

**CITY OF OAKLAND**  
**AGENDA REPORT**

2007 FEB 15 PM 8:13

TO: Office of the City Administrator  
ATTN: Deborah A. Edgerly  
FROM: Finance and Management Agency  
DATE: February 27, 2007

RE: **A Resolution Authorizing The City Administrator To Enter Into A Professional Services Agreement With Solbourne, Inc, Without A Competitive Request For Proposal/Qualifications Process, To Restore The Critical Mass Change Function To The City's Payroll System In An Amount Not-To-Exceed \$75,000**

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**SUMMARY**

A Resolution has been prepared for City Council approval to retain the services of Solbourne, Inc., without a request for proposal process, to restore to operation a critical payroll function referred to as Mass Change. This payroll function allows the Payroll Division to process large employee group payroll changes. These changes are generally for pay increases as required by new or standing labor contracts. The City of Oakland ("City") is currently negotiating with the Oakland Police Officers Association and will need this functionality to implement any salary increases as well as those already negotiated with other bargaining units (due July 2007).

In 2004, Solbourne performed an Oracle applications upgrade under contract with the City, where they gained a tremendous amount of experience working with Mass Change and other payroll functions. This past experience has provided Solbourne with the knowledge needed to accomplish the restoration of the Mass Change function.

The City regularly receives software patches (i.e. minor upgrades/fixes) for the Oracle Payroll System. Because of these patches, the Mass Change customization no longer functions. The IT staff believes that the failed Mass Change function requires a permanent fix. Because of familiarity with the City's payroll system, contracting with Solbourne, Inc. will ensure an expeditious resolution of this problem.

**FISCAL IMPACT**

Approval of this resolution will authorize the City Administrator to enter into a professional services agreement with Solbourne Inc. in an amount not to exceed \$75,000. The Finance and Management Agency Information Technology Division will appropriate the funds in an amount not-to-exceed \$75,000 from General Purpose General Fund (1010, Systems Operation Unit Org (46331), Data Process Services Account (54211), in the Technology Management Program (IP62). The funds will be used to pay Solbourne, Inc to restore the Mass Change to operation under a Professional Services Agreement.

The IT Division will also identify additional funds in its new fiscal years 2007-2009 budget to eliminate other customizations that are prone to fail as the IT staff continues to meet the

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requirement for updating the Oracle software. The new budget will request the City Council's approval of funding to upgrade the Oracle Business Suite of Applications to Release 12. The upgrade to Release 12 will provide standard Oracle functionality that will make it possible to eliminate all customizations that perform critical functions such as Mass Change. The elimination of customizations will allow IT to meet its Oracle software license obligation to continue installing "software patches" without the risk of a failure to a critical function.

## **BACKGROUND**

The Mass Change function was created as a "customization" when Oracle was initially installed at the City in late 1999, early 2000. A major upgrade to Oracle was performed by Solbourne, Inc. and completed in August 2004. At that time, Solbourne was selected to perform the upgrade through a competitive bidding process. After evaluating the proposals of six (6) vendors, Solbourne was selected as the finalist. Under a Professional Services Agreement, Solbourne performed a full upgrade of the Oracle Financials and HR/Payroll software applications, which included the elimination of customizations where possible. Many customizations were eliminated when Oracle standard program functionality was configured to mimic the functionality provided by the customization. The remaining customizations are subject to malfunction or fail completely as a result of new Oracle software updates and upgrades. These updates and upgrades are necessary to keep our software license up-to-date and to maintain uninterrupted software support and maintenance from Oracle.

During the initial install of the Oracle software in 1999, many program customizations were created to meet the City's unique requirements to perform critical HR/Payroll functions and business processes. Some functionality specific to local government payroll processing was not available in Oracle's standard software until recently. Customizations were therefore built to compensate for any lack of payroll functionality until a standard function within the application became available. The Mass Change function was just one of many customizations created to temporarily serve a unique payroll function.

## **KEY ISSUES AND IMPACTS**

Over the years since 1999, Oracle has required the City to continuously update the HR/Payroll software application with "software patches" that: 1) mend problems that customers have reported before they impact others, 2) modify existing functionality to improve performance and, 3) provide new payroll features. The installations of these "software patches" are necessary to ensure that the City remains eligible for free Oracle software releases as well as maintenance and support. IT staff have made it a practice to install "software patches" to satisfy this requirement. In doing so, many installations of the "software patches" have impacted program customizations by: 1) changing the way the customization is meant to function, or 2) making the customization totally inoperable. Oracle's product policy is to not support customizations to the standard software product that it licenses to customers. Oracle is therefore not obligated under its software license agreement with the City to fix customizations that fail to operate. When a customization is impacted by a "software patch", the IT staff attempts to re-program the customization to restore it to operation. In many cases this band-aid practice has not been successful. Many attempts to re-program the Mass Change customization have failed.

