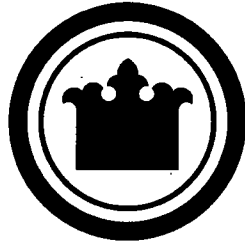King County

Accountable Business Transformation

Executive Recommendation and Business Case

April 7, 2005

TABLE OF CONTENTS

APPENDICES

1.0 INTRODUCTION

The purpose of this Executive Recommendation and Business Case is to describe the Executive Recommendation for an *Accountable Business Transformation* (ABT) of enterprise financial, human resources and budget business processes, and to set forth the business case for proceeding at this time. This report will define the business problem, the preferred solution approach and alternatives, identify the anticipated costs and benefits of the program, the plan of work, timeline and key milestones.

This report is responds to Motion 12024 and a proviso in the 2005 budget which together request the Executive to prepare and submit for council review and adoption by motion a revised Executive Recommendation for ABT, an updated Roadblocks Report, a Program Charter and a Human Resources Implementation Plan.

This report is prepared based on the following assumptions:
- The Business Case is based on the Quantifiable Business Case Report prepared by Dye Management Group in July 2004. The QBC Report evaluated three alternatives – status quo, enhance current processes, and business transformation.
- The Revised Executive Recommendation of ABT is consistent with the Dye-recommended business transformation alternative. Differences relate to a more intensive process for managing change in King County, an increased focus on ensuring consensus for business process change among the elected leadership, and a more deliberative up-front planning process.
- No separate business case has been prepared on the Revised Executive Recommendation, Accountable Business Transformation. Analysis on the costs and benefits of the executive recommendation will be conducted as part of the high level business design work to be completed in 2005 and the detailed implementation plan to be completed in 2006.

1.1 What is different between ABT and the Financial System Replacement Project?

In Spring 2000, the county suspended the Financial Systems Replacement Project which was intended to replace the former Metro financial and payroll system and the legacy King County financial and payroll system with a single core financial system and a single payroll/human resources system. Since that time the county has moved forward in a very methodical and cautious, but steady and determined manner to create an environment of commitment and cooperation in order to lay a foundation for success. The Accountable Business Transformation Program is substantively different than FSRP. The differences are:

- ABT focuses on Understanding and Managing High Risk Factors
- ABT focuses on Business Model Transformation not Technology System Change

- ABT Focuses on Program Metrics: costs, benefits, return on investment, key performance indicators.

1.1.1 Focus on Understanding and Managing High Risk Factors

In 2001, the county contracted with Dye Management Group, Inc. and IBM Global Systems to conduct a critical assessment of FSRP. The consultant identified a series of high risk factors that were inherent in the program structure, management and governance. In order to address these high risk factors, the consultant recommended that the county confirm sponsorship of the program vision among key stakeholders, re-validate and confirm the program vision and its alignment with the county's short and long-term goals, and establish a strong project governance structure.

- In September 2003, the county council approved Motion 11729 adopting Vision and Goals for the project. The Vision and Goals have been endorsed by the entire elected leadership of King County. (Appendix B)
- In October 2004, the county council approved Motion 12024 adopting four guiding policies for transforming business processes. These guiding policies have been endorsed by the entire elected leadership of King County
- A program charter has been developed for ABT that is based on the recommendations for governance laid out in the Dye Critical Assessment Report. (Appendix E). This charter has clear policy, oversight, advisory and executive responsibilities.
- ABT has a strong emphasis on change management that is embedded within the governance and project management structure.
- The Program Manager responsibilities and the roles and responsibilities of the Program Management Office are based on recommendation laid out in the Dye Critical Assessment Report.
- A Roadblocks Identification and Action Plan was adopted in December 2003 and updated in January 2005. This Roadblocks Plan will be continually reviewed as part of the program governance process. (Appendix F)

1.1.2 Focus on Business Model Transformation not Technology System Change

The FSRP was a project to replace legacy financial and payroll systems with modern technology systems. As a result, the county attempted to preserve existing business practices and customize the financial and payroll systems to accommodate decades of past practices. Both systems were to be "turned on" at the same time countywide. Dye recommended that a sequentially phased program be implemented that allows the county to focus its attention and resources on a single project at a time, with each project building upon the accomplishments of the previous as the program progresses.

- Accountable Business Transformation is not just a migration from one system to another, but is a transformation of business processes that are enabled or supported by contemporary applications. This process of transformation involves business analysis, looking at the current environment and business processes, modifying those processes to conform to best practices as supported by the new application, and then mapping the transformed processes to the new technology systems.

- The ABT is a phased program which will be rolled out to county agencies in four stages that will be determined as part of the detailed program implementation plan. The program will also phase the rollout of expanded functionalities in Oracle and PeopleSoft.

1.1.3 Focus on Program Metrics

The FSRP did not include adequate metrics to measure progress, performance and outcomes. ABT has a requirement to measure results, a requirement to estimate benefits and then measure benefits realization over the life of the program, and a requirement for estimating and measuring life cycle costs. These requirements are embodied in the Program Charter (Appendix E) in critical success factors and key performance indicators. The Program Charter vests ownership of benefits realization and program monitoring in the ABT Leadership Team comprised of the elected leadership of the county.

1.2 Prologue and History

A full history of the program to replace the county's enterprise financial, human resource and budget business systems can be found in Appendix A. This history includes a discussion of the activities undertaken by the county since 1994 to replace the business process systems and the policies adopted by the county council and endorsed by the county's full elected leadership that form the basis of the program going forward.

1.3 Key Resource Documents

Significant portions of this report are drawn from the following documents[1]:
- Quantifiable Business Case prepared by Dye Management Group, Inc, July 2004
- Vision and Goals for Enterprise Financial, Human Resource, and Budget Management adopted in Motion No 11729, July 2003
- Roadblocks Identification and Action Plan, December 2003
- Financial Systems Replacement Project – Project Assessment and Implementation Planning – Implementation Plan, June 25, 2001
- Financial Systems Replacement Project – Project Assessment and Implementation Planning – Critical Assessment, June 4, 2001

---

[1] These documents can be found at www.metrokc.gov/oirm/programs/qbc.aspx

2.0 Executive Summary

The mission of the **Accountable Business Transformation (ABT) Program** is to transform and standardize the county's financial, payroll, human resources and budget business services by implementing consolidated business practices and systems using one core financial system and one core human resources/payroll system, by aligning human resources practices and procedures countywide and by standardizing and streamlining operating and capital budgeting.

2.1 Problem Statement

King County currently operates with two accounting and financial reporting systems and two human resources/payroll systems. These four separate systems perform the fundamental central financial and human resources functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. Many of the business systems and practices are still outdated, and inflexible. Business process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.

Budget and financial management processes and reporting are inconsistent within the two systems and budget development processes and budget monitoring are not integrated. Separate budget development processes are used for operating and capital budgets. Budget management systems for capital are inadequate and require Oracle users to utilize side systems for capital budget management.

These weaknesses are primarily due to the lack of modern integrated systems and inconsistent business processes. According to the Quantifiable Business Case Report, it is not possible to streamline and standardize financial, payroll and budget business processes without substantial technology investments.

2.2 Vision

In June 2003, the full elected leadership of King County endorsed a vision statement for an Enterprise Financial and Human Resource System: (Appendix B)

> *King County's financial, human resource and budget management functions*
> *are fully integrated, efficient and effective, and enhance the county's ability*
> *to provide essential services to its customers.*

2.3 Quantifiable Business Case (QBC)

Following adoption of the Vision and Goals Statement, the county hired Dye Management Group, Inc. to conduct a Quantifiable Business Case (QBC) for

an Enterprise Financial and Human Resources System. The work involved in developing the report included an extensive assessment of current county processes and an evaluation of high payback opportunities. County staff who are leaders in each functional area rigorously reviewed all work products and provided important insights into county issues.

Dye Management Group identified three alternative solutions for meeting the county's needs for contemporary business processes – status quo, enhanced business processes and business transformation.

- Accountable Business Transformation is the only option that meets the county's Vision and Goals for Financials, Human Resources and Budget Business Transformation. It also resulted in the highest net benefit over the 10-year period of the three alternatives evaluated
- The "status quo" alternative does not meet the county's Vision and Goals. It would lead further to more fragmented business processes, continued proliferation of supplemental ad hoc systems and cumbersome reporting processes. The county's financials, human resources and budget business processes would continue to exist as the separate 'county's' and 'former Metro' business processes and systems, with no option for consolidation and implementation of best business practices.
- The "Enhance Current Processes" option would enhance current business processes, primarily human resource processes, without replacing the current technology systems. This option does not allow enhancing the technology-based business model because of the fundamental functionality differences between the systems.

The focus of this document is the Dye-recommended Business Transformation Alternative and the Executive-recommended Accountable Business Transformation.

Dye recommended that the county pursue the alternative of Business Transformation. This recommendation is supported by a high-level implementation plan to transform county business processes over four years at an estimated cost of $47.5 million in direct costs plus the cost of interest on debt which would be issued to finance the program. ABT provides net benefits of over $230 million over 10 years. .

2.4 Executive Recommendation

The Executive carefully reviewed the Dye-recommended business transformation alternative and recommends a fourth alternative, **Accountable Business Transformation,** for meeting the county's needs for contemporary business processes. The county has acquired valuable experience and lessons learned from the previous efforts. The ABT is phased over five years rather than the four years recommended in the QBC Transition and Implementation Plan. The objective of extending the work program by one year is to allow additional pre-implementation activities. The purpose of the pre-implementation activities is to confirm sponsorship of the program vision among key stakeholders, re-validate and confirm the program vision and its alignment with the county's short and long-term goals, and establish a strong project governance structure.

This approach has been developed in order to position the county to move forward more successfully and with less risk in the future. The action plan for this approach calls for:

> Spending significantly more time up front in obtaining high-level countywide policy endorsements for key decisions. This will be done through the ABT Governance Program described in Appendix E.

> Upgrading Oracle and PeopleSoft to the current versions prior to reconfiguring the systems for countywide implementation.[23]

> Undertaking a two-part planning process that includes developing a high-level business design and cost validation that the elected leadership of the county can review and confirm, followed by a detailed implementation plan with detailed costs. Dye recommended a one-step planning program spanning one year. This two-step planning process occurring over two years is consistent with the approach of spending additional time in change management activities and ensuring policy alignment throughout all branches of government in order to reduce implementation risk.

> Aligning human resource policies countywide between the Executive branch and other branches in order to align business processes with a best practices model using the human resource functionality of PeopleSoft.

The costs of the Executive Recommendation will be validated as part of the 2005 work program. Assuming that the costs of the Dye Recommendation and Executive Recommendation are similar, the following graphic compares the rates of expenditures of the Executive's Recommended ABT Program and the Dye-recommended Business Transformation Alternative.

---

[2] IBIS (Integrated Business Information System), which is a customized version of Oracle Financials, was implemented in 1995 for former Metro agencies. IBIS was initially configured to support former Metro work processes, financial structures, policies and procedures, and since maintained and upgraded to support mainly Transit, Waste Water Treatment and DES straddle agencies financial processes. As a result, its configuration does not adequately support existing county business needs. With the Oracle Financials implementation for the County and to support both unified and the new transformed business processes for the entire county, Oracle Financials will require a new configuration which will meet the business needs of all, and bring in new functionality to further improve business processes.

[3] PeopleSoft was implemented in January 2000 to support the payroll function for former Metro agencies, Transit and Walter Quality because their ISI payroll system was not Year-2000 compliant. PeopleSoft is a powerful human resource management tool that includes a payroll module. Only a fraction of its functionality has been implemented. Like IBIS, PeopleSoft will require new configurations to meet the business needs of all county agencies, and new functionality to improve business processes.

Graphic 2.4.1 Comparison of ABT Expenditures
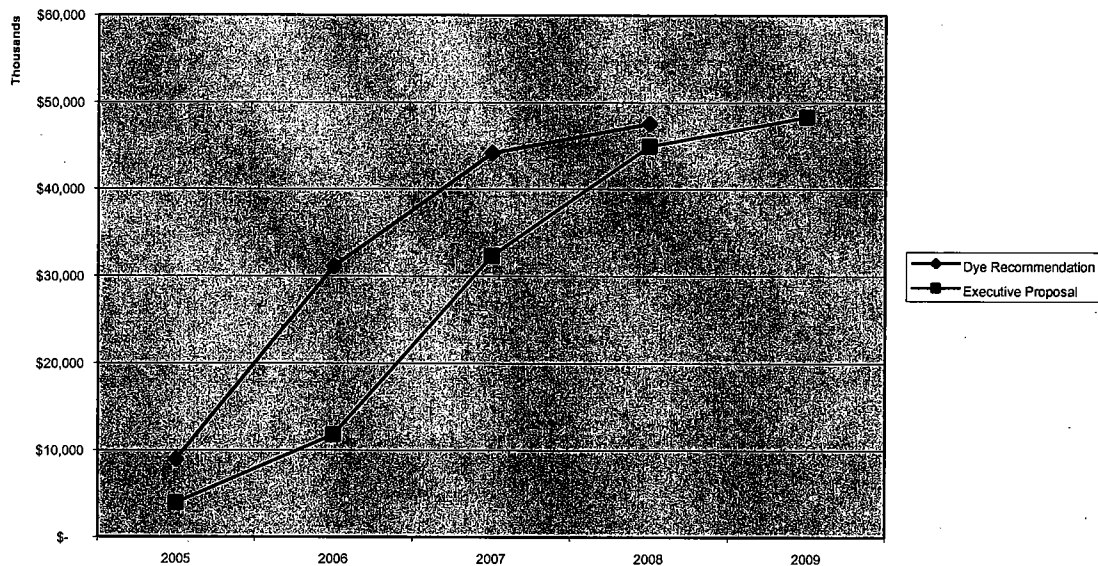
2.5 Executive's Eight-Phased Approach to ABT

The Executive's recommended approach described above is implemented in eight phases which include and expand upon the six phases recommended by Dye in the QBC Transition/Implementation Plan. In addition, the executive recommendation incorporates strong governance structures, extensive external oversight and ongoing quality assurance assessment to ensure that risks are minimized, costs are effectively monitored and benefits can be realized. The following describes each phase of ABT and distinguishes the executive recommendation from the Dye recommendation where appropriate.

A full description of each phase can be found in Section 7, Program Plan and Approach. The following briefly describes each phase of ABT and distinguishes the Executive Recommendation from the Dye recommendation where appropriate.

- **Initial planning** – This phase includes defining initial scope of phases and hiring a program manager, and establishing the Program Management Office. This will occur over the first three quarters of 2005.

- **Change management** – *This phase has been added by the Executive to ensure that high-level endorsements and concurrence occur at the beginning of the project in order to minimize risk.* The change management activities include ensuring that the program is aligned with the adopted vision and goals, developing and implementing a communications program, implementing a robust sponsorship program, ensuring that the organization is ready and committed to business process change, implementing a change agent program and developing a risk mitigation strategy. This work will continue throughout the program.

- **Process tasks required before implementation** – This phase addresses key decisions that must be made for the county to make the business process changes needed to achieve the identified benefits and to reduce implementation risks. This will set the standard for implementing policy and business processes as the phases proceed. These business process requirements will be used to configure Oracle Financials and PeopleSoft systems to meet the business needs of the entire county and replace the existing IBIS, ARMS and MSA systems[4]. These tasks will occur during 2005 and 2006.

- **Select software and system integrator** – The purpose of this phase is to select a system integrator to support the remaining implementation efforts who will be able to address PeopleSoft and Oracle configuration, best practices, and integration. This will occur in 2006.

- **Perform phased agency implementation** – Oracle and PeopleSoft will be rolled out to county agencies in four phases. Straddle[5] agencies will roll out first Dye recommends that all straddle agencies be moved after Oracle and PeopleSoft have been configured for countywide application. *The Executive recommends that those straddle agencies that are part of the Department of Executive Services (ITS, HRD and FBOD) be moved to existing IBIS and PeopleSoft systems in 2005 as a pilot migration project. Quality assurance will be done on the DES pilot migration plan.* The remainder of the straddle agencies would move to the newly configured countywide Oracle and PeopleSoft systems in 2007. Subsequent agencies are assumed to be staged in three groups from 2007 through 2009.

- **Perform phased functional implementation** – This work relates to implementing new functionality such as workforce (performance) management, succession planning, activity-based costing, e-procurement and document imaging. A schedule for phasing functional implementation will be developed in the detailed implementation planning phase. It is expected to begin in 2007 and continue through 2009.

- **Process changes possible before system implementation** – This phase addresses those opportunities that are not technology driven. While this work can be accomplished prior to having the supporting technology implemented, maximum benefit from the work will be achieved through implementation of the supporting technology in PeopleSoft and Oracle. Tasks identified include: asset management policy development, capital planning and monitoring improvements, human resources workforce management, succession planning, human resource quality assurance, and standardization of union contracts. This work will occur from 2005 through 2007.

- **Human Resources Alignment.** – *This phase has been added by the Executive.* This work relates to aligning human resources practices and policies across separately elected offices consistent with a similar human resources unification initiative carried out in the Executive Departments. The Human Resources Division, in collaboration with the separately-elected agencies, will

---

[4] ARMS is the core financial system and MSA is the core payroll/human resources system that are used to support agencies that were part of King County prior to the Metro Merger in 1995.
[5] A straddle agency uses both financial systems (ARMS & IBIS) and human resources/Payroll systems (MSA & PeopleSoft) to process transactions.

develop a program to achieve process and procedure alignment. This work, which will occur throughout the life of the project, was not included in Dye's cost estimates.

2.6 Investment Priorities

Dye recommended a series of high payback opportunity areas for consideration by the county. The county must now evaluate each of these high payback opportunity areas and determine through a high-level business design which ones to implement and how to phase the work. The cost/benefit analysis completed as part of the QBC calculated benefits from implementing 13 high payback opportunities. The benefits of the ABT Program should be re-evaluated once the planning is completed. It is important to note that the County Auditory is also working to validate the benefits identified in the QBC. The results of this effort will inform the validation conducted by the Executive.

The opportunities identified in the QBC by functional area are as follows:

2.6.1 Financials
- Automate, integrate, and consolidate business processes;
- Integrated financial reporting;
- Implement electronic document imaging and management;
- Implement procurement best practices;
- Implement capital asset management best practices; and
- Implement Oracle Financials countywide[6].

2.6.2 Human Resources.
- Automate, integrate, and consolidate human resources business processes;
- Implement performance management best practices;
- Refine and standardize the collective bargaining process;
- Develop and implement succession planning practices; and
- Implement quality assurance strategies.

2.6.3 Payroll
- Automate, integrate and consolidate Payroll business processes; and
- Rollout the PeopleSoft solution countywide.[7]

2.6.4 Budget
- Implement enhanced automation;
- Increase analytical capability; and
- Improve capital planning and monitoring.

---

[6] This high payback opportunity was recommended by Dye in QBC but not included in the cost benefit analysis.
[7] This high payback opportunity was recommended by Dye in QBC but not included in the cost benefit analysis

2.7 Funding

The Dye Management Group estimated that it would cost approximately $47.5 million to implement accountable business transformation. This is a high-level preliminary estimate made for planning purposes in 2002. Dye strongly recommends that these costs be validated based on a detailed implementation plan for ABT.

The Executive recommends that cost validation be done in two steps. The first step is to determine which of the high payback opportunities recommended by Dye are to be included in ABT, to develop a high-level business design based on key business decisions and then to re-evaluate the Dye cost estimates based on the high-level business design. This work will occur in 2005. The second step is to develop a detailed implementation plan and then validate costs based on this detailed plan. The full cost validation will be completed in 2006.

The adopted 2005 budget for ABT is $3.97 million. The 2005 work program includes developing a high-level business design, refining cost estimates, establishing a robust governance structure and risk mitigation strategy, migrating DES straddle agencies from ARMS/MSA to IBIS (Oracle)/PeopleSoft, and developing business requirements for budget and developing plans for human resources business elements.

2.7.1 Debt Service
The likely funding source for project costs will require the sale of general obligation debt of King County to be amortized over the 15 year estimated useful life of the improvements of the ABT Program. Based on current market conditions that debt could be sold at an interest rate of approximately 5% and would result in the following total debt service and interest costs over the life of the debt (dollars in millions)

Table 2.7.1 Debt Service Costs

Total ABT Project Costs	Debt Issuance Costs of 2%	Total Size of Debt Issuance	Average Annual Debt Service Costs	Total 15 Year Interest Costs
$47,882,000	$958,000	$48,840,000	$4,667,000	$21,164,000

There are many ways that the debt to cover project costs could be sold, including the use of short term bond anticipation notes to provide interim project funding. Long term debt could be sold in one of two alternative ways: debt to cover each year's total project costs would be sold at the beginning of each year, or a single issue to cover all project costs could be sold early in the project. With the stated assumptions the only difference is that the debt service is spread over a longer time if multiple issues are sold.

2.7.2 Cost Allocation
Debt service funding for the project would be based on the concept of the beneficial use of the project elements. The deliverables of the ABT project fall into two broad categories: deliverables which involve configuring Oracle and PeopleSoft systems to meet the requirements of agencies which would be moving onto Oracle and PeopleSoft,

and deliverables which enhance the functionality of the systems and provide greater usefulness for all users, including current users.

Debt service on projects costs for the first group of deliverables -- configuring the existing IBIS/Oracle and PeopleSoft systems to meet the requirements of agencies which would be moving onto Oracle and PeopleSoft -- would be allocated to all County agencies moving to the Oracle and PeopleSoft systems based on estimated usage or other proxy variables that approximate benefits.

Debt service on projects costs for the second group of deliverables -- deliverables which enhance the functionality of the systems and provide greater usefulness for all users, including current users -- would be allocated to all County agencies based on proxy variables which approximate the benefits of new functionality and business processes. Appropriate county agencies would develop and implement the allocation methodologies.

2.8 Program Plan

In order to manage ABT, it is recommended that the county establish a Program Office for the duration of the program. This Program Office will coordinate and manage all ABT-related projects and activities, manage budget and funding issues, support a strong governance structure, and report progress to management and oversight bodies as applicable.

The Program Office will be led by a county employee[8] (Program Manager) who is accountable for all aspects of the program and who has daily decision-making authority. The Program Manager reports directly to the Business Sponsor, the County Administrative Officer, and chairs the Operations and Change Management Committee.

2.8.1 Target Milestones
Target milestones for the project will be refined based on the 2005 high-level business plan. At the same time, target milestones will be established for implementation activities projected to take place between 2007 and 2009. The present schedule is:

PRB Release of Unencumbered Funds	February 2005
Establish Program Governance	April 2005
Upgrade Oracle	December 2005
Complete DES Straddle Agency Roll-out	December 2005
Complete High-Level Business Design & Cost Estimate	December 2005
Upgrade PeopleSoft	July 2006
Complete Detailed Implementation Planning	December 2006
Begin Phased Rollout of Oracle/PeopleSoft to Agencies	January 2007
Begin Phased Functional Implementation	January 2007
Complete Project	December 2009

---

[8] Given the need for the Program Manager to have demonstrated success with enterprise-wide system implementation, this position may not be filled by a current county employee.

2.9 Next Steps

2.9.1 ABT Leadership Committee

The ABT Leadership Committee, as discussed in Section 7, consists of elected officials and provides countywide leadership, policy endorsement, ownership of benefit realization and approval of outcome measures. In order to proceed, the ABT program requires the endorsement of the ABT Leadership Committee as part of the governance process for this program.

2.9.2 Council Action

On September 23, 2004, the Metropolitan King County Council adopted Motion 12024 approving accountable business transformation policies and requesting the Executive to transmit to Council by March 1, 2005, a revised Executive recommendation document and a governance charter. This deadline has been extended to April 7, 2005 at the request of the executive.

As part of the 2005 budget, the council adopted a proviso requiring development of a business case, roadblock document and human resources implementation plan that are consistent with the requirements of Motion 12024 and that have been approved by the project review board. Pursuant to the proviso, the executive will not expend $2,356,015 of the 2005 appropriation for ABT prior to the council approving these documents by motion.

2.9.3 Short Term Activities for 2nd and 3rd Quarters of 2005

➤ Initiate the search to hire a Program Manager for the ABT Program.

➤ Initiate the search to fill other positions within the Program Office once the program manager is hired.

➤ Initiate activities to move the DES Straddle Agencies from MSA/ARMS to PeopleSoft/IBIS.

➤ Initiate work to determine which high payback opportunities to pursue and, based on this, develop a high-level business design, make key business process decisions, and re-evaluate program costs.

➤ Initiate work to upgrade Oracle and determine the design requirements.

➤ Initiate work to determine the PeopleSoft upgrade design requirements including which modules to use and how to phase implementation.

➤ Initiate work to determine the integrated budget requirements.

➤ Initiate work to resolve three to five identified roadblocks and to update the Roadblocks Report.

➤ Initiate work to develop an implementation plan for extending Human Resources Alignment to the Sheriff and Assessor.

ABT Business Case
April 7, 2005

2005 ABT WORK PROGRAM

2004												06
Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan

Program Governance and Change Management
- Develop Motion 1204 Response
- Develop 2005 Budget Proviso Response
- PRB
- Hire Program Manager
- Council Approval
- Establish Governance and Adopt Program Charter
- Hire Consulting
- Staff PMO & County Teams
- Resolve 3-5 Implementation Roadblocks
- Establish Key Leaders
- Develop Comm. Plan
- Ensure Agency Participation
- Update Roadblocks
- Develop Detailed 2006 Work Program

Process Tasks Before Implementation
- Select High Payback Opportunities
- Make Key Business Decisions
- Develop High Level Business Process Design
- Evaluate/verify HR Business Processes to be implemented
- Identify PeopleSoft New Functionality
- PeopleSoft Upgrade Plan
- Oracle Upgrade
- Develop High Level Multi-Year Plan/Cost

Perform Phased Functional Implementation
- Staff Budget Team
- Implement I-Procurement Pilot
- Define Integrated Budget Requirements

Phased Agency Implementation
- Develop DES Straddle Migration Plan
- QA
- PRB
- Migrate DES Straddle to PS and IBIS
- Post-Migration Assessment
- QA

Process Changes Possible Before System Implementation and Human Resources Alignment
- Define Workforce Perform. Mgmt Business Process
- Develop Quality Assurance Process
- Develop Plan for HR Alignment (Sheriff and Assessor)
- Develop Workforce Perform. Mgmt Implementation Plan
- Establish Quality Assurance Procedures
- Implement HR Alignment (Sheriff and Assessor)

3.0 BUSINESS PROBLEM ASSESSMENT

3.1 PROBLEM STATEMENT

Since the merger of Metro and King County, King County government continues to rely on the operation of two sets of accounting and financial reporting systems and two sets of human resources /payroll) systems.

> *Presently, the county operates with two accounting and financial reporting systems and two human resource/payroll systems. These four separate systems perform the fundamental central financial functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. While there has been improvement with the PeopleSoft and Oracle systems, many of the business systems and practices are still outdated, and inflexible. Business-process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.[9]*

Budget management processes and reporting are inconsistent within the two systems. Budget development processes and budget monitoring are not integrated. Separate budget development processes are used for operating and capital budgets. Budget management systems for capital are inadequate and require Oracle users to utilize side systems for capital budget management.

These weaknesses are primarily due to the lack of modern integrated systems and inconsistent business processes. According to the Quantifiable Business Case Report, it is not possible to streamline and standardize financial, payroll and budget business processes without substantial investments in consolidated business systems based on "best practices" business processes.

3.2 BUSINESS PROBLEM ANALYSIS

In August 2003, the county retained Dye Consulting Services to conduct a Quantifiable Business Case (QBC) for transforming the county's financial and human resources/ payroll systems. The study focused on total business processes using experienced subject matter consultants and county functional experts. The QBC Report made the following key findings for each of the four business areas – financials, human resources, payroll and budgeting.

3.2.1 Financials Business Area

The current financial business model supports the basic financial needs of the county. It produces auditable financial statements, makes vendor payments, manages cash, does

---

[9] Enterprise Financial, Human Resource and Budget Management: Vision and Goals Statement, adopted by Motion 11729 by the Metropolitan King County Council on September 28, 2003.

billing, and performs other functions. Personnel understand the model and processes and enjoy some flexible reporting capability. The model supports many contemporary purchasing practices and effectively schedules payments to maximize discounts and investment opportunities. Problems related to the financial business area include:

- Labor intensive, cumbersome, and confusing processes with two financial systems.
- Many agency-specific financial systems.
- Redundant processes, redundant data entry, and inconsistent policies and procedures.
- Out-of-date, inadequate management reporting.
- Outdated, inefficient physical inventory process and policies.
- Dispersed, paper-based document storage creating inefficient and inconsistent processes.
- Limited ability to leverage purchasing power because of non-integrated processes.

3.2.2 Human Resources Business Area

County employees are the county's largest investment. The current human resources approach includes an experienced pool of subject matter experts. They have a detailed plan of action through the Human Resources Unification Project. There is a willingness to improve. However, there are problems in human resources. For example, the county needs to improve the performance of county workers by systematically conducting performance reviews and taking action to improve employee performance based upon those reviews. This can have a significant impact on the quality of county services and costs.

Other problems include:
- Multiple, cumbersome human resource processes and systems.
- Difficulty accessing data impacting productivity and resulting in numerous ad hoc systems.
- Inadequate, inconsistent management information (e.g., retirement and turnover statistics).
- Costly lawsuits.
- Inconsistent policy implementation across multiple systems.
- Lack of performance-based appraisals and compensation.
- Complicated labor agreements.

3.2.3 Payroll Business Area

The current environment for the payroll business area is stable. The county has successfully rolled out PeopleSoft to some agencies including about one-third of total county employees and upgraded the system to a web-based environment. There is an understanding of effort, risks, and pitfalls required for the balance of county rollout. However, the county has a number of problems. For example, it is paying a high cost to process paychecks.

Other problems include:
- Multiple, cumbersome payroll processes and systems.
- Inconsistent pay policy.

- Labor-intensive semi-monthly cycle.
- Inefficient processes for time and employee data entry, approval, validation, and correction.
- Difficult system access.
- Many manual processes (report distribution, manual checks).

3.2.4 Budget Business Area

The current budget process meets basic budget needs. The environment is stable and it provides tools that meet Office of Management and Budget requirements. In budgeting, the county is not using analysis techniques such as activity-based costing that elsewhere have resulted in reducing costs and reallocating large portions of government resources. The State of Washington has used this approach to shift over 8 percent of its current-level budget to higher priority activities. Further, the county does not have adequate performance measures to determine the efficiency and effectiveness of programs. Consequently it lacks basic information to analyze budgets and set priorities.

Other problems include:
- Not meeting the budget system needs of the county council.
- Difficulty accessing data for policy initiatives.
- Inconsistent automation and lack of data integration.
- Inability to assess the cost of services and set priorities.
- Limited evaluation of current budget levels.
- Limited time for budget analysis.
- Little countywide capital planning.
- Limited attention to asset preservation.
- No countywide project status reporting.

The county council identified an additional concern that the current budget process is not capable of distinguishing between local and county-wide revenues and expenditures.

4.0 OPERATIONS IMPACT ASSESSMENT

King County has a responsibility to exercise effective stewardship over taxpayer funds and efficient and effective management of county human resources. County officials are accountable for this stewardship; to do so requires timely and accurate reporting of financial information to citizens, the County Council, the County Executive and other county elected officials, the investment community, and county managers. Effective stewardship of human resources requires managing workforce performance, planning for workforce needs, producing accurate and timely paychecks and ensuring standardized best practices.

Based on the long-term outlook for King County, analysis and observation of operations through the QBC Business Model assessment, and the pattern of the last ten years the following statements may be made:

- The demands for government service delivery in King County will continue to grow as the county population increases.

- In the foreseeable future, county revenues will continue to decrease on a per capita basis.

- The county must maintain quality service and standards for processing financial transactions, managing human resources, paying employees and budgeting for operational and capital needs of county residents and businesses.

- County financial, human resource, payroll and budgeting processes must meet legal requirements.

These statements are consistent with the Budget Advisory Task Force Report relating to their recommendations on Administrative and Operational Policies and Efficiencies[10]:

- *King County can become more efficient. All levels of County government, and all programs, should be engaged in identifying ways to become more efficient and eliminating duplication. Both for the real impact and symbolic impact, such action can help restore the public's confidence in our government. Significant effort should be made to build an organizational culture that rewards efficient service delivery.*

- *The County must improve the transparency of its budget, financial and operating policies. Efficiencies often flow from visibility. The budget issues must be more understandable to the public, and more clearly reflect the County's distinct roles as a regional and local service provider.*

---

[10]The report of the King County Budget Advisory Task Force can be found at http//www.metrokc.gov/exec/batf or can be requested by contacting the Office of the King County Executive Ron Sims.

- *The County must simplify, unify and streamline its management practices. Basic management systems of the County are fragmented. There are multiple financial systems and human resources systems. Basic business policies and practices of the government differ widely across the organization. The County should engage all employees in a search for improved productivity.*

- *The County must place a higher priority on investing in central systems technology. Unifying business practices will be necessary to take full advantage of such investment.*

4.1 CONTRIBUTING TECHNOLOGY ASSESSMENT

King County's existing model for the budget, finance, human resource and payroll business areas is inefficient and fragmented. Supplemental ad hoc systems have been developed to address shortcomings in the central systems (especially ARMS and MSA). Excessive time is spent dealing with paper forms, re-keying data, and preparing management reports. In this environment, staff is focused on transaction processing activities rather than strategic business objectives. These weaknesses are primarily due to the lack of modern integrated systems and inconsistent business processes. According to the QBC Report, it is not possible to streamline and standardize financial, payroll and budget business processes without substantial technology investments. It is, however, possible to realize significant benefits in the human resources area without technology although the technology would enhance the HR benefits.

4.2 STATUS QUO IMPACT ASSESSMENT

The Quantifiable Business Case completed in 2004 by the Dye Management Group, Inc., identifies the fundamental implications of **not** transforming business processes based on best practices and using modern responsive technologies. The status quo leaves King County with two financial systems, two payroll/human resources systems and the inefficient processes and lack of accountability for taxpayer resources. It does not meet the vision and goals established by the county. It leaves the county at risk for employment-related lawsuits with diminished credibility due to inefficient, ineffective business practices. According to Dye, a continuation of the status quo results in:

- Not implementing improvements that can result in millions of dollars of cost savings in an era of tight budgets

- Paying too much for administrative overhead.

- Lacking modern financial business processes and continuing to use systems that fall well short of accepted standards and best practices.

- Not providing the County Council with the necessary information to exercise proper stewardship over public funds.

- Lacking the information to ensure productivity of its largest investment, its workforce.

- Being unnecessarily vulnerable to employment-related lawsuits and damages decisions.

- Suffering a continuing loss of credibility with taxpayers.

4.3 ACCOUNTABLE BUSINESS TRANSFORMATION

The Executive's Recommendation, **Accountable Business Transformation Program (ABT),** will bring contemporary financial, human resource, payroll and budget best practices to King County. It will consider and implement high payback opportunities identified in the Quantifiable Business Case Report prepared by Dye Management Group, Inc., as well as some activities not specifically included in the consultant's recommended transition plan that are important to lay the proper foundation for success.

ABT is primarily about business process change. It will leverage contemporary technology that the county has partially implemented including the PeopleSoft Human Resources/Payroll system and the IBIS (Oracle) financial system. There will be significant benefits for the county in all business areas.

The ABT operations impacts will be significant. The business processes will change in each business area. The QBC report also provides recommendations for business model change for each business area, such as forming of "competency centers" to support the new model. All recommendations will be evaluated during the course of program planning and implemented to best support transformed business processes.

4.4 BUSINESS GOALS FOR ABT

The County Council adopted in the Vision and Goals Statement, a series of business goals that have been endorsed by representatives of all separately elected officials. These business goals provide the direction for the ABT Program and include general operational goals, technology specific goals, human resource management business goals, payroll business goals, budget preparation business goals, financial accounting business goals and purchasing and inventory management business goals. The adopted business goals can be found in Appendix B.

5.0 EXECUTIVE RECOMMENDATION

The Executive carefully reviewed the QBC report and recommended to the Strategic Advisory Committee that the county embark on the *Accountable Business Transformation* program. The Executive found that ABT is both appropriate and necessary and should be undertaken at this time due to the following:

- The county has acquired valuable experience and lessons learned from the previous efforts. Since the suspension of the Financial Systems Replacement Project (FSRP) in 2000, the County has proceeded in a very careful, methodical and determined pace toward improving its related services, addressing all the pre-requisites for a successful launch of the countywide business transformation effort, as recommended by the 2001 Dye Critical Assessment and Implementation Planning Reports, and the King County Strategic Technology Plan.

- These actions resulted in the Vision and Goals Statement for Enterprise Financial, Human Resource, and Budget Management Program that was endorsed and then adopted in July 2003, the Roadblock Identification and Action Plan completed in December 2003 and this Quantifiable Business Case report finished in July 2004.

- The county has an established technology governance structure, comprised of the Strategic Advisory Council, Business Management Council, Technology Management Board, and Project Review Board to provide some of the structure and discipline essential for projects of this magnitude.

- The county has employed new business management and analytical experts, as well as technology resources with proven expertise in the successful business management, innovation and systems implementation that are dedicated and committed to improving the current business operations model.

5.1 RECOMMENDED BUSINESS AND SOLUTION

Given the county's fiscal constraints, *Accountable Business Transformation* includes a careful and considered proposal for a phased implementation strategy, allowing the county to focus its attention and resources on fewer projects at the beginning, with each project building upon accomplishments of the previous as the program progresses and better manages risks. The initial action plan tasks and expected accomplishments will improve the county's current business model. Program phases are described in Section 5.3, Recommended Implementation Approach, and in more detail in Section 7, Program Plan.

Accountable Business Transformation is not just a migration from one system to another, but is a transformation of business processes that are enabled or supported by contemporary applications. This process of transformation involves business analysis, looking at the current environment and business processes, modifying those processes

to conform to best practices as supported by the new application, and then mapping the transformed processes to the new technology systems.

5.2 RECOMMENDED INVESTMENT PRIORITIES

Dye recommended a series of high payback opportunity areas for consideration by the county. After considered review, the Executive added three additional opportunities for review. The next step is to evaluate each of these high payback opportunity areas and determine which to implement in the detailed business plan and how they should be phased. This work will be completed in 2005. The high-payback opportunities to be reviewed include:

5.2.1 Financials
- Automate, integrate, and consolidate business processes;
- Integrated financial reporting;
- Implement electronic document imaging and management;
- Implement procurement best practices;
- Implement capital asset management best practices; and
- Implement Oracle Financials countywide[11]

5.2.2 Human Resources
- Automate, integrate, and consolidate HR business processes;[12]
- Implement performance management best practices;
- Refine and standardize the collective bargaining process;
- Develop and implement succession planning practices;
- Implement quality assurance strategies; and
- Align human resources practices countywide.[12]

5.2.3 Payroll
- Automate, integrate and consolidate Payroll business processes; and
- Rollout the PeopleSoft solution countywide.[12]

5.2.4 Budget
- Implement enhanced automation;
- Increase analytical capability; and
- Improve capital planning and monitoring

---

[11] Added to the Executive Recommended list of high-payback opportunities to be reviewed.

5.3 RECOMMENDED IMPLEMENTATION APPROACH

The QBC Report recommended a transition/implementation program that would occur in six stages over four years. The Executive's five-year approach calls for eight stages including spending more time up front obtaining high-level countywide policy endorsements and key decisions. The Executive's approach ensures that the program is aligned with the adopted vision and goals and that the county is ready and committed to business process change.

The action plan for this approach calls for

> ➢ Spending significantly more time up front in obtaining high-level countywide policy endorsements for key decisions. This will be done through the ABT Governance Program described in Appendix E.

> ➢ Upgrading Oracle and PeopleSoft to the most current versions prior to reconfiguring the systems for countywide implementation.[12 and 13]

> ➢ Undertaking a two-part planning process that includes developing a high-level business design and cost validation that the elected leadership of the county can review and confirm, followed by a detailed implementation plan with detailed costs. This two-part planning process is consistent with the approach of spending additional time in change management activities and ensuring policy alignment throughout all branches of government.

> ➢ Aligning human resource policies countywide between the Executive branch and other branches in order to align business processes with a best practices model prior to implementing the full human resource functionality of PeopleSoft.

> ➢ Commencing work as outlined in the eight phases described in Section 7.3.

The following table compares the QBC approach to business transformation with the Executive's recommended Accountable Business Transformation Program. A full description of each of these phases can be found in Section 7, Program Plan and Approach.

---

[12] IBIS (Integrated Business Information System), which is a customized version of Oracle Financials, was implemented in 1995 for former Metro agencies. IBIS was initially configured to support former Metro work processes, financial structures, policies and procedures, and since maintained and upgraded to support mainly Transit, Waste Water Treatment and DES straddle agencies financial processes. As a result, its configuration does not adequately support existing county business needs. With the Oracle Financials implementation for the County and to support both unified and the new transformed business processes for the entire county, Oracle Financials will require a new configuration which will meet the business needs of all, and bring in new functionality to further improve business processes.

[13] PeopleSoft was implemented in January 2000 to support the payroll function for former Metro agencies, Transit and Walter Quality because their ISI payroll system was not Year-2000 compliant. PeopleSoft is a powerful human resource management tool that includes a payroll module. Only a fraction of its functionality has been implemented. Like IBIS, PeopleSoft will require new configurations to meet the business needs of all county agencies, and new functionality to improve business processes.

Table 5.3.1
Comparison of QBC Approach and Executive ABT Approach

QBC Recommended Phases	Executive ABT Approach
	Program Governance & Council Oversight
Initial Planning Activities	Initial Planning Activities
	Change Management
Process Tasks Required Before Implementation – Development of a detailed implementation plan	Process Tasks Required Before Implementation – Development of a high-level business design as a preliminary step to development of the detailed implementation plan.
Select Software and System Integrator	Select Software and System Integrator
Perform Phased Agency Implementation	Perform Phased Agency Implementation
Perform Phased Functional Implementation	Perform Phased Functional Implementation
Process Changes Possible Before System Implementation	Process Changes Possible Before System Implementation
	Human Resources Alignment

The following graphic compares the rates of expenditures of the Executive's Recommended ABT Program and the Dye Alternative 3 Recommendation.

Graph 5.3.1
Expenditure Comparison of Executive Recommendation & Dye
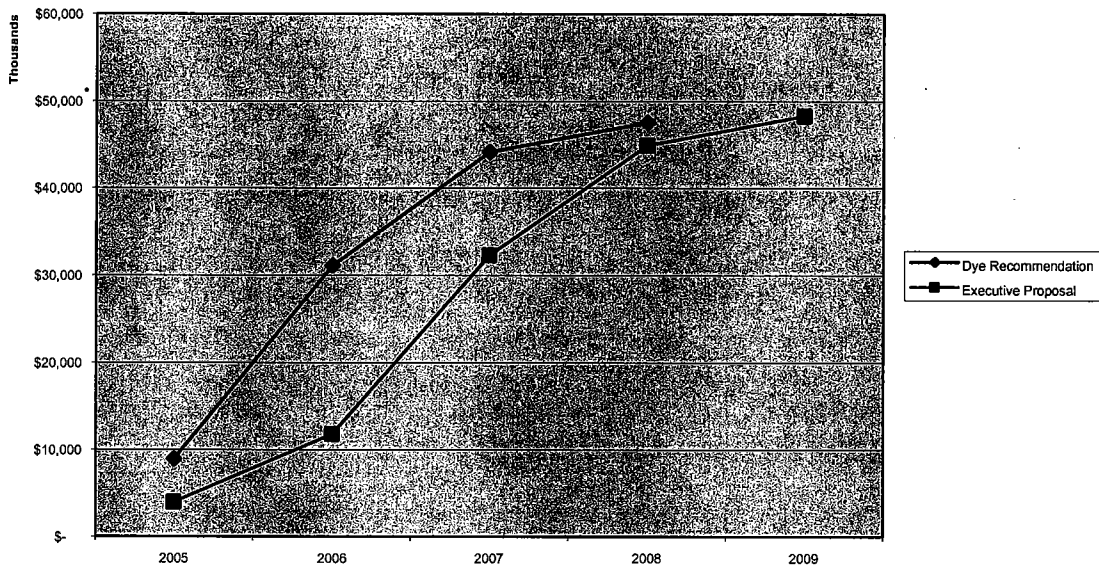
5.4 RECOMMENDED PROGRAM FUNDING

Dye estimated the total cost of the ABT Program to be $47.5 million plus interest expense of approximately $24 million (assuming project costs would be financed through

the issuance of county debt) for a total of $71.5 million. The Executive Recommendation is consistent with the Dye Recommendation and costs, with the addition of tasks to address Change Management and Human Resource Alignment. These additional tasks will be costed as part of the 2005 work program effort.

The Executive did **not** validate Dye's cost estimates. These costs need to be validated through additional work in 2005 as part of the high-level business design activities (Process Tasks Required Before Implementation). Table 1 is a summary of the Executive Proposed ABT Work Program by task.

The following costs are presented as preliminary consultant estimates. Further work will be done in 2005 to validate these costs.

