



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6h

ACTION ITEM

Date of Meeting September 22, 2020

DATE: September 15, 2020
TO: Stephen P. Metruck, Executive Director
FROM: Kenneth Lyles, Director Maritime Operations and Security
Krista Sadler, Director Technology Delivery
SUBJECT: Vessel Moorage System (CIP #C800729)

Amount of this request: \$410,000
Total estimated project cost: \$960,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to proceed with the Vessel Moorage System project with an additional authorization of \$410,000 for a total project cost not to exceed \$960,000.

EXECUTIVE SUMMARY

A project to competitively procure and implement a vessel moorage system to support marina and terminal operations was approved in January 2016 with a total project cost not-to-exceed \$550,000. Due to a lack of systems on the market that meet Port of Seattle requirements, two lengthy procurement processes were completed before a vendor was selected. This contract was canceled during implementation when information security concerns could not be resolved. After further research into possible solutions yielded no alternatives, a decision was made in 2020 to develop the system internally for a total development cost of \$760,000. This request is for additional authorization of \$410,000 to fully fund the development of the new system. Following is a table describing the financial requirement for the new authorization.

Original Authorization	\$550,000	
Less: Amount Expensed with Failed Solution	-\$191,684	
Authorized Funds Remaining for New Solution	\$358,316	
Project Cost for Developed Solution	\$768,316	
Additional Authorization for New Solution	\$410,000	Project Cost less Remaining Funds
Total Authorization	\$960,000	Project Cost plus Amount Expensed

The existing system, used by Harbor Services, was deployed in 2009. It no longer meets Port requirements for modern Marina operations, has compatibility issues with newer technology,

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provides little capability for customer self-service, and doesn't support the management of non-leased terminal operations. When this project is complete, the Maritime organization will have a system to manage slip, berth, and storage assignments, calculate billing, process credit card payments securely, and more efficiently communicate with customers; improving operational excellence. Maritime customers will have more capability to self-manage reservations, payments, and access account information.

Information and Communication Technology (ICT), Maritime, and Accounting and Financial Reporting (AFR) resources will complete the project. Funds of \$550,000 are included in the 2020-2024 capital budget and plan of finance. The additional \$210,000 required for the total system cost will be included in the 2021-2025 capital budget and plan of finance. Maintenance will be budgeted in the ICT Operating Budget.

JUSTIFICATION

Because the aging system does not meet current business requirements for marina operations and was not designed to support terminal operations, many manual processes are in place which result in reducing the efficiency of operations. This includes waitlist management, moorage mapping, and all management of operations and rates for the non-leased terminals. A system that meets requirements, is easily updated as industry offerings and customer service needs evolve and satisfies Port technology standards and security requirements will best support the Maritime Divisions goals.

Diversity in Contracting

Should contract resources be required to augment internal development staff, ICT will utilize an existing Indefinite Delivery Indefinite Quantity (IDIQ) contract with a minority-owned business enterprise.

DETAILS

Scope of Work

ICT, Maritime, and AFR will deliver a system that supports marina and terminal operations and includes:

- (1) Customer Self-Service Features.
- (2) Payment Card Industry (PCI) Compliance.
- (3) Interface to Port systems for billing and access control.
- (4) Utilization of current Port systems for Customer Relationship Management (CRM), Financials, and Inspections.

Schedule

Commission Authorization	September 2020
Initial Implementation	4 th Quarter 2021
Project Complete	2 nd Quarter 2022

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Cost Breakdown	This Request	Total Project
Design/Development/Test	\$410,000	\$960,000
Total	\$410,000	\$960,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Cancel Project and Continue to Use Existing System

Cost Implications: \$0 – Capital

Pros:

- (1) Capital funds could be saved or allocated to another effort.
- (2) The current system is familiar to marina staff.

Cons:

- (1) Due to the age of the existing system, technical incompatibility with current technology will hamper needed updates for security and consistency.
- (2) Customers today expect modern self-service capabilities when working with businesses. With no self-service capabilities, customers may choose other options and staff costs for unnecessary customer service touchpoints, remain high.
- (3) New requirements over time are implemented with manual processes, increasing costs and opportunities for errors.

This is not the recommended alternative.

Alternative 2 – Continue to look for a solution available for the remaining authorized funds

Cost Implications: \$358,000

Pros:

- (1) No additional authorization or funding is required above what has already been authorized.

Cons:

- (1) Two procurements and many Request For Information (RFI) have been completed over the past several years looking for a system that meets most requirements. While there are a few that meet some needs, there have been none that will support the management of several marinas and non-leased terminal operations, interface with our financial system, and meet information security and Payment Card Industry (PCI) mandatory requirements.

This is not the recommended alternative.

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Alternative 3 – Authorize additional funds to complete Port development

Cost Implications: \$410,000

Pros:

- (1) Maritime organization will have a system to support operations, meet security expectations, and enhance customer communication.
- (2) Self-service capability will be built into the system to delight customers and maximize efficiency.
- (3) Recurring maintenance costs for Port developed software are significantly lower than most off-the-shelf alternatives. Future enhancements to keep the software current can be completed with smaller capital efforts.

Cons:

- (1) Additional capital will not be available for other efforts or savings.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Approximately \$200,000 was expensed in 2019 when the previously selected contract for software was canceled due to information security concerns.

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$550,000	\$0	\$550,000
Current change	\$210,000	0	\$210,000
Revised estimate	\$760,000	0	\$760,000
AUTHORIZATION			
Previous authorizations	\$550,000	0	\$550,000
Current request for authorization	\$410,000	0	\$410,000
Total authorizations, including this request	\$960,000	0	\$960,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, C800729, was included in the 2020-2024 capital budget and plan of finance at an amount of \$550,000. An additional \$210,000 will be added to the 2021-2025 capital budget and plan of finance for a total amount of \$760,000. Recurring maintenance will be budgeted in the ICT operating budget.

Financial Analysis and Summary

Project cost for analysis	\$760,000
Business Unit (BU)	Maritime

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Effect on business performance (NOI after depreciation)	N/A
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

Port labor for maintenance will be budgeted in the ICT operating budget. Future enhancements after completion to keep the software current will be funded through small capital efforts.

ATTACHMENTS TO THIS MEMO

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 5, 2016 – The Commission authorized the Chief Executive Officer to (1) proceed with the Vessel Moorage System project; (2) authorize the procurement of required hardware, software, and vendor services; (3) authorize the use of Port staff for implementation; and (4) authorize the procurement of vendors services for maintenance, for a total project cost not to exceed \$550,000 and maintenance costs estimated at \$200,000 over five years.