



City of Richmond

Report to Committee

To: General Purposes Committee
From: Grant Fengstad
Director, Information Technology
Date: March 8, 2016
File: 04-1300-01/2016-Vol
01
Re: Request for Approval of 5 year Software Update License & Support Services
Contract with Oracle Canada ULC

Staff Recommendation

1. That the City enter into a five year software licensing and support services contract with Oracle Canada for the PeopleSoft Financial System and the PeopleSoft Human Capital Management System for a total of \$1,600,200; and
2. That the Chief Administrative Officer and the General Manager, Finance and Corporate Services be authorized to negotiate and execute the software licensing and support services contract with Oracle Canada.

Grant Fengstad
Director, Information Technology
(604-276-4096)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO

Staff Report

Origin

The City entered into a Software End User License and Services Agreement with PeopleSoft Canada on May 29, 1998 to purchase a Financial and Human Resources Management System. The agreement encompasses the City's enterprise user licenses for the PeopleSoft Financial System which includes modules such as General Ledger, Purchasing, Accounts Payable, Inventory, Billings and Asset Management. The agreement also encompasses the PeopleSoft Human Capital Management System which includes modules such as Human Resources Management, Payroll and Time & Labour.

In December 2004, Oracle Canada announced that it had acquired PeopleSoft Canada. The agreement was updated to transfer the annual Software Update License & Support services from PeopleSoft Canada to Oracle Canada.

The original contract represented an annualized Inflationary Adjustment Rate each contract year of 3% as per the original license agreement. The Support Update License & Support Services was renewed yearly with a clause limiting the annual increase to be no more than 3%.

In February 2016, Oracle Canada presented the City with a proposal to eliminate the 3% annualized increase based on a commitment from the City to agree to a five year binding contract. This agreement would be based on the 2016 annual fee and as part of the agreement, Oracle Canada expected the City to pay upfront for all five years. Staff negotiated with Oracle Canada and was successful in obtaining an agreement to continue to pay for services on an annualized basis and to use the 2015 annual fee as the prescribed rate over a five year term. A proposed agreement was reached for the City's commitment to continue using the PeopleSoft Financial and Human Resources Management System from April 12, 2016 to April 11, 2021. The City will incur no annual increases during this period. The savings to the City under the proposed agreement is \$149,907.

This report supports Council's 2014-2018 Term Goal #7 Strong Financial Stewardship:

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.

7.1. Relevant and effective budget processes and policies.

7.2. Well-informed and sustainable financial decision making.

7.4. Strategic financial opportunities are optimized.

Analysis

The purpose of this report is to request approval authority for the City to enter into a five year Software Update License & Support services agreement with Oracle Canada for the PeopleSoft Financial and Human Resources systems. The proposed agreement includes user licensing, major product and technology releases, technical support, software and critical patch updates, tax, legal, and regulatory updates, certification with most new third-party products/versions and new Oracle products.

Oracle Canada is the sole provider of PeopleSoft products, and as a result there is no opportunity to go through the competitive bid process. The term of service is from April 12, 2016 to April 11, 2021.

The terms of the proposed agreement include:

- The City's commitment to continue using PeopleSoft Financial and Human Resources Management System from April 12, 2016 to April 11, 2021.
- The City will incur no Inflationary Adjustment Rate for Software Update License & Support services during this period.
- Software Update License & Support services fees are paid yearly and are stabilized at 2015 rates, resulting in 5 equal payments of \$320,040.
- The total contract price is \$1,600,200.
- The savings to the City under the agreement is \$149,907.

5 Terms	Start Date	End Date	Amount with annual increases	Proposed New Contract	Uplifts	Savings
1st invoice	12- Apr -16	11- Apr -17	\$329,641	\$320,040	0.0%	\$9,601
2nd invoice	12- Apr -17	11- Apr -18	\$339,530	\$320,040	0.0%	\$19,490
3rd invoice	12- Apr -18	11- Apr -19	\$349,716	\$320,040	0.0%	\$29,676
4th invoice	12- Apr -19	11- Apr -20	\$360,207	\$320,040	0.0%	\$40,167
5th invoice	12- Apr -20	11- Apr -21	\$371,013	\$320,040	0.0%	\$50,973
			\$1,750,107	\$1,600,200		\$149,907

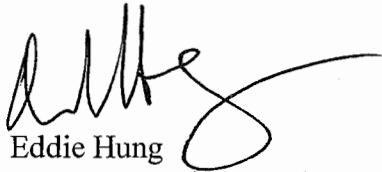
Financial Impact

The total amount of the Oracle Software Update License & Support services renewal is \$1,600,200 (including PST) with five annual payments of \$320,040.

The amount currently included in the 2016 Operating Budget is \$329,754. If the contract is awarded, the annual savings are identified in the table above.

Conclusion

This request is in compliance with the City's Procurement Policy and Officer and General Manager Bylaw. The PeopleSoft Financial and Human Resource Management systems are critical systems, used daily by City staff, and the City has no plans to change Financial and Human Resources Systems. The proposed 5 year agreement from Oracle commits the City to continue using the PeopleSoft Financial and Human Resource Management systems, with the added benefit of no Inflationary Adjustment Rate increase for the term of the agreement. The savings in Software Update License & Support services fees is \$149,907.

A handwritten signature in black ink, appearing to read 'Eddie Hung', with a large, stylized flourish extending from the end of the signature.

Eddie Hung
Manager, Business and Enterprise Systems
(604-276-4232)

EH:gf