Table 5.4.1
ABT – Executive Recommendation on Phasing
Costs are Based on QBC Report and Require Additional Validation

Task	2005	2006)	2007	2008	2009	Total Costs
Program Governance & Council Oversight	$165,000	Not Costed	Not Costed	Not Costed	Not Costed	Not Fully Costed
Change Management	$100,000	Not Costed	Not Costed	Not Costed	Not Costed	Not Fully Costed
Initial Planning	$225,000	0	0	0	0	$225,000
Process Tasks Required Before Implementation	$2,181615	$3,278,385	0	0	0	$5,435,000
System Integrator		$995,000	0	0	0	$995,000
Perform Phased Agency Implementation	$427,848	0	$17,272,152	$11,375,000	$3,400,000	$32,475,000
Perform Phased Functional Implementation	$343,643	$2,656,357	$3,000,000	$1,200,000	0	$7,200,000
Process Changes Possible Before System Implementation	$376955	$500,000	$303,045	$30,000	0	$1,210,000
Human Resources Alignment	$153,600	Not Costed	Not Costed	Not Costed	Not Costed	Not fully Costed
TOTAL	$3,973,661	$7,389,742	$20,575,197	12,605,000	$3,400,000	$47,943,600

Table 5.4.2 on the following page is a Comparison of the Executive's Proposed ABT Five-Year Expenditure and Work Program and the Dye Recommendation.

Table 5.4.2 Comparison of Executive Recommended Expenditures by Phase and the Dye Transition/Implementation Plan

Function	2005 Dye Year 1 Recommendation	2005 Adopted Budget	2006 Dye Year 2 Recommendation	2006 Executive Proposal	2007 Dye Year 3 Recommendation	2007 Executive Proposal	2008 Dye Year 4 Recommendation	2008 Executive Proposal	2009 Dye Year 5 Recommendation	2009 Executive Proposal	Total Dye Recommendation	Total Executive Proposal
Program Governance & Council Oversight	Not Costed	$ 165,000	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 165,000
Change Management	Not Costed	$ 100,000	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 100,000
Initial Planning	$ 200,000	$ 225,000	$ -	$ -	$ -		$ -				$ 200,000	$ 225,000
Process Tasks Required Before Implementation	$ 5,450,000	$ 2,181,615	$ 10,000	$ 3,278,385	$ -		$ -				$ 5,460,000	$ 5,460,000
Select Software and System Integrator	$ 955,000	$ -	$ -	$ 955,000	$ -		$ -				$ 955,000	$ 955,000
Perform Phased Agency Implementation	$ -	$ 427,848	$ 17,700,000	$ -	$ 11,375,000	$ 17,272,152	$ 3,400,000	$ 11,375,000		$ 3,400,000	$ 32,475,000	$ 32,475,000
Perform Phased Functional Implementation	$ 2,000,000	$ 343,643	$ 4,000,000	$ 2,656,357	$ 1,200,000	$ 3,000,000	$ -	$ 1,200,000			$ 7,200,000	$ 7,200,000
Process Changes Possible Before System Implementation	$ 300,000	$ 376,955	$ 500,000	$ 500,000	$ 380,000	$ 303,045	$ 30,000	$ 30,000			$ 1,210,000	$ 1,210,000
Human Resources Alignment	Not Costed	$ 153,600	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 153,600
Total	$ 8,905,000	$ 3,973,661	$ 22,210,000	$ 7,389,742	$ 12,955,000	$ 20,575,197	$ 3,430,000	$ 12,605,000	$ -	$ 3,400,000	$ 47,500,000	$ 47,943,600

5.4.1 Debt Service Funding

The likely funding source for project costs will require the sale of general obligation debt of King County to be amortized over the 15 year estimated useful life of the improvements of the ABT Program. Based on current market conditions that debt could be sold at an interest rate of approximately 5% and would result in the following total debt service and interest costs over the life of the debt.

Table 5.4.1 Estimated Debt Service Costs for ABT

Total ABT Project Costs	Debt Issuance Costs of 2%	Total Size of Debt Issuance	Average Annual Debt Service Costs	Total 15 Year Interest Costs
$47,882,000	$958,000	$48,840,000	$4,667,000	$21,164,000

There are many ways that the debt to cover project costs could be sold, including the use of short term bond anticipation notes to provide interim project funding. Long term debt could be sold in one of two alternative ways: debt to cover each year's total project costs would be sold at the beginning of each year, or a single issue to cover all project costs could be sold early in the project. With the stated assumptions the only difference is that the debt service is spread over a longer time if multiple issues are sold.

Debt service funding for the project would be based on the concept of the beneficial use of the project elements. The deliverables of the ABT project fall into two broad categories: deliverables which involve configuring the existing IBIS/Oracle and PeopleSoft systems to meet the requirements of agencies which would be moving onto IBIS/Oracle and PeopleSoft, and deliverables which enhance the functionality of the systems and provide greater usefulness for all users, including current users.

Debt service on projects costs for the first group of deliverables -- configuring the existing IBIS/Oracle and PeopleSoft systems to meet the requirements of agencies which would be moving onto IBIS/Oracle and PeopleSoft – would be allocated to all County agencies moving to the IBIS/Oracle and PeopleSoft systems based on estimated usage or other proxy variables that approximate benefits.

Debt service on projects costs for the second group of deliverables -- deliverables which enhance the functionality of the systems and provide greater usefulness for all users, including current users – would be allocated to all County agencies based on proxy variables which approximate the benefits of new functionality and business processes. Appropriate county agencies would develop and implement the allocation methodologies.

5.5 ALIGNMENT TO STRATEGIC TECHNOLOGY PLAN

On March 3, 2003, the County Council approved Motion No. 11660 adopting the King County Strategic Technology Plan 2003-2005 (Revised. This Executive Recommended ABT Approach is consistent with King County Strategic Technology Plan. For a description of the plan alignment refer to Appendix C.

6.0 BUSINESS CASE ANALYSIS

The financial analysis for this program is based on the Quantifiable Business Case Report prepared by Dye Management Group in July 2004. The assumptions used by Dye are summarized in Appendix D to this report.

> **Dye recommended that the costs and benefits for this program be validated through future work.**

6.1 COST/BENEFIT ANALYSIS

In the QBC Report, Dye Management Group identified the costs and benefits to the county to implement three alternatives – status quo, enhance current processes, and business transformation. The Status Quo alternative keeps the current processes and systems that support them. No investment would be made to improve the business processes or the systems. The Enhance Current Processes alternative would improve business processes without replacing the current systems. Changes to business processes would focus on those changes that are not system dependent and can be implemented with minimal system enhancements. There would be significant benefits in the human resource area because these are not dependent on systems. There would be minimal benefits in finance, payroll, and budgeting. The Business Transformation alternative would fully implement the high payback opportunities using industry best practices. It would leverage contemporary technology that the county has partially implemented including the PeopleSoft HR/Payroll system and the IBIS (Oracle) financial system. There would be significant benefits in all business areas.

The Executive Recommendation, Accountable Business Transformation, would implement high payback opportunities using industry best practices. The Executive will consider all the high payback opportunities recommended by Dye in the QBC Report and will select which ones to implement in 2005 as part of the high-level business design. This alternative will leverage contemporary cost technology that the county has partially implemented including the PeopleSoft HR/Payroll system and the IBIS (Oracle) financial system. There would be significant benefits in all business areas.

Unlike Alternative 3, this alternative includes a substantial change management element that is tailored to meet the unique needs of King County government. This element is designed to ensure that key leaders are identified, that the vision and goals are internalized countywide, that the county is fully committed and ready to implement major changes in business processes, and that active participation is built and maintained. The planning phase of this alternative is substantially longer than under Alternative 3 in order to facilitate broader communication amongst county agencies and elected officials. This alternative also includes upgrading Oracle and PeopleSoft to the most current releases prior to configuring them for countywide roll-out.

Table 6.1 is a side-by-side comparison of the high payback opportunities included in each alternative, including the Executive's ABT Recommendation.

As part of the 2005 work program, the Executive will be reviewing each high pay back opportunity and determining which will be implemented. Based on these decisions, a high-level business design will be completed and costs estimates revised.

No separate cost benefit analysis was conducted for the Executive's recommended Accountable Business Transformation Alternative.

6.1.1 Alternatives Cost Comparison

The cost estimates for the three alternatives were developed using industry standard techniques. Dye cautioned that the costs need to be further refined based on the county's decision to use the Oracle system countywide. Initial estimates for the financial system strategy were made by Dye Management Group and Moss Adams in 2001 and are now out of date. The cost assumptions can be found in Appendix D.

6.1.2 Alternative Benefit Comparison

The benefit estimates for each of the Dye Alternatives were based on national standards, industry best practices and county subject matter input. The QBC report quantified tangible benefits where possible and also identified intangible benefits. A description of the tangible and intangible benefits can be found in Sections 6.3 and 6.4.

The report's identified benefits, as well as other specific benefits by each business area, should not be immediately assumed to be available as direct budget reductions. The identified benefits need to be analyzed as the county considers the business changes the county will commit to pursuing. The county also needs to consider whether the benefits represent actual budget reductions or rather opportunities for a redistribution of funds in order to improve other functions and services.

The quantifiable benefits were calculated by the consultant's subject matter experts using conservative assumptions. They were reviewed and discussed extensively with the county functional leads. The potential benefits are large and the county's achievement of even a fraction of them represents a strong business case for moving forward.

It is important to note that the County Auditor is also working to validate the benefits identified by the QBC. The results of this effort will inform the validation conducted by the Executive.

Table 6.1.2 Comparison of Costs and Benefits by Alternative
(source: QBC Report)

Estimated Implementation Costs	Status Quo	Enhance Current Processes	Business Transformation
Estimated Implementation Costs	$0	$5.75 MILLION	$47.5 million in direct costs plus $24 million in interest if financed
Estimated Operating Costs	$0	$30.7 MILLION	$34.5 MILLION
Estimated Net Benefits	$0	$153.2 MILLION	$236.9 MILLION

*The operating costs include the costs of periodic upgrades.

6.2 COST/BENEFIT SUMMARY

In the QBC Report, Dye Management Group estimated that the Business Transformation Alternative would bring contemporary financial and human resource best practices to King County. According to Dye, Accountable Business Transformation can result in almost a $237 million net benefit over 10 years. The upfront investment will be $71.5 million ($47.5 million in direct costs plus $24 million in interest costs) and cumulative incremental operating costs of $34.5 million over a ten-year period. It offers an estimated 230 percent return on investment.

No separate cost/benefit analysis has been completed on the Executive's Recommended **Accountable Business Transformation Program.** For a broad-brush comparison, the Executive's alternative could be assumed to include all of the recommended high payback opportunities. ABT will be implemented over a longer time horizon – five years instead of four and includes additional program elements for change management and HR alignment. This will increase the costs for implementation. Because the program will be implemented over five years instead of four, the timeframe for benefits realization will be extended by at least one year. This would result in a net reduction in benefit over the 10 year planning horizon.

A re-evaluation of costs for the Executive's recommended ABT program is scheduled to be completed in 2005 as a follow-up to the high-level business design. This cost re-evaluation will be based on those high payback opportunities that will be selected for implementation.

The Executive found the Quantifiable Business Case report to be appropriate and necessary, and sufficient to recommend actions based upon its recommendations for the following reasons:

- The QBC report scope and deliverables were developed according to the Vision and Goals Statement.

- The Business Operations Model and QBC reports are based on consultants' expert knowledge of industry best practices for government environments to manage people, processes and technology.

- The reported cost and benefit are estimates with baseline sources from national standards, respectable firms and organizations, such as GFOA, US General Accounting Office, State of Washington, Gartner and others. The estimates have been reviewed for feasibility by the county's project functional leads for human resources, payroll, financials, and budget business areas.

- The reported implementation and operating costs are based on the 2001 Dye Critical Assessment and Implementation Planning Reports and the 2002 Moss Adams Strategic Technology Plan. The costs are comprehensive and provide a sufficient level of confidence for planning purposes. Recognizing that market conditions and technology costs are changing, the QBC report recommends further cost analysis prior to implementation.

- The QBC report recommendation related to technology systems presents the least amount of risk, as both recommended systems, PeopleSoft and Oracle, are already implemented in approximately one-third of county operations, have been upgraded to more current releases and county staff have developed expertise in systems implementation, upgrades, operations and maintenance.

Table 6.1

Comparison of High Payback Opportunity Projects included in the Dye Alternatives and Executive Recommendation

As part of the 2005 work program, the Executive will be reviewing each of the high payback opportunities to determine which to include in ABT and the phasing for implementation for the selected high payback opportunities

Opportunities	Dye Alternative 1 Status Quo	Dye Alternative 2 Enhance Current Processes	Dye Recommendation Business Transformation	Executive Recommendation Accountable Business Transformation
Finance				
Automate, integrate, and consolidate business processes.	• Not addressed.	• Minimal business process improvements.	• Integrated financial system. • Business process improvements.	• Integrated financial system. • Business process improvements.
Integrated Financial Reporting.	• Finance reporting website.	• Enhanced data warehouse.	• Enhanced and integrated financial reporting	• Enhanced and integrated financial reporting
Electronic document imaging and document management.	• Remittance processing equipment scans many county payments.	• Not addressed.	• Document imaging and workflow. • Integrated with financial system.	• Document imaging and workflow. • Integrated with financial system.
Implement procurement best practices	• WTD P-card pilot program.	• Expansion of P-Card program countywide.	• Expansion of P-Card program countywide. • Electronic catalogs.	• Expansion of P-Card program countywide. • Electronic catalogs.
Implement Oracle Financials				• Implement Oracle Financials Countywide
Capital asset management best practices.	• Not addressed.	• Updated capital asset policies.	• Updated capital asset policies.	• Updated capital asset policies.
Human Resources				
Automate, integrate, and consolidate business processes.	• Not addressed.	• Not addressed.	• Single, integrated human resources/payroll system. • Human resources/payroll integrated with budget and financial systems, and processes.	• Single, integrated human resources/payroll system. • Human resources/payroll integrated with budget and financial systems, and processes.

Opportunities	Dye Alternative 1 Status Quo	Dye Alternative 2 Enhance Current Processes	Dye Recommendation Business Transformation	Executive Recommendation Accountable Business Transformation
Refine and standardize the collective bargaining process.	• Not addressed.	• Standard contract language. • Stakeholder involvement in negotiations. • Contract application.	• Standard contract language. • Stakeholder involvement in negotiations. • Contract application.	• Standard contract language. • Stakeholder involvement in negotiations. • Contract application.
Implement performance best management practices	• Not addressed	• Performance appraisals identify key knowledge, skills, and abilities.	• Performance appraisals identify key knowledge, skills and abilities	• Performance appraisals identify key knowledge, skills and abilities.
Implement succession planning and mentoring program.	• Not addressed.	• Individual development plans identify successors. • Mentorship programs develop successors.	• Individual development plans identify successors. • Mentorship programs develop successors.	• Individual development plans identify successors. • Mentorship programs develop successors.
Implement quality assurance strategies.	• Not addressed.	• Formal quality assurance methodology. • Ongoing audits. • Streamlined and consistent human resource processes	• Formal quality assurance methodology. • Ongoing audits. • Streamlined and consistent human resource processes.	• Formal quality assurance methodology. • Ongoing audits. • Streamlined and consistent human resource processes.
Implement Human Resource Alignment				• Extend HR alignment to all agencies in the Executive Branch and the county (KCC, PAO, District Court, Superior Court)
Payroll				
Automate, integrate, and consolidate processes.	• Not addressed.	• Not addressed.	• Single, integrated human resources/payroll system. • Human resources/payroll integrated with budget and financial systems and processes.	• Single, integrated human resources/payroll system. • Human resources/payroll integrated with budget and financial systems and processes.
Implement PeopleSoft				• Rollout the PeopleSoft

Opportunities	Dye Alternative 1 Status Quo	Dye Alternative 2 Enhance Current Processes	Dye Recommendation Business Transformation	Executive Recommendation Accountable Business Transformation
Budget				solution countywide
Automate, integrate and consolidate business processes	• Not addressed.	• Improved integration with M-Base. • Essbase open to department input. • More department access to budget information.	• Robust budget system integrated with departmental systems. • Significant integration with Financial, Human Resources, and Payroll processes and systems.	• Robust budget system integrated with departmental systems. • Significant integration with Financial, Human Resources, and Payroll processes and systems.
Improve capital planning and monitoring	•	•	• Improve capital planning and monitoring	• Improve capital planning and monitoring
Increase the analytical capability.	• Not addressed.	• Activity based costing. • Focus on performance measures. • Improved reporting and analysis tools through data warehouse.	• Activity-based costing supported by technology. • Performance measures integrated with Budget and Financial Systems. • Robust access to integrated budget, financial, human resources, and payroll data.	• Activity-based costing supported by technology. • Performance measures integrated with Budget and Financial Systems. • Robust access to integrated budget, financial, human resources, and payroll data.
Improve capital planning and monitoring.	Not addressed.	• Multi-year project financial budgets and expenditures through financial data warehouse.	• Integrated project planning and monitoring processes. • Countywide capital planning. • Countywide capital project monitoring.	• Integrated project planning and monitoring processes. • Countywide capital planning. • Countywide capital project monitoring.

6.3 TANGIBLE BENEFITS

Table 6.3.1 is a description of improvement opportunities and of the benefits calculated by Dye Management in the QBC for each of the high payback opportunities. These tangible benefits will be re-evaluated in 2006 for ABT once the detailed implementation plan is completed. For purposes of this chart two of the high payback opportunities have been combined as indicated. The recommendation to roll-out PeopleSoft and Oracle countywide have not been explicitly costed.

Table 6-3.1 Projected Benefits for ABT High Payback Opportunities
(source: QBC Report)

High Payback Opportunity	Annual Benefits
Financials Business Area	
Automate, integrate, and consolidate business processes	$6,211,000
Implement electronic document imaging management	$2,490,000
Implement procurement best practices	$5,484,000
Implement capital asset management best practices	$118,000
Human Resources Business Area	
Automate, integrate, and consolidate business processes	(see payroll business area)
Implement performance management best practices	$14,082,000
Refine and standardize the collective bargaining process	$164,000
Develop and implement succession planning practices	$1,330,000
Implement quality assurance strategies	$1,358,000
Payroll Business Area	
Automate, integrate and consolidate business processes	$3,192,000
Budget Business Area	
Implement enhanced automation	N/A
Increase analytical capabilities	N/A
Improve capital planning and monitoring	N/A
TOTAL	**$34,429,000**

6.4 INTANGIBLE BENEFITS

Table 6.4.1 below summarizes the most significant tangible and intangible benefits of the recommended and existing models.

Table 6-4 Tangible and Intangible Benefits of Business Models
(source: QBC Report)

Existing Model (Status Quo)	Accountable Business Transformation
• Users are familiar with the current process.	• Integrates budget, finance, payroll, and human resource systems and processes.
• Human Resources Unification Project is defining countywide policies and procedures	• Eliminates dual systems and duplicate data entry.
• Supports timely production of accurate paychecks	Reduces supplemental ad hoc systems and associated processes.
	• Improves budget, finance, payroll and human resource analysis tools. Provides more timely and accurate management reports and financial information.
	• Finance processing efficiency savings.
	• Annual savings in payroll processing efficiency.
	• Annual savings in human resource processing.
	• Savings in purchase costs through increased leverage from integrated purchasing process and data and E-Procurement.
	• Saves by reducing the county's operating budget by implementing activity-based costing (ABC).
	• Saves by reducing the county's operating budget by implementing performance measures.
	• Saves annually by implementing Asset Preservation.
	• Savings in purchase costs through increased leverage from integrated purchasing process and data and E-Procurement.
	• Supports electronic storage of documents, increases security, reduces risks, and facilitates audits.
	• Reduces payroll processing costs per employee, reporting costs, and customer service costs
	• Improves employee retention and morale.
	• Improves communication of expectations associated with job performance.
	Increases employee accountability.
	• Consistent contract language reduces chances of misinterpretation, grievances, and litigation.
	• Improved succession planning and mentoring reduces costs to fill vacant positions
	• Provides a potential reduction of hardware and support costs if an enterprise server platform can be employed to support the systems.

6.5   FUNDING AND INVESTMENT ANALYSIS

The cost and benefit model used in the QBC Report is based on an aggressive and concentrated program. Additionally, the program costs represent estimated costs for all related expenses, not all of which require capital funding. The ABT Program will be a multi-year effort with multiple stages and incremental projects.

6.5.1 Minimum Funding Requirements

The Accountable Business Transformation Program as described in this report will require approximately $47.5 million in capital funding. This estimate is based on the Dye cost estimates. *Dye strongly recommended that these costs are preliminary and must be validated through future work based on a detailed implementation plan*.

As described in Section 5, the adopted budget for 2005 is $3.97 million. Using Dye's cost estimates, the county would require an additional $44.1 million to accomplish the full program. This estimate does not include the cost of the Human Resources Alignment Program or for change management. These elements will cost $382,555 in 2005. These costs also do not include upgrading PeopleSoft and Oracle to the latest releases prior to program implementation. All cost estimates are preliminary and will be refined based on the high-level business design to be completed in 2005. Costs for human resources alignment and change management for 2006 through 2009 will be costed as part of this cost validation effort.

For a discussion of the proposed funding program for ABT and the estimated debt service costs refer to Section 5.4 of this report.

7.0 PROGRAM PLAN AND APPROACH

The QBC Report recommended a transition/implementation program for business transformation that would occur in six stages over four years at a cost of $47.5 million in direct costs plus interest costs of approximately $24 million for a total of $71.5 million. These cost estimates were made in 2002. Dye recommends and the Executive agrees that the county must do detailed implementation planning to validate the costs of the program.

> ➢ The first three stages are tasks related to detailed planning for technology systems during which key business process decisions are made. This planning phase would take 14 months and were estimated by Dye to cost approximately $6,615,000. These stages are:
>   • Initial planning;
>   • Select software and system integrator; and
>   • Process tasks required before implementation.
> ➢ The two next stages relate to phasing the rollout to agencies and phasing expanded functionality. Once the planning is complete, Dye recommends rolling the technology out to county agencies in four groups over three years – first to straddle agencies, then to three subsequent groups to be determined during the planning phases. Additional functionality would also be rolled out in phases. This rollout is estimated to cost $39,675,000 million. These stages are:
>   • Perform phased agency implementation; and
>   • Perform phased functional implementation.
> ➢ The final stage, which is independent of the technology, involves business process changes for human resources and capital budgeting. This stage extends over the life of the project at a cost of $1.2 million.

7.1 Executive Recommended ABT Program Approach

The Executive Recommendation includes eight phases which include and expand upon the six phases recommended by Dye in the QBC Transition/Implementation Plan. In addition, the executive recommendation incorporates strong governance structures, extensive external oversight and ongoing quality assurance assessment to ensure that risks are minimized, costs are effectively monitored and benefits can be realized. The 2005 budget includes $165,000 for external council oversight to be managed by the Council Auditor's Office. Other costs for program governance and quality assurance are included in program management and the individual work phases. Throughout the life of the project, additional funds may be required for council oversight activities. The following describes each phase of ABT and distinguishes the executive recommendation from the Dye recommendation where appropriate.

Refer to Section 5 for further discussion of the Executive's planning approach and a comparison of the expenditures over the course of program implementation.

• **Initial planning** – This phase includes defining initial scope of phases and selecting a vendor to assist in preparatory analysis and system requirement phases. This will occur over the first three quarters of 2005 at a cost of $225,000.

- **Change management** – This phase has been added by the Executive ensure that high-level endorsements and concurrence occur at the beginning of the project in order to minimize risk. The change management activities include ensuring that the program is aligned with the adopted vision and goals, developing and implementing a communications program, implementing a robust sponsorship program, ensuring that the organization is ready and committed to business process change, implementing a change agent program and developing a risk mitigation strategy. This work will continue throughout the program. The cost for change management in 2005 is $100,000. It has not been costed for subsequent years.

- **Process tasks required before implementation** – This phase addresses key decisions that must be made for the county to make the business process changes needed to achieve the identified benefits and to reduce implementation risks. This will set the standard for implementing policy and business processes as the phases proceed. The issues to be addressed include determining whether to use an activity based costing strategy, developing a cost allocations plan, developing a labor distribution methodology, developing an accounting structure, identifying areas that require resolutions to labor agreements, developing a position management approach, developing human resource competency management, recruitment, succession planning and performance management strategies, and determining the implementation strategy. These business process requirements will be used to configure Oracle Financials and PeopleSoft systems to meet the business needs of the entire county and replace the existing IBIS, ARMS and MSA systems[14]. Early decisions on the identified issues will allow contracts for grants and contracts for services to cities and other jurisdictions to be aligned to new processes. During this phase the requirements for core functionality as well as additional functionality will be defined. Key areas for which requirements are needed include: human resources, payroll, financials and budget functional requirements. Hardware and software requirements for implementation also need to be evaluated. These tasks will occur during 2005 and 2006 at a cost of $5,435,000.

- **Select software and system integrator** – The purpose of this phase is to select a system integrator to support the remaining implementation efforts. The single system integrator will be able to address PeopleSoft and Oracle configuration, best practices, and integration. This will occur in 2006 at a cost of $955,000.

- **Perform phased agency implementation** – straddle[15] agencies are assumed to be the first group to convert. This will include rolling out the countywide version of Oracle to agencies that currently use IBIS[16]. Dye recommends that all straddle agencies be moved after Oracle and PeopleSoft have been configured for countywide application. The Executive recommends that those straddle agencies that are part of the Department of Executive Services (ITS, HRD and FBOD) be moved to existing IBIS and PeopleSoft systems in 2005 as a pilot migration project. The remainder of the straddle agencies would move to the reconfigured countywide Oracle and PeopleSoft systems in 2007. Subsequent agencies are assumed to be staged in three groups with the additional assumption that labor, grants and service contract issues will be resolved prior to beginning conversion work. The DES straddle agencies will be migrated during 2005.

---

[14] ARMS is the core financial system and MSA is the core payroll/human resources system that are used to support agencies that were part of King County prior to the Metro Merger in 1995.
[15] A straddle agency uses both financial systems (ARMS & IBIS) and human resources/Payroll systems (MSA & PeopleSoft) to process transactions.

The remainder of agency implementation will occur in 2007 through 2009. Total cost of phased agency implementation is $32,475,000.

- **Perform phased functional implementation** – This work relates to implementing new functionality such as workforce management, succession planning, activity-based costing if it proves a viable business solution, e-procurement and document imaging. A schedule for phasing functional implementation will be developed in the detailed implementation planning phase. It is expected to begin in 2007 and continue through 2009 at a cost of $7,200,000.

- **Process changes possible before system implementation** – This phase addresses those opportunities that are not technology driven. While this work can be accomplished prior to having the supporting technology implemented, maximum benefit from the work will be achieved through implementation of the supporting technology in PeopleSoft and Oracle. Tasks identified include: asset management policy development, capital planning and monitoring improvements, human resources workforce management, succession planning, human resource quality assurance, and standardization of union contracts. This work will occur from 2005 through 2007 at a cost of $1,210,000.

- **Human Resources Alignment.** – This work relates to aligning human resources practices and policies across separately elected offices consistent with a similar human resources unification initiative carried out in the Executive Departments. The Human Resources Division, in collaboration with the separately-elected agencies, will develop a program to achieve process and procedure alignment. This work, which will occur throughout the life of the project, was not included in Dye's cost estimates. The 2005 budget includes $153,600 for HR alignment. No estimates have been made for this work for 2006 through 2009.

7.2 TARGET MILESTONES AND DECISION POINTS

Target milestones for the project will be refined based on the 2005 high-level business plan. At the same time, target milestones will be established for implementation activities projected to take place between 2007 and 2009. The present schedule is:

PRB Funding Release of Unencumbered Funds	February 2005
Establish Program Governance	April 2005
Upgrade Oracle to latest release	December 2005
Upgrade PeopleSoft to latest release	July 2006
Complete DES Straddle Agency Roll-out	December 2005
Complete High-Level Business Design & Cost Estimate	December 2005
Complete Detailed Implementation Planning	December 2006
Begin Rollout of Oracle/PeopleSoft to Agencies	January 2007
Begin Phased Functional Implementation	January 2007
Complete Project	December 2009

7.3 EXECUTIVE RECOMMENDATION FOR 2005 PLANNING TASKS

The scope of the 2005 work program is substantially smaller than the scope of the planning work recommended by the QBC Report for Year One - $3.9 million versus $8.9 million. The Executive recommendation would result in a high-level business plan and a high-level cost

43

validation, establishment of the Program Management Office and initial phased implementation. In addition, the work program addresses elements not included in the Dye Report – governance, change management and HR alignment. It also produces solid results by migrating the DES straddle agencies (ITS, HRD and FBOD) from ARMS/MSA to the existing versions of IBIS and PeopleSoft.

The following table is a crosswalk between the Dye recommendation for 2005 and the Executive recommendation including expenditure levels.

Crosswalk: Dye Recommendation for Year 1 and Executive Recommendation for 2005

DYE RECOMMENDATION - Year One Tasks	Cost	EXECUTIVE RECOMMENDATION 2005	2005 ABT Budget	Other Appropriation
Project Governance	Uncosted	**Management Planning -**	$ 165,000	$ 29,000
Establish Policy Committee -Establish and staff critical governance roles -Hire outside integrator to staff Program Manager -Independent Program oversight		Develop Program Charter, Roadblocks Report, HR Functional Plan, Business Case in response to Motion #12024 & 2005 Budget Proviso		$ 29,000
		Council Auditor/Oversignt	$165,000	
Initial Planning - defining the initial scope and developing RFP, selecting vendor to assist in the Prep Analysis and system requirements projects	$ 200,000	**Initial Planning** - defining the initial scope and developing RFP, selecting vendor to assist in the Prep Analysis and system requirements projects	$ 225,000	$ -
		Hire Program Manager	$ 125,000	
		Hire PMO staff and identify county teams	$ 100,000	
Change Management Approach	Uncosted	**Change Management Approach**	$ 100,000	$ -
Alignment of Project Vision and Goals Communication Program Sponsorship Program Organization Readiness Assessment Change Agent Program Risk Mitigation Strategy		Roadblocks Report Update #2. -Assess vision & goals for communication & internalization countywide -Establish key leaders and assess & define their sponsorship abilities/roles, -Establish county's commitment, readiness and ability to accept change, -Plan, build and maintain active participation, -Develop risk mitigation strategies. -Resolve 3 to 5 business roadblocks	$ 100,000	Update #1 done as part of response to Motion #12024
Organization Transition Program				
Performance Based Training				
Transition Management Plan				
Process Tasks Required Before Implementation - ABT Implementation Planning Decisions on key business process issues and detailed implementation plan. -Develop cost allocation plans -Develop labor distribution methodology -Develop accounting structure -Determine activity based costing strategy -Determine payroll schedule -Identify areas that require resolution in labor agreements	$ 5,450,000	**Process Tasks Required Before Implementation - ABT Implementation Planning** Develop high level business design and make key business process decision. Detailed implementation plan done in 2006. -Review high-payback opportunity areas for inclusion in project, -Develop high level business design based on selected payback opportunities. -Perform high level cost validation. In-depth cost/benefit analysis will be done in 2006 with the detailed implementation plan. -Identify staffing needs and hire consulting services	$ 2,181,615 $ 1,583,615	$ -
Define core functionality requirements for HR/Payroll, Financials, and new business processes (ie integrated budget, performance measures, asset management, project management, document imaging and E-procurement)		Develop plan for PeopleSoft Upgrade (to be implemented in 2006) -Identify expanded PeopleSoft functionality and develop schedule for phased implementation (Performance Managmeent, Quality Assurance); -Enhance HRD internal expertise on PS; -Evaluate and verify HR business processes to be implemented in phases.	$ 598,000	
Evaluate hardware, licensing and support model				
Organizational alignment of support organization- define Competency Center make-up				
		Determine Implementation Strategy		
		Upgrade Oracle		in ITS Base
Select Software and System Integrator	$ 955,000	**Select Software and System Integrator**	Hired in 2006	
Select Software and System Integrator				

Crosswalk: Dye Recommendation for Year 1 and Executive Recommendation for 2005
- continued -

DYE RECOMMENDATION - Year One Tasks	Cost	EXECUTIVE RECOMMENDATION 2005	2005 ABT Budget	Other Appropriation
Perform Phased Agency Implementation		**Perform Phased Agency Implementation**	$ 427,848	
Phased implementation start with Straddle Agencies		Migration Pilot Project - DES Straddle Agencies move to IBIS/PeopleSoft as is	$ 427,848	
Straddle Agencies to new configurations				
Group 2				
Group 3				
Group 4				
Perform Phased Functional Implementation	$ 2,000,000	**Perform Phased Functional Implementation**	$ 343,643	
Integrated budget		Integrated budget requirements	$ 343,643	
Activity based costing and performance measures		Decision on activity-based costing and performance measures	included above	
P-Card				
E-Procurement		I-Procurement Pilot Project		$ 330,000
Document Imaging				
Process Changes Possible before System Implementation	$ 300,000	**Process Changes Possible before System Implementation**	$ 530,555	
Asset Management Policy				
Capital Planning and Monitoring				
Performance Management (HR)		Performance Management	$ 376,955	$ 149,000
Union Contracts		Union Contracts		in HRD base
Succession Planning		Succession Planning		
Quality Assurance		Quality Assurance		in HRD base
HR Alignment	Uncosted	HR Alignment	$ 153,600	
	$ 8,905,000		$ 3,973,661	$ 537,000

The following is a description of the work to be accomplished in 2005.

Task 1 - Project Governance and Council Oversight

The initial planning phase will address the program governance as a critical and key component for further efforts. The program charter is scheduled for adoption by the ABT Leadership Committee in the second quarter of 2005. At that time, the governance process will be initiated and implemented including the ABT Leadership Committee, ABT Advisory Group, ABT Management Team and Operations and Change Committee.

The program governance will be assessed and evaluated upon the completion of the High-level Business Design phase, and staffing re-evaluated and adjusted for future activities to best meet the needs of the future efforts while ensuring governance continuity and accountability.

The 2005 budget includes $165,000 for external council oversight to be managed by the council auditor. In addition, the executive recommendation incorporates extensive external oversight and ongoing quality assurance assessments in each task of the program to ensure that risks are minimized, costs are effectively monitored and benefits can be realized.

The outcome measures are an adopted charter and realization of effective governance through establishing and initiating the work of the committees and Program Management Office.

Task 2 - Initial Planning/Startup

The initial planning work for 2005 includes defining the initial scope of the program, hiring the Program Manager and staffing the Program Management Office, and selecting the vendor to assist in the preparatory analysis and high-level business design.

The milestones include establishing the Program Management Office, hiring a Program Manager and initial staff. The county technical and functional teams will be identified.

Task 3 – Change Management

The work program for change management includes two phases – an update of the Roadblocks Identification and Action Plan (December 2003)[17] followed by another comprehensive update addressing the implementation roadblocks.

The review of the initial Roadblocks Identification and Action Plan (December 2003) will be completed by April 1, 2005 and transmitted to Council in response to the 2005 Budget Proviso. This update will include reviewing the QBC reports to identify and address any new roadblocks that emerged from the QBC work. Major Program Justification and Approval roadblocks are expected to be resolved at that time by adoption of all proviso documents.

Another update of the Roadblocks Report to address the implementation roadblocks will be completed in December 2005. At that time the Roadblocks will once again be reviewed, with identified required policies, timelines for resolution in regard to the next phases of the program implementation. The update will summarize the results of the initiation and resolution of the three to five implementation roadblocks and the key business decisions that have to be resolved and made prior to any technology implementations

---

[17] The Roadblocks Identification and Action Plan (December 2003) can be located at http://metrokc.gov/oirm/projects/qbc.aspx.

The outcome measure is resolution of three to five implementation roadblocks and key business design decisions.

The implementation roadblocks that would require an early resolution are:

- *Program challenges were not addressed with a spirit of teamwork among Executive, Legislative and Judicial senior leadership.*

- *The County did not have the experience to manage the implementation of an enterprise-wide system", and "The Program Management Office (PMO) was not provided the authority necessary to actively direct and manage the program.*

- *The program Steering Committee was not as effective as it could have been" and "Key program initiatives stalled for lack of timely resolution of policy issues.*

- *The program lacked a well-conceived, structured, comprehensive business change management process reinforced by a visible and active senior-level commitment.*

- *Development of a Detail Program Implementation Plan . – This work will start in 2005, to be completed in 2006.*

The key business decisions to be determined prior to any technology implementations are described in Task 4 below.

In addition to the Roadblocks Reports, substantial work will occur to help position the government to accept business process transformation. Outcomes of change management include a high-level change management plan, including activities such as:
- ➢ Communicating and internalizing the vision and goals;
- ➢ Establishing key leaders, and assessing and defining the sponsorship abilities and roles;
- ➢ Establishing the county's commitment, readiness, and ability to accept changes that are committed to in the Vision and Goals, Program Charter and other adopted ABT documents;
- ➢ Planning, building and maintaining active participation; and
- ➢ Developing and implementing risk mitigation strategies.

Task 4 - Process Tasks Required Before Implementation
Substantial planning must occur to make key business decisions for county functions and determine how to best meet business requirements through technology systems.

Key Business decisions that should be addressed before proceeding with technology implementations include:

- Determine whether to pursue an Activity Based Costing Strategy,
- Develop Cost Allocations Plan,
- Develop Labor Distribution Methodology,
- Develop Accounting Structure,
- Determine Payroll Schedule,
- Identify Areas that Require Resolutions to Labor Agreements, and
- Determine Position Management Strategy,
- Determine Cost Competency Strategy,

- Determine Strategy for Succession Planning and Performance Assessments,
- Determine Implementation Strategy.

Addressing these issues early will allow the requirements definition and implementation phases to proceed with reduced risk. Early decisions on these policy issues will allow contracts for grant reimbursement and services to cities and other jurisdictions to be aligned with best practices before the affected agencies convert to new technologies.

Ultimately the planning will result in a detailed implementation plan. The Executive recommends that this extensive planning occur over two years – 2005 and 2006.

Outcomes for Task 4 in 2005 include:
   a) Reviewing and assessing QBC-recommended high payback opportunities for each of the four business areas and adopt recommendations. The Program governance will be the main vehicle to determine which of the QBC recommended opportunities would be implemented. Countywide agreement and adoption will be required, potentially in the form of policies.
   b) Performing a very high-level process design for each business area based on the selected high payback opportunities, resulting in the key business decisions such as the new accounting structure, labor distribution methodology, and others as identified in the Dye report and listed in the cross-walk attachment. The major changes to the businesses will be identified. The major required business changes will be assessed in all county agencies for potential roadblock status.
   c) Completing a very high-level cost validation based on the high-level business area design and hardware/software evaluation.
   d) A PeopleSoft upgrade from version 8.1 to 8.9 will be completed in 2006. In 2005, a plan will be developed for this upgrade that will include key business decisions and high-level planning for both existing and expanded functionality. A focus of this work will be evaluating HR-related high payback opportunities and coordinating functional requirements with ongoing work on HR alignment and business process changes in workforce management, succession planning and quality assurance. To support this, Human Resources Division (HRD) internal expertise in PeopleSoft will be enhanced.[18]

The deliverables are a determination of which high payback opportunities to pursue, policies as needed to direct implementation of those high payback opportunities, a high-level Business Area Design, a plan for phasing the implementation of PeopleSoft and Oracle, and enhancement of HRD internal expertise. As part of the detailed planning effort in 2006 the project team will evaluate the possible implications of the merger of PeopleSoft and Oracle on project activities and the future migration path for both products.

Task 5 - Phased Agency Implementation
The phased implementation of Oracle and PeopleSoft will be initiated in 2005 through a pilot migration project for the DES straddle agencies. Dye recommended that all straddle agencies be rolled onto the countywide versions of PeopleSoft and Oracle. This work effort accelerates the straddle agency rollout by migrating the DES straddles to the existing versions of PeopleSoft and IBIS.

---

[18] In a parallel effort, Oracle will be upgraded to the most current release in fall 2005. The Dye cost estimates did not fuly cost upgrades to PeopleSoft and Oracle and the associated hardware needs. Dye also did not estimate the costs for integrating business applications that interface with PeopleSoft and Oracle.

Three DES straddle agencies are selected for rollout to PeopleSoft and IBIS/Oracle in their existing configurations in 2005 – Human Resources, Information and Telecommunications Services, and Finance and Business Operations. The two major activities include:

a) Develop DES Straddle Agency Implementation Plan and submit for the PRB approval in May 2005. A quality assurance evaluation will be done by an outside consultant on the plan and reported to PRB in June.

b) Implement the rollout from July through September with clean-up activities to continue through year-end. It is anticipated that employees will move to PeopleSoft payroll system in August 2005. The agencies will phase-in operations on IBIS and begin full operation on a single IBIS financial system January 1, 2006.

The outcome measure is conversion of employees and financials in HR, ITS and FBOD. The deliverables are:

a. Move approximately 200 staff from MSA to PeopleSoft for payroll and benefits. (The exact number to be moved will be determined in the planning process.)

b. Start using IBIS instead of ARMS for the DES straddles beginning with staff costs (payroll and benefits) when staff is moved to PeopleSoft. Remaining budget balances will be moved from ARMS to IBIS and any new purchases or transactions with other IBIS agencies will be recorded in IBIS.

c. The agencies will move fully to IBIS (except for inter-system business transactions) on January 1, 2006.

Task 6 - Phased Functional Implementation

In coordination with the review of high-payback opportunities in Task 4, a comprehensive review will be conducted to develop budget business model high-level requirements. The county currently uses two budgeting systems. The ABT goal is to implement a standardized and streamlined operating and capital budgeting system with increased analytical capability and improved capital planning and monitoring. This work is included in this task since it will expand the functionality of our systems. A decision will be made in 2006 whether to use the budgeting module in Oracle or to select a separate system that better serves the county needs based . upon the budget business requirements and functionality needs. If a separate system is purchased then a key objective will be seamless integration with Oracle.

These budget system requirements will be an assumption of the high-level business plan outcome for Task 4.

The outcome will be a high-level Budget Business Requirements document.

Task 7 - Process Changes Possible Before System Implementation

The QBC Report recommended six categories of possible business process changes that could be made before the new technology systems are implemented –HR performance management plan, union contract standardization, succession planning, HR quality assurance, asset management policy development, and capital planning and monitoring policy development. The 2005 work program will initiate the planning work for two of these. A full description of the 2005 human resource-related work program for ABT can be found in Appendix G, the Human Resource Implementation Plan.

The deliverables are:

Task 8 - Human Resources Alignment Implementation
In September 2004, the County Council adopted Motion No. 12024 directing that HR alignment will be extended to the other agencies in the Executive Branch (King County Sheriff's Office, Department of Assessments) and the other non Executive Branch county agencies (King County Council, Prosecuting Attorney's Office, District Court, Superior Court.) The goal is to align and improve HR business practices, ensuring compliance with laws and county policies and to support effective, efficient auditing. A full description of this task can be found in Appendix G, the Human Resource Implementation Plan. The major activities include:

    a) In collaboration with the agencies listed above, develop a work program to implement principles of HR Unification for each agency;
    b) Determine the specific staffing model with each agency to support the program;
    c) Establish operating protocols to support and achieve policy/direction; and
    d) Establish ongoing resources for HR Alignment in the 2006 Budget.

Task 9 - 2006 Work Program and Budget Proposal for the Next Phase
A 2006 work program and a budget proposal to finalize the countywide implementation planning, detail business area design, and related tasks will be developed.

The deliverable is the plan being approved and funded.

2005 ABT WORK PROGRAM

2004														06
Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec		Jan

Program Governance and Change Management
- Develop Motion 1204 Response
- Develop 2005 Budget Proviso Response
- Establish Governance and Adopt Program Charter
- Council Approval
- PRB
- Hire Program Manager
- Hire Consulting
- Staff PMO & County Teams
- Resolve 3-5 Implementation Roadblocks
- Establish Key Leaders
- Develop Comm. Plan
- Ensure Agency Participation
- Update Roadblocks
- Develop Detailed 2006 Work Program

Process Tasks Before Implementation
- Select High Payback Opportunities
- Make Key Business Decisions
- Develop High Level Business Process Design
- Develop High Level Multi-Year Plan/Cost
- Evaluate/verify HR Business Processes to be implemented
- Identify PeopleSoft New Functionality
- PeopleSoft Upgrade Plan
- Oracle Upgrade

Perform Phased Functional Implementation
- Staff Budget Team
- Define Integrated Budget Requirements
- Implement I-Procurement Pilot

Phased Agency Implementation
- Develop DES Straddle Migration Plan
- QA
- PRB
- Migrate DES Straddle to PS and IBIS
- Post-Migration Assessment
- QA

Process Changes Possible Before System Implementation and Human Resources Alignment
- Define Workforce Perform. Mgmt Business Process
- Develop Quality Assurance Process
- Develop Plan for HR Alignment (Sheriff and Assessor)
- Develop Workforce Perform. Mgmt Implementation Plan
- Establish Quality Assurance Procedures
- Implement HR Alignment (Sheriff and Assessor)

7.3 PROGRAM MANAGEMENT AND GOVERNANCE

Program governance is a critical and key component of the success of the ABT program. ABT Governance includes bodies that provide policy direction, oversight and program management. A full description of the proposed governance process can be found in the ABT Program Charter which is attached as Appendix E.

