

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 FEB 28 PM 4:46

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Budget Office and Department of Information
DATE: March 11, 2008

RE: A Resolution Authorizing the City Administrator to Enter Into a Services Agreement with AST Corporation to Provide Consulting Services for the Implementation of the Oracle Public Sector Budgeting Computerized System in an Amount Not to Exceed Five Hundred Twenty Five Thousand Dollars (\$525,000.00), and Appropriating Five Hundred Twenty-Five Thousand Dollars (\$525,000.00) from the Telecommunications Land Fund (1770) Balance to the Telecommunications Land Fund (1770), Capital Improvement Project - Information Technology (94461), Miscellaneous Contract Services (54919), Oracle Public Sector Budgeting (C336510), and Application Development and Administration (IP69)

SUMMARY

A Resolution has been prepared for City Council approval which authorizes the City Administrator to negotiate and execute a Professional Services Agreement with AST Corporation. Under the Agreement, AST Corporation will provide consulting services for implementing Oracle Public Sector Budgeting. The successful execution of Public Sector Budgeting will allow the City's budgeting process to be fully integrated with the current General Ledger and HR/Payroll systems.

Oracle Public Sector Budgeting is an application module included in the City's existing Oracle Corporation E-Business Suite Software License Agreement. Through this agreement, the Department of Information Technology has established the software integration framework and has the necessary hardware infrastructure in place to proceed with the five month implementation process, for a not to exceed cost of \$525,000.

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FISCAL IMPACT

Approval of this resolution will authorize the City Administrator to enter into a professional services agreement with AST Corporation, in an amount not to exceed \$525,000. The resolution also authorizes the City Administrator to appropriate said funds from the Telecommunications Land Use Fund (1770) Balance to the Telecommunications Land Fund (1770), Capital Improvement Project – Information Technology (94461), Miscellaneous Contract Services (54919), Oracle Public Sector Budgeting (C336510), and Application Development and Administration (IP69). These one-time costs will be used exclusively to pay AST Corporation to provide consulting services for the implementation of Oracle Public Sector Budgeting.

When the project is complete, there will be no need to continue renewing the contract between the City of Oakland and CGI-AMS for the existing BRASS budgeting software, beginning in the calendar year 2009. Currently the contract is renewed annually and the City is billed quarterly at a rate of \$14,996.17 for an annual sum of \$59,984.69 (for calendar year 2008). Historically CGI-AMS has increased its maintenance agreement with the City by 5% annually since inception. Given that there is an inflationary increase in the cost to maintain BRASS, if City Council does not provide funding for transitioning to Oracle Public Sector Budgeting, the projected the cost to the City to maintain BRASS for the next five years will be:

Year	Cost
Calendar Year 2009	\$62,984
Calendar Year 2010	\$66,133
Calendar Year 2011	\$69,440
Calendar Year 2012	\$72,912
Calendar Year 2013	\$76,557

Total: \$348,026

There will be no sustained annual costs. The City has already entered into a product support and software upgrade licensing agreement for Oracle Public Sector Budgeting as part of its overall licensing agreement for Oracle E-Business Suite. This agreement requires no additional cost to be expended by the City beyond the initial implementation. There is no need to hire any additional personnel to perform the transition, nor for maintaining the application. The application will pay for itself after seven years, from BRASS contract savings.

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BACKGROUND

Beginning in the summer of 2007, the City Administrator's Budget Office began researching alternative budgeting software from its current BRASS system. Staff looked at several vendors, including CGI-AMS Advantage Performance Budgeting, Questica TeamBudget, and Oracle Public Sector Budgeting. All three vendors provided demonstrations of their modules to City staff. The City of Oakland's Department of Information Technology and the City Administrator's Budget Office determined that Oracle Public Sector Budgeting would be the appropriate software for the City and the benefits of this application are listed in the *Project Description* section of this report.

The City of Oakland's Department of Information Technology submitted a Request For Proposal (RFP) on November 1, 2007 for consulting services regarding the implementation of Oracle Public Sector Budgeting. The public notification was sent out through the "Oracle Certified Implementers" database supplied by the Oracle Corporation. The following firms submitted proposals in response to the RFP: Solbourne, AST Corporation, and Solution Beacon LLC. Each proposal was evaluated by a committee of eight City staff members, one from the City Administrator's Budget Office, one from the Finance and Management Agency and six from the Department of Information Technology. Based on extensive evaluations of the three candidates, two firms were short listed: Solbourne and AST Corporation. Both firms were invited to present their proposals and participate in a question and answer (Q & A) session in the presence of the committee on December 18, 2007. Each firm was judged based on a series of questions and their ability to show specific knowledge of the module and an understanding of the City's specific needs. The committee found that AST Corporation was clearly the most qualified vendor and excelled in the following areas:

- Providing implementation services with little or no disruption to City business
- Establishing a constant presence on-site rather than working from a satellite location, enabling a more efficient knowledge transfer and knowledge base
- A structured approach and methodology that has clearly defined phases, specific deliverables, and measurable performance parameters
- A detailed understanding of the City's budgeting processes and the ability to assess the specific needs of the budget
- A willingness to provide the top consultants in the industry who have a proven track record with successful implementations of Oracle Financials
- Strong reputation for providing high value implementation solutions for the unique needs of public sector organizations

In addition to excelling in these selected areas, AST Corporation will fully comply with the City's twenty percent (20%) participation rate for local and small business vendors.

