

File No. 091138

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 10/14/09

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Gail Johnson

Date 10/9/09

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Public Employment – Department of Human Resources]

2
3 **Ordinance amending Ordinance No. 183-09 (Annual Salary Ordinance FY 2009-2010) to**
4 **reflect the addition of four (2.68 FTE) Class 1064 IS Programmer Analyst – Principal and**
5 **four (2.68 FTE) Class 1054 IS Business Analyst – Principal and two (1.34 FTE) Class**
6 **1043 IS Engineer – Senior in the Department of Human Resources (DHR).**

7
8 Note: Additions are single-underlined italics Times New Roman;

9 Deletions are ~~strikethrough italics Times New Roman~~.

10 Board amendment additions are double underlined.

11 Board amendment deletions are ~~strikethrough normal~~.

12 Be it ordained by the People of the City and County of San Francisco:

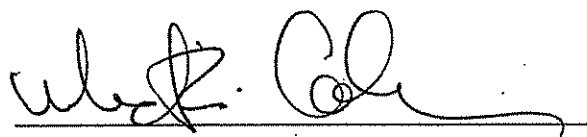
13 Section 1. The hereinafter designated section and item of Ordinance No.
14 183-09 (Annual Salary Ordinance FY 2009-2010) is hereby amended so that the
15 same shall read as follows:

16 Department: Department of Human Resources
17 Program: FC9
18 Subfund: 1G AGF ACP
19 Index Code: 335044
20 Project: PRDMRG

Amendment	#of Pos	Class and Item No	Compensation Schedule
Add	2.68 FTE	1064 IS Programmer Analyst- Principal	\$3,326 - \$4,185
Add	2.68 FTE	1054 IS Business Analyst- Principal	\$3,652 - \$4,592
Add	1.34 FTE	1043 IS Engineer – Senior	\$3,743 - \$4,706

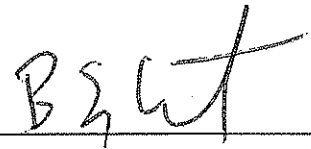
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APPROVED AS TO CLASSIFICATION
DEPARTMENT OF HUMAN RESOURCES



Micki Callahan, Director
Department of Human Resources

APPROVED AS TO FORM
DENNIS HERRERA, City Attorney

By: 

Robert Maerz *Beck DeWeert*
Deputy City Attorney

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 8, 2009

TO: Budget and Finance Committee

FROM: Budget Analyst

SUBJECT: October 14, 2009 Budget and Finance Committee Meeting

Items 3 and 4 - Files 09-1139 and 09-1138

Departments: Department of Human Resources (DHR)
Controller

Items: File 09-1139 - Resolution approving the third amendment to the agreement, between the City and County of San Francisco on behalf of the Department of Human Resources and CIBER, Inc. to (a) reduce the amount of the agreement to \$4,995,120, and (b) terminate the agreement effective September 30, 2009.

File 09-1138 - Ordinance amending the FY 2009-2010 Annual Salary Ordinance (Ordinance No. 183-09) to reflect the addition of (a) four (2.68 FTE) new Class 1064 IS Programmer Analyst-Principal positions, (b) four (2.68 FTE) new Class 1054 IS Business Analyst - Principal positions, and (c) two (1.34 FTE) new Class 1043 IS Engineer-Senior positions in the Department of Human Resources.

Amount of CIBER

Agreement:	Existing Agreement	\$12,150,377
	Proposed Agreement	<u>4,995,120</u>
	Savings	\$7,155,257

Memo to Budget and Finance Committee
October 14, 2009 Budget and Finance Committee Meeting

Term of CIBER

Agreement: Existing Agreement - April 14, 2008 through September 14, 2010 (29 months);
Proposed Agreement - April 14, 2008 through September 30, 2009 (17.5 months).

Background: In April of 2008, the Board of Supervisors approved a resolution to award a 29-month agreement not-to-exceed \$13,563,250¹ to CIBER, Inc. to assist DHR in implementing the City's integrated human resources and payroll functions, through Project eMerge² (File 08-0371). CIBER, Inc. was selected based on a two phase Request for Qualifications (RFQ) and subsequent Request for Proposal (RFP) process conducted by DHR in 2007 and 2008. General Fund and Workorder Recoveries from Enterprise Departments over four fiscal years, as appropriated by the Board of Supervisors in the City's departmental annual budgets, were anticipated to pay for the CIBER, Inc. agreement, as shown by fiscal year below:

<u>Fiscal Year</u>	<u>Amount</u>
FY 2007-2008	\$797,590
FY 2008-2009	5,295,832
FY 2009-2010	6,742,528
FY 2010-2011	<u>727,300</u>
Total	\$13,563,250

On February 1, 2009, approximately 9.5 months after the agreement was initiated, DHR and CIBER, Inc. approved a first amendment to the agreement, to transfer various Change Management³ responsibilities from CIBER, Inc. to existing in-house City staff, and thereby reduce the original \$13,563,250 CIBER, Inc.

