CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

# 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:** February 21, 2019

**APPROVED:**

**DATE:**

## 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 |
| ***Total Costs with disaster recovery included*** | ***$8,077,539*** |
| Implementation Period (months) | 40 |
| Post Implementation Period (months) | 60 |
| ***Total Contract Duration (months)*** | ***100*** |

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 1st 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

Since Go-live, on Monday February 4th, staff was able to complete all new setups for February payment. There have been numerous problem incident reports created which the Vendor, LRS, are resolving. ORS have been involved in software release testing as issues are resolved, which will continue until all problem incidents are fixed.

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 no risks and no issues that have a status of high:

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.

Barbara Hayman
Department Information Technology Manager

[redacted]

- Deliverable 1 – Member – COMPLETE*
  - Enrollment and Demographics, Annual Interest Posting, Audit, DRO, Reciprocity, Account Maintenance, Beneficiary Account Maintenance and Service Purchase
- Deliverable 2 – Employer Reporting – COMPLETE*
  - Employer Reporting, Vesting Credit and Service Purchase
- Deliverable 3 – Benefits Estimates and Calculations - COMPLETE*
  - Final Average Salary Calculations, Benefit Estimates, Benefit Calculations, Benefit Setup and Taxation
- Deliverable 4 – Benefit Payments – COMPLETE*
  - Benefit Maintenance, COLA, Outside Earnings, Workers Compensation, Benefit Payment/Repayment/Voids/Re-issues, Benefit Payroll Processing, Vendor Payroll Processing, Checks/Advices and Positive Pay
- Deliverable 5 – Member Direct / Year End – IN PROGRESS*
  - Security, General Ledger, Actuarial Reporting, Counseling and Seminars, Tax Reporting including 1099s, CAFR and other year-end reporting, and MemberDirect (Member self-service web site)

* Not inclusive of Measure F or all V3 Workflows/Control Sheets

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- Projected V3 Go-Live – February 1, 2019
  - ✓ PGV3 went live Monday, February 4, 2019.
  - ✓ We are experiencing the level of problems that we expected. While some of these have been deemed "critical" we are following our escalation plan that results in the creation of work arounds until a final resolution can be put in place. Highest priority/mission critical is payroll which is consuming most of the attention.

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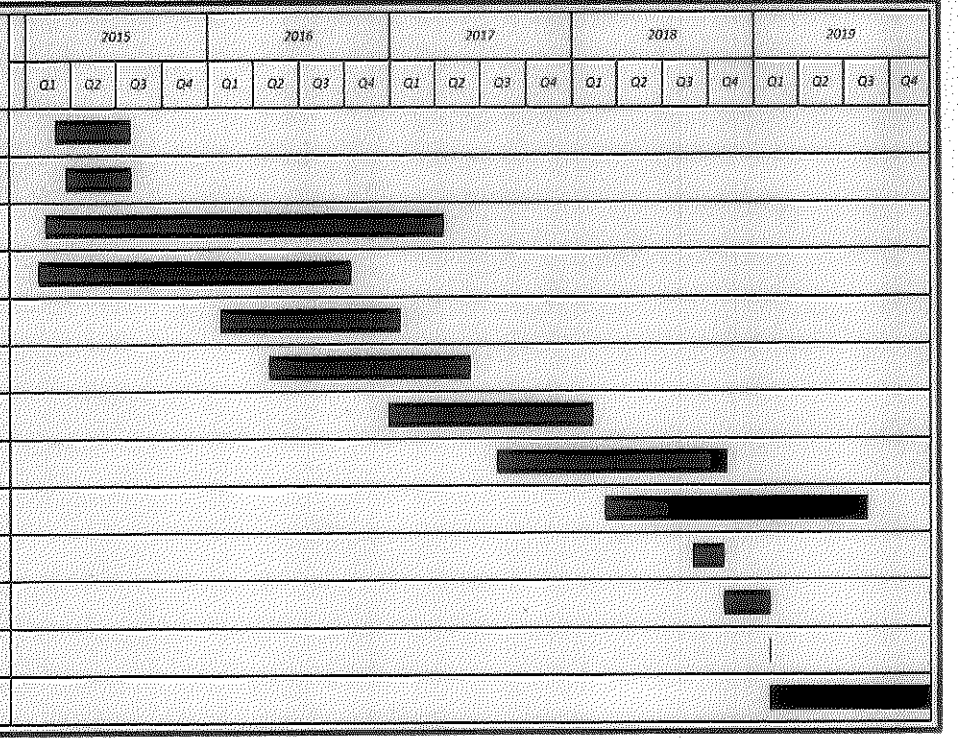
# PensionGold V3 Implementation Timeline
## As of February 1, 2019

