



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Social Services
Department No.: 044
For Agenda Of: 8/22/17
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Daniel Nielson, Social Services Director
Director(s) (805) 346-7101
Contact Info: Laura Mejia, Administrative Operations Manager
(805) 614-1252

SUBJECT: Agreement for Human Resources Management System with eVerge Group, LLC and Mythics, Inc.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the Agreement for Services of Independent Contractor with eVerge Group, LLC in the amount not to exceed \$423,260.84 to implement a Oracle Cloud Services Human Resources Management System for the period of August 22, 2017 through June 30, 2019; and
- b) Approve and authorize the Chair to execute the Agreement with Mythics, Inc., a certified Oracle reseller, in the amount not to exceed \$131,051.64 for software and maintenance for the Oracle Cloud Services Human Resource Management System for the period of one year from August 22, 2017 through August 21, 2018; and
- c) Authorize the Director of Department of Social Services to execute up to six one-year extensions of the term of Agreement with Mythics, Inc. subject to annual appropriations; and

- d) Determine that the approval and execution of the Agreements are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3), finding that the approval and execution of the Agreement is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activities are not subject to CEQA.

Summary Text:

This item is on the agenda to authorize the Chair to execute the Agreements with eVerge Group, LLC (eVerge) and Mythics, Inc. (Mythics) for the installation and license for the Oracle Cloud Services Human Resource System (System). As presented at the April workshop and approved as part of DSS' FY 17-18 budget, these contracts enable the Department of Social Services (DSS) to replace its current system that is more than 15 years old, requires an unsupported Microsoft environment and is written in obsolete language, therefore, increasing the risk of the inability to upgrade and modify the software. A full replacement of the system is needed and this solution provides current functionality as well as provides enhancements, improved efficiencies and adds critical tracking elements, including ongoing upgrades to security and software code as technology changes. DSS recommends that the Board approve the Agreements with eVerge and Mythics.

DSS did not use the County's standard form agreement with Mythics. The parties used the agreement and documents prepared by Mythics and Oracle because the technical nature of the System required provisions unique to cloud services.

Background:

DSS is the largest department of the County with staffing of 741 Full Time Equivalent's in Fiscal Year 2017-2018 and a total salary and benefit cost of \$77.9 million. It is critical that DSS has a personnel tracking system to efficiently and effectively track all positions and employees in real time. DSS also is mandated by the California Department of Social Services to track certain data elements such as language and training requirements.

The purpose of these contracts is to provide DSS with the installation, software and services for the implementation of the System to replace the current Personnel Employee Reporting System (PERS). DSS uses a separate PERS because the County's Central Human Resource Information System (HRIS) does not meet DSS' needs.

This project will address the County's transformation objectives to implement efficiencies. Specific goals and objectives include:

- Simplifying processes:
 - Eliminating unnecessary paperwork, reviews, approvals, and duplication efforts; and
 - Implementing electronic routing and approval.
- Providing more effective management information:
 - Implementing a real-time processing environment;
 - Providing direct and easy access to reports in a variety of formats; and
 - Providing employees, supervisors, and managers with a variety of self-service capabilities (e.g. the ability to change their own addresses and other personal information).

The primary benefits resulting from this project are:

- Reduction in administrative overhead through the simplification of processes;
- Allowing staff to focus on analysis rather than transactional issues;
- Empowerment to end users; and
- Better decisions due to better access of information.

DSS undertook a review of its existing systems and determined the existing systems do not meet the current or anticipated future needs of the organization such as:

