777-0708) on May 1, 2020; Real Estate Services (Steven Castillo, Administrative Manager, 387-5108) on April 30, 2020; Auditor-Controller/Treasurer/Tax Collector (Erika Gomez, Accounting Manager, 382-3196) on April 28, 2020; Finance (Carl Lofton, Administrative Analyst, 387-5404; Yael Verduzco, Administrative Analyst, 387-5285; and Wen Mai, Principal Administrative Analyst, 387-4020;) on May 6, 2020, May 4, 2020, and April 29, 2020, respectively; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on May 6, 2020.

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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 19, 2020



cc: ATC- Barcelona-Nuqui w/agree
Contractor- C/O ATC w/agree
File- w/agree
la 05/20/2020