| ID | Task Name | Start | Finish | Duration | % Complete |
|---|---|---|---|---|---|
| 1 | Project Start-up | 3/2/2015 | 7/28/2015 | 21.4w | 100% |
| 2 | Detailed Requirements | 3/23/2015 | 7/29/2015 | 18.6w | 100% |
| 3 | EDMS Implementation + Warranty | 2/9/2015 | 4/17/2017 | 114.2w | 100% |
| 4 | Software Del 1 - Member | 1/26/2015 | 10/12/2016 | 89.6w | 100% |
| 5 | Software Del 2 – Employer Reporting | 1/26/2016 | 1/19/2017 | 51.6w | 100% |
| 6 | Software Del 3 – Calcs | 5/2/2016 | 6/9/2017 | 58w | 100% |
| 7 | Software Del 4 – Benefit Payments/Payroll | 12/28/2016 | 2/9/2018 | 58.6w | 100% |
| 8 | Software Del 5 – Member Direct/Year End | 8/3/2017 | 11/6/2018 | 65.8w | 93% |
| 9 | Measure F | 3/7/2018 | 8/15/2019 | 75.4w | 24% |
| 10 | Final User Acceptance Period | 8/30/2018 | 10/30/2018 | 8.8w | 100% |
| 11 | Parallel Processing | 11/1/2018 | 1/31/2019 | 13.2w | 100% |
| 12 | Production Go-Live | 2/1/2019 | 2/1/2019 | .2w | 100% |
| 13 | Warranty | 2/1/2019 | 1/31/2020 | 52.2w | 0% |




Note: The blue bar shows the scheduled duration of the deliverable, in time units. The % completion, the pink bar, is actually a measurement of the % of the work that LRS estimated for the task that is currently completed.

Since the actual work completed is not spread evenly over any given time, the % work complete and the % of the duration spent may not always be in sync.

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- Parallel Processing
  - Complete
  - Payroll balanced each month
  - Numerous critical Problem Incident Reports for checks and insurance extracts have been identified and are being worked
- V3 Go Live – February 4, 2019
  - Continuing to identify and resolve problems; all February setups completed
- Software Deliverable 5 – Member Direct/Year-End
  - Member Direct has been delivered for ORS UAT
  - Member Direct go-live date is to be determined
- Workflows and Control Sheets
  - Workflows/control sheets for Retirement, Return of Contributions , DRO, Service Purchase and Disability are being used regularly by the staff
- Measure F
  - Phase 1 – Fund Level (Plan details, Contributions, Interest, FAS, Service Credit and Service Purchase) was moved into production
  - Phase 2 – Benefit Calcs and COLA functionality is under development by LRS and delivery dates for ORS UAT are under review
- Correspondence/Forms and Reports
  - Additional items provided to LRS for development.

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- Software Deliverable 5 –Member Direct/Year-End
  - Complete UAT for Member Direct
  - Participate in Member Direct training
- Workflows and V3 Control Sheets
  - Continue to refine the Workflows and Control Sheets
- Measure F
  - Establish the dates for delivery of Phase 2 functionality for Benefit Calculations and COLA. LRS is indicating the previous dates of March 2019 for Benefit Calcs and early May 2019 for COLA may need to be adjusted.
- Correspondence/Forms and Reports
  - Deliver remaining reports and correspondence for development by April 15, 2019.

