



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

Submitted on:  
(COB Stamp)

Department Name: County Executive Office  
Department No.: 012  
For Agenda Of: May 14, 2024  
Placement: Administrative  
Estimated Time: N/A  
Continued Item: No  
If Yes, date from:  
Vote Required: 4/5 vote

TO: Board of Supervisors  
FROM: Department Director(s)  
Contact Info:

Mona Miyasato, County Executive Officer  
Paul Clementi, Budget Director  
Nancy Anderson, Chief Assistant CEO

DocuSigned by:  
*Mona Miyasato*  
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SUBJECT: Agreement with Sherpa Government Solutions, LLC for Budget Development Software Services

**County Counsel Concurrence**

As to form: Yes

**Other Concurrence: Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence: Executive IT Council, CEO Budget**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Approve and authorize the Chair to execute an agreement with Sherpa Government Solutions, LLC for the provision of budget development software service in a total contract amount not to exceed \$4,067,707, inclusive of \$211,527 for implementation, \$3,028,040 for ongoing software as a service for fifteen years, \$629,762 for optional publication services, and \$198,378 for optional administrative support services, recommended for the first two years after implementation, effective upon Board execution of the agreement through May 31, 2039 (Attachment A).
- B. Approve a Budget Revision Request (BJE No. 0009663) to establish appropriations of \$159,260 in General County Programs General Fund for Services and Supplies, funded by the release of Committed County Enterprise Resource Planning Project fund balance (Attachment B); and
- C. Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

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### **Summary:**

This agenda item requests approval of an agreement with Sherpa Government Solutions, LLC (Sherpa) for the implementation and ongoing provision of budget development software as a service effective upon execution of the agreement by all parties through May 31, 2039. The implementation of Sherpa budget development software is intended to supplement the County's transition to Workday, the County's new enterprise resource planning (ERP) system, by replacing the budget development tools currently housed within the outgoing financial system with a software that is compatible with Workday. Implementation is anticipated to begin in May 2024 with the goal of establishing the new software for use in the FY 2025-26 budget development cycle.

The proposed software will support County budgeting in Workday's new chart of accounts, improve the efficiency and functionality of salary modeling and budget forecasting tools, offers a user-friendly interface, includes enhanced reporting tools, and facilitates the compilation and update of the annual recommended budget book. Additionally, implementation of both Workday and Sherpa will allow for future integration with online budget transparency software that offers the public a dynamic tool for understanding the County budget.

The costs of the budget module have been planned for and are included in the set-aside for the ERP project. It is anticipated that cost of Sherpa's ongoing software as a service fees will be partially offset by the reduction in Workday subscription fees as a result of replacing the ongoing budget development component of Workday with Sherpa. Ongoing costs will average \$237,997 per year and will be offset through charges to special revenue funds, similar to cost recovery of the Workday system. The attached Budget Revision Request recommends an appropriation to begin work this fiscal year.

### **Discussion**

The Sherpa software was selected after it was determined that Workday's budgeting module (Adaptive Planning module) was limited regarding public sector and more specifically county budgeting needs. Sherpa is compatible with Workday and designed for the public sector. Several California counties utilize Sherpa for budget development, including Sacramento, Contra Costa, San Mateo, San Joaquin, Alameda, and Santa Barbara's neighboring counties of San Luis Obispo, Ventura, and Kern.

The proposed software was selected in accordance with County Purchasing guidelines, which permits the sole source of professional services, and is supported by the Workday Steering Committee. Selection was based on the recommendation of Workday as a compatible budget solution and positive recommendation from staff in other counties such as San Joaquin, Kern, and San Luis Obispo, who have already implemented or plan to implement Sherpa for budget development. Staff also compared our implementation and subscription fees to Kern, Alameda, Ventura and San Luis Obispo counties to ensure competitive pricing. Our implementation fees are significantly lower because we opted for a longer term. The contract is for 15 years to lock in pricing for a term that substantially overlaps with the contract term for the Workday ERP.

In December 2023, Sherpa was approved by the County's Executive Information Technology Committee (EITC), which reviews all County IT projects and procurements exceeding \$50,000. Implementation of the proposed software is anticipated to begin in May 2024 with the tentative goal of using Sherpa to develop the FY 2025-26 preliminary, recommended and adopted budgets. However, staff recognize the need for flexibility as changes in Workday resource needs and timeline may affect Sherpa implementation. Therefore, the proposed scope of work and milestone payment plan allows for the flexibility to pursue alternative processes for FY 2025-26 budget development, if necessary, and push Sherpa implementation to the FY 2026-27 budget cycle without penalty.

The project scope of work was developed with input from the Information Technology, Auditor Controller, and Human Resources departments and includes the following:

- 1) Full system implementation support provided by Sherpa, in which Sherpa will perform all implementation and testing activities and County staff would primarily provide data and verification of final results to ensure conversions, interfaces, and other configurations meets business needs;
- 2) Enhanced system administration provided by Sherpa for the first year after implementation, after which time the County could elect continued enhanced support or opt for the standard support included in the software as a service cost;
- 3) Ongoing use of the software as a service for 15 years, which the County may terminate at any time with 30 days written notice; and
- 4) Optional services related to the publication of budget documents and future system administrative support.

The implementation of this software will be sponsored and managed by the County Executive Office, without the need for additional staff. Monthly updates regarding implementation progress and the acceptance of milestones will be provided to the County ERP Steering Committee for transparency, recordkeeping purposes, and coordination related to Workday implementation.

