

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting April 21, 2009

DATE: March 31, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Peter Garlock, Chief Information Officer

SUBJECT: PeopleSoft HRMS 9.0 Project Additional Funding

REQUEST: Request for authorization for the Chief Executive Officer to approve all work and contracts including: advertise, award, administer, prepare, execute and amend any and all necessary service agreements for the implementation of PeopleSoft HRMS 9.0 Project, including additional funding of \$550,000 for a total project amount not to exceed \$4,300,000.

BACKGROUND

The Port of Seattle uses PeopleSoft's Human Resource Management System (HRMS) to administer payroll and manage benefits for all employees. The software version now being used has been in place at the Port since 2001 and is obsolete. In addition, the infrastructure (servers and database platform) which this system operates on is so outdated that it is at risk of a major failure.

In late 2007, Information and Communications Technology (ICT), received Commission approval to replace the current HRMS infrastructure and software. The project was initially estimated to cost \$3,750,000 and take 12 months to complete. For reasons summarized below, the new system will require an additional \$550,000 to complete, and will become fully operational at the end of June 2009.

UNANTICIPATED ISSUES:

- The significant functional differences and additional features inherent in the new software required lengthy discovery, and detailed analysis of extremely complex, legacy payroll and benefits business processes. In addition, to ensure that the new software was properly configured to accommodate all of these processes, exhaustive formal testing was conducted on each process.
- Customized, complex interfaces to numerous other Port information systems were discovered during implementation that had to be analyzed, rewritten, and thoroughly tested for the new system.
- The highly specialized technical staff resources needed to implement the new system turned out to be more difficult to acquire and retain than anticipated, due to

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recruiting/compensation issues, and professional services procurement/contracting challenges.

- After the project was underway, several new business processes caused required reconfiguration and changes to both the old and new systems, which took project implementation resources away from their primary focus and effectively stopped progress on the project. In one example, ICT systems engineers had to reconfigure and test both the old and new systems to quickly accommodate payroll tax changes driven by the 2009 Economic Stimulus Act. In another example, both systems had to be modified to accommodate payroll deductions and calculations required by changes to the benefits plan which deducts ten percent in premium sharing for employees who did not meet the wellness challenge.

REQUIRED ACTION

In order to complete the HRMS project, additional funding authorization in the amount of \$550,000 is requested. This additional cost raises the total cost of the project to \$4,300,000 from the original estimate of \$3,750,000.

PREVIOUS COMMISSION REVIEW/ACTION

The Commission authorized this project on September 11, 2007 with an original project budget of \$3,750,000.

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION

The project team analyzed the following two options:

- **Request additional funding and continue the project:** With the additional funding, the project team is confident that it can complete the re-implementation and ensure a quality deployment by July 2009. This alternative will allow the Port to fully realize the benefits of the investment made to date and mitigate the risks inherent in continuing to use the existing version. **This is the recommended alternative.**
- **Cancel the project:** This is not the recommended solution due to the following risks:
 - *End of Life PeopleSoft Support Risk:* Since March 2007, the Port has been responsible for resolving any new software issues with the product. The Port is incurring operating costs for maintaining obsolete, unsupported, and custom software.
 - *Disaster Recovery Risk:* The HRMS software system resides on a legacy Hewlett-Packard (HP) server. This server does not have a “fail over” or redundant back up environment to easily recover from the increasing risk of a potential hardware system failure.

In addition, the server maintenance agreement expires in December 2009 when it will no longer be supported by the vendor.

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PROJECT DESCRIPTION/SCOPE OF WORK

Project Statement

Eliminate the risk of a catastrophic PeopleSoft HRMS infrastructure failure by completing the replacement of the current unsupported system with new infrastructure and new software (PeopleSoft 9.0).

Project Objectives

- Eliminate risk of catastrophic failure due to data loss and support to the existing legacy PeopleSoft 8.0 environment.
- Implement the current, supported version of PeopleSoft HRMS.

Scope of Work

This project provides new services and functionality inherent in PeopleSoft Human Resources, Benefits, and Payroll version 9.0.

STRATEGIC OBJECTIVES

This project supports the following Port strategies:

Be a High-Performance Organization: The implementation of PeopleSoft HRMS 9.0 will provide productivity-enhancing technology into our workplace.

Exhibit Environmental Stewardship through our Actions: The new Production servers purchased for the project require much less power, thereby conserving energy.

FINANCIAL SUMMARY:

Budget Authorization Summary

Original Budget	\$3,750,000
Budget Transfers	\$550,000
Revised Budget	\$4,300,000
Previous Authorizations	\$3,750,000
Current request for authorization	\$550,000
Total Authorizations, including this request	\$4,300,000
Remaining budget to be authorized	\$0

Source of Funds

This is an Enterprise-wide renewal and enhancement project funded 64% Airport Development Fund and 36% General Fund.

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Upon authorization, \$550,000 budget will be transferred from the Services Technology Small Capital CIP (C800012) to the PeopleSoft Upgrade Project CIP (C800096).

PROJECT SCHEDULE

Key Project Dates:

- Integration Testing and User Acceptance Testing completed—April, 2009
- End User Training completed—June, 2009
- Deployment—June, 2009
- Project Completion—July, 2009