



Request for City Council Committee Action from the Department of BIS

Date April 1, 2007

To **The Honorable Paul Ostrow, Chair**
Ways and Means Committee

Subject **Contract with Oracle Corporation**
Increase Appropriation

Recommendation

- A. Authorize appropriate City officials to execute a contract with Oracle Corporation to furnish related implementation services for financial applications and human resources software components, for a not-to-exceed amount of \$10,750,000.
- B. Approve Finance Department funding plan.
- C. Increase 2007 appropriations to the BIS Internal Service fund by a total of \$2,500,000

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Submitted by Karl Kaiser _____, 673-3910
Chief Information Officer

Patrick Born _____, 673-3375
Chief Finance Officer

Approved by Steven Bosacker _____
City Coordinator

[Permanent Review Committee \(PRC\)](#) Approval Pending

Policy Review Group (PRG) Not Applicable

Committee Presenter: Bill Beck

Financial Impact: Increase the expense appropriation in 6400-880-8870 880F5171 by \$2,500,000 and increase revenue appropriation in 6400-880-8870-3455 by \$2,500,000 in 2007. This project is funded primarily by the Finance Department operating budget.

Financial Impact (Check those that apply)

No financial impact (If checked, go directly to Background/Supporting Information).

Action requires an appropriation increase to the Operating Budget.

Action provides increased revenue for appropriation increase.

Action requires use of contingency or reserves.

Business Plan: Action is within the plan.

Other financial impact (Explain):

Request provided to department's finance contact prior to the Committee Coordinator.

Background/Supporting Information Attached

BIS, in support of the Finance department, requests authority to enter into a contract with Oracle Corporation for implementation services to implement the PeopleSoft financial applications. Also, requested is the continued maintenance and support over the life of the applications.

Prior Council Actions

-December 2, 2005 Council adopted and the Mayor approves the authorization of the release of a limited Request for Proposal to software vendors CGI/AMS and PeopleSoft. It further recommends the approval of the Finance Funding approach of using departmental primarily operating budget savings from 2005-2009.

-December 19, 2005 Council adopted 2006-2010 Five Year Capital Program which appropriated \$1,700,000 to the Financial System Upgrade.

-September 1, 2006 Council adopted and the Mayor approves the following:

a) Authorize appropriate City officials to execute a contract with Oracle Corporation to furnish the PeopleSoft financial applications and human resources software components, as well as support and maintenance for a contract total of \$2,438,416.07.

b) Increase the expense appropriation and revenue in the Business information Services Agency by \$1,228,540 consisting of \$950,000 in software, first year software and support of \$209,000 and sales tax.

December 11, 2006 Council adopted 2007-2011 Five Year Capital Program which appropriated \$3,300,000 to the Financial System Upgrade.

January 26, 2007 Council adopted and Mayor approved appropriation increase of \$207,000 for Financial System replacement. The increase was necessary in order to purchase training units from Oracle Corporation.

Reason for procuring a new financial system

The current financial system is ten years old, is becoming technologically obsolete and may not be supported by its vendor in the near future. The Finance department also felt the current system had significant functional deficiencies that would limit or prevent it from achieving its business plan objectives.

Benefits of new system

The new system has web-based capabilities with a state-of-the-art reporting module. In addition, because both products are on the PeopleSoft platform we will be able to fully integrate the two applications. However, the single most important feature of this new system is the Finance Department's ability to leverage it to meet its business plan objectives.

What improvements can users expect?

- **Faster monthly, quarterly and annual closes**
- **Greater and more timely access to financial reports**
- **Scorecard for elected officials and department managers**
- **Side-system & manual process elimination**
- **Business process improvement**
- **Integration with HRIS allowing for enormous amounts of information around labor costs on capital projects, automation of salary & fringe budgeting.**

Budget & Funding

➤ Project Budget

Project Management & BIS Costs	1,300,000
Implementation Cost (Oracle Consulting)	10,750,000
One-Time UNISYS Costs	300,000
Training	400,000
Software	1,200,000
Contingency	650,000
Temporary Space & Misc.	400,000
Total	\$15,000,000

➤ Funding Sources

Finance Department Prepayment 2005-2006	2,800,000
*Ongoing Department Operating Budget Savings 2007-2013	10,000,000
Other (CLIC, Other Dept Contributions)	2,200,000
Total	\$15,000,000

*Budget savings of roughly \$1.5 million per year for seven years; annual savings is 8% of department budget.

The contract with Oracle is expected to begin April 1, 2006 and end June 1, 2009. The contract totals \$9.75 million in fixed pricing and time and materials pricing. An additional \$1 million will cover services for additional functionality that becomes available or not currently specified.