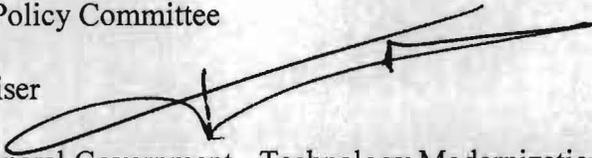


Worksession

MEMORANDUM

February 20, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser 

SUBJECT: Capital Improvements Program - General Government - Technology Modernization

Expected to Attend:

Mike Ferrara, Executive Director of Enterprise Projects, Office of the County Executive
Sonny Segal, Chief Information Officer, Department of Technology Services
Dieter Klinger, Chief Operating Officer, Department of Technology Services
Karen Plucinski, ERP Program Director
Joe Beach, Director, Department of Finance
Uma Ahluwalia, Director, Department of Health & Human Services
George Griffin, Director, Department of Liquor Control

Staff Recommendations:

1. Agree with the Executive's request for \$8,667,000 and recommend it to the full Council.
2. Request that information related to expenditures required for FY16 and beyond be provided to the Committee expeditiously so that the long term impacts of the program, both from an efficiency and effectiveness perspective, can be assessed before final Council decisions are made.
3. Defer discussion of DHHS implementation of its Process and Technology Modernization system until the Executive provides March CIP amendments, as stated in © 3.

Background

The Technology Modernization (TechMod) project is a Capital Improvements Program (CIP) project that allows a multi-year approach to plan for, launch, and implement complex computer systems that have the ability to streamline and significantly improve the basic operations of County government. The Project Description Form (PDF) for this project from the FY15-20 CIP program is on © 1-2. Since the first appropriation in FY08, the project has invested more than \$113 million in these complex projects, with good results. Benefits of both efficiency and effectiveness are expected for each project within this Technology Modernization cluster for the County. Efficiency benefits come about since the same

governance and oversight structure is used, and because the licensing, programming support, and long term maintenance costs are standardized around the same technology and vendor contracting platforms. Effectiveness is assured because the synergies and interoperability benefits rising from coordinated use of similar processes and resources will allow for better citizen support and faster internal work flows.

Several projects make up the TechMod “portfolio”:

- ERP, which integrates financial, HR, and procurement systems into a single effective approach;
- MC311, which has consolidated multiple call centers into a single, effective place for residents to look for information and assistance;
- MCTime, which has automated the cumbersome and error-prone time record system for all departments;
- Infrastructure, which provides the technology underpinnings (servers, routers, cabling, major common systems, etc.) for all projects;
- P-TechMod, which stands for Process Technology Modernization of the multiple HHS systems into a single unified enterprise-wide way to serve the clients; and
- Department of Liquor Control Asset Management system.

CIP submission review

To provide context for the Committee review, Council staff provided a series of questions to the Executive branch; answers are provided below, and appropriate staff will be at the worksession to walk the Committee through the current status and planned initiatives over the CIP time horizon.

1. *Please provide a table showing all TechMod projects with the following headings: Project Name, Lead Agency, Cumulative Appropriation, Expenditures/Encumbrances, Status, Expected Milestones to be Reached in 2015 and 2016, and any other items of which the Committee should be made aware. The Expenditures/Encumbrances should total \$87,585,000 and the Cumulative Appropriation \$104,504,000.*

See © 3-4. Note that “Expenditure/Encumbrances” figure does not include encumbrances, only includes actual expenditures. The attached spreadsheet breaks out the expenditures and encumbrances and matches numbers previously provided for period through FY13.

2. *The PDF states that “Additional BPR is needed to continue the alignment of County business processes with the new system and related enterprise impacts and to maximize the return of the County’s IT investment”. Please amplify, provide examples, and state whether the requested budget responds to this important need.*

The ERP team is collaborating with the Department of Finance and the Office of Human Resources to strategically review Oracle Financial and Human Resource modules to optimize configurations and improve business processes. In the Financial module; improved auto-reconciliation in Cash Management, developing templates to streamline one to multiple receipts, leveraging Oracle functionality in Accounts Receivable for parking revenue, Police escrow, speed and red light camera. In the Human Resource module; we are reviewing Oracle functionality for Work Performance Management and Position Management.

