

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: REQUEST FOR APPROVAL TO PROCEED WITH A REVISED PLAN TO IMPLEMENT THE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM FOR BUSINESS IMPLEMENTATION PLAN

1. APPROVE THE TERMINATION OF THE CONTRACT WITH DELOITTE CONSULTING, LLP, FOR CONVENIENCE EFFECTIVE FEBRUARY 16, 2009
2. APPROVE NEW IMPLEMENTATION PLAN FOR THE ERP TO INCLUDE FINANCE/PROCUREMENT, HUMAN RESOURCES, PAYROLL, TIME / ATTENDANCE, AND BENEFITS
3. APPROVE SUPPLEMENT FOR BID 098-GG04-INFORMATION TECHNOLOGY CONSULTANTS TO OBTAIN IMPLEMENTERS FOR ERP COMPONENTS
4. AUTHORIZE AMENDMENTS TO THE FIVE YEAR CAPITAL PLAN AND THE BANC OF AMERICA PUBLIC CAPITAL CORP LEASE SCHEDULE OF PROPERTY NO. 7 AS NECESSARY TO REFLECT ACTION TAKEN
5. APPROVE A REDUCTION-IN-FORCE/LAYOFF FOR MANAGERIAL EXEMPT PERSONNEL (MEP)
6. AUTHORIZE THE SUPERINTENDENT TO IMPLEMENT A SEPARATION PLAN FOR ALL IMPACTED EMPLOYEES
7. AUTHORIZE THE SUPERINTENDENT TO PROVIDE TERMINAL PAY, ACCRUED SICK LEAVE, TO ALL IMPACTED EMPLOYEES
8. AUTHORIZE THE SUPERINTENDENT TO MAKE MINOR PERSONNEL ADJUSTMENTS, IF NECESSARY, AND REPORT IN WRITING TO THE BOARD

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: REFORM BUSINESS PRACTICES TO ENSURE EFFICIENCY AND EFFECTIVENESS

The Enterprise Resource Planning (ERP) System for Business was first approved by the Board on December 14, 2005, as part of the District's Comprehensive Information Technology Blueprint. On July 11, 2007, School Board Agenda Item E-147, requested authorization to enter into a contract with Deloitte Consulting LLP to provide implementation services for the ERP Solution software (SAP) and to award a contract to Banc of America Public Capital Corp to finance the project cost up to \$85.4 million.

E-46

At the Special Board Meeting of June 25, 2008, Agenda Item SP-1, the Board authorized the Superintendent to approve a reduction-in-force because of modifications to the initial Statement of Work under the Deloitte Master Service Agreement (MSA) Sub-section 2.3. This change postponed the implementation of the Financial Modules and the "go live" dates for the remaining modules.

Current Status

On July 15, 2008, School Board Agenda Item E-147, the Board approved the engagement of KPMG LLP (KPMG) to perform independent project monitoring services. On November 18, 2008, Agenda Item E-86, the School Board received the KPMG final report. The report expressed concerns about cost and scheduling overruns and recommended strategies for addressing these risks. KPMG also recommended that "M-DCPS re-start the implementation of the SAP Financials (Finance Modules) as soon as possible" as the risk of failure due to running overlapping systems is extremely high. KPMG did not identify conditions that would warrant cancelling this project.

The ERP initiative

In order to complete the ERP Project, without incurring additional costs, and to implement the Financial Modules (which were postponed in SP-1, June 25, 2008) a new implementation plan has been developed that includes the following:

- Termination of the contract with Deloitte Consulting, LLC, for convenience, as provided in the MSA Section 11.2.3, effective February 16, 2009
- Implementation of the ERP System within the remainder of project budget
- Implementation of ERP components under Bid 098-GG04 – Information Technology Consultants, using a supplement to the bid from \$12 million to \$25 million (the ERP implementation will remain within the budget of \$85.4 million)
- Recommendation of a reduction-in-force to Managerial Exempt personnel

New Implementation Plan

- Renegotiate SAP maintenance agreement
- Identify and acquire SAP experts on a per project basis to assist in implementation of project
- Discuss plan with Council of Great City Schools and KPMG to provide guidance
- Evaluate design and build documents with M-DCPS Business Process Owners
- Issue requirements using Bid 098-GG04 – Information Technology Consultants for the following modules. Each module will be bid separately and monitored by Management Audits
 - Implement Finance/Procurement - January 2010
 - Implement Human Resources - July 2010
 - Implement Payroll, Time/Attendance and Benefits - January 2011

- Seek to amend Banc of America Public Capital Corp Lease Schedule to refer to each technology implementer award under Bid 098-GG04
- Amend Five Year Capital Plan to provide for new draw schedule under revised ERP implementation plan
- Provide oversight by KPMG of the new ERP implementation plan

Reduction-in-Force/Layoff

This modification in scope will result in a Reduction-in-Force/Layoff of seven MEP staff on the ERP team.

Separation Plan and Outplacement Assistance

The employees affected by these reductions will be treated with dignity, respect, and appreciation of their contributions to the District. The Office of Human Resources, Recruiting, and Performance Management, with assistance from Labor Relations, will review the current title and credentials of each impacted employee to determine their eligibility to seek re-employment in vacancies for which they qualify, within the school system. Additionally, a separation plan has been developed to provide an array of services, including outplacement assistance. Each employee will be directly notified of these services and provided with an individual assistance plan. The separation plan will also address any individual issues affecting impacted employees.

Terminal Pay (Sick Leave), Annual Leave (Vacation Leave), and Employee Benefits

Upon termination, all individuals will be compensated for their accrued annual leave (vacation leave) in accordance with the School Board Rule 6Gx13-4E-1.18. Although not mandated by collective bargaining agreements or School Board Rule, the Superintendent is requesting authorization to provide terminal pay (accrued sick leave) to all employees who are terminated as part of the Reduction-in-Force.

Employee benefits which include healthcare for employees and covered dependents, flexible benefits and life insurance will be provided in accordance with the provisions of the pertinent employee organization and according to Federal and State laws, including COBRA continuation of benefits.

RECOMMENDED: That effective January 14, 2009, or as soon thereafter as can be facilitated, The School Board of Miami-Dade County, Florida:

1. Approve the termination of the contract with Deloitte Consulting, LLP, for Convenience, effective February 16, 2009
2. Approve new implementation plan for the ERP to include Finance/Procurement, Human Resources, Payroll, Time/Attendance, and Benefits
3. Approve supplement for Bid 098-GG04 Information Technology Consultants to obtain implementer for ERP components from \$12 million to \$25 million
4. Authorize amendments to the Five Year Capital Plan and the Banc of America Public Capital Corp Lease Schedule of Property No. 7 as necessary to reflect action taken
5. Approve a reduction-in-force/layoff for Managerial Exempt Personnel
6. Authorize the Superintendent to implement a separation plan for all impacted personnel
7. Authorize the Superintendent to provide terminal pay, accrued sick leave, to all impacted employees
8. Authorize the Superintendent to make minor personnel adjustments, if necessary, and report in writing to the Board