¹ The contract amount of \$13,563,250 was a not-to-exceed maximum cost, including all contractor fees, expenses (including travel expenses) and any other costs incurred in performing the approved statements of work and work described in the contract documents.

² Project eMerge is intended to update the City's human resource management systems, specifically recruitment, performance, training, workforce management, tracking of disaster service workers, employee benefits, payroll, timesheets and attendance.

³ Change Management is a structured approach for identifying and managing behavioral changes, to engage each department impacted by the implementation of Project eMerge, in order to ensure greater adoption of the new system in a shorter period of time.

Memo to Budget and Finance Committee
 October 14, 2009 Budget and Finance Committee Meeting

agreement by \$1,412,873⁴ to \$12,150,377. On June 15, 2009, DHR and CIBER, Inc. approved a second amendment to the agreement to refine the scope of work and the schedule for completion of specific deliverables, with no financial impact to the project. Neither of these previous two amendments was subject to approval by the Board of Supervisors.

On July 9, 2009, approximately three weeks after DHR and CIBER, Inc. had approved the second amendment to the agreement, to better define the scope of work and schedule for completion of specific deliverables, CIBER, Inc. advised the Project eMerge Executive Steering Committee⁵ that (a) Project eMerge was seriously behind schedule, (b) CIBER, Inc. could not meet the scheduled February 2010 implementation date, and (c) CIBER, Inc. would need to extend Project eMerge's implementation into 2011, at an additional cost of \$5.8 million to \$6.2 million. Alternatively, CIBER, Inc. offered to amend the agreement with DHR, based on agreed upon specific deliverables for specified costs to be completed by September 11, 2009.

Subsequent to this notification from CIBER, Inc., the City's Project eMerge management staff negotiated with CIBER, Inc. management to reach a mutually acceptable amended agreement. The resulting agreement, which is the subject of the proposed resolution (File 09-1139), provides that (a) CIBER, Inc. would submit deliverable work products, currently in progress, through September 3, 2009, and (b) release CIBER, Inc's subcontractors' from contractual obligations to CIBER, Inc. in order to allow the

⁴ Of the \$1,412,873 reduction in the CIBER, Inc. agreement, \$600,000 was returned to the General Fund in the FY 2009-2010 budget, \$400,000 will be returned to City Enterprise departments and \$412,873 was retained within the Project eMerge budget to cover the cost of the Change Management work brought in-house.

⁵ The Project eMerge Executive Steering Committee, composed of 11 members, includes the Director of Human Resources, Deputy Controller, Deputy Director of Airport, Executive Director of Retirement Services, Department of Technology Director, Chief Financial Officer of Public Works, Deputy Director of Public Utilities Commission, Human Resources Director of MTA, Mayor's Budget Office Analyst, Deputy Administrator of GSA, and Executive Director of Health Services System, has responsibility to guide and direct the project, assist with key strategic decisions, and actively promote the project by helping their departments, and the City in general, prepare for the transition to the project solution.

Memo to Budget and Finance Committee
 October 14, 2009 Budget and Finance Committee Meeting

subcontractors to continue performing work for the City.

Description:

The proposed resolution (File 09-1139) would approve the third amendment to the agreement between DHR and CIBER, Inc. to (a) reduce the \$12,150,377 agreement by \$7,155,257 to \$4,995,120, and (b) terminate the agreement effective September 30, 2009, an 11.5 month reduction of the previous 29-month term of the agreement because Project eMerge management staff and the Executive Steering Committee determined that the most effective and efficient decision is to complete Project eMerge with City in-house project staff, supplemented with functional and technical subcontractors, which have been working under the agreement with CIBER, Inc. In order to implement Project eMerge in 2010⁶ and within the previously approved budget, DHR is requesting additional in-house staff resources.

The proposed ordinance (File 09-1138) would amend the FY 2009-2010 Annual Salary Ordinance (Ordinance No. 183-09) to add ten new positions (6.7 FTEs in FY 2009-2010) for DHR, including (a) four (2.68 FTE) new Class 1064 IS Programmer Analyst - Principal positions, (b) four (2.68 FTE) new Class 1054 IS Business Analyst – Principal positions, and (c) two (1.34 FTE) new Class 1043 IS Engineer - Senior positions.