1. Even though the County Department Employee Network (DEN) and HRIS provides information on positions that are allocated to DSS for every pay period, it does not have real time hierarchy information to know what is allocated to each branch, division, and unit in this department. These reports do not indicate whether the position is budgeted, loaned to a division temporarily, temporarily in training and in what function it belongs to determine funding sources. It also does not produce organizational charts. This information is both critical for the management of DSS as well as needed to respond in a timely fashion to outside requests. It would be highly inefficient to track positions, locations, the reporting structure, and forecast financial outcomes without an adequate personnel database.
2. HRIS does not provide data on nepotism relationships to determine if an employee can be hired, promoted, or transferred into a unit or division. This is critical in ensuring that adequate internal controls exist while determining eligibility of over 63,000 clients.
3. There is more information that DSS needs to track than what is available in the HRIS system and PERS such as:
 - a. Work Space Number
 - b. CalWIN Worker ID Number
 - c. Assigned equipment, such as cell phones and laptops
 - d. Educational degrees
 - e. Years worked in classifications held
 - f. Completed DSS required training
 - g. Name change alerts
 - h. Employee self-service
 - i. Manager self-service
4. There is not currently a comprehensive system that provides all data needed, let alone data that currently exists. If a department was to use current County personnel tracking systems, it could require data to be brought in from more than one system and combined manually.
5. Neither HRIS nor PERS provides tools to track tasks related to leave of absences.
6. Neither HRIS nor PERS provides efficient tools to provide hiring managers the tools and checklists needed for on boarding new employees.
7. Neither HRIS nor PERS provides checklists and task management for off-boarding employees. Exit interview data is not tracked and therefore, cannot provide statistical information needed to

manage DSS. Attrition rates due to separations from DSS, promotions, demotions, and lateral transfers are not calculated.

8. Neither HRIS nor PERS provides automatic Employee Performance Review (EPR) notifications to managers and supervisors and do not provide real time reporting on completed EPR's.
9. HRIS, PERS, nor DEN provides an automated way to audit the accuracy of timesheet coding before the payroll deadline. Without this, the number of labor adjustments that would need to be prepared by fiscal staff in the County's financial system would increase, decreasing the accuracy of financial data and decreasing the efficiency of this staff.
10. Neither HRIS, nor PERS, provides the tools necessary to monitor position funding due to the inability to enter budget information for each position within the position's function.
11. HRIS, PERS, nor the County's payroll system provides an automated way to audit the accuracy of Random Moment Study (RMS) results. The RMS accuracy is important in order to claim state and federal revenues accurately and therefore must be reviewed manually which is time intensive.
12. HRIS, PERS, nor DEN provides reports on employee lost time within the hierarchy of the organization.

As a result of the review of existing personnel data systems, a request for proposals was released on November 11, 2016 to provide PERS replacement. As a result three proposals for funding were received by the submittal due date of January 13, 2017. Following a comprehensive evaluation process, a contract is being awarded to eVerge and Mythics.

eVerge collaborates with Mythics to provide the implementation, conversion and software necessary to meet the personnel tracking of DSS. eVerge's services shall include implementation, the development of business processes and project management necessary to convert current data and business processes to the System. eVerge will ensure optimal solution adoption, and prepare DSS users to efficiently and effectively execute business processes and utilize the new system. Mythics is the software and maintenance reseller of Oracle products, the software that delivers the functionality for the cloud based System. The System requires software products licensed by Oracle by which Oracle grants DSS access as part of the Cloud Services. Mythics has guaranteed ongoing licensing costs for the next seven years as reflected in the Mythics Order.

The System will provide additional reporting capability and additional self-service capability. It eliminates the need for additional data storage for HR related data and documents and minimal DSS IT support is needed. It also eliminates the risk our current PERS system of being damaged beyond repair due to the new technology upgrades that are not compatible with the technology used to operate the existing program.

The benefits of using a cloud service versus on-premise software is that additional data storage is not necessary, minimal DSS IT support is needed, it minimizes upfront costs, and the vendor is responsible for upgrading/replacing data storage equipment rather than the Department. Additionally, the vendor is also responsible for upgrading the security and software code as technology changes. DSS will continue to own all the data.

DSS estimates that once implementation takes place, the System would provide enough efficiency that would allow DSS to reduce by one human resource technician. This would result in minimal additional costs for the system subscription of only \$5,000 to \$11,000. This equates to about \$3 to \$15 per FTE annually.

