

PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6A
Meeting Date: 9/7/2023

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TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Erin Galeno, Chief Financial and Administrative Officer
Sponsor: Mark Miller, Director IT
Manager: Martyn Adamson, Sr. Manager, IT Enterprise Applications
SUBJECT: NextGen Finance and Procurement Implementation Authorization

A. ACTION REQUESTED

Request project authorization in the amount \$2,450,000 for a total authorized amount of \$2,850,000, for work associated with the NextGen Project Implementation, Master Identification No. 101618.01.

Strategic Plan Initiative: OS-1.

B. SYNOPSIS

The Port's current core financial application, Microsoft Dynamics GP, was implemented in 2008. The scope of the project was core financials – G/L, A/R, A/P, & Fixed Assets. The cost of this implementation was \$1.5 million.

This application is now approaching the end of its usable life and needs to be replaced to ensure the Port's financial applications have continued supportability.

Port staff developed an Enterprise Application Strategy which planned for the replacement of Microsoft Dynamics GP with an Enterprise Resource Planning Platform, Microsoft Dynamics 365 Finance and Operations.

This Microsoft Dynamics 365 Finance and Operations platform will also be utilized to support further business functions in addition to core financials, increasing business process efficiency.

C. BACKGROUND

In the June 16, 2022, Commission Meeting, Commissioners were briefed on the Port Enterprise Application Strategy and Planned Enterprise Resource Planning (ERP) Application Implementation.

In the January 17, 2023, Commission Meeting, Commissioners were briefed on the Port's enterprise application history and strategy, reviewed ERP software platforms and the progress of the Port's ERP implementation project planning and estimated \$2.0-\$3.0 million project cost.

In the March 21, 2023, Commission Meeting, Commissioners authorized Port staff to execute a contract with Crowe LLP, the Microsoft Dynamics 365 implementation partner selected via RFP, to undertake the NextGen Finance and Procurement Planning and Design Project at a cost not to exceed \$400,000.

The NextGen Finance and Procurement Planning and Design Project has been completed successfully with Crowe. Crowe has developed a Project Implementation Plan that the Project Steering Committee and NWSA/Port of Tacoma Executive IT Steering Committee have approved.

D. PROJECT DETAILS

Scope of Project:

- Functions in existing Microsoft Dynamics GP (the Port's current financial system)
 - General Ledger & Reporting
 - Account Payable
 - Accounts Receivable
 - Fixed Assets
- Functions in separate system, spreadsheet, or managed manually currently:
 - Core Procurement
 - Contract Management
 - Debt Management
 - Vendor Collaboration
 - Cash & Bank Management
 - Case/Claims Management
 - CIP/Project Financial Controls
 - Grant Management

Scope of Work for This Request:

- Phase 2 Implementation will consist of the following activities:
 - Detailed Design
 - Development
 - Testing
 - Validation
 - Training
 - Implementation

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$2,850,000.

Estimated Cost for This Request

The total estimated cost of the Implementation for this project is \$2,450,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Estimated Sales Tax

The total estimated sales tax to be paid to local and state governments for this project is approximately \$200,000 and is not included in the project.

Cost Details

Item	Amount	
Planning and Design Project services from Crow LLC	\$350,000	Commission Authorized \$400,000 on 3/21/2023
Microsoft Dynamics F&O Annual Service Cost	\$100,000	
Implementation Project services from Crowe LLC	\$1,650,000	
Port application changes and integration costs from various software vendors using existing support contracts	\$350,000	
Project Contingency on Implementation	\$400,000	
Total Project Costs	\$2,850,000	

Source of Funds

This project will be funded through cash generated by operating income and costs will be expensed as incurred.

The 2023 and 2024 Capital Investment Plan (CIP) allocates \$2,850,000 for this project.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

An RFP was conducted, and we received multiple vendor submissions. Crowe, LLC was selected after narrowing the vendors to two finalists.

G. NEXT STEPS

Execute NextGen Finance and Procurement Implementation project statement of work with Crowe, LLC. Initiate project on September 11, 2023, for a planned July 1, 2024, go-live.