The impact of not having this function operational will mean that the City will not be able to timely process pay increases mandated by new and standing labor agreements. The operation of critical Payroll functions, such as the Mass Change customization must be preserved to ensure accurate and timely employee group pay changes.

**SUSTAINABLE OPPORTUNITIES**

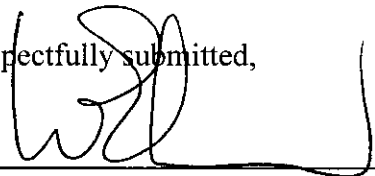
No sustainable opportunities have been identified.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There are no ADA or senior citizen access issues contained in this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council approve the resolution authorizing the City Administrator to enter into a Professional Services Agreement with Solbourne, Inc, without a competitive Request for Proposal/Qualifications process, to restore the critical Mass Change function to the City's Payroll System in an amount not-to-exceed \$75,000. Critical Payroll functions, such as the Mass Change must be restored to full operation to ensure accurate and timely employee group pay changes.

Respectfully submitted,  


William E. Noland  
Director, Financial and Management Agency

Reviewed by:  
Bob Glaze, Chief Technology Officer  
Finance and Management Agency, IT Division

Prepared by:  
Ken Gordon, Project Manager III  
Finance and Management Agency, IT Division

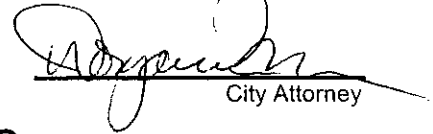
APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:

  
Office of the City Administrator

2007 FEB 15 PM 8:13

# OAKLAND CITY COUNCIL

Approved as to Form and Legality

  
City Attorney

RESOLUTION No. \_\_\_\_\_ C.M.S.

**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH SOLBOURNE, INC, WITHOUT A COMPETITIVE REQUEST FOR PROPOSAL/QUALIFICATIONS PROCESS, TO RESTORE THE CRITICAL MASS CHANGE FUNCTION TO THE CITY'S PAYROLL SYSTEM IN AN AMOUNT NOT-TO-EXCEED SEVENTY FIVE THOUSAND DOLLARS (\$75,000.00)**

**WHEREAS**, the City of Oakland's Finance and Management Agency, Information Technology Division (FMA/IT Division) desires to restore the failed Payroll MASS Change function to full operation; and

**WHEREAS**, the FMA/IT Division has determined that to restore the failed MASS Change function is critical and urgent to the accurate and timely processing of the City's Payroll changes as mandated by labor contracts; and

**WHEREAS**, Solbourne, Inc. has performed similar work under previous contract with the City of Oakland which qualifies them to restore the MASS Change function in a expeditious manner; and

**WHEREAS**, the execution of a Professional Services Agreement with Solbourne, Inc. will provide the City with the consulting services to restore the failed MASS Change function by replacing it with standard Oracle programs that will mimic the functionality of the MASS Change customized programs; and

**WHEREAS**, the FMA/IT Division will appropriate funds in an amount not-to-exceed \$75,000 under funding code General Purpose General Fund (1010, Systems Operation Unit Org (46331), Data Process Services Account (54211), in the Technology Management Program (IP62); and

**WHEREAS**, the City finds that the services provided pursuant to the agreement authorized hereunder are of a professional and technical nature; and

**WHEREAS**, the City finds that this contract shall not result in the loss of employment or salary by any person having permanent status; now, therefore, be it

**RESOLVED:** That the City hereby finds and determines that it is in the best interests of the City to waive Oakland's request for proposal/qualifications process pursuant to Oakland Municipal Code Section 2.04.051.B and authorizes the City Administrator to enter into a Professional Services Agreement with Solbourne, Inc. for restoration of a critical function, the MASS Change Function, to the City's payroll system in an amount not to exceed seventy five thousand dollars (\$75,000.00); and, be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to approve any subsequent amendments to or extensions of the purchase order with the exception of those related to an increase in the purchase price or the allocation of additional funds provided that such amendments or extensions shall be filed with the City Clerk's office; and, be it

**FURTHER RESOLVED:** That the Professional Services Agreement shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution and a copy shall be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California