7.4 Communications Plans

Due to the current work plan and the timing of the implementation efforts, a full communication plan has not been developed at this time. A communications plan will be developed by the Program Manager in 2005.

7.5 Risk Management and Mitigation Program

ABT is a large enterprise-wide program that requires a significant investment and will span a five year period. As with any large complex project that involves both business model change and technology implementations, the ABT Program has significant associated risks. In December 2003, the county developed a Roadblock Resolution and Action Plan report to identify obstacles that would prevent the program from being successful, and a plan for removing those obstacles. This action plan was based on the lessons learned from the Critical Assessment of the FSRP Program in 2001, and other follow-up studies and reports.

In 2004, the QBC Report again reviewed program risks in the context of the Roadblocks Report and recommended mitigation strategies. To ensure that the county fully understands program risks, all risks identified through QBC were cross-referenced and associated with roadblocks initially identified in 2003. Likewise, the risk mitigation strategies proposed in the QBC report were aligned with the roadblock resolution approach and plan. The Addendum to the Roadblock document provides more detail on that analysis and its results. Both, the initial roadblock document and the addendum are attached as Appendix F.

7.5.1 Risks

The following is a list of ABT Program risks and their mitigation strategies.

Risk #1: The project fails due to factors related to leadership, governance and change management.

The ABT Program Charter establishes a strong governance structure the has clear lines of authority and responsibility for leadership, decision-making and change management. The Program Sponsor, who is the county's Chief Administrative Officer reporting to the County Executive, has decision-making authority. The charter includes a Leadership Committee chaired by the County Executive whose members include the elected leadership of county government and who share, along with the executive, the cross-agency policy responsibilities. The charter places oversight responsibility on an inter-agency Advisory Committee whose members represent the elected leadership. An ABT Management Team to advise the CAO has been established which includes the Budget Director and the CIO. The Program Manager, who

reports to the CAO, chairs a cross-agency Operations and Change Management committee, with members reporting to their agency leaders.

Risk #2: The project fails due to inadequate project management practices, including the assignment of authority and accountability for projects, planning, coordination, and direction of projects' resources.

The Program will hire a Program Manager with a background in successful business model and ERP program delivery. The Program Manager will form the Program Management Office to manage the Program scope, budget, schedule and deliverables through distinct projects, managed and coordinated centrally.

Risk #3: The business requirements are not met and/or required technical capacity is not provided.

These functional risks will be mitigated through in two ways. The Program does not plan on yet another extensive business requirements effort. The previous efforts provide an excellent starting point to re-validate end-user requirements and properly set end-user expectations regarding what will and will not be in the final implemented solution. The greater challenge is the business processes and operations model transformation. An inventory of the business processes to be aligned and/or re-designed will be performed early in the Program. The agreement on the priorities, conceptual approach, practice, and work-flow by impacted end-users will be accomplished through the Operations and Change Management Committee.

Skilled consulting and county's technology experts will be charged with configuring, testing and implementing the technical infrastructure. The Program Manager and the PMO are responsible for ensuring that the appropriate technical resources needed to develop and conduct project tests and assessments are available in a timely manner.

Risk #4: Program is too complex as it is a large undertaking including the relative complexity of business and technical requirements, changing business practices and technology implementation.

The Program will be organized and phased into multiple projects managed centrally and coordinated thru the Program Management Office. The Program will implement PeopleSoft and Oracle solutions. Both are standard, commercially available software that are proven and vendor supported. The county already has significant expertise in both technologies, which will significantly minimize the risk. Program vision and goals direct that the software customizations be minimized. The integration approach is to first assess and select vendor provided integration solutions if available.

Risk #5: Program in not able to ensure adequate staff resources.

A program of this magnitude and scope requires resources skilled in both business processes and technology. The ABT Program will rely on both outside consulting and contract resources, as well as the county's own business and technology experts. The Program will operate from resource-loaded project work plans at a level of detail that will enable the Program Manager and county agency managers to more accurately forecast needs for the program and for "backfilling" staff to ensure that the county's ongoing operations needs are met. The commitment of internal resources would be ensured through program governance, and initiated and maintained specifically thru the ABT Operations and Change Management Committee.

Risk #6: Business process changes and the new business operations model are not adopted county-wide due to inadequate stakeholders' involvement and support.

The ABT Operations and Change Management Committee is charged with sustaining the framework provided by the four adopted ABT policies. The Committee includes the business management level representatives from all county's agencies. Their involvement in all major business process redesign decisions will minimize resistance to changing business practices and systems and ensure the new business practices are acceptable countywide. Their responsibility is to implement a well-conceived, structured business change management process to ensure end-users have the appropriate incentive and resources for planning and preparation.

The communication program will clearly articulate the program goals and objectives with a focus on education and building the commitment for change early in the Program, and maintaining it over the course of the Program.

A Training Plan and an Assessment and Certification tool will be implemented to ensure that the proper level of training necessary to operate in the new environment is provided.

Risk #7: Controlled delays caused by funding constraints will alter the cost/benefit model of the Program.

The ABT Program is one of the programs identified as "strategic" in the King County Strategic Technology Plan. With a Program Office establishing strategic unity for the Program, controlled delays would result in extending the duration of the Program, but should result in minimal cost increase caused by the extended timeline if managed appropriately. The critical factor in managing funding delays is ensuring continuity of the PMO, consulting and county resources for the Program components that have to run on a planned schedule and are on the critical path. Otherwise the cost may increase significantly. Controlled delays would cause subsequent delays in the realization of projected tangible benefits, which would impact the 10-year benefit estimates, but should not impact cost reduction run-rates.

Risk #8: Upon implementation, the Program falls short of achieving its estimated tangible benefits.

Tangible benefits were estimated by Dye Management in the QBC report. A separate study conducted by the county auditors will provide a critical assessment of Dye projected benefits. The projected cost/benefit will be updated further in the ABT Implementation Planning phase to account for the most current market conditions (software, hardware, consulting and contracting resources). Following those efforts to more closely project the benefits, key performance indicators (KPI) will be defined early in the Program. Their baseline values will be established in the beginning of the program and monitored throughout the Program. Based on the tracking of the KPIs, a more accurate trend will be available and reported throughout the course of the Program, allowing for an informed return on investment analysis.

7.5.2 Roadblocks Identification and Action Plan

The Roadblocks Identification and Action was initially developed in December 2003, based on: the Dye Management Report, 2001, the Financials Systems Replacement Program (FSRP) documents, and the Governance Review of the Dye Management Report. The Roadblock document is attached as Appendix F.

The Roadblocks document analyzed 45 perceived roadblocks and categorized them into eight true roadblocks. Following the true roadblock identification, an action plan was developed for their resolution. The roadblocks were grouped for resolution in the following phases: Justification Phase, Approval Phase and Implementation Phase. The Justification phase was completed with the adoption of the Vision and Goals and the Quantifiable Business Case. The Approval Phase includes countywide commitment and priority, development of the financial plan, and establishment of the program governance and charter. The Implementation Phase involves the work to develop a high-level business plan, detailed implementation plan and then to rollout the new business operations model using the PeopleSoft and Oracle technologies.

Figure 7.5.2 on the following page presents the Roadblock Identification and Action Plan development and updates timeline and dependencies on other ABT Program deliverables.

7.5.3 Update to the Roadblocks Identification and Action Plan
An Addendum to the Roadblock Identification and Action Plan from December 2003 was developed based on an analysis of the QBC Report's recommendation and findings in the context of Program roadblocks. The Roadblock Addendum 1 document is attached as Appendix F. The analysis resulted in the following:

- QBC report did not identify any additional roadblocks
- QBC report partially resolved specific roadblocks as planned.

Figure 7.5.3 lists the eight true roadblocks and their resolution status as of March 2005.

At the completion of the high-level business design, the Roadblocks Identification and Action Plan will again be reviewed and updated. At that time an assessment will be made of outstanding implementation roadblocks, their status and resolution timeframe. These activities are part of the ongoing Change Management Phase of this program.

ABT Roadblocks Resolution Timeline

10/03	11/03	12/03	01-07/04	08-11/04	12/04	01-03/05	04-06/05	07-12/05

Vision and Goals Document

Roadblock Identification and Action Plan

Roadblock Identification and Action Plan - Add 1

Roadblock Identification and Action Plan - Add 2

Council Review Begins

Justification and Approval Roadblocks Resolved!

Implementation Roadblock Resolution Start

Roadblocks Identification and Resolution Initiation

Justification and Approval Roadblocks Resolution

Dye FSRP Critical Assessment (Dye Report 2001), FSRP Documentation, Governance Review

Quantifiable Business Case Report

ABT Executive Recommendation, SAC endorsement, Briefings to Council, Council Action

Charter, Revised Exec. Recommendation, Business Case, HR Impl. Plan

High Level Business Design/Key Business Decisions

Multi Year Program Implementation Planning

Project Review Board (PRB) - Monthly Monitoring and Reporting

Roadblock Resolution Phases - Status as of February 2005

Roadblock Description	1. Justification Phase						Change Mgmt thru implementation.
	Vision & Goals	Quantifiable Business Case					
R1 Lack of Vision, Goals and Objectives for the program.	√						
R2 Resistance to change (adopting best practices)	√ 4 Policies Framework						Change Mgmt thru implementation.
R3 Influence of internal/external politics that will jeopardize program success.		√ Partialy via countywide participation					
R4 Inability to fund a restart due to budget shortfalls.							
R5 No tangible benefits to justify an ERP initiative.		√					
R6 Lack of countywide priority and commitment to ensure program success.							
R7 Inability to make timely decisions related to policy matters and business changes.							
R8 All items listed in the Detail Report titled "Perceived Roadblocks" for which the Implementation Phase is noted for resolution.							

7.6 Program Dependencies

Over the same time period that King County is undertaking this accountable business transformation there are several other initiatives underway that in some way impact or are impacted by the ABT program. Close coordination and management between these efforts is critical to make sure King County resources are effectively allocated, and dependencies are identified and effectively managed. The ABT Program Manager is responsible for coordinating with managers of other major programs and will we working collaboratively with the Program Management Office in the Department of Executive Services to accomplish inter-project coordination.

Payroll Initiative Project (PIP) - is an initiative sponsored by FBOD. The project will document all of the payroll administrative processes and make recommendations to perform data clean up in MSA. ABT interacts with PIP to the extent that the MSA data dictionary developed by PIP will assist in defining payroll interface elements for ABT, and that the business processes documented by PIP will assist in accurately and effectively mapping business process change.

Benefit Health Information Project (BHIP) - is an initiative currently in the planning stage that includes implementing policies, procedures and technical operations related to administration of the new King County benefit program. The interaction with BHIP is not fully defined at this time but efforts are underway to define involvement and to identify dependencies between the two projects. The BHIP solution will need to have the capability to interface with whichever version of PeopleSoft is operational at the time of implementation. This strategy was successfully used during the upgrade from PeopleSoft 7.02 to 8.0 by the PERS 3 project.

The King County Assessor is in the process of evaluating possible technologies to replace the existing property assessment system. The potential interfaces with ABT include the assessment system and the potential replacement of the billing and receiving systems which are currently built upon the ARMS structure. This structure will be replaced as part of ABT.

The Human Resources Unification Project (HRUP) is a non-technology project that will streamline processes and ensure optimum delivery of human resource services in the most cost-beneficial manner. The Human Resources Implementation Plan (Attachment G) identifies the inter-dependencies between HRUP and ABT and the approach that will be taken to ensure program success.

PeopleSoft Version Upgrade Project - involves upgrading the current production PeopleSoft HRMS version 8.0 to the updated version 8.9 in 2005 and 2006 and is a preliminary deliverable of ABT. This initiative will need to be closely coordinated with BHIP, specifically in the area of interface coordination, in order to manage resources shared for both efforts.

The Oracle Upgrade Project – involves upgrading the current production Oracle 11.5.8 to the updated version 11.5.10 and is within the scope of ABT. This upgrade will position the county with the most current supported product and will remove potential contention and

dependency issues as we move through the agencies in the business transformation process. This project will be completed prior to detailed program planning phase of ABT.

The ABT Program Manager is responsible for taking into account the regular yearly processes in agencies that require intense use of resources such as year-end financial closing and budget development. The program manager will need to accommodate these activities in the program schedule and budget.

8.0 REQUIRED ACTION

In order to advance the ABT Program, several activities are required during the next 90 days. This section outlines the understanding of the endorsement requirement for this program, and the activities that will be performed subsequent to that approval.

8.1 Endorsement Requirements

ABT Leadership Committee

The ABT Leadership Committee consists of elected officials and provides countywide leadership, policy endorsement and approval of outcome measures. In order to proceed, the ABT program requires the endorsement of the ABT Leadership Committee as part of the governance process for this project. This endorsement which should occur in the 2nd quarter of 2005 will state the following:

➢ The ABT Leadership Committee approves the Charter for the Accountable Business Transformation Program.

➢ The elected officials support this business plan, agree to support the ongoing program, and agree to vest implementation with the King County Executive.

8.2 Council Action

On September 23, 2004, the Metropolitan King County Council adopted Motion 12024 approving accountable business transformation policies and requesting the Executive to transmit to Council by March 1, 2005, a revised Executive Recommendation document and a governance charter.

> *The executive is requested to transmit to council by motion by March 1, 2005 a revised executive recommendation document. The revised executive recommendation document shall describe the three alternative solutions for meeting the county's needs for contemporary business processes that were identified by Dye Management Group, Inc. in their Quantifiable Business Case, dated June 30, 2004. The revised executive recommendation document shall also describe the executive's recommended option. The revised executive recommendation document shall also present a clear description and comparison of the four options for implementing the Accountable Business Transformation Program. The comparison shall include for each of the four options a prioritized list of projects to be implemented, a cost-benefit analysis, a program timeline, a budget and a funding plan.*

> *The executive is also requested to transmit to council by motion by March 1, 2005, a governance program charter for the Accountable Business Transformation Program. The charter shall describe the program scope and goals, governance structure, deliverables, critical success factors and key performance indicators.*

The following proviso requiring development of a business case, roadblock document and human resources implementation plan was included in the 2005 Adopted Budget Ordinance:

> *Of the appropriation for CIP project 377142, Accountable Business Transformation Project, $2,356,015 shall not be expended or encumbered until after the Council reviews and approves by motion a business case, roadblock document and human resources implementation plan that are consistent with the requirements of Motion 12024 and that have been approved by the project review board.*

The council will need to act on the motion to approve the business case, roadblock document and human resource implementation plan in a timely manner in order for the Executive to expend or encumber $2.36 million of the program budget. These funds are necessary to complete the 2005 work program.

8.3 Immediate Next Steps

The County Administrative Officer will perform the following activities in the second quarter of 2005:

- Initiate the search to hire a Program Manager for the ABT Program.
- Once the Program Manager is hired, initiate the search to fill other positions within the Program Office.
- Initiate activities to move the DES Straddle Agencies from MSA and ARMS to PeopleSoft and IBIS.

8.4 Short-Term Activities

Within 90 days after establishment of the Program Management Office, the Program Manager will perform the following additional activities:

- Develop consulting and county staff resource requirements for the work items described below, and staff the teams.
- Initiate work to determine which high payback opportunities to pursue and, based on this, develop a high-level business design and make key business process decisions.
- Initiate work to determine the PeopleSoft upgrade design requirements including which modules to use and how to phase implementation.
- Initiate work to determine the integrated budget requirements.
- Initiate work to resolve three to five identified roadblocks and to update the Roadblocks Report.
- Initiate work to develop an implementation plan for extending Human Resources Alignment to the Sheriff and Assessor.

Appendix A: History of Accountable Business Transformation Project.

1.0 Purpose of Accountable Business Transformation

King County's mission is to enhance the county's quality of life and support its economic vitality by providing high-quality, cost-effective, valued services to its citizens.

King County government pursues this mission by deploying approximately 15,000 employees within 15 distinct departments/agencies with a collective annual budget of over $3.4 billion in 2005. To support this mission and organizational structure, it is the mission of the various financial, human resources, payroll, and budget operations of the county to perform accounting, procurement, human resources management, payroll, budget and other financial management services that provide comprehensive strategic planning and decision support capabilities, and that contribute to and sustain the core objectives of the agencies, in a timely and accurate manner and in the most efficient method possible.

King County has adopted a vision statement for its enterprise financial, human resource, and budget systems.

VISION STATEMENT

King County's financial, human resource and budget management functions
are fully integrated, efficient and effective, and enhance the county's ability
to provide essential services to its customers.

In October 2004, the King County Council adopted Motion No.12024 approving policies for an Accountable Business Transformation Program.

The purpose of the *Accountable Business Transformation (ABT) Program* is to execute a series of projects and initiatives to realize the adopted vision for enterprise financial, human resource, and budget systems. ABT is to transform and standardize the county's financial, payroll, human resources, and budget business services by implementing consolidated business practices and systems for one core financial system and one core human resources/payroll system, by aligning human resource practices and procedures countywide, and by standardizing and streamlining operating and capital budgeting.

2.0 PROJECT HISTORY AND SCOPE

In 1994, King County merged with Metro. This merger resulted in the county facing the operation and maintenance of two core financial systems supporting two different core financial business processes, and two payroll/human resource systems supporting two different payroll/human business processes.

Early in 1997, the King County Finance Department attempted to resolve the county's financial systems situation by initiating a project called the Financial Systems Replacement Project (FSRP). The FSRP acquired PeopleSoft Human Resource Management System (HRMS) software in late 1997 to replace the county's payroll/human resources systems and SAP R/3 software in late 1998 to replace the county's core financial systems, and the implementation projects commenced.

As the implementations progressed, obstacles to success began to emerge. As the challenges increased over time, project resources became stressed and target dates slipped, eventually leading to suspension of the entire program in spring 2000.

In January 2000, prior to program suspension, the former Metro agencies were transitioned to PeopleSoft HRMS to support the payroll function. PeopleSoft replaced the former ISI payroll system because ISI was not Year-2000 compliant. PeopleSoft is a powerful human resource management tool that includes a payroll module. To receive the long-term benefits from the system, the human resources modules, such as position management, performance management and succession planning, must be activated and the system must be extended countywide. Since 2000, some of the additional functionality has been activated for those agencies using PeopleSoft for payroll.

Since 2001, the county has worked to understand the problems that led to the failure of FSRP and that continue to prevent the county from efficiently and flexibly managing its business. Several studies have been completed and careful steps have been undertaken to address the problems identified. This history is summarized below.

2.1.1 2001 Dye Report

A county Request for Proposal (RFP) was issued in October 2000 to acquire the services of an independent consultant to review the FSRP program and to recommend and plan a go-forward strategy. A team made up of Dye Management Group and IBM Global Services was selected to assist the county and issued a report in June 2001. The product included two reports – a Critical Assessment of FSRP to analyze the factors that led to its failure and an Implementation Plan that presented a high-level business case and a high-level implementation plan for the county's future financial systems replacement effort.

The Dye Report made a series of recommendations related both to technology governance and to the project itself. These recommendations included:

> ➢ A sequentially phased program implementation strategy that allows the county to focus its attention and resources on a single project at a time, with each

project building upon the accomplishments of the previous as the program progresses.
➤ Re-validating and confirming the program vision and its alignment with the county's short-and long-term goals.
➤ Confirming sponsorship of the program vision among key stakeholders.
➤ Establishing a strong project governance structure.

2.1.2 Strategic Advisory Council endorsement on December 5, 2001

The Strategic Advisory Council (SAC) is established in King County Code 2.16.07582 to act in an advisory capacity to the county's Chief Information Officer in developing long term strategic objectives for information technology countywide. On December 5, 2001 the SAC approved the Business Management Council's recommendation of December 1, 2001 and made the following comments and recommendations:

➤ Endorsed the findings outlined in the governance report.
➤ Directed the CIO and the county business sponsor (County Administrative Officer) to develop a work plan for defining goals, identifying roadblocks and drafting policies through the county's governance process and structure.
➤ Directed CIO and the county business sponsor (County Administrative Officer) to create a work plan to develop a quantified business case specific to King County for restarting the Financial Systems Replacement Project.
➤ Commit support of your staff to identify agency's issues.
➤ Endorsed the use of $450,000 set aside in the 2002 Budget to fund the work in the plans that will be developed per the above.

2.1.3 Vision and Goals

In June 2003, a Vision and Goals Statement for Enterprise Financial, Human Resource, and Budget Management was endorsed by representatives of the full elected leadership of King County and adopted by the County Council in Motion No. 11729. This provided the county with the critical framework from which to launch a business case analysis. The adopted vision statement reads as follows:

> *King County's financial, human resource and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers.*

As part of the Vision and Goals, the County Council adopted nine Guiding Principles that will drive future financial systems efforts:

1. *Ensure effective leadership, comprehensive stakeholder agreement and alignment with county's goals.*

2. *Apply the Technology Governance direction for future project efforts.*

3. *Standardize and streamline operations and business practices to adopt best practices.*

4. *Consolidate and integrate the computing infrastructure to eliminate redundancy.*

5. *Reduce computer maintenance, management and service costs.*

6. *Improve customer service, decision support, and reporting capabilities.*

7. *Enhance existing service levels and capabilities.*

8. *Ensure the privacy and security of financial, human resource and budget information.*

9. *Commitment to organizational and "county cultural" change must be accepted and effectively implemented.*

The full text of the Motion No. 11729 and the Enterprise Financial, Human Resource and Budget Management Vision and Goals Statement is attached as Appendix A.

2.1.4 Roadblocks Identification and Action Plan

Development of a roadblocks action plan and a business case analysis was undertaken to address the county's major barriers to success and to develop a plan for transforming the county's current human resources, payroll, financials and budget operations processes. The Roadblock Identification and Action Plan report was completed in December 2003.

The Roadblocks Identification and Action Plan document analyzed 45 perceived roadblocks and categorized them into eight true roadblocks. Following the true roadblock identification, an action plan was developed for their resolution. The roadblocks are to be resolved during the following Program phases: Program Justification Phase, Program Approval Phase and Program Implementation Phase.

The eight roadblocks are:

Roadblock 1: *Lack of Vision, Goals and Objectives for the Program.*

Roadblock 2: *Resistance to change (adopting best practices).*

Roadblock 3: *Influence of internal/external politics that will jeopardize program success.*

Roadblock4: *Inability to fund a restart due to budget shortfalls.*

Roadblock 5: *No tangible benefits to justify an ERP Initiative.*

Roadblock 6: Lack of countywide priority and commitment to ensure program success.

Roadblock 7: Inability to make timely decisions related to policy matters and business change.

Roadblock 8: Implementation Phase roadblocks.

2.1.5 Quantitative Business Case

The Vision and Goals Statement provided the critical framework from which to launch a Quantifiable Business Case (QBC) analysis for determining the justification for replacing or improving the county's existing financial operations model and array of distributed financial systems and the business practices that support them.

The QBC Report includes a recommended business operations model and business case to support decisions on how the County should address replacement of legacy financial, human resource, payroll and budget systems (business operation and software application systems) as well as the necessary changes to business practices to support the recommended model. The scope of the project covered four business areas: Human Resources (HR), Payroll, Financials, and Budget. Each business area covered several business functions and the operations of all County agencies.

The QBC was the most rigorous evaluation of the county's financial and administrative processes ever conducted. While the previous FSRP project focused on systems, the QBC focused on total business processes. This process analysis was necessary to identify how to achieve efficiency and effectiveness benefits. The QBC study evaluated processes using experienced subject matter consultants and functional specialists from the county. It compared the county against national standards and best practices for government and produced 1000 pages of analysis.

The study found that while the county is a $3 billion-a-year enterprise, it is lacking in modern business processes and systems. The report evaluated three alternatives - the status quo, enhanced current processes and business transformation. The QBC Report recommended that **transforming business processes** was the only alternative that fully met the county's adopted vision and goals. A discussion of the alternatives can be found in Section 6 of this report.

The QBC Report identified and recommended implementing thirteen (13) high payback improvement opportunities that the study estimated could yield the county over $230 million in benefits over 10 years. Preliminary cost estimates for implementing the recommendations are approximately $47.5 million plus interest on debt if the county borrows to cover the costs.

The costs included in the QBC Report are preliminary. They are based on an analysis that was conducted in 2002. Once the county completes a detailed implementation plan for ABT, an updated cost/benefit analysis should be conducted on the detailed plan.

The report cautioned that being successful will require managing key risks including: leadership, governance, project management and change management.

2.1.6 Strategic Advisory Council (SAC) – September 23, 2004

On September 23, 2004, the Strategic Advisory Council (SAC) reviewed the QBC Project reports and the Executive Recommendation that the county embark on an Accountable Business Transformation Program (ABT). The SAC endorsed four key policies that provide the foundation to move forward with ABT for payroll, finance, human resources and budget management. The SAC noted that the endorsement of the policies was not to be construed as an endorsement of the business case (QBC), in particular of the cost/benefits in the report. These four key policies were adopted by the county council as described below.

2.1.7 Council Action on Accountable Business Transformation

On October 4, 2004, the King County Council, upon reviewing the recommendations of the SAC, adopted Motion No. 12024 approving the ABT program policies listed below and requesting the executive to transmit to the council a revised executive recommendation document and a governance program charter. In enacting Motion 12024, the Council approved the following policy statements:

Human Resources/Payroll Policy Statement: Pay all employees on a common, bi-weekly pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.

Human Resources Policy Statement: Align all county human resource practices and procedures to ensure that business needs are met thuman resourcesough legally defensible human resource practices.

Financial Policy Statement: Process core county financial transactions from a single integrated system by implementing Oracle Financials countywide.

Budget Policy Statement: Standardize and streamline operating and capital budgeting by implementing a public sector operating and capital budget countywide solution.

Enterprise Financial, Human Resource, and Budget Management

Vision and Goals Statement

Executive Recommendation
April 18, 2003

Preface

This document provides the initial recording of the vision and goals for providing financial, human resource and budget management functions and services. It should be considered a "living" document since changes may be required or desired as the county performs a more detailed business evaluation of its operations to support the quantified business case for replacing its financial systems.

The Appendix contains a more detailed Background description as well as the legislation directly related to the purpose of this document.

Problem Statement

Presently, the county operates with two accounting and financial reporting systems and two human resource/payroll systems. These four separate systems perform the fundamental central financial functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. While there has been improvement with the Peoplesoft and Oracle systems, many of the business systems and practices are still outdated, and inflexible. Business-process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.

COMPLEX ENVIRONMENT

Complexities that exist in King County are noted below:

- The county employs approximately 15,000 individuals who are currently represented by 95 bargaining units within 15 distinct departments/agencies.

- The county's elected officials comprise 94 separately elected positions (Assessor, Councilmembers, Executive, Prosecuting Attorney, Sheriff, District Court Judges and Superior Court Judges).

- The county manages 1,790 separate funds/subfunds of which 1,348 are external agency subfunds.

- Core County services are at risk for 2004 and beyond as the county's Current Expense (CX) Fund continues to face substantial deficits each year. The Office of Management and Budget's most recent projections have identified a 2004 deficit of $21 million, and another $21 million in 2005 and $15 million in 2006. Similar deficits are expected each year thereafter, as the County's revenues fail to keep pace with the normal growth of expenditures. Funding of basic county services will have to be reduced each year.

- The history associated with the previous Financial System Replacement Project (FSRP) flavors all future efforts. FSRP acquired PeopleSoft HRMS software in late 1997 to

replace the County's Payroll /HR systems, and SAP R/3 software in late 1998 to replace the county's core financial systems. The appropriation for this implementation effort was exhausted after the implementation of the former Metro agencies to PeopleSoft HRMS. The project was suspended in the spring of 2000.

- In 1994, King County and the former Metro merged to create one government. The FSRP was intended to complete this merger with common business practices and a common financial and human resource system. Due to the suspension of FSRP in the spring of 2000, many vestiges of the two governments remain today which are highlighted in two consultant reports titled "FSRP Critical Assessment Report" and "FSRP Project Assessment and Implementation Planning – Business Case" prepared by Dye Management & IBM.

KING COUNTY MISSION STATEMENT

Enhance King County's quality of life and support its economic vitality by providing high-quality, cost-effective, valued services to our customers.

King County government pursues this mission by deploying approximately 15,000 employees within 15 distinct departments/agencies with a collective annual budget of over $3.1 billion in 2003. In addition, to support this mission and incumbent organizational structure, it is the mission of the various financial, human resources, payroll, and budget operations of the county to perform accounting, procurement, human resources, payroll, budget, and other financial management services that provide comprehensive strategic planning and decision support capabilities, and contribute to and sustain the core objectives of the agencies, in a timely and accurate manner, and in the most efficient method possible.

ENTERPRISE FINANCIAL, HUMAN RESOURCE, AND BUDGET MANAGEMENT VISION

VISION STATEMENT

King County's financial, human resource, and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers.

Realization of this vision will require a transformation and standardization of business processes, a single core public sector financial system including budget management, and a complete migration to the PeopleSoft HRMS.

Within this vision, King County's financial, human resource, payroll, and budget operations have established nine Guiding Principles that will drive future financial systems efforts:

Guiding Principles:

1. **Ensure effective leadership, comprehensive stakeholder agreement and alignment with county's goals**

   Critical success factors for implementing this vision are support for and

participation in continuous work to maintain alignment of the vision and goals with any proposed or planned changes to business practices including but not limited to:

- Clear policy leadership and direction from all elected officials;
- Highly committed sponsorship from all agencies;
- Sustained commitment and buy-in from all stakeholders; and
- Timely resolution of issues and roadblocks, risks, decisions and communication to maintain momentum and successful achievement of goals.

2. Apply the Technology Governance direction for future project efforts

Establish a strong project governance structure to implement a phased implementation of PeopleSoft HRMS countywide and re-evaluate core financials and budget management options. These steps would follow achievement of guiding principle number one.

3. Standardize and streamline operations and business practices to adopt best practices

King County will adopt an operational model that standardizes financial, human resource management, and budget management business practices across all agencies, with flexibility to accommodate business and regulatory changes in order to streamline operations and coordinate workflows between business units within departments and between finance and human resource units and other departments. The county will establish understandable and usable policies and procedures that support universal activities such as human resource management, budget management, labor reporting, project accounting, accounting, procurement, contract management, receivable and payable processes, fixed asset, inventory management, and accounting and financial reporting. This standardization will eliminate non-value-added duplication of efforts, minimize errors, improve communications, and allow for the centralization, or decentralization or hybrid models with consistent standards. Criteria will be developed with stakeholder input to determine which functions will be centralized and what a common set of best practices will be for the county.

4. Consolidate and integrate the computing infrastructure to eliminate redundancy

King County will replace the current legacy systems to the extent necessary to achieve efficiencies and reduce risk. In their place, the county will consolidate the computing infrastructure required to perform these financial management, human resource/payroll, and budget management functions to a fully integrated solution by implementing a single core financial and budget management system, migrating human resource and payroll functions to PeopleSoft, and providing integration between the system(s). As a result of implementing such a system(s), King County will minimize or eliminate various redundant data entry, transcription, and reconciliation activities currently required. While county departments will be able to meet core financial and human resource needs with a central, core system certain unique needs may require separate solutions. System owners and users will be consulted to

develop criteria to determine which needs will be met with the central systems and which will be met with unique systems.

5. Reduce computer maintenance, management, and service costs

King County will minimize total maintenance and management costs and establish a structure to support ongoing maintenance of the integrated system, ensuring progressive improvements in the operations environment and management of future upgrades.

6. Improve customer service, decision support, and reporting capabilities

King County will improve customer service, decision support, and general management capability by being able to more easily access enterprise-wide, cross-agency information and to utilize modern web-enabled capabilities. The county will be able to more easily access and manage financial, human resource and budget information throughout the year, with that information updated and reported against actuals on a current and timely basis. By leveraging central purchasing, the county will better manage purchases and increase the amount of vendor discounts taken. Additionally, the single-source infrastructure would enable communication and could be accessed whenever needed.

7. Enhance existing service levels and capabilities

King County will enhance existing financial, human resource, and budget management capabilities.

8. Ensure the privacy and security of financial, human resource and budget information

Employ security practices that safeguard financial, human resource and budget systems and information, and prevent unauthorized access to information.

9. Commitment to organizational and "county cultural" change must be accepted and effectively implemented

All county agencies under all elected county officials, must work together to resolve issues including barriers in state and county code.

Business Goals

General Operational Goals

The following are the major business goals for the enterprise financial and human resource system(s):

➤ Ensure continued compliance with all federal, state and local laws and regulations including Generally Accepted Accounting Principles (GAAP), IRS requirements, State of Washington Budget, Accounting Reporting Systems (BARS), countywide policies and procedures, collective bargaining agreements and the county's strategic business initiatives and internal audit and control requirements.

➤ Standardize and improve business processes and practices and work to eliminate impediments to adopting best practices.

➤ Ensure that a common definiton and understanding of core systems is agreed to and reinforced by the county's technology governance structure and direction.

➤ Eliminate administrative activities that add no value.

➤ Capture and make available the financial, human resource and budget information needed to effectively manage programs and measure their success.

➤ Work with stakeholders and business process owners to streamline the county's core financial, human resource and budget processes.

➤ Support basic financial, human resource, and budget functions within the core system(s) of the county, making that system(s) the "system of record". Minimize dependency on "secondary" or "side" systems in the performance of mission-critical functions. Use the core system(s) as a business backbone, or foundation upon which to automate additional business functions in the future in an integrated fashion.

➤ Provide the capability to conduct analyses that distinguish between local and countywide revenues and expenditures within the financials, human resources, payroll, and budgeting business areas.

➤ Provide agencies, and specifically system users and functional managers, with the necessary technology, tools, and training to enable them to extract the data they require to meet their business needs.

➤ Make information more readily available, as appropriate, to all county agencies, the general public, and the business community.

➤ Greatly enhance general reporting capabilities countywide. Organize information in a way that facilitates easy, rapid access, and provide reporting tools and interfaces that support easy desktop access as appropriate.

➤ Improve the county's ability to conduct business, human resources and technology planning based on reliable, timely financial and human resource data.

➤ Support effective, efficient auditing of county records in accordance to Generally Accepted Auditing Standards.

Technology Specific Goals

The following are the major technical goals for the enterprise financial, human resource and budget system(s):

- Ensure security controls that are capable of enforcing the county's business rules, access policies, and legal obligations with regard to employee data, financial and budget information, and business activities.

- Evaluate the short and long term system needs of the financial, human resource and budget operations of the county, and deploy proven commercial software and hardware solutions that utilize current, mainstream technology, as the core business system(s) of the county.

- Minimize the number of separate information systems, and the interfaces that connect them, running on different computers, written in different programming languages, and utilizing separate databases.

- Provide effective interfaces between the proposed financial and HRMS systems and other systems that provide critical information to them. Example: Property tax billing and collection system and the Local Improvement (LID) system.

- Limit customizations to the software to hold down implementation costs, to support standardization of business practices, and to preserve the ability to upgrade to new versions as they are released.

- Support automated workflow management, including automated review and approval for functions ranging from budget management, to human resource events, to purchasing activities, based on business rules.

- Take advantage of the strengths of the Web to the extent appropriate based on the county's technical infrastructure plan and the capabilities of the selected software package.

- Develop system audit and control capabilities.

- Where practical, replace paper forms and documents with electronic documents that can be filed, transferred, and retrieved efficiently.

Human Resource Management Business Goals

The following are specific goals associated with human resource management:

- Provide employees, retirees, and fiduciaries direct and secure access, as appropriate, to personnel, payroll, time and attendance, benefit, and retirement information.

- Improve human resource management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning for key employees, labor issues, class/comp/labor contract implementation, and contract and temporary labor management tracking.

> Provide secure access to and maintenance of human resource related information by supervisors and managers to meet their management decision-making activities.

> Empower employees to secure access and maintain their own human resource information where appropriate.

> Increase effectiveness in the delivery of human resource activities resulting in reduced processing time.

Payroll Business Goals

The following are specific goals associated with payroll management and processing:

> Comply with labor agreements, as well as federal, state and county laws.

> Reduce time required to capture time and process payroll, and shorten the lag between end of pay-period and payday.

> Provide employees the information needed to validate that their pay stubs are accurate.

> Produce timely and accurate paychecks.

> Improve access to historical information.

• Pay all employees on a common, bi-weekly, pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.

> Support labor distribution with a system that is compatible with PeopleSoft and the financial system that is implemented.

Budget Preparation Business Goals

The following are specific goals associated with budget preparation:

> Improve the county's ability to budget and measure program success based on performance metrics.

> Support a countywide, public sector operating and capital budget preparation system (module) that can be used to model and evaluate potential budgets.

> Support historical analysis of agency, department, and division budgets, allowing for tracking of past year budget and actual information.

> Support position and project budgeting.

> Provide the capability to distinguish between local and countywide budget information.

Financial Accounting Business Goals

The following are specific goals associated with financial accounting:

> Maintain summarized data for General Ledger that in turn reconciles with subsidiary ledgers.

> Reflect accurate project and grant accounting expenditures and revenues, and provide the capability to conduct analyses that distinguish between local and countywide revenues and expenditures.

➢ Support the timely closure of month-end and year-end processes.

➢ Manage centrally performed accounts receivable billing, and collection enforcement functions and reporting.

➢ Support the budget monitoring process by allowing encumbrances (purchase orders/contracts), pre-encumbrances (requests for purchase), accruals (Accounts Payable liabilities) and the tracking of expenditures against these commitments.

➢ Improve the ability to quickly and easily report budget balances available at the fund, cost center, and project level, and also provide for use of contra account balances.

➢ Support the ability to maintain and track current budget adjustments and appropriation/funding levels throughout the year.

• Support the county's investment program, cash and debt management, and trust and agency responsibilities through appropriate interfaces to the General Ledger.

• Maintain system reliability and stability to ensure integrity of financial data for general ledger, procurement, accounts payable, accounts receivable, cash management, debt management, fixed assets and financial reporting and the appropriate use of public funds.

• Maintain a financial system that ensures responsive and accurate financial services to all customer agencies.

Purchasing and Inventory Management Business Goals

The following are specific goals associated with purchasing and inventory management:

➢ Support a single countywide procurement process and ensure accurate application of procurement regulations, policies and procedures, and established standards for contract development, negotiation and utilization.

➢ Improve county materials management by integrating purchasing, inventory and financial functions; providing robust information on county goods and services; and by streamlining processes with contemporary technology.

Appendix to Enterprise Vision and Goals

Background & CONTEXT FOR VISION and GOALS

In Motion 11549 adopted by the King County Council on October 18, 2002, the following resolution was moved:

> NOW, THEREFORE, BE IT MOVED by the Council of King County:
>
> The county executive's plan, scope, schedule and budget for developing a vision and goals statement is hereby adopted.
>
> Of the appropriation for CIP Project 344190, FSRP business case analysis project, only $20,000 shall be expended.
>
> For the appropriation for CIP Project 344190, FSRP business case analysis project, $430,000 shall only be expended following council approval by motion of the vision and goals statement.

This document represents the initial recording of the vision and goals for addressing King County's challenges regarding its financial services and human resource operations throughout the government, as requested by this motion.

In the same motion as referenced above, the King County Council included the following:

> AND BE IT FURTHER MOVED by the Council of King County:
>
> The county executive's plan for conducting a quantified business case of financial systems replacement shall include development of key performance measures to be included in the King County Definition for Vision and Goals and Roadblocks Resolution document. Performance measures shall include both outcomes and process measures that would be used to judge whether future projects meet their vision and goals.

Therefore, this document should be considered a "living" document. The vision and goals may be refined as the county performs a more detailed business evaluation of the various operations throughout the enterprise. High level measures are appropriate at the visioning and goal setting stage. More specific metrics will be developed in conjunction with the business case as well as with each phase of any future program development and implementation.

Lastly, the motion directed the following:

> AND BE IT FURTHER MOVED by the Council of King County:
>
> The county executive's plan for conducting a quantified business case of financial systems replacement shall include an analysis, with associated costs estimated, of the capability to conduct analyses that distinguish between local and countywide revenues

and expenditures within the budgeting, human resources, payroll
and financials business areas.

This analysis is requested with the quantified business case that would be
initiated following the Council's adoption of this vision and goals statement. This
requirement is noted as a general operational goal.

In addition to this direction set by Council motion, the Business Management
Council and the Strategic Advisory Council both approved a course of action for
the county in this endeavor based upon the Dye/IBM Report.

DYE/IBM report dated July 17, 2001 recommended:
"sequentially 'phased' program implementation
strategy that allows the County to focus its attention
and resources on a single project at a time, with each
project building upon the accomplishments of the
previous as the program progresses.

First, the County must address the organizational and
technical barriers to program continuance and success
listed in the Critical Assessment through a Phase 0
effort. Key activities of Phase 0 include:

- Re-validate and confirm the program vision and its
  alignment with the County's short- and long-term
  goals.

- Confirm sponsorship of the program vision among
  key stakeholders.

- Confirm throughout the end-user community.

- Establish a strong project governance structure.

Without clear acceptance of the vision and its
alignment with the County's goals, buy-in from the
system owners, and a strong governance
structure, we recommend that the County not
proceed with additional program re-start activity
outside of completing the PeopleSoft HRMS
sustaining activities (release upgrades,
developing functional procedures, etc.). Such
efforts would be at an unacceptably high risk of
failure.

Second, the County should select an alternative with
which to move forward. We recommend that the
County select Alternative 2 which was identified in the
Critical Assessment - Phased Implementation of

2

PeopleSoft HRMS County-wide and Re-evaluation of
Core Financials Options. Reasons for this are:

- It will provide significant benefits.

    - It is a reasonable risk implementation alternative,
      given that it is phased and shares risk with an
      outside integrator.

- It moves the County to a single HRMS in the near
  term.

    - It provides the County the opportunity to reassess
      its financial software selection and implementation
      strategy after implementing Payroll and Human
      Resources.

    While this alternative recommends continued
    implementation of PeopleSoft Payroll and Human
    Resources systems, it does not recommend a particular
    core financials software package. Rather, it provides
    the County the opportunity to reassess its financial
    software selection and implementation strategy at a
    point in the future closer to the beginning of actual
    implementation."

**In November 2001 the Business Management Council (BMC) approved the
recommendations of the Dye report with modest modifications.**

- The phased implementation approach, methodology and critical success
  factors outlined in the DYE/IBM Report were viewed favorably by the
  validation team.

- The validation team in conjunction with the Business Management Council &
  Technology Management Board representatives strongly oppose the hiring of
  external consultants to develop a detailed implementation plan before the
  county has bought into a common vision and set of goals for a new financial
  system.

- Work the county should consider doing and taking the lead on prior to
  initiating a detailed implementation plan:
  1) Define and agree on a common vision and set of goals to be accomplished by
     a new financial system
  2) Identify specific agency difficulties in implementing the vision and goals
  3) Resolve roadblocks, set up policies prior to developing a detailed
     implementation plan
  4) Develop a quantified business case specific to King County.

The Strategic Advisory Council (SAC) approved the BMC's recommendation on December 5, 2001. The SAC actions on this subject at this meeting are as follows:

- Endorse the findings outlined in the governance report (or amend and then endorse accordingly)
- Direct CIO and the county business sponsor (County Administrative Officer) to develop a work plan for defining goals, identifying roadblocks and drafting policies through the county's governance process and structure
- Direct CIO and the county business sponsor (County Administrative Officer) to create a work plan to develop a quantified business case specific to King County for restarting the Financial Systems Replacement Project
- Commit support of your staff to identify your agency's issues
- Endorse the use of $450,000 set aside in the 2002 Budget to fund the work in the plans that will be developed per the above

In the technology governance meetings it was agreed that the following three risks be mitigated before moving forward with any restart decision:

1. Lack of a common vision and workable governance structure
2. Moving forward with restarting FSRP without a shared goal and governance process involving, all separately elected officials and line departments.
3. All separately elected officials not working together in a cooperative, non-political manner.

The vision and goals statement recommended herein is framed by the Council's direction in Motion 11549 as well as the Technology Governance's direction provided by the SAC and BMC relative to the Dye/IBM Report.

Legislation

Ordinance 14265 [2002 Adopted Budget ordinance] Section 119:
PROVIDED THAT Of this appropriation, CIP project 344190, FSRP business case analysis project, $450,000 shall only be expended following council approval by motion of: a plan for FSRP restart; and the scope and schedule for the expenditure of the funds. The documents must be filed with the council clerk. The original and 16 copies must be delivered to the clerk, who will retain the original and will forward copies to each councilmember and to the lead staff for the budget and fiscal management committee and the utilities and technology committee, or their successors

Ordinance 14517 [2003 Adopted Budget ordinance] Section 118:
PROVIDED THAT Of the appropriation for CIP project 344190, financial systems business case analysis project, $430,000 shall be expended or encumbered only after the executive submits and the council approves by motion a vision and goals statement for the financial systems business case analysis project. The motion and vision and goals statement must be filed in the form of 16 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff for the labor, operations and technology committee and the budget and fiscal management committee or their successors.

Appendix C– Alignment of ABT and the King County Strategic Technology Plan

On March 3, 2003, the County Council approved Motion No. 11660 adopting the King County Strategic Technology Plan 2003-2005 (Revised) that included a consultant's extensive review and assessment of the county's technology environment. Based on the finding from the assessment, the consultant made a series of recommendations to improve the county's information technology operations over the next three years to support the delivery of services. The Executive proposed an alternative approach, which was endorsed by the Strategic Advisory Council in the September 5, 2002 meeting and then by the County Council.