Fiscal Year	Annual Cost	HR Tech Savings	Net Cost	Annual Cost/FTE
2018/19	\$131,052	-\$126,000	\$5,052	\$6.82
2019/20	\$131,052	-\$128,520	\$2,532	\$3.41
2020/21	\$134,983	-\$131,090	\$3,893	\$5.25
2021/22	\$139,033	-\$133,712	\$5,320	\$7.18
2022/23	\$144,594	-\$136,386	\$8,208	\$11.08
2023/24	\$150,378	-\$139,114	\$11,264	\$15.20

13. The System will provide the following needed solutions:

1. It will provide all the functionality needed to be able to report positions within the hierarchy of the organization, report on whether positions are funded or unfunded, report on the function of each position, track the home base for each position on a temporary assignment or in training, sync records with the HRIS, DEN, payroll and salary model, and report on reclassifications, added and deleted positions. It will create organizational charts and provide historical information and reporting on all of the above.
2. It will report and produce organizational charts and reports with a few simple steps for managers to easily determine any nepotism issues. Organizational charts can also be produced to plan future organizational changes.
3. It will include all existing and additional fields needed and have the ability to report on this information for State and internal purposes.
4. It will provide electronic routing to different divisions within DSS that are required to take action on a new hire, reassignment, promotion, leave of absence, and separations and will provide a status for each action required. As actions are completed the status changes and managers can view what is outstanding before the employee arrives in their new assignment. Divisions involved with on-boarding are HR, Fiscal, IT, and Facilities.
5. It will incorporate all EPR templates and can be electronically routed to employees and supervisors for completion and stored within the System. It will also track the status of each EPR as it progresses through the process. This will give managers and supervisors real time information. It will also give statistics on employee ratings. All EPR's can be easily access from within the System.
6. It will provide a data visualization service that allows DSS to import data from the County's payroll system to validate accuracy of timesheets.
7. It will allow data imports from the County's salary model. This will streamline the process in providing tools to monitor labor costs by function.

8. It will provide a data visualization service that allows DSS to import data from any system and create reports to monitor labor resources.
9. The system will integrate with other systems (County HRIS, RMS, Payroll, Learning Management System, equipment inventory system and TrackIt). DSS will have one system with all data and can create automated reports.
10. Currently, DSS enters employee data into the HRIS system and again in the PERS system. With the new Oracle system, only one entry is required and exported to the HRIS system.

Performance Measure:

The performance measures are outlined in the attached eVerge Agreement-Statement of Work with payment based on the deliverables as outlined in the Payment Arrangements of the Exhibit B.

As outlined in Exhibit E, page 4, of the Mythics Contract, Oracle’s service commitment for Storage Cloud Services is to meet the target uptime of 99.9%.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

	<u>FY 17-18 Cost</u>	<u>FY 18-19 Cost</u>	<u>FY 19-20 Cost</u>	<u>FY 20-21 Cost</u>
Total Cost	\$554,312.48	\$131,051.64	\$131,051.64	\$134,983.00
Less Reduction of Staffing	\$0.00	-\$126,000.00	-\$128,520.00	-\$131,090.00
Net Cost	\$554,312.48	\$5,051.64	\$2,531.64	\$3,893.00
Funding Sources				
General Fund	\$283,808.00	\$2,465.20	\$1,235.44	\$1,899.78
State		\$2,086.33	\$1,045.57	\$1,607.81
Federal	\$270,504.48	\$500.11	\$250.63	\$385.41
Total	\$554,312.48	\$5,051.64	\$2,531.64	\$3,893.00

Narrative:

The funding for the Fiscal Year 2017//2018 costs is provided through a combination of federal (48.8%) and one-time General Fund (51.2%). This funding has been included in the Fiscal Year 2017/2018 DSS’ recommended budget. Net cost for the remainder years of \$5,052, \$2,532 and \$3,893 will be funded 48.8% federal, 41.3% state and 9.9% General Funds

Key Contract Risks:

The risk assessment worksheet has been completed. DSS has determined that eVerge and Mythics are medium risk vendors.

Even though eVerge and Mythics are medium risk vendors, contract risks do exist and are listed below.

Mythics Agreement

1. Section 21.3 of the Mythics contract limits the County's timeframe to file a claim against the vendors. California law recognizes that a party has the right to initiate a lawsuit from the date the wrongful conduct is discovered or should have been discovered. The Mythics contract, however, states that the time to raise a lawsuit must occur within four years from the date the wrongful conduct occurred even if the County was unaware of the wrongful conduct. For example, if there is a breach in the System and a subsequent disclosure of confidential information without County's knowledge of the event, the County would be precluded from raising a legal action should the County discover the breach of confidentiality more than four years after the event.