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KEY ISSUES AND IMPACTS

Because of the time sensitivity of the City's biennial budget, it is imperative that a fully functioning technological platform for budgeting that integrates with Oracle General Ledger and Human Resources/Payroll is in place by the fall of 2008. The Oracle Public Sector Budgeting module will allow the City to employ a modern budgeting system completely supported by the current product support and software updates licensing agreement with the Oracle Corporation. If no action is taken, the City puts itself at risk by continuing with the BRASS system. City staff believes that CGI/AMS will eventually eliminate BRASS from its software offerings, as it moves toward its own web-based budgeting platform. Utilizing the Oracle Public Sector Budgeting module (already purchased by the City) is operationally and fiscally prudent. Once implemented, a fully integrated financial system will generate a positive impact on the entire budget process.

PROJECT DESCRIPTION

Background

The City has utilized the BRASS budgeting software since the FY 1997-99 budget. While it has fulfilled the functional needs of the City since 1997, it remains a software package that has deficiencies. BRASS is a stand-alone desktop application that does not interface with any of the Oracle modules currently in use by the City. In addition, City staff has, on several occasions, been told by CGI-AMS that BRASS will no longer be supported in the near-term, as they, along with most public sector budgeting modules, move to a completely new and unrelated internet-based application. This gives the City a prime opportunity to integrate its budget software and process with the Oracle Financials package. City staff chose Oracle for the following reasons:

- The module is easy to use and the system implementation is easier than many other applications. Based on the estimated schedule, the time frame from project start to completion is five months.
- It improves financial controls; the program can be administered centrally or de-centrally or variations in between.
- It will simplify inputs to the budget process.
- It will maximize efficiencies and reduce calendar time in the budget process.
- Training new users will be simplified, as users currently using Oracle Financials will be familiar with the interface.
- The module can access data already in use with Oracle Financials, such as previous year budgets, prior year actuals, and project accounting.
- It easily integrates data from the General Ledger and Human Resources/Payroll applications to prepare a baseline budget and can update these same applications when the budget is adopted.
- It allows budget managers to prepare their worksheets either on-line or off-line.
- It takes advantage of workflow to notify budget managers of worksheet actions.

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- It works with Oracle's report writing and user training tools/programs.

City staff took a two-pronged approach to gauge outside agency satisfaction with the program. First, staff visited two sites, Washington County, Oregon and Clark County, Washington, and witnessed first-hand how Oracle Public Sector Budgeting is used in conjunction with the other Oracle E-Business Suite applications. Secondly, staff also interviewed vendor references in Polk County, Florida and North Las Vegas, Nevada and asked these organizations how the transition from a stand-alone, third-party budgeting module compared to an integrated Oracle application. Staff found a high level of satisfaction with the application and comments that echo those listed above.

Objectives

The main criterion for success and, therefore, the main objective of the implementation is to have a fully-functional budgeting module that is integrated with Oracle General Ledger and Oracle Human Resources/Payroll. Other objectives include:

- Fully implement the module with all ancillary components, including testing and training within five months and be "live" in time for the beginning of the FY 2009-11 budget process
- Ensure that the daily service the City provides will not be interrupted by the transition
- Support the needs of over 100 unique budget module users and incorporate their feedback

Methodology

The methodology's main objective is to provide standard methods and guidelines to ensure that the City's project is conducted in a disciplined, proven, well-managed, and consistent manner. The use of a proven methodology with measurable milestones is the key to administering the project success. Major deliverables include:

- Provide guidelines on how the City and AST Corporation will work together to achieve the common project objectives
- Document business requirements and product gaps
- Update the project schedule with details
- Create application configuration documents
- Test the application solution in a "Conference Room" environment
- Data conversion strategy
- Outline strategy for interfaces with non-Oracle systems, such as BRASS and Microsoft Excel
- Create a comprehensive testing strategy and plan
- Perform integration and final user acceptance testing
- Prepare training materials
- Plan for production transition
- Implement Public Sector Budgeting and provide post-production support

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Organizational Structure

The organizational structure for the implementation of Oracle Public Sector Budgeting will consist of three outside consultants (one project manager, one Public Sector Budgeting lead, one technical lead), one project manager from the Department of Information Technology, one project manager from The City Administrator's Budget Office and technical support from the Department of Information Technology.

All consultants assigned to this project are "Oracle Certified Implementers," and have worked on multiple public sector projects. Each of the proposed personnel has at least five (5) years of Oracle E-Business Suite experience and has worked on at least ten (10) Oracle implementations including at least three projects for public sector agencies.

