



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2014 NOV -6 AM 10:45 **AGENDA REPORT**

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Kiran Bawa

SUBJECT: New General Purpose Fund (GPF) Proposed
FY 2014-15 Appropriations - Supplemental

DATE: November 3, 2014

City Administrator *Jerry L. Gardner* Date *11-6-2014*
Approval *D.H. 11/11/14*

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council approve a resolution to appropriate undesignated General Purpose Fund (GPF) balance resulting from FY 2013-14 unaudited year-end results:

Resolution Amending the City of Oakland's FY 2013-15 Biennial Budget, which was Adopted Pursuant to Resolution No. 84466 C.M.S. on June 27, 2013 and Amended by Resolution 84897 C.M.S. on March 18, 2014, and Further Amended by Resolution No. 85085 C.M.S. on July 1, 2014 to (1) Appropriate FY 2014-15 GPF Expenditures in an Amount not to Exceed \$6,832,586 as Detailed in Exhibit 1; and (2) Increase General Purpose Fund Reserve in an Amount of \$414,301.

REASON FOR SUPPLEMENTAL

The Supplemental Report provides additional information requested by the Finance and Management Committee at its October 28, 2014 meeting, and also corrects the GPF reserve amount, which was referenced incorrectly in the prior report. A corrected resolution was prepared for this Special Committee meeting.

SUMMARY

At its October 28, 2014 meeting, the Finance and Management Committee requested – 1) clarity on the origins of the requested appropriations; and 2) update on the Oracle R12 Upgrade project.

- 1) A number of critical funding needs totaling \$6,832,586 have been identified that requires an appropriation from the FY 2013-14 estimated General Purpose Fund (GPF) year-end fund balance of \$11.25 million in accordance with the FY 2013-14 Fourth Quarter Revenue & Expenditure report.

Item: _____
Finance and Management Committee
November 12, 2014

As requested by the Finance and Management Committee on October 28, 2014, below is a chart that provides additional information on each requested appropriation and specifically identifies the impetus of each requested appropriation. This information was also included in the original staff report in a narrative form.

Appropriated General Purpose Fund (GPF) Expenditures	Amount	Notes
Election Costs	\$1,000,000	Funding need identified in the FY 2014-15 Midcycle Budget Report (Pg 11, Legistar File #13-0540-1)
Internal Personnel Assessment System Phase 2 (IPAS2)	\$ 887,500	Funding need identified in the IPAS2 staff report (Pgs 6 & 8, Legistar File #14-0064)
Oracle Release 12 Upgrade	\$1,299,820	New request based on project delays and additional system needs
Accelerate 172nd Academy to April 2015	\$ 984,687	Funding need identified in the OPD Monthly Staffing Report (as of August 31, 2014) (Pg 2, Legistar File #07-1080-61)
Fund 173rd Academy recruitment & background expenses	\$ 400,000	New appropriation based on Acceleration of 172nd Academy
Vegetation Inspector (1.0 FTE for 6 months)	\$ 52,000	Resolution #85085 C M S (FY 2014-15 Midcycle Budget)
Unaccompanied Minors	\$ 200,000	Resolution #85151 C M S
EBRCSA Transition	\$ 200,000	Funding need identified in the ITD EBRCSA staff report (Pg 14, Legistar File #13-0546) & EBRCSA informational status report (Pg 5, Legistar File #14-0124)
Disparity Study	\$ 500,000	Study mandated by the City Charter \$200K was appropriated as part of the FY 2014-15 Midcycle Budget (Resolution #85085 C M S) but additional funding required
Library Reserve	\$ 114,845	Funding need identified in FY 2014-15 Midcycle Budget ERRATA #1 and during deliberations (Legistar File # 13-0540-1)
Self Insurance Liability Fund (Pay down Neg Fund Balance)	\$1,193,734	New appropriation based on negative fund balance
Expenditure Adjustments Total	\$6,832,586	
7.5% GPF Reserve	Amount	Notes
7.5% GPF Reserve	\$ 414,301	GPF Reserve Policy (Ordinance 13170 C M S)
Grand Total	\$7,246,887	

2) Attachment A provides an update on the Oracle R12 Upgrade project including a scope of the project, milestones timeline and justification for an additional funding request of \$1.3 million prior to the FY 2015-17 Budget appropriations.

PUBLIC OUTREACH/INTEREST

Item: _____
 Finance and Management Committee
 November 12, 2014

Not applicable.

COORDINATION

Not applicable.

COST SUMMARY/IMPLICATIONS

The proposed expenditures of \$6,832,586 include an \$114,845 appropriation for the Library Reserve and \$1.2 million to pay down the negative fund balance in the Self Insurance Liability Fund. Approval of this action will require an additional appropriation to the 7.5% GPF reserve equal to \$414,301.

SUSTAINABLE OPPORTUNITIES

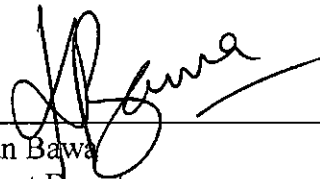
Economic: None.

Environmental: None.

Social Equity: None.

For questions regarding this report, please contact Kiran Bawa, Budget Director, at (510) 238-3671.

Respectfully submitted,



Kiran Bawa
Budget Director

Prepared By
Michael K. Kek, Assistant to the City Administrator
City Administrator's Office

Attachments:

A. Update on Oracle R12 Upgrade Project

New General Purpose Fund Proposed FY 2014-15 Appropriations Resolution
Exhibit 1: FY 2014-15 Amendments to General Purpose Fund.

