



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 18

MEETING DATE: January 19, 2021

SUBJECT: IT Modernization Program Quarterly Review

SUBMITTED FOR: Consent **Deliberation and Action** **Receive and File**

RECOMMENDATION

Staff recommends the Board receive and file the IT Modernization Quarterly Review.

PURPOSE

This item supports the Strategic Management Plan goal to improve performance, productivity, and efficiency through SCERS' technology platforms, by contributing to effective management and oversight of those efforts.

DISCUSSION

The portfolio of projects comprising the IT Modernization Program is progressing on budget. The project schedule has been lengthened by 4 months provide additional time for testing of the benefit payroll functionality and to facilitate Phase 2 follow-up activities as further described below.

Ariel Pension Administration System (or "PAS")

Ariel project plans include three major deployment phases.

Ariel Phase 1 went live for use by the Benefits staff on July 1, 2019. Ariel Phase 1 provides a paperless work management environment with integrated electronic documents (FileNet) and management metrics for most Benefits customer service processes. SCERS benefits from enhanced system security and greatly improved disaster recovery and business continuity capabilities for the Benefits area.

Ariel Phase 2 replaced the Mbase active member system in November 2020. It also provides self-service web portals for active and retired participants, eliminates manual calculation of most service retirement benefits, and provides automation of correspondence and email

notifications along with many additional features. During the final testing and go-live for Phase 2, it was determined that, while the overall reconciliation of member accounts at the total membership level was correct, discrepancies existed at the individual member account level when comparing Mbase vs. Ariel data using actuarial extract reports for the period ending June 30, 2020. This data was mostly related to members with divorce, reciprocity, or service purchase transactions for which Mbase has only minimal data. Upon consideration, the joint project team felt that the data could be corrected successfully post-go-live.

Following the November 2, 2020 go-live it was also found that retirement applications in process during the transition would require re-entry and correction. A work-around process was identified to ensure retirees in process received their initial payments with minimal delay. The backlog of transitional cases has been completed with support from Morneau Shepell staff. Considerable Morneau Shepell staff support and follow-up training has also been needed to process new retirement applications; especially those with the data errors described above. Normal workflow schedules are slowly being restored as the Benefits team enters their busy season.

SCERS does not yet consider the Phase 2 implementation to be fully successful and is working with contractors to identify and complete remedial actions.

Ariel Phase 3, scheduled to go live in August 2021, will replace the COMPASS benefit payment system and automate most benefit administration financial transactions with a direct interface to the county's COMPASS financial system. This reflects a shift of four months from the original May 2021 implementation for Phase 3. The joint project management team agreed that this schedule change was important to allow more time for testing the payroll system and further mitigate risk of payment disruption to benefit recipients. This schedule change also means that the final delivery of additional complex workflows and reports will shift from October 2021 to February 2022. The schedule change is not expected to impact the project budget.

ATTACHMENTS

- IT Modernization Program Budget

Prepared by:

/S/

Stephen Hawley
Chief Strategy Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

Attachment 1: SCERS IT Modernization: Implementation Budget

Project	Project Element	April 2016 Estimate		Paid through September 2020	Estimated Remaining	Forecast Total at Completion	Notes
		Low	High				
Pension Administration System (PAS)	Implementation Services	\$5,200,000	\$8,400,000	\$6,126,043	\$3,706,957	\$9,833,000	Morneau Shepell Contract
	PAS Software and Implementation Infrastructure	\$500,000	\$1,100,000	\$366,542	\$171,058	\$537,600	Morneau Shepell Contract
	Linea Project Oversight and Analysis	\$3,200,000	\$4,500,000	\$2,657,767	\$642,233	\$3,300,000	Master contract not-to-exceed cap of \$3,300,000
	ICON Data Conversion Services	\$700,000	\$1,500,000	\$1,457,126	\$84,229	\$1,541,355	ICON Contract, including \$163,560 for microfiche conversion to digital images
	Temporary Staffing	\$900,000	\$1,500,000	\$0	\$0	\$0	Assumes 2 resources at \$85/hour from Dtech or elsewhere.
PAS Totals		\$10,500,000	\$17,000,000	\$10,607,478	\$4,604,477	\$15,211,955	
Investment Accounting System		\$0	\$0	\$127,000	\$0	\$127,000	For private market data services
General Financial System		\$0	\$0	\$0	\$0	\$0	Plan to stay with COMPASS
Website Modernization		\$0	\$0	\$90,000	\$0	\$90,000	Includes both public and internal (private) sites
Modernization Program, Total		\$10,500,000	\$17,000,000	\$10,824,478	\$4,604,477	\$15,428,955	Total without contingency
15% Contingency						\$2,314,343	
Total project estimate						\$17,743,298	