Even though Section 21.3 limits the County's recourse, based on DSS' research, DSS believes that the risk that it would not be able to determine an action that could result in the need for legal recourse within the four-year timeframe is minimal. The standard language used in the majority of Mythics/Oracle's executed contracts, including contracts with the State of California, includes only a 2 year limitation. DSS was able to negotiate a four-year period to initiate a legal action. This is two years more than what other agencies have agreed to with Mythics.

2. Section 12 of the Mythics contract and Exhibit I contain a limitation of liability provision. This provision caps the amount of damages the County could claim against the vendor to two times the County's total payments in the past twelve months. In other words, if the County initiated a legal action against the vendor, then the total amount of damages the County could claim would be what it paid the vendor the past 12 months multiplied by two. This limitation of liability provision also limits the County's remedies to damages directly caused by the vendor's wrongful conduct. Other damages such as punitive, indirect, or consequential damages are not available.

Even though Section 12 caps the amount of damage the County could claim against the vendor, DSS along with County Risk, believes these negotiated terms provide for the least exposure to the County given the benefits of moving forward with this contract. Additionally, County Risk is in agreement that these terms are not unusual and are used in all or most of contracts in this industry.

3. Section 6.2 of the Mythics contract imposes indemnification obligations on the County. It states: You shall not use or permit use of the Services, including by uploading, emailing, posting, publishing or otherwise transmitting any material, including Your Content, Your Applications and Third Party Content, for any purpose that may (a) menace or harass any person or cause damage or injury to any person or property, (b) involve the publication of any material that is false, defamatory, harassing or obscene, (c) violate privacy rights or promote bigotry, racism, hatred or harm, (d) constitute unsolicited bulk e-mail, "junk mail", "spam" or chain letters; (e) constitute an infringement of intellectual property or other proprietary rights, or (f) otherwise violate applicable laws, ordinances or regulations. In addition to any other rights afforded to Oracle under this Agreement, Oracle reserves the right, but has no obligation, to take remedial action if any material violates the restrictions in the foregoing sentence (the "Acceptable Use Policy"), including the removal or disablement of access to such material. Oracle shall have no liability to You in the event that Oracle takes such action. You shall have sole responsibility for the accuracy, quality, integrity, legality, reliability, appropriateness and ownership of all of Your Content and Your Applications. To the extent not prohibited by law, You agree to defend and indemnify Oracle against any claim arising out of a violation of Your obligations under this section.

To mitigate any occurrence that could evoke this contractual clause, DSS will provide reasonable safeguards to prevent such events from occurring, including training and reminders of what the Cloud services is for and what it is not for, including but not the type of information that should be entered into the system and therefore stored on the cloud.

eVerge Agreement

1. Section 37 of the eVerge contract contains a limitation of liability provision. This provision caps the amount of damages the County could claim up to the amount of fees paid to eVerge. The limitation of liability provision also limits the County’s remedies to direct damages. This limitation, however, does not apply to claims that pertain to eVerge’s indemnification obligations; confidentiality obligations; misconduct, fraud or gross negligence; claims covered by insurance; property damage or personal injury; or failure to comply with laws.

Even though Section 37 caps the amount of damage the County could claim against the vendor, DSS along with County Risk, believes these negotiated terms provide for the least exposure to the County given the benefits of moving forward with this contract. Additionally, County Risk is in agreement that these terms are not unusual and are used in all or most of contracts in this industry.

Staffing Impacts:

Legal Positions:

None

FTEs:

None

Special Instructions:

Please send one (1) duplicate of original Agreement, and a copy of the minute order to:

Department of Social Services

Attn: Emma Duncan

Contracts Coordinator, 3rd Floor

2125 S. Counterpointe Parkway

Santa Maria, CA 93455

Attachments:

1. Attachment 1 – Agreement eVerge for Human Resources Management System
2. Attachment 2 – Agreement and Order - Mythics for Oracle Software & Maintenance

Authored by:

Emma Duncan, Contracts Coordinator

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