



MEMO

To: Executive Committee, ABAG PLAN Corporation
Fr: Henry Gardner, Executive Director, ABAG
Dt: July 26, 2010
Re: Estimated iVOS System Implementation Costs

Recommendation: ABAG requests that the Executive Committee accept this report as fulfilling the terms of the item numbered 1 in the June 22nd letter from the office of the ABAG PLAN Corporation's general counsel.

Summary: Based on the data attached to this memorandum and ABAG's analysis of it, we estimate that ABAG staff expended between 3,274 and 3,678 hours costing between \$346,087 and \$413,716 on implementing the iVOS risk management information system.

Analysis: This memorandum responds to the June 22nd letter from the office of the ABAG PLAN Corporation's general counsel requesting, among other things, that ABAG document the staff time and costs expended in implementing the iVOS system. For the purposes of this memorandum, we have included one employee who was a contractor for a brief period at the beginning of the iVOS implementation¹ and another who is still a contractor². Their hours while under contract were extracted from invoices. Only their respective effective hourly rates are included in the cost analysis.

ABAG uses an electronic payroll system that requires employees to log work hours semi-monthly. The logging system requires employees to assign all time worked to a project account. Throughout the period of the iVOS implementation ABAG had only two accounts for the ABAG PLAN Program: one general ABAG PLAN account and one for external costs incurred for the PLAN Loss Prevention Program. Therefore, the available payroll data does not allow us to distinguish between staff hours devoted to the iVOS implementation and hours devoted to other ABG PLAN functions. Instead, we are providing an estimate derived from the available information.

The estimate is based on a comparison of the 18 month period between January 2009 and June 2010 when the iVOS implementation occurred and the comparable pre-implementation 18 month period between January 2007 and June 2008. We are assuming as part of the analyses that the difference in staff time charged to the general ABAG PLAN account can be attributable mainly to the iVOS implementation. We are aware of no other reason for any significant increase in staff time charged.

We based the comparison on only some of the employees who charged to the general ABAG PLAN account during the two time periods. We eliminated all employees dedicated solely to the ABAG PLAN Program. Since all their hours are charged to the general ABAG PLAN account there would be no difference in charges or costs between the two comparison periods. We also eliminated some of the employees who charge on an as-needed basis because they do not perform any functions that would

¹ F. Parkinson was a contract computer programmer who became an employee on November 3, 2008.

² R. Selvabayagam is an on-site employee of V-Soft, Inc. and is an ORACLE database administrator.

support the iVOS implementation.³ This leaves the group we have denominated ‘non-PLAN staff involved in iVOS Implementation’.

A comparison of the charges by the non-PLAN staff involved in iVOS implementation in the two 18 month periods shows the following:

- Two employees who left ABAG’s employ had reductions in hours and costs charged to the general ABAG PLAN account.
- Six employees increased their hours and costs in the iVOS implementation period.

The six employees increased charges to the general ABAG PLAN account by 2,768 hours costing \$325,734. Contract staff charges to the iVOS implementation totaled 911.7 hours and cost \$87,982. Two employees reduced charges to the general ABAG PLAN account by 404 hours costing a total of \$47,310⁴. If we do not take into account the reduction in staff costs, the estimated staff costs for the iVOS implementation is \$413,716. If the reduction is taken into account, the estimate is lowered to \$346,087.

The data supporting this analysis is attached to this memorandum and arranged as follows:

Attachment A: Spreadsheets compiling and comparing staff hours and costs charges to general ABAG PLAN account during the two 18 month periods. Two versions of the spreadsheets are attached: (1) pdf – for legibility and (2) Excel – for your potential use. Compiled data for the staff charging to the general ABAG PLAN account whom we deleted from the analysis (1) dedicated PLAN staff and (2) staff not involved with iVOS are shown at the top of the first page. Compiled data for the non-PLAN staff involved in iVOS implementation is labeled as such and appears at the bottom of the page. The balance of the attachment breaks out the compiled data by 6 month increments.

Attachment B: Spreadsheets compiling contract staff hours expended on ABAG PLAN administration during two 18 month periods and printouts of contractor charges and payments.

Attachment C: ABAG Payroll Cost Allocation Report for fiscal years 2007 through 2010 for all ABAG staff charging to the general ABAG PLAN account (OWP 305000).

Attachment D: Printouts of electronic timesheets for non-PLAN staff involved in iVOS implementation during two 18 month periods. Timesheets for the dedicated PLAN staff and those not involved in the iVOS implementation have not been included due to volume.

³ Some of the exclusions are categorical such as legal, communications and office support (supply clerks). Others are based on specific employee functions such as an account clerk in the Finance department who is only responsible for paying invoices and other A/P.

⁴ Hours are converted to dollars by multiplying hours by the latest [salary plus benefits plus indirect overhead. We did not research actual salary, etc. for the earlier 18 month period. In all instances, this approach yielded maximum costs attributable to those hours.