



# Memorandum

**TO: Board of Administration for the  
Police and Fire Department Retirement  
Plan and the FCERS.**

**FROM: Barbara Hayman**

**SUBJECT: Update on Pension Administration Project**

**Date: August 16 2018**

**APPROVED:** *Roberto A. Perez*

**DATE:** 8/27/18

## INFORMATIONAL

### BACKGROUND

In August 2014, the Board approved the Secretary to negotiate and execute an Agreement with Levi, Ray & Shoup (LRS) to provide, implement, host, and support a new Pension Administration System (PAS) and Document Imaging replacement Solution for an amount not to exceed **\$9,000,000** (this cost split 50/50 between the plans) including a 5-year post production support and maintenance cost, with ongoing monthly hosting fees to be budgeted each fiscal year after the period covered by the contract has ended, see table below. At the November 2014 meeting, the Boards approved the Secretary to negotiate and execute an Agreement with INetU, a company dedicated to providing Cloud Hosting and Managed Hosting services. INetU was acquired by ViaWest in December of 2015.

Description	LRS
Services	\$4,965,280
License Fee/Maintenance	\$905,092
Hosting	\$1,001,783
Post Implementation Support	\$456,000
Replace Stellant	\$634,573
Disaster Recovery	\$114,811
<b>Total Costs with disaster recovery included</b>	<b>\$8,077,539</b>
Implementation Period (months)	40
Post Implementation Period (months)	60
<b>Total Contract Duration (months)</b>	<b>100</b>

At the February 2015 Joint Audit Committee meeting, staff were asked to report the progress of the project on a quarterly basis and expected activities in the next quarter.

## ANALYSIS

As reported at the May 2018 meeting the go-live date has been moved from January 1 2019 to February 1<sup>st</sup> 2019, at a cost of \$51,200. This date was chosen to allow year end processing to be completed, allow ORS more time to identify and train a team of experts and to develop user documentation for line of business processes.

The schedule for Measure F is as follows:

**Phase One:** Plan Details, Contributions, Interest, FAS, Service Credit, SPC  
**Phase One Timing:** **Start Date** 3/1/2018, **End Date:** 10/24/2018  
**Phase Two:** Benefit Eligibility, COLA, Benefit Formulas, Payment Options, Medical and Dental Insurance Eligibility, Other  
**Phase Two Timing:** **Start Date** 8/1/2018, **End Date:** 5/31/2019  
**Phase Three:** GPP, Health In Lieu Premium  
**Phase Three Timing:** **Start Date** 3/1/2019, **End Date** 8/15/2019

These timeframes have been established with the following assumptions, changes to these could have an affect on the cost of this change request (“CR”).

1. Each group of functionality is implemented as detailed above
2. ORS is able to meet their deadlines for related design reviews/approval and UAT
3. The warranty period for each group of functionality is 6 months after the functionality is moved into the Production Environment
4. The scope of this CR includes only the types of changes described in the business requirements section of this CR

The LRS total project cost to date with the change to the go-live date and addition of Measure F is shown below:

	<u>Original</u>	<u>Approved</u>	<u>Actual</u>	<u>Subtotal</u>	<u>Est. Total as of 7/26/18</u>
PAS, including BCP, Hosting & EDM	\$ 8,077,539	\$ 9,000,000			
A PAS - Set-up/Admin/EDM			\$ 4,771,883		
B License Payment			\$ 379,791		
C Warranty			\$ 696,251		
Hosting, incl 5 Yr post Impl.*			\$ 1,000,000		
Post Impl. 5 yr Support			\$ 456,000		
Post Impl. 5 yr Maint.			\$ 499,552		
Post Impl. 5 Yr - Disaster Recovery			\$ 114,811		
				\$ 7,918,288	
CR - Credits			\$ (389,800)		
CR - Debits			\$ 65,830		
CR - Potential Future Debits			\$ 100,000		
				\$ (223,970.00)	
CR for Change of Go-Live date				\$ 51,200	
					\$ 8,024,518
Measure F				\$ 279,000	
* - Estimate					\$ 8,303,518



The approved budget as of May 2018 for LRWL services are shown below hours up to January 2019 are included in the “Total Approved as of May 2018” amount shown in the table below:

	Oct 2010	Aug 2012	Sept 2017	
Vendor	Phase I-IV RFP and PAS Vendor Selection	Phase V Fees Implementation Oversight Services	User Acceptance Testing Services	Total Approved as of May 2018
LR Wechsler	\$377,150	\$1,079,500	\$500,000	\$1,650,000

Following the May 2018 Steering Committee Meeting, it was requested that LRWL provide a quote for extending support for San Jose ORS as they implement the Measure F change order, as well to ensure that business processes are monitored and continually improved after go-live.

The quote below shows the impact on the LRWL costs for the Measure F CR and change to the go-live date:

Date	Project Director - \$250/hr		Project Manager / Sr. Consultant - \$210/hr		Activities/Notes
	Hours	Amount	Hours	Amount	
Additional Nov	0	\$0	10	\$2,100	<ul style="list-style-type: none"> <li>Additional Hours related to ORS decision to move go-live date</li> <li>Continued Oversight of Implementation</li> </ul>
Additional Dec	0	\$0	10	\$2,100	
Additional Jan	0	\$0	10	\$2,100	
Feb 2019	10	\$2,500	135	\$28,350	<ul style="list-style-type: none"> <li>Production/Warranty Rollout oversight</li> <li>Measure F Oversight / Testing Support</li> <li>Work Process Monitoring/Improvements</li> </ul>
March 2019	8	\$2,000	135	\$28,350	
April 2019	8	\$2,000	135	\$28,350	
May 2019	8	\$2,000	135	\$28,350	
June 2019	8	\$2,000	135	\$28,350	
July 2019	8	\$2,000	135	\$28,350	
August 2019	3	\$750	135	\$28,350	
Sept 2019	3	\$750	40	\$8,400	<ul style="list-style-type: none"> <li>Work Process Monitoring/Improvements</li> </ul>
Oct 2019	3	\$750	40	\$8,400	
Nov 2019	3	\$750	40	\$8,400	
Dec 2019	3	\$750	40	\$8,400	
<b>Total</b>	65	\$16,250	1135	\$238,350	
<b>Grand Total</b>			1200	\$254,600	

Whereas the schedule for the roll out of Measure F is accommodated in the current LRWL contract, the additional hours required to support the rollout of Measure F, the change of go-live is not in the current LRWL contract. **There is a separate item on todays agenda to request a recommendation of approval to the Boards for an amendment to the LRWL contract to increase the not to exceed amount on the contract to accommodate the above charges of \$254,600.**

Risks and issues are inherent in all projects. A risk is defined as an uncertain event or condition that, if it occurs, could have a positive or negative impact on the project's objectives. An issue is an event or condition that has already happened and has impacted, or is currently impacting, the project's objectives. Risks have an associated status or severity. The status is a determination of the estimated negative impact the risk will have on the project if it occurs. The status is based upon LRS's professional judgment and experience. The Status can be:

- Low: Minimal disruption to project progress
- Medium: Moderate disruption to project progress, schedule implications
- High: extended disruption to project progress, cost implications
- Critical: catastrophic disruption to project progress, severe cost implications

There are no new Risks and no new Issues associated with the project since the last report. The project currently has two risks and no issues that have a status of high:

### Risks

1. **Not Having a Team of Experts;** There is a risk of ORS not having a team of experts prior to the transition to Parallel processing, this is mostly because of staff changes/turnover/reassignments, the team of experts that was expected to be built progressively through hands on experience/testing with each of the five deliverables has not been developed (see Risk #2). Without a team of experts, the transition to Parallel Processing will be significantly more difficult for ORS. The mitigation strategy to manage this risk was to identify and train a team of experts in advance and give them the opportunity to get hands on experience/practice in advance of Final UAT and Parallel. Progress has been made on the V3 controls sheets, however, it is still a challenge to obtain the time needed from the Benefits staff for various reasons, circumstances arise that render the staff unavailable. It is being recommended that ORS should consider developing a plan for additional support to be available during Parallel and Go-live for a period of time to provide the extra help that will be necessary due to the lack of ORS expertise in V3. Below are the LRWL costs associated with providing an additional resource during the Parallel period and Go-live:

Hourly Rate	\$ 210.00		
Task →	Parallel Prep	Proposed Hours Parallel / Support	Go-Live Support
October	120		
November		120	
December		120	
January		120	
February			120
<b>Total Hours Per Task</b>	<b>120</b>	<b>360</b>	<b>120</b>
<b>Cost Per Task</b>	<b>\$ 25,200.00</b>	<b>\$75,600.00</b>	<b>\$ 25,200.00</b>
<b>Total of all three tasks</b>			<b>\$126,000</b>



