

GO Committee #10
April 30, 2014

Worksession

MEMORANDUM

April 29, 2014

TO: Government Operations and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser 
SUBJECT: FY15-20 CIP Adjustment: Technology Modernization MCG P150701

The following are expected to attend:

Michael Ferrara, Enterprise Projects manager
Uma Ahluwalia, HHS Director
Representatives from Departments of Recreation, CUPF and M-NCPPC
Representatives from OMB

Summary of Staff Recommendations:

1. **Consider** the Executive's recommended FY15 Technology Modernization project description and the answers to the questions posed by Council staff.
2. **Recommend** to the Council the following:
 - a. **Support** the funding of an ERP Sustaining Organization at the level requested by the Executive.
 - b. **Support** the implementation funding of the HHS Process and Technology Modernization project at the level requested by the Executive.
 - c. **Defer** decision on the ActiveNet project until additional information is provided as to rationale, detailed costs, and fit within the TechMod framework rather than that of the Interagency Technology Policy and Coordination Committee (ITPCC).

Overview

The Executive transmitted final adjustments to the FY15-20 CIP program on April 28, 2014; he included MCG P150701 PDF (© 1-2) on the Technology Modernization program.

The text in the transmittal memo reads:

Technology Modernization: MCG - This project has been updated to reflect continuation of core ERP staffing and consultants in the capital budget; updated costs, funding and schedule for the HHS technology modernization project based on vendor cost estimates; and the addition of Activenet software to replace the CLASS software used by the Department of Recreation, Community Use of Public Facilities, and Maryland National Capital Park and Planning Commission for class and facility registration.

The Committee has received briefing in prior worksessions regarding the sustaining organization needed for long term support of the ERP project, as well as updates on the HHS process technology modernization project. The ActiveNet project is a new item for the Committee, and additional information has been requested before a decision can be recommended to Committee members by Council staff.

These adjustments are as follows:

TechMod Element	FY15 cost (in \$000s)	FY15-17 cost (in \$000s)
Establishment of a sustaining organization for ERP	\$5,235	\$14,352
Deployment of next phase of Process Technology modernization program at HHS	\$5,730	\$15,408
Upgrade of Active Network for Recreation, CUPF and M-NCPPC	\$695	\$695
Totals	\$19,733	\$30,455

The submission of the TechMod project raises several questions. Given the lack of time between PDF transmittal and GO worksession, the following questions are being transmitted to Executive staff in the hope that complete answers might be provided during the worksession so that Committee members can form an informed opinion regarding the recommended investments in this vital program.

ERP Issues

The Sustaining Organization is an important element of the overall strategy for supporting the complex Enterprise Resource Planning (ERP) system going forward. Until now, the support has been part of the development costs. The Executive has decided to articulate the need for a separate “Sustaining Organization” model, something that the Committee has been briefed on in prior sessions.

- What is the staff size of this ERP sustaining organization?
- Who is responsible for the leadership in implementing this support strategy?
- Where in the organization does the Sustaining Organization reside? Please provide an organizational chart showing positions and reporting arrangements.

The Operating Budget Impact numbers are as follows (in \$000s):

	FY15	FY16	FY17	FY18	FY19	FY20	Totals
Maintenance	\$486	\$511	\$511	\$511	\$511	\$511	\$3,041
Productivity Improvements	-\$939	-\$939	-\$1,489	-\$7,033	-\$7,033	-\$7,033	-\$24,466
Program-Staff	0	\$6,509	\$6,485	\$6,485	\$6,485	\$6,485	\$32,449
Program-Other	0	\$5,676	\$6,236	\$7,046	\$7,046	\$7,046	\$33,050
Totals	-\$453	\$11,757	\$11,743	\$7,009	\$7,009	\$7,009	\$44,074

