

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.:** 5C

**Date of Meeting:** March 1, 2011

**DATE:** February 22, 2011

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Joe McWilliams, Managing Director Real Estate Division  
James Schone, Director Aviation Business Development  
Krista Sadler, Manager ICT Program Office

**SUBJECT:** PROPworks Upgrade – CIP #C800328

**Amount of This Request:** \$450,000    **Source of Funds:** 64% Aviation Development Fund, 36% General Fund

**State and Local Taxes Paid:** \$0

**Total Project Cost:** \$450,000

**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 for the PROPworks Upgrade Project in an amount not to exceed \$450,000.

**SYNOPSIS:**

PROPworks is a property management system used by the Aviation, Seaport and Real Estate divisions to manage approximately 800 leases across all three divisions. \$387 million in revenue is calculated by PROPworks and sent to PeopleSoft for invoicing each year. This system, last updated in 2005, has several components no longer supported by the vendor and is not Payment Credit Industry (PCI) compliant. In 2010, the State Auditor's Office (SOA) Performance Audit confirmed that the current Propworks implementation for Real Estate and Seaport does not support the effective management of Port of Seattle properties.

This project includes the software upgrade to the current PROPworks version and the technical infrastructure upgrade that will ensure reliability and compatibility with PCI requirements. A competition waiver will be submitted for implementation services from AirIT, the product vendor. Project costs are estimated to be \$450,000. This project was included in the 2011 capital budget and plan of finance as a business plan prospective project within CIP #C800328, PROPworks Upgrade.

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### **BACKGROUND:**

PROPworks is a property management system used by the Aviation, Seaport and Real Estate divisions to manage approximately 800 leases across all three divisions. The PROPworks system provides tools for lease management, space management and billing of rent and utilities for both tenants and concessioners. \$387 million in revenue is calculated by PROPworks and sent to PeopleSoft for invoicing each year. Real Estate anticipates a significant increase in leases to accommodate the Eastside Rail Corridor acquisition.

In the 2010 SOA Audit on Real Estate performance, the auditor documented the following observations relating to the property management system.

- The existing property management system used by Real Estate does not support effective property management practices and should be revamped or replaced
- Poor system configuration requires manual work-arounds and customized reporting, and doesn't support common operational practices
- All aspects of lease management cannot be effectively tracked

PROPworks was implemented in 2002 and last updated in 2005. Due to software limitations the underlying technology was not upgraded at that time and now security patches required for PCI compliance are not available. This must be remedied to avoid banking sanctions. The latest software version includes new business functionality as well as the opportunity to upgrade the infrastructure to our hardware environment standards.

### **PROJECT JUSTIFICATION:**

There are two critical issues with the current system.

- The underlying technology is no longer vendor supported and does not conform to PCI requirements, exposing the Port to security risks, fines, additional maintenance costs, and potentially a restriction on the Port's ability to process credit card payments
- The current configuration does not meet the business needs of the Real Estate and Seaport Divisions to effectively manage properties

### **PROJECT STATEMENT AND OBJECTIVES:**

#### ***Project Statement:***

Upgrade PROPworks to the latest version, migrate from an Oracle to Microsoft platform and configure new and unused functionality to better leverage the product.

#### ***Project Objectives:***

- Ensure system reliability and PCI compliance
- Utilize the same system across all Port Divisions allowing for cross-training, resource flexibility, and consistent practices

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- Leverage new application features such as risk management tools, automatic reminders and Consumer Price Index adjustments
- Improve productivity with a system configured to support operations and best practices
- Manage vacant properties with the implementation of the PROPworks Space Management module for Real Estate and Seaport

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

#### ***Scope of Work:***

- Upgrade the PROPworks software from 5.3 to 7.0
- Migrate the Oracle database to Microsoft SQL Server
- Configure to leverage new functionality for Aviation and Real Estate/Seaport
- Implement the Space Planning Module for Real Estate and Seaport
- Re-implement Real Estate and Seaport business rules to better fit business process
- Deploy in the ICT standard, virtual infrastructure
- Replace Cold Fusion reports with PROPworks ad-hoc reporting tool and Microsoft Reporting Services

#### ***Schedule:***

Commission Approval	March 2011
Aviation Complete	October 2011
Real Estate/Seaport Complete	June 2012
Project Completion	July 2012

### **FINANCIAL IMPLICATIONS:**

#### **Budget/Authorization Summary:**

Original Budget	\$450,000
Budget Increase	-
Revised Budget	-
Previous Authorizations this CIP	\$0
Current request for authorization	\$450,000
Total Authorizations, including this request	\$450,000
Remaining budget to be authorized	\$0

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### **Project Cost Breakdown:**

Hardware and Software Licenses	\$0
Vendor Implementation Services	\$165,000
Port of Seattle Labor and Contractors	\$227,000
Sales Tax	\$0
Contingency ~ 15%	\$58,000
Total	\$450,000

### **Budget Status and Source of Funds:**

Project costs are estimated to be \$450,000. This project was included in the 2010 capital budget and plan of finance as a business plan prospective project within CIP #C800328, PROPworks Upgrade. The source of funds is 64% Airport Development Fund and 36% General Fund.

### **Financial Analysis and Summary:**

CIP Category	Renewal/Enhancement
Project Type	Technology
Risk adjusted Discount rate	7.0%
Key risk factors	NA
Project cost for analysis	\$450,000
Business Unit (BU)	Real Estate, Seaport, Aviation
Effect on business performance	NA
IRR/NPV	NA
CPE Impact	NA

### **Lifecycle Cost and Savings:**

This project is required to ensure availability of effective property management software. There are no significant savings from the completion of this project and annual maintenance costs are not expected to change.

### **ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:**

Proceeding with this project ensures that our property management system continues to operate reliably and the Port avoids costly banking sanctions for PCI non-compliance that may include fines and a restriction on credit card transactions.

### **STRATEGIC OBJECTIVES:**

This project supports the Port's strategic objective of being a "high performance organization" by ensuring the availability of a critical system to effectively support the property management functions of Aviation, Real Estate, and Seaport.

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### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

1. *Upgrade PROPworks System:* The upgrade of the PROPworks System will ensure the continued system availability for Aviation, Real Estate, and Seaport; resolve issues with PCI requirements; and better support Real Estate and Seaport operations. **This is the recommended alternative.**
2. *Procure a different property management system for Real Estate and Seaport:* The estimated cost to replace PROPworks for Real Estate and Seaport while at the same time upgrading PROPworks for Aviation was significantly greater than the cost of continuing with PROPworks for all divisions. Additionally, there are benefits to having a common property management system utilized across the Port. This is not the recommended alternative.
3. *Do Nothing at this time:* The reliability and security risks of doing nothing are significant and because of the PCI deficiencies, this alternative would impact our ability to process credit card transactions through other systems at the Port. Real Estate and Seaport would continue to operate with a system that does not support their business needs. This is not the recommended alternative.

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None

### **PREVIOUS COMMISSION ACTION OR BRIEFING:**

No previous Commission actions or briefings for CIP #C800328, PROPworks Upgrade.