



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: November 18, 2025

25

TO: Board of Supervisors

SUBJECT

MODERNIZE COUNTY ENTERPRISE RESOURCE PLANNING SUITE OF APPLICATIONS (DISTRICTS: ALL)

OVERVIEW

The County of San Diego's (County) Enterprise Resource Planning (ERP) environment comprising Oracle Financials, PeopleSoft Human Resources, Kronos Timekeeping, and NeoGov Recruiting supports critical business operations. This ERP Modernization program mirrors the County's last major technology shift two decades ago, when it moved off the mainframe. These systems, currently hosted on-premises, are approaching end-of-life and must transition to modern, cloud-based Software-as-a-Service (SaaS) platforms to ensure continued support and alignment with vendor roadmaps.

This transformation is both strategic and time sensitive. The County's Information Technology Outsourcer data center hosting these systems must be vacated by December 2028, and third-party vendor support is rapidly diminishing. The current effort will involve full system replacements, integration with existing platforms, employee training, change management, staff augmentation, information technology outsourcing, licensing, and engagement with a system integrator. Modernizing the ERP is essential to maintaining operational continuity, improving service delivery, and positioning the County for future innovation.

Today's action requests the Board to authorize the Department of Purchasing and Contracting to issue a competitive solicitation for the provision of modernized County applications. It also directs the Chief Administrative Officer (CAO) to conduct a cost feasibility study of the new ERP system if a new system replacement is found. If the system replacement would result in a positive return on investment, direct the CAO to identify funding to replace the ERP system in Fiscal Year 2026-2027 CAO Operational Plan.

RECOMMENDATION(S) CHIEF ADMINISTRATIVE OFFICER

SUBJECT: MODERNIZE COUNTY ENTERPRISE RESOURCE PLANNING SUITE OF APPLICATIONS (DISTRICTS: ALL)

1. Authorize the Director, Department of Purchasing and Contracting to issue a competitive solicitation or solicitations for the provision of licenses/subscriptions and services for modernized County applications for financials, human resources, timekeeping and recruitment, and upon successful negotiations and determination of a fair and reasonable price, and contingent upon identification of funding and inclusion in the FY 2026-27 Operational Plan, award a contract or contracts for development, implementation, go live, post production support, and ongoing licensing and support, and to amend the contract(s) as needed to reflect changes to services and funding, subject to the approval of the Chief Financial Officer(s) as needed to reflect changes to services and funding, subject to the approval of the Chief Financial Officer.
2. Direct the CAO to conduct a cost feasibility study of the new ERP system replacement. If the new ERP system replacement is found to have a positive return on investment compared to the existing ERP environment, direct the CAO to identify funding and include the new ERP system replacement in the FY 2026-27 CAO Recommended Operational Plan.

EQUITY IMPACT STATEMENT

Effectiveness and efficiencies gained through a consolidated Enterprise Resource Planning system will enhance operational efficiency across County departments, enabling them to deliver services more effectively. These improvements directly support County departments that serve diverse communities and constituents every day. By streamlining internal processes, the County can allocate more time and resources toward equitable service delivery, ensuring residents benefit from improved access, responsiveness, and transparency.

SUSTAINABILITY IMPACT STATEMENT

Transitioning from a physical data center to a Software-as-a-Service will reduce energy consumption by shifting from a dedicated infrastructure to a shared, cloud-based environment. This would optimize resource utilization, lower carbon emissions, and support the County's broader sustainability goals. Additionally, the adoption of emerging technologies aligns with ethical and environmental best practices helping mitigate long-term environmental risks and ensuring responsible digital transformation.

FISCAL IMPACT

Funds for this request are not included in the Fiscal Year (FY) 2025-27 Operational Plan in the County Technology Office. If approved, today's action would result in no costs or revenue in FY 2025-26. There would be estimated costs and revenue of approximately \$65 million in FY 2026-27, including approximately \$55 million resulting from the Request for Proposals (RFP) for licenses/subscriptions and services, and approximately \$10 million for other associated costs outside of the contract(s) resulting from the RFP such as Peraton, consultants, and third-party vendor costs. The execution of the contract(s) resulting from the RFP would be subject to identification of funding and inclusion in the FY 2026-27 Operational Plan.

SUBJECT: MODERNIZE COUNTY ENTERPRISE RESOURCE PLANNING SUITE OF APPLICATIONS (DISTRICTS: ALL)

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Between 1999 and 2004, the County of San Diego (County) transitioned from a mainframe environment to its current suite of Enterprise Resource Planning (ERP) systems, adopting a best-of-breed strategy that integrated multiple vendor applications. This approach has effectively supported County operations for over two decades, though it has required specialized expertise and increasing investment to manage complexity and mitigate risk.

Historically, each ERP application has undergone major upgrades approximately every five years, with total costs averaging \$40 million per 5-year cycle. In contrast, modern Software-as-a-Service (SaaS) solutions offer continuous, incremental updates, eliminating the need for disruptive, capital-intensive upgrades and providing greater cost predictability and long-term support.

Today, the same vendors that power the County's ERP systems have shifted their strategic focus to SaaS offerings. These cloud-based platforms reduce the operational burden on County staff, lower total cost of ownership, and ensure alignment with industry direction and vendor roadmaps. In the near future, current on-premise solutions will no longer be supported or offered, as several vendors have already announced end-of-life dates.

The recommendation to pursue a competitive solicitation is intended to secure the best pricing and expertise for system modernization and licensing through open competition. It also allows the County to evaluate multiple solutions to identify the software that best meets both current and future needs. In addition, the cost feasibility study provided to the Chief Financial Officer ensures that the proposed approach remains financially sustainable for the County.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

This action supports the County of San Diego 2025-2030 Strategic Plan with a focus on the Empower Initiative. The workforce will have more insights into data and information that are tightly correlated and relational. This will increase transparency and accountability with easier reconciliation and visibility.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer