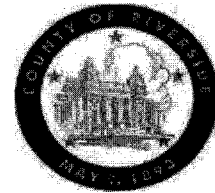


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM
3.7
(ID # 3090)**

MEETING DATE:

Tuesday, December 13, 2016

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Approval of Amendment No. 3 with KPMG, LLP for the support in implementing initial recommendations from the Countywide Department Review for six (6) months [All Districts]; [Total \$1,998,600]; 85% General Fund - 15% TLMA/Planning

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and authorize the Chairman to sign Amendment No. 3 to the professional services agreement with KPMG, LLP, for the FY 2016/17 in a not-to-exceed amount of \$1,988,600 to support select departments in taking action to implement opportunities for efficiency and cost savings; and
2. Approve and direct the Auditor-Controller to make budget adjustments for FY 2016/17, as shown on Schedule A

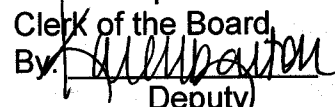
ACTION: Policy


Alex Gann 11/30/2016

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione Washington and Ashley
Nays: None
Absent: Benoit
Date: December 13, 2016
xc: EO, Auditor

KeCIA Harper-Ihem
Clerk of the Board,
By: 
Deputy

3-7

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

BACKGROUND:

Summary

On March 29, 2016, the Board approved Amendment No. 2 to the KPMG agreement, to look for additional efficiencies and cost savings within the area of general government to include nine (9) departments beyond the Criminal Justice System Review initiative, which is now in "Phase 2 Implementation" status.

KPMG is nearing completion of their initial "Phase 1 Assessment" of three (3) of the nine (9) departments to include the Information Technology, Human Resources and Planning departments. The Executive Office and Departments wish to ensure seamless continuity in the process to take a select number of initial KPMG recommendations (indicated below) and begin the process of "Phase 2 Implementation" to deliver the potential cost containment/reduction (where possible) and performance gains identified (i.e. cycle time, customer service).

- Information Technology: KPMG will provide support to the County on three (3) of eleven (11) recommendations made, focusing on areas of 1. IT Total Cost of Ownership, 2. IT Service Management Strategy, and 3. Enterprise Resource Planning System Strategy.
- Human Resources: KPMG will provide support to the County on three (3) of eight (8) recommendations made, focusing on areas of 1. HR Service Delivery Model, 2. HR Performance & Service Level Measures, and 3. Activity-Based HR Workload Analysis.
- Planning: KPMG will provide support to the County on four (4) of twenty (20) recommendations made, focusing on areas of 1. Entitlement Process Tiering/Touches, 2. Entitlement Application Intake, 3. Planner Project/Workload Management, and 4. Entitlement Process Customer Surveys/Analysis.

The above focus areas are aligned with the presentations made in the Board Workshops on September 27, 2016 (IT, HR, ERP) and October 25, 2016 (Planning). Considerable progress is already being made in these areas in close coordination with the Executive Office and Departments identified. The general fund will initially support this contract amendment, but the Executive Office will seek reimbursement from the department or projects, to the extent feasible.

The "Phase 1 Assessment" is also nearing completion in other Departments such as EDA-Facilities Management and Purchasing & Fleet. While still in progress, many actions will begin soon to pursue further cost containment and efficiencies such as right-sizing of the County vehicle fleet and asset portfolio as well as analysis of the County's base of vendors and contracts. The Executive Office and KPMG will continue to keep the Board apprised of its findings, recommendations, and results as the transformation process continues.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 1,998,600	\$	\$ 1,998,600	\$0
NET COUNTY COST	\$ 1,698,810	\$	\$ 1,698,810	\$0
SOURCE OF FUNDS: Contingency – General Fund 85%, TLMA/Planning 15%.			Budget Adjustment:	Yes
			For Fiscal Year:	
			16/17	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary (continued)

Impact on Residents and Businesses

Engaging outside experts to evaluate county operations should produce recommendations to improve the cost-effectiveness and quality of those operations for the benefit of all our citizens and internal department users. Cost containment measures will allow us to maintain or improve the quality of service while holding costs even and reinvesting efficiency gains in improved technology and service improvements.

SUPPLEMENTAL:

Additional Fiscal Information

The services performed for Amendment No. 3 is a not-to-exceed amount of \$1,998,600. Funding for this contract will be provided from a portion of contingency funds (\$1,698,810) for which a budget adjustment is being sought. The remaining portion will be covered by TLMA/Planning departmental funds (\$299,790). The Executive Office will work with TLMA at the Mid-Year Budget to determine whether a budget adjustment is necessary.

An eight percent discount (\$175,475.52) was negotiated for Amendment No. 3, with 5,687 hours of service dedicated to this phase. The proposed cost would have been \$2,174,075.52 under the approved contract rate.

