

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b
Date of Meeting June 8, 2010

DATE: May 20, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Wendy Reiter, Director Aviation Security and Emergency Preparedness
Peter Garlock, Chief Information Officer

SUBJECT: Time Clock System Project – CIP# C-800387

REQUESTED AMOUNT: \$380,000 **SOURCE OF FUNDS:** Airport Development Fund

SALES TAX: \$7,500

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to approve all work and contracts including executing and amending any and all necessary contracts and service directives to purchase and implement information technology (IT) hardware and software for the Time Clock System Project in an amount not to exceed \$380,000. This project is being authorized in accordance with Section 5 Resolution No. 3605.

SYNOPSIS:

This IT project will competitively procure and implement a commercial time clock system that will accurately capture and track time and attendance for approximately 230 employees in Aviation Security and Airport Operations organizations at Seattle-Tacoma International Airport (the “Airport”). Currently, paper time cards in a variety of formats are submitted weekly by employees, reviewed by a supervisor, and manually entered into the Peoplesoft Time and Labor system.

The American Payroll Association (APA) studies estimate that between 3% and 10% of payroll costs are lost due to errors and lost time. Using a conservative estimate of 3% as well as savings from automation and the elimination of paper, benefits are estimated at over \$330,000 annually which are primarily from productivity improvements.

This project was included in the 2010-2014 capital budget and plan of finance as a business plan prospective project within CIP# C-800066, AV/IT Small Capital Projects. The budget will be transferred to CIP# C-800387, Time Clock System.

BACKGROUND:

Aviation Security and Airport Operations organizations use a variety of time and attendance tracking methods utilizing paper time cards for their staff. To improve efficiency and ensure accuracy, there is a desire to automate the capture of time and attendance information using biometric readers placed

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throughout the airport in locations close to work areas and web-based interfaces on some computers. Current Local 9 ILWU contracts, for Airport work teams, contain language allowing for implementation of this system.

Studies were completed by the APA on the benefits of moving from a manual, paper-based time card process to an automated time clock system. Following are the results of these studies.

- Card Audit Savings – The average time to audit one paper time card is 7 minutes compared with an estimate of 1 minute after automation.
- Lost Time Savings – The average lost time for each employee is estimated with national data at 49 minutes per week. Lost time is accumulated from long breaks or tardiness.
- Elimination of Errors – There is an error rate of between 1-8% of total payroll in companies that use traditional timecards.

PROJECT DESCRIPTION AND SCOPE OF WORK:

Project Statement

This project will competitively procure, and install a Time Clock System that accurately captures and tracks time and attendance as well as develop an interface to the Port of Seattle Peoplesoft Time and Labor system to eliminate data entry duplication.

Project Objectives

- *Accuracy* – Accuracy will be increased by reducing unauthorized leave time and tardiness and eliminating inflated hours due to rounding.
- *Go “Green”* – Printing and paper costs will be eliminated.
- *Efficiency* – Efficiency will be increased by improving time card review and reconciliation process and eliminating duplicate data entry into the Port Peoplesoft Time and Labor system.
- *Analytics* – Having an automated tracking system that generates metrics will assist with the management of attendance, absenteeism, tardiness, and overtime opportunities as well as allow managers to analyze trends.
- *Growth opportunity* – Purchasing an application that is flexible enough to handle a large number of employees will allow it to be used by other Port teams in the future.

Scope of Work

- Competitively procure a Time Clock system through an RFP process.
- Install time clock devices in strategic locations across the airport. Installation will be completed by Port Construction Services.
- Develop an interface from the Time Clock System to the Port Peoplesoft Time and Labor system.

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STRATEGIC OBJECTIVES:

This project supports the following Port strategies:

- *Ensure Airport and Seaport vitality:* Benefits from elimination or reduction of errors, manual efforts, data entry duplication, and lost time is estimated at \$330,000 per year based on APA studies. These benefits are primarily in productivity improvements.
- *Be a High Performance Organization:* Automation of time cards will increase organization efficiency and focus on high-value activities.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

Original Budget	\$380,000
Budget Transfers	\$0
Revised Budget	\$380,000
Previous Authorizations	\$0
Current request for authorization	\$380,000
Total Authorizations, including this request	\$380,000
Remaining budget to be authorized	\$0

Project Cost Breakdown:

Port of Seattle Labor and Contractors	\$242,500
Vendor Implementation	\$20,000
Software Licenses & Hardware	\$60,000
Contingency ~15%	\$50,000
Tax 9.5%	\$7,500
Total	\$380,000

Recurring Cost Breakdown:

Port of Seattle Labor	\$22,000
Software License and Maintenance Fees	\$6,500
Total	\$28,500

Source of Funds:

This project was included in the 2010-2014 capital budget and plan of finance as a business plan prospective project within CIP# C-800066, AV/IT Small Capital Projects. The budget will be transferred to CIP# C-800387, Time Clock System. The source of funds is 100% Airport Development Fund.

Financial Analysis Summary:

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CIP Category	Technology
Project Type	Technology
Risk adjusted Discount rate	7.0%
Key risk factors	NA
Project cost for analysis	\$380,000
Business Unit (BU)	Aviation Security/Aviation Operations
Effect on business performance	NA
5 Year NPV/IRR	\$811,000/78.5%
CPE Impact	Less than \$.01 - no change from forecast as this project was included in business plan forecast

PROJECT SCHEDULE:

Commission Approval	June 2010
Time Clock System Implementation	July 2011
Peoplesoft Interface	July 2012
Project Completion	July 2012

The schedule for Peoplesoft Time and Labor interface development reflects resources constraints from higher priority proposed projects. Interface Development will begin once resources are available.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

1. *Time Clock System:* Procure a mid-size time clock system to capture and track time and attendance. In addition, develop and implement an interface to PeopleSoft for time reporting information. **This is the recommended solution.**
2. *Workforce System:* Procure a complete workforce solution suite. The cost of this alternative significantly exceeds that of the recommended solution but adds no mandatory functionality. This is not the recommended solution.
3. *Do Nothing.* Current manual processes will remain in place and objectives will not be met. This is not the recommended alternative.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

No previous Commission actions or briefings for CIP# C-800387, Time Clock System.