



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

4f

**ACTION ITEM**

**Date of Meeting**

December 13, 2016

**DATE:** December 6, 2016

**TO:** Ted Fick, Chief Executive Officer

**FROM:** Ralph Graves, Senior Director, Capital Development  
Peter Garlock, Chief Information Officer

**SUBJECT:** Project Delivery System (#C800321)

**Amount of this request:** \$1,000,000

**Total estimated project cost:** \$1,000,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to (1) proceed with the Project Delivery System project; (2) use Port staff for software development and implementation; (3) procure required hardware, software, vendor services, and maintenance, for a total project cost not to exceed \$1,000,000.

**EXECUTIVE SUMMARY**

This initiative will replace two outdated project management systems (PMIS and Unifier) with a single, new Port-developed information management system that will integrate other Port systems critical to project delivery. The new system will be developed with appropriate budget and cost alerts, and will provide as near real-time data as possible. In addition, the system will provide better overall visibility to monitor and manage workflow, resulting in improved productivity, quality, and efficiency. It will support the complex project management environment at the Port well into the future.

The Port uses multiple information technology systems to manage construction projects. This includes systems for financials (Peoplesoft), scheduling (Primavera, Microsoft Project), document management (OpenText, SharePoint), contractor data system (CDS), and reporting (Tableau, Microsoft Reporting System). Providing overall visibility and integration of these various systems is currently done using two project management systems: Project Management Information System (PMIS), and Oracle's Unifier. PMIS is used by PCS, and was originally developed internally in 2004 to track project budgets, work orders, authorizations, and other critical project components. PMIS can no longer accommodate today's complex project management requirements at the Port. In addition, it is difficult to upgrade because it is built upon aging technology. Oracle's Unifier is used by the Project Management and Engineering departments to track project budgets, authorizations, and to develop and track change orders.

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Unifier, deployed in 2012, has never met our functional expectations, has not been well supported since being acquired by Oracle, and has high annual license costs.

**JUSTIFICATION**

This project supports the following Century Agenda and Aviation Division strategic goals:

- (1) Advance this region as a leading tourism destination and business gateway
- (2) Meet the region’s air transportation needs at Sea-Tac Airport for the next 25 years
- (3) Position the Puget Sound region as a premier international logistics hub

Projects delivered by Capital Development are significantly increasing in numbers, budget, and complexity. PCS work has increased by 20% in 2016 and is not expected to slow down for several more years. Approximately 30 major capital projects are added every year to Capital Development’s already large program. With the construction ramp up for NorthStar and the International Arrivals Facility, PMG project work will continue to increase for the next several years. It is critical that the Capital Development departments have systems that support the processes and requirements for delivering construction projects of all sizes and delivery methods.

Utilization of small businesses, including those owned by women and minorities is an important strategic goal integral to the project delivery process. This system, along with the interfaced systems, will support the identification of opportunities and the on-going utilization reporting required to manage this program. The project manager will coordinate with the small business team in the Economic Development Division to maximize small business participation.

**DETAILS**

This project will replace two disparate systems that are not meeting the needs of Capital Development departments, with a single, new Port-developed, project delivery system that will integrate the other Port systems that are required for successful project delivery.

Information & Communication Technology (ICT) and Capital Development resources will develop the new system and complete the project. Total project costs are estimated to be \$1,000,000. Funding for this project was included in the 2016-2020 capital budget and plan of finance. Recurring maintenance costs will be budgeted within ICT department’s operating budget.

***Scope of Work***

This project includes the internal development of a project delivery system that will include the following key features:

- (1) Create and manage project profile information
- (2) Manage budget, authorizations, and estimate at completion
- (3) Quantify, qualify, and track risks

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- (4) Proactively manage budget, schedule, and scope change
- (5) Manage contract capacity and commitment control related to projects
- (6) Provide detail reports and dashboards using appropriate reporting tools

In addition, the system will integrate with other systems that support project delivery such:

- (1) Peoplesoft
- (2) Primavera and Microsoft Project Scheduling Software
- (3) Contractor Data Systems
- (4) OpenText Document Management
- (5) Tableau and Microsoft Reporting Services Software
- (6) SharePoint

***Schedule***

The project will be delivered in a series of deployments as critical functionality is developed and tested.

Phase I Deployment	Q3 2017
Phase II Deployment	Q2 2018
Phase III Deployment	Q4 2018

***Cost Breakdown***

	This Request	Total Project
Port Labor and Contracted Services	\$1,000,000	\$1,000,000
Total	\$1,000,000	\$1,000,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procure and implement a new vendor Project Delivery System

Cost Implications: Project Cost Estimate: \$1,150,000; 5 Year Total Cost of Ownership: \$1,615,000

Pros:

- (1) Leverages vendor expertise in project delivery systems.
- (2) Development resources are available to work on other projects.

Cons:

- (1) Gartner (Industry Analyst) has counseled that we will not have a significantly different experience with a new vendor.
- (2) While a procured system can be configured to meet most requirements, it will not be tailored to Port processes, and the vendor will not readily modify their system to accommodate our future needs.
- (3) Requires a six month procurement process

This is not the recommended alternative.

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**Alternative 2 – Reconfigure Unifier for Project Management Departments, Engineering, and PCS**

Cost Implications: Project Cost Estimate: \$1,200,000; 5 Year Total Cost of Ownership: \$1,652,000

Pros:

- (1) Institutional knowledge of Unifier exists within the Port to help with deployment and training.
- (2) Leverages vendor expertise in product delivery systems.
- (3) ICT Development resources are available to work on other projects.

Cons:

- (1) While the system can be configured to meet most requirements, it will not be tailored to Port processes.
- (2) Unifier is a difficult system to use and not liked by users or management
- (3) The Unifier vendor has not provided adequate support or timely responses.

This is not the recommended alternative.

**Alternative 3 – Port developed and integrated Project Delivery System**

Cost Implications: Project Cost Estimate: \$1,000,000; 5 Year Total Cost of Ownership: \$1,210,000

Pros:

- (1) The Port will design and develop a system that is tailored to our complex project management and business processes. In addition it will have a better interface for the Port’s user community.
- (2) The Port would not be subject to outside vendor’s business plans or priorities.
- (3) The system will be integrated with other vendor and Port developed systems to automate data entry and provide full access to consolidated information for business intelligence purposes.

Cons:

- (1) ICT Development resources would not be available for other projects.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$1,000,000	\$0	\$1,000,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$0	0	\$0
Current request for authorization	\$1,000,000	0	\$1,000,000

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Total authorizations, including this request	\$1,000,000	0	\$1,000,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

This project was included in the 2016-2020 capital budget and plan of finance under committed CIP #C800321 in the amount of \$1,000,000. The current total project estimate is \$1,000,000. This project will be funded 80.7% Airport Development Fund and 19.3% General Fund.

***Financial Analysis and Summary***

Project cost for analysis	\$1,000,000
Business Unit (BU)	Capital Development
Effect on business performance (NOI after depreciation)	N/A
IRR/NPV (if relevant)	N/A
CPE Impact	\$.01

***Future Revenues and Expenses (Total cost of ownership)***

Annual maintenance, support, and on-going enhancements for this system are estimated to decrease by \$50,000 annually. This will be budgeted in the ICT Operating Budget beginning in 2018.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None