The project team will be driven by the following principles:

- The module will be fully implemented on time and on budget.
- AST Corporation and City staff will work on-site and perform as a cohesive team.
- Whenever possible, City staff and AST Corporation will promote open communication and every stakeholder must be heard.
- Success will come from working within the existing administrative and policy structure of the City of Oakland to achieve the goals.

SUSTAINABLE OPPORTUNITIES

Economic: Implementation on this project provides the opportunity to hire local business resources when possible.

Environmental: There will be minimal environmental impact on making the technological transformation. It is likely that there will be efficiencies in workflow distribution and making the City of Oakland a paperless organization.

Social Equity: The ability to use the newest and one of the most powerful financial tools for the public sector will allow employees to utilize better reporting.

DISABILITY AND SENIOR CITIZEN ACCESS

Activities will be subject to all applicable accessibility standards under Title 24 and the Americans with Disabilities Act and Older Americans Act.


RECOMMENDATION AND RATIONALE

Staff requests that the City Council authorize the City Administrator to enter into a Professional Services Agreement with AST Corporation to provide consulting services in the implementation of Oracle Public Sector Budgeting for a not-to-exceed amount of \$525,000. Approval of the Professional Service Agreement will allow the City to complete this project before the FY 2009-11 budget process begins in mid-October.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council authorize the City Administrator to enter into a Professional Services Agreement with AST Corporation to provide consulting services in the implementation of Oracle Public Sector Budgeting for a not-to-exceed amount of \$525,000.

Respectfully Submitted,



Bob Glaze, Director, Department of Information Technology

Respectfully Submitted,



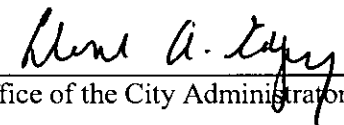
Sarah Schlenk, Budget Director, City Administrator's Budget Office

Advisor:

Ken Gordon, Division Manager,
Department of Information Technology

Corey Neeld, City Administrator's Budget
Office

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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OFFICE OF THE CITY CLERK
CITY OF OAKLAND**OAKLAND CITY COUNCIL**

 Oakland City Attorney's Office

2008 FEB 28 PM 1:16

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A SERVICES AGREEMENT WITH AST CORPORATION TO PROVIDE CONSULTING SERVICES FOR THE IMPLEMENTATION OF THE ORACLE PUBLIC SECTOR BUDGETING COMPUTERIZED SYSTEM IN AN AMOUNT NOT-TO-EXCEED FIVE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$525,000.00), AND APPROPRIATING FIVE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$525,000.00) FROM THE TELECOMMUNICATIONS LAND FUND (1770) BALANCE TO THE TELECOMMUNICATIONS LAND USE FUND (1770), CAPITAL IMPROVEMENT PROJECT – INFORMATION TECHNOLOGY (94461), MISCELLANEOUS CONTRACT SERVICES (54919), ORACLE PUBLIC SECTOR BUDGETING (C336510), AND APPLICATION DEVELOPMENT AND ADMINISTRATION (IP69)

WHEREAS, the City of Oakland lacks the technical resources and familiarity with the Oracle Public Sector Budget module to perform the implementation of the Oracle Public Sector Budgeting computerized system; and

WHEREAS, pursuant to Oakland Municipal Code Section 2.04.051 the City of Oakland solicited proposals for technical services to accomplish the above project implementation through a Request for Proposals/Qualifications process; and

WHEREAS, the committee for the Request for Proposal process has identified and recommended the most qualified vendor, AST Corporation, to perform the services needed to implement the Oracle Public Sector Budgeting computerized system; and

WHEREAS, the City Council finds and determines that the Oracle Public Sector Budgeting computerized system implementation services is in the public interest, benefits the economy, and represents a positive step toward future technological benefits to the City of Oakland constituents and associates; and

WHEREAS, the City Council finds that the services are professional, scientific or technical and temporary in nature; and

WHEREAS, the City Council finds and determines that the performance of the Oracle Public Sector Budgeting implementation work under the services agreement approved hereunder shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, sufficient funds are available within the Telecommunications Land Fund (1770) to support this project; and

WHEREAS, the City Council finds that the services are exempt from competitive bidding requirements of Oakland Municipal Code 2.04.050.A pursuant to the exceptions set forth in Section 2.04.050 I of the Oakland Municipal Code; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator or his/her designee to enter into a services agreement with AST Corporation to provide consulting services for the implementation of the Oracle Public Sector Budgeting computerized system in an amount not to exceed five hundred twenty five thousand dollars (\$525,000.00); and be it

FURTHER RESOLVED: The City Council authorizes the City Administrator to appropriate up to \$525,000.00 from the Telecommunications Land Use Fund (1770) Balance to the Telecommunications Land Use Fund (1770), Capital Improvement Project – Information Technology (94461), Miscellaneous Contract Services (54919), Oracle Public Sector Budgeting (C336510), and Application Development and Administration (IP69).

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

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