The Strategic Technology Plan (STP) addresses universal information technology (IT) issues, specific technology initiatives and opportunities, and general principles associated with technology management. ABT aligns to this plan.

Countywide Strategies. This program directly addresses Strategy C9 (implement a standardized integrated portfolio of enterprise Financial and HR/Payroll applications), and also aligns to Strategy C3 (Standardize county technical approach for application integration) and Strategy C4 (Purchase and integrate top quality commercial packaged software wherever possible and cost effective – and with minimal customization.

In addition to the Strategies, the ABT Program aligns to the STP Guiding Principles.
The purpose of the Guiding Principles is to promote the use of technology to achieve efficiency, customer service, public access to government, and transparency and accountability for decision-making. Through the stated goals, defined business opportunities, and business plan review and approval process, the ABT Program aligns to these concepts.

Principle 1. Central Review and Coordination of Information Technology. This principle states that technology investments should be coordinated at a countywide level. By the nature of this program, the structure of the program oversight/governance, and the proposed program structure, the ABT Program is being coordinated as a capital investment benefiting multiple agencies.

Principle 2. Information Technology Enables Effective and Efficient Service Delivery. The several points of this pprinciple involve the development of a business case, examination of commercial off-the-shelf (COTS) solutions, directly relating investments to improvements, and limiting development on legacy platforms. This program explicitly conforms to all aspects of this principle.

Principle 3. Information Technology Standards. This principle involves compliance with technology, operational, and project management standards. This program will be implemented using best practices for program management. In addition, it will apply best business practices in standardizing and streamlining business processes in the implementation of a single core financial and single core payroll/human resources technology countywide.

Principle 4. Access to Information and Services. This principle specifically states that the county should "ensure seamless self-service access to information", and should use web technologies and interfaces when appropriate. The selected business applications (PeopleSoft and Oracle) utilize Web-based technologies with substantial self-service capabilities and seamless access to information.

Principle 5. Business Process Improvement. This principle states that the county should adopt industry best practices and implement those practices in a cross-agency or end-to-end process environment. The express goal of ABT is to achieve this principle and eliminate obstacles and technologies that prevent process improvement and best practices within the financial, human resource, payroll and budget businesses.

Principle 6. Privacy and Security. This principle directly addresses the need to ensure the proper protection of data and information. Given the nature of this project, privacy and security will be critical components of the ABT solution, and this project will ensure compliance with this principle.

APPENDIX D

Assumptions used in the Quantifiable Business Case Report for the Cost/Benefit Analysis[1]

The following assumptions are extracted from the Quantitative Business Case Analysis done by Dye Management Group in July 2004. This material is contained in the technical appendices to the Executive Summary for the Report.

Section 1 Assumptions Behind Costs
■
The following assumptions were made by Dye in estimating the costs for this program:

Implementation Costs – The basis for implementation costs for the "Automate, integrate, and consolidate business processes" projects was based on work completed by Dye Management Group, Inc and the IBM Group done in 2001 The implementation costs for other projects were based on estimates of the county and consultant resources to implement the process and systems as well as software and hardware needed.

Operating Costs. The operating costs computed for the "Automate, integrate and consolidate business processes" projects were based on the Dye Management Group, Inc. Operating costs for other opportunities were based on the estimated support costs including technology support, upgrades, and annual license fees.en

Lifecycle. Costs were estimated over a 10-year period to correspond to a reasonable system life.

Inflation. A 5% inflation factor was added to current and future business process costs. This rate was developed in collaboration with King County team members. These were applied to the costs from the implementation point through the ten-year period.

Discount rate. A 6% discount rate was used in computing the net present value. This rate was developed in collaboration with King County team members.

Debt Service rate. A 5% interest rate was used assuming that the projects would be financed by issuing bonds. A fifteen-year bond redemption period was assumed. The debt service assumptions used by Dye are not consistent with the practices used in King County and this report includes a separate set of assumptions.

Contingency. A contingency rate of 15% to 20% was applied to the implementation costs of different improvement opportunities depending on the perceived risk of each.

Section 2 Assumptions Behind Benefits
■
Following are our assumptions behind tangible benefits, and a listing of intangible benefits for each recommended payback opportunity. Shown here are estimated benefits for a typical year. In

---

[1] The Quantifiable Business Case by Dye Management Group, Inc. was completed in July 2004. It can be found at www.metrokc.gov/oirm/projects

the Business Operations Model, the benefits were also estimated over 10 years to correspond to the system lifecycle. A 5 percent inflation factor and 6 percent discount rate were used for these 10-year calculations.

A.   Finance

1. Automate, Integrate, and Consolidate Processes
This opportunity has the highest potential for realizing both tangible and intangible benefits. Benefits from this opportunity will be realized over several years, with incremental improvements each year. It would be unrealistic to expect immediate process efficiencies. In fact, many organizations report a small decline in productivity following a major finance system implementation while employees are adjusting to new processes and applications.

Where possible, benefits were calculated using King County processing costs, transaction volumes, record counts, and published financial benchmarks. In most cases, benefits were calculated assuming an average productivity increases between 10 and 15 percent[1]. Process costs, transaction volumes, and record counts were provided by King County personnel. We have not independently verified the accuracy of the information provided.

a. Tangible
The following table lists the benefits and the projected annual savings once fully implemented.

[1] Based on GFOA estimate of average productivity increases resulting from an ERP implementation. See "Technology Need Assessments, Evaluating the Business Case for ERP and Financial Management Systems," by Rowan Miranda, Shayne Kavanagh, Robert Roque, Government Finance Officers Association, 2002.

Automate, Integrate, and Consolidate Quantifiable Benefits Summary

General Ledger	$ 142,000
Project Accounting	268,000
Grant Accounting	300,000
Purchasing Process	614,000
Accounts Payable	1,501,000
Accounts Receivable	1,584,000
Inventory	108,000
Capital Asset Management	142,000
Cash and Debt Management	119,000
Labor Distribution	35,000
Financial Reporting Process Improvements	348,000
Purchase savings through integrated procurement process	1,050,000
Total Annual Savings	**$6,211,000**

• The General Ledger business process costs $ 1.42 million; 10 percent processing efficiencies yield $142,000 annually.

Agencies maintain side systems (mostly spreadsheets and manual files) to address the deficiencies in the two project accounting systems. Eliminating these side systems will allow agencies to focus on strategic project management accounting activities rather than manual processes. Assuming a 15 percent improvement would result in $268,000 annual savings.

• Currently, grant management is excessively time consuming and error prone due to its manual nature. Some ARMS agencies track all grant activities outside the financial system. Subject matter experts at the three largest grant-funded agencies (Public Health, Community, Human Services [DCHS], and Transit) estimate these inefficient processes consume a high percentage of their grant accounting, accounts payable, and financial reporting processing time. Providing better grant management tools through an integrated grant accounting system in conjunction with central oversight and standard procedures should allow the county to reduce grant management process costs. Countywide, agencies reported over $1 million in annual grant management business process costs. It is likely that these costs are understated because grant management activities cross multiple business functions (for example, accounts payable, project accounting, and billing). Published benchmarks for grant management savings related to an ERP implementation were not available. We calculated savings based on estimates provided by DCHS and Transit. DCHS estimates a 33 percent reduction in Accounts Payable processing costs could be achieved through better system support for grant management. Annual DCHS accounts payable business process costs total $420,000; a 33 percent savings yields $138,000. For the remaining agencies, we calculated savings at 20 percent of current business process costs based on an estimated provided by transit. Annual grant management business process costs for all agencies except for DCHS total $812,000; a 20 percent savings yields $162,000.

• King County issues over 28,000 purchase orders each year with an annual processing cost of $6.2 million. Agency processing costs per purchase order ranged from $40 to over $500, depending on the agency reporting. The average King County process cost per purchase order is $200. A 2003 study by the University of Maryland estimated that creating a purchase order in most government organizations costs between $127 and $175. A somewhat less than 10 percent improvement in purchasing efficiency yields $614,000 each year.

• The cost of processing AP vouchers in ARMS is between $16.78 and $43.33 per voucher (calculated as the total reported accounts payable business process costs divided by the number of vouchers issued). A GAO study placed the average voucher cost at approximately $3.55 per voucher2. Transit (an IBIS agency) reports the lowest per voucher cost at $3.22. IBIS agency costs per voucher are 80% less than the lowest ARMS cost per voucher. Automating the three-way match will dramatically reduce the cost per voucher for ARMS agencies. We believe it is reasonable to assume at least a 50% reduction in the cost per voucher for ARMS agencies. Annual ARMS agency accounts payable business process costs total $3.6 million; a 50 percent savings yields $1.8 million. Centralized Accounts Payable would require additional staff, and an increase of 5 FTE has been included in this net savings. Total annual savings are $1,501,000. We did not estimate any Accounts Payable savings for IBIS agencies.

• Accounts Receivable and Collections represent the highest overall business process costs to the county at $8.0 million each year. For many agencies, invoice preparation is primarily a manual process. Invoices are manually assembled; paper copies are made and filed to severe limitations in the current applications. We believe that automating, standardizing and centralizing receivable processing would yield benefits in excess of the 10 to 15 percent associated with general business process improvement efforts. Annual accounts receivable business process costs total $8 million; a 20 percent savings yields $1.6 million.

• Common inventory procedures and accounting practices combined with improved integration between agency systems will give managers better visibility of inventory costs. Estimated annual savings are 10 percent of $1.1 million, or $108,000.

• The county spends $2.3 million dollars annually on financial reporting and decision support. Considerable time is spent consolidating data from multiple systems, maintaining crosswalks, and manually preparing reports. Based on input from county agencies and GFOA standards, we estimate that at least 15 percent of the financial reporting process is spent on tasks that would be automated in a single financial system, saving the county $348,000 annually.

• A 2003 King County Auditor Management Letter documented problems resulting from the lack of integration between the Fixed Asset System and IBIS. This report, focused on ITS, found $2.6 million dollars in assets not recorded in the IVIS fixed asset system. These were primarily IBIS assets. The Auditor's report also references repeat State Auditor's Office (SAO) findings with regards to poor physical inventory processes and a lack of integration between IBIS and IVIS. A single integrated financial system addresses these issues by automating integration between accounts payable and asset management for all purchases. The Capital Asset Management Business function cost $792,323 annuals, general capital asset management improvements will allow all agencies to realize processing efficiencies; ARMS and Straddle agencies will see more efficiency (estimated 20 percent) through automation of manual processes. Estimated annual savings are $142,000.

• The Treasurer estimates that monitoring and reconciling the Property Tax Billing System (PBS) to ARMS interfaces consumes approximately 0.8 FTE. Additional effort is also required to monitor the IBIS to ARMS cash interface. Eliminating the cash interface, improving the PBS interface, and improving general processes will save 10 percent of current Cash and Debt Management process costs of $1.2 million. Estimated annual savings are $119,000.

• Fully integrated time entry, labor distribution, and project accounting functionality will eliminate the need for duplicate data entry. Annual labor distribution process costs are $350,000; 10 percent efficiency yields$35,000.

• A single purchasing system will give the county better information on purchasing by commodity which will give buyers additional leverage when negotiating contracts. An Arthur Andersen/Gartner Group study estimated that indirect spending is, on average, 30 percent of an organization's annual revenues and that 30 percent of an organization's indirect spending is typically associated with contract buying. King County's indirect spending is approximately $700 million per year. We estimate $210 million dollars
are related to indirect contract buying. That same study estimated savings from contractor compliance and supplier consolidation of 8 percent of eligible indirect spending. For King County, a 0.5 percent savings yields $1 million annually.

b. Intangible

• Improving the grant management process will free up agency time and allow the pursuit of additional grant revenue and more timely performance measures and service delivery information to grantors.

• A single, integrated finance system will allow the county to shorten its month-end and year-end closing times (so long as delays caused by the 3-week payroll posting lag are addressed). Shorted closing cycles will provide management with more timely information and allow agencies to send project and grant bills earlier.

• Integrating Accounts Receivable customer and Accounts Payable vendor information will allow the county to identify situations where vendors with invoices to be paid also have unpaid receivable balances.

• The leading ERP solutions include tools to enhance decision support, including online available budget balances, the ability to drill down to detail transactions, and ad-hoc queries.

• Distributing the data entry function will provide more timely and accurate information.

• Producing more timely and accurate accounts receivable aging reports will allow managers to identify collection problems more quickly and take appropriate action.

• Implementing a "perpetual inventory" system for capital assets provides managers with direct access to current asset information throughout the year. A "perpetual inventory" approach also allows the county to discontinue the annual full physical inventory of capital assets. Asset balances can be verified using random tests along with a periodic inventory done on a rotating basis (The GFOA recommends that each asset be accounted for at least once every five years).

• A single, integrated financial system will allow King County and Metro to complete the merger approved by the voters in 1992. As noted in a 1999 King County Auditor Report, "The single county-wide, department-wide financial system should reduce the accounting complexity ... and promote consistency in management reporting...".[2]
• A single financial system simplifies the audit process.

• Better support for grant billing would allow the county to decrease the average days receivable balances are outstanding. Grant agencies estimate the current turnover rate to be up to two-and-a-half months. A dedicated grant accounting module would provide integrated data, automated billing, and EDI and would allow agencies to reduce turnover time.

2. Document Management and Imaging

a. Tangible Implement Document Management and Imaging Quantifiable Benefits Summary

---

[2] [3] "King County Department of Transportation Consolidation Opportunities," Susan Baugh, Principal Management Auditor, King County, 1999.

Archive Costs	$ 1,154
Document Creation	$ 2,211,000
Document Filing and Retrieval	278,000
Total Annual Savings	**$2,490,154**

Savings related to document imaging fall into four main categories:

• Avoidance of record storage fees for archived records. In 2003, 240 boxes were sent to the records center with an annual cost of $4.81. Annual savings is $1,154. This opportunity assumes that only new records are scanned. Documents already at the record center will remain in printed format.

• The State of Washington estimates that each filed document costs $12.00 of clerical and managerial time to prepare. Based on the number of boxes created annually, we estimate that anywhere between 180,000 and 220,000 invoice documents are prepared for payment and eventual filing. Annual savings by elimination of document preparation time is $2,211,000.

• State of Washington Department of General Administration estimates that each inch of file space costs $48.30 to file and retrieve. Annual savings through online access to documents is $278,000.

b. Intangible
U.S. National Archives and Records Administration (NARA) has documented numerous benefits from moving to optical storage for government records, these include:

• Making records accessible to agency staff from remote locations and at any time.
• Providing rapid access to records needed in business dispute resolution.
• Reducing the need for parallel record keeping systems (e.g., paper and electronic).
• Ensuring authenticity and reliability of records.
• Ensuring the integrity of records and the security of record- keeping processes.
• Permitting retrieval of records based on keywords or record contents.
• Making it easier to create a variety of reports used to manage the collection of records.
• Facilitating audits.

3. Procurement Best Practices

Procurement Cards and electronic catalogs will allow the county to reduce the number of purchase orders processed.

a. Tangible
The following table lists the benefits and the projected annual savings once fully implemented.

Quantifiable Benefits Summary

P-Cards Process Savings	$ 127,800
Electronic Catalogs Process Savings	1,383,280
eProcurement Purchase Cost Savings	3,937,500
Total Annual Savings	**$5,448,580**

• P-cards replace the direct voucher process for purchases under $2,500. Based on transactions volumes with the current P-card program, estimated annual countywide P-card volumes would be 36,000. A recent GAO study estimated the cost to process a single voucher at $3.55. Eliminating these vouchers saves $127,800.

• Electronic catalogs reduce the total number of purchase orders issued and greatly streamline the purchasing process. The county issued 28,825 purchase orders in 2003. Gartner estimates that 30 percent of an organizations purchase orders can be replaced with E-Procurement. The Hackett Group estimates the cost of the average purchase order is $175, while the cost of an E-Procurement transaction is $15. Annual savings would be $1,383,280.

• Consolidating vendors through electronic catalogs will allow the county to negotiate better pricing contracts with vendors. Gartner estimates total savings at about 8 percent of eligible purchases. Estimated annual savings are $3,937,500.

b. Intangible
• P-cards simplify the purchasing process for smaller items. It is a more efficient process than blanket purchase orders.

• P-cards provide an approved mechanism for filling emergency needs.

• E-Procurement through the use of electronic catalogs eliminates many of the manual processes currently performed today. The Seattle School District reports a 50 percent reduction requisition process cost savings as a result of their E-Procurement initiative.

• P-cards provide timely payment to county vendors.

• Because P-cards and electronic catalogs reduce the time required to complete a purchase, goods can be delivered more quickly. This may allow some agencies to reduce stock levels.

• Ordering through electronic catalogs normally gives buyers the ability to see and track orders online.

• Reduces inventory-holding costs by providing greater visibility across the supply chain.

4. Updated Asset Management Policies

Updating the county's Capital Asset Management policies provides an immediate return on investment; the implementation costs are fully recaptured in the first year the policy is adopted.

a. Tangible
The table below lists the benefits and the projected annual savings once fully implemented.

Updated Asset Management Policies Quantifiable Benefits Summary

Reduction in number of Capital Asset Records	$120,000
Total Annual Savings	**$118,000**

• Increasing the capitalization threshold reduces the number of fixed assets tracked thereby reducing the overall fixed asset processing costs, particularly year-end physical inventory costs. Current Capital Asset Management process costs are approximately $787,000 per year. Sixty percent of the county's 55,176 assets fall below the $5,000 threshold. Estimated savings are 15 percent or $118,000.

b. Intangible
• Reduces time coding fixed asset information on Accounts Payable vouchers.

• Reduces time spent preparing requisitions and purchase orders for assets under $2,500. Current county policy requires purchase orders for all capital asset purchases; procurement policy allows direct vouchers forpurchases less that $2,500.

B. Human Resources

1. Implement Performance Management Best Practices
• Currently King County spends $722,433 annually in support of performance appraisals, individual development plans, and merit pay processes. For purposes of this report, it has been assumed the costs of this amount breakdown in the following manner:

Activity	Percent	Cost
Performance Appraisal	40	$288,973
Individual Development Plan	10	72,243
Merit Pay	50	361,217
Total		**$722,433**

The county reports that approximately 40 percent of the county workforce (6,313 employees) had performance appraisals last year for a performance appraisal cost of nearly $46 per employee. Completing performance appraisals for the balance of the county's workers (9,470 employees) would require an incremental cost of $433,482 annually.

• Currently, the individual development plan process is not frequently used in the county. Based on the assumption that 10 percent (1,578 employees) of the county staff completed the individual development plan process last year, the cost of an individual development plan is nearly $46 per employee. Completing individual performance plans for the balance of the county's workers (14,205 employees) would require an incremental cost of $650,324. Assuming that an individual development plan would be performed by every employee every two years, the annual incremental cost would be $325,162.

• Currently, 6.4 FTE's are staffing the Human Resources subfunction related to performance appraisal and merit pay. The addition of 9,470 performance appraisals and 14,205 individual development plans would necessitate 4 additional staff located centrally at an annual salary plus benefits of $83,700 each. It is anticipated that the actual costs associated with merit pay would not change, rather it would be awarded to people based upon true merit criteria.

The following table shows the following tangible benefits that can be realized by the county by implementing performance management and performance improvement best practices.

Implement Performance Management Best Practices Quantifiable Benefits Summary

Savings from increased retention	$ 2,718,000
Savings associated with upgrading underperforming employees	11,363,760
Total Annual Savings	**$14,081,760**

a. Tangible Benefits

• Retaining good employees is becoming more and more critical to business success or failure. The first step in employee retention is to determine which employees to retain through consistent, quantifiable measurement of performance on an ongoing basis.

• A recent study (*Workforce Planning: The Strategy Behind Strategic Staffing*, Christina Morfield, September 2002, HR.com) indicates that in most workforces only 34 percent of employees fall into the category of high performers, 8 percent are considered transitory, 31 percent are considered stable, and the remaining 27 percent are considered underperforming (*Employees and Profits: How to Increase the Bottom Line*, John Towler, February 2004, HR.com). Identification of the underperforming 27 percent through a process of qualification and quantification will allow the county to maximize efficiency in one of two ways: 1) by eliminating those workers through voluntary or involuntary separation; or 2) by improving the performance of those workers so they are no longer considered inferior. Eliminating underperforming workers allows for the redirection of attention and resources to productive employees.

Assuming 20 percent (3,157) of the county's workforce is underperforming, based on the studies that the cost of 'dealing with and/or re-working' the work of those employees costs an average of 30 percent of their annual salary. Improving the output of these underperforming workers would result in benefits accruing to the county. If 20 percent (631) of the underperforming workers could be upgraded through performance measurement programs, the annual savings would be approximately $18,000 per upgraded employee for an aggregate annual benefit of $11,363,760. Research indicates that it costs anywhere between 150 and 250 percent of a position's annual salary to replace the position (Costing Human Resources, 4th Edition, Wayne Cascio, 1999, South-Western College Publishing). In 2003, 453 King County positions were vacated, not including positions vacated by retirees. Assuming that 20 percent of those positions (91) were vacated by workers that the county regrets losing, a substantial savings can be realized by proactively preventing the loss of those workers. Using a very conservative replacement cost of 50 percent of salary, retaining 91 valuable employees each year that have an average annual salary of $60,000 would generate a benefit of $2,718,000. Additional benefits would be realized in retaining the detailed knowledge of employees who do not leave.

b. Intangible Benefits

The intangible benefits of moving forward into a culture of performance management and performance improvement are many:

• Increased commitment to efficiency.

• Increased awareness of where individuals meet and/or exceed identified job expectations.

• Increased employee accountability for job performance.

• Increased efforts by 'average' employees in job performance to increase their performance appraisal ratings.

• Increased morale due to high performers being rewarded by true merit pay.

• Greater alignment between job positions and core organizational values and goals.

• Improved information on which to base job promotion, succession planning, and merit pay.

2. Refine and Standardize the Collective Bargaining Process

King County has indicated that it takes, on average 8 months to negotiate a contract, with some taking more time and others less. Average contract duration is 3 years. Total annual hours per committee member is estimated at 80 to 100 hours. Over time, as contracts become more standardized, the committee hours will diminish, but do not anticipate this happening within the first 4 to 6 years.

a. Tangible Benefits

Refine and Standardize the Collective Bargaining Process Quantifiable Benefits Summary

Collective Bargaining	$ 164,448
Total Annual Savings	**$ 164,448**

In 2003, the county personnel costs for collective bargaining and associated processes totaled $3,288,969. It is estimated these costs can be reduced by 5 percent by realizing the tangible benefits associated with this opportunity.

• Consistent use of language reduces the chances of misinterpretation of the intent of contract language. Thus, instances of conflict, such as grievances and litigation, and those costs associated, will be reduced. The county recorded 282 grievances in 2003. This does not include conflicts resolved before the "third stage," i.e., when the conflict becomes an official grievance.

• Involving key administrators early in the planning process will allow for proactive planning and activity on the administration side concurrent with ongoing negotiations. This will reduce and possibly eliminate overtime hours associated with the 30-day mandate to implement contracts.

• Issues that are being negotiated for which system limitations apply, or costs are prohibitive, can be identified earlier in the process, thus allowing for time to develop alternatives.

• Standardization should reduce the time to complete contract negotiations.

• Standardization will reduce the amount of resources (time, staffing, and money) spent on system changes and/or augmentation.

b. Intangible Benefits
The intangible benefits of moving forward into a culture of performance management and performance improvement are as follows:

• Increased commitment to efficiency.

• Greater access to information in a timely and consistent manner.

• Building/supporting a stronger communication infrastructure, thus increased teamwork and commitment to unifying county policies and procedures.

• Greater alignment with King County goals and objectives.

• More productive use of county resources of money, staff, and time.

3. Develop and Implement Succession Planning and Mentoring

a. Tangible Benefits

Develop and Implement Succession Planning and Mentoring Quantifiable Benefits Summary

Succession Planning	$ 1,330,080
Total Annual Savings	**$ 1,330,080**

The following tangible benefits have been identified for this opportunity:

• Retaining good employees is becoming more and more critical to a program's success or failure. Employee retention reduces costs associated with replacing those employees who leave. As noted previously in this report, one of the primary reasons good employees leave organizations is because they are unhappy with the job itself. One way to address the issue of job fit is by providing opportunities for employees to try out positions.

• The time it takes to fill vacant positions can be reduced when successors, or potential successors, have been previously identified. The average time between identification of a vacant position and filling that position is not available from the county. According to a recent Washington State survey, their average time for placement is 43 days. When placing an internal candidate previously identified as a potential successor, the time between vacancy and placement could be reduced by 50–75 percent.

• The following computation uses retirement projections for the next five years provided by the county and best practice metrics for improvement factors.

– Retirement Eligible FTE's. 3,623 FTE's will reach retirement age at King County over the next 5 years.

– Key Positions. Assume that 60 percent (2,173) of these people fill what would be considered 'key' positions and that 60 percent (1,304) of those 'key' workers retire when they become eligible.

– Replacement Costs. Assume that 50 percent (652) of the 'key' positions being vacated due to retirement can be filled internally, and further assume that the county spends 50 percent of an annual salary ($60,000) to replace a position. The total cost for replacement of 652 'key' positions would be $19,560,400.

– Succession Planning Costs. Assume the costs associated with succession planning activities represent 33 percent of an annual salary ($60,000) for the position. Succession planning costs for 652 retirees total $12,909,600.

– Benefit Calculation. Comparing the replacement-based costs ($19,560,000) for the 652 positions to the succession-based costs ($12,909,600), shows a resulting benefit to the county of $6,650,400 over the next five years.

b. Intangible Benefits
The intangible benefits of moving forward into a culture that uses the tools of succession planning and mentorship programs include:

• Increased job satisfaction.

• Higher employee retention.

• Reduced lag time in bringing employees new to positions up to speed.

• Increased job performance.

• Greater alignment between job positions and the knowledge, skills, and abilities needed to fill those positions effectively.

4. Automate, Integrate, and Consolidate Human Resource Processes

a. Tangible Benefits

Automate, Integrate, and Consolidate Human Resource Processes Quantifiable Benefits Summary

Benefits are included in Payroll   N/A
Total Annual Savings   **N/A**

(Note: The cost estimates for HR systems are included with those in the
Payroll section). The tangible benefits of moving forward into a culture of easily accessible data
on which to base decisions and future planning are significant:

• A recent survey by Towers Perrin indicated that of 100 employers (representing 3 million
employees) who moved toward self-service, 70 percent indicated 'significant increase' in
transaction accuracy.

• Data entry becomes the responsibility of the workers themselves, freeing up personnel for other
projects and/or other responsibilities.

• Reduction in departmental ad hoc systems and associated costs. Eleven agencies reported
expenditures for human resources systems outside the central MSA/PeopleSoft costs. This does
not include savings for spreadsheets or Access databases that may not have been specifically
identified as human resources systems in the survey.

• Elimination of duplicate entry into more than one human resources/payroll system.

• Reduced need for re-work due to 'dirty' data from numerous sources.

• Greater ability to be in compliance with union contracts, state and federal laws, as well as
county codes and ordinances.

• Greater accessibility to information (measured by reduction in days to get reports, synthesize
data, etc.).

• More timely access to information (measured by reduction in days to get reports, synthesize
data, etc.).

b. Intangible Benefits
The intangible benefits of moving forward into a culture of easily accessible data on which to
base decisions and future planning are great:

• Increased buy-in from employees.

• Increased morale.

• Increased confidence in making decisions.

5. Implement Quality Assurance Strategies

a. Tangible Benefits

Implement Quality Assurance Strategies Quantifiable Benefits Summary

Quality Assurance Strategies	$ 1,357,818
Total Annual Savings	**$ 1,357,818**

Currently, King County incurs $27,156,360 in personnel costs annually to provide human resources services. The full implementation of the quality assurance process included in the Human Resources Unification Project will ensure that the project's objectives are in place and practiced. It is estimated that this process will provide a benefit to the county equal to 5 percent of human resources' personnel expenditures or nearly $1.4 million annually.

b. Intangible Benefits
The intangible benefits of moving forward into a culture of quality assurance are many, including the following:

• Increased commitment to efficiency.

• Increasing meeting and/or exceeding identified process, procedure, or policy expectations.

• Increased morale due to high performers being rewarded.

• Greater alignment between processes, procedures, policies, and the core organizational values and goals.

C. Payroll

1. Benefits
This opportunity has a high potential for achieving significant benefits for the county. It should be noted, however, that benefits will be realized over multiple years, with incremental process improvements expected annually. It would be unrealistic to expect immediate tangible impact. In fact, many organizations report a near-term decline in productivity following a major system shift while employees are adjusting to new processes and applications.

a. Tangible Benefits

Automate, Integrate, and Consolidate Human Resource Processes Quantifiable Benefits Summary

Reduction in Payroll Processing Costs	$ 3,192,291
Total Annual Savings	**$ 3,192,291**

• **Reduced cost to produce a payment.** In 2003, the county spent nearly $10.4 million to produce payroll payments. This is the aggregate cost for the timekeeping business function and the payroll processing and reporting business function, as well as for the payroll-associated ad hoc systems within the departments. In 2003, the county produced nearly 440,000 payments for a cost per payment of $23.55. A benchmarking study conducted in 2000 by Arthur Andersen for a public sector organization found total payroll cost per paycheck to vary in their benchmark group from a low of $0.24 to a high of $28.28, with a median of $5.52. Adjusting the county's cost per payment to match the basis on which the Andersen cost per paycheck was calculated, results in a comparable county cost per paycheck of $21.58. (Note: A study by Mercer calculated potentially comparable costs to be just over $3 per paycheck.) The same Andersen study found total payroll cost per employee to vary from a low of $26.44 to a high of $771.06, with a median of $157.04. Based on a county employee count of 15,783 and the same adjustment as above, the county's total payroll cost per employee is $601.72. Substantial progress can be made in reducing the county's cost per payment through cost reductions achieved by implementing this opportunity. We estimate the reduction to be at least 30 percent of current annual Payroll Business Area costs or approximately $3 million annually.

Following are additional calculations of savings in the payroll area. These savings have not been included in the benefit calculation but further corroborate the ability of the county to achieve savings.

– **Reduced operating costs.** The technical costs for MSA and PeopleSoft were nearly $2.4 million in 2003, for a cost per payment of $5.43. The Andersen study found these costs to vary for their benchmark group from a low of $0.0 to a high of $4.57, with a median cost of $0.47.

– **The operating costs allocated to MSA in 2003, are approximately $1.2 million.** Consolidating operating costs by moving to a single human resources/payroll system would reduce these costs substantially.

– **Reduced timekeeping and time processing costs.** In 2003, the aggregate cost for the county's timekeeping function was approximately $4.5 million. Approximately 60 percent of the county's employees are paid through the MSA system accounting for $2.7 million of the total timekeeping cost. This may appear to be a broad assumption, but because of the complexity and time consuming nature of the MSA timekeeping processes, the assumption likely understates the actual costs. It is estimated that eliminating the MSA forms-based processes and migrating responsibility for entering employee time and labor information and other transactions to the employee via self-service capabilities will reduce overall timekeeping functional costs significantly.

– **Reduced payroll processing costs.** The county supports two payroll cycles; biweekly and semimonthly. Implementing this opportunity will result in all employees being paid on a single

payroll cycle and eliminate the costs of processes and processing associated with dual cycles. It is estimated the consolidation will reduce overall payroll processing costs.

− **Reduced supplemental decision support and reporting costs.** The county spends approximately $0.4 million dollars annually on supplemental decision support and reporting activities through development, maintenance and support of departmental ad hoc systems and processes related to accessing and accumulating payroll information. Considerable time is spent developing requests for data extracts, consolidating data from the two systems, entering data into ad hoc systems, maintaining crosswalks, and manually preparing reports. It is estimated that migrating all the county's payroll data to a single system with a single set of data definitions and data query capabilities and providing managers with self-service access to payroll data will reduce these costs.

− **Reduced customer service costs.** In the State of Washington benchmarking study, 10 percent of total payroll costs were attributed to providing customer service. Applying that metric to the county's payroll processing costs results in an estimated cost of approximately $1 million. It is estimated that migrating the county's employees to a single payroll system and providing employees with payroll information self-service access and update capabilities will reduce these costs.

b. Intangible Benefits
• Timely, accurate paychecks.

• Current payroll manual.

• Avoidance of costly disputes.

• Decreased risk from technical support personnel turnover.

• Improved customer satisfaction.

• Improved payroll professional job satisfaction.

• Release from the constraints of 30 year old technology.

• Ability to quickly apply changes through reconfiguration.

• Reduced risk of system failure resulting from modifications.

• Better data availability to support collective bargaining.

• Quick implementation of collective bargaining agreements.

D. Budgeting

1. Automate, Integrate, and Consolidate Business Processes
Increasing automation for the budget process will provide the following tangible and intangible benefits. Benefits from this opportunity will be realized over several years, with incremental improvements each year. It would be unrealistic to expect immediate process efficiencies. In fact, many organizations report a small decline in productivity following a major finance system implementation while employees are adjusting to new processes and applications.

a. Tangible

Automate, Integrate, and Consolidate Business Processes Quantifiable Benefits Summary

Operating Budget Developmen	Not Estimated
Operating Budget Maintenance	Not Estimated
Total Annual Savings	

We believe this opportunity can provide significant tangible benefits to the county, but these were not included as part of the Business Case. We recommend that the County establish a capability to measure any such savings if it moves forward with the recommendation referenced here. Areas where there are potential tangible benefits are as follows:

• The Government Finance Officers Association estimates a 10-15 percent productivity increase resulting from ERP implementation. These savings would be derived from better use of resources by eliminating redundant entry of data at different levels, allowing more time for budget analysis and policy decision-making, reducing paperwork, and promoting standardization.

b. Intangible
Intangible benefits include:

• Improve the ability of the Council to analyze budgets and perform its oversight function.

• Provide a better understanding of the budget process by providing consistent information at all levels of budget development and creating common and better assumptions going into the budget phase.

• Provide reduced time to get to information which will in turn provide efficient delivery on information requests from Council, require fewer custom reports, and provide better visibility as to the changes at each stage.

• Eliminate unique departmental systems and databases for budget development.

• Provide the opportunity to check assumptions and numbers by inputting the budget requests early in the process.

2. Enhanced Budget Analytical Capability

Implementing activity-based costing, improved budget analysis, and performance measures and the analytical tools to support them will generate both tangible and intangible benefits.

a. Tangible

Enhanced Budget Analytical Capabilities Quantifiable Benefits Summary

Activity Based Costing	Not Estimated
Performance Measures	Not Estimated
Total Annual Savings	

We believe this opportunity can provide significant tangible benefits to the county, but these were not included as part of the Business Case. We recommend that the County establish a capability to measure any such savings if it moves forward with the recommendation referenced here. Areas where there are potential tangible benefits are as follows:

• A reallocation of a percentage factor of the county's operating budget is a method of determining the benefit of implementing activity-based costing (ABC). ABC helps to deploy the budget dollars where they have the greatest benefit to the constituents of the county. When the State of Washington implemented the Priorities for Government Process, they achieved an 8.8 percent savings for the current level budget. It is reasonable to assume that King County could achieve savings, as well.

• Using improved program analysis and performance measures to identify program efficiency savings and reallocate funds to higher priority activities.

b. Intangible

Intangible benefits include the ability to:

• Identify the full cost of activities including overhead.

• Allow activities to be better prioritized for budget analysis.

• Provide the ability to compare costs with other governments and utside service providers.

• Ensure that the public's priorities are systematically considered in he budget process.
• Expand the public's buy-in to the priorities and the supporting budget.

• Improve the ability to identify efficiencies.

• Improve service quality.

• Provide the ability to more precisely communicate the result of budget expenditures.

3. Improve Capital Planning and Monitoring Benefits
Increasing automation for the budget process will provide the following benefits:

a. Tangible

Improve Capital Planning and Monitoring Quantifiable Benefits Summary

Asset Preservation Savings	Not Estimated
CIP Project Savings	Not Estimated
Total Annual Savings	

We believe this opportunity can provide significant tangible benefits to the county, but these were not included as part of the Business Case. We recommend that the County establish a capability to measure any such savings if it moves forward with the recommendation referenced here. Areas where there are potential tangible benefits are as follows:

• Asset Preservation processes will extend the useful life of an asset before replacement or major reconstruction is required. Studies indicate that 4 to 10 dollars can be saved for every dollar spent on preservation. The county reports $603 million in infrastructure assets and $1,198 million in buildings. We believe that the county can achieve significant savings by investing in preservation techniques and schedules that will extend the life of the asset.

• Common practices supported by project management tools, including current financial reporting on project expenditures, can be used in an effort to reduce project costs and improve project completion rates by providing better visibility to status and scope of the projects in the capital program.

b. Intangible
Implementation of a countywide project tracking process that includes both quantitative and qualitative information on project status, budget, schedule, scope, and quality would generate the following benefits:

• Eliminate inefficiencies and inconsistencies produced by dual ARMS/IBIS project accounting processes.

• Provide more information to the departments that lack adequate monitoring systems.

• Allow action to be taken earlier to avoid project schedule or budget overruns.

• Reduce the number of provisos by providing the Council with status reporting.

• Provide the ability to coordinate effort for projects in similar areas.

• Enhance the capital budget information (justification, total cost of ownership) and facilitation of better sharing of information between the OMB, Departments, and Council would generate the following benefits:

− Provide more qualitative project information to the Council and the budget process. (Note: however it is important to develop reporting mechanisms that focus on the small number of at-risk projects rather than overloading OMB and Council with information on all CIP projects).

− Provide efficiency and effectiveness in delivering on information.

− Provide for a better use of resources.

− Provide additional information for decision-making.

• Facilitate better program decisions across the county through better coordination of multi-department issues (where one project impacts another department).

• Provide visibility of new projects.

• Streamline CIP reconciliation and flexible budgeting efforts.

• Implementation of a countywide asset management approach would generate the following benefits:

− Maintain value of the asset rather than replace it.

− Achieve lowest life cycle costs for capital facilities.

− Provide a prioritization method for major maintenance and preservation projects.

− Provide a better return on investment for taxpayer resources (stewardship).

− Support GASB 34 compliance.

Providing the ability to better anticipate and prioritize capital improvement needs would generate the following benefits:

• Reduce effort through the use of common tools.

• Provide more flexibility in resource utilization. Staff trained in the capital planning process in one organization could be loaned to another organization to provide additional help.

• Increase employee mobility. Staff trained in the common capital planning process could more easily move from one organization to another.

• Provide coordinated policy for planning.

Section 3: Assumptions Behind Business Development
■
The following assumptions were made in the development of this business case.

• PeopleSoft will be retained as the human resources/payroll solution.

• Oracle will be the financial solution.

• A system integrator will be selected to manage and staff the transition projects. Because the end result is best of breed, the selected vendor will demonstrate experience with both PeopleSoft and Oracle and take contractual responsibility for the conversion.

• The current PeopleSoft configuration will be reviewed and updated to implement best practices before additional agencies are converted.

• Straddle agencies will convert in the initial project. Since these agencies use IBIS already, these agencies present the least risk for conversion and provide a significant benefit for the agencies. The county will update the ERP cost estimates to reflect the change in strategy to implement IBIS countywide. The ERP cost estimates were based upon previous Dye Management Group, Inc. and Moss Adams estimates with different assumptions. However, it was not within the scope of this project to re-estimate the ERP costs.

Constraints
This section presents some of the constraints that should be considered and addressed as new business processes and new technologies are implemented. The Business Operating Model Report contains a detailed listing of these constraints.

• There is a lack of available resources in terms of people, time, and money. Developing an atmosphere of evaluation and continuous improvement takes consistent and thoughtful attention toward short-term action at a higher price, with an understanding it will set the stage for long-term improvement.

• Changes in job functions may affect union contracts. Prior to implementation, the county must determine the affected contracts and begin working with union representatives to address any issues.

• The county does not currently have a culture that is conducive to self-evaluation, nor are they used to including customers and/or suppliers to the analysis of performance. This will require a

significant culture change, one of openness to criticism. Initially, there may be significant resistance to the changing processes.

• The county has not usually completed performance appraisals for represented employees in the past because they receive step increases as negotiated in the contracts. Some departments such as the Superior Court and the Department of Judicial Administration conduct performance appraisals as a matter of policy. A program of performance measurement should be negotiated into the union contracts.

• There are specific laws governing how positions are filled, providing for equal opportunity and preventing discrimination. The mentoring and succession planning programs must operate within these laws.

• As personal information is going to be made available online, serious attention must be paid to issues of security and privacy. Firewalls, password protected gateways, and limited access to private information must be implemented.

• The county may not have the ability to undertake such a major technology project or be willing to impose the business change management necessary to do so successfully.

• The capital budgeting requirements in the King County codes are inconsistent with preservation of assets. The codes controlling the capital budget process are geared toward newly constructed assets.
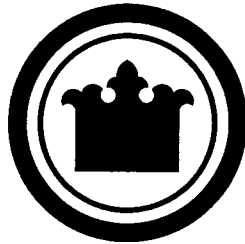
King County

Accountable Business Transformation

Program Charter

April 7, 2005

Table of Contents

1.0 Purpose

The purpose of this charter is to set forth the vision and goals of the Accountable Business Transformation Program, to establish its governance structure including the program management functions and responsibilities, define program deliverables, identify critical factors for project success, key risk factors and key performance indicators and to identify project constraints and assumptions.

2.0 Problem Statement

Eleven years after the merger of Metro and King County, King County government continues to rely on the operation of two sets of accounting and financial reporting systems and two sets of human resources (HR/payroll) systems.

> *Presently, the county operates with two accounting and financial reporting systems and two human resource/payroll systems. These four separate systems perform the fundamental central financial functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. While there has been improvement with the PeopleSoft and Oracle systems, many of the business systems and practices are still outdated, and inflexible. Business-process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.*[1]

Budget and financial management processes and reporting are inconsistent within the two systems and not easily accessed by users. Budget development processes and budget monitoring are not integrated. Separate budget development processes are used for operating and capital budgets. Budget management systems for capital are inadequate and some Oracle users utilize side systems for capital budget management.

3.0 Vision

In June 2003, after substantial discussion, a Visions and Goals Statement for Enterprise, Financial, Human Resource and Budget Management was endorsed by representatives of the full elected leadership of King County and adopted by the Metropolitan King County Council in Motion #11729. The adopted vision statement reads as follows:

---

[1] Enterprise Financial, Human Resource and Budget Management: Vision and Goals Statement, adopted by Motion 11729 by the Metropolitan King County Council on September 28, 2003.

*King County's financial, human resource and budget
management functions are fully integrated, efficient and effective,
and enhance the county's ability to provide essential services to
its customers.*

A full text of the Motion #11729 and the Enterprise Financial, Human Resource and Budget Management Vision and Goals Statement is attached as Appendix A.

4.0 Mission

The mission of the **Accountable Business Transformation (ABT) Program** is to transform and standardize the county's financial, payroll, human resources and budget business services by implementing consolidated business practices and systems for one core financial system and one core human resources/payroll system, by aligning HR practices and procedures countywide and by standardizing and streamline operating and capital budgeting.[2]

5.0 Program Scope

The **Accountable Business Transformation Program (ABT)** will bring contemporary financial, human resource, payroll and budget best practices to King County. It will consider and implement high payback opportunities identified in the Quantifiable Business Case Report prepared by Dye Management Group, Inc. in July 2004, as well as some activities not specifically included in the consultant's recommended transition plan that are essential to lay the proper foundation for success.[3] ABT is primarily about business process change. It will leverage contemporary technology that the county has partially implemented including the PeopleSoft HR/Payroll system and the Oracle financial system. There will be significant benefits for the county in all business areas.

Given the county's fiscal constraints, **Accountable Business Transformation** includes a careful and considered proposal for a phased implementation strategy, allowing the county to focus its attention and resources on fewer projects at the beginning, with each project building upon accomplishments of the previous as the program progresses and better manages risks. The initial action plan tasks and expected accomplishments will improve the county's current business model.

---

[2] Dye Management recommends the county implements a budget system – this takes us a step beyond the last phrase of "standardizing and streamline operating and capital budgeting".

[3] The Quantifiable Business Case Report can be found at http://kcweb/oirm/ProgProj.htm.

Accountable Business Transformation is not just a migration from one system to another, but is a transformation of business processes that are enabled or supported by contemporary applications. This process of transformation involves business analysis, looking at the current environment and business processes, modifying those processes to conform to best practices as supported by the new application, and then mapping the transformed processes to the new technology systems.

6.0 Program Guiding Principles, Business Goals and Guiding Policies

Realization of the Vision and Mission for the ABT Program will require a transformation and standardization of business processes, a single core public sector financial system including budget management, and a complete migration to the PeopleSoft HRMS. Based upon the vision, the council has adopted a series of guiding Principles, Business Goals and Guiding Policies.