**There is a separate item on today's agenda to request a recommendation of approval to the Boards for an amendment to the LRWL contract to increase the not to exceed amount on the contract to accommodate the above charges of \$126,000**

**Note: The total combined amount being requested for the LRWL contract is \$380,600. (\$254,600 + \$126,000)**

2. **ORS Staff involvement in project;** over-lapping activities that require ORS staff time are lessening, but staff commitment, which has been a challenge given the vacancies over the past year, is still required to keep the project on track. The Retirement Boards approved the request to utilize more hours from their consultant, LRWL, for user acceptance testing therefore mitigating this risk. The Software Deliverable 4 user acceptance testing concluded on time. At this time, there are 6 months left to the go-live date of February 1, 2019 with Parallel beginning November 1, 2018. ORS is working with LRS to develop the Roll-Out Plan and as a result, ORS understands that any transactions that affect a benefit must be done in both V2 and V3. That means that most of the work in V2 must be done in V3 to keep the systems in sync and be able to compare the results between the two systems. Once the Roll-Out Plan is finalized, ORS will develop the detail plan for Parallel. And even though that plan is not developed yet, it is clear that additional support will be needed for the Parallel period – support for entering V2 changes into V3 and coaching for staff in using the system, researching and reporting problems

Please see attachment for information on the activities that have taken place to date, in addition to the upcoming activities for the next 90 days.



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Barbara Hayman  
Department Information Technology Manager

## Appendix

### CR List

Description	Status	Debit	Credit	Reason
Credit for LOB-603	Completed		\$ 6,400	no longer needed
Credit for LOB-1051	Completed		\$ 3,840	no longer needed
Credit for LOB-1208	Completed		\$ 8,960	Separate 1099 produced
Configure remote AD	Completed	\$ 800		additional Functionality
Credit for LOB-8990133	Completed		\$ 520	no longer needed
Credit for LOB-1218	Completed		\$ 960	no longer needed
Credit for LOB-1492	Completed		\$ 480	no longer needed
Credit For LOB-1043	Completed		\$ 480	no longer needed
EDMS Document Migration - Populate Document Type Field in PCX for Converted Documents	Completed	\$ 2,720		additional Functionality
Credit for LOB-8 and LOB-67	Completed		\$ 12,800	no longer needed
09.9.1 - 415(b) Changes	Completed	\$ 12,800		Design Change
Credit for How To Videos	Completed		\$ 96,000	no longer needed
Credit for SRBR	Completed		\$ 12,800	no longer needed
Redeposit Service Purchase Design Changes	Completed	\$ 15,520		Design Change
LOB-328	Completed	\$ 560		Design Change
Credit for LOB-724	Completed		\$ 8,640	no longer needed
Implement New Base Enhancements	Completed	\$ 2,880		additional Functionality
LOB-429 Credit	Completed		\$ 6,400	no longer needed
Credit for WEB-7	Completed		\$ 176,000	no longer needed
Design change to Loan Interest Calc for Service Purchase Contracts	Completed	\$ 2,160		Design Change
Design Changes for FED Tier 1 Duty Disability with less than 5 years	Completed	\$ 4,160		Design Change
Conversion of Age Factors For 415(b) Testing	Completed	\$ 1,280		additional Functionality
Credit for LOB-1154 - File Import From FMS	Completed		\$ 6,400	no longer needed
Credit for LOB-179	Completed		\$ 2,720	no longer needed
Credit for LOB-117	Completed		\$ 1,600	no longer needed
Partial Credit for DOC-1A - Work Process Manual	Completed		\$ 19,200	no longer needed
Credit for LOB-1252 LOB-1253 LOB-67 and LOB-1222	Completed		\$ 25,600	no longer needed
Costs to extend project by one month	Completed	\$ 51,200		Change of Go-Live date
	Completed Sub Total	\$ 94,080	\$ 389,800	
Ballot Measure F Changes	Approved	\$ 279,080		New Requirement
COLA recalculation as part of benefit recalculation	Approved	\$ 24,640		additional Functionality
COBRA Tracking	Approved	\$ 21,280		additional Functionality
Transmittal PPA Automation	Approved	\$ 8,400		additional Functionality
Reporting	Approved	\$ 9,750		additional Functionality
20.12.2.2 Enhancements	Approved	\$ 960		Design Change
20.22.1.2 - Open Enrollment Initial Letter - Enhancements	Approved	\$ 800		Design Change
	Approved Sub Total	\$ 344,910	\$ -	
	Total	\$ 438,990	\$ 389,800	