



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 14, 2020

APPROVED:

Robert L. Perso

DATE: 2/18/2020

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
Total Approved by Boards (split 50/50)	\$9,000,000
Contingency Change Requests	\$930,174
Less Change Requests Costs already identified	\$139,910
Remaining Contingency	\$790,264
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

The Pension Administration V3 System went live on Monday February 4th; the project transitioned to Support after the six month warranty period ended August 1, 2019 and is now supported by the LRS support team. ORS have been involved in software release testing as issues are resolved, which will continue until all Problem Incident Reports (PIRs) are fixed. All PIR's reported during the 6 month Warranty period will be fixed under the warranty by LRS. Annual processes, not yet run or run for the first time 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.

Since the last update ORS has focused on the following work items:

- Member Portal – MemberDirect rollout for Active, Inactive and Deferred vested Members.
- 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

The current 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:** 03/31/2020
Phase Two A – Tier 1 Benefit calculations in Production as of November 2018
Phase Two B – Tier 2 Benefit calculations – ORS completed initial UAT, and will continue testing until all issues resolved.
Phase Two C – COLA - ORS is conducting User testing
Phase Three: GPP, Health In Lieu Premium – GPP initial UAT complete, retesting will continue until issues resolved ORS is conducting User Testing. In-Lieu is in Production.
Phase Three Timing: **Start Date** 3/1/2019, **End Date** 03/31/2020

In January 2020 LRWL, the Boards PAS Implementation oversight vendor, was acquired by Segal Consulting. All the existing LRWL employees became employees of Segal Consulting. LRWL is now part of the Administration and Technology Consulting (ATC) practice of Segal. Key personnel that have been assigned to ORS from the onset of the project, including Sue Ziegler, the PAS Oversight Manager, are to remain in place until the end of the contract, which is currently set to end on March 31, 2020.

While it is currently projected that the Measure F functionality will be complete by March 31, 2020, ORS will be requesting the Boards extend the contract term date for LRWL (Segal) to June 30, 2020, to allow for any remaining project work to be completed past this date, no additional budget will be requested.

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.

Data Security Measures

Keeping customer's data secure continues to be a top priority for ORS, especially following the launch of MemberDirect. MemberDirect is the public website for members and benefit recipients to view their retirement information, as such, security is a critical component. ORS has collaborated with their Vendors to harness their expertise and proactively build in security given the ever increasing threat environment. This includes addressing common, basic requirements for mitigating vulnerabilities, implementing configuration management, and establishing access controls.

Below are some of the steps that ORS has taken to help protect member data and prevent data breaches.

- Hosted Solution – Flexential: a company dedicated to providing Cloud Hosting and Managed Hosting services. Flexential's secure data centers are built based and operated in accordance with the standards and requirements to meet compliance for PCI DSS Level 1 as well as SSAE16 Type II and SOC2/3 certifications. All of their facilities are audited and certified regularly to assure compliance

- Third Party Intrusion and Vulnerability Testing: LRS enlists an independent third party to conduct this testing. This testing is done on an ongoing basis.
- MemberDirect website encryption. Encryption is the process of scrambling data into an undecipherable format that can only be returned to a readable format with the proper decryption key.
- Server Monitoring
- MemberDirect Server Security
- Enrollment PIN: an additional required data element during enrollment process of MemberDirect
- Enrollment Confirmation Letters: sent to all new MemberDirect users upon successful completion of MemberDirect enrollment
- Challenge Questions
- Trusted Device feature
- Confirmation E-mails generated and sent to the user's MemberDirect e-mail address when important changes are made to their MemberDirect account.



