



COUNTY OF HUMBOLDT

For the meeting of: 5/23/2023

File #: 23-701

To: Board of Supervisors
From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

First Amendment to the Software License and Support Services Agreement with Sherpa Government Solutions, LLC Regarding the Installation, Implementation and Maintenance of a Budget Formulation, Management and Reporting Software System

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve, and authorize the County Administrative Officer, or a designee thereof, to execute, the attached first amendment to the software license and support services agreement with Sherpa Government Solutions, LLC regarding the installation, implementation and maintenance of a budget formulation, management and reporting software system; and
2. Authorize the County Administrative Officer to execute any and all subsequent amendments to the software license and support services agreement with Sherpa Government Solutions, LLC, after review and approval by County Counsel and Risk Management.

SOURCE OF FUNDING:

Information Technology Fund (3550)

DISCUSSION:

The County Administrative Office (“CAO”) prepares an annual budget that includes a published Proposed and Adopted Budget book. In addition, the CAO provides quarterly updates, as needed, to address any necessary budget adjustments and to provide the Humboldt County Board of Supervisors (“Board”) with information on any emergent issues. The County of Humboldt’s current financial system, Finance Enterprise, draws on old technology and lacks the functionality needed to address the increasing demands for financial tracking and reporting. Therefore, in July 2017, the CAO began researching budget formulation and reporting platforms that would not only provide efficiencies but also improve forecasting capabilities. As part of the research, the CAO invited both Sherpa Government Solutions, LLC and Questica, Inc., providers of budget formulation and reporting software, to demonstrate their software capabilities to County of Humboldt staff. Since that time, Sherpa Government Solutions, LLC and Questica, Inc. have merged. Staff indicated a clear preference

for the platform offered by Sherpa Government Solutions, LLC based on familiarity and ease of use. At that time, the CAO conducted interviews with the counties of San Mateo, Contra Costa and San Luis Obispo, all currently use Sherpa software. All counties provided positive feedback regarding the implementation process, customer service and usage of the Sherpa platform.

The CAO began the implementation process in 2018, but quickly ran into roadblocks with the chart of accounts. At the time, the CAO was unable to provide a reliable chart of accounts in order to move forward with implementation. Sherpa Government Solutions, LLC agreed to stay in contract with the County of Humboldt but hold off on payment until implementation could move forward. Since that time, Sherpa Government Solutions, LLC has developed flexibility in their software in which the chart of accounts is no longer a roadblock to implementation, and improvements have been made to the internal structure of the chart of accounts. The County and Sherpa Government Solutions, LLC put substantial work into implementation, providing building blocks that could be capitalized on. Given that, the CAO seeks to move forward with implementation in the next fiscal year. As the software license and support services agreement with Sherpa Government Solutions, LLC expires on June 30, 2023, it is requested that the agreement is amended to extend the term to expire June 30, 2028 and increase the total amount payable from \$524,447.35 to \$867,177.26, an increase of \$342,729.91. During the previous implementation, two (2) years of maintenance fees were expended totaling \$145,548.34, not including staff time investments. This increase is representative of that, as well as overall increases in software maintenance costs.

Currently the budget process is heavily dependent on manual data entry, requiring tracking outside of financial systems and is prone to errors and/or data loss. Sherpa Government Solutions, LLC software can be used to develop, forecast, evaluate and improve all aspects of the County of Humboldt's Proposed and Adopted budgets, including operating, internal service funds, Measure Z and other supplemental budget and appropriation transfer needs. In the development of the budget, the software will be able to perform the following:

- salary projections for multiple bargaining units and benefit plans
- calculate internal service charge cost allocations
- standardize and automate cost sharing and budgeting fixed costs
- provide workflow and budget adjustment automation
- ensure accuracy and reduce redundancy with improved approval and recommendation tools
- improved position control management
- provide click and drag customizable reporting tools
- track key performance indicators
- reduce or eliminate the need for spreadsheet tracking
- improve grant, Measure Z and other special revenue tracking
- provide improved transparency in all budget areas

The software system provided by Sherpa Government Solutions, LLC will be administered by the County Administrative Office - Management and Budget Team. Departments will be involved in most aspects of the system's implementation, including development of the project calendar, process and workflow improvements, system testing, budget book design and reporting, and end user training.

