



• **Board of Directors**
Engineering, Operations, and Technology Committee

1/10/2023 Board Meeting

7-7

Subject

Authorize an agreement with SpearMC Management Consulting, Inc. in an amount not to exceed \$1,300,000 for the implementation of the following PeopleSoft Modules from the Oracle Cloud Human Capital Management Software Application Suite: Time & Labor and Absence Management for Payroll and Timekeeping System Improvements, including Maximo interface; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This project seeks to reimplement improved PeopleSoft payroll software and replace the current timekeeping software with a package that better integrates with the payroll system and provides a user-friendly interface. The current payroll and timekeeping applications require staff to make manual corrections, increasing the potential for errors and making the payroll process inefficient and burdensome. This project will ensure that employees are compensated accurately and timely.

Timing and Urgency

The current payroll system has experienced issues with Fair Labor Standard Act calculations and CalPERS compensation limits not being computed accurately. The software needs to be upgraded to fix significant issues causing employee compensation errors requiring manual corrections. These issues add an additional burden on payroll staff to perform manual fixes and data entries.

These issues need immediate fixes to make the system more reliable and to ease the burden on payroll staff.

Details

Background

Metropolitan is seeking services to implement two PeopleSoft HCM modules: PeopleSoft Time & Labor and PeopleSoft Absence Management, with an integration into the existing PeopleSoft payroll module. PeopleSoft HCM is an integrated suite of applications and business processes that is based on PeopleSoft's Pure Internet Architecture and portal technologies. The Time and Labor module facilitates the management, planning, reporting, and approving of time, calendar, schedule creation and usage, from one global web-based application.

Currently, Metropolitan uses Oracle EBS, PeopleSoft, Maximo, and WorkTech for managing time and labor. The modules within PeopleSoft HCM that are being utilized are Human Resources, Base Benefits, Benefits Administration, Position Management, Payroll for North America, and partial use of Time and Labor.

This project seeks to implement improved PeopleSoft Time and Labor functionality, including the Absence Management module, and replaces the current timekeeping software with a package that better integrates with payroll, time & labor, and the Maximo Application system and provides a user-friendly interface.

The project seeks to fully implement the PeopleSoft Time and Labor module along with the Absence Management module, taking into consideration the following:

- Interfacing with all data integration related to Payroll, Time & Labor, and Maximo
- Automating Absence Management/Leave Management on timesheet to payroll process
- Automating calculation of time off balance.

This action authorizes \$1,300,000 for implementing the PeopleSoft Time & Labor and Absence Management modules to improve the current Payroll system and develop the Maximo interface. The total project budget is \$1,970,000 and includes funds for awarding a new contract with SpearMC Management Consulting, Inc. for \$1,300,000 for professional and technical services, including twelve weeks of post-implementation support. Other costs included are \$527,000 for labor costs by Metropolitan staff, including owner costs and project management, \$10,000 for material costs, and \$133,000 for remaining budget.

This project has been evaluated and recommended by Metropolitan's CIP Evaluation Team, and funds are available within the fiscal year 2022/23 capital expenditure plan. See **Attachment 1** for the Financial Statement.

Project Milestone(s)

Board Award:	Jan 2023
Final Design:	May 2023
Development:	Sep 2023
Testing:	Nov 2023
Deployment:	Dec 2023
Closing:	Apr 2024

Policy

Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 52778, dated April 12, 2022, the Board appropriated a total of \$600 million for projects identified in the Capital Investment Plan for Fiscal Years 2022/23 and 2023/24.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative or maintenance activities (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves 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 (Section 15378(b)(4) of the State CEQA Guidelines). Finally, where it can be seen with certainty that there is no possibility that the activity proposed action in question may have a significant effect on the environment, the proposed activity is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize an agreement with SpearMC Management Consulting, Inc. in an amount not to exceed \$1,300,000 for the implementation of the following PeopleSoft Modules from the Oracle Cloud Human Capital Management Software Application Suite: Time & Labor and Absence Management for Payroll and Timekeeping System Improvements, including Maximo interface.

Fiscal Impact: Expenditure of \$1,970,000 in capital funds. All funds were incurred in the current biennium and have been previously authorized

Business Analysis: Implement Peoplesoft Time & Labor and Absence Management, reimplement improved PeopleSoft payroll software and replace the current timekeeping software with a package that better integrates with the payroll system.

Option #2

Take no action and continue using the current system with no improvements.

Fiscal Impact: Increased operations and maintenance cost with intense labor costs to manually fix the issues

Business Analysis: Prone to manual errors and adds risk to Metropolitan from employee unions and grievances.

Staff Recommendation

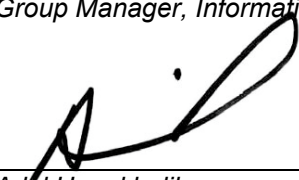
Option #1



Charlie Eckstrom
Group Manager, Information Technology

12/20/2022

Date



Adel Hagekhalil
General Manager

12/21/2022

Date

Attachment 1 – Financial Statement

Ref#it12688426

Allocated Funds for Peoplesoft Time & Labor

	Current Board Action (Jan. 2023)
Labor	
Studies & Investigations	\$ -
Final Design	450,000
Owner Costs (Program mgmt.)	77,000
Submittals Review & Record Drwgs	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	10,000
Incidental Expenses	-
Professional/Technical Services	1,300,000
Equipment Use	-
Contracts	-
Remaining Budget	133,000
Total	\$ 1,970,000