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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 28, 1998

To: Board of Directors (Engineering and Operations Committee--Information)
(Budget and Finance Committee--Information)
(Information Systems Ad Hoc Committee--Information)

From: General Manager

Submitted by: Lambertus H. Becker

Chief Financial Officer

Subject: Status Report on Phase One of the Information Systems Strategic Plan ("ISSP") for Period of April 1, 1997 to March 31, 1998

RECOMMENDATION(S)

For information only.

EXECUTIVE SUMMARY

On November 9, 1993, your Board authorized an increase in Capital Appropriation 634 to commence Phase One of the Information Systems Strategic Plan to implement 19 key business applications. The Board also approved an increase in continuing Appropriation 099 of $2,100,000 for related operating equipment expenditures to support this program.

On August 20, 1996, the ISSP Phase One Program Steering Committee met for the final time. At that time it was decided that any activity reports or status updates for ongoing Phase One Program activities (including the Phase One Human Resources and Health, Safety & Environmental system upgrade projects) would be reported to the Information Systems Ad Hoc Committee through the newly formed Information Technology Committee (ITC), a sub-committee of the Operations and Organizational Review Committee (OORC).

The program management structure for Phase One requires that quarterly status reports be submitted to your Board throughout the duration of the program. Due to staffing changes and other work priorities this report has not been prepared regularly as required. This letter contains activities and financial data covering the period from April 1, 1997 to March 31, 1998.

Major milestones and activities since the last quarterly report:

- Customization of the PeopleSoft Time & Labor (T&L) system in December 1997.

- Unit and system testing and initiation of parallel testing.

Attachment "A" is the **Program Cost Report** which shows the balance of the Capital Appropriation and program costs as of March 31, 1998.

Overall, the Phase One Program is tracking well against the appropriation. All activities are projected to be completed under the total appropriation amount.

Attachment "B" is the **Project Cost Report** which shows project balances as of March 31, 1998.

DETAILED REPORT

I.   PROGRESS HIGHLIGHTS IN THIS PERIOD

Staff is conducting parallel testing of the system by having Time Recorders input timekeeping information into both the existing mainframe based Electronic Timekeeping System (ETS) and the new PeopleSoft MWD T&L system.

II.   MAJOR MILESTONES

COMPLETED THIS PERIOD

The team completed the adaptation of PeopleSoft T&L system in September 1997 and customized the system in December 1997, to operate like the current ETS. The decision for this approach was based upon responses from representative timekeepers throughout Metropolitan who participated in demonstrations of a system prototype, and found that the uncustomized system would significantly increase the amount of time spent for timekeeping data entry.

The project implementation date was changed from November 1997 to May 1998 due to delays in releasing PeopleSoft Version 6.0, installing Windows 95/NT workstations and obtaining approval to customize the data entry component of the PeopleSoft T&L system. The new schedule includes a period of running the two systems in parallel for approximately eight weeks to test system performance, connectivity and training effectiveness. All time-recorders have been supplied Windows NT or Windows 95 based workstations required for PeopleSoft.

User documentation was completed in March. COBRA processing, part of the Benefits Administration deliverable, is in final testing. User training started on March 4 and was completed on April 1. Time-recorders attended a 3-hour training session. Payroll approvers were trained by the time-recorders. Classes for approvers were offered on April 15.

In Process

Consultants were sought to complete the Benefits Administration and Staffing and Planning modules and a consulting agreement is being drafted.

Eight Metropolitan employees with PeopleSoft experience have been recruited away from the District during the implementation of Cycles 1 and 2. Currently, the Human Resources Management System production support, Human Resources Networking Project, Cycle 3 and Cycle 4 are all competing for the remaining Metropolitan resources with PeopleSoft experience. Therefore, Metropolitan must depend on consultants to complete projects and meet deadlines.

III   OBJECTIVES FOR NEXT PERIOD

The T&L system will operate in parallel with the existing mainframe timekeeping system for 3 pay cycles starting April 14. A complete switch to PeopleSoft T&L with a shutdown of ETS is scheduled for the pay period beginning May 31, 1998.

IV   FUTURE PHASE ONE PROJECTS

The remaining scheduled HRMS Cycle 3 projects include Staffing and Planning, Benefits Administration and Data Distribution. The cost to complete these projects will be approximately $460,000.

Current systems will become obsolete with the transition to the client/server environment. These systems include the incident reporting system, the hazardous material subsystem and the industrial hygiene system. Full implementation of the Health, Safety and Environmental (HSE) system is expected by late fall 1999, is within the Windows NT upgrade timeframe, and will cost approximately $1.5 million. The software will be NT, Oracle and Year 2000 compliant.

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Attachment(s)

ATTACHMENT "A"

TABLE 1 -- ISSP Program Status as of March 31, 1998

ISSP APPROPRIATION SUMMARY		
	ISSP Capital Program (634)	Operating Equipment (099)
Original Appropriation (Phase Zero)	$5,489,783	$73,800
1st Revision - Phase Zero	$200,000	---
2nd Revision - Phase One	$21,100,000	$2,100,000
TOTAL ISSP FUNDING	**$26,789,783**	**$2,173,800**
Total Program Costs through 3/31/98	$23,459,770	$2,173,800
AVAILABLE BALANCE	**$3,330,013**	**$ 0**

TABLE 2 -- ISSP Capital Program Costs Summary

ISSP COST SUMMARY (Appropriation 634)					
		Phase One Costs			Total Program Costs
	Final Phase Zero Costs	Phase One Costs Thru 3/31/97	Incurred From 4/1/97 to 3/31/98	Total Phase One Costs To Date	Total Appropriation Costs To Date
Total ISSP Appropriation					**$26,789,783**
Labor	$524,519	$2,544,562	$140,044	$2,684,606	**$3,209,125**
Materials, Supplies, Interest & Incidentals (incl. Software)	$551,303	$4,454,954	$576,071	$5,031,025	**$5,582,328**
Professional Services	$4,583,521	$10,236,132	($151,336)*	$10,084,796	**$14,668,317**
Combined Totals	$5,659,343	$17,235,648	$564,779	$17,800,427	**$23,459,770**
Available Balance					**$3,330,013**

*Negative balance reflects transfer of about $450,000 to Materials, Supplies and Incidentals to correct pre-3/31/97 cost posting errors identified during the current reporting period.

ATTACHMENT "B"

ISSP PHASE ONE PROJECT STATUS REPORT

PROJECT Appropriation 634 (Phase 1 only)	ORIGINAL BUDGET	ACTUALS TO DATE (*)	STATUS
Program Office	$ 3,900,000	$ 3,602,915	ONGOING
Software	$ 3,985,000	$ 4,196,987	ONGOING
Technology	$ 2,100,000	$ 2,005,043	COMPLETE
HS&E	$ 2,831,000	$ 459,283	PENDING
Materials Management	$ 2,278,000	$ 1,434,418	COMPLETE
H/R, Payroll & Medical	$ 2,580,000	$ 3,199,772	ONGOING
Finance	$ 3,106,000	$ 2,270,756	COMPLETE
Asset Tracking	$ 320,000	$ 631,253	COMPLETE
APPROPRIATION 634 SUB-TOTAL:	*$21,100,000*	*$17,800,427*	
Appropriation 099 (Phase 1 only)			
Hardware	$ 2,100,000	$ 2,100,000	
TOTAL:	*$23,200,000*	*$19,900,427*	

(*Actuals as of March 31, 1998)