6.1 Guiding Principles

In Motion #11729, the King County Council adopted nine Guiding Principles that will drive future financial systems efforts:

1. *Ensure effective leadership, comprehensive stakeholder agreement and alignment with county's goals.*

2. *Apply the Technology Governance direction for future project efforts.*

3. *Standardize and streamline operations and business practices to adopt best practices.*

4. *Consolidate and integrate the computing infrastructure to eliminate redundancy.*

5. *Reduce computer maintenance, management and service costs.*

6. *Improve customer service, decision support, and reporting capabilities.*

7. *Enhance existing service levels and capabilities.*

8. *Ensure the privacy and security of financial, human resource and budget information.*

9. *Commitment to organizational and "county cultural" change must be accepted and effectively implemented.*

6.2 Business Goals

In addition to the vision statement and guiding principles, the county council adopted a series of business goals that include general operational goals, technology specific goals, human resource management business goals, payroll business goals, budget preparation business goals, financial accounting business goals and purchasing and inventory management business goals.[4] The following goals are highlighted because of their importance in measuring project success. A full text of these goals is found in Appendix A. The business goals include:

General Operational Goals
> Standardize and improve business processes and practices and work to eliminate impediments to adopting best practices.
> Work with stakeholders and business process owners to streamline the county's core financial, human resource and budget processes.
> Support basic financial, human resource and budget functions within the core system(s) of the county, making that system(s) the "system of record". Minimize dependency on "secondary" or "side" systems in the performance of mission-critical functions. Use the core system(s) as a business backbone, or foundation upon which to automate additional business functions in the future in an integrated fashion.
> Improve the county's ability to conduct business, human resources and technology planning based on reliable, timely financial and human resource data.

Technology Specific Goals
> Ensure security controls that are capable of enforcing the county's business rules, access policies, and legal obligations with regard to employee data, financial and budget information, and business activities.
> Evaluate the short and long term system needs of the financial, human resource and budget operations of the county, and deploy proven commercial software and hardware solutions that utilize current, mainstream technology, as the core business system(s) of the county.
> Minimize the number of separate information systems, and the interfaces that connect them, running on different computers, written in different programming languages, and utilizing separate databases.
> Limit customizations to the software to hold down implementation costs, to support standardization of business practices, and to preserve the ability to upgrade to new versions as they are released.

---

[4] [4] Enterprise Financial, Human Resource and Budget Management: Vision and Goals Statement, adopted by Motion 11729 by the Metropolitan King County Council on September 28, 2003.

➢ Support automated workflow management, including automated review and approval for functions ranging from budget management, to human resource events, to purchasing activities, based on business rules.
➢ Develop system audit and control capabilities.

Human Resource Management Business Goals

➢ Improve human resource management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning for key employees, labor issues, class/comp/labor contract implementation, and contract and temporary labor management tracking.
➢ Provide secure access to and maintenance of human resource related information by supervisors and managers to meet their management decision-making activities.
➢ Empower employees to secure access and maintain their own human resource information where appropriate.
➢ Increase effectiveness in the delivery of human resource activities resulting in reduced processing time.

Payroll Business Goals

➢ Provide employees the information needed to validate that their pay stubs are accurate.
➢ Produce timely and accurate paychecks.
➢ Integrate with financial transaction processing and reporting and budget management.

Budget Preparation Business Goals

➢ Improve the county's ability to budget and measure program success based on performance metrics.
➢ Support a countywide, public sector operating and capital budget preparation system (module) that can be used to model and evaluate potential budgets.

Financial Accounting Business Goals

➢ Maintain system reliability and stability to ensure integrity of financial data for general ledger, procurement, accounts payable, accounts receivable, cash management, debt management, fixed assets and financial reporting and the appropriate use of public funds.
➢ Support budget monitoring with easy reporting of budget balances available which reflect current budget updates, pre-encumbrances (request for purchases) and encumbrances (purchase commitments).
➢ Provide for accurate project and grant accounting of expenditures and revenues.

6.3 Guiding Policies

In September 2004, the Metropolitan King County Council adopted the following four Guiding Policies through Motion #12024 to provide direction for the ABT program:

> _Human Resources/Payroll Policy Statement:_ _Pay all employees on a common, bi-weekly, pay cycle from a single payroll system by migrating all employees to the PeopleSoft system._
>
> _Human Resources Policy Statement:_ _Align all county human resource practices and procedures to ensure that business needs are met through legally defensible human resource practices._
>
> _Financial Policy Statement:_ _Process core county financial transactions from a single integrated system by implementing Oracle Financials countywide._
>
> _Budget Policy Statement:_ _Standardize and streamline operating and capital budgeting by implementing a public sector operating and capital budget countywide solution._

7.0 Program Governance and Structure

Program governance is a critical and key component of the success of the ABT program. ABT Governance includes bodies that provide policy direction, oversight and program management. A description of each body follows.

Exhibits 1 through 3 are graphic representations of the governance structure and relationships.

ACCOUNTABLE BUSINESS TRANSFORMATION (ABT) PROGRAM LEADERSHIP AND MANAGEMENT

ABT Leadership

Focus:
Policy endorsement
and approving
outcome measures

Bob Cowan
Office of Management
and Budget

David Martinez
CIO

Ron Sims - Chair
County Executive

Paul Tanaka
CAO

Dow Constantine
County Council

Jane Hague
County Council

Scott Noble
Assessor

Norm Maleng
Prosecuting Attorney

Richard Eadie
Presiding Judge
Superior Court

Sue Rahr
King County Sheriff

Corinna Harn
Presiding Judge
District Court

ABT Advisory Committee *

* members to be appointed by the ABT Leadership for their respective departments/agencies

ABT Management Team

Focus: Guide the Program,
provide direction on scope,
schedule, budget, assist
with change management,
policy direction and risk
mitigation when needed

Paul Tanaka
CAO, Chair

David Martinez
CIO, Advisor

Bob Cowan
Office of Management
and Budget, Advisor

TBD
Assessor's Office

TBD
District Court

TBD
County Council

TBD **
Executive Branch
Departments

TBD
Prosecuting Attorney's
Office

TBD
Superior Court

TBD
Sheriff's Office

** Number of representativesTBD

11

Accountable Business Transformation Program Governance

Independent Program Oversight

Technology Governance Oversight

ABT Leadership Committee
KC Executive - Chair, * see detail

ABT Advisory Committee
**see detail

ABT Operations and Change Management Committee
Program Manager - Chair, **see detail

Ron Sims
Executive Sponsor

Paul Tanaka
CAO

Program Manager

Program Management Office and Project Teams

ABT Management Team
CAO - Chair, CIO, Budget Director

Primary Responsibilities Legend:

Policy
Oversight
Advisory
Execution

ABT Program Charter
April 7, 2005

ABT Operations and Change Management Committee

Focus: Day to day Program operations, functional and technical directions, deliverables requirements and review, resolving key program issues, monitoring changes in Program scope, schedule, budget and resources

Program Manager
Chair

Ken Guy
FBOD Director (interim)

Anita Whitfield
HR Director

Kevin Kearns
ITS Director

Debora Gay
OMB Deputy Director

TBD
OIRM Representative

TBD
Executive Departments Representatives

TBD
Separately Elected Officials Representatives

TBD- Representatives from Separately Elected Officials:

Assessments
Council
District Court
Prosecuting Attorney
Sheriff
Superior Court

TBD - Representatives from Executive Departments as required by the Program Phases:

Office of the Executive
Adult and Juvenile Detention
Community and Human Services
DDES
DJA (Judicial Administration)
DNRP
DOT
Public Health
DES

13

7.1 ABT Leadership Committee

The ABT Leadership Committee consists of King County elected officials and provides countywide leadership, policy endorsement and approval of outcome measures. The ABT Leadership Committee is responsible for owning the program on behalf of King County government and for endorsing overarching principles that affect program implementation. The overarching principles include the adopted Vision, Goals, Guiding Principles and Guiding Policies as well as policies and principles that may be adopted in the future. The ABT Leadership Committee will vest implementation responsibility with the King County Executive. Their policy endorsement will precede all legislative transmittals to the Council. The Committee will be chaired by the County Executive and consist of the following members:
> Two members of the Metropolitan King County Council
> Assessor
> Prosecuting Attorney
> Presiding Judge of Superior Court
> King County Sheriff
> Presiding Judge of District Court

The County Administrative Officer, Chief Information Officer and Director of the Office of Management and Budget will support this Committee and act as liaison between this committee, the Advisory Committee and program management.

The Committee's responsibilities include:

> Approving the ABT charter outlining program objectives, how reviews and reporting will occur, program resources, and a decision-making structure;
> Approving overarching principles including vision, goals, guiding principles and guiding policies;
> Adopting program plan and policies to ensure business process alignment with adopted overarching principles;
> Approving outcome measures;
> Authorizing independent risk analyses and cost/benefit analyses and evaluating the work products for quality and completeness;
> Supporting timely resolution of roadblocks;
> Supporting organizational change management activities;
> Reviewing and approving the ABT Program Plan and Approach;
> Reviewing reports from independent oversight consultants;
> Realizing program benefits and advocating those benefits within each agency; and
> Advocating the program vision and goals and supporting adequate funding and resourcing within each agency.

7.2 Executive Sponsor

The sponsor of the ABT is the King County Executive who is responsible for program implementation and accountable for the program's success. The Executive is the program's advocate with county departments and agencies and is responsible for articulating to the organization the program vision and business reasons for change. The sponsor is responsible for ensuring that policy and funding support for the program is sustained at the elected official level and across all branches of government.

The sponsor is responsible for ensuring that decisions are made in a timely manner and that potential roadblocks are expeditiously resolved. The Executive Sponsor will propose a program charter, program plan, policies, overarching principles and outcome measures to the Leadership Committee for adoption. The sponsor is responsible for change management, decides issues and refers policy questions to the Advisory Committee and Leadership Committee as appropriate, and is responsible for the program independent oversight.

7.3 Program Sponsor

The Program Sponsor is the County Administrative Officer (CAO) who is responsible for managing the ABT Program thru the ABT Program Manager who reports to the CAO. The sponsor is responsible for the following:
- Developing the program charter;
- Preparing overarching principles and outcome measures for review and adoption by the Executive and ABT Leadership Committee;
- Implementing policy direction;
- Assuring program and process quality;
- Managing benefit realization and risk;
- Conducting cost/benefit assessments;
- Authorizing human resources and program contracts;
- Managing the contracts for the program manager, and independent oversight providers;
- Ensuring that the program adheres to scope, schedule, and budget;
- Communicating the program vision, strategic objectives, and needs to county agencies;
- Developing the overall strategic program targets;
- Ensuring funding and other resources are available and are allocated appropriately for the program's duration;
- Ensuring that political and organizational obstacles are identified and resolved in a timely fashion at the appropriate level;
- Resolving issues and appeals from agencies in a timely manner with advice from the ABT Management Team;

➢ Escalating policy matters to the Executive, Advisory Committee, and Leadership Committee for review and consideration;
➢ Considering advice and input from the Operations and Change Management Committee;
➢ Accepting final program deliverables from staff and consultants; and
➢ Managing business process change and ensuring program outcomes.

7.4 ABT Management Team

The ABT Management Team provides advice to the CAO and through the CAO to the Executive. The ABT Management Team is comprised of the Director of the Office of Management and Budget and the Chief Information Officer and is chaired by the CAO. This team provides senior-level policy and operational leadership for the entire project. The management team reviews all draft products, monitor outcome measures, issue resolution, and program scope, schedule and budget.

➢ The Director of Office of Management and Budget's role includes developing policy and operational advice and recommendations on funding sources and structure as well as on the countywide budget model, the budgeting business process and associated components such as budget business issues resolution, change management and business resources management. The OMB Director will monitor benefit realization.

➢ The Chief Information Officer's role includes developing policy and operational advice and recommendations on technology change management and technology governance.

7.5 ABT Advisory Committee.

The CAO will establish the ABT Advisory Committee to serve as the oversight group for the ABT program. The members will be appointed by the ABT Executive Leadership Committee for their respective Executive departments and agencies. The ABT Advisory Committee will be chaired by the CAO with support from the Program Manager; the Director of OMB and the CIO will be members. In addition, membership will include representatives from
➢ Assessor's Office
➢ County Council
➢ Prosecuting Attorney's Office
➢ Superior Court
➢ Sheriff's Office
➢ District Court

16

> ➢ Executive Branch Departments

The Advisory Committee is the forum for providing advice and input to the CAO and ABT Management Team to take forward to the Executive Leadership Committee on cross agency program policy issues. Members review draft program deliverables, and ensure that the perspectives and understanding of different stakeholders are factored into policy level discussions and decisions. The Advisory Committee will provide guidance on the program, provide direction on scope, schedule and budget, and assist with issue resolution and risk mitigation when needed.

The committee's responsibilities include:
> ➢ Reviewing the proposed charter and making a recommendation to the Leadership Committee;
> ➢ Reviewing the alignment of the program with the adopted vision and goals;
> ➢ Supporting business process transformation;
> ➢ Confirming issues that require countywide confirmation by the Executive Leadership Committee;
> ➢ Providing policy recommendations and decision-making support to the Executive Leadership Committee to help expedite that committee's work;
> ➢ Authorizing an independent program oversight provider for the program;
> ➢ Receiving regular reports from oversight provider, and evaluating the reports for quality and completeness;
> ➢ Expediting resolution of policy issues affecting the program;
> ➢ Recommending independent risk analyses and verifying cost/benefit assessments;
> ➢ Reviewing project prioritization and providing input and advice to CAO;
> ➢ Reviewing outcome measures and making recommendations to the Leadership Committee;
> ➢ Monitoring benefit realization;
> ➢ Monitoring resource allocation and utilization;
> ➢ Monitoring scope, schedule and budget; and
> ➢ Supporting adequate program resourcing.

7.6 ABT Operations and Change Management Committee

The ABT Operations and Change Management Committee, which is chaired by the Program Manager, is the committee charged with primary functional and technical advice and oversight and with monitoring changes to business processes, the program, scope, schedule and budget. Members will be confirmed by the ABT Advisory Committee. The Operations and Change Management Committee is the first level of communication and issue escalation from the Program Office and will provide advice and policy recommendations to the Program Manager and CAO and seek advice of the ABT Advisory Committee

as warranted. The objective of this committee is to determine how to make the changes necessary to implement a successful program. Membership will vary over time depending upon the issues of concern and the schedule for agency rollout. Membership will include:
- ➤ Finance and Business Operations Division Director
- ➤ Information and Telecommunications Division Director
- ➤ Human Resources Division Director
- ➤ Deputy Director of OMB
- ➤ Representative from OIRM
- ➤ Representatives from Executive Departments
- ➤ Representatives from Separately Elected Officials
- ➤ Change management consultant

The Operations and Change Management Committee is responsible for reviewing draft program deliverables, understanding the functional and technical needs of different stakeholders and ensuring that these needs are aligned with the program vision and goals. The committee will make policy recommendations to the ABT Management Team and ABT Advisory Committee. The Operations and Change Management Committee will provide frequent guidance and direction to the Program Manager on scope, schedule and budget, make decisions on business process change, and assist with issue and risk mitigation when needed. The committee's responsibilities include:

- ➤ Monitoring program scope, risk, schedule and budget;
- ➤ Recommending program resources, program plans and any revisions to program plans;
- ➤ Monitoring risks and recommending mitigation;
- ➤ Monitoring benefits realization;
- ➤ Recommending and monitoring human resources and program contracts;
- ➤ Recommending an independent program oversight provider for the program;
- ➤ Providing policy recommendations and decision-making support to the ABT Advisory Committee to help expedite that committee's work;
- ➤ Identifying and resolving key program issues, and escalating issues that cannot be resolved internally, to the CAO;
- ➤ Reviewing and recommending outcome measures;
- ➤ Reviewing and recommending business process changes to the CAO and AC;
- ➤ Resolving roadblocks and escalating issues to the CAO;
- ➤ Communicating program and vision within agencies and advocating business process transformation;
- ➤ Recommending resources and monitoring changes in resource levels and allocations;
- ➤ Providing oversight of systems and deliverables; and
- ➤ Reviews cost benefit assessments.

7.7 Program Manager

The Program Manager directs the Program Management Office and manages the program scope, schedule and budget, provides direction to the functional and technical leads that will oversee the projects, and ensures that all critical-path issues are resolved and that all success factors are in place. The Program Manager responsibilities include:

➢ Managing the implementation projects and all subprojects,
➢ Managing the project managers, consultants, and PMO staff;
➢ Managing program risk and escalating concerns to CAO and Operations and Change Management Committee;
➢ Overseeing activities of all projects to ensure that the program is integrated and cohesive;
➢ Providing a single point of contact between management and the project teams,
➢ Resolving program conflicts, roadblocks, and other issues and escalating those that cannot be resolved internally to the ABT Change Management Committee;
➢ Recommending business process changes and policies for consideration by the CAO, King County Executive, Advisory Committee, and Leadership Committee;
➢ Developing outcome measures;
➢ Monitoring benefit realization and reporting to the Budget Director and CAO;
➢ Chairing the Operations and Change Management Committee;
➢ Acting as the advocate for all the needs of all the departments,
➢ Ensuring the right technical function and expertise is available and identifying resourcing concerns,
➢ Ensuring that the county has the capability to use and maintain the systems after they are delivered;
➢ Providing periodic status reports to the ABT Advisory Committee.
➢ Ensuring quality control; and
➢ Making decisions on all aspects of the program to facilitate program progress and adherence to scope, schedule, budget, and vision.

The Program Manager reports to the CAO and has day-to-day responsibility and authority for decision-making.

7.8 Program Management Office

The Program Management Office is a management structure created to manage the daily activities of the ABT Program and its projects as well as ensure integrated program delivery. The PMO is directed by the Program Manager and reports to the CAO. The project managers for each of the ABT projects will be

part of the PMO and will report to the Program Manager. In addition, the PMO will be staffed by county staff (functional and technical leads) and consultants. The responsibilities of the PMO include:

> Updating, maintaining, and communicating program requirements;
> Establishing a standard project management methodology, including tools and communication;
> Establishing program boundaries and responsibilities and coordination of deliverables;
> Maintaining awareness of the "big picture" in order to monitor trends and recognize issues;
> Identifying issues and roadblocks, maintaining issues and risk log, monitoring issues resolution and timeliness, and reducing program risks;
> Establishing a structured process for accomplishing program goals and objectives, monitoring the progress and schedule of the program against that process;
> Maintaining a knowledge base of information and documentation on the program models and standards as well as program system capabilities and related information;
> Providing information and reports to senior management and the Operations and Change Management and Advisory Committees;
> Updating and maintaining change management issues log, and using the log to target program communications and assistance to organizations to ensure a successful transition;
> Raising concerns about resourcing and allocation;
> Monitoring quality assurance on an ongoing basis; and
> Reviewing independent oversight reports and cost/benefit assessments and making recommendations for program change.

7.9 Independent Program Oversight

The goal of independent program oversight is to provide the Executive Leadership Committee and the Advisory Committee with valid, unbiased information about the program's status, performance trends, and forecast for completion. Independent program oversight, operating in a proactive, problem avoidance manner should be utilized throughout ABT program implementation. Such oversight will be authorized by the Executive Leadership Committee upon recommendation of the Advisory Committee. The adequacy of the program oversight and responsibility for the success of the independent program oversight rests with the ABT Program Executive Sponsor in consultation with the Leadership Committee.

7.10 King County Technology Governance

As an integral part of the county's governance structure for its technology environment, the Project Review Board (PRB) provides a high-level of oversight over all technology projects including ongoing funding approval and continuous project review and reporting throughout the project implementation. The ABT program will be subject to the normal county technology governance process reporting to Technology Management Board, Business Management Council and obtaining endorsement from the Strategic Advisory Council on ABT strategic objectives.

8.0 Program Deliverables

The ABT program is premised on a phased approach to transforming the county's business practices. ABT will be implemented incrementally with each phase informed by and building upon the success of the prior phase. The general program deliverables will be:

8.1 Human Resources.

➢ The key deliverable is a uniform set of countywide human resource practices and procedures that meet business needs through legally defensible human resource practices.

This deliverable will be achieved through the following business transformation
- Automate, integrate, and consolidate HR business processes based on best practices;
- Implement performance management best practices;
- Refine and standardize the collective bargaining process;
- Develop and implement succession planning policies;
- Implement quality assurance strategies
- Align human resources practices countywide.

8.2 Payroll

➢ The key deliverable is a common bi-weekly pay cycle from a single payroll system (PeopleSoft)

This deliverable will be achieved through the following business transformation
- Automate, integrate and consolidate Payroll business processes; and
- Rollout the PeopleSoft solution countywide;

8.3 Financials

➢ The key deliverable is a single integrated core county financial system (Oracle Financials)

This deliverable will be achieved through the following business transformation
- Automate, integrate, and consolidate business processes;
- Implement electronic document imaging and management;
- Implement procurement best practices;
- Implement capital asset management best practices; and
- Implement Oracle Financials countywide

8.4 Budget

➢ The key deliverable is a standardized and streamlined operating and capital budgeting system

This deliverable will be achieved through the following business transformation
- Implement enhanced automation;
- Increase analytical capability; and
- Improve capital planning and monitoring
- Implement countywide budget system?

9.0 ABT Program Phases

The ABT program involves four business areas: finance, human resources, payroll and budget, whose business processes will be transformed by implementing business best practices and supporting technologies. .

9.1 ABT Program Phases as recommended by Quantifiable Business Case (QBC)

The QBC Report recommended a transition/implementation program for business transformation that would occur in six stages over four years at a cost of $47.5 million in direct costs plus interest costs of approximately $24 million for a total of $71.5 million. These cost estimates were made in 2002. Table 9 presents these estimated costs by year and by task.

Dye recommends and the Executive agrees that the county must do detailed implementation planning to validate the costs of the program.

➢ The first three stages are tasks related to detailed planning for technology systems during which key business process decisions are

made. This planning phase would take 14 months and were estimated by Dye to cost approximately $6,615,000. These stages are:

- Initial planning;
- Select software and system integrator; and
- Process tasks required before implementation.

➢ The two next stages relate to phasing the rollout to agencies and phasing expanded functionality. Once the planning is complete, Dye recommends rolling the technology out to county agencies in four groups over three years – first to straddle agencies, then to three subsequent groups to be determined during the planning phases. Additional functionality would also be rolled out in phases. This rollout is estimated to cost $39,675,000 million. These stages are:

- Perform phased agency implementation; and
- Perform phased functional implementation.

➢ The final stage, which is independent of the technology, involves business process changes for human resources and capital budgeting. This stage extends over the life of the project at a cost of $1.2 million.

9.2 Executive Recommended ABT Program Approach

The Executive carefully reviewed the Dye-recommended business transformation alternative and recommends a revised approach to the ABT based on the valuable experience and lessons learned from the previous efforts. The Executive's recommended ABT is phased over five years rather than the four years recommended in the QBC Transition and Implementation Plan. In addition, the executive recommendation incorporates strong governance structures, extensive external oversight and ongoing quality assurance assessment to ensure that risks are minimized, costs are effectively monitored and benefits can be realized.

The objective of extending the work program by one year is to allow additional pre-implementation activities. The purpose of the pre-implementation activities is to confirm sponsorship of the program vision among key stakeholders, re-validate and confirm the program vision and its alignment with the county's short and long-term goals, and establish a strong project governance structure. The action plan for this approach calls for:

➢ Spending significantly more time up front in obtaining high-level countywide policy endorsements for key decisions. This will be done through the ABT Governance Program described in Appendix E.

➢ Upgrading Oracle and PeopleSoft to the current versions prior to reconfiguring the systems for countywide implementation.[56]

---

[5] IBIS (Integrated Business Information System), which is a customized version of Oracle Financials, was implemented in 1995 for former Metro agencies. IBIS was initially configured to support former Metro work

> ➤ Undertaking a two-part planning process that includes developing a high-level business design and cost validation that the elected leadership of the county can review and confirm, followed by a detailed implementation plan with detailed costs. Dye recommended a one-step planning program spanning one year. This two-step planning process occurring over two years is consistent with the approach of spending additional time in change management activities and ensuring policy alignment throughout all branches of government in order to reduce implementation risk.

> ➤ Moving the DES Straddle Agencies (Human Resources Division, Finance and Business Operations Division, an Information and Technology Services Division) from MSA/ARMS to PeopleSoft/Oracle in 2005 as a pilot migration project with a quality assurance review. Dye recommends that all straddle agencies be moved after Oracle and PeopleSoft have been configured for countywide application. The purpose of including a pilot migration project is to develop a template for moving agencies from ARMS to a new financial system and to develop a model plan, including a detailed communication plan, for moving employees from MSA to PeopleSoft.

> ➤ Aligning human resource policies countywide between the Executive branch and other branches in order to align business processes with a best practices model using the human resource functionality of PeopleSoft.

The costs of the Executive Recommendation will be validated as part of the 2005 work program. Table 9.2 compares the costs and work program for the Dye Recommended approach and the Executive Recommendation.

Assuming that the costs of the Dye Recommendation and Executive Recommendation are similar, Graphic 1 compares the rates of expenditures of the Executive's Recommended ABT Program and the Dye-recommended Business Transformation Alternative.

---

processes, financial structures, policies and procedures, and since maintained and upgraded to support mainly Transit, Waste Water Treatment and DES straddle agencies financial processes. As a result, its configuration does not adequately support existing county business needs. With the Oracle Financials implementation for the County and to support both unified and the new transformed business processes for the entire county, Oracle Financials will require a new configuration which will meet the business needs of all, and bring in new functionality to further improve business processes.

[6] PeopleSoft was implemented in January 2000 to support the payroll function for former Metro agencies, Transit and Walter Quality because their ISI payroll system was not Year-2000 compliant. PeopleSoft is a powerful human resource management tool that includes a payroll module. Only a fraction of its functionality has been implemented. Like IBIS, PeopleSoft will require new configurations to meet the business needs of all county agencies, and new functionality to improve business processes.

Table 9.2 Comparison of Executive Recommended Expenditures by Phase and the Dye Transition/Implementation Plan

Function	2005		2006		2007		2008		2009		Total Dye Recommendation	Total Executive Proposal
	Dye Year 1 Recommendation	2005 Adopted Budget	Dye Year 2 Recommendation	Executive Proposal	Dye Year 3 Recommendation	Executive Proposal	Dye Year 4 Recommendation	Executive Proposal	Dye Year 5 Recommendation	Executive Proposal		
Program Governance & Council Oversight	Not Costed	$ 165,000	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 165,000
Change Management	Not Costed	$ 100,000	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 100,000
Initial Planning	$ 200,000	$ 225,000	$ -	$ -	$ -		$ -				$ 200,000	$ 225,000
Process Tasks Required Before Implementation	$ 5,450,000	$ 2,181,615	$ 10,000	$ 3,278,385	$ -		$ -				$ 5,460,000	$ 5,460,000
Select Software and System Integrator	$ 955,000	$ -	$ -	$ 955,000	$ -		$ -				$ 955,000	$ 955,000
Perform Phased Agency Implementation	$ -	$ 427,848	$ 17,700,000		$ 11,375,000	$ 17,272,152	$ 3,400,000	$ 11,375,000		$ 3,400,000	$ 32,475,000	$ 32,475,000
Perform Phased Functional Implementation	$ 2,000,000	$ 343,643	$ 4,000,000	$ 2,656,357	$ 1,200,000	$ 3,000,000	$ -	$ 1,200,000			$ 7,200,000	$ 7,200,000
Process Changes Possible Before System Implementation	$ 300,000	$ 376,955	$ 500,000	$ 500,000	$ 380,000	$ 303,045	$ 30,000	$ 30,000			$ 1,210,000	$ 1,210,000
Human Resources Alignment	Not Costed	$ 153,600	Not Costed	Additional funds required.	Not Costed	Additional funds required	Not Costed	Additional funds required.	Not Costed	Additional funds may be required	Not costed	$ 153,600
Total	$ 8,905,000	$ 3,973,661	$ 22,210,000	$ 7,389,742	$ 12,955,000	$ 20,575,197	$ 3,430,000	$ 12,605,000	$ -	$ 3,400,000	$ 47,500,000	$ 47,943,600

Graphic 9 compares the rate of expenditure of the Dye recommendation and the Executive's proposed approach.

Graphic 9 Comparison of ABT Expenditures

The following describes each phase of ABT and distinguishes the executive recommendation from the Dye recommendation where appropriate.

- **Initial planning** – This phase includes defining initial scope of phases and selecting a vendor to assist in preparatory analysis and system requirement phases. This will occur over the first three quarters of 2005 at a cost of $225,000.

- **Change management** – This phase has been added by the Executive ensure that high-level endorsements and concurrence occur at the beginning of the project in order to minimize risk. The change management activities include ensuring that the program is aligned with the adopted vision and goals, developing and implementing a communications program, implementing a robust sponsorship program, ensuring that the organization is ready and committed to business process change, implementing a change agent program and developing a risk mitigation strategy. This work will continue throughout the program. The cost for change management in 2005 is $197,943. It has not been costed for subsequent years.

- **Process tasks required before implementation** – This phase addresses key decisions that must be made for the county to make the business process changes needed to achieve the identified benefits and to reduce implementation risks. This will set the standard for implementing policy and business processes as the phases proceed. The issues to be

addressed include determining whether to use an activity based costing strategy, developing a cost allocations plan, developing a labor distribution methodology, developing an accounting structure, identifying areas that require resolutions to labor agreements, developing a position management approach, developing human resource competency management, recruitment, succession planning and performance management strategies, and determining the implementation strategy. These business process requirements will be used to configure Oracle Financials and PeopleSoft systems to meet the business needs of the entire county and replace the existing IBIS, ARMS and MSA systems[7]. Early decisions on the identified issues will allow contracts for grants and contracts for services to cities and other jurisdictions to be aligned to new processes. During this phase the requirements for core functionality as well as additional functionality will be defined. Key areas for which requirements are needed include: human resources, payroll, financials and budget functional requirements. Hardware and software requirements for implementation also need to be evaluated. These tasks will occur during 2005 and 2006 at a cost of $5,435,000.

- **Select software and system integrator** – The purpose of this phase is to select a system integrator to support the remaining implementation efforts. The single system integrator will be able to address PeopleSoft and Oracle configuration, best practices, and integration. This will occur in 2006 at a cost of $955,000.

- **Perform phased agency implementation** – straddle[8] agencies are assumed to be the first group to convert. This will include rolling out the countywide version of Oracle to agencies that currently use IBIS[9]. Dye recommends that all straddle agencies be moved after Oracle and PeopleSoft have been configured for countywide application. The Executive recommends that those straddle agencies that are part of the Department of Executive Services (ITS, HRD and FBOD) be moved to existing IBIS and PeopleSoft systems in 2005 as a pilot migration project. The remainder of the straddle agencies would move to the reconfigured countywide Oracle and PeopleSoft systems in 2007. Subsequent agencies are assumed to be staged in three groups with the additional assumption that labor, grants and service contract issues will be resolved prior to beginning conversion work. The DES straddle agencies will be migrated during 2005. The remainder of agency implementation will occur in 2007 through 2009. Total cost of phased agency implementation is $32,475,000.

---

[7] ARMS is the core financial system and MSA is the core payroll/human resources system that are used to support agencies that were part of King County prior to the Metro Merger in 1995.

[8] A straddle agency uses both financial systems (ARMS & IBIS) and human resources/Payroll systems (MSA & PeopleSoft) to process transactions.

- **Perform phased functional implementation** – This work relates to implementing new functionality such as workforce management, succession planning, activity-based costing if it proves a viable business solution, e-procurement and document imaging. A schedule for phasing functional implementation will be developed in the detailed implementation planning phase. It is expected to begin in 2007 and continue through 2009 at a cost of $7,200,000.

- **Process changes possible before system implementation** – This phase addresses those opportunities that are not technology driven. While this work can be accomplished prior to having the supporting technology implemented, maximum benefit from the work will be achieved through implementation of the supporting technology in PeopleSoft and Oracle. Tasks identified include: asset management policy development, capital planning and monitoring improvements, human resources workforce management, succession planning, human resource quality assurance, and standardization of union contracts. This work will occur from 2005 through 2007 at a cost of $1,210,000.

- ➢ **Human Resources Alignment.** – This work relates to aligning human resources practices and policies across separately elected offices consistent with a similar human resources unification initiative carried out in the Executive Departments. The Human Resources Division, in collaboration with the separately elected agencies, will develop a program to achieve process and procedure alignment. This work, which will occur throughout the life of the project, was not included in Dye's cost estimates. The 2005 budget includes $184,555 for HR alignment. No estimates have been made for this work for 2006 through 2009.

9.3 TARGET MILESTONES AND DECISION POINTS

Target milestones for the project will be refined based on the 2005 high-level business plan. At the same time, target milestones will be established for implementation activities projected to take place between 2007 and 2009.

The present schedule is:

PRB Funding Release of Unencumbered Funds	February 2005
Establish Program Governance	April 2005
Upgrade Oracle to latest release	December 2005
Upgrade PeopleSoft to latest release	July 2006
Complete DES Straddle Agency Roll-out	December 2005
Complete High-Level Business Design & Cost Estimate	December 2005
Complete Detailed Implementation Planning	December 2006
Begin Rollout of Oracle/PeopleSoft to Agencies	January 2007
Begin Phased Functional Implementation	January 2007
Complete Project	December 2009

9.4 EXECUTIVE RECOMMENDATION FOR 2005 PLANNING TASKS

The Executive recommends that planning for ABT occur over a two-year period rather than the one-year planning period recommended by QBC. The scope of the 2005 work program is therefore substantially smaller than the scope of the planning work recommended by the QBC Report for Year One - $3.9 million versus $8.9 million, with the remainder of the planning work occurring in 2006. The Executive recommendation for 2005 would result in a high-level business plan and a high-level cost validation, establishment of the Program Management Office and initial phased implementation. In addition, the work program addresses elements not included in the Dye Report – governance, change management and HR alignment. It also produces solid results by migrating the DES straddle agencies (ITS, HRD and FBOD) from ARMS/MSA to the existing versions of IBIS and PeopleSoft.

The following is a description of the work to be accomplished in 2005.

Task 1 - Project Governance and Council Oversight

The initial planning phase will address the program governance as a critical and key component for further efforts. The program charter is scheduled for adoption by the ABT Leadership Committee in the second quarter of 2005. At that time, the governance process will be initiated and implemented including the ABT Leadership Committee, ABT Advisory Group, ABT Management Team and Operations and Change Committee.

The program governance will be assessed and evaluated upon the completion of the High-level Business Design phase, and staffing re-evaluated and adjusted for future activities to best meet the needs of the future efforts while ensuring governance continuity and accountability.

The 2005 budget includes $165,000 for external council oversight to be managed by the council auditor. In addition, the executive recommendation incorporates extensive external oversight and ongoing quality assurance assessments in each task of the program to ensure that risks are minimized, costs are effectively monitored and benefits can be realized.

The outcome measures are an adopted charter and realization of effective governance through establishing and initiating the work of the committees and Program Management Office.

Task 2 - Initial Planning/Startup

The initial planning work for 2005 includes defining the initial scope of the program, hiring the Program Manager and staffing the Program Management Office, and selecting the vendor to assist in the preparatory analysis and high-level business design.

The milestones include establishing the Program Management Office, hiring a Program Manager and initial staff. The county technical and functional teams will be identified.

Task 3 – Change Management
The work program for change management includes two phases – an update of the Roadblocks Identification and Action Plan (December 2003) [10] followed by another comprehensive update addressing the implementation roadblocks.

The review of the initial Roadblocks Identification and Action Plan (December 2003) will be completed by April 1, 2005 and transmitted to Council in response to the 2005 Budget Proviso. This update will include reviewing the QBC reports to identify and address any new roadblocks that emerged from the QBC work. Major Program Justification and Approval roadblocks are expected to be resolved at that time by adoption of all proviso documents.

Another update of the Roadblocks Report to address the implementation roadblocks will be completed in December 2005. At that time the Roadblocks will once again be reviewed, with identified required policies, timelines for resolution in regard to the next phases of the program implementation. The update will summarize the results of the initiation and resolution of the three to five implementation roadblocks and the key business decisions that have to be resolved and made prior to any technology implementations

The outcome measure is resolution of three to five implementation roadblocks and key business design decisions.

The implementation roadblocks that would require an early resolution are:

- *Program challenges were not addressed with a spirit of teamwork among Executive, Legislative and Judicial senior leadership.*

- *The County did not have the experience to manage the implementation of an enterprise-wide system", and "The Program Management Office (PMO) was not provided the authority necessary to actively direct and manage the program.*

- *The program Steering Committee was not as effective as it could have been" and "Key program initiatives stalled for lack of timely resolution of policy issues.*

---

[10] The Roadblocks Identification and Action Plan (December 2003) can be located at http://metrokc.gov/oirm/projects/qbc.aspx.

- *The program lacked a well-conceived, structured, comprehensive business change management process reinforced by a visible and active senior-level commitment.*

- *Development of a Detail Program Implementation Plan. – This work will start in 2005, to be completed in 2006.*

The key business decisions to be determined prior to any technology implementations are described in Task 4 below.

In addition to the Roadblocks Reports, substantial work will occur to help position the government to accept business process transformation. Outcomes of change management include a high-level change management plan, including activities such as:

- ➤ Communicating and internalizing the vision and goals;
- ➤ Establishing key leaders, and assessing and defining the sponsorship abilities and roles;
- ➤ Establishing the county's commitment, readiness, and ability to accept changes that are committed to in the Vision and Goals, Program Charter and other adopted ABT documents;
- ➤ Planning, building and maintaining active participation; and
- ➤ Developing and implementing risk mitigation strategies.

Task 4 - Process Tasks Required Before Implementation

Substantial planning must occur to make key business decisions for county functions and determine how to best meet business requirements through technology systems.

Key Business decisions that should be addressed before proceeding with technology implementations include:

- Determine whether to pursue an Activity Based Costing Strategy,
- Develop Cost Allocations Plan,
- Develop Labor Distribution Methodology,
- Develop Accounting Structure,
- Determine Payroll Schedule,
- Identify Areas that Require Resolutions to Labor Agreements, and
- Determine Position Management Strategy,
- Determine Cost Competency Strategy,
- Determine Strategy for Succession Planning and Performance Assessments,
- Determine Implementation Strategy.

Addressing these issues early will allow the requirements definition and implementation phases to proceed with reduced risk. Early decisions on these

policy issues will allow contracts for grant reimbursement and services to cities and other jurisdictions to be aligned with best practices before the affected agencies convert to new technologies.

Ultimately the planning will result in a detailed implementation plan. The Executive recommends that this extensive planning occur over two years – 2005 and 2006.

Outcomes for Task 4 in 2005 include:

a) Reviewing and assessing QBC-recommended high payback opportunities for each of the four business areas and adopt recommendations. The Program governance will be the main vehicle to determine which of the QBC recommended opportunities would be implemented. Countywide agreement and adoption will be required, potentially in the form of policies.

b) Performing a very high-level process design for each business area based on the selected high payback opportunities, resulting in the key business decisions such as the new accounting structure, labor distribution methodology. The major required business changes will be assessed in all county agencies for potential roadblock status.

c) Completing a very high-level cost validation based on the high-level business area design and hardware/software evaluation.

d) A PeopleSoft upgrade from version 8.1 to 8.9 will be completed in 2006. In 2005, a plan will be developed for this upgrade that will include key business decisions and high-level planning for both existing and expanded functionality. A focus of this work will be evaluating HR-related high payback opportunities and coordinating functional requirements with ongoing work on HR alignment and business process changes in workforce management, succession planning and quality assurance. To support this, Human Resources Division (HRD) internal expertise in PeopleSoft will be enhanced.[11]

The deliverables are a determination of which high payback opportunities to pursue, policies as needed to direct implementation of those high payback opportunities, a high-level Business Area Design, a plan for phasing the implementation of PeopleSoft and Oracle, and enhancement of HRD internal expertise. As part of the detailed planning effort in 2006 the project team will evaluate the possible implications of the merger of PeopleSoft and Oracle on project activities and the future migration path for both products.

Task 5 - Phased Agency Implementation
The phased implementation of Oracle and PeopleSoft will be initiated in 2005 through a pilot migration project for the DES straddle agencies. Dye

---

[11] In a parallel effort, Oracle will be upgraded to the most current release in fall 2005. The Dye cost estimates did not fully cost upgrades to PeopleSoft and Oracle and the associated hardware needs. Dye also did not estimate the costs for integrating business applications that interface with PeopleSoft and Oracle.

recommended that all straddle agencies be rolled onto the countywide versions of PeopleSoft and Oracle. This work effort accelerates the straddle agency rollout by migrating the DES straddles to the existing versions of PeopleSoft and IBIS.

Three DES straddle agencies are selected for rollout to PeopleSoft and IBIS/Oracle in their existing configurations in 2005 – Human Resources, Information and Telecommunications Services, and Finance and Business Operations. The two major activities include:

a) Develop DES Straddle Agency Implementation Plan and submit for the PRB approval in May 2005. A quality assurance evaluation will be done by an outside consultant on the plan and reported to PRB in June.

b) Implement the rollout from July through September with clean-up activities to continue through year-end. It is anticipated that employees will move to PeopleSoft payroll system in August 2005. The agencies will phase-in operations on IBIS and begin full operation on a single IBIS financial system January 1, 2006.

The outcome measure is conversion of employees and financials in HR, ITS and FBOD. The deliverables are:

- Move approximately 200 staff from MSA to PeopleSoft for payroll and benefits. (The exact number to be moved will be determined in the planning process.)
- Start using IBIS instead of ARMS for the DES straddles beginning with staff costs (payroll and benefits) when staff is moved to PeopleSoft. Remaining budget balances will be moved from ARMS to IBIS and any new purchases or transactions with other IBIS agencies will be recorded in IBIS.
- The agencies will move fully to IBIS (except for inter-system business transactions) on January 1, 2006.

Task 6 - Phased Functional Implementation

In coordination with the review of high-payback opportunities in Task 4, a comprehensive review will be conducted to develop budget business model high-level requirements. The county currently uses two budgeting systems. The ABT goal is to implement a standardized and streamlined operating and capital budgeting system with increased analytical capability and improved capital planning and monitoring. This work is included in this task since it will expand the functionality of our systems. A decision will be made in 2006 whether to use the budgeting module in Oracle or to select a separate system that better serves the county needs based upon the budget business requirements and functionality

needs. If a separate system is purchased then a key objective will be seamless integration with Oracle.

These budget system requirements will be an assumption of the high-level business plan outcome for Task 4.

The outcome will be a high-level Budget Business Requirements document.

Task 7 - Process Changes Possible Before System Implementation

The QBC Report recommended six categories of possible business process changes that could be made before the new technology systems are implemented –HR performance management plan, union contract standardization, succession planning, HR quality assurance, asset management policy development, and capital planning and monitoring policy development. The 2005 work program will initiate the planning work for two of these. A full description of the 2005 human resource-related work program for ABT and associated outcomes can be found in the Human Resource Implementation Plan, Appendix G to the ABT Executive Recommendation and Business Case.

Task 8 - Human Resources Alignment Implementation

In September 2004, the County Council adopted Motion No. 12024 directing that HR alignment will be extended to the other agencies in the Executive Branch (King County Sheriff's Office, Department of Assessments) and the other non Executive Branch county agencies (King County Council, Prosecuting Attorney's Office, District Court, Superior Court.) The goal is to align and improve HR business practices, ensuring compliance with laws and county policies and to support effective, efficient auditing. A full description of this task can be found in Appendix G, the Human Resource Implementation Plan. The major activities include:

a) In collaboration with the agencies listed above, develop a work program to implement principles of HR Unification for each agency;

b) Determine the specific staffing model with each agency to support the program;

c) Establish operating protocols to support and achieve policy/direction; and

d) Establish ongoing resources for HR Alignment in the 2006 Budget.

Task 9 - 2006 Work Program and Budget Proposal for the Next Phase

A 2006 work program and a budget proposal to finalize the countywide implementation planning, detail business area design, and related tasks will be developed. The deliverable is the plan being approved and funded.

ABT Program Charter
April 7, 2005

2005 ABT WORK PROGRAM

2004													06
Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan

Program Governance and Change Management

Develop Motion 1204 Response

Develop 2005 Budget Proviso Response

Establish Governance and Adopt Program Charter

PRB

Council Approval

Hire Program Manager

Hire Consulting

Staff PMO & County Teams

Resolve 3-5 Implementation Roadblocks

Establish Key Leaders

Develop Comm. Plan

Ensure Agency Participation

Update Roadblocks

Develop Detailed 2006 Work Program

Process Tasks Before Implementation

Select High Payback Opportunities

Make Key Business Decisions

Develop High Level Business Process Design

Develop High Level Multi-Year Plan/Cost

Evaluate/verify HR Business Processes to be implemented

Identify PeopleSoft New Functionality

PeopleSoft Upgrade Plan

Oracle Upgrade

Perform Phased Functional Implementation

Staff Budget Team

Define Integrated Budget Requirements

Implement I-Procurement Pilot

Phased Agency Implementation

Develop DES Straddle Migration Plan

QA

PRB

Migrate DES Straddle to PS and IBIS

Post-Migration Assessment

QA

Process Changes Possible Before System Implementation and Human Resources Alignment

Define Workforce Perform. Mgmt Business Process

Develop Workforce Perform. Mgmt Implementation Plan

Develop Quality Assurance Process

Establish Quality Assurance Procedures

Develop Plan for HR Alignment (Sheriff and Assessor)

Implement HR Alignment (Sheriff and Assessor)

35

10.0 Critical Success Factors (CSFs)

CSFs are conditions or outcomes that must go right for a goal to be achieved. Failure of a CSF results in a significantly diminished likelihood of the program's ability to achieve the affected goal(s). CSFs must be defined in the business case. They should be SMART (Specific, Measurable, Achievable, Realistic and Timebound)

The following CSFs will be used to evaluate the success of the program:
- ➤ King County will transform and standardize business processes by implementing a single core public sector financial system including budget management, and a complete migration to a single payroll system; and .
- ➤ King County will transform and standardize human resource management by implementing best public sector practices and procedures that meet the county's business needs and are legally defensible.

