



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: May 16, 2019

APPROVED:

DATE: 5/13/2019

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.

Implementation Phase	LRS Budget
Services	\$4,965,280
License Fee/Maintenance	\$405,540
Replace Document Imaging	\$405,072
Disaster Recovery	\$52,242
Implementation Phase Total Cost	\$5,828,134
5-year post Implementation Phase	
5-year post production support and maintenance cost	\$1,239,909
Implementation & Post 5 Yr Total Cost	\$7,068,043
Hosting	\$1,001,783
Total Costs with disaster recovery included	\$8,069,826
Change Requests	\$139,910
Total Implementation, Post Imp, hosting and CR's	\$8,209,736
Budget	Amount
Total Approved by Boards (split 50/50)	\$9,000,000
Contingency Project Change Requests	\$930,174
Less Change Requests Costs already identified	\$139,910
Project Contingency Balance	\$790,264

Project Period	Proposed Duration	Original Timeline	Actual Duration	Current Timeline
Implementation Period (months)	40	2/1/2015-5/31/2018	48	2/1/2015-1/31/2019
Warranty Period	6	6/1/2018-12/1/2018	6	2/1/2019-8/1/2019
Post Implementation Period (months)	60	12/2/2018-12/2/2023	60	8/2/2019-8/2/2024
Total Contract Duration (months)	106		114	

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 was 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 Pension Administration V3 System went live on Monday February 4th., the project is now in the Warranty period, which will end August 1, 2019. During the warranty period any defects reported will be fixed at no additional cost to ORS. There have been numerous Problem Incident Reports (PIR) created which the Vendor, LRS, is resolving, such as new VEBA group codes to be included in Insurance extracts, some General ledger changes to aid with reconciliation, adding additional information to Pay advices. ORS have been involved in software release testing as issues are resolved, which will continue until all problem incidents are fixed. All PIR's reported during the Warranty period will be fixed under the warranty by LRS. Annual processes, not yet run such as 1099-Rs, Member Statements, Actuarial Extracts, and some line of business functionality delivered via CR will be covered by an extended Warranty. Any defect on processes covered by an extended warranty will be fixed at no cost to additional cost ORS.

The project is scheduled to be completed in August 2019, in the upcoming months ORS will be focusing on these remaining work items:

- Member Portal – Delivery to ORS for training and testing scheduled for May 20th
- Measure F – schedule outlined in the section below.
- Change Requests – Ongoing, ORS tests functionality when it is delivered by LRS
- Problem Incident Reports – Ongoing, ORS retests functionality as fixes are delivered
- Correspondence and Reports - Ongoing, ORS tests functionality when it is delivered by LRS

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 (completed on schedule)

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 Two A – Tier 1 Benefit calculations in Production as of November 2018
Phase Two B – Tier 2 Benefit calculations – LRS is completing System testing
Phase Two C – COLA - LRS is completing System testing
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").

Each group of functionality is implemented as detailed above


- ORS is able to meet their deadlines for related design reviews/approval and UAT
- The warranty period for each group of functionality is 6 months after the functionality is moved into the Production Environment
- The scope of this CR includes only the types of changes described in the business requirements section of this CR

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:

The project implementation period was originally estimated at 40 months, the project actually took 48 months. The attached presentation details the implementation project costs to date, inclusive of Measure F and the post implementation costs. Please also 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
Deputy Director, Office of Retirement Services

Current Status

- ❑ Warranty – The project is currently in the 6 Month Warranty Phase – February 1, 2019 through August 1. The 6 Month Warranty is for all core functionality delivered by February 1, 2019, except annual processes that have not yet been used in production.

Remaining Work

- ❑ Member Direct – to be delivered for ORS training and testing the week of May 20th. Exact go live date has not yet been established
- ❑ Measure F Change Request –
 - **Phase Two B:** Tier 2 Benefit Eligibility, Benefit Formulas, Payment Options, Medical and Dental Insurance Eligibility, Other
Phase Two B Timing: **Start Date** 8/1/2018, **Prod Date:** 5/31/2019
 - **Phase Two C:** COLA
Phase Two C Timing: **Start Date** 8/1/2018, **Prod Date:** 5/31/2019
 - **Phase Three:** GPP, Health In Lieu
Phase Three Timing: **Start Date** 3/1/2019, **Prod Date** 8/15/2019
- ❑ Change Requests – 11 Change Requests, in addition to Measure F
- ❑ Problem Incident Reports – 81 Open and 19 in Retest
- ❑ Correspondence and Reports – 22 letters and reports
- ❑ Finalization of Workflows and Control Sheets.