Sherpa Government Solutions, LLC’s software will interface with Finance Enterprise. In addition, the new software system is capable of publishing the Proposed and Adopted Budget books, including the State-Mandated Controller's Schedules. This will offer an ease and significant time savings to the formation of the Proposed and Adopted budget books and provide for increased compliance with the State Controller's Office.

Department staff participated in a demonstration of the software on May 19, 2023, and were able to ask questions and better understand how Sherpa can improve budget development and management. Additionally, Sherpa has the capability to potentially create efficiencies in other aspects of overall financial management which could produce additional savings in staff time and other software costs. Sherpa could eliminate the need for several other duplicative software platforms. Staff will continue to explore opportunities in Sherpa surrounding grant management, financial forecasting, and financial functions that the county currently lacks the ability to do, or that other software is providing. As the County of Humboldt anticipates entering recessionary times, it is more important than ever that staff be able to manage the budget and properly forecast in order to provide accurate and timely information to the Board to make tough budgetary decisions. The recommendation to move this software forward does not come lightly and CAO staff believe this investment is critical at this time and expect that it will provide for offsetting savings as detailed above.

FINANCIAL IMPACT:

Expenditures (3550-118)	FY22-23	FY23-24 Projected	FY24-25 Projected
Budgeted Expenses		\$223,585.04	\$112,173.49
Additional Appropriation Requested			
Total Expenditures		\$223,585.04	\$112,173.49
Funding Sources (3550-118)	FY22-23 Adopted	FY23-24 Projected*	FY24-25 Projected*
Fees/Other - Internal Service Fund		\$223,585.04	\$112,173.49
Total Funding Sources		\$223,585.04	\$112,173.49

**Projected amounts are estimates and are subject to change.*

The attached first amendment to the software license and support services agreement with Sherpa Government Solutions, LLC will increase the maximum amount payable thereunder to \$867,177.26 for the period of July 1, 2018 through June 30, 2028. The cost for fiscal year (FY) 2023-24 is included in the Information Technology (3550-118) proposed budget and shall not exceed \$223,585.04 for the purchase, implementation and annual maintenance of the software. On-going expenditures for future fiscal years are detailed in the amended Exhibit B - Schedule of Rates and will be included in future annual County of Humboldt budget cycles. As the Information Technology fund is an internal service fund, this cost will be distributed to all county departments and will impact the General Fund. It is estimated that the General Fund will be charged approximately 45% of the cost in FY 2023-24 and those charges have been included in the FY 2023-24 budget development.

STAFFING IMPACT:

There is not a specific staffing impact, however, implementation of this software will require a portion of budgeted staff time from CAO - Information Technology, CAO - Management & Budget Team, Auditor-Controller and fiscal staff. Conversely, once implemented, significant savings will be realized in staff time commitments to financial management and budget development.

STRATEGIC FRAMEWORK:

The recommended actions support the following areas of the Board of Supervisors' Strategic Framework.

Core Roles: N/A

New Initiatives: Manage our resources to ensure sustainability of services

Strategic Plan: N/A

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to approve the attached first amendment to the software license and support services agreement with Sherpa Government Solutions, LLC regarding the installation, implementation and maintenance of a budget formulation, management and reporting software system.

ATTACHMENTS:

1. First Amendment to the Software License and Support Services Agreement with Sherpa Government Solutions, LLC Regarding the Installation, Implementation and Maintenance of a Budget Formulation, Management and Reporting Software System
2. Software License and Support Services Agreement with Sherpa Government Solutions, LLC Regarding the Installation, Implementation and Maintenance of a Budget Formulation, Management and Reporting Software System

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: 6/12/2018

File No.: 18-564