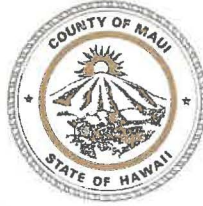


ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

**DEPARTMENT OF MANAGEMENT**

COUNTY OF MAUI

August 29, 2018

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL  
  
Mayor 8/30/18  
Date

For Transmittal to:

Honorable Riki Hokama, Chair  
Budget and Finance Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Hokama:

**SUBJECT: HUMAN CAPITAL MANAGEMENT (HCM)/PAYROLL  
REPLACEMENT PROJECT (BF-106)**

We are in receipt of your communication BF-106, which requests information regarding the Human Capital Management (HCM)/Payroll Replacement Project. Please find our answers below:

- 1 Has there been any change orders or contract amendments for the project? If so, provide the reason and indicate if additional funding is required.*

Our response is broken out by contract:

Contract C6298 Workday, Inc.

There have been no change orders for this contract.  
The first amendment to this contract will be initiated shortly; the purpose of this amendment is to encumber Fiscal Year 2019 funding consistent with the negotiated contract terms for this multi-year engagement.

Contract C6310 Sierra-Cedar, Inc.

There have been a number of change orders executed, primarily for the purpose of shifting the order of certain tasks on the project schedule, and only one involved additional costs to the County, deemed justified as the change order recognized additional assistance by the contractor to County resources on the project.

The first amendment to the contract is in the process of execution; the purpose of this amendment is to encumber Fiscal Year 2019 funding consistent with the negotiated contract terms for this multi-year engagement. Fiscal Year 2019 funding will also be used for the one change order involving additional cost.

Contract C6315 Gartner, Inc.

There have been no change orders for this contract.

The first amendment to this contract will be initiated shortly; the purpose of this amendment is to encumber Fiscal Year 2019 funding consistent with the negotiated contract terms for this multi-year engagement.

- 2. Provide the current encumbrance and amount expended to date for the project. Indicate whether funds appropriated for the project for Fiscal Year 2019 are included in the current encumbrance. Also, if future funding is required for the project, provide the amount and when the funds will be needed.*

Our response is broken out by contract:

Contract C6298 Workday, Inc.

Current encumbrance: \$738,663.39

Amount expended to date (8/28/18): \$655,995.59

No Fiscal Year 2019 funding is included in the contract encumbrance as of this date. It is estimated that \$530,000 will be encumbered from Fiscal Year 2019 funding shortly through the first amendment to this contract. Annual subscription and training fees starting in August 2019 will need to be funded as part of the overall software maintenance budget of the IT Service Division. For fiscal years 2020, 2021, and 2022 that amount will be \$542,374 annually. For fiscal years 2023, 2024, 2025, 2026, and 2027 the annual amount will be \$562,234.

Contract C6310 Sierra-Cedar, Inc.

Current encumbrance: \$1,360,000.00

Amount expended to date (8/28/18): \$1,208,325.60

No Fiscal Year 2019 funding is included in the contract encumbrance as of this date. An amendment to encumber \$1,480,000 from Fiscal Year 2019 is being executed.

Contract C6315 Gartner, Inc.

Current encumbrance: \$228,034.56

Amount expended to date (8/28/18): \$209,031.72

No Fiscal Year 2019 funding is included in the contract encumbrance as of this date. An amendment to encumber \$228,034.56 from Fiscal Year 2019 is being executed.

- 3. Provide a brief description of the purpose for each contract. Explain the role of Gartner, Inc. and Sierra-Cedar, Inc. in the implementation of the new system. Will Gartner, Inc. and Sierra-Cedar, Inc. be required for the implementation for Phase 2? If so, is it included in the current contract?*

Our response is broken out by contract:

Contract C6298 Workday, Inc.

Workday, Inc. provides the HCM and Payroll software. The contract has the form of a subscription for the County of Maui to Workday's cloud based software products. The contract has negotiated a cost for those subscription services for a period of 10 years and includes training services.

Contract C6310 Sierra-Cedar, Inc.

Sierra-Cedar, Inc. is the implementation partner for Workday. As the implementation partner, Sierra-Cedar is responsible for ensuring that the HCM/Payroll system that the County of Maui will go live with, meets the expectations of functionality, ease-of-use, and overall quality set forth in the RFP and the resulting contracts with Workday and Sierra-Cedar. Sierra-Cedar will also be responsible for the implementation of Phase 2, and for a period of post-go-live support, before Workday becomes entirely responsible for system support and maintenance. These services by Sierra-Cedar are already included in the contract.

Contract C6315 Gartner, Inc.

Gartner, Inc. is under contract to the County of Maui to provide Independent Validation and Verification services. These services entail review of the Project Management efforts by Sierra-Cedar and the County of Maui for quality and adherence to contractual terms. Gartner reviews deliverable documents provided by Sierra-Cedar for completeness and quality. Gartner advises Sierra-Cedar and the County of Maui as to best practices in implementing HCM/Payroll solutions, as to compliance with contractual obligations, and as to reasonable expectations for solutions in this HCM/Payroll software market. Gartner advises the County of Maui as to the best approach to resolve disagreements with the vendors engaged in this effort. Gartner will fulfill this role for Phase 2 as well, as outlined in the contract. The County of Maui lacks the specific

expertise for this software market and has benefitted greatly from the assistance provided by Gartner.

4. *Does the delay of the go-live from October 1, 2018 to December 16, 2018 impact the current payroll processing? Explain.*

Current payroll process is not impacted by the delay of the go-live to December 16, 2018. ADP is already committed to provide payroll processing services through December 31, 2018.

Thank you again for allowing us the opportunity to respond to this inquiry. Should you have any additional questions, please do not hesitate to contact our office at ext. 7211.

Sincerely,



KEITH A. REGAN  
Managing Director