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- High Risks of Not Having a Team of Experts (for Go-Live) – #102732 and Not Having a Team of Experts (for Go-Live) – #102732
  - These risks are not longer considered high risks. The staff has been able to get their jobs done in V3 with the support provided by LRS/ORS IT/LRWL and the workflows/controls sheets that are available.

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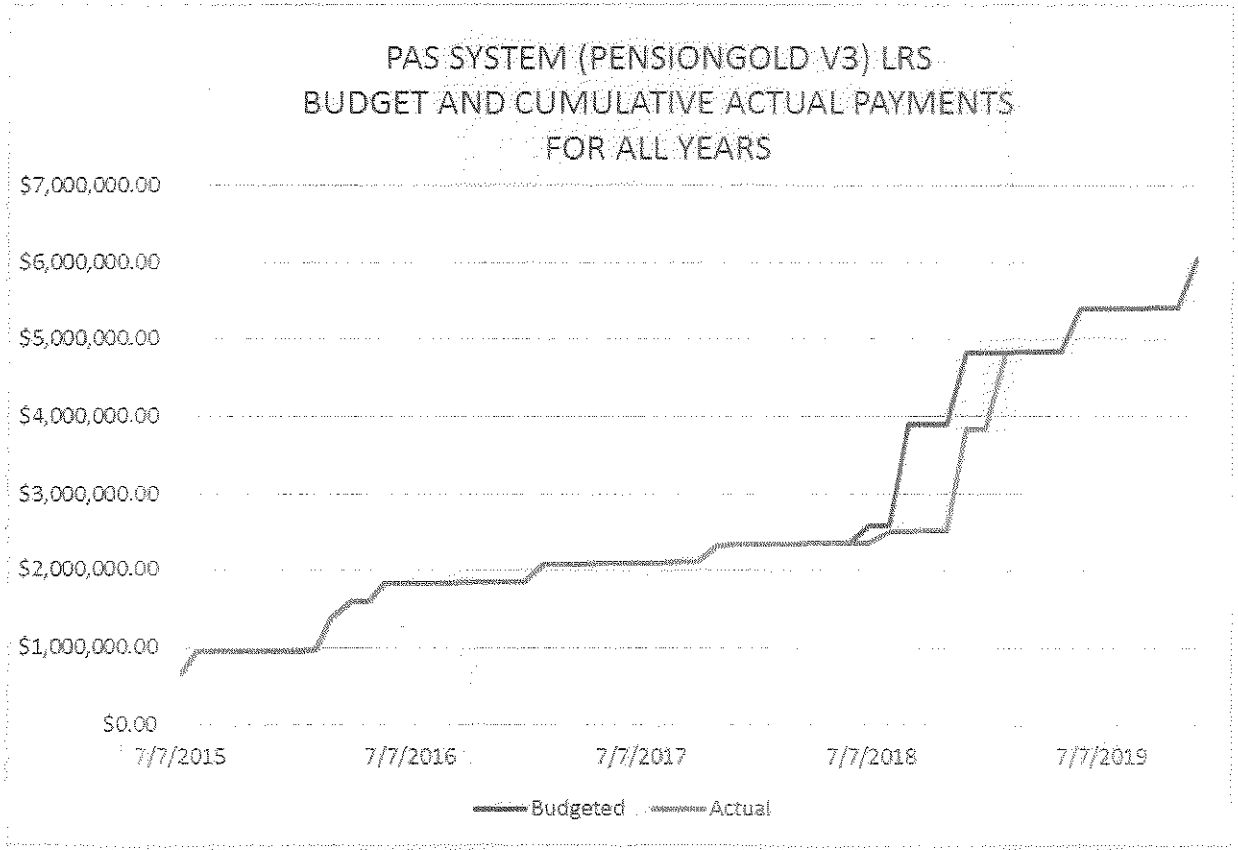


