

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

October 14, 2003 Board Meeting

8-8

Subject

Authorize (1) \$1.85 million to purchase and implement PeopleSoft self-service modules; and (2) entering into an agreement with Milli Micro Systems, Inc., in an amount not to exceed \$970,000, to provide consulting services (Approp. 15411)

Description

An important element of Metropolitan's FY 2003/04 business plan is implementing self-service capabilities to improve and streamline human resource processes. This is consistent with the Information Technology Strategic Plan (ITSP), which called for implementation of self-service modules to improve Metropolitan's PeopleSoft-based human resources and payroll applications.

This letter requests funding to procure and implement PeopleSoft Web-based self-service modules. These modules will facilitate process improvements in the following areas: benefits, recruitment, maintenance of employee personal data (e.g., beneficiary, emergency contact) and inquiry of personal payroll information (e.g., pay stub). Of the nine modules to be implemented, Metropolitan currently owns, but has not implemented, five modules. These modules were obtained at no cost as part of a negotiated, annual software maintenance contract with PeopleSoft. This letter requests funding for the procurement of the remaining four, and the implementation of all of the nine necessary modules. The approximate cost for the four modules is \$140,000.

The self-service modules are tightly integrated with the existing proprietary human resources and payroll systems in place at Metropolitan. Therefore, PeopleSoft is the only available software supplier. Despite the unsolicited acquisition bid by Oracle Corporation, PeopleSoft continues to be a leader in human resources and payroll software products available on the market today. In the event the bid is successful, Oracle has committed to continue providing support and enhancements to the PeopleSoft software modules for a minimum of ten years.

Metropolitan recently upgraded its base PeopleSoft payroll and human resources software to the Web-based version. This paved the way for implementing these self-service modules. The self-service capabilities will lead to increased productivity in the workplace and the empowerment of staff to perform some functions by themselves, freeing Human Resources' employees to concentrate on higher value tasks. PeopleSoft self-service applications allow staff to work more efficiently by making appropriate employee information accessible to view and update online via our internal Web site, while ensuring compliance with business policies. In addition, the new modules will allow external parties (e.g., job applicants) to provide information to Metropolitan electronically, via our external Web site, reducing the amount of Metropolitan administrative staff time required for data entry. A return-on-investment analysis was conducted for this project, which shows that benefits will exceed the initial investment within five years. Some specific examples of the new self-service capabilities include:

- Employees entering benefit choices during Open Enrollment (based on eligibility business rules)
- Employees viewing paycheck stub information online
- Employees printing duplicate W2s, thus reducing requests to perform this task
- Employees updating personal information (e.g., home address and phone numbers)
- Business unit managers initiating personnel actions (e.g., transfers, merit increases, changes in reporting structure, etc.)
- Business unit managers and Human Resources staff generating more reports themselves, freeing programming staff to work on higher value tasks (e.g., system upgrades)

- Job applicants submitting resumes and job applications via the Web, allowing staff to concentrate on expediting recruitment activities

Additionally, this board action authorizes entering into a competitively selected professional services agreement with Milli Micro Systems, Inc., in an amount not to exceed \$970,000, to provide consulting services for implementing self-service modules to improve Metropolitan's PeopleSoft-based human resources management system. The consultants bring particular expertise with the new self-service modules, having implemented them for other clients. They will focus on tasks that require specific product knowledge and prior implementation experience. These include day-to-day project management of the implementation efforts, setting up the technical environment for the new modules, and configuring the modules to meet Metropolitan's business needs. Metropolitan staff will provide project oversight, provide information on Metropolitan's business rules, and assist with the technical tasks to ensure knowledge transfer occurs.

This project was evaluated and recommended by the Metropolitan's Capital Investment Plan (CIP) Evaluation Team and is included in the FY 2003/04 CIP budget.

Attachment 1 is a detailed financial statement.

Attachment 2 is a table identifying the PeopleSoft modules and related capabilities that need to be implemented.

Policy

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation
Metropolitan Water District Administrative Code § 8115: Negotiated Contracts

California Environmental Quality Act (CEQA)

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 of 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 any 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 the provisions of 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

Option #1

Adopt the CEQA determination and

- a. Appropriate \$1.85 million; and
- b. Authorize entering into a contract with Milli Micro Systems, in an amount not to exceed \$970,000, for consulting services to upgrade Metropolitan's Human Resources System.

Fiscal Impact: \$1.85 million in budgeted CIP funds. Realize efficiency gains resulting from implementation of self-service capabilities.

Option #2

Do not implement the PeopleSoft self-service suite.