Barbara Hayman
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Pension Administration System Project

February 20, 2020

Remaining Project Items

Measure F

Project Status

- ❑ Main Implementation Project - The project transitioned to Maintenance and Support on August 1, 2019 for all core functionality delivered by February 1, 2019.
- ❑ Remaining Work - Measure F Change Request
 - **Benefit Calculations** - Tier 2 Benefit Eligibility, Benefit Formulas, Payment Options, Medical and Dental Insurance Eligibility, Other
 - Original Estimated Production Date: 5/31/2019
 - Current Estimated Production Date: 3/31/2020
 - Current Status: This release had been separated into 2 parts. Part 1, the definition of the new plans, is in production. For Part 2, ORS completed the first round of UAT. LRS is providing fixes to the issues reported and ORS will retest. This iterative process will continue until all issues are resolved.
 - **COLA**
 - Original Estimated Production Date: 10/1/2019
 - Current Estimated Production Date: 3/31/2020
 - Current Status: LRS providing fixes from the first round of UAT for ORS to retest.
 - **GPP/Health In-Lieu**
 - Original Estimated Production Date: 8/15/2019
 - In-Lieu Actual Production Date: 12/2/2019
 - Current GPP Estimated Production Date: 3/31/2020
 - Current Status: In-Lieu functionality has been moved to production. For GPP, LRS is Providing fixes from the first round of UAT for ORS to retest.

Measure F Schedule Chart

ID	Task Name	Start	Finish	Duration	% Complete	2017		2018					2019					2020			
							Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
1	Measure F	8/1/2018	3/31/2020	87w	95%	<div><div></div></div>															
2	Benefit Calcs Part 1	8/1/2018	8/30/2019	56.6w	100%	<div><div></div></div>															
3	Benefit Calcs Part 2	8/1/2018	3/31/2020	87w	95%	<div><div></div></div>															
4	COLA	8/1/2018	3/31/2020	87w	95%	<div><div></div></div>															
5	GPP	3/1/2019	3/31/2020	56.6w	95%	<div><div></div></div>															

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.

Activities Since October 2019

- ❑ Member Direct –
 - Actives, Inactives and Deferred Vested have been invited to enroll
- ❑ V3 Control Sheets – No additional progress has been made.
- ❑ Measure F
 - Benefit Calculations were delivered, tested and issues identified. As issues are resolved, ORS will continue to test and report further issues until all are resolved.
 - COLA – ORS identified issues during testing. As issues are resolved, ORS will continue to test and report further issues until all are resolved.
 - GPP and In-Lieu – ORS completed UAT and In-Lieu is now in production. ORS performed UAT for GPP and identified issues. As issues are resolved, ORS will continue to test and report further issues until all are resolved.
- ❑ Numerous Problem Incident Reports created, fixed by LRS and retested by ORS.

Next 90 Days Highlights

☐ Measure F

- Benefit Calculations – Complete testing, resolve all issues with LRS and move to production
- COLA – Complete testing, resolve all issues with LRS and move to production
- GPP – Complete testing, resolve all issues with LRS and move to production.

