



- Board of Directors  
*Organization, Personnel and Technology Committee*

4/9/2013 Board Meeting

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**7-5**

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## **Subject**

Appropriate \$1.39 million for the PeopleSoft Upgrade (Approp. 15484)

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## **Executive Summary**

This action authorizes the upgrade of PeopleSoft's Human Capital Management (HCM) and Enterprise Learning Management (ELM) applications from the Oracle Corporation. The applications are approaching end-of-life for ongoing vendor support.

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## **Details**

This action authorizes an upgrade to the PeopleSoft HCM and ELM applications. The last board action to upgrade HCM and implement ELM was in 2007.

### **Timing and Urgency**

The upgrade of the PeopleSoft applications is vital to payroll processing, tracking of employee-related information and monitoring of required compliance training. Full vendor support for some modules ended in calendar year 2012. Staff evaluated alternate solutions and the resulting findings indicate that upgrading the PeopleSoft applications is the most reliable path to pursue for Metropolitan. By performing the upgrade, the application will continue to receive vendor support and tax updates as a part of ongoing maintenance.

### **Background**

PeopleSoft provides software applications for the management of Human Resources and Payroll information. Beginning in 1995, PeopleSoft has been the system used by Metropolitan to manage all Human Resources-related information, including payroll, benefits and employee information. Two major PeopleSoft applications, HCM and ELM, require an upgrade to continue performing critical functions such as processing payroll and monitoring compliance training. Upgrading the PeopleSoft applications is consistent with the Information Technology Strategic Plan, and the recommendations of an internal audit. If staff does not upgrade these applications, Metropolitan will lose vendor support in performing these critical functions. For this upgrade, consulting costs are significantly reduced by relying primarily on internal resources to perform the upgrade. Consulting services are restricted to specialized areas. This application upgrade will provide continued vendor support for all modules, including payroll, until calendar year 2020.

### **PeopleSoft HCM Upgrade 9.2 (\$770,000)**

The HCM application contains over 25 modules, including Employee Relations, Payroll, Benefits and Temporary Worker and Consultant Tracking modules. The upgraded HCM application will allow Metropolitan to continue to receive vendor support and needed tax updates. In addition, the enhanced Workflow adds additional approval levels for documents which overcome some of the barriers limiting the full deployment of the Manager Self-Service module.

**PeopleSoft ELM Upgrade Version 9.2 (\$620,000)**

The ELM system is the main compliance training tracking system module. All safety and OSHA-regulated training is tracked within this system. In addition to tracking the compliance-related training, ELM informs employees and managers of upcoming retraining requirements. Training on various critical items such as asbestos, hazardous materials and sexual harassment prevention can be tracked by managers to ensure that employees are up-to-date on their training and prevent potential fines or compliance issues. The ELM system also provides the capability to track training for employee growth, development and succession.

**Other Options Considered**

In seeking the best option for Metropolitan to continue effective Human Resource practices, two other alternate solutions were evaluated: (1) converting to a cloud solution to manage Human Resources-related information and processing of payroll; or (2) third-party maintenance and support for this and future upgrades. Currently, both alternatives are unsuitable for Metropolitan needs. Third-party vendor support is still evolving, has a limited number of providers, does not provide a full level of required service, and could reduce reliability. The cloud solution has no ELM equivalent application and does not provide required functionality such as the ability to support Metropolitan's 401(k) program.

**Summary**

This action appropriates \$1.39 million in budgeted funds to upgrade the PeopleSoft HCM and ELM enterprise applications. The project has been evaluated and recommended by Metropolitan's CIP Evaluation Team and funds have been included in the fiscal year 2011/12 capital budget. See [Attachment 1](#) for the Financial Statement.

The appropriated funds include \$449,000 for Professional Services to implement and configure new functionality within each application and optimize Metropolitan's current payroll configuration; \$40,000 to purchase software; \$770,000 for Metropolitan labor to implement, test and integrate upgraded software with existing Metropolitan applications, and perform project management; \$5,000 in Incidental Expenses; and \$126,000 in remaining budget. This project was identified in the Human Resources Group's objectives in the General Manager's Business Plan.

**Policy**

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Metropolitan Water District Administrative Code Section 5108: Appropriations

**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 (Public Resources Code 21065 and CEQA Guidelines Section 15378) because they involve continuing administrative activities, such as general policy and procedure making and because they involve other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Public Resources Code Section 21065 and Section 15378 of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options**

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**Option #1**

- Adopt the CEQA determination and
  - a. Appropriate \$1.39 million; and
  - b. Authorize the PeopleSoft HCM and ELM upgrade.

**Fiscal Impact:** \$1.39 million in capital funds under Approp. 15484

**Business Analysis:** These projects will ensure continued support for payroll and Human Resources management reporting, as well as effective management of compliance training and reporting.

**Option #2**

Do not upgrade PeopleSoft's HCM and ELM applications.

**Fiscal Impact:** No additional expenditure of budgeted capital funds but an unknown expenditure of O&M funds for potential support issues.


**Business Analysis:** This option, beginning in calendar year 2014, would not allow Metropolitan to receive required tax table updates impacting the ability to process payroll. Additionally, the ability to efficiently monitor compliance training could be reduced and could leave Metropolitan subject to noncompliance.

**Staff Recommendation**

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Option #1

	3/18/2013
_____ Roy L. Wolfe Manager, Business Technology	Date

	3/20/2013
_____ Jeffrey Kightlinger General Manager	Date

**Attachment 1 – Financial Statement**

### Financial Statement for the Business Operations Improvement Program

A breakdown of Board Action No. 1 for Appropriation No. 15484 is as follows:

	<b>Previous Total Appropriated Amount ( )</b>	<b>Current Board Action No. 1 (Apr. 2013)</b>	<b>New Total Appropriated Amount</b>
Labor	\$ -	\$ 770,000	\$ 770,000
Studies & Investigations	\$ -	\$ -	\$ -
Final Design	-	-	-
Owner Costs (Program mgmt., permitting)	-	-	-
Construction Inspection & Support Metropolitan Force Construction	-	-	-
Materials & Supplies	-	40,000	40,000
Incidental Expenses	-	5,000	5,000
Professional/Technical Services	-	449,000	449,000
Equipment Use	-	-	-
Contracts	-	-	-
Remaining Budget	-	126,000	126,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,390,000</b>	<b>\$ 1,390,000</b>

### Funding Request

<b>Program Name:</b>	Business Operations Improvement Program		
<b>Source of Funds:</b>	Replacement and Refurbishment		
<b>Appropriation No.:</b>	15484	<b>Board Action No.:</b>	1
<b>Requested Amount:</b>	\$ 1,390,000	<b>Budget Page No.:</b>	26
<b>Total Appropriated Amount:</b>	\$ 1,390,000	<b>Total Program Estimate:</b>	9,388,000