LRS Implementation Project and 5 Year Post Implementation Support Costs

IMPLEMENTATION PROJECT COSTS, INC 6 MON WARRANTY	LRS BUDGET
Services	\$4,965,280.00
Total Mandatory	\$4,965,280.00
Replacement of Document Imaging	\$405,072.00
Disaster Recovery Plan	\$52,242.00
Total Service Costs	\$5,422,594.00
Pension Admin System License Fee	\$360,000.00
Pension Admin System Mainten Fee	\$45,540.00
Total License and Maint Fees	\$405,540.00
Total Implementation Project Costs, inc 6/Mo War	\$5,828,134.00

Total Implementation Project Cost	\$5,828,134.00
Total Post Implementation Project Costs	\$1,239,909.00
Total Implmentation and Post Imp Project Costs	\$7,068,043.00
Hosting	\$1,001,783.00
Total Imple, Post Imp and Hosting	\$8,069,826.00
Change Requests Approved	113,830.00
Change Requests still to be Approved	
CR 108910 New Contribution Type Phase 2 (UAL)	\$24,960.00
CR 109534 Part B Med Reimb fix	\$1,120.00
Total Imple, Post Imp, Host and Pending CRs	\$8,209,736.00

5 YEAR POST IMPLEMENTATION PROJECT COSTS	
Software Support Services	\$456,000.00
Pension Admin System Maintenance Fee	\$499,552.00
Replacement of Document Imaging	\$221,788.00
Disaster Recovery Plan	\$62,569.00
Total Post Implementation Project Costs	\$1,239,909.00

LRWL and INetU Budget

	Additional Amount Added to Contract	Budget
LRWL		
Original Contract Budget for RFP 2010		\$373,150.00
Amendment 1 June 2012 - Implementation Support	\$706,350.00	\$1,079,500.00
Amendment 3 Dec 2017 for Additional Time for Project Mgmt Oversight and Testing	\$570,500.00	\$1,650,000.00
Amendment 4 Oct 2018 for Parallel Support	\$380,600.00	\$2,030,600.00
Spent as of April 2019		\$1,717,210.00
Remaining LRWL Budget		\$313,390.00

INetU Hosting	
Original Budget	\$1,001,783.00
Spent of as April 2019	\$220,065.00
Remaining INetU Budget	\$781,718.00

Project Schedule Chart

PensionGold V3 Warranty and Remaining Work Items As of May 1, 2019

ID	Task Name	Start	Finish	Duration	% Complete	2017	2018					2019				2020				2021				2022				2023				2024			
						Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Member Direct	8/3/2017	7/1/2019	99.6w	93%	<div><div></div></div>																													
2	Measure F	3/7/2018	8/15/2019	75.4w	48%	<div><div></div></div>																													
3	Remaining Change Requests	2/1/2019	8/1/2019	26w	50%	<div><div></div></div>																													
4	Remaining Problem Incident Reports	2/1/2019	8/1/2019	26w	50%	<div><div></div></div>																													
5	Remaining Letters/Reports	2/1/2019	8/1/2019	26w	50%	<div><div></div></div>																													
6	Finalization of WFs and Control Sheets	2/1/2019	8/1/2019	26w	50%	<div><div></div></div>																													
7	6 Month Warranty	2/1/2019	8/1/2019	26w	50%	<div><div></div></div>																													
8	End of Implementation Project	8/1/2019	8/1/2019	.2w	0%	<div><div></div></div>																													
9	Extended Warranty (staggered for individual items)	8/2/2019	6/1/2020	43.4w	0%	<div><div></div></div>																													
10	5 Year Post Implementation Services	8/1/2019	8/1/2024	261.2w	0%	<div><div></div></div>																													

