



Legislation Text

File #: 2019-0309, **Version:** 1

DATE: February 11, 2020

SUBJECT:

- A) RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO AGREEMENT WITH DELOITTE CONSULTING, LLP IN AN AMOUNT NOT TO EXCEED \$1,805,000.00 FOR SALESFORCE IMPLEMENTATION SERVICES, CONDITIONED UPON THE APPROVAL OF ITEM B; AND**
- B) RESOLUTION APPROVING TRANSFER OF FUNDS WITHIN THE FISCAL YEAR 2020 BUDGET IN THE AMOUNT OF \$1,264,000 FROM THE PERSONNEL APPROPRIATION TO THE TECHNOLOGY MANAGEMENT PROGRAM APPROPRIATION IN ACCORDANCE WITH BOARD POLICY NO. 090, AND CONDITIONED UPON THE APPROVAL OF ITEM A.**

EXECUTIVE SUMMARY:

On May 14, 2019 the Board of Port Commissioners (Board) authorized an agreement with Deloitte Consulting, LLP (Deloitte) in an amount not to exceed \$1,500,000 for Salesforce implementation services (Agreement) which leveraged a pre-competed agreement between the City of San Diego and Deloitte to perform substantially similar services for the District. The agreement was subsequently amended to include additional requirements resulting in a new total not-to-exceed amount of \$1,800,000. The overall five-year total cost of ownership for the Salesforce software and implementation services was \$4,439,000.

Phase 1 Salesforce Implementation successfully launched on January 21, 2020. The District is preparing to move forward with the next phase which was described in the five-year total cost of ownership presented to the Board on May 14, 2019. To complete the next phase of Salesforce Implementation, Staff recommends the Board authorize Amendment No. 4 to the agreement to increase the not-to-exceed value by \$1,805,000 for a new total of \$3,605,000.

Additionally, Staff is requesting the Board approve the transfer of funds within the Fiscal Year 2020 Budget in the amount of \$1,264,000 from the Personnel Appropriation to the Technology Management Program Appropriation for services through June 30, 2020.

RECOMMENDATION:

Adopt a resolution authorizing Amendment No. 4 to agreement with Deloitte Consulting, LLP, in an amount not to exceed \$1,805,000.00 for Salesforce implementation services, conditioned upon the approval of Item B and a resolution approving transfer of funds within the Fiscal Year 2020 Budget in the amount of \$1,264,000 from the Personnel Appropriation to the Technology Management Program Appropriation in accordance with Board Policy No. 090, and conditioned upon the approval of Item A.

FISCAL IMPACT:

Funds of \$1,800,000 are included in the approved FY 2020 Capital Technology Management Program (TMP). Part A of this Agenda will authorize an increase of the Agreement by an additional \$1,805,000 for a new total agreement amount of \$3,605,000. The additional amount expected to be expended in FY 2020 is \$1,264,000 which requires a budget transfer to the TMP capital budget (part B of this agenda). Staff requests the Board approve a budget transfer from the favorable variance of \$2,017,582 in the personnel appropriation to the TMP capital appropriation. Funds for this expenditure are expected to be received from the insurance cyber claim. In the event insurance proceeds are received, these funds would be used for this disbursement.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.

DISCUSSION:

On May 14, 2019 the Board of Port Commissioners authorized an agreement with Deloitte Consulting, LLP (Deloitte) in an amount not to exceed \$1,500,000 for Salesforce implementation services which leveraged a pre-competed agreement between the City of San Diego and Deloitte to perform substantially similar services for the District. The overall five-year total cost of ownership for the Salesforce software and implementation services was \$4,439,000. The total cost of ownership presented to the Board at that time included configuration of the Salesforce platform for Phase 1 applications which were:

1. Grants Management: comply with federal grant requirements; resolve identified limitations to the District's tracking of grant-funded equipment and project financial reporting.
2. Park Permits and Event Reservations: modernize, streamline and improve access by the public while establishing a District workflow that is efficient. The current business process requires manual inputs into multiple systems. Public interaction with information and venue availability is limited. The proposed Salesforce solution will provide a public portal for timely and accurate information and efficient internal process for issuing and managing permits and reservations.
3. Customer Relationship Management: replace the existing end-of-life solution; enhance District business processes and provide easy access, integrated communication and consistent user experience for the public. The current CRM is 15 years old and is no longer supported as a solution; disproportionate staff time is dedicated to keep this database in production. Due to its age, data from other District systems cannot be integrated into it.