**Existing And
 Proposed New
 City Staff
 Positions:**

There are currently 29 permanent, exempt⁷ City project staff working on Project eMerge. The proposed ordinance (File 09-1138), which would amend the FY 2009-2010 Annual Salary Ordinance, would add an additional ten (6.7 FTEs in FY 2009-2010) new permanent, exempt positions, for a total of 39 City staff, as detailed in Attachment 1, provided by Ms.

⁶ Although Project eMerge was originally scheduled to be implemented in February of 2010, the implementation date has now been postponed until November of 2010, a delay of nine months.

⁷ Permanent, exempt is an appointment that City departments can use to immediately fill a permanent position, without requiring a Civil Service exam.

Rachel Cukierman, Senior Administrative Analyst at DHR. The proposed amendment to the Annual Salary Ordinance anticipates the hiring of the ten new positions by November 1, 2009. Table 1 below identifies each of the requested new staff positions, by classification, title, full-time equivalent position in FY 2009-2010 and projected salary costs for each position at the top step.

Table 1
Ten Requested New Staff Positions

Classification Number	Title	FTE Positions in FY 2009-2010	Total Number of Positions	Maximum Annual Salary per Position	Total Salary Cost in FY 2009-2010	Total Future Annual Salary Cost
1064	IS Programmer Analyst - Principal	2.68	4.00	\$108,810	\$291,611	\$435,240
1054	IS Business Analyst - Principal	2.68	4.00	119,392	319,971	477,568
1043	IS Engineer - Senior	<u>1.34</u>	<u>2.00</u>	<u>122,356</u>	<u>163,957</u>	<u>244,712</u>
	Total	6.70	10.00	\$350,558	\$775,539	\$1,157,520

With an additional approximately 30 percent of costs required for mandatory fringe benefits, in FY 2009-2010, these ten new positions would cost a total of approximately \$1,008,201, and future annual personnel costs including fringe benefits, would total approximately \$1,504,776. Ms. Cukierman advises that these ten positions are being requested at this time to provide specific technical expertise, which was previously provided by CIBER, Inc. employees, under the previous agreement which expired on September 30, 2009.

Proposed Consultants:

As noted above, CIBER, Inc. released CIBER, Inc's subcontractors' from contractual obligations to CIBER, Inc. pertaining to Project eMerge in order to allow these same subcontractors, who had the experience and expertise with design and implementation of Project eMerge, to continue performing such work for the City. Therefore, beginning in early September of 2009, DHR issued a separate Request for Quotations (RFQ) through the City's Technology Store, for six consultants, all of whom had been working for subcontractors to CIBER, Inc., with specific PeopleSoft expertise to work on Project eMerge for a 9 to 24 month period. This RFQ resulted in the selection of

XTech, as the approved City vendor, with the following specific consultants:

Table 2
Selected Consultants

Specialized Services	Consultant	Hourly Rates	Number of Hours	Total Cost
Benefits	Melanie Green	\$210	1,560	\$327,600
Absence Mangement	Colin Faith	200	1,560	312,000
Time & Labor	Ashok Mehta	170	1,560	265,200
Human Resources	Krishna Prem	177	1,560	276,120
Payroll	Ravi Ramanujalu	181	1,560	282,360
Technical Developer	Cesar Ayon	169	<u>1,560</u>	<u>263,640</u>
Total			9,360	\$1,726,920*

* Revised as shown on page 2 of Attachment II to \$1,824,336.

Fiscal Analysis:

According to Ms. Cukierman, as of September 30, 2009, the City paid CIBER, Inc. a total of \$4,995,120 for completed deliverables, the amount of the proposed amended agreement that is stipulated in the proposed resolution. Ms. Shelley Thompson, eMerge Project Manager advises that, DHR will not pay CIBER, Inc. any additional funds, and all services provided by CIBER, Inc. are now completed (see Comments No. 1 and 2).

As shown on the first page of Attachment 2, provided by Ms. Cukierman, including the original \$13,563,250 CIBER, Inc. agreement, Project eMerge was estimated to cost a total of \$37,257,444. Approximately 63 percent of such costs, or \$23,551,307 were to be paid with City General Fund revenues and the remaining approximately 37 percent of the total, or \$13,706,137, were to be paid with Enterprise Department (i.e., Airport, Public Utilities Commission, Port, etc.) revenues.