The following CSF's measure the effectiveness of program management and implementation:
- ➤ Effectiveness of the governance authority structure in representing elected officials, line departments, and other key stakeholders for the program in promoting policy decisions to a level where they will receive attention and resolution;
- ➤ Commitment of elected officials to make key policy decisions that impact the legal and business frameworks within which county organizations must operate;
- ➤ Commitment by key stakeholders to accept changing business practices, systems, and communication issues and involving customers and interested parties in the project;
- ➤ Commitment to cost reductions and benefit realization. King County agencies must remain committed to realizing the tangible and intangible benefits associated with the program. This includes the willingness to adopt changes to business processes and to alter operations to accommodate workload reductions and increase work performance expectations; and
- ➤ Requirement for future funding. The county must be prepared to secure program funding beyond 2005 in order to fully implement the technology and sub-projects required to achieve the goals and objectives of the program.

10.1 Other Contributing Factors

Several other factors related to operational improvements, technical capabilities, and program management can impact overall program and must be achieved in order to realize program success.

> ➤ Operational Improvement Success. The county must standardize and improve business processes and work to eliminate impediments to adopting best practices and support the core Oracle and PeopleSoft systems while minimizing dependency on "secondary" or "side" systems in the performance of mission-critical functions. The outcome should improve the county's ability to conduct business, human resources and technology planning based on reliable, timely financial and human resource data.

> ➤ Technological Integration Success. The county must ensure security controls, minimize the number of separate information systems and interfaces that connect them, limit customizations to the software and support automated workflow management including automated review and approval functions.

> ➤ Human Resource Management Success. The county must improve human resource management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning, labor issues, class/comp/labor contract implementation, and contract and temporary labor management tracking.

> ➤ Payroll Improvement Success. The county must produce timely and accurate paychecks and provide employees the information needed to validate that their pay stubs are accurate while complying with labor agreements and legal requirements.

> ➤ Budget Preparation Success. The county must implement a budget system that includes performance metrics, supports position and project budgeting and enables modeling of potential budgets.

> ➤ Financial Accounting Success. The county must implement a financial system that supports the business processes of the county agencies including grants and project accounting, that eliminates the side systems, that captures and makes accessible financial information to effectively manage programs and measure their success, that enhances general reporting capabilities countywide, and that supports the budget process.

> ➤ Purchasing and Inventory Management Success. The county must support a single countywide procurement process that is integrated with the core financials system and the fixed asset management system.

11.0 Key Risk Factors

Any major project has inherent risks. There are also risks in doing nothing or maintaining the status quo. Key implementation risks include:

> ➤ Governance and organizational risk includes the leadership, sponsorship, governance committee(s), internal organizational structure, capacity, culture and structure of the supporting organizations.

> Project management risks are those arising from the assignment of authority and accountability for the project, and the organization's planning, coordination, and direction of project resources. There are three risks in this area dealing with inadequate project management practices, project status tracking, and software contracts.
> Functional risk includes the scope of business requirements and the required technical capacity of network and systems.
> Stakeholder risk includes resistance to changing business practices, systems and communication issues around involving customers and interested parties in the project.
> Complexity risk includes the relative complexity of business and technical requirements, changing business practices and system implementation.
> Project resource risk includes issues related to the availability of technical skills and commitment of both internal and contract personnel for the project.

12.0 Key Performance Indicators

Key Performance Indicators (KPIs) provide a means to determine the level of success achieved when implementing new business processes and technology. As part of the QBC Report, Dye Management Group, Inc. made a recommendation on Key Performance Indicators. These KPIs relate primarily to operation of the technology systems after the program has been fully implemented.

The proposed 2005 Work Program includes selecting and committing to implementing Dye recommended high payback opportunities. The follow-up task to the selection of high payback opportunities should be to review the Dye proposed performance measures for each of the selected opportunity, to establish the baselines and then the methodology for their tracking and reporting. Once this is completed, KPIs and outcome performance indicators for the ABT program will be developed and adopted by the Governance structure in the early stages of planning. KPIs will be established for the Goals outlined in this charter.

KEY PERFORMANCE INDICATORS RECOMMENDED IN THE QBC REPORT

Business Area	Performance Indicators
Financials	General Ledger cost as a percent of operating revenue. Cost per voucher. Average time to collect accounts receivables. Labor costs recaptured. Number of purchase orders issued. Requisition process costs.
Human Resources	Customer service satisfaction percent. Percent of annual performance appraisals completed. Number of grievances after language standardization process occurs. Applicant processing response time.
Payroll	Total payroll cost per paycheck. Average number of paychecks processed per FTE. Payroll personnel per thousand employees
Budget	Operational savings as a result of enhanced automation. Dollar value of budget reallocations. Dollar amount of total capital needed over the six years. Dollar amount of required maintenance and preservation funding required over the six-year plan. Dollar amount of deferred maintenance/preservation. Dollar amount of impact of not funding deferred maintenance/preservation on downstream capital costs and on programs/cost savings from timely fund

13.0 Constraints and Assumptions

Development of a roadblocks action plan and a business case analysis was undertaken to address the county's major barriers to success and to develop a plan for transforming the human resource, payroll, financials and budget operations model. The Roadblock Identification and Action Plan report was completed in December 2003. The business case analysis was completed as part of the QBC Report.

As a first step in the 2005 initial planning and implementation phase the roadblock document will be reviewed for a potential update based on the QBC report identified constraints and will serve as an input to Implementation Roadblock Update and Resolution.

The Implementation Roadblocks Update and Resolution will address some components of the change management, including assessing how well the vision

and goals is communicated/internalized throughout the organization, determining the key leaders and assessing their sponsorship abilities and addressing gaps, assessing the county's commitment, readiness and ability to accept and sustain the changes, planning, building, and maintaining the level of active participation, and risk mitigation strategies.

The Roadblock Report is attached as Appendix B

14.0 Charter Amendments

Amendments to this charter can be initiated from any stakeholder. Initiated amendments will be discussed by the ABT Management Team and Executive Sponsor, and presented to the ABT Executive Leadership, if necessary. If adopted, the amendments will be included in this document and the revised document published.

Roadblock Identification
and
Action Plan

Addendum 1: QBC Report Analysis for Potential New Roadblocks

Department of Executive Services,

Office of Management and Budget
and
Office of Information Resource Management

March 17, 2005

TABLE OF CONTENTS

ADDENDUM 1 TO ROADBLOCK IDENTIFICATION AND ACTION PLAN: QBC REPORT ANALYSIS FOR POTENTIAL NEW ROADBLOCKS

Introduction

This document is the first addendum to the initial Roadblocks Identification and Action Plan developed and published in December 2003.

The first revision of the document was planned upon completion of the Quantifiable Business Case (QBC) project. The assumption was that the QBC Report might identify additional roadblocks that would require an update of the initial Roadblocks Identification and Action Plan.

The QBC project was completed in July 2004. Its deliverables included the Business Operations Model Report and the Quantifiable Business Case Report, recommending the Accountable Business Transformation (ABT) of the county's financial, human resources, payroll and budget business processes.

Following the completion of the QBC project, the QBC report findings and recommendations were analyzed for a potential identification of additional · roadblocks and update of the Roadblocks Identification and Action Plan document.

As the QBC Reports analysis resulted in no additional roadblocks, there was no need to revise the initial Roadblocks Identification and Action Plan document. Instead, this Addendum to the initial Roadblocks Identification and Action Plan was developed with a purpose of presenting the approach and findings of the analysis that occurred.

This document describes the analysis of the QBC Reports for additional roadblocks and resulting findings. The reports were reviewed and constraints, risks, and key decisions identified in the reports were analyzed for a potential roadblock status. The analysis also includes a description on how the QBC report resolved the roadblocks initially planned for resolution through the QBC work.

The appendix includes the initial Roadblocks Identification and Action Plan, provided for the reference.

The Roadblocks Identification and Action Plan and this Addendum would require an additional review and update at the time of the ABT Program Implementation Planning Phase, scheduled for 2005. At that time, the Implementation Roadblocks (as described in the initial Roadblocks Identification and Action Plan document) and **Constraints, Risks and Mitigations Strategies** and **Key Decisions** (as highlighted in this Addendum) would be reviewed and addressed.

Executive Summary

The Accountable Business Transformation (ABT) Program will enhance the overall county's operations by transforming financial, human resources, payroll and budget business processes to implement business best practices based on contemporary technology solutions.

In an effort to learn from the Financial Systems Replacement Project (FSRP) that was suspended in 2000, and in preparation for new efforts, the county has undertaken substantial actions and achieved significant results in identifying and resolving roadblocks to the Program success.

Based on the critical assessment of the FSRP and the vision and goals for the improved Financials, Human Resources and Budget Management, the county documented the Program's Roadblock Identification and Action Plan (December 2003).

The Plan identified major roadblocks to the Program including lack of vision and goals, resistance to change, influence of politics, funding issues, lack of countywide priority and commitment, lack of timely policy and business change decisions, lack of business justification for the Program, and a series of the implementation specific roadblocks with a focus on program leadership and change management.

The Plan defined the approach and further specific efforts to undertake to resolve the identified roadblocks following the development and the countywide adoption of the Vision and Goals: Quantifiable Business Case, Program Sponsor, Governance and Management Charter, Financial Plan, and a requirement for an advanced and proactive resolution of the implementation specific roadblocks.

At this time, almost five years later, the roadblocks relating to ABT Program justification, county-wide commitment, governance and funding are either resolved, partially resolved or resolved on a high level, providing the required and necessary framework for the Program start-up and its successful completion. The Council adoption of the revised Executive Recommendation and Business Case, Program Charter, Human Resources Implementation Plan and Roadblocks documents is a necessary action to finalize and substantiate those major roadblocks resolution accomplishments.

By their nature, some roadblocks cannot be resolved with a single action or policy, but, in addition, require a structure that establishes a process for their resolution. One such example is the roadblock 'resistance to change'. The four adopted ABT policies (page 1-13) provide the necessary framework to resolve

that particular roadblock. In addition, the Program Governance, throughout this multi year undertaking, will have to preserve and sustain the adopted framework, and continuously monitor, reduce and, thru their governance and change management processes, eliminate detail and specific components that form the roadblock.

The most recent Program deliverable, the QBC Report by Dye Management, was reviewed and analyzed with the purpose of identifying weather the report resolved specific roadblocks as planned in the Roadblock Identification and Action Plan, and to identify any new roadblocks that the Report may have introduced. The findings are as follows.

The QBC report partially resolved two major roadblocks: influence of politics and justification for the program.

The QBC work involved over 300 countywide staff. They were the key business subject matter experts, key business leaders and key managers. Such level of countywide involvement serves to mitigate the level of political barriers and reduce some of the obstacles associated with changing the status quo by clearly identifying the current business model deficiencies and the need for implementing best practice recommendations. This is a necessary foundation to resolving the "politics" roadblock.

The QBC report identified benefits that justify the investment into ABT Program. The report also specified that the cost/benefits are projections, and would need to be updated with the most current figures at the Program Implementation Planning phase.

QBC report did not identify any additional roadblocks.

The QBC report provided a list of constraints, risks and Program implementation key decisions. All elements were analyzed in the context of previously identified roadblocks. Such analytical work resulted in a strict association of each element with the previously identified roadblocks. Therefore, no new roadblocks emerged from the QBC report.

Current Roadblocks Status

The work related to improving county's financial, human resources, payroll and budget businesses accomplished to date, including the Vision and Goals Statement, Quantifiable Business Case reports, the Executive Recommendation for Accountable Business Transformation (ABT), the Strategic Advisory Council (SAC) endorsement of the business policies recommendation and the Council adoption of the policies (Motion 12024), resolved some of the roadblocks identified in the initial Roadblocks Identification and Action Plan.

The Council Motion 12024, September 2004, approved the proposed ABT policies and requested the Executive to transmit to Council by March 1, 2005, a revised Executive Recommendation document and a Governance Charter. A proviso requiring development of a business case, roadblock document and human resources implementation plan was included in the 2005 Adopted Budget Ordinance.

The adoption of the deliverables associated with the Executive response to Motion 12024 and the proviso in the 2005 Budget, would significantly advance the resolution of the roadblocks.

The current roadblocks status is described below.

➜ **Roadblock 1: Lack of Vision, Goals and Objectives for the Program**
Resolved. Vision and Goals Statement, July 2003.

➜ **Roadblock 2: Resistance to change (adopting best practices)**
Resolved at the High Level. Vision and Goals Statement, July 2003. Following the SAC endorsement, the Council Motion 12024, October 2004, adopted the four fundamental ABT Policies. They provide a necessary framework required for the business transformation, and enable the county to start moving forward with the ABT. More detailed, specific business changes and adoption of best practices will be continuously addressed in the Program Implementation thru the ABT change management process and governance structure.

➜ **Roadblock 3: Influence of internal/external politics that will jeopardize program success**
Resolved Partially via Quantifiable Business Case, July 2004. Will be fully resolved by the Council adoption of the updated Program Charter and Executive Recommendation, as requested in the Council Motion 12024 and the follow-up funding release. More detail is available in the section Roadblocks Planned for Resolution in QBC.

➜ **Roadblock 4: Inability to fund a restart due to budget shortfalls**
To Be Resolved. A high-level Financial Plan will be proposed in the updated Executive Recommendation, as requested in the Council Motion 12024, and

submitted for the Council approval. A detailed Financial Plan will be developed in the ABT Program Implementation Planning Phase.

➔ **Roadblock 5: No tangible benefits to justify an ERP initiative.**
Resolved Partially. Quantifiable Business Case, July 2004. The QBC report provided projections of the tangible benefits. The projected benefits clearly justify an investment into an ERP initiative. The projected tangible benefits identified by the QBC report require further review and update to confirm the cost/benefit figures. During the Implementation Planning Phase, the tangible benefits will be reviewed and updated to include the most current software and hardware costs and consulting costs, as well as the county's decisions and choices regarding the implementation of the QBC recommended business high payback processes. More detail is available in the section Roadblocks Planned for Resolution in QBC.

➔ **Roadblock 6: Lack of Countywide priority and commitment to ensure program success.**
Resolved Partially. Council Motion 12024, October 2005, adopted the four fundamental ABT Policies. This roadblock will be fully resolved with the Council adoption of the updated Program Charter and Executive Recommendation, as requested in the Council Motion 12024 and the follow-up funding release. More detail is available in the section Roadblocks Planned for Resolution in QBC.

➔ **Roadblock 7: Inability to make timely decisions related to policy matters and business change.**
Partially Resolved. ABT Executive Recommendation September 2004. Council Motion 12024, October 2004, mandates the ABT Program Charter, Program Governance, and Program Sponsor and updated Executive Recommendation due March 1, 2005. This roadblock will be more fully resolved with the Council adoption of the updated Program Charter and Executive Recommendation. Additional policy and business change requirements will be processed in conformance with the Program Charter.

➔ **Roadblock 8: Implementation Phase Roadblocks.**
To Be Resolved. The Implementation roadblocks will be addressed in the ABT Program Implementation Planning Phase, as included in the proposed 2005 ABT Work Program.

Table A1-T1 summarizes the roadblocks status as of March 2005.

Table A1-T1. Roadblocks status as of March 2005

Roadblock	Roadblock Description	Roadblock Resolution Phases - Status as of March 2005					
	→	**1. Justification Phase**					
		Vision & Goals	Quantifiable Business Case				
R1	Lack of Vision, Goals and Objectives for the program	√					
R2	Resistance to change (adopting best practices)	√ 4 Policies Framework					Change Mgmt thru implementation.
R3	Influence of internal/external politics that will jeopardize program success.		√ Partially via countywide participation	■			
R4	Inability to fund a restart due to budget shortfalls.				■		Detail Funding Plan.
R5	No tangible benefits to justify an ERP initiative.		√ Partially				Update for current costs and benefits.
R6	Lack of countywide priority and commitment to ensure program success.			■			
R7	Inability to make timely decisions related to policy matters and business changes.					■	
R8	All items listed in the Detail Report titled "Perceived Roadblocks" for which the Implementation Phase is noted for resolution.						■

Roadblocks Document Development and Updates

➔ **December 2003: Roadblocks Identification and Action Plan**

The document was initially developed based on:

> Dye Management Report, 2001
> Financials Systems Replacement Program (FSRP) Documents
> Governance Review of the Dye Management Report.

Summary: The Roadblocks Identification and Action Plan document analyzed 45 perceived roadblocks and categorized them into eight true roadblocks. Following the true roadblock identification, an action plan is developed for their resolution. The roadblocks are to be resolved during the following Program phases: Program Justification Phase, Program Approval Phase and Program Implementation Phase.

➔ **December 2004: Roadblocks Identification and Action Plan Revision**

The document is revised based on:

> Quantifiable Business Case, July 2004.

Summary: The QBC resolves or partially resolves the roadblocks designated for resolution through the QBC work. The QBC does not identify any additional roadblocks.

The report provides a list of constraints, a list of risks and appropriate mitigation strategies and a list of Program Implementation key decisions.

The identified constraints, risks, and risk mitigation strategies and key decisions do not qualify as roadblocks. They are either program management components addressed through the ABT Program Governance and Program Charter or are specific business design items to be addressed in the ABT Implementation Planning Phase and during Implementation.

Figure A1-1. on the following page presents the Roadblock Identification and Action Plan development and updates timeline and dependencies on other ABT Program deliverables.

Figure A1-1. Roadblock Identification and Action Plan Development and Updates

ABT Roadblocks Resolution Timeline

10/03	11/03	12/03	01-07/04	08-11/04	12/04	01-03/05	04-06/05	07-12/05

Council Review Begins

Vision and Goals Document

Roadblock Identification and Action Plan

Roadblock Identification and Action Plan - Add 1

Justification and Approval Roadblocks Resolved!

Roadblock Identification and Action Plan - Add 2

Roadblocks Identification and Resolution Initiation

Justification and Approval Roadblocks Resolution

Implementation Roadblock Resolution Start

Dye FSRP Critical Assessment (Dye Report 2001), FSRP Documentation, Governance Review

Quantifiable Business Case Report

ABT Executive Recommendation, SAC endorsement, Briefings to Council, Council Action

Charter, Revised Exec. Recommendation, Business Case, HR Impl. Plan

High Level Business Design/Key Business Decisions

Multi Year Program Implementation Planning

Project Review Board (PRB) - Monthly Monitoring and Reporting

Accountable Business Transformation Program

Tuesday, March 01, 2005

Conclusion

Since the FSRP shutdown in 2000, the county has moved forward in a very methodical and cautious, but steady and determined pace creating an environment of commitment and cooperation through adoption of Vision and Goals, addressing the findings and lessons learned from the previous effort through development of the Roadblock Identification and Action Plan, development of a Quantifiable Business Case justifying further recommended investments in improving its financial services, development of the Executive Recommendation for Accountable Business Transformation and revising the Roadblock Identification and Action Plan for potential additional roadblocks emerging from the QBC Reports.

This review of the Roadblock Identification and Action Plan from December 2003, based on the review of the QBC Report's recommendations and findings, resulted in following:

- **QBC report did not identify any additional roadblocks**
- **QBC report resolved specific roadblocks as planned.**

Review Approach and Methodology

The approach and methodology of the Roadblock Identification and Action Plan revisions included the following:

- Review of the Roadblock Identification and Action Plan document from December 2003
- Review of the QBC Business Operations Model Report
- Review of the QBC Report,
- Assessing if the QBC resolved specific roadblocks as planned, and
- Identification of the QBC elements to be considered for roadblock status.

Attachment B from the Roadblock Identification and Action Plan, December 2003, summarizes the roadblocks and their resolution plan. The copy of the chart is included below for convenience. The column 'Roadblock' is added to the chart for the ease of referencing the initially identified roadblocks later in the text.

Table A1-T2: Roadblocks and their Resolution Phases[1]

[1] Resolution Phases are described in Appendix 1, Roadblock Identification and Action Plan, Dec 2003, Pg 6.

Roadblock	Roadblock Description	Roadblock Resolution Phases						
		1. Justification Phase		■				
		Vision & Goals	Quantifiable Business Case					
R1	Lack of Vision, Goals and Objectives for the program	X						
R2	Resistance to change (adopting best practices)	X						
R3	Influence of internal/external politics that will jeopardize program success.		X	■				
R4	Inability to fund a restart due to budget shortfalls.				■			
R5	No tangible benefits to justify an ERP initiative.		X					
R6	Lack of countywide priority and commitment to ensure program success.			■				
R7	Inability to make timely decisions related to policy matters and business changes.					■		
R8	All items listed in the Detail Report titled "Perceived Roadblocks" for which the Implementation Phase is noted for resolution.						■	

The two roadblocks: R3 and R5 were initially planned to be resolved in the QBC report. The section "Roadblocks Planned for Resolution in QBC" addresses how those roadblocks were addressed and to what extent they were resolved.

The following QBC report elements were identified for further analysis: constraints, risks, and key decisions. Each element was analyzed and considered for a potential roadblock status, and, if possible, associated with the initially identified roadblocks. The results of the analysis are described in detail later in the document in respective sections.

Roadblocks planned for resolution in QBC

As shown in the table A1-T2, R5 roadblock was expected to be addressed and resolved in the QBC, and R3 to be partially resolved in QBC (Justification Phase) and partially in the Approval Phase.

Detailed information about the QBC project and its deliverables is available at the King County Intranet web site: http://kcweb/oirm/projects/qbc.htm

The initial Roadblock Identification and Action Plan, September 2004, identified Roadblock R3, "Influence of internal/external politics that will jeopardize program success" to be addressed and partially resolved in the QBC.

How did the QBC addressed and partially resolved the "Influence of internal/external politics that will jeopardize program success" roadblock?

The following are the QBC elements that address and lessen the influence of "internal/external politics that will jeopardize program success":

1. **QBC Report recommendations regarding program governance.** The QBC Report, as all other previous work products, identifies the program governance structure as the most critical program success factor. The ABT Executive Recommendation includes the major ABT Program governance bodies the Report recommended. The ABT Program Charter mandated by the Motion 12024, identifies the Program owner on behalf of King County government and recommends a governance structure for countywide leadership including the Executive, Council and separately elected officials to work together on the common vision and goals of the Accountable Business Transformation Program. The Charter further defines in detail the program management functions and responsibilities, program deliverables, critical factors for project success, key risk factors and key performance indicators, constraints and assumptions. Such governance authority structure with clear definitions

of roles and responsibilities, program vision and goals, principles, mode of operations, and deliverables forms the necessary framework to address this roadblock.

2. **Countywide staff participation.** The QBC project team included consultants and county staff. County staff included the four functional leads for each business area: budget, financials, human resources, payroll, and the lead for information technology. The functional leads assigned to the project were from the Department of Executive Services and the Office of Budget and Management, as those agencies provide central services to the county. Furthermore, each county agency was asked to assign their subject matter experts to the project team, as their expertise was essential to ensure the countywide business expertise. All agencies identified their subject matter experts and committed them to the effort. Their participation was essential in ensuring the countywide high level business requirements for each business area were brought up to the consultant for their expert analysis. The consultant's recommended business transformation high payback opportunities for each of the four business areas were then presented and discussed within the focus groups. Appendix A1-A1 to this document includes lists of Technology Leads, Subject Matter Experts and Business Cost Data Providers.

3. **Project Advisory Committee leadership.** The QBC Project Advisory Committee included the high-level representatives from executive departments and separately elected officials. The consultant conducted regular briefings on the progress, deliverables, findings and recommendations. The Advisory Committee provided a valuable input to the QBC project work and final QBC deliverables. Appendix A1-A2 to this document includes list of Advisory Committee Members.

4. **Technology Governance oversight.** The Technology Governance bodies, Business Management Council (BMC) and Technology Management Board, and Project Review Board were provided with all relevant project deliverable drafts, their feedback was solicited and addressed in the final deliverables. The BMC members were instrumental in ensuring their agency subject matter experts participation. The Strategic Advisory Committee (SAC) endorsed the Executive's policy recommendations, which contributed to lessening external politics. Appendix A1-A3 includes Technology Governance bodies and their members.

5. **Legislative Governance.** The King County Council took actions in moving the ABT Program forward. In September 2004 the King County Council Labor, Operations and Technology (LOT) Committee was briefed on the policies to guide the commencement of the ABT Program. The LOT Committee directed staff to prepare a motion to approve the policies and to request development of the charter and an updated business transformation recommendation. The Council adopted the motion in October 2004. The 2005 Budget Ordinance appropriated funds for ABT Program, further mandating Council approval of the

business case, roadblock document and human resources implementation plan. The Council's actions following the QBC project and the Executive's ABT recommendation further lessen the influence of internal politics and contribute to resolution of the 'politics' roadblock.

In summary: The QBC project involved over 300 countywide staff. They were the key business subject matter experts, key business leaders and key managers. This level of countywide involvement serves to mitigate the level of political barriers. The countywide endorsement of the Vision and Goals Statement initiated this process. As a result of the QBC, the current business model deficiencies and the consultant's best business practice recommendations were widely communicated. Broad based, countywide participation contributed to a common understanding of the current business model and associated deficiencies as well as an understanding of best practice recommendations. This knowledge and understanding reduces some of the political obstacles associated with changing the status quo. That is the beginning of establishing an enterprise wide consensus for change.

Operating effectively within the appropriate governance structure is a necessary foundation to resolving the "politics" roadblock. This foundation will have to be preserved and sustained during the entire course of the Program implementation.

Furthermore, the Executive Recommendation for Accountable Business Transformation (September 2004), developed based on the QBC report, is based on the four major business transformation polices:

- *Human Resources/Payroll Policy Statement: Pay all employees on a common, bi-weekly, pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.*

- *Human Resources Policy Statement: Align all county human resource practices and procedures to ensure that business needs are met through legally defensible human resource practices.*

- *Financial Policy Statement: Process core county financial transactions from a single integrated system by implementing Oracle Financials countywide.*

- *Budget Policy Statement: Standardize and streamline operating and capital budgeting by implementing a public sector operating and capital budget countywide solution.*

The Executive Recommended polices, derived from the QBC Report recommendations, were endorsed by Strategic Advisory Committee, and adopted by the King County Council as described in the Legislative Governance above.

"The adoption of these policies provide clear direction from all elected leaders of all branches of county government and create the

supportive environment of commitment and cooperation essential for all further activities." – ABT Executive Recommendation, September 2004.

The full resolution of this roadblock will be achieved in the Approval Phase, when King County Council adopts the ABT Program Charter and the Executive Recommendation as requested by Motion 1024, and the final 2005 ABT funding request release.

The initial Roadblock Identification and Action Plan, September 2004, identified Roadblock R5, " No tangible benefits to justify an ERP initiative", to be addressed and resolved through the QBC project.

How did the QBC addressed and partially resolved the "No tangible benefits to justify an ERP initiative" roadblock?

The QBC report provided projections of the tangible benefits.

While the projected tangible benefits require further review and update to update and confirm the numbers, **the QBC projected benefits justify an investment into an ERP initiative.**

The tangible benefits will be reviewed and updated during the Implementation Planning Phase as to include the most current market conditions and technology costs (software and hardware costs and consulting costs), as well as the county's decisions and choices regarding the implementation of the QBC recommended business high payback processes.

The QBC report identified high payback opportunities for each business area, and associated both benefits and performance measures. Each high payback opportunity will be reviewed and agreed to as the benefit the county would pursue within the Program.

Additionally, the County's Auditor Office has hired a consultant to perform an analysis of the QBC report, including a task of examining "The soundness of the methodology supporting Dye Management's cost-benefit analysis." The County's Auditor report on QBC report will be another study to further assist the county in overcoming the **"No tangible benefits to justify an ERP initiative"** roadblock.

QBC Report Constraints Analysis & Findings

Constraints were identified in the QBC report's Appendix D for the county's consideration as new business processes and new technologies are implemented. The constraints, as identified in the QBC report, are listed in the table A1-T3 for a convenient reference.

The constraints identified in the QBC report were analyzed for a potential roadblock status. Although constraints do not represent roadblocks, each constraint was cross-referenced and associated with the initially identified roadblocks, in order to make sure that all constraints are associated with roadblocks and therefore addressed through the Roadblock Identification and Action Plan. No constraint was left without a corresponding association to a roadblock.

Table A1- T3 on the following page presents results of the constraints analysis and their association with the previously identified roadblocks and their resolution phases.

Finding:

No new roadblocks emerged from the QBC report constraint analysis.

Table A1-T3: QBC Constraints and their association to Roadblocks and their Resolution Phases

ASSOCIATION OF THE QBC CONSTRAINTS WITH ROADBLOCKS AND RESOLUTION PHASES	
Constraints identified in the QBC Report	**Roadblock / Resolution Phase**
There is a lack of available resources in terms of people, time, and money. Developing an atmosphere of evaluation and continuous improvement takes consistent and thoughtful attention toward short-term action at a higher price with an understanding it will set the stage for long-term improvement.	R8 / Implementation (Planning Phase)
Changes in job functions may affect union contracts. Prior to implementation, the county must determine the affected contracts and begin working with union representatives to address any issues.	R8 / Implementation (Planning Phase)
The county does not currently have a culture that is conducive to self-evaluation, nor are they used to including customers and/or suppliers to the analysis of performance. This will require a significant culture change, one of openness to criticism. Initially, there may be significant resistance to the changing processes.	R2 / Justification, R3, R7 / Approval
The county has not usually completed performance appraisals for represented employees in the past because they receive step increases as negotiated in the contracts. Some departments such as the Superior Court and the Department of Judicial Administration conduct performance appraisals as a matter of policy. A program of performance measurement should be negotiated into the union contracts.	R8 / Implementation (Planning Phase)
There are specific laws governing how positions are filled, providing for equal opportunity and preventing discrimination. The mentoring and succession planning programs must operate within these laws.	R8 / Implementation
As personal information is going to be made available online, serious attention must be paid to issues of security and privacy. Firewalls, password protected gateways, and limited access to private information must be implemented.	R8/ Implementation
The county may not have the ability to undertake such a major technology project or be willing to impose the business change management necessary to do so successfully.	R7 / Approval, R8 / Implementation (Planning Phase)
The capital budgeting requirements in the King County codes are inconsistent with preservation of assets. The codes controlling the capital budget process are geared toward newly constructed assets.	Implementation (Planning Phase)

QBC Report Risks Analysis & Findings

Risks were identified in the QBC report for the county's consideration as new business processes and new technologies are implemented.

The risks, as identified in the QBC report, are listed in the table A1-T4.

The report also describes the risk mitigation strategies, and they are and will be a valuable guidance to the ABT Program in mitigating risks.

The risks identified in the QBC report were analyzed for a potential roadblock status. Although they do not qualify as roadblocks, each risk was cross-referenced and associated with the initially identified roadblocks, in order to make sure that all risks are associated with the roadblocks and therefore addressed through the Roadblock Identification and Action Plan. No risk was left without a corresponding association to a roadblock.

Table A1- T4 below presents results of the risk analysis and their association with the previously identified roadblocks and their resolution phases.

Finding:

No new roadblocks emerged from the QBC risk analysis.

Table A1-T4: QBC Risks and their association to Roadblocks and their Resolution Phases

ASSOCIATION OF THE QBC RISKS WITH ROADBLOCKS AND RESOLUTION PHASES	
Risks identified in QBC report	**Roadblock / Resolution Phase**
Governance and Organizational risk *includes the leadership, sponsorship, governance committee(s), internal organizational structure, capacity, culture, and structure of the supporting organization.*	R7 / Approval, R8 / Implementation*
Project Management *risks are those arising from the assignment of authority and accountability for the project, and the organization's planning, coordination, and direction of project resources. There are three risks in this area dealing with inadequate project management practices, project status tracking, and software contracts.*	R8 / Implementation (Planning Phase)
Functional *includes the scope of business requirements and the required technical capacity of network and systems.*	R8 / Implementation
Stakeholder *includes resistance to changing business practices, systems, and communication issues around involving customers and interested parties in the project.*	R6, R7 / Approval, R8 / Implementation
Complexity *includes the relative complexity of business and technical requirements, changing business practices, and system implementation.*	R8 / Implementation
Project Resource *includes issues related to the availability of technical skills and commitment of both internal and contract personnel for the project.*	R8 / Implementation (Planning Phase)

*The major Governance and Organizational risks are resolved in the Approval Phase. However the more specific risks relating to training and specifically identified changes will be addressed in the Implementation phase.

QBC Report Key Decisions Analysis & Findings

The QBC report identifies Transition Strategy and Plan, including the Transition Phases.

The QBC report states:

> One of the recommended Transition phases is the phase addressing **Process Tasks Required Before Implementation.** This phase addresses key decisions that must be made for the county to structure the transition for success. This will set the standard for implementing policy and business processes as the phases proceed. Key issues that should be addressed before proceeding are:
>
> - Determine Activity Based Costing Strategy.
> - Develop Cost Allocations Plan.
> - Develop Labor Distribution Methodology.
> - Develop Accounting Structure.
> - Determine Payroll Schedule.
> - Identify Areas that Require Resolutions to Labor Agreements.
> - Determine Implementation Strategy.
>
> Addressing these issues early will allow the requirements definition and implementation phases to proceed with reduced risk. Early decisions on these policy issues will allow contracts for labor agreements, grant reimbursement, and services to cities and other jurisdictions to be negotiated before the affected agencies convert.

The Key Decisions for the Program Implementation phase, identified in the QBC report, were analyzed and are included in this document with a purpose of **an early warning to the Program Implementation Planning Teams and Program Leadership.**

The key decisions have to be reviewed in the Program Implementation Planning phase, scheduled for year 2005.

The QBC identified Key Decisions are found to be mainly **the fundamental business design decisions,** with the exception of Implementation Strategy.

The business design key decisions review is dependent on and should be closely linked to the high-level business design as proposed in the Executive ABT recommendation for 2005. The review should result in more detail about each key business decision and a plan for their solution. During the high-level business design, additional implementation key decisions may be potentially identified.

The Implementation Strategy is a key Program Planning component that would be taking into account both the on-going business operational needs (such as upgrades, regularly scheduled or mandated operational processes and similar) and the new implementations.

The ABT Program Manager will need to be held responsible for addressing and bringing up the key decisions to the Program Governance. The Program Governance will be instrumental in ensuring timely decision-making.

It is imperative to timely address the key decisions with the Program Stakeholders. The implementation key decisions, their resolution plan and the resolution for some roadblocks, have to occur in the early phases of the Implementation Planning, to ensure the key decisions would not grow into Implementation Roadblocks. Failure to do so may jeopardize the success of the entire ABT Program.

Table A1- T5 on the following page presents results of the key decisions analysis and their association with the initially identified roadblocks and their resolution phases.

Finding:

No new roadblocks emerged from the QBC implementation key decisions analysis. However, failure to make the key decisions timely, in the Program Implementation Planning phase and prior to the implementation, would cause the key decisions to grow into Implementation Roadblocks, and therefore jeopardize the success of the entire Program.

Table A1-T5: QBC Key Decisions and their association to Roadblocks and their
Resolution Phases

ASSOCIATION OF THE QBC RISKS WITH ROADBLOCKS AND RESOLUTION PHASES	
Key Decisions	**Roadblock / Resolution Phase**
Determine Activity Based Costing Strategy	R8 / Implementation, (Business Design Phase)
Develop Cost Allocations Plan	R8 / Implementation, (Business Design Phase)
Develop Labor Distribution Methodology	R8 / Implementation (Business Design Phase)
Develop Accounting Structure	R8 / Implementation (Business Design Phase)
Determine Payroll Schedule	R8 / Implementation (Business Design Phase)
Identify Areas that Require Resolutions to Labor Agreements	R8 / Implementation (Planning Phase)
Determine Implementation Strategy	R8 / Implementation (Planning Phase)

Implementation Roadblocks

Implementation Roadblocks as identified in the initial Roadblock Identification and Action Plan will be resolved in the Implementation of the ABT Program. The ABT Implementation Planning phase will include reviewing and addressing the implementation blocks.

As the ABT Program Team, including consultants and county staff, is formed and initiated their work, the Implementation Roadblock Resolution will be planned for, and assigned to each Program phase, depending on in which phase a roadblock ought to be resolved and in effect can be resolved.

The full list of roadblocks is available in the Attachment B of the initial Roadblock Identification and Action Plan. The roadblocks designated for resolution in the Program Implementation Phase are selected from the Attachment B (with the reference number from the Attachment B) and provided in table A1-T6 for reference.

There is a possibility that additional implementation roadblocks could occur over the multi-year ABT Program implementation. Those roadblocks would be addressed thru the ABT change management process and governance structure.

Table A1-T6: Roadblocks to be resolved in the Implementation Phases

Ref #	Roadblocks to be Resolved in the Program Implementation Phase
1	Program challenges were not addressed with a spirit of teamwork among Executive, Legislative and Judicial senior leadership.
2	The magnitude of business process change required by the implementations was significantly greater than expected by user departments.
3	The County did not have the experience to manage the implementation of an enterprise-wide system.
4	The Program Management Office (PMO) was not provided the authority necessary to actively direct and manage the program.
5	The program Steering Committee was not as effective as it could have been.
6	The County failed to understand the magnitude of the organizational impact of the FSRP.
7	The program lacked independent, outside oversight on the Executive side.
8	Key program initiatives stalled for lack of timely resolution of policy issues.
9	The program lacked a well-conceived, structured, comprehensive business change management process reinforced by a visible and active senior-level commitment.
11	Key announcements and decisions were not clearly communicated well in advance.
12	Program and project work plans did not carry resource loading at a detail level and the resource loading was not maintained consistently throughout the program.
13	The program's issue resolution process was not strictly followed.
14	Sufficient technical knowledge transfer from consultants did not take place to allow the County to assume Operations & Maintenance activities uneventfully.
15	Program momentum has been lost, as well as familiarity with the software applications gained during the program.
16	Departmental stakeholder confidence has been shaken due to the program providing far less than what they were offered, among other disappointments such as loss of current system functionality.
25	Labor Dist. Costing Approach
26	Loss of Current System Functionality or Flexibility • Perception • Real Loss
34	Only a guideline, not a detailed implementation plan.