3. *The DHHS project has reached a stage where "As is" processes including FTE counts and other expenses should be documented so that once the "To be" stage is reached, appropriate change management strategies can be deployed. Please provide this documentation or explain why it is not available.*

As part of its planning process, DHHS developed a business case to evaluate the costs and benefits of our enterprise integrated case management (EICM) system. That business case identified, at a summary level, positions DHHS could reprogram to reflect the efficiencies and improved outcomes expected from the EICM, assuming all other conditions remain the same. DHHS will track progress against the business case to verify we realize the planned business benefits. In addition, DHHS is finalizing an RFP for organizational change management (OCM) and business process re-engineering (BPR) consulting services, which will help us plan and execute a robust OCM strategy.

4. *Are there funds included in the DHHS portion to set up electronic health records and billing systems so that the County can bill for services for people using applicable health and human services programs? Also, what are the DHHS and/or DTS staffing requirements for these elements of the system?*

There are no funds in the TechMod program to support the electronic health record (EHR) in DHHS. Instead, DHHS has funded the purchase of EHR software, additional infrastructure, and implementation services through internal savings in FY13 and FY14. DTS has agreed to host the application and will maintain the infrastructure, while DHHS is issuing an RFP to procure application maintenance services. DHHS budget does include funding for ongoing maintenance costs.

5. *The fiscal note references a sustaining organization and suggests that the Operating Budget Impact (OBI) provides these needed resources. Please clarify if this is the case, and provide a summary of possible options for this go-forward organization.*

The OBI fiscal note referenced was an estimated projection of cost for the Sustaining Organization in 2011. The projected costs were based on actual costs at the time. It represented the staff returning to their home departments, contractors necessary to support the system, maintenance and software support. We are currently researching other government models of similar size and scope to determine what best fits Montgomery County needs for a sustaining organization.

Technology Modernization -- MCG (P150701)

Category
Sub Category
Administering Agency
Planning Area

General Government
County Offices and Other Improvements
County Executive (AAGE03)
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

1/6/14
No
None
Ongoing

	Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	113,565	87,585	16,863	9,117	8,667	450	0	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	113,621	87,585	16,919	9,117	8,667	450	0	0	0	0	0

FUNDING SCHEDULE (\$000s)

Current Revenue: General	62,517	49,462	6,420	6,635	6,635	0	0	0	0	0	0
Federal Aid	1,059	0	741	318	264	54	0	0	0	0	0
Land Sale	2,634	2,634	0	0	0	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	44,788	35,489	7,135	2,164	1,768	396	0	0	0	0	0
Total	113,621	87,585	16,919	9,117	8,667	450	0	0	0	0	0

OPERATING BUDGET IMPACT (\$000s)

Maintenance				50,552	3,037	9,503	9,503	9,503	9,503	9,503
Productivity Improvements				-5,574	-929	-929	-929	-929	-929	-929
Net Impact				44,978	2,108	8,574	8,574	8,574	8,574	8,574

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	8,667
Appropriation Request Est.	FY 16	450
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 13	113,621
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. The ERP project provided needed upgrades to the County's financial, procurement, human resource, payroll, and budgeting systems and streamlined existing business processes. Additional BPR is needed to continue the alignment of County business processes with the new system and related enterprise impacts and to maximize the return on the County's IT investment. The 311/CRM system combines advanced telephony, internet, and computer technology with constituent-focused business processes. Residents are now able to call one number to access County government services. The 311/CRM system includes built-in tracking and accountability features to assure that every call receives a timely response. In addition, the 311/CRM system produces information on County efficiency and effectiveness in responding to requests for information and service requests. This information is used by the Chief Administrative Officer, CountyStat, and operating departments to track and improve performance and customer service. Completion of Phase I of the current MC311 (CRM) included developing an automated service request processing system for the County's Department of Transportation including converting the systems currently used for leaf pick-up, snow removal, tree issues, and street light outages. Phase II of the project will include modernization of the County's Tax Assessment Billing System. 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 technology modernization involves the product identification and modification and implementation of an enterprise Health and Human Services system that includes the following components: intake and eligibility; common client index; document imaging and electronic records; case management and billing capabilities for HHS; a portal for legacy and enterprise systems; and a data warehouse.