### **Background:**

On May 24, 2022, the County approved a contract with Workday, an enterprise resource planning (ERP) system that would fulfill its financial, human capital, budget and data analytics needs. Drivers of the transition included the need to further standardize and automate business processes, simplify the County's technology landscape, meet the expectations of the County workforce and facilitate the modernization of County business operations. The County's transition to Workday entails a significant change in its accounting framework from the current FIN chart of accounts to a new Workday foundational data model (FDM). Once this change takes place, it will be important for financial continuity that the County have a budget development software in place that departments can use to build their budgets using the new Workday FDM. It is anticipated that the proposed budget development software will provide this solution for the County.

### **Fiscal Impacts:**

Budgeted: This is not budgeted but the costs for FY 2023-24 are included in the Committed County Enterprise Resource Planning Project fund balance. The Budget Revision Request is attached. Overall, the average annual costs for the term of the contract is \$237,997, including optional publication services described in further detail below. Without publication services, the average annual cost is \$201,869.

### **Fiscal Analysis:**

Contract Costs	FY 2023-24	FY 2024-25	FY 2025-26	Avg. Costs Years 4 - 16	Contract Total
Implementation		\$166,741	\$44,786		\$211,527
Software as a Service*	\$159,260	\$164,515	\$169,944	\$194,948	\$3,028,040
Administrative Support**			\$132,252	\$66,126***	\$198,378
Publication Services* (optional)		\$94,402	\$51,392	\$37,228	\$629,762
<b>Total</b>	<b>\$159,260</b>	<b>\$425,658</b>	<b>\$398,374</b>	<b>\$298,302</b>	<b>\$4,067,707</b>

\*Ongoing software as a service costs and optional publication service costs include a 3.3% annual escalator.

\*\*Administrative support services are optional after FY 2025-26.

\*\*\*Not an average annual cost, this is an optional one-time fee to be paid in FY 2026-27.

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Narrative: The proposed contract includes costs associated with implementation, maintaining the software as a service, optional additional administrative support packages, and optional publication services.

- **Implementation.** Implementation costs total \$211,527 and would be paid in installments upon completion and County acceptance of specific milestones in FY 2024-25 and FY 2025-26.
- **Software as a Service.** Ongoing software as a service costs total \$3,028,040 over the 15 years of the proposed contract, starting at \$159,260 and increasing by 3.3% per year. The first software as a service payment would be due at project kick-off in May 2024.
- **Administrative Support.** Sherpa's software as a service fees include standard administrative support services such as annual budget roll over, help desk services, access to training materials, and guidance in developing additional forms and reports. Optional enhanced administrative support packages are available for an additional fee. Staff recommend that the County opt into Sherpa's full administrative support package at a cost of \$132,252 in year one and \$66,126 in year two to offer additional resource support to departments through software implementation and the first year of budget development. The full administrative support package includes performance of all system administration, preparation of training guides, creation of budget forms and reports, and development of personnel forecasts. The County may opt in to either a lower level of enhanced support or standard support in the following years.
- **Publication Services.** Optional publication services, which could be utilized to develop the Recommended Budget Book, Adopted Budget Book, and Capital Budget Book are available to the County for an additional fee specified per publication in the proposed contract. The County may opt in to these services as it sees fit, and does not pay a cost if it does not utilize the service. Given the importance of these publications to budget planning and transparency, staff will continue to evaluate the cost and functionality of Sherpa's publication services against alternative market solutions in order to identify services that best meet the County's business needs.

The County Executive Office is requesting a revision to the FY 2023-24 Adopted Budget to increase Services and Supplies appropriations by \$159,260, funded by a release of General County Programs General Fund Committed Countywide ERP fund balance to cover the cost of the proposed contract. Sherpa implementation, software as a service, and administrative costs will be considered part of the overall ERP cost and ongoing service fees will be included in future budgets, subject to Board approval. Staff anticipate that the reduction in Workday's ongoing subscription fees, to remove the cost of support for the no-longer-required Adaptive Planning module, will partially offset Sherpa's ongoing software as service fees. The anticipated obligation of the County in excess of Workday's original subscription fees is recommended given the enhanced functionality of Sherpa with regard to County budget process.

Additionally, similar to the recovery of Workday subscription fees, Sherpa software as a service costs will be covered by the ERP set-aside through FY 2024-25. Ongoing subscription costs will be charged to departments through either the Information Technology Department internal service fund or the Countywide Cost Allocation Plan to ensure equitable cost recovery from General Fund, special revenue fund and enterprise fund departments.

**Key Contract Risks:**

The proposed budget development software contract is considered relatively low risk as the County is only required to pay for implementation activities upon County acceptance of their completion. Ongoing software as a service costs are predefined for 15 years and the County may terminate these services at any time during the term of the contract. Termination for convenience will be subject to payment of 50% of the then-unpaid amount of the fees set forth in Section 3.0 of the Statement of Work for the then-current year of the subscription.

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**Special Instructions:**

Clerk of the Board please return one (1) copy of the minute order of the actions to the County Executive Office, attention: Dawn Holden, Business Manager.

**Attachments:**

Attachment A: Agreement with Sherpa Government Solutions, LLC  
Attachment B: Budget Revision Request No. 0009663

**Authored by:**

Katrina Fernandez, Fiscal & Policy Analyst

**cc:**

Paul Clementi, Budget Director, County Executive Office