Fiscal Impact: No immediate expenditure of budgeted capital funds. Future efficiency gains would not be realized.

Staff Recommendation

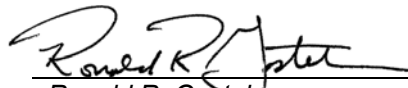
Option #1



Roy L. Wolfe
Manager, Corporate Resources

9/18/2003

Date



Ronald R. Gastelum
Chief Executive Officer

9/24/2003

Date

Attachment 1 – Financial Statement

Attachment 2 – PeopleSoft Table

BLA #2190

Financial Statement for Information Technology System – Business, Finance and HR Program

A breakdown of Board Action No. 2 for Appropriation No. 15411 to purchase additional and implement PeopleSoft self-service modules is as follows:

	Previous Board Action No. 1 (July 2003)	Current Board Action No. 2 (October 2003)	New Total Appropriated Amount
	<i>Project Accounting & E-business</i>	<i>Peoplesoft Self- Service</i>	
Labor	\$ 1,572,480	\$500,000	\$2,072,480
Materials and Supplies	720,000	141,000	\$861,000
Incidental Expenses	50,000	60,000	\$110,000
Professional/Technical Services	1,400,000	1,020,000	\$2,420,000
Remaining Budget	295,750	129,000	\$424,750
Total	\$ 4,038,230	\$1,850,000	\$5,888,230

Funding Request

Program Name:	ITSP-Business, Finance and Human Resources		
Source of Funds:	Pay-As-You-Go Fund		
Appropriation No.:	15411	Board Action No.:	2
Requested Amount:	\$1,850,000	Capital Program No.:	03406-C
Total Appropriated Amount:	\$5,888,230	Capital Program Page No.:	E-45
Total Program Estimate:	\$14,985,500	Program Goal:	C – Customer Service

HR Technology Improvement Project – Summary of PeopleSoft Modules

PeopleSoft Module	What Does It Do?	How is it Used?
ePortal ¹	Web-based user interface integrated with the PeopleSoft internal technical architecture to provide access to the self-service modules.	<ul style="list-style-type: none"> • Provides Web-based access to online self-service screens
eBenefits and Benefits Administration (2 modules)	Supports the communications and management of employee benefits in an online environment. Offers a set of self-service transactions including full support of open enrollment, dependant and personal data maintenance and life event (e.g., marriage, divorce, etc.) processing.	<ul style="list-style-type: none"> • Benefits enrollment • Manage work and life events • Benefits inquiry • Perform pension calculations • Manage dependant and beneficiary data
eProfile	Enables employees to maintain their own demographic data. Workflow is used throughout the application to ensure that data changes are made in a manner consistent with company policies.	<ul style="list-style-type: none"> • Enter name change • Update address • Update phone number • Update marital status • Update date of birth
eProfile Manager Desktop ¹	Department and line managers can view employee demographics information as well as manage an employee’s status within the organization, all using Metropolitan’s internal Web site.	<ul style="list-style-type: none"> • Change employee full or part time status • Manage location and job changes • Request and approve promotions • Terminate/Retire employees
ePay	Delivers online access to payroll information, allowing users to view payroll data as well as manage key information.	<ul style="list-style-type: none"> • Display, add, change or delete direct deposit information • Review paycheck information for earnings, taxes, deductions, and net pay distribution • Add or change voluntary deductions • Change tax information
eRecruit	Streamlines the recruiting process with functionality targeting the applicant, employee and interviewer in a global environment. Provides a comprehensive set of self-service transactions enabling a completely paperless application process.	<ul style="list-style-type: none"> • Search and view job postings • Review job descriptions and requirements • Provide self assessment of competencies • Apply for jobs on-line
eRecruit Manager Desktop ¹	From needs assessment through the hiring process, provides an integrated, recruiting experience for the hiring manager. Also includes embedded workflow for routing, tracking and approvals.	<ul style="list-style-type: none"> • Develop and post job requisitions • Review applicants • Enter and view interview results • Prepare for a new hire
Resume Processing ¹	Helps process and respond to resumes as quickly as possible. It automatically extracts data from resumes and enters it into your PeopleSoft data fields. Speedy processing increases the chance of being the first to make an offer to the top candidate. Integrate with other PeopleSoft applications for an end-to-end recruiting solution.	<ul style="list-style-type: none"> • Process email, fax, and paper resumes without manual intervention • Automatically, creates applicant and sends email confirmation • Monitor the accuracy of data, and sets an accuracy threshold which must be met to update database

¹ To be procured and implemented subsequent to Board approval