Appendix A1-A1: QBC County Wide Staff

Functional Leads

- Budget: Jim Walsh, Budget Office

- Financials: Eric Polzin, DES/FBOD

- Human Resource: Pamela Harding, DES/HRD

- Payroll: Tracey Dang, DES/FBOD

- Technology: John Anthony, DES/ITS

Subject Matter Experts

Organization	Business Area	SME
Budget Office	Budget	Jim Walsh
	Budget	Helene Ellickson
	Budget	Jim Record
DAJD	HR	Kerry Delaney
	Payroll	David Pierce
	Financials	Pat Presson
	Financials	David Pierce
	Financials	Linda Ip
	Budget	Mike West
DCHS	HR	Irma Van Buskirk
	Payroll	Irma Van Buskirk
	Financials	Randy Inouye
	Budget	Randy Inouye
DDES	HR	Kathy Graves
	Payroll	Kathy Graves
	Financials	Dana Ritter
	Budget	Jim Schaber
DJA	HR	Joy Fernandes
	HR	Teresa Bailey
	Payroll	Joy Fernandes
	Financials	Joy Fernandes
	Budget	Teresa Bailey
	Technology	Joy Fernandes
DNRP/ WLRD	Payroll	Diane Schneider
	Financials	Diane Schneider
	Financials	John Allen
	Financials	Sheri Coen
	Budget	John Allen
	Technology	Jill Hall
DNRP/Parks	N/A	
DNRP/Solid Waste	Financials	Ken Wong
DNRP/WTD	Financials	Steve Tull
DOA	HR	Rich Medved
	HR	Joni Shirer
	Payroll	Gail Sjodin
	Financials	Rich Medved
	Budget	Rich Medved
DOA *(continued)*	Technology	Rich Medved
	Technology	Shirer/Sjodin
DOT/Roads	HR	Melinda Dickie
	Payroll	Sharon Cooper
	Financials	Judy McKinley

Organization	Business Area	SME
	Budget	Greg Scharrer
	Budget	Jay Osborne (CIP)
DOT/Transit	HR	Lorraine Patterson
	HR	Jill Krecklow
	Financials	Lorraine Patterson
	Financials	Jill Krecklow
	Budget	Lorraine Patterson
	Budget	Jill Krecklow
DOT/Fleet		
DOT/Airport		
DES/FMD	HR	Carol Coghlan
	Payroll	Carolyn Mock
	Payroll	Victoria Leland
	Payroll	Carol Coghlan
	Financials	David Preugschat
	Financials	Kathy Murata-Smith
	Financials	Kathy Brown
	Financials	Jim Burt (CIP)
	Financials	Joyce Stahn
	Financials	Victoria Leland
	Financials	Kathy Murata-Smith
	Budget	David Preugschat (Op Budget)
	Budget	Jim Burt (CIP)
	Budget	David Preugschat
	Budget	Carolyn Mock
DES/FBOD	HR	Karla Starr
	HR	Lai-Ping Kimura
	HR	Lynn Constantine
	HR	Dan Hughes
	HR	James Clopton
	HR	Gail Morris
	HR	David Putnam
	HR	Sharon Thompson
	HR	Sharon Brown
	HR	Bruce Yeatts
	HR	Dorothy Kiest
	HR	Moneca Allen
	HR	David Putnam
DES/FBOD(continued)	HR	Kathleen Rost-Petersen
	Payroll	Cindy C-Wilson
	Payroll	Vijay Yegalapati
	Payroll	Vatsala Gopaul
	Financials	Eric Polzin with Loren Burt; Janet Zimmerman
	Financials	Linda Machno/Roy Dodman

Organization	Business Area	SME
	Financials	Mike Bacnis
	Financials	Connie Griffith/Pat Presson
	Financials	Lois Watt
	Financials	Don Robinson
	Financials	Connie Hughes
	Financials	Scott Matheson/Nigel Lewis
	Financials	George Olson
	Budget	Ken Guy/Phil Sanders
	Technology	Donna Layne, Tim Hansen
	Technology	Keith Kilimann (ITS)
	Technology	Manny Cristobal
	Technology	Vatsala Gopaul
	Technology	Joe Lovett
	Benefits Admin.	Cindy Lee
DES/HRD	HR	Kerry Schaefer, Ron Weigelt
	HR	Pamela Harding, Kerry Delaney
	HR	David Gooden, Wes Moore
	HR	David Gooden
	HR	Kerry Schaefer, Lorraine Patterson
	HR	Sherry Chaney, Kathy Coronetz
	HR	Maria Batayola, Wes Moore
	HR	Tim Drangsholt, Kerry Delaney
	HR	Sherry Chaney, Ron Weigelt
DES/ITS	HR	Christine Chou/Chris Ynzunza
	HR	Teresa Dent
	Payroll	Dory Isip
	Financials	Helen Harris
	Financials	Maria Masunaga
	Financials	Ana Ma-Lee
	Financials	Maria Masunaga
	Financials	Christine Chou
	Budget	Christine Chou
	Technology	Donna Lane, Ernie Jones, Tim Hansen,
	Technology	Larry Johnson, Brian Nguyen
	Technology	Ernie Jones
	Technology	Duc Nguyen, Norm Smith, Jeff Lai
	Technology	RDS: Marc Bermudez
DES/ORM	HR	Hanh Mai
DES/ORM *(continued)*	HR	Jennifer Nelson
	HR	Dan Fleming
	Payroll	Joan Fish
	Financials	Hanh Mai
	Financials	Joan Fish
	Budget	Hanh Mai

Organization	Business Area	SME
	Technology	Hanh Mai
DES/REALS	HR	Sean Bouffiou
	HR	Terry Denend
	Payroll	Sean Bouffiou
	Payroll	Terry Denend
	Financials	Sean Bouffiou
	Financials	Terry Denend
	Budget	Sean Bouffiou
KCC	HR	Dianne Caffiere
	HR	Ellen Petre
	Payroll	Dianne Caffiere
	Financials	Ellen Petre
	Financials	Frances Bobadilla
	Budget	Ellen Petre
	Technology	Paul Gaskill
KCDC	HR	Karen Tall
	Payroll	Donna Brunner
	Budget	Donna Brunner
	Technology	Cathy Grindle
KCSC	HR	Steve Davis
	HR	Minerva Villarreal
	HR	Teresa Martinez
	HR	Payroll Control
	HR	Gertrude Fuentes
	HR	Kathryn Schipper
	HR	Minerva Villarreal
	Payroll	Steve Davis
	Financials	Steve Davis
	Budget	Steve Davis
KCSO	HR	Marilyn Rhodes
	HR	Bill Wilson
	HR	Ralph Cady
	HR	Lisa Watson
	HR	Scott Sterland/Mike Pendrak
	Payroll	Marilyn Rhodes/Cynthia Wilson
	Financials	Marilyn Rhodes
	Financials	Cheri Allan
KCSO *(continued)*	Financials	Pat Raftis
	Budget	Bill Wilson
	Budget	Jason King
	Technology	Marilyn Rhodes
	Technology	Jason King
OIRM	HR	Dana Spencer
	Payroll	Dana Spencer

Organization	Business Area	SME
	Financials	Dana Spencer
	Budget	Dana Spencer
	Technology	Dana Spencer
PAO	HR	Becky Gifford
	HR	Heidi Parkington
	Payroll	Becky Gifford
	Payroll	Manh Nguyen
	Financials	Mark Buening
	Budget	Mark Buening
	Technology	Mark Buening
	Technology	Manh Nguyen
Public Health	HR	Ron Weigelt
	Payroll	Kathy Skrinski
	Financials	Melissa Patterson
	Financials	Marjory Mathews -Hellman
	Budget	Kathy Uhlorn
	Technology	Kathy Uhlorn

Technology Leads

Report No.	Agency - Separate Elected	Technology Lead
1	Assessments	Hoang Nguyen
2	Council	Paul Gaskil
3	District Court	Cathy Grindle
4	Prosecuting Attorney	David Ryan
5	Sheriff	Charlotte Dazell
6	Superior Court	Kevin Daggett/Betty Hopper
	Agency - Executive	
7	Budget Office	Jim Walsh
	Office of the Executive	Anne Bruskland via Pam Cole, Lorrie McKay
	Business Relations and Economic Development	Anne Bruskland
	OIRM	Anne Bruskland via Dana Spencer
8	Adult and Juvenile Detention	Tim Longley
9	Community and Human Services	Randy Inouye/Wes Hikida
10	DDES	Michael Pahl
11	DJA (Judicial Administration)	Joe Shuster
12	DNRP	Gary Hocking
13, 14	DOT	Greg Scharrer
15	Public Health	Patty Schwendeman
16	DES/FBOD	Craig Soper
17	DES/HR	Samuel Cardenas
18	DES/ITS	John Anthony
19	DES/FMD	Dave Preugchat (Anne Bruskland)
	DES/REALS	Sean Bouffiou (Anne Bruskland)
	CAO Administration	Anne Bruskland
	Office Of Risk Management	Anne Bruskland
	Office of Emergency Management	Anne Bruskland
	Office of Civil Rights	Anne Bruskland

Subject Matter Experts – Business Cost Data Providers

Business Cost Orientation Participants

No	Agency – Separate Elected	Sign-in	Contact	Phone
1	Assessor		Rich Medved	296-5113
2	Council		Ellen Petre	
	Prosecuting Attorney	Mark Buening		296-9705
4	Superior Court		Linda K. Ridge	205-2582
	District Court	Peggy Bednared		296-3596
	Sheriff	Charlotte Dazell		205-7918
	Agency – Executive			
7	Budget Office	Jim Walsh		296-3424
	Office of the Executive	Anne Bruskland		
	Business Relations and Economic Development	Anne Bruskland		
	OIRM	Gary Lemenager		263-4811
8	Community and Human Services	Randy Inouye		296-5208
9	Adult and Juvenile Detention		TBD	
10	Judicial Administration	Joy Fernandes		205-8324
11	Development and Environmental Services	Jim Schaber		296-6684
12	Public Health	Janine Weihe		296-4779
13	Natural Resource & Parks	John Bodia - Director Steve Oien – WLRD Greg Babinski – GIS		205-0943 296-8339 263-3753
14-15	Transportation Roads and Transit	Greg Scharrer		296-8746

16-17-18-19	Executive Services
	  HRD
	  ITS
	  FMD
	  REALS
	  CAO
	  ORM
	  OEM
	  OCR			

		Pamela Harding – HRD		205-6280
			Craig Soper -FBOD	684-1078
		Larry Wright -- FMD		296-0652
		Anne Bruskland		296-3814

Appendix A1-A2: QBC Advisory Committee

- Paul Tanaka (CAO)

- David Martinez (CIO)

- Steve Call (Budget Director)

- Shelley Sutton (Council)

- Leesa Manion (Prosecutor), and David Ryan

- Bill Wilson (Sheriff's Office)

- Rich Medved (Assessor)

- Paul Sherfey (Superior Court)

- Tricia Crozier (District Court)

Appendix A1-A3: Technology Governance

BMC and TMB Members

Agency	Business Management Council	BMC cc	Technology Management Board	TMB cc
Chairs	David Martinez, CIO		David Martinez, CIO	
Adult Detention	TBD	Tim Longley, Elizabeth Watkins	Tim Longley	
Assessor	Rich Medved		Hoang Nguyen	
Budget	Debora Gay	Steve Call, Sheila Roehm	Jim Walsh	
Community & Human Services	Randy Inouye	Ellie McKinley	Teri Bednarski, Jean Darsi	Randy Inouye, Barbara Solomon
Council	Paul Gaskill	Mike Alvine, David Randall	Paul Gaskill	Mike Alvine, David Randall
Development & Environmental Svcs	Michael Frawley		Larry Faucher	
District Court	Tricia Crozier		Cathy Grindle	
Executive		Rod Brandon, Calvin Hoggard		
Dept. of Executive Services	Caroline Whalen	John Anthony, Connie Griffith, Kevin Kearns, Rosa Orams, Ruben Rivera, Karleen Sakumoto, Paul Tanaka, Jim Buck	Kevin Kearns	John Anthony, Rita Howar Marsha Knight, Samuel Cardenas
Judicial Administration	Teresa Bailey	Barbara Miner, Staci Henderson, Angelina Jimeno	Joe Shuster	Bill Bachmann, Peggy Ridgeway
Natural Resources	Gary Hocking	Cathy Ortiz, Kathleen Shannon	Gary Hocking	Nancy Bergstrom
Prosecuting Attorney	David Ryan	Marcine Anderson	Fred Flickinger	Marcine Anderson, David Ryan
Public Health	Kathy Uhlorn	Kristie, Sanchez	Patty Schwendeman	Brent Veenstra
Sheriff's Office	Pat Lee	Amelia Gonzales	Charlotte Dazell	
Superior Court	Paul Sherfey		Betty Hopper	
Transportation	Mary Peterson	Pam Abbey-Bowman, Rommel Buenafe	Greg Scharrer, Peggy Willi	Charlene Sellhast, Romme Buenafe
Office of Information & Resource Mgmt		Dick Arnston, Tilli Buchanan, Trever Esko, Kevin Fung, Sharon Glein, Amy Hughes, Jim Keller, Gary Lemenager, Lynn Mazer, Greg Padden, Dana Spencer, Evelyn Wise		Tilli Buchanan, Trever Esk Sharon Glein, Jim Keller, Gary Lemenager, Dana Spencer, Evelyn Wise

Endorsed the four Business Transformation Policies

Strategic Advisory Council Members

Ron Sims - Chair
County Executive

Dow Constantine
County Council Member

Jane Hague
County Council Member

Richard Eadie
Presiding Judge
Superior Court

Corinna Harn
Presiding Judge
District Court

Scott Noble
Assessor

Norm Maleng
Prosecuting Attorney

Dave Reichert
King County Sheriff

David Martinez
Chief Information Officer

Private/Public Sector Members

Steve Elfman
VP, Chief Technical Officer - Wireless
InfoSpace, Inc.

Scott Boggs
Former VP & Corporate Controller
Microsoft Corporation

Bret Arsenault
General Manager of National Security Team
Microsoft Corporation

Amy David
Vice President, Private Sector
IBM Corporation

Enrique Godreau III
Managing Director
Voyager Capital

Gregory Mathison, Ph.D.
Director, Healthcare Education
Government Vertical Practices
Verizon Communications

Appendix: ROADBLOCK IDENTIFICATION AND ACTION PLAN, DECEMBER 2003

Roadblock Identification
and
Action Plan

Department of Executive Services
and
Office of Information Resource Management

December, 2003

Table of Contents

1 BACKGROUND

Presently, King County (the county) operates with two accounting and financial reporting systems and two human resource/payroll systems. These multiple systems are a result of the 1994 Metro-King County merger. The Financial Systems Replacement Project (FSRP) was charged with unifying these systems to serve the entire government. FSRP acquired PeopleSoft HRMS software in late 1997 to replace the county's Payroll /HR systems, and SAP R/3 software in late 1998 to replace the county's core financial systems. The appropriation for this implementation effort was exhausted after the implementation of the former Metro agencies to PeopleSoft HRMS. The project was suspended in the spring of 2000. As a result, King County and the former Metro agencies still operate with independent financial, payroll and human resource systems.

Following project suspension, Dye Management was hired to conduct a critical assessment of the suspended project, a high-level business case for re-starting the project and an implementation plan to recommend project direction for a possible restart (*Project Assessment and Implementation Planning: Critical Assessment, Business Case, June 4, 2001, Implementation Plan, July 16, 2001*) This work is referred to as the Dye Management Report.

As a part of the Council-approved technology governance process, the Strategic Advisory Council (SAC) reviewed the Dye Management Report and agreed on the following recommendations at their meetings of December 5, 2001, April 17, 2002 and April 16, 2003:

- Direct Chief Information Officer (CIO) and the County business sponsor (County Administrative Officer) to develop a work plan for defining goals, identifying roadblocks and drafting policies through the County's governance process and structure.
- Direct Chief Information Officer (CIO) and the County business sponsor (County Administrative Officer) to create a work plan to develop a quantified business case specific to King County for restarting the Financial System Replacement Project (FSRP).
- Commit support of agency staff to identify your agency issues.
- Endorse the use of $430,000 set aside in the 2003 Budget to fund the work above.
- Endorse the Vision and Goals Statement as amended.
- Amend the Vision and Goals Statement by inserting the following text to the guiding principles: Timely resolution of issues and roadblocks, risks, decisions and communication to maintain momentum and successful achievement of goals.

The CIO and the CAO acted on all of the SAC recommendations and developed Vision and Goals Statement (*Enterprise Financial, Human Resource, and Budget Management Vision and Goals Statement, Executive Recommendation, April 18, 2003*), initiated work on roadblocks resolution and developed a work plan for quantified business case.

The Council approved Motion 11729 on June 16, 2003 adopting a vision and goals statement as well as a plan for conducting a roadblocks action plan and a financial systems quantified business case analysis. The vision and goals statement accepts Dye's recommendation for an enterprise system whereby Peoplesoft software will be used for human resource and payroll functions, the choice of software for finance and budget functions will be reevaluated. The statement also affirms that the county will process payroll biweekly for all county employees. In addition, this motion authorized the release of $430,000 of funding contained in the adopted 2003 King County Budget. Section 118 of the adopted 2003 budget contained the following proviso related to the funding requested:

> *Of this appropriation for CIP project 344190, financial systems business case analysis project, $430,000 shall be expended or encumbered only after the executive submits and the council approves by motion a vision and goals statement for the financial systems business case analysis project. The motion and vision and goals statement must be filed in the form of 16 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff for the labor, operation and technology committee and the budget fiscal management committee or their successors.*

The Vision and Goals Statement adopted by Motion 11729 was endorsed by representatives of the full elected leadership of King County. This provides the County with the critical framework from which to launch the roadblocks identification and action plan followed by the business case analysis.

This document addresses the roadblock identification and action plan for their resolution.

The document is intended to be used as a tool to prepare for and ensure the financial business operations project success.

2 ROADBLOCKS IDENTIFICATION AND ACTION PLAN

The roadblocks identification and action plan followed by the business case analysis will provide the County with better information upon which to make a decision about whether a countywide financial business operations project should be started and how the project should proceed with a business focus.

A roadblock is an obstacle to achieving a desired result.

A roadblock action plan identifies and removes obstacles that prevent a project from being successful.

Development of a roadblocks action plan and a business case analysis documents will assist in addressing several of the county's major barriers to success in transforming business practices.

2.1 Roadblock Identification

Three sources were utilized to identify roadblocks that the CIO and CAO agree remain as barriers to achieving the adopted Vision and Goals Statement:

- Dye Management Report (Assessment Report),
- FSRP documents, and
- Governance review of the Dye Management Report.

From these three sources, 45 perceived roadblocks were noted. A matrix containing a description of each roadblock and its source is provided as **Attachment A.**

Twenty-one perceived roadblocks were identified by the Dye Management Report. It is important to note that the methodology employed by Dye Management to compile the assessment that includes roadblock identification included information gathered from focus groups and individual interviews of program participants, including senior-level officials, stakeholders department staff, technical and functional project team members, and other program-related parties.

Countywide participation in this effort also occurred in the Technology Governance Review of the Dye Report. Fifteen of the 45 perceived roadblocks are a result of the review that was conducted by all three levels of governance: Technology Management Board, Business Management Council and the Strategic Advisory Council (*Business Management Council (BMC) Task Force for Validating Dye's Recommendation, Summary of Findings, November 27, 2001*).

An analysis of the documents from the FSRP produced nine additional perceived roadblocks.

2.2 Roadblock Action Plan

The Roadblock Action Plan includes:

- Roadblock Resolution Approach
- Roadblock Resolution Phases
- Projected Timelines for Phases and their Dependencies
- Roadblock Action Plan Potential Updates

2.2.1   Roadblock Resolution Approach

The 45 perceived roadblocks were analyzed to determine if they were valid roadblocks to achieving the adopted Vision and Goals Statement. Some of the perceived roadblocks were determined to be valid obstacles that require mitigation or resolution **prior to implementation.** Those roadblocks were then categorized into seven basic classifications, creating a true roadblock list:

1. Lack of Vision, Goals and Objectives for the program
2. Resistance to change (adopting best practices)
3. Influence of internal/external politics that will jeopardize program success
4. Inability to fund a restart due to budget shortfalls
5. No tangible benefits to justify an ERP initiative
6. Lack of countywide priority and commitment to ensure program success
7. Inability to make timely decision related to policy matters and business changes.

An eighth category is included to capture the remaining perceived roadblocks for which resolution is slated during the implementation phase.

Attachment B contains the eight roadblock classifications noted above to show the categorization of the 45 perceived roadblocks into the eight true roadblocks classifications.

2.2.2   Roadblock Resolution Phases

The next step was to determine the appropriate opportunity to resolve each of the eight categories of roadblocks. The analyses resulted in identification of three roadblock resolution phases:

- Justification
- Approval

- Implementation.

Attachment B also illustrates in which phase resolution will occur for each of the eight roadblocks.

2.2.2.1 Justification Phase

The justification phase defines why the county needs to migrate to a single Financial, Payroll, and HR and Budget systems.

The roadblocks relating to vision and goals, resistance to change and expected benefits are addressed and resolved in the justification phase, as described below.

2.2.2.1.1 *Roadblocks: Vision and Goals*

The Dye Management Report states that the primary reasons FSRP failed were due to lack of a shared vision, lack of leadership and management, not technical barriers. As Dye stated, "Clearly, the biggest risk in King County is lack of a common vision and workable governance structure. These are some of the biggest reasons that large systems projects fail."

The adopted *Vision and Goals Statement* removes this first major roadblock. It provides a clear and countywide shared vision and goals for an eventual project.

The elected leaderships' endorsement followed by Council approval of a common vision and goals is evidence of a major barrier removal. A letter of support for the vision and goals statement and for release of funds signed by the elected leaders of the Strategic Advisory Council (SAC) may be found as **Attachment C.**

The formation of the Technology Governance structure in 2001 served to remove another significant barrier by creating a workable technology governance structure.

Another major roadblock addressed in Vision and Goals Statement is **resistance to change**. The Vision and Goal Statement clearly provides commitment to adopting best business practices and transformation of business processes to provide for more efficient and effective county government.

2.2.2.1.2 Roadblocks: Benefits - Quantifiable Business Case

Quantifiable benefits resulting from a potential recommendation for transformation of business processes and operations model, including system implementation will be addressed in the Quantifiable Business Case (QBC) analysis.

A baseline for this effort is the Vision and Goals Statement document.

The scope of work for QBC is as follows:

Project Initiation - *Deliverable: Project Initiation Documents*

The county requires the consultant to develop the following project initiation documents:

- Work plan, including tasks, schedule and resource load for county and consultant staff
- Deliverables formats
- Change management procedures
- Methodologies
- Evaluation criteria for business operations model alternatives

Total Cost of Technology – *Deliverable: Technology Cost Report*

The county requires the consultant to analyze, define, and collect all information technology costs in the county, by agency, and in total. Costs for the four functional areas will be separately identified to provide the base technology costs for evaluating business operations model alternatives.

The Technology Cost Report will include:

- County's total costs for IT service allocation and support costs, including applications, system software, telecommunications, hardware, personal productivity tools, and support, as well as service efficiency and current year capital spending on IT.

- Level of centralization/decentralization/federation of the four major IT service areas: customer service, system services, business application services, and administration and planning. This information will help the County plan future changes to its service delivery approach. The report will also include measures such as IT operating spending as a percentage of total county operating spending and IT operating spending per citizen – figures that can be used to benchmark the County against similar organizations

- Updateable TCO Model. This deliverable consists of an Excel spreadsheet that automatically calculates major TCO components and associated instructions for using the spreadsheet. The Updateable Model will include a user manual with instructions for use and maintenance including description about the data source, tools for collecting the data, and how to enter the data.

Business Operations Model - *Deliverable*: *Business Operations Model Report*

The Business Operations Model will include:

Business Operations Model Assessment

> The county requires the consultant to study the current business operation and processes in each of the business areas, budget, financials, human resources and payroll, as well as in each subject area within these business areas.
>
> A high level review will be conducted for all the business processes identified above. The focus will be on the differences between IBIS/PeopleSoft agencies and ARMS/MSA agencies and the tasks that are performed in each case by central Finance, Payroll, Budget, and Human Resources versus the tasks performed by the departments. A more thorough analysis will be done on those high payback areas identified during project initiation. Business processes that are effective and efficient will be highlighted with an eye towards implementing them countywide.
>
> The assessment will identify the cost of performing the current business processes. High level costs will be developed for most processes based on budgeted support costs (FTE) and allocated costs for floor space, overhead and the like. The cost will include the FTE allocation at the department level for each business function. For the high payback business processes, a more thorough analysis of costs will be conducted to enable a comparison to the proposed alternative business models.
>
> The assessment will focus on the current processes evaluating the gaps, inefficiencies, and possible improvements. Constraints to changing the processes such as policy, labor contracts, and County regulations will be included in the analysis. The business processes will be analyzed to:
>
> - Identify business process gaps
> - Identify efficiencies and process changes
> - Identify policy and legislation changes, and
> - Prioritize needs.

Business Operations Model Evaluation

The county requires the consultant to analyze the Assessment results and develop at least three options, including the status quo option, for a new business operating model that is conducive to implementing new financial, payroll, budget, and human resource systems. The options should be developed with efficiency in mind. The options should consider alternative delivery means wherever possible. One of the options must be the current model. The following are the major tasks and deliverables of the Evaluation:

- Construct Business Cases by Alternative. Analysis will be conducted to estimate operations cost for the two new alternatives using the same cost factors and assumptions as developed earlier for the Status Quo. High-level costs will be developed for each functional area. Additional cost analysis will be performed for the high payback areas and incorporated into the overall costs for each function and alternative.

- Perform Cost/Benefit/Risk Analysis. The cost benefit for each alternative and function will be a compilation of the historical costs for Status Quo and the estimates for the alternatives. The cost/benefit/risk analysis will include the technical and implementation costs of implementing new systems needed to support the alternative.

- Compare Alternatives & Identify Differences. As a result of this step, a summary of the alternatives will be prepared to present a comparison of the benefits, costs, and risks.

- Document Open/Ongoing Issues

- Analyze each option and document the pros and cons and quantitative and qualitative benefits of each including alignment with the Vision and Goal Statement included in the addendum.

Business Operations Model Recommendation

The county requires the consultant to recommend the Business Operational Model that best meets the county's objectives. The consultant will be required to use the *Vision and Goals Statement,* included in the addendum, as a primary source for developing the recommendation.

The recommendation will include a description of the recommended model as well as assumptions on which the model is based.

The key to the recommendations is that they can be implemented. They will include solid, best practice business processes that have been implemented by similar organizations and are supported by available technology.

The recommendation will be based primarily on the County's vision and goals as well as other factors including risks and cost. It will describe a recommended business operations model that transforms business practices countywide and provides for efficient and effective budgeting, financials, payroll and human resources management. The recommended model will be based on industry best practices and can be implemented in the county.

It will include:

- Differences between the existing model and the recommended model.

- Quantitative and qualitative benefits of the recommended model over the other model options.

- Transition plan, which documents what, is needed to move from the current business operational model to the recommended model.

- Operations model and business process changes that can be done prior to system implementation and would contribute to improved efficiency and effectiveness of the government.

- Operations model and business process changes that have to be done prior to systems implementation in order to prepare for the implementation.

- Change management plan, which documents how to ensure migration from the current business operational model to the recommended model.

- Cost savings opportunities achievable by transforming business processes and operations.

- Cost to implement the recommended business model.

Business Case – *Deliverable*: *Quantifiable Business Case Report*

The county requires the consultant to analyze both the financial and non-financial aspects of the recommended business operations model over a 10-year time frame, and include traditional financial calculations such as Net Cash Flow and Return on Investment, as well as business impacts, risk management, assumptions, and critical success factors. The business case will reflect the County's visions and goals and will address the functional business areas.

The Business Case will identify the business need and key performance indicators to justify recommended transformation of business practices.
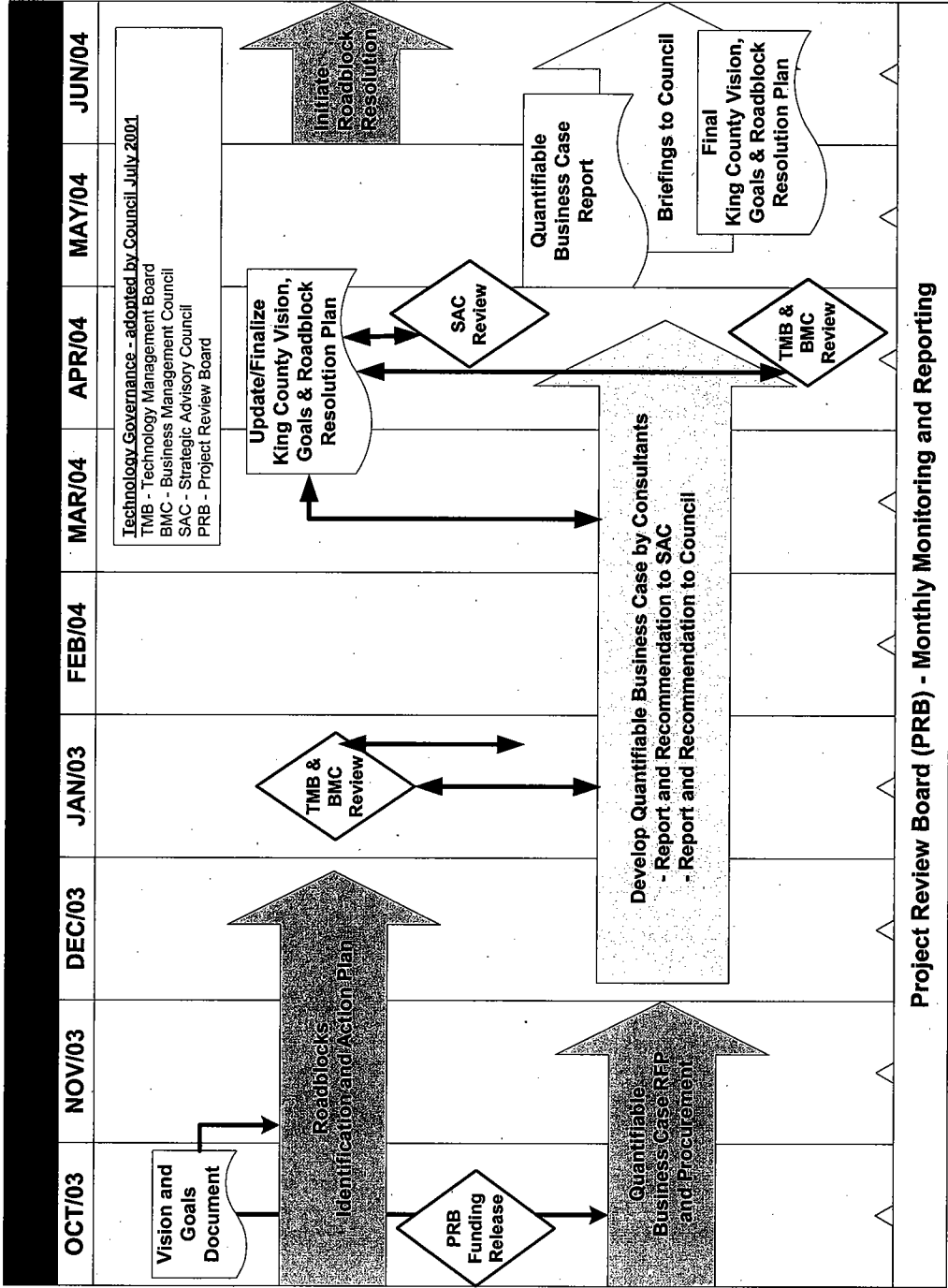
The Business Case should include the following components at a minimum:

- **Costs.** Costs will include the initial costs of implementing the recommendations, and the estimated Total Cost of Ownership (TCO) over a 10-year period.

- **Benefits.** Benefits will be based on the results of the Assessment and Recommendation Tasks of the Business Operations Model Phase. The benefits will identify qualitative benefits and quantitative benefits.

- **Risks.** The risks associated with the transition will be identified with mitigation measures that can be taken to eliminate, reduce, or manage the risk. The costs of mitigation measures that are quantifiable will be computed.

- **Cost Benefit Analysis.** The analysis will document the payback to the County through ROI and other appropriate measures. It will include the total cost of ownership, quantitative benefits, and risk mitigation costs.

- **Assumptions.** The assumptions used in developing the business case will be documented.

The included chart on the following page, Figure 1, provides timelines for the QBC report, review and approval process and its role in the roadblock resolution plan.

Financial Systems Quantifiable Business Case
Governance Review Plan

OCT/03	NOV/03	DEC/03	JAN/03	FEB/04	MAR/04	APR/04	MAY/04	JUN/04

Technology Governance - adopted by Council July 2001
TMB - Technology Management Board
BMC - Business Management Council
SAC - Strategic Advisory Council
PRB - Project Review Board

Vision and Goals Document

Roadblocks - Identification and Action Plan

Initiate Roadblock Resolution

PRB Funding Release

Quantifiable Business Case RFP and Procurement

TMB & BMC Review

Develop Quantifiable Business Case by Consultants
- Report and Recommendation to SAC
- Report and Recommendation to Council

Update/Finalize King County Vision, Goals & Roadblock Resolution Plan

SAC Review

TMB & BMC Review

Quantifiable Business Case Report

Briefings to Council

Final King County Vision, Goals & Roadblock Resolution Plan

Project Review Board (PRB) - Monthly Monitoring and Reporting

King County Office of Information Resource Management

Thursday, January 08, 2004

Figure 1. Quantifiable Business Case as it relates to the Roadblock Resolution Plan

3/30/2005

2.2.2.2 Approval Phase

The Approval Phase addresses roadblocks related to priority, commitment, politics, budget and decision making for moving to a recommended business operations model including single Financial, Payroll, HR and Budget systems.

The Quantifiable Business Case for Recommended Business Operations Model for King County Enterprise Financial, Human Resources, and Budget Management will be a basis for the approval phase.

2.2.2.2.1 Roadblocks: Countywide Commitment and Priority

The Countywide Commitment and Priority will resolve roadblocks related to influences of internal and external politics that can jeopardize program success.

An Executive recommendation will be developed for King County Council review and approval. The Executive's recommendation will include:

- Endorsement from the Strategic Advisory Council (Executive, Prosecuting Attorney, Presiding Judge for Superior Court, Presiding Judge for District Court, Sheriff, Assessor, CIO and the Private & Public Sector representatives)

- Countywide Program Charter and Governance Structure/Plan.

2.2.2.2.2 Roadblocks: Financial Plan

Roadblocks related to funding will be resolved thru development of a financial plan for the program restart.

An Executive recommendation will be transmitted for Council review and approval.

The financial plan will include the following:

- Estimated program costs by year and by account
- Estimated savings by year and by account by fund/agency
- Program funding broken out by fund showing: each funds participation and the method of allocation, including information on debt service, if appropriate.

2.2.2.2.3 Roadblocks: Lack of Adequate Program Sponsor

Roadblocks related to timely decisions related to policy matters and business changes will be addressed by identifying and adequately empowering a program sponsor.

The Executive will transmit a motion to be approved by the King County Council establishing a Program Sponsor.

The Motion would address the following:

- Roles
- Responsibilities
- Authority definition of the sponsor
- Authority definition of the agencies and departments
- Program management plan.

The Program Management Plan would to include:

- Issue resolution
- Oversight
- Communication plan.

2.2.2.3 Implementation Phase

2.2.2.3.1 Roadblocks: To be addressed in Implementation Plan for Program Restart

Roadblocks relating to implementation of business process change, operations model change and system implementation will be addressed thru the Program Restart Plan.

The Executive will develop an implementation plan for program restart, including the following:

- Program Approach
- Program Assumptions
- Program Strategy
- Project Plan, to include:
  - Charter
  - Program Description, including:
    - Background
    - Scope
    - Schedule
    - Budget

- Staffing
- Benefits
- Work plan for the next phase
- Management Plans for:
  - Schedule
  - Budget
  - Changes
  - Issues
  - Risk
  - Staffing
  - Procurement

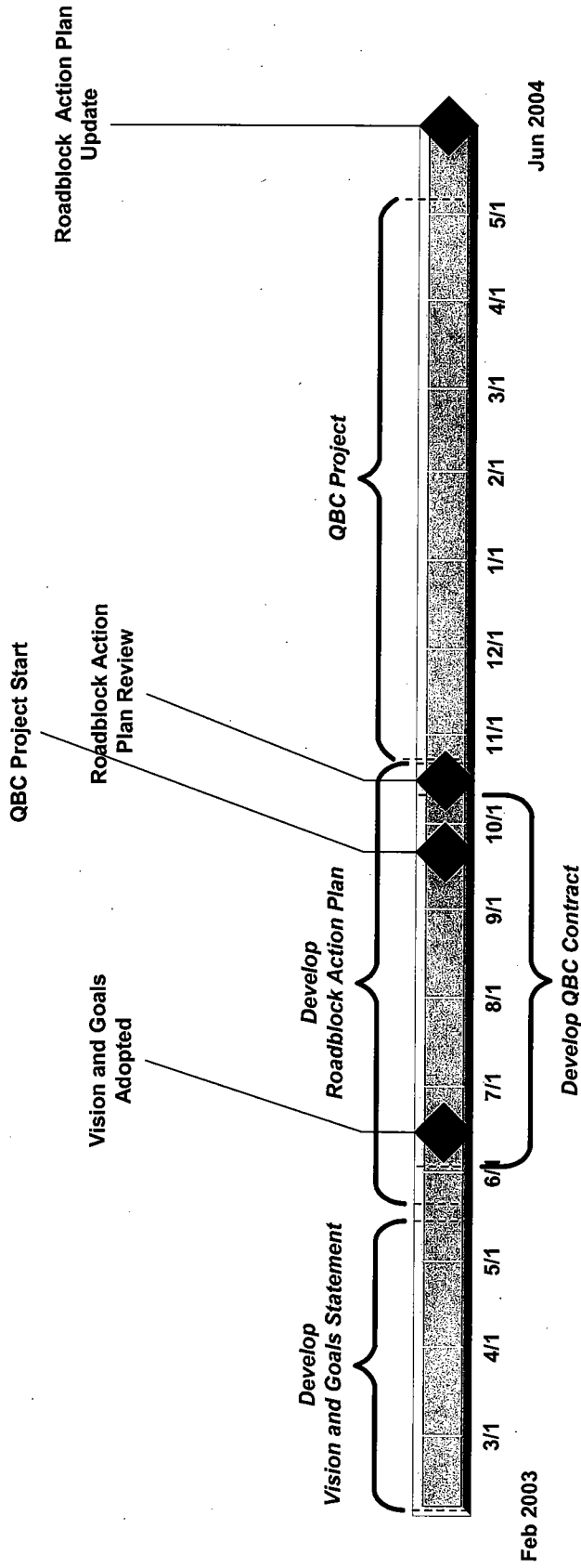## 2.2.3 Roadblock Resolution Phases Timelines

The preliminary timelines have been established for Justification and Approval Phase, which need to occur prior to the recommended business operations model implementation.

The charts on the following pages, Figure 2 and Figure 3, depict the projected Roadblock Action Plan timelines, with related activities and milestones for the Justification and Approval phases.

The Implementation Phase timeline with Implementation Plan for Program Restart will be developed upon the budget approval for 2005.

The projected timelines are subject to update depending on delivery and acceptance of related products.

Figure 2. Estimated Roadblock Action Plan Timeline – Justification Phase
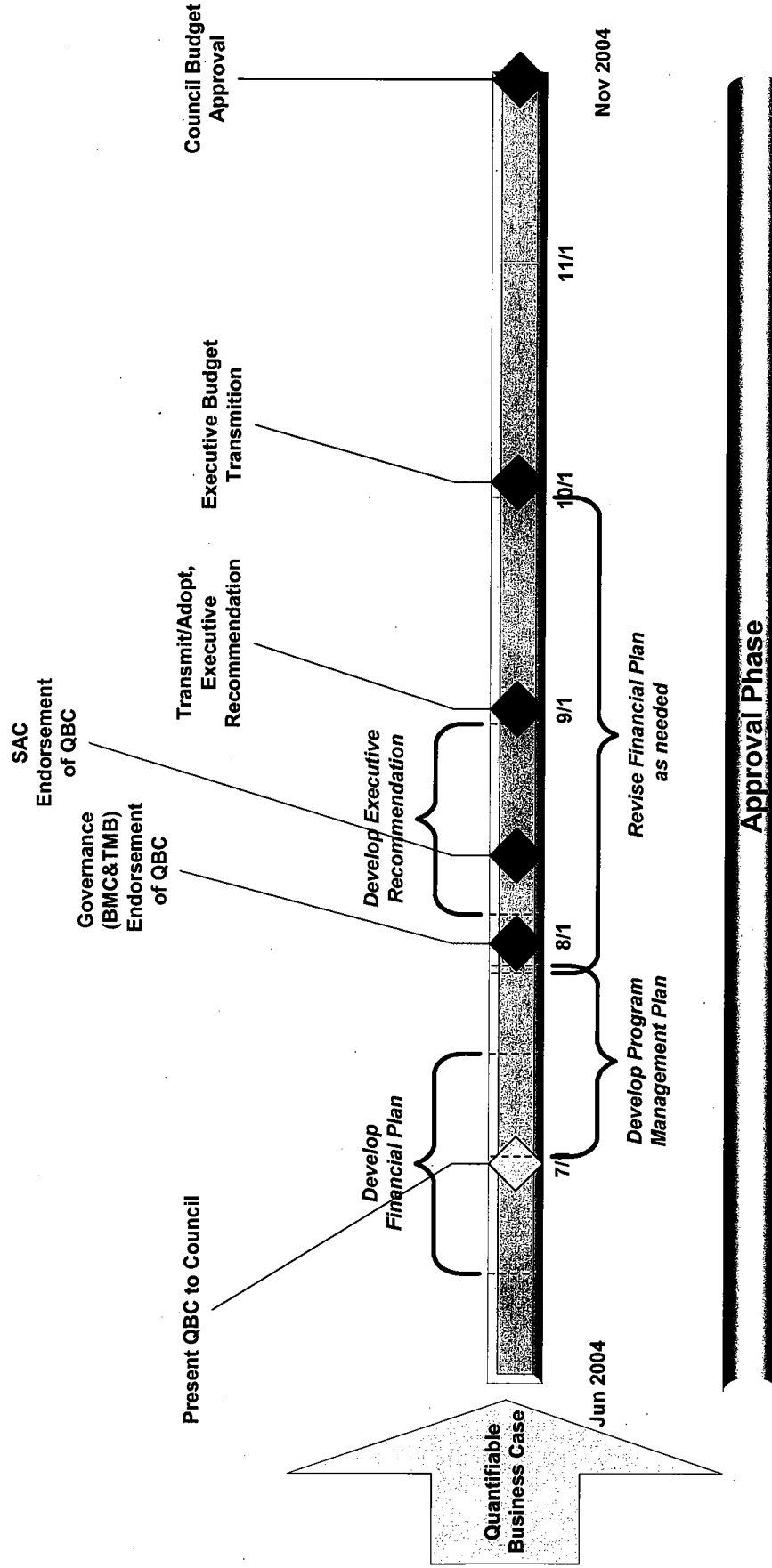
Figure 3. Estimated Roadblock Action Plan Timeline – Approval Phase

2.2.4 Roadblock Action Plan Potential Updates

It is likely that additional roadblocks will be identified by the business case. The CIO and CAO acknowledge that the Roadblock Action Plan is subject to amendment as additional roadblocks are identified in future phases.

2.2.5 Roadblock Action Plan Attachments

Attachment A: Single Financial, Payroll, HR and Budget Perceived Roadblocks

The Attachment A is available on the following page..

Attachment A: Single Financial, Payroll, HR and Budget
Perceived Roadblocks

Ref #	Perceived Roadblock Description	Source of Information	Where to Address Issue
1	Program challenges were not addressed with a spirit of teamwork among Executive, Legislative and Judicial senior leadership.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
2	The magnitude of business process change required by the implementations was significantly greater than expected by user departments.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
3	The County did not have the experience to manage the implementation of an enterprise-wide system.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
4	The Program Management Office (PMO) was not provided the authority necessary to actively direct and manage the program.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
5	The program Steering Committee was not as effective as it could have been.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
6	The County failed to understand the magnitude of the organizational impact of the FSRP.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
7	The program lacked independent, outside oversight on the Executive side.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
8	Key program initiatives stalled for lack of timely resolution of policy issues.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
9	The program lacked a well-conceived, structured, comprehensive business change management process reinforced by a visible and active senior-level commitment.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
10	The program had relatively low visibility given the major impact it was expected to have on the County.	Dye Assessment Report	Justification Phase ------------Vision & Goals Approval Phase -------------Countywide Commitment & Priority
11	Key announcements and decisions were not clearly communicated well in advance.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
12	Program and project work plans did not carry resource loading at a detail level and the resource loading was not maintained consistently throughout the program.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart
13	The program's issue resolution process was not strictly followed.	Dye Assessment Report	Implementation Phase --------Implementation Plan for Program Restart

Attachment A: Single Financial, Payroll, HR and Budget
Perceived Roadblocks

Ref #	Perceived Roadblock Description	Source of Information	Where to Address Issue
14	Sufficient technical knowledge transfer from consultants did not take place to allow the County to assume Operations & Maintenance activities uneventfully.	Dye Assessment Report	Implementation Phase ------Implementation Plan for Program Restart
15	Program momentum has been lost, as well as familiarity with the software applications gained during the program.	Dye Assessment Report	Implementation Phase -------Implementation Plan for Program Restart
16	Departmental stakeholder confidence has been shaken due to the program providing far less than what they were offered, among other disappointments such as loss of current system functionality.	Dye Assessment Report	Implementation Phase -------Implementation Plan for Program Restart
17	The County's ability to adapt to common standardized, best practice business processes.	Dye Assessment Report	Justification Phase ---------Vision & Goals Approval Phase --------Countywide Commitment & Priority
18	The County's ability to accept change as an on-going process. ERP implementations cannot be approached as simply "system replacement" efforts; they are long-term business transformation processes supported by a software package that begin with the initial implementation.	Dye Assessment Report	Justification Phase ----------Vision & Goals Approval Phase --------Countywide Commitment & Priority
19	Without clear acceptance of the vision and its alignment with the County's goals, buy-in from the system owners, and a strong governance structure, we strongly recommend that the County not proceed with additional FSRP activity outside of completing the PeopleSoft HRMS sustaining activities. Such efforts would be at an unacceptably high risk of failure.	Dye Assessment Report	Justification Phase ----------Vision & Goals Approval Phase -----------Countywide Commitment & Priority
20	"Politics" compromise program progress. Mitigation: Develop governance authority structure sufficient to handle internal and external "politics".	Dye Assessment Report	Justification Phase----------Vision & Goals Approval Phase ------------Countywide Commitment & Priority
21	Business process change is resisted. Mitigation: Select a program sponsor committed to change and willing to mandate business process alignment.	Dye Assessment Report	Approval Phase -------------Motion Establishing Program Sponsor
22	Single Pay Cycle	FSRP Documents	Justification Phase ----------- Vision & Goals Approval Phase ------------Financial Plan
23	Program Cost (Funding Strategy)	FSRP Documents	Approval Phase -----------Financial Plan
24	Staff Availability	FSRP Documents	Approval Phase ----------Countywide Commitment & Priority Approval Phase -----------Financial Plan

Attachment A: Single Financial, Payroll, HR and Budget
Perceived Roadblocks

Ref #	Perceived Roadblock Description	Source of Information	Where to Address Issue
25	Labor Dist. Costing Approach	FSRP Documents	Implementation Phase ------Implementation Plan for Program Restart
26	Loss of Current System Functionality or Flexibility • Perception • Real Loss	FSRP Documents	Implementation Phase ------Implementation Plan for Program Restart
27	Timely Policy Direction	FSRP Documents	Approval Phase ------Motion Establishing Program Sponsor
28	Vision, Goals, Stakeholders Engaged	FSRP Documents	Justification Phase------Vision & Goal Approval Phase ------Motion Establishing Program Sponsor
29	Resolve to Move Forward	FSRP Documents	Justification Phase------Quantifiable Business Case Approval Phase ------Countywide Commitment & Priority
30	Governance & Executive, County Council, & Separately Elected Working Together – Non Politically	FSRP Documents	Approval Phase ------Motion Establishing Program Sponsor
31	Unclear what goals and objectives are.	Governance	Justification Phase------Quantifiable Business Case Approval Phase --- Countywide Commitment & Priority, Financial Plan and Motion Establishing Program Sponsor
32	Can King County afford the cost and staff commitment given current budget situation.	Governance	Justification Phase------Quantifiable Business Case Approval Phase ------Financial Plan
33	Staff savings unlikely, unclear if any hard savings from replacing legacy systems.	Governance	Justification Phase------Quantifiable Business Case
34	Only a guideline, not a detailed implementation plan.	Governance	Implementation Phase ------Implementation Plan for Program Restart
35	Can policy decisions/changes/business decisions be implemented in a timely manner?	Governance	Approval Phase ------Motion Establishing Program Sponsor
36	Governance, vision and stakeholders engaged before restart	Governance	Approval Phase ------Motion Establishing Program Sponsor
37	Diversity of governance issues between CX and non-CX	Governance	Justification Phase------Vision & Goals Justification Phase------Quantifiable Business Case Approval Phase ------Countywide Commitment & Priority and Motion Establishing Program Sponsor
38	Need to agree on goals, such as reduce pay errors, close the books faster	Governance	Justification Phase------Vision & Goals Justification Phase------Quantifiable Business Case Approval Phase ------Countywide Commitment & Priority and Motion Establishing Program Sponsor

Attachment A: Single Financial, Payroll, HR and Budget Perceived Roadblocks

Ref #	Perceived Roadblock Description	Source of Information	Where to Address Issue
39	Need detailed scope and work plan; identify resources and ensure they are realistic	Governance	Justification Phase ------------- Vision & Goals Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority and Motion Establishing Program Sponsor
40	Phased approach increases the magnitude and complexity of integration—really interoperation—when exchanging data between moving systems	Governance	Justification Phase ------------- Vision & Goals Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority and Motion Establishing Program Sponsor
41	Ensure decisions do not negatively impact user departments	Governance	Justification Phase ------------- Vision & Goals Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority and Motion Establishing Program Sponsor
42	Risk of new system versus risks of maintaining multiple, poorly integrated systems	Governance	Justification Phase ------------- Vision & Goals Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority and Motion Establishing Program Sponsor
43	Demonstrate that status quo cannot continue much longer	Governance	Justification Phase ------------- Vision & Goals Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority and Motion Establishing Program Sponsor
44	Need to recruit and retain technical staff to keep the systems running	Governance	Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority Approval Phase ------------- Financial Plan
45	Need for intensive training	Governance	Justification Phase ------------- Quantifiable Business Case Approval Phase ------------- Countywide Commitment & Priority, Financial Plan and Motion Establishing Program Sponsor

Attachment B: Single Financial, Payroll, HR and Budget True Roadblocks and Resolution Approach

The Attachment B is available on the following page.

Attachment B:

Single Financial, Payroll, HR and Budget
True Roadblocks and Resolution Plan

Roadblock Resolution Phases

True Roadblock Description	1. Justification Phase					
	Vision & Goals	Quantifiable Business Case				
Lack of Vision, Goals and Objectives for the program	X					
Resistance to change (adopting best practices)	X					
Influence of internal/external politics that will jeopardize program success.		X				
Inability to fund a restart due to budget shortfalls.						
No tangible benefits to justify an ERP initiative.		X				
Lack of countywide priority and commitment to ensure program success.						
Inability to make timely decisions related to policy matters and business changes.						
All perceived roadblocks in the Attachment A for which the Implementation Phase is noted for resolution.						