LRS Implementation Project and 5 Year Post Implementation Support Costs

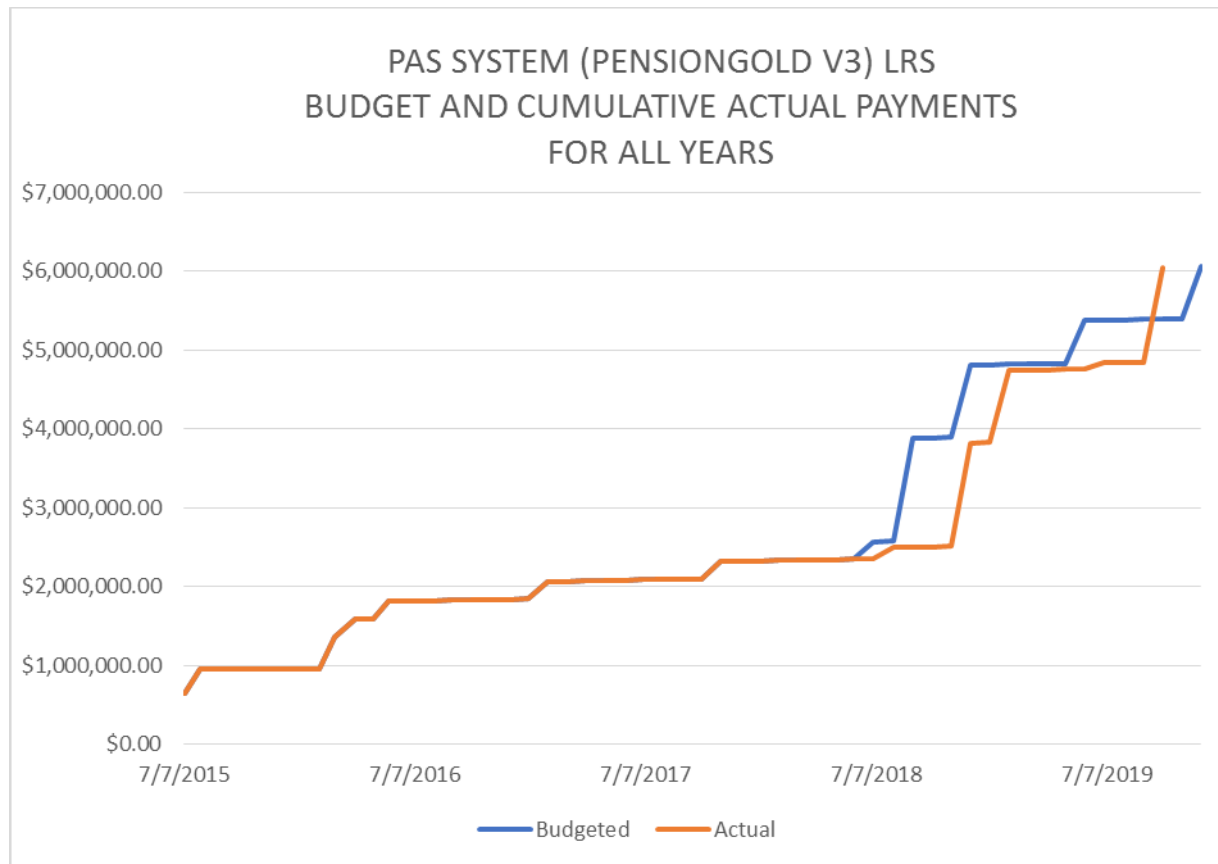
IMPLEMENTATION PROJECT COSTS, INCLUDING 6 MONTH WARRANTY		LRS BUDGET
Services		\$4,965,280.00
	Total Mandatory	\$4,965,280.00
Replacement of Document Imaging		\$405,072.00
Disaster Recovery Plan		\$52,242.00
Total Service Costs		\$5,422,594.00
Pension Admin System License Fee		\$360,000.00
Pension Admin System Maintenance Fee		\$45,540.00
Total License and Maintenance Fees		\$405,540.00
Total Implementation Project Costs, Including 6 Month Warranty		\$5,828,134.00
5 YEAR POST IMPLEMENTATION PROJECT COSTS		LRS BUDGET
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 5 Year Post Implementation Project Costs		\$1,239,909.00
TOTAL IMPLEMENTATION, POST IMPLEMENTATION, HOSTING, CHANGE REQUESTS		
Total Implementation Project Costs		\$5,828,134.00
Total 5 Year Post Implementation Project Costs		\$1,239,909.00
Total Implementation and Post Implementation Project Costs		\$7,068,043.00
Hosting		\$1,001,783.00
Total Implementation, Post Implementation and Hosting Costs		\$8,069,826.00
Change Requests Approved		\$176,310.00
Total Implementation, Post Implementation and Change Request Cost:		\$8,246,136.00

LRWL/Segal 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 Support	\$570,500.00	\$1,650,000.00
Amendment 4 Oct 2018 for Parallel Support	\$380,600.00	\$2,030,600.00
Spent as of Feb 1, 2020		\$1,964,890.00
Remaining LRWL Budget		\$65,710.00

INetU Hosting	
Original Budget	\$1,001,783.00
Spent of as Feb 1, 2020	\$262,882.00
Remaining INetU Budget	\$738,901.00

PensionGold V3 Project Implementation/Hosting Budget and Payments



LRWL Project Budget as of Feb 1, 2020

LRWL Cumulative and Actual Budget for All Years