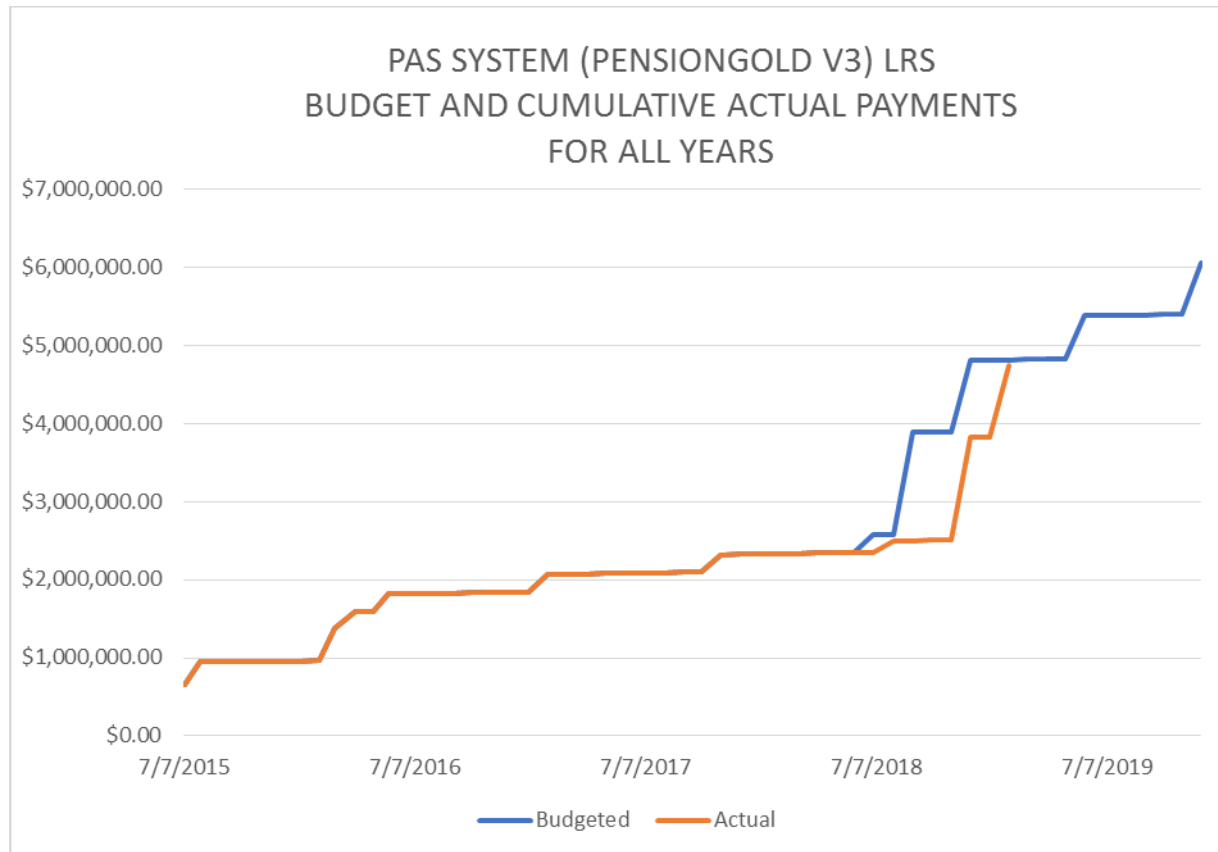
Activities Since February 2019

- ❑ All processing performed in V3. Feb, March and April Benefit, Lump Sum and Vendor payrolls have been processed.
- ❑ Numerous Problem Incident Reports created, fixed by LRS and retested by ORS
- ❑ Numerous designs for correspondence and reports approved
- ❑ Workflows and Control Sheets have continued to be refined. Two retired annuitants have returned to assist in this effort.
- ❑ Measure F
 - Phase Two A - Tier 1 Benefit Calcs moved into production November 2018
 - Phase Two B - Tier 2 Benefit Calcs – LRS nearly finished with system testing
 - Phase Two C – COLA – LRS nearly finished with system testing
 - Phase Three – GPP and In-Lieu Insurance – Design delivered to ORS for review

Next 90 Days Highlights

- ❑ Software Deliverable 5 –Member Direct
 - Participate in Member Direct training
 - Complete User Acceptance Testing
 - Roll-out Member Direct
- ❑ V3 Control Sheets
 - Turn the Control Sheets over to Benefits for on-going maintenance
- ❑ Measure F
 - Complete UAT for remaining Measure F phases.
- ❑ Problem Incident Reports and Change Requests completed or agreement reached on deferral to Support Services
- ❑ Ad Hoc Report and Workflow development training
- ❑ Project complete and Maintenance and Support begins.

PensionGold V3 Project Implementation/Hosting Budget and Payments



LRWL Project Budget as of April 2019

LRWL Cumulative and Actual Budget for All Years

