

**Board of Directors**  
**Asset, Real Estate and Infrastructure Policy Committee**

September 10, 2002 Board Meeting

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**8-6**

**Subject**

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Authorize \$472,000 and award contract(s) to upgrade the PeopleSoft Human Resources/Payroll System (Approp. 15378)

**Description**

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This letter requests appropriation of budgeted funds in the amount of \$472,000 to upgrade the PeopleSoft application software to the web-based version. Funds for this project are included in the capital investment plan (CIP) for fiscal year 2002/03. The CIP Evaluation Team recommended approval of this project as part of the CIP review process. Additionally, the scope of this project was reviewed by the Information Technology (IT) strategic planning consultant and was included as part of the new IT Strategic Plan (ITSP).

PeopleSoft continues to be one of the best products available in the market today. Metropolitan uses the software to process payroll and manage human resource information. The PeopleSoft application provides required employee information to other key business applications (e.g. Oracle Financials). Currently, Metropolitan is using version 7.5. PeopleSoft has announced its technical support for version 7.5 will be discontinued in April 2003. By completing the upgrade to the web-based version, Metropolitan will be current with technology, receive vendor support through October 2005 and strategically position itself for further implementation of self-service modules which is consistent with the ITSP.

Delaying the upgrade would prevent Metropolitan from receiving software and tax table updates after April 2003. These updates include software enhancements that further automate payroll and human resource processes, changes to the system to address any modifications to tax provisions and/or employment-related regulatory reporting requirements.

**Attachment 1** is a detailed financial statement.

**Policy**

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Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation

**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1: The proposed actions are not defined as a project under CEQA, because they involve continuing administrative activities, such as purchases for supplies, personnel-related actions, general policy, and procedure-making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve other government fiscal activities which do not involve commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

- Adopt the CEQA determination and
  - a. Appropriate \$472,000; and
  - b. Award contract(s) to upgrade PeopleSoft.

**Fiscal Impact:** \$472,000

**Option #2**

Defer Upgrade of PeopleSoft.


**Fiscal Impact:** An initial cost of approximately \$100,000 per year for internal maintenance of the PeopleSoft application. This includes continually updating system tables and software to keep current with regulatory tax and employment requirements. Over time, as regulatory requirements increase and the current version of PeopleSoft becomes more outdated, the annual cost of internal maintenance will escalate. This will necessitate a more costly upgrade to the then current version.

**Staff Recommendation**

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Option #1

	8/15/2002
Roy L. Wolfe	<i>Date</i>
Manager, Corporate Resources	

	8/20/2002
Ronald R. Gastelum	<i>Date</i>
Chief Executive Officer	

**Attachment 1 – Financial Statement for the Information Technology Strategic Plan Program Implementation**

BLA #1800

**Financial Statement for the Information Technology Strategic Plan Program Implementation**

A breakdown of Board Action No. 2 for Appropriation No. 15378 for the PeopleSoft application software upgrade project is as follows:

	<b>Previous Board Action No. 1 <u>(Nov. 2001)</u></b>	<b>Current Board Action No. 2 <u>(Sept. 2002)</u></b>	<b>New Total Appropriated <u>Amount</u></b>
Labor and Additives	\$ 186,000	\$ 220,000	\$ 406,000
Materials and Supplies	226,000	5,000	231,000
Incidental Expenses	42,000	5,000	47,000
Professional/Technical Services	315,000	200,000	515,000
Equipment Use	10,000	0	10,000
Contracts	20,000	0	20,000
Remaining Budget	<u>80,000</u>	<u>42,000</u>	<u>122,000</u>
<b>Total</b>	<b><u>\$879,000</u></b>	<b><u>\$472,000</u></b>	<b><u>\$1,351,000</u></b>

**FUNDING REQUEST**

<b>Program Name:</b>	ITSP Security Program Implementation		
<b>Source of Funds:</b>	Pay-As-You-Go Fund		
<b>Appropriation No.:</b>	15378	<b>Board Action No.:</b>	2
<b>Requested Amount:</b>	\$ 472,000	<b>Capital Program No.:</b>	15378-C
<b>Total Appropriated Amount:</b>	\$ 1,351,000	<b>Capital Program Page No.:</b>	E-39
<b>Total Program Estimate:</b>	\$ 2,280,000	<b>Program Goal:</b>	C-Customer Service