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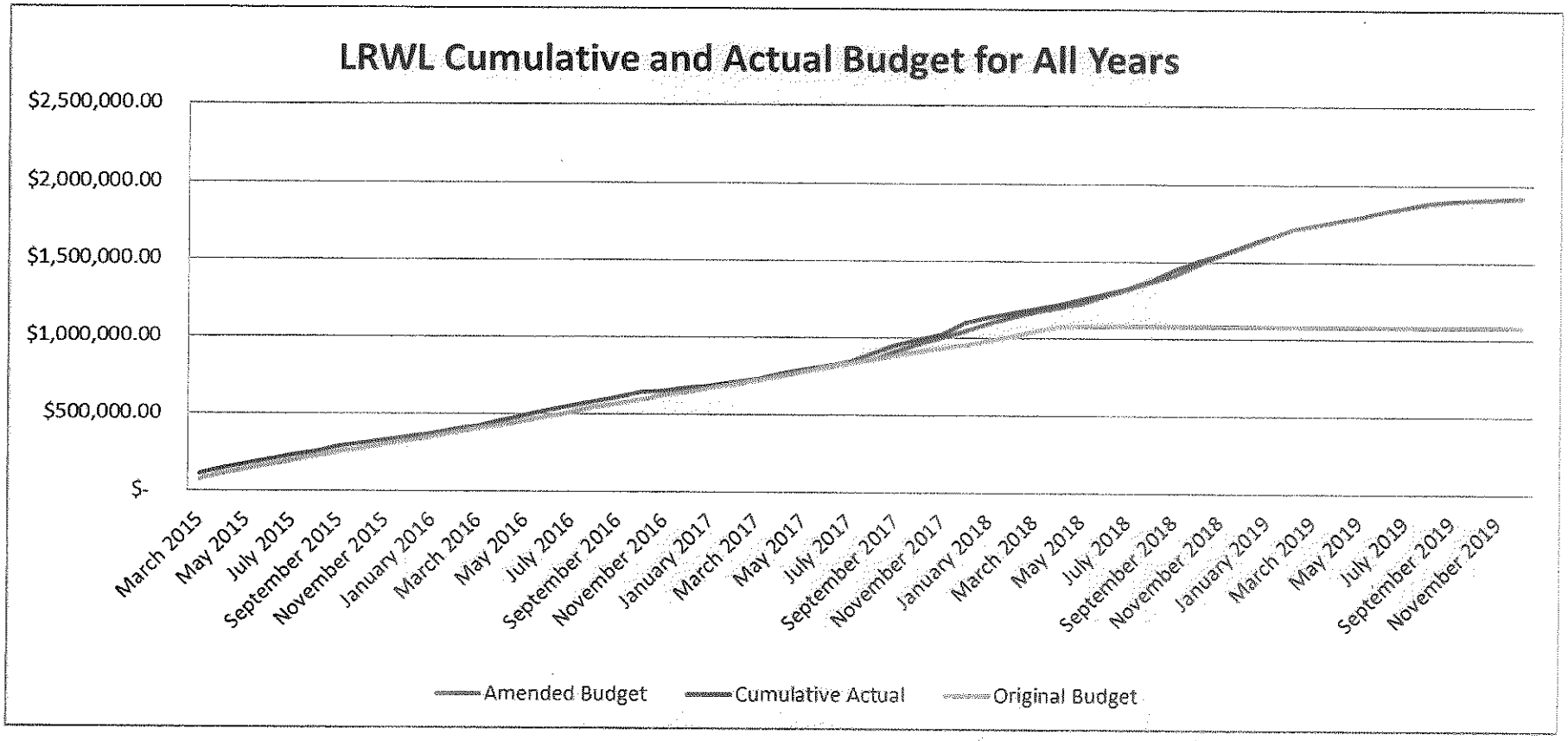


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