

BOARD MEETING DATE: July 10, 2015

AGENDA NO. 16

PROPOSAL: Authorize Purchase of Oracle PeopleSoft Software and Support

SYNOPSIS: The SCAQMD uses Oracle's PeopleSoft Integrated Financial/Human Resources System. The software package provides purchasing, accounting, asset management, financial management, project reporting, payroll and human resources functionality for the SCAQMD. The maintenance support for this system expires August 13, 2015. In addition, acquisition of the PeopleSoft eApps software is needed to implement online employee benefits self-service. This action is to obtain approval for a five-year contract with Oracle America Inc. for the Oracle PeopleSoft maintenance support, including purchase of the eApps in the first year. Funds (\$328,800) for these purchases are included in the FY 2015-16 Budget and will be included in subsequent fiscal year budget requests.

COMMITTEE: Administrative, June 12, 2015; Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to execute a contract with Oracle America Inc. to purchase five years of Oracle PeopleSoft software maintenance support for the integrated Financial/Human Resources System for the period of August 13, 2015 through August 13, 2020, at a cost not to exceed \$1,194,000.
2. Authorize the Executive Officer to execute a contract with Oracle America, Inc. to purchase eApps software to enable staff to implement online employee benefits self-service at a cost not to exceed \$90,000.
3. Transfer \$90,000 from Information Management's FY 2015-16 Budget, Services and Supplies, Professional and Specialized Services Account to Information Management's FY 2015-16, Capital Outlays Major Object, Computer Software Account.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

In April 1998, after an exhaustive competitive bidding process, the SCAQMD purchased the Oracle PeopleSoft Financial/Human Resources System to enhance the functionality of the overall finance system. The Oracle PeopleSoft system eliminated duplicate effort, where possible, and integrated processes that access the same data. The software package provides purchasing, accounting, asset management, financial management, project reporting, payroll, and human resource functionality for the SCAQMD. Software support includes day-to-day technical support, software patches and bug fixes, and software upgrades. Software maintenance support for the Oracle PeopleSoft system expires August 13, 2015.

The system also uses Oracle database software. The Oracle database is used to store all of the data used in the software system. The database support includes day-to-day technical support, software patches and bug fixes, and software upgrades. Software maintenance support for Oracle database software expires August 13, 2015.

Oracle PeopleSoft maintenance support includes the following services:

Software Maintenance	Licensed product updates, enhancements, and repairs
Customer Care Business Center	Resolution of business issues and aid in finding assistance within PeopleSoft's customer service
PeopleSoft Advisor	Business-oriented information needs and advice
PeopleSoft Plugged In	Electronic distribution of information on new releases, fixes and patches, and software updates
Customer Connection	Online access to PeopleSoft information, including news, documentation, training, and user groups
Global Support Center	Assistance in resolving online operating difficulties, system failures, PeopleSoft application-related problems, potential system bugs, and installation and upgrade issues
Access to PeopleSoft Forum	Access to database documentation and PeopleSoft application problems and fixes

Oracle maintenance support includes the following services:

Software Maintenance	Licensed product updates, enhancements, and repairs
Software Support	Assistance in resolving online operating difficulties, system failures, Oracle application-related problems, potential system bugs, and installation and upgrade issues

Oracle's PeopleSoft Enterprise eApps delivers comprehensive online employee benefits self-service every day of the year. By using PeopleSoft eApps, employees can access

benefit plans and programs to process their annual open enrollment and changes to personal and dependent data when benefit-related life events occur. It reduces costs by automating many of the administrative tasks related to benefits and payroll administration, and decreases the need to create and maintain customized carrier interfaces and integrations.

At the Administrative Committee, Dr. Parker asked whether this contract included a “most-favored-customer” clause to ensure the best pricing. The Committee directed staff to explore including “most-favored-customer” language in this and other SCAQMD contracts. In response to staff’s request to include such a provision in the contract, Oracle responded that the company does not allow any kind of “most-favored-customer” clauses in its contracts. For the pending deal, Oracle referred to its agreement with Los Angeles County for terms, conditions, and discounts that would apply in its agreement with SCAQMD. Staff will bring to the Administrative Committee, at its July meeting, a proposal to amend the SCAQMD Procurement Policy and Procedure to include a “Most Favored Customer” policy.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies circumstances under which a sole source purchase award may be justified. These requests for a sole source award are made under provision VIII.B.2.c.(2) and (3). The services are available from only the sole source; involve the use of proprietary technology; and use key contractor-owned assets for project performance.

Proposal

Oracle America Inc. is the sole manufacturer and provider of PeopleSoft and Oracle database software and therefore, the only source for software maintenance support licensing agreements. Staff recommends approval of a five-year contract for Oracle PeopleSoft software maintenance support at a cost not to exceed \$1,194,000 at \$238,800 per year; and the purchase of eApps on the first year at a cost not to exceed \$90,000. The cost of renewing with a five-year term results in over \$70,000 savings over the five years. Oracle’s price is based on a 32.5% discount, which was also provided to Los Angeles County. The County’s agreement also contains a clause allowing termination for non-appropriation in future fiscal years.

In addition, staff proposes a transfer of \$90,000 from Information Management’s FY 2015-16 Budget, Services and Supplies, Professional and Specialized Services Account to Information Management’s FY 2015-16, Capital Outlays Major Object, Computer Software Account to implement online employee benefits self-service.

Resource Impacts

Sufficient funds are included in Information Management’s FY 2015-16 Budget Services and Supplies Major Object, Professional and Specialized Services account.