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COMMISSION

AGENDA MEMORANDUM Item No. 8i

ACTION ITEM Date of Meeting May 14, 2024

DATE: March 27, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Matt Breed, Chief Information Officer

Lisa Lam, Director Accounting and Financial Reporting

SUBJECT: PeopleSoft Financials Upgrade (C801382)

Amount of this request: \$3,400,000

Total estimated project cost: \$3,400,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with the PeopleSoft Financials Upgrade project; (2) procure hardware, software, and consulting services; and (3) use Port staff for implementation, for a total project cost not to exceed \$3,400,000.

EXECUTIVE SUMMARY

The Port currently uses Oracle's PeopleSoft Financial system (PSFS), version 9.2 to support the following business functions: General Ledger, Purchasing, Accounts Payable, Project Costing, Accounts Receivable, Billing and Asset Management. PSFS has 64 interfaces to other internal and external systems, providing core financial information to many systems critical to Port operations. Data from PSFS is used across all Port Divisions in financial and performance reporting.

The Port of Seattle's previous Financials upgrade was completed in June of 2019, and we are now many years behind Oracle's current version. With the last major upgrade, the intent was to complete smaller more frequent upgrades, however, limited resources have not been able to support both operations and continual feature upgrades. This project will upgrade the Port from PSFS Image 26 to Image 50 enabling improvements to critical business functions. The project will also include the normal bi-annual upgrade to PSFS PeopleTools, the underlying software infrastructure that contains maintenance and security patches.

Information & Communications Technology (ICT), Accounting & Financial Reporting (AFR), Central Procurement Office (CPO), and PeopleSoft users from most other Port departments will be involved in this project. Resources from an existing indefinite delivery, indefinite quantity (IDIQ) contract, competitively procured in 2022, will be engaged to assist with the upgrade. Funding for the upgrade project is part of the 2024-2028 Plan of Finance as a \$3,400,000 project.

Template revised January 10, 2019.

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JUSTIFICATION

This project includes the following important benefits.

(1) The upgrade will ensure continued support of our PeopleSoft Financials system used Port-wide to conduct operations. Updates are essential to deliver application patching and ongoing maintenance that protect and extend the value of the critical software application.

(2) The upgrade provides improvements and automation to critical business functions and provides the ability to leverage real time analytics rather than relying on other tools to satisfy the organization's reporting needs.

Diversity in Contracting

The IDIQ that will be used for implementation support includes a 20% participation commitment for women-and-minority-owned business enterprises (WMBE).

DETAILS

Scope of Work

(1) Upgrade of Port's PeopleSoft Financial System version 9.2 to Image 50 from Image 26 and the PeopleTools software infrastructure to the current version. Approximately 100 resources across the Port are expected to contribute to the upgrade and testing of the new Image.

(2) Deliver new features for automation, business process efficiency, and technical

improvement.

Schedule

Activity

Commission authorization 2024 Quarter 2

Planning and Analysis Complete 2024 Quarter 3

Upgrade and Testing Complete 2025 Quarter 2

In-use 2025 Quarter 3

Project Close 2025 Quarter 4

Cost Breakdown This Request Total Project

Port Labor \$1,430,000 \$1,430,000

Vendor Services \$1,970,000 \$1,970,000

Total \$3,400,000 \$3,400,000

Template revised June 27, 2019 (Diversity in Contracting).

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Postpone the PSFS upgrade.

Cost Implications: \$0

Pros:

(1) Capital dollars and Port resources are available for other efforts.

Cons:

(1) Delays critical technical and feature improvements to the Port's financials system.

(2) Conflicts with planned upgrade schedule for underlying PeopleSoft PeopleTools applications for the financials and human capital management applications.

This is not the recommended alternative.

Alternative 2 – Upgrade the PSFS version 9.2 to Image 50.

Cost Implications: \$3,400,000

Pros:

(1) The upgraded system provides improvements to critical business functions and will be fully supported with security and application patches.

(2) Provides ability to leverage automation functionality and real time analytics.

Cons:

(1) Staff resources will have limited availability to work on other technology projects through 2025.

(2) Capital funding resources aren't available for other projects.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$3,400,000 \$0 \$3,400,000

AUTHORIZATION

Previous authorizations \$0 \$0 \$0

Current request for authorization \$3,400,000 \$0 \$3,400,000

Total authorizations, including this request \$3,400,000 0 \$3,400,000

Remaining amount to be authorized \$0 \$0 \$0

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Annual Budget Status and Source of Funds

This project was included in the 2024-2028 capital budget and plan of finance under committed

CIP #C801382 in the amount of \$3,400,000. The project will be funded by 81.3% Airport

Development Fund and 18.7% General Fund.

Financial Analysis and Summary

Project cost for analysis \$3,400,000

Business Unit (BU) Central Service allocates 81.3% to Aviation

Effect on business performance NOI after depreciation will increase due to the inclusion

(NOI after depreciation) of capital (and operating) costs in the airline rate base.

IRR/NPV (if relevant) N/A

CPE Impact \$0.01 in 2026

Future Revenues and Expenses (Total cost of ownership)

Annual maintenance costs, budgeted in the ICT Operating Budget, are not estimated to change with this project.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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