- Are these numbers reflective only of ERP, or do they include DHS PTM as well?
- Please explain the rise in FY18 through FY20 in productivity improvements.
- The Sustaining Organization is funded at \$14,352,000 for FY15-FY17. What happens to that cost in FY18-FY20?
- Please relate the Sustaining Organization costs to the two line items in the OBI totaling \$65,499,000 over the next six years (Program-Staff and Program-Other). Also indicate what budget/organization will bear these costs in the out years.
- It is Council staff understanding that departments that contributed management employees to the central ERP implementation team were given funds to “backfill” those positions so that they would be available upon ERP completion. Please indicate which of these positions were lost to budget cuts in the last 3 years and which were retained, so that no additional costs are reflected in the OBI for them
- Has there been a formal implementation plan for the outcomes of the Business Process Review (BPR) referenced in the project description? If so, what are the timeframe and expected impact?

HHS Process Technology Modernization Issues

The PDF text on © 1 states:

The HHS program provides for the development and implementation of an Enterprise Integrated Case Management (EICM) system as part of a large Process and Technology Modernization (PTM) program that will move the department from a traditional agency-centric model of practice to a more effective client-centric model of practice. As part of this initiative, the EICM project will upgrade obsolete IT systems and information processes to avoid duplication of data entry, reduce ineffective coordination of services, and minimize inefficiencies resulting from legacy systems.

- Please provide an implementation timeline for FY15-FY17, with milestones and outcomes visible to end users of HHS services.
- The reduction of ineffective coordination and minimization of inefficiencies may result in the ability to reassign personnel to perform other needed duties; is there a planning process under way to track such changes and to prepare employees for this impact?
- Are there project elements vital to the accomplishment of the “single-service window” vision articulated that are not included in the current PDF?

Active Network (ActiveNet) Issues

The PDF text on © 1 states:

The Active Network (ActiveNet) upgrade for the Department of Recreation, Community use of Public Facilities (CUPF) and the Maryland National Capital Parks and Planning Commission (M-NCPPC) involves the replacement of the existing CLASS registration and payment system. The Gilchrist Center is also in need of a platform to register its clients for programs and activities. Implementation involves analysis and realignment of business practices and procedures, systems configuration, web site designs; redesign / testing of ERP interfaces; and new Accounts Receivable functions. An interagency Governance Committee comprised of managers from each participating department / agency will make decisions balancing the needs of each department.

- Has this project been vetted through the Interagency Technology Policy and Coordination Committee (ITPCC)? The interagency nature suggests that organizing for implementation could benefit from ITPCC's experience in handling multi-agency projects.
- Understanding the committee nature of the governance structure, who is currently the project manager, and which department will receive the proposed appropriation?
- Please provide a timeline for the project and key delivery dates for solution elements.

Technology Modernization – MCG (P150701)

Category	General Government	Date Last Modified	4/21/14
Sub Category	County Offices and Other Improvements	Required Adequate Public Facility	No
Administering Agency	County Executive (AAGE03)	Relocation Impact	None
Planning Area	Countywide	Status	Ongoing

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	134,903	87,585	16,863	30,455	19,733	5,586	5,136	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	56	0	56	0	0	0	0	0	0	0	0
Total	134,959	87,585	16,919	30,455	19,733	5,586	5,136	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
FUNDING SCHEDULE (\$000s)											
Contributions	1,340	0	0	1,340	1,340	0	0	0	0	0	0
Current Revenue: General	87,912	49,462	6,420	12,030	11,030	500	500	0	0	0	0
Federal Aid	741	0	741	0	0	0	0	0	0	0	0
Land Sale	2,634	2,634	0	0	0	0	0	0	0	0	0
Recreation Fund	695	0	0	695	695	0	0	0	0	0	0
Recordation Tax Premium	2,623	0	2,623	0	0	0	0	0	0	0	0
Short-Term Financing	59,014	35,489	7,135	16,390	6,668	5,086	4,636	0	0	0	0
Total	134,959	87,585	16,919	30,455	19,733	5,586	5,136	0	0	0	0

