



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 4, 2008

ITEM NUMBER:

SUBJECT: Renewal of the Oracle/PeopleSoft Support Agreement

DATE: FEBRUARY 12, 2008

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, 2008 through March 18, 2009 with Oracle Corporation, 1001 Sunset Boulevard, Rocklin, California 95765, and the renewal for the E-Pay modules effective June 3, 2008 through June 2, 2009. The annual amount for all modules is \$155,137.52 including applicable 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 for all but the e-pay modules expires on March 18, 2008. We have chosen to include the E-Pay modules as part of the process this year to simplify the process.

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 with access to the source code 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 4% plus applicable taxes.

Fiscal Review:

Sufficient funding in excess of \$155,137.52 necessary for this agreement is included in the 2007-2008 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 Requisition 1](#)
 [II City Purchase Requisition 2](#)
 [III City Purchase Requisition 3](#)
 [IV City Purchase Requisition 4](#)