Justification

Technology Modernization -- MCG (P150701)

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. Montgomery County seeks to set a national standard for accountability and responsiveness in governance and the delivery of services to its residents and businesses. 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: 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, and the Montgomery County Government FY06 IT Budget Overview prepared by Department of Technology Services.

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 providing the above 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, maintenance agreements with software vendors, and costs associated with the Sustaining Organization through FY16-18. 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. Productivity Improvements achieved through this project include absorbing staffing reductions in the Information Technology, Fiscal, Budget, Administration, Clerical, Human Resource, and Financial Occupational classifications (FY08-12); termination of maintenance agreements for legacy systems; termination of the keypunching contract for the manual timesheet process; and other related savings. Total estimated savings related to this project through FY12 are estimated at over \$36 million including the reduction of over 320 full time equivalent positions in the County Government. For FY14, funding schedule reflects a \$2,623,000 increase in Recordation Tax Premium and an offsetting decrease in General Fund Current Revenues.

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, all MCG Departments and Offices, Maryland Department of Human Resources, Maryland Department of Health and Mental Hygiene

Response to Question 1 from Costas regarding Tech Mod CIP (2/24/14 GO Committee)

Project Name	Lead Agency	Cumulative Appropriation thru FY14	Actual Expenditures thru FY13	Encumbrances as of end FY13	Total Exp & Enc	Status	Expected Milestones to be reached in 2015 and 2016
ERP	FINANCE	\$71,662,400	\$63,093,000	\$2,025,200	\$65,118,200	Currently working on implementation of DLC ERP (March 2014) , Tax Assessment System (April 1), Oracle BI Modules Completion, Hyperion Wave 4.	Completion and fine-tuning of BI Information and Reporting Modules, Change Management for all Oracle Modules, support Identity Management for DLC/ERP and Ongoing Training. Support of all department staff with Oracle Modules. Manage/support new Tech Mod initiatives.
INFRASTRUCTURE	DTS	\$12,493,900	\$8,876,000	\$400,000	\$9,276,000	Infrastructure and operations are stable. Servers and environments adjusted as project needs require. Log monitoring implemented. Identity management implemented for multiple modules / systems	Continued roll-out of Identity Management to additional modules and systems.
MC311	PIO	\$11,874,900	\$11,853,000	\$21,100	\$11,874,100	CIP implementation complete. MC311 supported completely by operating funds.	n/a
MCTIME	FINANCE	\$1,992,800	\$2,077,000	\$0	\$2,077,000	CIP implementation complete. MCTime supported completely by operating funds.	n/a
HHS Process Technology Modernization	HHS	\$6,480,000	\$1,686,000	\$166,000	\$1,852,000	Reviewing proposal from system integrator to move into development and deployment. Additional resources for FY15 and beyond will be requested as part of CE's March CIP Amendments.	Schedule for development, deployment and transition to maintenance and operations will be based on the CE's pending March CIP Amendments.
TOTAL		\$104,504,000	\$87,585,000	\$2,612,300	\$90,197,300		

(3)

TECH MOD CIP

	Total Appropriation thru FY13	Total Expenditures thru FY13	FY14 Appropriation
ERP	\$65,658,390	\$65,297,800	\$6,004,000
MC311	\$11,874,990	\$11,874,900	
McTime	\$1,992,780	\$2,077,300	
Infrastructure	\$10,638,840	\$9,113,200	\$1,855,000
HHS	\$3,235,000	\$1,834,100	\$3,245,000
TOTAL	\$93,400,000	\$90,197,300	\$11,104,000

Note: The difference between total appropriation and expenditures through FY13 was carried over into FY14 and has been/will be expended in FY14.

DLC ERP

Total Approved DLC/ERP Funding	Total Actual Expenditures FY13	Total Projected Expenditures FY14	Total Actual and Projected through FY14
\$5,032,000	\$2,409,300	\$2,460,000	\$4,869,300

Note: DLC has annual funding guidelines by debt and principal only. Not shown by appropriation. Remaining amount of \$162,700 to be expended in FY15.