

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4e
Date of Meeting February 24, 2015

DATE: February 17, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Peter Garlock, Chief Information Officer
SUBJECT: Human Capital Management (HCM) System Upgrade (CIP #C800745)

Amount of This Request:	\$1,500,000	Source of	76.5% Airport
Est. Total Project Cost:	\$1,500,000	Funds:	Development Fund;
			18.3% General Fund;
			5.2% General Fund
			Real Estate

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to (1) authorize Port staff to proceed with the HCM System Upgrade project and (2) authorize the procurement of required hardware, software, and vendor services for a total project cost not to exceed \$1,500,000.

SYNOPSIS

The Port of Seattle uses the Oracle/Peoplesoft version 9.0 HCM system, last updated in July 2009, to track and manage all human resource, benefits, and payroll functions. Oracle support for this version will end in June 2015. While required tax updates will be available for additional cost after support ends, critical patches, security alerts, regulatory updates and technical support will no longer be available without an upgrade.

This project will upgrade the Peoplesoft HCM system to ensure availability and security of this critical system to Human Resources and Payroll. Information Communication Technology (ICT), Human Resources & Development (HRD), and Accounting & Financial Reporting (AFR) resources will be utilized to complete the project. Total project costs are estimated to be \$1,500,000. This project was included in the 2015 – 2019 capital budget and plan of finance. Recurring software license and maintenance costs are budgeted within the ICT Department operating budget. Vendor Services will be procured using a current Indefinite Delivery Indefinite Quantity (IDIQ) contract for Peoplesoft services.

BACKGROUND

The Port of Seattle HCM system includes Payroll, Human Resources, Benefits Administration, and Time and Labor modules. The centrally deployed system is used primarily by our Human Resource and Payroll staff but Time and Labor and benefit enrollment self service capability is

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used Port wide for time entry, time administration, and annual benefits open enrollment. The system also includes several self-service applications deployed Port wide allowing Port employees to request a W-2 reissue, view their paycheck, compensation history, benefits and paid leave information online, and update their W-4, address, phone number, and emergency contact information.

PROJECT JUSTIFICATION AND DETAILS

The upgrade of the Peoplesoft HCM system from 9.0 to 9.2 will ensure the availability and security of a system critical to Port operations.

Project Objectives

- Complete the upgrade within the planned timeframe to minimize the risk from reduced support
- Ensure the availability and security of a system critical to Port operations.

Scope of Work

- Upgrade of the Peoplesoft HCM system from version 9.0 to 9.2

Schedule

Commission Approval	February 2015
Procurement Complete	March 2015
Upgrade Complete	December 2015

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Capital	Expense	Total Project
Original Budget	\$1,500,000	\$0	\$1,500,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$1,500,000	\$0	\$1,500,000
Total Authorizations, including this request	\$1,500,000	\$0	\$1,500,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,500,000	\$0	\$1,500,000

Project Cost Breakdown

	This Request	Total Project
Vendor Services	\$995,000	\$995,000
Port of Seattle Labor	\$505,000	\$505,000
State & Local Taxes (estimated)	\$0	\$0
Total	\$1,500,000	\$1,500,000

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Budget Status and Source of Funds

This project was included in the 2015-2019 capital budget and plan of finance as a \$1,500,000 business plan prospective project within CIP #C800745, Human Capital Management System Upgrade. The source of funds is 76.5% Airport Development Fund, 18.3% General Fund, and 5.2% General Fund Real Estate.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Technology
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$1,500,000
Business Unit (BU)	Corporate
Effect on business performance	N/A
IRR/NPV	N/A
CPE Impact	N/A

Lifecycle Cost and Savings

Software license and maintenance fees are currently budgeted in the ICT operating budget. Total costs to maintain the system including estimated license and maintenance fees, as well as Port recurring labor costs are not expected to change with this project.

STRATEGIES AND OBJECTIVES

This project supports the Century Agenda strategy to advance this region as a leading tourism destination and business getaway, by ensuring the availability of systems that support important programs that are critical to Port of Seattle operations.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Delay the upgrade: Critical patches, security alerts, and technical support will not be available after June 2015 and required tax updates will not be available without additional cost. This is not the recommended alternative.

Alternative 2) – Procure a new HCM system: Significant additional time and cost is estimated for the analysis, procurement, implementation, and integration of an alternative product. This is not the recommended alternative.

Alternative 3) – Upgrade of our Peoplesoft HCM system: This alternative will ensure we continue to receive critical updates and technical support for this critical system. **This is the recommended alternative.**

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ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None