As shown on the second page of Attachment 2, the CIBER, Inc. proposed reduced agreement amount of \$4,995,120 that has now been paid, together with the anticipated subcontractor costs of \$3,231,456 over two fiscal years, (\$1,824,336 in FY 2009-2010 and \$1,407,120 in FY 2010-2011) totals \$8,226,576, which

is \$5,336,674 less than the original \$13,563,250 CIBER, Inc. agreement. A comparison of City staff wages and benefits on page 1 of Attachment II of \$10,518,312 with the original CIBER, Inc. agreement of \$13,563,250 and page 2 of Attachment II of projected City staff wages and benefits of \$12,580,923 reflects an increased cost of \$2,062,611 for the additional wage and benefit expenses for the ten requested new staff positions, which would be partially funded from the reduced amount of the CIBER, Inc. agreement of \$4,995,120.

Most of the savings by reducing the CIBER Agreement and hiring the ten additional City staff results because CIBER, Inc. consultant rates ranged from \$110 to \$191 per hour, depending on the task and assigned consultant staff, based on an estimated 77,625 total hours of consulting services at an average hourly rate of \$173.18 per hour. While the rates of the proposed consultants ranging from \$169 to \$210, or an average of \$184.50 are slightly higher than the hourly CIBER rates, the subcontractor consultants are only anticipated to work an estimated 9,360 hours in FY 2009-2010 and 7,626 hours in FY 2010-2011, or a total of 16,986. In addition, the average hourly salary and fringe benefit rate for the City's Project eMerge in-house staff is \$73.98, or less than half the rates paid for the outside consultants.

Overall, a comparison of the total Project eMerge costs, using the proposed outside consultants and an increase of ten positions for the in-house City staff, shows a reduction from the original \$37,257,444 budget to the currently projected total cost of \$36,514,681, or a savings of \$742,763⁸.

Comments:

1. Ms. Thompson advises that, based on the acceptance criteria specified in the agreement, (a) CIBER, Inc. has satisfactorily completed the deliverables defined in the statement of work contained in the proposed third amendment to the agreement, and (b) DHR has made final payment to CIBER, Inc. for all completed

⁸ As previously noted, \$600,000 of the \$742,763 was previously returned to the City's General Fund. The remaining savings of \$142,763 resulted from laying off one 1844, Senior Management Assistant position.

deliverables. Ms. Thompson further advises that CIBER's completed work primarily consisted of plans, analysis and strategies for configuring and building the Project eMerge system because CIBER, Inc's major expertise was their experience with PeopleSoft, the software product being developed for use for Project eMerge. According to Ms. Thompson, Project eMerge can now move into the design, build and test stages, where technical expertise would be provided with a combination of existing City project staff, the subcontractors being retained, and the ten additional City technical staff being requested.

2. The proposed third amendment would terminate the CIBER, Inc. agreement effective September 30, 2009, in the reduced amount of \$4,995,120. As discussed above, DHR has already paid CIBER, Inc. in full for the \$4,995,120 proposed reduced contract amount and the proposed termination date of September 30, 2009 has already elapsed. Therefore, the proposed resolution should be amended to provide for retroactive approval of these actions.

3. Although the proposed amendment to the Annual Salary Ordinance (File 09-1138) provides for the hiring of ten new positions, effective November 1, 2009, given the current timing coupled with the City's processes for hiring, it is not likely that DHR will actually be able to fill all of the requested new staff positions until January 1, 2010. Therefore, the Budget Analyst recommends that the proposed Amendment to the FY 2009-2010 Annual Salary Ordinance be amended to provide the a reduction of 1.67 FTEs from 6.70 FTEs to 5.0 FTEs for the balance of FY 2009-2010 as shown in the Table below:

Table 3
Recommended Position Reductions

Classification Number	Title	FTE Positions	
		Requested in FY 2009-2010	Budget Analyst Recommendations
1064	IS Programmer Analyst - Principal	2.68	2.00
1054	IS Business Analyst - Principal	2.68	2.00
1043	IS Engineer - Senior	<u>1.34</u>	<u>1.00</u>
	Total	6.70	5.00

4. As noted above, all of the requested ten new positions (6.70 FTEs) would be permanent, exempt positions. However, DHR advises that all of the ten requested new positions are only required until the implementation of Project eMerge has been completed, currently scheduled for November of 2010. Therefore, the Budget Analyst recommends that all of the requested new positions be coded as "Limited Tenure" positions, which would terminate no later than the end of calendar year 2010, or a maximum duration of one year.