Contract History and Price Reasonableness

Purchasing released Request for Proposal EOARC-036 on behalf of the Executive Office, sending solicitations to forty companies and advertising on the County's Internet site, seeking qualified consultants to perform a financial, organizational and operational performance review of the Riverside County criminal justice system to assist the Board of Supervisors in developing its budgetary priorities and allocations.

The County received five proposals that were reviewed by an evaluation team consisting of executives from the Executive Office, Economic Development Agency, Orange County

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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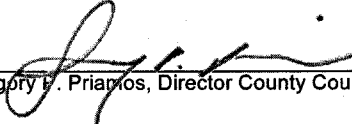
Probation Department and San Bernardino County Purchasing Department. Each bid response was evaluated based on the criteria set forth in the RFP: overall response to the RFP requirements, bidders experience and ability, cost & fees, references, financials, clarification, exceptions, deviations and credentials, resumes, licenses, permits, and certifications.

All five vendors gave presentations to the evaluation team, and based on the interview and presentation, KPMG, LLP provided a comprehensive solution to perform the assessment of the criminal justice system organizational and operational performance, financial review; and review the law enforcement contract city rates. During the contract negotiations, County Purchasing reviewed KPMG cost proposal and negotiated a six percent cost reduction. The KPMG staff has extensive experience in national security, law enforcement and working with justice agencies to be more efficient and proactive.



Susana Garcia

12/2/2016



Gregory T. Priamos, Director County Counsel

12/5/2016



Lisa Brandl, Director of Purchasing and Fleet Services

12/5/2016

Attachment A

Decrease appropriations: 10000-1109000000-581000	Appropriation for contingencies	\$1,698,810
Increase appropriations: 10000-1100100000-524660	Consultants	1,698,810

COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

Original Contract Term as previously amended: October 6, 2015 through March 31, 2018
Amendment Date: December 6, 2016
Amendment Amount: \$1,998,600
Contract Total: \$21,190,300
Contract ID: EOARC-94620-001-07/16

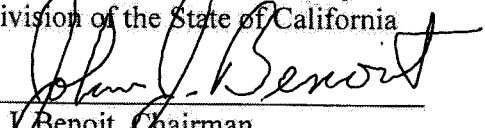
The Agreement between County of Riverside herein referred to as COUNTY and KPMG LLP, herein referred to as CONTRACTOR, entered into as of October 6, 2015, and previously amended on March 29, 2016, is further amended as follows:

1. Amend Section 2.1 of the Agreement to add the following sentence at the end: "CONTRACTOR shall complete all services required under Attachment A-3 by March 31, 2018."
2. Section 3.1 is deleted in its entirety and replaced with the following: "The COUNTY shall pay for services performed, products provided and expenses incurred in accordance with the terms of Exhibit B, Payment provisions. Maximum payments by COUNTY to CONTRACTOR shall not exceed \$21,190,300 including all expenses. The COUNTY is not responsible for any fees or costs incurred above or beyond the contracted amount and shall have no obligation to purchase any specified amount of services or products. Unless otherwise specifically stated in Exhibit B, COUNTY shall not be responsible for payment of any CONTRACTOR'S expenses related to this Agreement."
3. Section 3.3 add the following: "CONTRACTOR will be paid in five (5) installments as set forth in Attachment B-3, for the scope of services under Attachment A-3."
4. Exhibit A (Scope of Service) Attachment A-3 to this Amendment is added to Exhibit A.
5. Exhibit B (Payment Provisions) Attachment B-3 to this Amendment is added to Exhibit B.
6. All other terms and conditions of the Agreement not modified herein shall remain unchanged.


COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: 
John J. Benoit, Chairman
Board of Supervisors
Dated: December 13, 2016

KPMG LLP


By: 
Name: IAN MCPHERSON
Title: PRINCIPAL
Dated: 12.13.2016

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
Deputy County Counsel 12/15/16

COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

ATTACHMENT A-3 ADDITIONAL SCOPE OF WORK

The CONTRACTOR'S approach to executing the scope of work under this Exhibit A-3 will be conducted in accordance with the COUNTY'S agreement with CONTRACTOR approved by the COUNTY Board of Supervisors and executed on October 6, 2015 ("Agreement"), and the preceding Request for Proposal #EOARC-036 under which CONTRACTOR was selected in a competitive procurement process.

Exhibit B of the Agreement included an "Optional Services 2" provision for COUNTY to request assistance from CONTRACTOR with "implementation of individual recommendations" as selected by COUNTY. For a period of up to five (5) months from COUNTY approval of this Attachment A-3, CONTRACTOR will provide support and assistance to the COUNTY as it begins efforts to implement individual recommendations to meet the following objectives (collectively "Transformation Support"):

1. Strategy Support: Facilitation of COUNTY strategic planning and development of goals, objectives, and measures against which COUNTY will measure the success of implementing recommendations.
2. Analysis Support: Data and process analysis to obtain a deeper empirical understanding of current COUNTY operations utilizing statistical sampling and lean process analysis techniques as appropriate.
3. Change Support: Facilitation of change impact analysis and communication related to recommendations and operational changes selected by COUNTY for implementation.
4. Program Support: Facilitation of COUNTY program governance and oversight to help ensure adherence to expected timescales and benefits related to recommendations being implemented by COUNTY.

COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

Per section 17 of the Agreement, the COUNTY Executive Officer or designee shall administer this effort on behalf of the COUNTY and serve as liaison to facilitate and/or make all relevant management decisions necessary for the implementation of the recommendations that CONTRACTOR will support.

COUNTY understands that CONTRACTOR is unable to provide public advocacy, lobbying, or interpretation on matters regarding implementation of laws, regulations, or other policies undertaken by COUNTY as part of the recommendations selected for implementation by COUNTY.

CONTRACTOR PERFORMANCE

CONTRACTOR shall complete those Transformation Support tasks as directed by COUNTY and described within Attachment A-1 as previously executed by COUNTY.

CONTRACTOR acknowledges that the scope of initiatives within the COUNTY'S Transformation Program will initially be based on those recommendations selected by the COUNTY for implementation arising out of CONTRACTOR'S Exhibit A-2 work efforts now nearing completion in the Information Technology (including Enterprise Resource Planning system), Human Resources (including Human Capital Management system), and Planning (part of the TLMA agency) departments of the COUNTY. As such, COUNTY will provide on-going direction to, and prioritization of, the CONTRACTOR'S work efforts up to the overall Not-To-Exceed contract cost as described in Exhibit B as may be amended by COUNTY in the future.

CONTRACTOR will provide written monthly summaries of Transformation Support activities completed that also captures any COUNTY direction or decision-making relevant to CONTRACTOR'S work activities. This series of five (5) monthly summaries will serve as the CONTRACTOR'S deliverable to COUNTY that may include progress updates, risks/issues identified, recommended actions for COUNTY decision, and illustrative outputs developed during the course of the applicable month to support COUNTY implementation.

COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

COUNTY will provide CONTRACTOR with the necessary oversight, coordination, and information (as available) to allow CONTRACTOR to fulfill its Transformation Support work activities, including:

- a. Designation of a COUNTY Program Manager by the COUNTY Executive Officer to make all management decisions and provide direction related to CONTRACTOR work efforts.
- b. Documented decisions on those recommendations selected by COUNTY for implementation to allow CONTRACTOR advance notice to mobilize the appropriate resource skills and quantities.
- c. Designation of COUNTY personnel with whom CONTRACTOR can coordinate and will be responsible for discrete work efforts and deliverables to fulfill specific initiatives selected by COUNTY.
- d. Access to COUNTY departments and individual personnel knowledgeable and necessary to involve in CONTRACTOR Strategy Support, Analysis Support, Change Support, and Program Support efforts.
- e. Administrative support by COUNTY personnel for reproduction, meeting coordination, appointment scheduling, and facilitation of information requests to COUNTY departments.
- f. Escalation to appropriate COUNTY executive decision-makers of major risks and/or issues identified by CONTRACTOR as part of its Transformation Support work activities.

COUNTY OF RIVERSIDE
AMENDMENT NO.3 TO THE AGREEMENT
WITH
KPMG LLP

ATTACHMENT B-3 ADDITIONAL PAYMENT PROVISIONS

The CONTRACTOR'S professional fees to complete the Transformation Support scope of work described in Exhibit A-3 over a period of up to five (5) months are indicated below. CONTRACTOR'S compensation will be structured as an overall Not-To-Exceed amount on an all-inclusive Blended Hourly Rate basis based on monthly hours incurred.

Estimated Payment Schedule (Assuming December 2016 Start):

1. CONTRACTOR'S all-inclusive overall costs shall be limited to the Not-To-Exceed amount of \$2,000,000 for CONTRACTOR'S support over a period of up to five (5) months.
2. CONTRACTOR shall invoice COUNTY at an all-inclusive Blended Hourly Rate of \$370.56 per hour based on the total actual hours incurred by CONTRACTOR resources in a given month.
3. CONTRACTOR shall provide a monthly invoice to COUNTY showing the total actual hours incurred by CONTRACTOR resources in a given month. Below is an estimated payment schedule, subject to change.

Description	Amount	Invoice Due Date
Payment 1 for services provided in December 2016	\$399,720	February 1, 2017
Payment 2 for services provided in January 2017	\$399,720	March 1, 2017
Payment 3 for services provided in February 2017	\$399,720	April 1, 2017
Payment 4 for services provided in March 2017	\$399,720	May 1, 2017
Payment 5 for services provided in April 2017	\$399,720	June 1, 2017
TOTAL	\$1,998,600	