3   ATTACHMENT

Attachment C: Letter of support for the vision and goals statement and for release of funds signed by the elected leaders of the Strategic Advisory Council (SAC)

The letter on the following pages is scanned in from a hard copy.

King County

June 9, 2003

The Honorable Cynthia Sullivan
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Sullivan:

We are writing to you as members of the Strategic Advisory Council (SAC) representing King
County elected offices to endorse the enterprise financial, human resource, and budget
management vision and goals statement. Along with that endorsement, we encourage the
Council to approve Proposed Motion 2003-0255 that recommends this statement and authorizes
the release of $430,000 of funding contained in the adopted 2003 King County budget to conduct
a quantified business case.

The SAC formal endorsement of the vision and goals statement and the decision to move
forward on the business case occurred at our meeting of April 16, 2003. Our discussion focused
on the need for King County elected officials to be in agreement with each other and work
together with enthusiastic commitment in order for a countywide system to be successful.

Towards that end, we offer our signatures as a means of demonstrating our support for the vision and goals statement and moving forward with the business case.
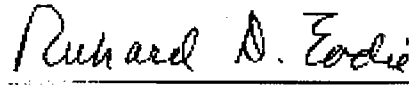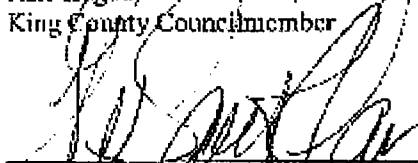
Sincerely,

Ron Sims
King County Executive

Dow Constantine
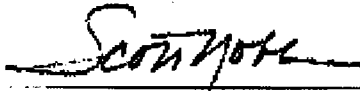King County Councilmember
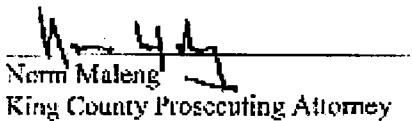

Jane Hague
King County Councilmember

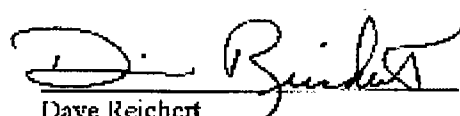Richard D. Eadie
Presiding Judge, King County Superior Court

Wesley Saint Clair
Presiding Judge, King County District Court

Scott Noble
King County Assessor

Norm Maleng
King County Prosecuting Attorney

Dave Reichert
King County Sheriff
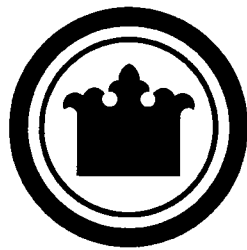

cc: King County Councilmembers
                ATTN: David deCourcy, Chief of Staff
                        Shelley Sutton, Policy Staff Director
                        Rebecha Cusack, Lead Staff, BFM Committee
                        Anne Noris, Clerk of the Council
        Steve Call, Director, Office of Management and Budget
        Paul Tanaka, County Administrative Officer, Department of Executive Services
        David Martinez, Chief Information Officer, Office of Information Resource Management

Appendix G

Human Resources Implementation Plan

Accountable Business Transformation (ABT)

King County

April 7, 2005

Table of Contents

Accountable Business Transformation
HR Implementation Plan

1.0 Purpose

The ABT HR Implementation plan defines the business model that will be used to determine culture, structure and process necessary to realize the benefits of the integrated HR system and the high payback opportunities identified in the Dye report based on their assessment of King County. This high level plan provides the framework within which strategy, critical bodies of work, activities and deliverables will occur in 2005 in conformance with the ABT Project Charter and Business Plan.

2.0 Accountable Business Transformation

Accountable Business Transformation is not just a migration from one system to another, rather it is a transformation of business processes, which in the case of Human Resources, are enabled, supported and enhanced by PeopleSoft functionality. The transformation process involves assessing the current environment and business processes, modifying those processes to conform to best practice as supported by the PeopleSoft functionality and mapping the transformed processes to the new technology systems to ensure maximum benefit to King County.

The Accountable Business Transformation Program (ABT) addresses the cultural and organizational changes necessary to bring contemporary human resources, payroll, budget and financial best practices to King County government. The transformation has already begun in the area of HR and will be further realized through effective cultural, structural and business process change facilitated by the HR Unification business model and enabled and supported by the technology provided by Oracle and PeopleSoft.

3.0 Vision and Goals and Policy Direction for Enterprise Human Resources

In June 2003, the elected leadership of King County endorsed a preferred future vision for its enterprise financial, human resources and budget systems. The vision as follows was adopted by the King County Council in Motion No. 11729. [1]

> *"King County's financial, human resource and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers. "*

Also, by Motion No. 11729 the elected leadership agreed to the adoption of the following five specific business goals for the human resource business area:

- Provide employees, retirees, and fiduciaries direct and secure access as appropriate to personnel payroll, time and attendance, benefit and retirement information.

- Improve HR management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning for key

---

[1] For a full history of ABT, refer to Appendix A of the Executive Recommendation and Business Case (March 2, 2005).

employees, labor issues, class/ compensation-labor contract implementation, and contract and temporary labor management tracking.

- Provide secure access to and maintenance of human resource related information by supervisors and managers to meet their management decision making activities.

- Empower employees to secure access and maintain their own HR information where appropriate.

- Increase effectiveness in the delivery of human resource activities resulting in reduced processing time.

In On September 23, 2004, the Strategic Advisory Council (SAC) endorsed four key policies that provide the foundation to move forward with the ABT project, two of which were directly related to HR in King County. In October of 2004, the King County Council adopted Motion No. 12024 approving those policy statements which are applicable to the HR service delivery system in King County:

- Human Resources Policy Statement: Align all county human resources practices and procedures to ensure that business needs are met through legally defensible human resources practices.
- Human Resources/Payroll Policy Statement: Pay all employees on a common, bi-weekly pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.

These adopted vision, goals and policies provide the overarching direction for HR in King County through 2009.

4.0 The "Unification Business Model"

Any holistic business transformation effort must address three inter-related elements; structure, process and culture. The HR Unification Program (HRUP) model is the business model to which each of the separately elected leaders in King County government has already agreed to on a policy basis as noted above. This business model will be extended to all branches of government and utilized to facilitate the business transformation necessary to achieve the preferred future vision and business goals and policies adopted by elected officials and the County Council. The unification model will help facilitate positive change to countywide structure, process and culture necessary to ensure the effective transformation of King County's current HR service delivery system into a truly integrated one which meets the vision, goals and policies endorsed by the separate elected leaders of this government and adopted by the King County Council.

4.1 History

In February of 2002 with Executive sponsorship, the HR Community initiated a systematic organization and process re-design project with the objective of positioning the government to provide high quality, cost efficient services within budgetary and resource constraints. The project involved the design and implementation of an integrated human resource service delivery system ensure King County's ability to successfully navigate in a challenging legal environment. The major elements of the project included:
- Development of the required infrastructure necessary to effectively support the County's HR needs;

- Process and procedure reengineering and enhancements to ensure effective service provision and legal defensibility.

The HRUP was specifically referred to in the Budget Advisory Task Force 2003 report, responding to the identified need for strong central management systems and practices. Their analysis stated that "in recognition of this challenge, the Department of Executive Services has launched a unification project that seeks to balance the departmental desire for autonomy with the need for standards, rules and procedures…". The report referenced this as a "common practice in the business world, with notably positive results" and concluded that the approach should be encouraged throughout the County.

The Unification project has made great strides in transforming the culture of HR across Executive agencies. Much of this success is due to the collaborative team approach utilized through each of the five major phases of that project which are substantially replicated in the ABT Project. HR Division staff partnered with department HR staff for each of the project phases (pre-project planning, conceptual design, detailed design, implementation planning). In the early phases of the project, a cross departmental steering committee defined the preferred vision for the consolidated HR system. The conceptual model for the HR system was designed and subsequently modified based on input from customer agencies. Cross departmental teams were established and participated in a series of working sessions to develop certain structural, procedural and policy changes. This will serve as an effective model to facilitate further integration of HR practices across the government as agreed to by separately elected leadership, including utilizing PeopleSoft functionality to meet the vision, goals and policy adopted by the Council.

Unification addresses the three major interrelated elements of a systems approach to organizational change: structure, process and culture. Much of the project's early efforts have been toward the purposeful development of an effective infrastructure used to obtain input and agreement, consider and propose policy and disseminate information. The ABT project, particularly the use of the PeopleSoft functionality will enable King County to make significant advances in best practices which will lead us into a contemporary, truly integrated environment encompassing people, policy, process and practices.

4.2 Unification Defined:

Unification is the alignment of all of King County's HR resources into a unified community that is committed to the following interdependent goals:

1) Providing effective HR service delivery to support all HR management needs including:
    a. Creating efficiencies by streamlining processes and providing for the most efficient and effective use of countywide HR resources;
    b. Ensuring service delivery is tailored to meet unique business needs of diverse agencies; and
    c. Clarifying roles, relationships, authorities and accountabilities as necessary throughout the HR Service Delivery System.

2) Establishment of integrated HR practices which are fair, equitable, consistent and legally defensible, including:
    a. Ensuring consistent interpretation, application and compliance with policy and governing regulations;
    b. Reducing risk exposure;
    c. Enhancing the expertise and competency of HR practitioners;

    d. Providing consistent advice and consultation; and

    e. Improving communication and easier access to HR policies and procedures.

The model's overall approach to achieving these interdependent goals has been the development of an organized infrastructure including:

- Centrally led countywide HR policy/process development and maintenance (via the HR Cabinet); and
- Distributed delivery of HR services headed by designated HR Service Delivery Managers who lead and/or access the required HR resources in a manner which effectively meets the business needs of each client agency.

4.3 Key Unification System Elements:

The conceptual design phase of the project identified four core processes that categorize the major aspects of HR services as well as four support processes necessary to integrate and support each of the core processes. *(See Appendix B, Conceptual Design).*

In addition to the core and support processes, the unified HR service delivery system in the Executive Branch includes the following key elements which are critical to ensuring the unique business needs of customer agencies are duly considered in the development of policy and procedure. These key elements also provide the structure necessary to ensure relevant input is received from a variety of levels of the organization.

- 4.3.1 Purposefully Established Community

  Under the unified HR service delivery system model all HR practitioners are members of an integrated HR community. This model has benefited the HR system in the Executive Branch by offering increased opportunity for professional development, increasing sharing of ideas and knowledge. It has also helped to provide additional support for HR practitioners in their assigned work areas and aided in the development of a culture of shared responsibility for effective HR service delivery.

- 4.3.2 Service Delivery Managers (SDM)

  The SDMs' role is to effectively partner with the management of customer agencies to ensure that HR considerations are appropriately factored into business decisions. SDMs serve the dual role of ensuring that required HR support is provided effectively to meet the needs of the customer agencies while simultaneously maintaining the overall integrity of the HR system.

- 4.3.3 HR Cabinet

  The HR cabinet is comprised of the HR Division Director (chair), other key HR Division staff, HR service delivery managers and core/support process team leaders. The major role of the cabinet is to develop and recommend countywide HR processes and policies for approval as necessary and to establish, monitor and maintain the overall approaches to design, development, implementation, maintenance and improvement of HR core and support processes.

- 4.3.4 Line Management Advisory Board (LMAB)

  The LMAB is comprised of line managers representing a cross section of county departments. It serves as a sounding board for new or revised HR policies and processes and provides input from a management perspective regarding HR processes.

5.0 System-Wide Goals:

The following goals have guided the unification work to date and will be considered jointly with separately elected leadership as we move forward with ABT:

- Increased consistency and continuity of contract provisions, policies, and procedures within and across departments
- Additional clarification of roles and responsibilities
- Equalize HR Service provision across county departments
- Enhance the HR related communications system
- Increase access to HR information
- Increase the continuity of HR advice across the government
- More fully account for the unique needs of each line of business in King County government
- Increase the level of partnership with HR practitioners in departments as they positively influence their organizations
- Increase ability to accurately assess the impact of HR practices throughout the government
- Provide HR services in a timely and effective manner
- Enhance our ability to perform progress checking and early correction
- Enhance our ability to consider countywide goals and unique departmental business needs simultaneously in HR decision making.

6.0 Unification - Relationship to ABT:

While the HR Unification Project has provided a number of important enhancements to current processes, when viewed as a stand alone initiative it meets only a portion of the vision and goals and policy direction adopted by the county. The focus of ABT is business change, involving people, processes and technology. Further implementation of aligned business practices and moving to one core financial system (Oracle) and one core human resource/payroll system (PeopleSoft) as well as effective utilization of the expanded functionality available in these systems will significantly further these efforts and will provide a contemporary county platform for consistent HR/payroll processes that align with best practices.

To date, major unification successes have been related to culture and organizational structure necessary to align and standardize business practices across the Executive Branch. While the project has experienced successes in its efforts to standardize HR rules and policies, nominal strides have been made regarding consolidation of business processes countywide. Much more needs to be done in terms of utilizing technology to align and modernize business processes and effectively integrate them with payroll and key financial systems. ABT will provide the technology enhancements necessary to further the work of HRUP and support the systematic alignment of HR business processes across agencies. The alignment of

business practices will help ensure legal defensibility, provide for streamlining of work processes and allow utilization of best practices.

7.0 Alignment - Extend HR Unification to Other Agencies

The initial focus of the HR Unification Program has been within the Executive Branch departments. In order to maximize the benefits of aligning the HR model countywide, the development of effective partnerships throughout the entire government is the next logical and necessary step.

The Strategic Advisory Council (SAC) endorsed four key policies that provide the foundation to move forward with the ABT Project. Subsequently, by Motion No. 12024 those policies were adopted by the King County Council. One of those policies provided guidance that HR alignment would be extended to the other agencies in the Executive Branch (King County Sheriff's Office, Department of Assessments) and also to the other non-Executive Branch county agencies (King County Council, Prosecuting the Attorney's Office, District Court, Superior Court.) The goal is to partner effectively across all branches of the government to improve and align HR business practices as necessary. (See Section 11.1)

8.0 Dye Findings – Human Resources:

As part of the Quantifiable Business Case (QBC) Business Operational Model (BOM) review, Dye Management Group (Dye) facilitated a number of focus group sessions in order to validate and refine pre-developed business process diagrams and to ensure that an accurate model of the current business functions was depicted. As part of the assessment process, Dye considered contemporary areas of best practices. This process yielded a number of findings related to existing business processes as well as a number of opportunities for improvement. The analysis also identified benefits, performance measures, organizational impacts, organizational and legal/policy constraints and risks.

Dye's findings in the HR Business area included the following issues:

* Multiple, cumbersome HR processes.
* Difficulty accessing data impacting productivity and resulting in numerous ad hoc systems.
* Inadequate, inconsistent management information (e.g. retirement and turnover statistics).
* Costly lawsuits.
* Inconsistent policy implementation across multiple systems.
* Lack of performance-based appraisals and compensation.
* County must improve the performance of county workers by systematically conducting performance reviews and taking action to improve employee performance based on those reviews.
* Complicated labor agreements.
* Limited succession planning.

To date we have been addressing these issues in the Executive Branch by way of the Unification Project. ABT addresses these findings from a countywide perspective by utilizing Peoplesoft functionality in a consistent fashion and by extending the HRUP Business model to separately elected officials, (added by the Executive recommendation) beginning with the King County Assessor and the King County Sheriff's office in 2005. The ABT project further addresses these findings by implementing the following high payback opportunities identified in Dye Report.

9.0 High Payback Opportunities

- Automate, integrate and Standardize Business Processes
- Collective Bargaining Standardization
- Quality Assurance & Audit Program
- Performance Management System
- Succession Planning

10.0 Project Approach and Objectives:

The following identifies the general approach and key objectives assumed in this project.

10.1 General Approach:

- All deliverables will be closely coordinated with the schedule developed by the ABT Project Management office.

- In compliance with the overall ABT plan, the HR Implementation Plan element of ABT assumes that a series of phases will be completed to incrementally implement the adopted vision and goals.

- The unification business model will be utilized to facilitate collaboration with separately elected agencies and transformation into the contemporary, integrated HR environment.

- PeopleSoft is the technology solution that will be utilized to align all county human resources practices and procedures to ensure that the business needs are met through legally defensible human resource practices. The PeopleSoft system will be assessed to identify which of its functionalities will further the goals of the HRUP and the ABT. Adopted policies and procedures must be defined in a manner which is compatible to PeopleSoft to maximize the usefulness of the system to improve HR decision making throughout the government. This objective will positively transform the delivery of HR services throughout the county.

10.2 Key Objectives:

The following objectives will be the result of the effective alignment of business processes within King County:

- Enhanced Legal Compliance: Aid in the county's ability to ensure compliance with federal, state and county laws and other governing policies.

- Accuracy/Consistency/Efficiency: Elimination of inconsistencies inherent in the use of a variety of ad hoc systems

- Increased Efficiencies: Ability to better utilize existing resources due to reduction of repetition in data input necessary to maintain multiple side systems.

- Information Accessibility: Provide for effective distribution of HR and financial information enterprise wide and to key stakeholders through modernized database technology, efficient reporting tools and on-line, real-time access to information.

- Internal Controls: Provide for effective audit trails.

- Improved Decision Making: Provide a wider, more accurate range of business data for reporting, analysis and decision-making support.

11.0 Major Project Activities and Deliverables:

The following identifies by sub-project, the major activities and deliverable to be provided in 2005.

11.1 HR Alignment: Extending HR Unification to all Branches of Government

This work relates to partnering with separately elected leadership in order to align human resources practices and policies across elected offices consistent with the Human Resources Unification Program already begun in the Executive Departments. Throughout the term of the project all separately elected branches of government will collaborate to ensure the required alignment. In 2005, the Human Resources Division, in collaboration with the King County Sheriff's Office (KCSO) and the Department of the Assessor (DOA), will jointly develop a program to achieve the necessary alignment. This work, which will continue throughout the life of the project, was not included in Dye's cost estimates.

Resource Requirement: To facilitate department representation in the development of business processes, etc. each of the elected officials requires a HR Service Delivery Manager II (SDM) position. The SDM's have proven to be an essential component of the unified infrastructure design. Details associated with the SDM's are contained in the budget appendix and in position definition and assumptions portion of this plan.

A common set of business practices is required to implement and maintain the Peoplesoft system in the most cost effective manner possible. This project will utilize the following approaches and techniques to extend the HRUP principles and program improvements first to the KCSO and DOA in 2005 and subsequently to other separately elected branches of government.

- Active partnering and collaboration with affected agencies.
- Consideration of unique business needs of diverse agencies.
- Identification and adoption of organizational infrastructure necessary to ensure ease of information dissemination and clear roles and responsibilities regarding HR activities.
- A planning process beginning with broad conceptual through detailed design planning.
- Definition of broad standards within which agencies can work to develop policies and programs to meet unique business needs while maintaining overall programmatic integrity.
- Collaborative policy and process development and maintenance along with decentralized HR service delivery.
- Clear definition of core and support processes and lines of business.
- Clarifying roles, relationships, authorities and accountabilities related to all HR work processes.

- Establishment of performance measures and quality assurance practices necessary to recognize trends and identify areas for further efficiencies and improvements.

2005 Major Activities & Deliverables:

2005 Major Activities	2005 Major Deliverables	Quarter
Initial briefing/discussion/project planning with KCSO/Assessor leadership		2nd
Develop project planning process in partnership with leadership in the KCSO and DOA, finalize with HR Cabinet, LMAB and Executive Office.	Project Plan Document	2nd
Design communication/orientation plan for each agency	Communication/orientation plan Document	3rd
Finalize detailed work plan with agency heads and refine collaboratively as needed	Work Plan document	3rd
Develop and execute initial working agreement between HR, Sheriff and Assessor	Preliminary 2-way working agreement document	3rd
Recruit for Department Service Delivery Managers	SDMs hired	3rd
Develop and final 2-way working agreement	Final 2-way working agreement document	4th
	High Level Project Plan for incorporation of other branches of government	4th

Note: Development of a detailed work plan which will identify major activities and deliverable planned for project out years is planned in 2006.

11.2 HR/Payroll Integration Project (Automate, Integrate & Consolidate Business Processes)

This project entails configuring PeopleSoft as the single core Human Resources Management System (HRMS) for King County, significantly expanding its functionality for human resources business processes and migrating all employees who are not on PeopleSoft (i.e., MSA employees) to this single system. This work will be coordinated by the ABT Project Management Office as a Countywide coordinated effort under the leadership of the ABT project governance structure. (See Executive Recommendation for information on straddle agency migration and schedule of Oracle/Peoplesoft roll-out.)

By far, the largest and most complex activity within ABT is the core HR/Payroll Integration portion of the project which include an upgrade to Peoplesoft 8.9 in 2006. This project addresses interdependencies between the Financial, Human Resources, Payroll and Budget Business areas and encompasses migration to one human resources/payroll system as well as associated process, systems and organizational changes. This element will be managed by the ABT Project Management Office and Program Manager. A strong interface with the Human Resources Division will be necessary to ensure project coordination.

Resource Requirements: The HRD Project Manager (SPM III) will coordinate activity between the PMO and the HRD in order to ensure smooth communications and timely assistance. "Back fill" staff will be

required in some instances to free existing staff to provide such support. Funds have been earmarked for such assistance throughout HRD within the proposed attached budget.

2005 Major Activities & Deliverables:

2005 Major Activities	2005 Major Deliverables	Quarter
Develop Communication Plan	Communication Plan Document	2nd
Develop Training Plan for key staff		2nd
Identify Peoplesoft HR Modules not installed but which are available		3rd
Define method for assessing Peoplesoft modules and identifying how functionality supports business needs for high payback areas.		3rd
Identify PeopleSoft HR modules that are currently installed in King county; of the installed modules determine which portion of the County is utilizing them; determine extent to which County is utilizing features/functions available		3rd
Define method for comprehensively identifying current and future configuration issues and core decisions		3rd
Define method for comprehensively identifying future business objectives and system reporting needs		4th
Determine method by which identification of process changes will be made to maximize usability of Peoplesoft functionality while minimizing system modifications.	PeopleSoft module Assessment Report	4th
Define method for reviewing and assessing existing business process review documentation		4th
	High Level Project Plan	4th

Note: Development of a detailed work plan which will identify major activities and deliverables for project out years is planned in 2006.

11.2.1 Core Issues:

There are core issues which must be addressed early in the project because they effect future decisions and project activities (e.g. Position control and Core Competencies approach). Definition of ownership, roles and responsibilities, potential effects on related functionality, impacts to budget and financials will all be address under the direction of the ABT Project Management Office.

11.2.2 Immediate Training Needs:

To date, the major focus regarding utilization of Peoplesoft functionality has been payroll processing. In order to ensure key Human Resources professionals possess an adequate level of knowledge to evaluate business processes and provide guidance as to maximum utilization of Peoplesoft functionality, training efforts should begin immediately. The focus of such training should be developing a working level understanding of core modules as well as the integrations across modules and core issues to be addressed.

11.2.3 Initial Mapping Review:

In order to determine the potential impact of key decisions (such as application of position control functionality) and to facilitate an effective understanding of Peoplesoft version 8.9 functionality will be necessary. Following is a preliminary analysis some of the major Peoplesoft modules and identification of other the high payback areas each could support or effect. Below is a listing of the modules and their basic functions:

1. Absence Management – control for time-off, automating processes for paid time off
2. Enterprise HR – Workforce, compensation, career, labor relations, benefits management
3. Enterprise Performance Management (EPM) Portal Pack - links to EPM applications
4. e-Performance – goal planning, coaching, performance assessments, rewards
5. Help Desk for HR – case management of workforce HR issues
6. HRMS Warehouse – data repository & reporting and analysis tool
7. HRMS Portal Pack - self service access to HRMS for employees & managers
8. Workforce Rewards – value of compensation package & compensation strategy
9. Workforce Planning – competency needs and strategy
10. Talent Acquisition Mgr (TAM) – recruiting for recruiters & managers
11. Candidate Gateway – on line application tool for recruitments
12. e-Benefits – self-serve benefits transactions (See BHIP Business Case submitted separately)
13. e-Compensation – self-serve for cash and non-cash compensation
14. e-Profile – self-serve for employee profile (address, LOA request, resignation, etc.)

In the initial review, it was found that all modules evaluated would be beneficial in accomplishing the first opportunity to automate, however some of the modules also were applicable to the other opportunities. The following table depicts the results of the initial module applicability review:

PS HR Module	Payroll Integration	Standardize Labor Contracts	Quality Assurance	Performance Management/ Succession Planning
Absence Mgmt	X		X	
Enterprise HR	X	X	X	X
EPM Portal	X			X
e-Performance	X			X
Help Desk for HR	X		X	
HRMS Warehouse	X		X	
HRMS Portal	X		X	
Workforce Rewards	X	X		X
Workforce Planning	X			X
TAM	X			
Candidate Gateway	X			
e-Benefits	X			
e-Compensation	X			
e-Profile	X			

Resource Requirements: In order to launch an effective and comprehensive review of the PeopleSoft modules, HRD has proposed using a functional Analyst III to work on the project under the SPM III . A professional of that level will be able to provide recommendations and provide guidance after a review of PeopleSoft and the county's business requirements has been made. Detail associated with the Functional Analyst and the Project Manager can be found in the proposed budget and in the "HRD ABT Positions: Definitions & Assumptions" portions of this plan.

11.3 Implement Performance Management Best Practices

This project entails the redesign of King County's Performance Management Program and supporting this program with PeopleSoft functionality encompassing best practices in this area. The goal of this project is to improve the performance of county employees. Information concerning training, development, discipline, salary growth, career paths, and the conducting of effective performance reviews are all part of PeopleSoft functionality. Taking appropriate action to improve employee performance based on performance reviews, rewarding performance and logical succession planning are intended advantages sought in this project.

Resources: In order to pursue this effort, this plan calls for a Project/ Program Manager III to work with the Project Manager and the Functional Analyst III to research, document and plan a wide variety of County functions which fall under the performance management umbrella. Please see the budget and "HRD ABT Positions: Definitions and Assumptions" portions of this report for detail.

Improving performance management and adopting performance improvement best practices may require automated tools to support the process such as the following:

- An employee performance database to track appraisals. This capability will be implemented through PeopleSoft functionalities such as those related to training, salary and development.
- An online individual development plan tool integrated with PeopleSoft databases related to training, promotions, and employee statistics.
- Reporting tools for report and analysis of performance metrics, and performance targets.
- Reporting tools to track education and training achievements.
- Reporting tools to track performance improvement plans and disciplinary matters.
- Standard & exception reports to support monitoring.

2005 Major Activities & Deliverables:

2005 Major Activities	2005 Major Deliverables	Quarter
Establish business process/policy design team approach	Design Team charter document	2nd
Develop Communication Plan approach for all stakeholders	Communication Plan document	2nd
Review existing benchmark research, input and survey information, analyze and validate		2nd
Identify key business and policy decisions and guiding principles		3rd
Identify legislative and/or collective bargaining agreement issues which must be addressed		3rd
Commence evaluation of applicable PeopleSoft module implementation requirements, capabilities, functionality, and interdependencies.		3rd
Identify critical components of succession planning, position management, competency management, and recruitment and integrate into a performance management system.		3rd
Identify process improvements and best practice opportunities which may be facilitated by the use of PeopleSoft functionality.	Recommendations Report	4th
Identify and recommend business process changes that would align with the "vanilla" version of Peoplesoft.	Recommendations Report	4th
	High Level Implementation Plan	4th

Note: Development of a detailed work plan which will identify major activities and deliverables for project out years is planned in 2006.

11.4 Refine and Increase Administrative Consistency Among Collective Bargaining Agreements

The purpose of this project is to increase the alignment of provisions within collective bargaining agreements in order to provide for administrative efficiencies. It entails a long-term effort to increase

consistency, as appropriate, in contract terms, while recognizing the requirement to bargain in good faith. Additional consistency will ease contract administration and help ensure effective and consistent implementation of negotiated contract provisions. Conversion to a single payroll system will result in the collection of human resources related data into a single location with common tools. Such a capability will enhance the county's ability to analyze data and proposals during contract negotiations. Technology will also play a key role in allowing for effective comparisons of contract provisions.

Resources Requirement: In order to carry out the project two positions will be necessary to staff the project. A Labor Negotiator will be necessary to assist each of the current Labor Negotiators with the consistency initiative. The project's negotiator will be required to be at the table for multiple contracts in order to ensure a consistency of approach and result. The negotiator will be key to ensuring position papers are composed and presented. A Labor Analyst will work in close coordination with the Labor Negotiator. This will be necessary to develop plans and coordinated data sources to ensure the classification/ compensation review and the three year labor negotiation calendars are synchronized. Considerable work will be required to document and begin alignment negotiations on all the various permutations for compensation provided in each of the collective bargaining agreements. Additional detail on the two Labor positions is provided in the budget and position definitions portion of this report.

2005 Major Activities & Deliverables:

2005 Major Activities	2005 Major Deliverables	Quarter
Develop a communications plan approach for all stakeholders	Communication Plan Document	3rd
Identify required research activities to inform work plan		3rd
Hire/ assign staff to the project		3rd
Begin work to coordinate 3 year negotiation cycles with reclassification schedule		3rd
Meet with departments, internal HR personnel, labor relations staff to ensure widespread understanding of the project's goals and methods		3rd
Identify standards and guidelines		3rd
Determine methodology to consolidate initial contracts, relevant MOU's and related documents		3rd
Identify elements of standard process to prepare for negotiations – include cost, public policy, productive labor relations, increased consistency and ease of administration		3rd
Review and analysis of existing contracts and provisions to identify areas requiring attention		3rd
Assess existing contracts databases as well as PeopleSoft HR modules- analyze business needs vs. software capability		4th
Participate in overall PeopleSoft training and education activities to include labor relations staff		4th
Consult with governing bodies for review and modification of proposed work plan	Executive policy guidance	4th
High level project plan development and finalization	High level project plan document	4th

Note: Development of a detailed work plan which will identify major activities and deliverables for project out years is planned in 2006.

11.5 Develop and Implement Succession Planning Practices

This project involves the development of succession planning activities to aid in the design and implementation of an effective workforce management strategy that ensures that as the county workforce changes, critical knowledge is effectively maintained to meet business needs. A major impetus for this project is the aging workforce within King County and the retirement eligibility of more than 30% of the county workforce within the next 3-5 years. Succession planning best practices is an integral component in a performance management program, and in an organization's ability to retain important institutional knowledge given the retirement eligibility statistics cited above. To meet this need, the HR Division's 2005 Business Plan identified the need for an effective succession planning strategy and tools.

This project will aid in the design and implementation of an effective workforce management strategy that ensures that as the county workforce changes, critical knowledge is effectively maintained as necessary to meet business need.

A technology solution is necessary to provide information needed to establish and maintain succession planning best practices. PeopleSoft will be configured to store key data to support a succession planning program including such data as promotions, merit pay, career development, training and competency and position management.

Resource Requirements: In order to support the succession planning project, the services of a loaned HR professional and back fill staff will be utilized. Considerable work will be necessary for those individuals to document and track the needs each King County business has for succession planning. Please see the budget and position definition portions of this report for detail.

2005 Major Activities & Deliverables:
(See major activities and deliverables for Performance Management)

2005 Major Activities	2005 Major Deliverables	Quarter
Identify process improvements and best practice opportunities which may be facilitated by the use of PeopleSoft functionality.		3rd
Identify critical components of succession planning, position management, competency management, and recruitment and integrate into a performance management system.		3rd
In conjunction with Performance Management work, develop high level project plan	High Level Project Plan	4th

Note: Development of a detailed work plan which will identify major activities and deliverables for project out years is planned in 2006.

11.6 Implement Quality Assurance and Audit Practices in King County

This project will provide the tools, measurement, recommendations, and guidance to be used by King County departments to improve efficiencies in all of the major HR processes. The project entails ongoing process improvement activities in HR practices throughout King County. The HR Quality Assurance & Audit Program (HRQAP) will provide education on best practices and a structured method to monitor subscription to those practices. Additionally, the HRQAP will enhance King County's capability to ensure legal and consistent services throughout the county that meet the business need and allow the county proactively to identify, correct, and reduce any exposure due to non-compliance and inconsistent practices. This project will be implemented through specific functionalities of PeopleSoft.

The project will provide a set of performance improvement procedures, tools and educational initiatives to help ensure consistent, legally defensible best HR practices throughout the county. It will provide follow up capability to ensure adherence to approved practices.

Migration to a single HR/payroll system is required to implement an effective audit and Q/A program. The key business decisions and practices which result will establish the context for the audit program.

Resource Requirements: The resources required for this project are included within the HRD base budget.

2005 Major Activities & Deliverables:

2005 Major Activities	2005 Major Deliverables	Quarter
Develop Communication Plan	Communication Plan Document	2nd
Develop proposed audit guidelines and potential performance measures	Proposed operating protocols document	2nd
Establishment of Quality Assurance Council	Committee Charter	3rd
Develop Working Relationship Agreements for Process Owners.	Working Relationship Agreements	3rd
Develop Roles and Responsibilities Matrix	Roles and Responsibilities Matrix	3rd
Identify and establish appropriate metrics and measures for reporting and tracking.	Performance measures	3rd
Establish schedule for performance process reviews and audits.	Schedule of Performance Reviews and Audits	3rd
Conduct select pilot process reviews.	Performance Review Report	3rd
Develop high level project plan	High Level Project Plan for implementation of HR Quality Assurance and Audit Program	4th

Note: Development of a detailed work plan which will identify major activities and deliverables for project out years is planned in 2006.

12.0 Project Management/Governance

Relationship of ABT Governance to HRD Programs
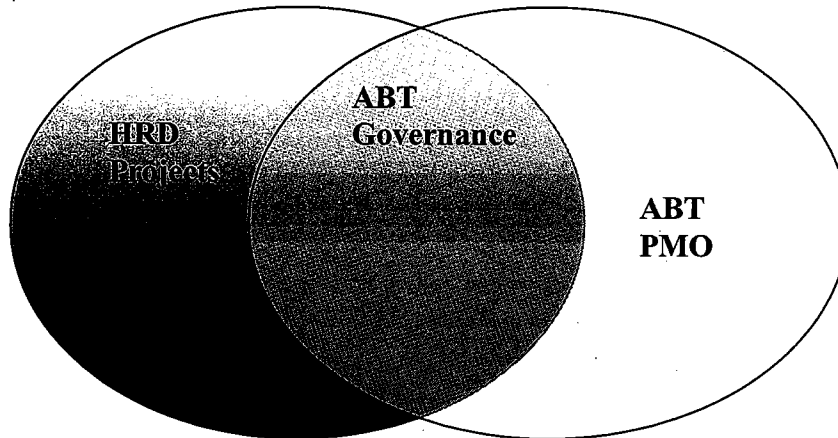
The ABT Project will be successful only if the project includes strong governance, discipline and collaboration at all levels. The ABT Program Governance and Structure, as outlined in the Charter and Business Case, and complemented by the functional relationships established through the HRUP, will address this need.

A Program Management Office (PMO) will be established as a management structure to manage the daily activities of the ABT Program and its projects, as well as to ensure integrated program delivery. The PMO is directed by the Program Manager and reports to the Chief Administrative Officer (CAO.) A project manager for the HR ABT projects is proposed. The HR Project Manager will coordinate with the PMO Program Manager to help assure that HR's business needs are addressed and to align the HR project activities with ABT.

Staffing needs and organizational alignment necessary to ensure adequate functional, technical and project management support and coordination with the main Project Management Office (PMO) will be further defined in this phase. In general, decisions that relate to implementing business process changes and configuring PeopleSoft will be governed through the ABT Governance Process. Decisions that relate to ongoing programs in HRD will be governed through existing bodies that support those processes. The above diagram illustrates this governance approach.

13.0 Critical Success Factors:

- **Leadership/Commitment** – The foundation to successful change is effective leadership. Support of all department leaders for the efforts to align business processes will be key to the project's success. The commitment of leadership across the government to affirmatively support and collaboratively participate in the development and execution of the program including the alignment of business processes will be key to the project's success.

- **Change Management** – Analyzing and changing business processes can be disruptive in any organization. The organization's ability to effectively manage employees through this transformation is critical

- **Resources** – It is essential to properly staff the project in both numbers of personnel and with appropriate kinds and levels of expertise.

- **Knowledge** – In order to be effective business process owners it is critical that the appropriate level of training (depending on role and need) for key County staff, including department service delivery managers and other personnel be implemented in order to build the necessary level of PeopleSoft HR expertise.

- **Communications** – Purposeful effective communication (both incoming and outgoing), at every level of the organization must be established and become a part of the culture at every phase of the project.

- **Decision Making** - Business decisions which substantially affect the elements of the project must be made collaboratively. Final decisions must be well informed and made by the right parties with the full knowledge of the sweep of implications.

<div align="center">

Appendix A

HRD ABT POSITIONS: DEFINITIONS & ASSUMPTIONS

(See also budget page as well as project activity and deliverable descriptions in the Plan.)

</div>

A. Project Management

HR Project Manager (SPM III):
- Project budget assumes mid-year hire in 2005. '
- Will serve as the HR ABT lead reporting directly to the HR Director.
- Will ensure detailed project plans and detailed task lists are composed and followed.
- Will coordinate with the ABT Project Management office.
- Will compose regular reports, special reports and the full range of documents required (including budgetary) to support the project.
- Will provide day to day supervision of select project staff.

Administrative Specialist III:
- Project budget assumes mid-year hire in 2005.
- Will provide support to all ABT efforts for both permanent HRD staff and Project staff.
- Will document meetings, assignments and track document flow.
- Will arrange meetings and provide project documents.
- Will coordinate with various offices including the DES Director's office, Office of Information and Resource Management, Information and Telecommunications Services, Finance and Business Operations Division in order to help ensure logistical coordination of all facets of the HRD ABT effort.

B. Labor Contract Agreement Consistency

Labor Negotiator II:
- Project budget assumes mid-year hire in 2005.
- Will serve as the lead of the bargaining agreement alignment project.
- Will partner with the appropriate line negotiators to ensure that the alignment components are uniformly brought to each bargaining table.
- Will have the responsibility to develop issue papers for use at such bodies as the ELPC.
- Will take steps to align bargaining results to the extent possible with King County Code Title 3 and the Personnel Guidelines.

Labor Analyst:
- Project budget assumes mid-year hire in 2005.
- The work is intended to be primarily concerned with the coordination of the 3 year classification/compensation cycle with the 3 year labor negotiation cycle.
- Will serve as a project resource to the labor negotiator to align issues such as special duty pay, out of class pay, lead pay and alike for each of the bargaining unit agreements.
- The position will coordinate effects bargaining needs for all classification/compensation changes for the labor negotiator and each line negotiator.

C. Performance Management & Succession Planning

PPM III:
- Project budget assumes mid-year hire in 2005.
- Will research and document processes and best practices (e.g., business, administrative) which support the functions of the performance management initiative. Such systems include performance appraisals, discipline, succession planning, employee development and employment history.
- Will participate on the project implementation plan development team and assist in the coordination of stakeholder meetings for business needs, identification and solution consensus building.

Loaned HR Professional:
- Project budget assumes 2005 mid-year assignment to this project on a 0.5 basis.
- Will serve as assistant project lead and coordinator for the succession planning component of the performance management program implementation. Much of the work will be taking those steps necessary to ensure that succession planning is fully realized in the eventual performance management deliverable.
- Associated work will include the identification of business needs of each customer department and identification of road blocks attended to succession planning in King County.
- This individual will participate on the implementation plan development team, and will assist facilitation of stakeholder meetings for business needs, identification and solution building.

D. HR & Payroll Integration (PeopleSoft)

Backfill for Staff:
- Selected staff will be serving in the role of functional/business analyst at multiple points throughout the ABT project. Staff may be drawn from the HR Division and requested from FBOD.
- The ongoing work of such staff persons will be accomplished by temporary backfill staff in order to ensure that the ongoing work of HRD and FBOD is uninterrupted.

Functional Analyst III:
- Project budget assumes mid-year hire in 2005.
- Principle assignment will be to evaluate all PeopleSoft 8.9 elements and modules for applicability to each of the HR implementation plan subprojects.
- Will make recommendations and provide guidance for PeopleSoft business uses.

Other HRMS staff costs are budgeted in the ABT Project Management Office, so those costs are not reflected in the HRD budget.

E. HR Alignment

HR SDM II:
- The HR Alignment project of ABT calls for the extension of the Human Resources unification program into elected office agencies. The project budget assumes that ABT will fund the first 18 months of each agency's HR SDM II.

- The HR Alignment project will commence in 2005 with the King County Sheriff's Office and the Department of Assessments. The project budget includes funding for their new SDM positions starting with the third and fourth quarters of 2005.
- The HR unification project's model of a shared reporting relationship between the Department Director (elected official) and the HR Director will be established in the HR Alignment project.

F. <u>HR Quality Assurance / Audit</u>

The HR QA / Audit program is funded in HR Division's base budget; therefore staff costs are not included in this project budget.

PROJECT COSTS	Accounts	TOTAL 2005	PeopleSoft Upgrade	Process Changes Before Implem.	HR Alignment	COMMENTS (Also see page of position definitions/assumptions)
Salaries and Benefits (may be backfills)	51xxx					
A. HR Division project management and support						
1 HR Project Mgr (SPM III) range 72		48,667		48,667		Project manager for HR ABT (0.5 Yr 1)
2 Admin Specialist III - Range 41		26,396		26,396		Project administrative support (0.5 Yr 1)
B. Labor contract consistency project						
3 Labor Negotiator II - range 71		47,664		47,664		Contract/negotiations consistency (0.5 Yr 1)
4 Labor Analyst - Range 66		42,992		42,992		Contract/negotiations consistency (0.5 Yr 1)
C. Performance mgmt and succession planning proj.						
5 PPM III - Range 63		40,444		40,444		Performance Mgmt/Succession Planning (0.5 Yr 1)
6 Loaned HR Professional		25,910		25,910		Performance Mgmt/Succession Planning (0.5 Year 1, half-time assignment)
D. HR & Payroll Integration						
7 Backfill for HRD & FBOD staff		132,624	47,323	85,301		HRD staff backfills.
8 Functional Analyst III - Range 62		39,634	39,634			Functional Analyst, PeopleSoft analysis and coordination
E. HR Alignment						
9 HR SDM II - Range 72		51,821			51,821	Alignment - DOA (0.5 Year 1)
10 HR SDM II - Range 72		51,821			51,821	Alignment - KCSO (0.5 Year 1)
11 HR SDM II - Range 72						Alignment - KCC (Start 2006; 0.5 Year 1)
12 HR SDM II - Range 72						Alignment - PAO (Start 2006; 0.5 Year 1)
13 HR SDM II - Range 72						Alignment - DC (Start 2006; 0.5 Year 1)
14 HR SDM II - Range 72						Alignment - SC (Start 2006; 0.5 Year 1)
Subtotal Salaries and Benefits		507,972	86,957	317,373	103,642	
Miscellaneous Supplies	52290					
1. Office Supplies		1,500		1,500		Provides for supplies and miscellaneous office items to project staff.
2. Telecom Supplies		2,500		2,500		Phones and telecommunications for project staff.
3. postage		50		50		Postage for project mailings.
4. Misc Computing equip/supplies		1,500		1,500		Computer and IT supplies for project staff.
Subtotal Miscellaneous Supplies		5,550	0	5,550	0	
Consulting	53104					
Consultation (various)		90,000		60,076	29,924	Consultation on PeopleSoft, HR Alignment, Perf Mgmt.
Subtotal Consultants		90,000	0	60,076	29,924	
Printing	53806					
1. Printing		250		250		Will support printing and duplicating costs for project work.
Subtotal Printing		250	0	250	0	
Training	53810					
Training		10,000		10,000		Will support training costs for project staff. NOTE: PMO has primary training responsibility and training resources are reflected in PMO project budget.
Subtotal Training		10,000	0	10,000	0	
ITS Support	55xxx					
1. E-mail account server support		1,000		1,000		Supports e-mail accounts for project staff.
Subtotal ITS Support		1,000	0	1,000	0	
Hardware/Software	56740					
1. Computers & Software		27,102		27,102		Computers for project staff.
Subtotal Hardware/Software		27,102		27,102		
Other (specify)						
1. Furniture		9,000		9,000		Furniture (may include desk, chair, computer table, file cabinet) for project staff.
2. Office Space		27,000		27,000		Provides resources for office space. Assumes $4000 each for nine staff
Subtotal Other (specify)		36,000		36,000		
COSTS BEFORE CONTINGENCY		677,874	86,957	457,351	133,566	
Contingency 15%	59899	101,681	13,043	68,604	20,034	
TOTAL PROJECT COSTS		779,555	100,000	525,955	153,600	

NOTE 1: HR QA / Audit program is funded in HR Division's base budget; therefore it is not included in this project budget.

NOTE 2: Primary HRMS costs are budgeted in PMO.

Conceptual Design –
Appendix B

KING COUNTY HUMAN RESOURCES UNIFICATION PROJECT

MANAGERS

SUPERVISORS

EMPLOYEES

KING COUNTY EXECUTIVE

D.E.S.
HUMAN RESOURCES
MANAGER

SUPPORT PROCESSES

QUALITY ASSURANCE & AUDIT	HR COMMUNITY DEVELOPMENT
HR INFORMATION MANAGEMENT	EFFECTIVE COMMUNICATIONS