5. In accordance with the proposed third amendment to the agreement with CIBER, Inc., a new Section 66, entitled Non-Disparagement would be added, which states "HRD will use its best effort to ensure that its communications to others concerning Contractor's (CIBER) performance under the Agreement are not disparaging in nature. Notwithstanding the above, HRD cannot prevent public and elected officials, either in the context of their official duties or otherwise, from commenting on the Agreement or the work done thereunder." Ms. Thompson advises that in accordance with DHR's original agreement with CIBER, Inc., the parties agreed to limit CIBER, Inc's work to the specified deliverables that were completed satisfactorily. Ms. Thompson advises that as she has now determined that this condition has been met for the specified deliverables identified in this third amendment, and DHR has paid for this level of work, there is no basis for implied or expressed dissatisfaction in the quality of CIBER, Inc's work.

- Recommendations:**
1. In accordance with Comment No. 2, amend the proposed resolution (File 09-1139) to provide for retroactive approval of the subject third amendment.

 2. In accordance with Comment No. 3, amend the proposed ordinance (File 09-1138) to change the full-time equivalent positions, from an effective commencement date of November 1, 2009 to January 1, 2010.

 3. In accordance with Comment No. 4, amend the proposed Amendment to the Annual Salary Ordinance (File 09-1138) to identify each of the ten requested new positions as Limited Tenure positions, such that the termination date for each of the requested new positions would not extend beyond the end of calendar year 2010, as the implementation of Project eMerge, is currently scheduled for November of 2010.

 4. Approve the proposed resolution and ordinance, as amended.

PROJECT eMERGE SOURCES & USES

	Actual Appropriations			Budget Request			TOTAL
	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	
SOURCES							
Total GFS Allocation	4,493,743	3,216,929	0	7,327,420	8,513,215	0	23,551,307
Total Non-GFS Allocation		3,306,247	0	7,556,552	2,843,338	0	13,706,137
Total Sources	4,493,743	6,523,176	0	14,883,972	11,356,553	0	37,257,444

	Actual Expenditures			Projected Expenditures			TOTAL
	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	
USES							
Wages & Benefits*		39,000	2,065,447	4,171,457	4,242,408		10,518,312
Operating Expenses							
Rent / Space			89,620	179,240	179,240		448,100
Equipment & Office Supplies			146,450	102,036	93,160		341,646
Training / Development		33,231	84,175	35,000	35,000		187,406
Office Move			294,023	0	0		294,023
Hardware			178,200	918,500	918,500		2,015,200
Consultant / Subcontractor Services							
Implementer Contract - CIBER			1,102,810	7,370,730	5,089,710		13,563,250
Licenses and Maintenance			5,283,650	1,671,110	1,101,044		8,055,804
Legal Counsel			62,200	0	0		62,200
DT Support Services		50,529	664,890	588,542	467,542		1,771,503
Total Uses	0	122,760	9,971,465	15,036,615	12,126,604	0	37,257,444

PROJECT eMERGE SOURCES & USES

	Actual Appropriations						TOTAL
	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	
SOURCES							
Total GFS Allocation	4,493,743	3,216,929	0	7,327,420	7,770,452	0	22,808,544
Total Non-GFS Allocation	4,493,743	3,306,247	0	7,556,552	2,843,338	0	13,706,137
Total Sources	4,493,743	6,523,176	0	14,883,972	10,613,790	0	36,514,681
	Actual Expenditures						TOTAL
	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	
USES							
Wages & Benefits		39,000	1,296,537	3,350,750	5,420,138	2,474,498	12,580,923
Operating Expenses							
Rent / Space			89,620	179,240	179,240	74,683	522,783
Equipment & Office Supplies			81,390	85,231	109,660	30,484	306,765
Training / Development		33,231	28,174	96,165	35,000	0	192,570
Office Move			251,738	0	0	0	251,738
Hardware			643,645	583,433	1,331,445	0	2,558,523
Consultant / Subcontractor Services							
Implementer Contract - CIBER				2,592,576	2,402,544	0	4,995,120
Subcontractors	0	0	0	0	1,824,336	1,407,120	3,231,456
Third Party Licenses and Maintenance			5,020,632	1,766,722	1,824,785	1,173,333	9,786,072
Legal Counsel			62,200	0	0	0	62,200
IT Support Services		50,529	212,677	603,325	250,000	250,000	1,366,531
Give Backs							
Enterprise Departments (at end of project)						400,000	400,000
Technology Reduction					260,000		260,000
Total Uses	0	122,760	7,686,613	9,257,441	13,377,149	5,410,718	36,514,681