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
OPERATING BUDGET IMPACT (\$000s)											
Maintenance				3,041	486	511	511	511	511	511	
Productivity Improvements				-24,466	-839	-839	-1,489	-7,033	-7,033	-7,033	
Program-Staff				32,449	0	6,509	6,485	6,485	6,485	6,485	
Program-Other				33,050	0	5,676	6,236	7,046	7,046	7,046	
Net Impact				44,074	-453	11,757	11,743	7,009	7,009	7,009	

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	19,733
Appropriation Request Est.	FY 16	5,586
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		104,504
Expenditure / Encumbrances		87,585
Unencumbered Balance		16,919

Date First Appropriation	FY 07
First Cost Estimate	
Current Scope	FY 15 134,959
Last FY's Cost Estimate	113,621

Description

This project provides for the replacement, upgrade, and implementation of IT Initiatives that will ensure ongoing viability of key processes, replace outdated and vulnerable systems, and produce a high return in terms of customer service and accountability to our residents. Major new IT systems that have been completed through this project include the Enterprise Resource Planning (ERP) Financial and Human Resources modules, foundation phase of the 311/Constituent Relationship Management (CRM), Electronic Time reporting (MCTime), and related Business Process Review (BPR). Planning activities for the Department of Health and Human Services (HHS) technology modernization of key systems and processes are underway. The Budgeting module of the ERP system (Hyperion) and additional self-service functionality is currently underway and the workforce component of the Hyperion System has been completed. The ERP project was implemented to modernize Core Business Systems to improve the efficiency, effectiveness, and responsiveness of the County Government. In addition, modernization of the County's Tax Assessment Billing System is underway. This system is used to annually calculate and bill County residents for County and municipal property taxes, solid waste fees, water quality fees, WSSC fees, and other fees, taxes, and related credits. The HHS program provides for the development and implementation of an Enterprise Integrated Case Management (EICM) system as part of a larger Process and Technology Modernization (PTM) program that will move the department from a traditional agency-centric model of practice to a more effective client-centered model of practice. As part of this initiative, the EICM project will upgrade obsolete IT systems and information processes to avoid duplication of data entry, reduce ineffective coordination of services, and minimize inefficiencies resulting from legacy systems. The Active Network (ActiveNet) upgrade for the Department of Recreation, Community Use of Public Facilities (CUPF), and the Maryland-National Capital Park and Planning (M-NCPPC) involves the replacement of the existing CLASS registration and payment system. The Gilchrist Center is also in need of a platform to register its clients for programs and activities. Implementation involves analysis and realignment of business practices and procedures, system configuration, web-site designs; redesign/testing of ERP interfaces; and new Accounts Receivable functions. An Interagency Governance Committee comprised of managers from each participating department/agency will make decisions balancing the needs of each department.

Cost Change

Technology Modernization – MCG (P150701)

ERP cost changes reflect the continuation of ERP operations in the capital budget based on updated estimates. The cost increase of \$5.235M in FY15 is due to continued assignment of County staff to the project and contractor resources for ongoing configuration and implementation work through FY15. HHS cost changes of \$15.408M in FY15 through FY17 reflect an updated schedule and vendor cost estimates after completing requirements studies and preliminary design. \$695,000 is added in FY15 for the replacement of the CLASS system used by the Recreation Department, M-NCPPC, and CUPF.

Justification

According to a 2004 ranking of major existing technology systems based on their current health and relative need for upgrade or replacement, the County's then current core business systems (ADPICS, FAMIS, BPREP, and HRMS) were ranked as Priority #1, which means obsolete or vulnerable critical system in immediate risk of failure. These at-risk systems were replaced with a state of the art ERP system which provides a common database supporting financials, procurement, budget, and HR/payroll, and includes system-wide features for security, workflow, and reporting, and up-to-date technology architecture. Tax Assessment Billing System: The current system is over 30 years old, is only Internally supported, and is used for the collection of over \$2 billion in revenues annually.