During Phase 1 implementation additional requirements were identified to further automate the Park Permit and Event Reservation application which resulted in an increase of cost and the issuance of Amendment No. 1 which increased the not-to-exceed value of the agreement by \$255,000 for a new total of \$1,755,000 (a 17% increase).

Amendment No. 2 was subsequently issued to extend the term of the agreement through 08/31/2020 and Amendment No. 3 was issued in the amount of \$45,000 to extend the Phase 1 go-live support period provided by Deloitte. Amendment No. 3 increased the not-to-exceed value of the agreement to \$1,800,000, or 20% of the original agreement amount, as allowable per Board Policy No. 110.

Phase 1 Salesforce Implementation successfully launched on January 21, 2020. The District is preparing to move forward with the next phase which was described in the five-year total cost of ownership presented to the Board in May 2019. Primarily, scope of the next phase will:

1. Extend the Park Permits and Event Reservation functionality to enable self-service berthing permit reservations and online payments for Maritime shipping partners, as well as to provide District staff automated schedules and reports
2. Extend the Salesforce Customer Relationship Management functionality to support Maritime and Real Estate Business Development and Sales processes, as well as Public requests related to Human Resources Department-related functions, such as employment verifications, job applicant status tracking, employee recognition and complaints, and general HR requests
3. Conduct thorough process analysis and requirements gathering workshops with Real Estate, Finance and other stakeholders to support the future implementation of an integrated lease management and tracking application

Staff recommends authorizing Amendment No. 4 to the services agreement with Deloitte in the amount of \$1,805,000 for a new, not-to-exceed value of \$3,605,000. Additionally, staff is requesting a resolution approving transfer of funds within the Fiscal Year 2020 Budget in the amount of \$1,264,000 from the favorable variance in Personnel Appropriation to the Technology Management Program Appropriation.

Staff has been advised by the Cyber Security insurance company of their intent to make a \$1,500,000 advance from the Cyber Security insurance claim. In the event insurance proceeds are received, these funds would be used for this disbursement.

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda, the proposed amendment, and resolutions, as presented, as to form and legality.

Environmental Review:

The proposed Board action does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because no direct or indirect changes

to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project developed as a result of Board's action that requires the District or the Board's discretionary approval resulting in a physical change to the environment will be analyzed in accordance with CEQA prior to such approval. CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures, adopting an alternative, including without limitation, a "no project alternative" or adopting a Statement of Overriding Consideration, if required. The proposed Board action in no way limits the exercise of this discretion. Therefore, no further CEQA review is required.

The proposed Board action complies with sections 21, 35, and 81 of the Port Act, which allow the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers, and to use District funds for expenses of conducting the District. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit (CDP) Regulations because it will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, development within the District requires processing under the District's CDP Regulations. Future development, as defined in Section 30106 of the Coastal Act, will remain subject to its own independent review pursuant to the District's certified CDP Regulations, PMP, and Chapters 3 and 8 of the Coastal Act. The proposed Board action in no way limits the exercise of the District's discretion under the District's CDP Regulations. Therefore, issuance of a CDP or exclusion is not required at this time.

Equal Opportunity Program:

Due to limited known sub opportunities, no SBE goal was established for this agreement.

PREPARED BY:

Chrissy Joslin, Program Manager
Information Technology Department

Attachment(s):

- Attachment A: Agreement with Deloitte Consulting, LLP for Salesforce.com Customer Relationship Management Implementation Services
- Attachment B: Amendment No. 1 to Agreement with Deloitte Consulting, LLP for Salesforce.com Customer Relationship Management Implementation Services
- Attachment C: Amendment No. 2 to Agreement with Deloitte Consulting, LLP for Salesforce.com Customer Relationship Management Implementation Services
- Attachment D: Amendment No. 3 to Agreement with Deloitte Consulting, LLP for Salesforce.com Customer Relationship Management Implementation Services
- Attachment E: DRAFT Amendment No. 4 to Agreement with Deloitte Consulting, LLP for Salesforce.com Customer Relationship Management Implementation Services