



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 7, 2006

ITEM NUMBER: VI-7

SUBJECT: Renewal of the Oracle/PeopleSoft Support Agreement

DATE: JANUARY 10, 2006

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 Requisitions for the Support Agreement pursuant to the terms of the License Agreement effective March 19, 2006 through March 18, 2007 with Oracle Corporation, 1001 Sunset Boulevard, Rocklin, California 95765. The annual amount is \$133,887.17 including tax.

Background:

The City is currently utilizing Oracle's PeopleSoft products to process Payroll, Benefits Administrations, Human Resources, General Ledger, Payables, Receivables, Asset Management, Purchasing, Projects, Billing, Inventory, Budgets, and Time & Labor. At the time we purchased and implemented PeopleSoft the City recognized that our commitment to support would be an essential part of our ongoing cost of ownership. The current support agreement expires on March 18, 2006.

Analysis:

These systems support a significant portion of the City's daily business processes. The performance and availability of these applications are critical to the City of Costa Mesa. Oracle/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 cannot 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 Oracle/PeopleSoft. Additionally, under the terms and conditions of the existing contract, any organization that has stopped paying support and 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 Oracle/PeopleSoft. That cap is 7%, or the then applicable annual fee, whichever is lower. This year's increase was just over 2%.

Fiscal Review:

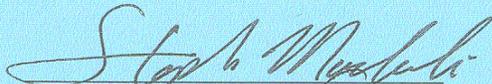
Sufficient funding in excess of \$133,887.17 necessary for this agreement is included in the 2005-2006 fiscal year adopted operating budget for the MIS Division and available for appropriation for the purposes stated herein.

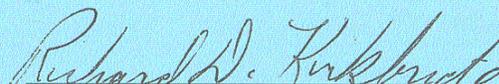
Legal Review:

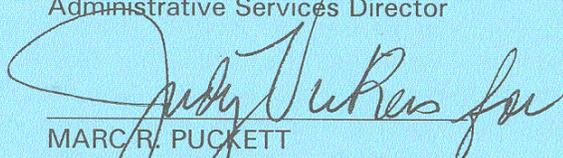
Legal has reviewed the documents and approved them as to form.

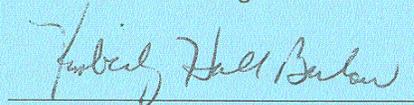
Conclusion

Approving the renewal with Oracle/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.


STEPHEN N. MANDOKI
Administrative Services Director


RICHARD D. KIRKBRIDE
M.I.S. Manager


MARC R. PUCKETT
Director of Finance


KIMBERLY HALL BARLOW
City Attorney

Attachments: I City Purchase Requisitions (3)

CITY OF COSTA MESA, CALIFORNIA Purchase Requisition

Requisition Number
(Assigned by Purchasing)

Purchase Order Number
(Assigned by Purchasing)

Business Unit:	Date Requisitioned: 1/06/06
Department: Administrative Services	Division: M.I.S.
Ship To Address: 77 Fair Drive, Costa Mesa, CA 92626	
Contact Person: Norma Barner	Phone Number: 714-754-4891

Item No.	Quantity	Unit	Items (Give Full Description: Size, Catalog No. Etc.)	Unit Price	Estimated Amount	
1	1	LT	SOFTWARE MAINTENANCE AND SUPPORT FEES FOR THE PERIOD FROM 3/19/06 THROUGH 3/18/07. PRODUCTS TO BE SUPPORTED: AP; AR; Asset Management; Billing; Budgets; Extended Enterprise; GL; Inventory; Project Costing; Purchasing; and SQR for servers		\$89,714.29	
			Sales Tax:		3,476.43	
Const./Prof. Svs. Agmt. Completion Date:					Estimated Total Cost †	\$93,190.72

Item No.	Account	Fund	Dept./Org.	Program	Project	Amount
1	525702	101	14600	50710		\$93,190.72
Total †						\$93,190.72

Dept's Suggested Vendor: .ORACLE CORPORATION
 Address: 1001 Sunset Boulevard
 City, State, Zip Code: Rocklin, CA 95765
 Phone: 925-694-6689
 Vendor's Contact Person: TIM MCNEIL

Ordered By: _____
Department Director/Authorized Signature

Approved By: _____
Director of Finance/Purchasing Officer

Approved By: _____
City Manager (when required)

PURCHASING DIVISION USE ONLY	
Purchase Order Vendor ID:	Buyer:
Ship To:	Location:
Standard Comments:	Ship Via:
Delivery/Completion Due Date:	Payment Terms:
Freight Terms:	Freight Amount:

FINANCE DEPARTMENT USE ONLY	
Available Appropriation:	
Special Terms/Condition:	

CITY OF COSTA MESA, CALIFORNIA
Purchase Requisition

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 (Assigned by Purchasing)

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Ship To Address: 77 Fair Drive, Costa Mesa, CA 92626	
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Item No.	Quantity	Unit	Items (Give Full Description: Size, Catalog No. Etc.)	Unit Price	Estimated Amount
1	1	LT	SOFTWARE MAINTENANCE AND SUPPORT FEES (BENEFIT ADMINISTRATION; HR; AND PAYROLL) FOR THE PERIOD FROM 3/19/06 THROUGH 3/18/07.		\$32,542.01

Const./Prof. Svs. Agmt. Completion Date: _____ Estimated Total Cost † \$32,542.01

Item No.	Account	Fund	Dept./Org.	Program	Project	Amount
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Total †						\$32,542.01

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Department Director/Authorized Signature
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 Approved By: _____
City Manager (when required)

PURCHASING DIVISION USE ONLY	
Purchase Order Vendor ID:	Buyer:
Ship To:	Location:
Standard Comments:	Ship Via:
Delivery/Completion Due Date:	Payment Terms:
Freight Terms:	Freight Amount:

FINANCE DEPARTMENT USE ONLY	
Available Appropriation:	
Special Terms/Condition:	