Health and Human Services EICM: This technology modernization effort will ensure ongoing viability of key processes, replace outdated and vulnerable systems, create staff operating efficiencies, and produce a high return in terms of customer service and accountability to our residents. Related plans and studies include the Information Technology Interagency Funding and Budgeting Committee's report of September 30, 2003, the Montgomery County Government FY06 IT Budget Overview prepared by Department of Technology Services, and the FY14 Process and Technology Modernization Readiness Assessment conducted by the Gartner consulting group.

Recreation, CUPF, and M-NCPPC: The Active Network announced that they will release one more version upgrade of CLASS, scheduled for first quarter of 2014. After this release, there will be no further development of the CLASS software and maintenance/support will be phased out of the CLASS software (ending by December, 2017). A feasibility study determined that the Active Network's browser based application, ActiveNet, is the only software with sufficient functionality and processing capability to meet the needs of a joint registration and facility management system in a single database for Recreation, CUPF, MNCPPC, and the Gilchrist Center. The system will also improve customer service by providing a one-stop access point.

Other

The Technology Modernization - MCG project is intended to serve as an ongoing resource for future IT modernization and related process engineering to the County Government's business systems beyond the currently defined project scope. Future projects may include the following: CRM - Citizen Relationship Management Phase II: This initiative will extend the service to municipalities in the County and other County agencies (e.g. Board of Education, M-NCPPC, Montgomery College). This initiative will proceed based upon interest from these organizations and agreement on funding. Objectives include creation of a Citizen Relationship Management (CRM) program to develop or convert automated capabilities for all appropriate County services including: Case Management Events, Management Field Services, Grants Management, Help Desk Solutions, Point of Sales, Resident Issue Tracking System, Work Order Processing System, ERP - Enterprise Resource Planning, Business Intelligence/Data Warehouse Development, Loan Management, Property Tax Billing and Collection, Public Access to Contractor Payments, Upgrade to Oracle E-Business/Kronos/Siebel, and Enhancements to comply with evolving Payment Card Industry (PCI) mandates.

Fiscal Note

Project funding includes short-term financing for integrator services and software costs. The Operating Budget Impact (OBI) estimates included the costs associated with supporting the Technology Modernization project after implementation, including staff returning to their home departments from the project office to provide on-going support, knowledge transfer, and to serve as "super users", as well as staff and contractors necessary to support the system, operating and maintenance (O&M) agreements with software vendors, and estimated costs associated with the Sustaining Organization through FY16-20. The establishment of a sustaining organization is needed post-implementation to resolve problems, facilitate communication across business processes because of the system integration, produce reports, and re-engineer business processes. ERP: In FY15, \$1.340M will be transferred to the CIP by the Board of Investment Trustees (BIT) and is reflected as Contributions; another \$1.175M will be transferred from the Department of Liquor Control (\$625,000) and the Group Insurance Fund (\$550,000) to the General Fund and is reflected as Current Revenue: General. HHS: Due to delays in the State's process for seeking federal reimbursement for capital IT upgrades, Federal Aid is no longer assumed in FY15-17. HHS will continue to seek federal reimbursement as the State updates its process. ActiveNet: \$695,000 will be appropriated from the Current Revenue: Recreation Fund in FY15 for the ActiveNet upgrade; Recreation will charge CUPF and M-NCPPC for their share of the project's expenditures based on a proportionate share of each party's use of ActiveNet.

Coordination

MCG efforts are coordinated with applicable agencies during the project planning, requirements gathering, and requests for proposal (RFP) phases: Offices of the County Executive, Office of the County Council, Department of Finance, Department of Technology Services, Office of Procurement, Office of Human Resources, Office of Management and Budget, Department of Health and Human Services, Department of Recreation, Community Use of Public Facilities, and the Maryland-National Capital Park and Planning Commission, Gilchrist Center or CEC, all MCG Departments and Offices, Maryland Department of Human Resources, Maryland Department of Health and Mental Hygiene.