



CITY COUNCIL AGENDA REPORT

MEETING DATE: February 17, 2004

ITEM NUMBER:

SUBJECT: Renewal of the PeopleSoft Support Agreement

DATE: December 24, 2003

FROM: Administrative Services Department/M.I.S.

PRESENTATION BY: Richard Kirkbride, M.I.S. Manager

FOR FURTHER INFORMATION CONTACT: Richard Kirkbride, 754-5154

Recommendation:

The City Council is requested to approve the agreement and authorize the City Manager to sign the Purchase Request for the Support Agreement pursuant to the terms of the License Agreement effective March 19, 2004 through March 18, 2005 with PeopleSoft USA, Inc., Dept. CH10699, Palatine, IL. 60055-1699. The annual amount is \$134,967.81 including tax.

Background:

The City is currently utilizing PeopleSoft products to process Payroll, Benefits Administrations, Human Resources, General Ledger, Payables, Receivables, Asset Management, Purchasing, Projects, Billing, Inventory, Budgets, and Time & Labor. The City recognized at the time we purchased and implemented People Soft that our commitment to support would be an essential part of our ongoing cost of ownership. The current support agreement expires on March 18, 2004.

Analysis:

These systems support a significant portion of the City's daily business processes. The performance and availability of these applications is critical to the City of Costa Mesa. PeopleSoft USA, Inc. is the sole source of ongoing support for these products, and if problems arise they are the only organization with access to the program's source code capable of assisting Costa Mesa with problem resolution.

The City can't afford to be without access to its computer applications for any extended period of time.

Alternatives Considered:

The option of support from alternative vendors is not available for these products. Proceeding on a Time and Materials support basis is not available through PeopleSoft. Additionally, under the terms and conditions of the existing contract any organization which has stopped paying support, that later decides to re-sign a support agreement is liable for all back payments.

Under the terms of our agreement there is a “Cap” placed on the increases that can be imposed by PeopleSoft. That Cap is 7%, or the then applicable annual fee, whichever is lower. This year’s increase was 7%.

Fiscal Review:

Funding for this agreement is included in the 2003-2004 fiscal year adopted budget.

MARC R. PUCKETT
Director of Finance

Legal Review:

Legal has reviewed the documents and approved them as to form.

TOM WOOD
City Attorney

Conclusion

Approving the renewal with PeopleSoft USA, Inc. will provide for the continued technical support necessary to maintain the existing infrastructure, and minimize the danger from system outages. It is recommended that the Council approve this contract. Doing so at this time will ensure that there will be no lapse in coverage.

STEVEN E. HAYMAN
Administrative Services Director

RICHARD D. KIRKBRIDE
M.I.S. Manager

Attachments: | [City Purchase Requisitions \(3\)](#)