Item: _____
Finance and Management Committee
November 12, 2014

Oracle R12 Upgrade Project

Summary

The City's existing Oracle Enterprise Business Suite (EBS) Software Release 11i was scheduled to be de-supported by Oracle Capital Corporation after December 31, 2014. In order to continue the City's basic financial reporting and processing, an upgrade to the Oracle R12 was undertaken in March 2014. The Oracle R12 Upgrade project has experienced a number of unanticipated delays and the go live date has subsequently been revised. An additional \$13 million in funding is needed to address Oracle R12-related unanticipated hardware needs, training, and additional temporary professional services. As the go-live date is being revised, it is unclear what additional fiscal resources may be required as staff assesses a new timeline.

Objective

The objective of the Oracle R12 upgrade project is and has always been to provide a stable and enhanced financial, procurement and human resources environment to the users of the City of Oakland. Inherent in that objective is the unalterable commitment that the quality of the new upgraded environment will meet certain high standards in terms of data integrity and business process improvements while mitigating the risk attached to major process change. The following were the key decision factors and objectives in undertaking the Oracle R12 Upgrade Project

- Update existing Oracle applications to the latest version release due to imminent de-support of existing production version
- Add additional Oracle applications to enhance existing business process capabilities
- Modify existing business processes to reduce manual and redundant data processing activities, limitations to current financial reporting and weaknesses in existing internal controls
- Upgrade existing technical infrastructure that had become outdated due to the lack of needed periodic enhancements

Project Scope

As part of the R12 upgrade, the City is implementing new features and software application modules to improve business processes in finance, benefits, debt collections, grants and project accounting management. It will consolidate and upgrade two separate electronic document management systems, providing an enterprise level document management platform that will support the city's requirement for long term electronic document storage and retrieval at a lower cost.

The full scope of the Oracle R12 project entails:

- Upgrade to the latest version of the following existing R11 Oracle Applications
 - General Ledger
 - Cash Management
 - Accounts Payable
 - Accounts Receivable
 - Projects Accounting
 - Purchasing
 - iProcurement
 - iSupplier
 - Sourcing
 - Human Resources
 - Payroll
 - Oracle Time and Labor

- Implement new R12 Oracle Applications and Tools
 - Grants Accounting
 - Advanced Collections
 - Advanced Benefits
 - Self Service Manager and Employee Human Resources
 - Business Intelligence
 - Web Center
 - AP Automation
 - Single Sign On
 - Service Oriented Architecture

- Install new hardware
 - Exadata
 - Exalogic
 - Exalytics

- Post Production Support

- Project Team Training and Delivery of Training Materials

Project Time Line

- Planned Project Start – July 2013
- Actual Project Start – March 2014
- Planned Project Go-Live – September 2014
- First Revised Project Go Live – November 2014
- Second Revised Project Go Live – TBD

Justification for \$1.3 Million Additional Funding Request

The request for additional funding incorporates the following:

Sierra Systems Extension to November 19 th	\$ 462,000
Non Oracle City Hardware Infrastructure	\$ 417,729
Overtime City Testers	\$ 150,000
Training	\$ 125,000
Temporary Services	\$ 145,091
Total	\$1,299,820

Hardware and Software Maintenance:

Software: The new Oracle R12 Software is the latest platform and was released on September 2013. Since this is the latest software, Oracle has guaranteed support for this software through September 2021. Oracle has not published a desupport date beyond the year 2021.

Oracle E-Business Suite Releases

Release	GA Date	Premier Support Ends	Extended Support Ends
11.5.10	Nov 2004	Nov 2010	Nov 2013*
12	Jan 2007	Jan 2012**	Jan 2015
12.1	May 2009	Dec 2016**	Dec 2019
12.2	Sep 2013	Sep 2018	Sep 2021

Hardware: The new Exadata, Exalogic and Exalytics hardware is owned by the City, and has a five year lifecycle, with extended support so long as the yearly maintenance fees are paid by the City to Oracle. The hardware consists of any and all technical support and hardware replacement as needed.

Professional Services Warranty: Sierra Systems provides post implementation support for a period of 4 weeks post go live

FILED
OFFICE OF THE CITY CLERK
OAKLAND


City Attorney

2014 NOV -6 AM 10:45

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2013-15 BIENNIAL BUDGET, WHICH WAS ADOPTED PURSUANT TO RESOLUTION NO. 84466 C.M.S. ON JUNE 27, 2013 AND AMENDED BY RESOLUTION 84897 C.M.S. ON MARCH 18, 2014, AND FURTHER AMENDED BY RESOLUTION NO. 85085 C.M.S. ON JULY 1, 2014 TO: (1) APPROPRIATE FY 2014-15 GENERAL PURPOSE FUND EXPENDITURES IN AN AMOUNT NOT TO EXCEED \$6,832,586 AS DETAILED IN EXHIBIT 1; AND (2) INCREASE GENERAL PURPOSE FUND RESERVE IN AN AMOUNT OF \$414,301

WHEREAS, on July 1, 2014, the City Council adopted the FY 2014-15 Midcycle Policy Budget (Resolution 85085 C.M.S.), which authorized appropriations of \$493,709,824 in FY 2014-15 in the General Purpose Fund; and

WHEREAS, the projections in the FY 2014-15 Midcycle Policy budget were based upon the FY 2013-14 Third Quarter Revenue and Expenditure Report; and

WHEREAS, the FY 2013-14 Fourth Quarter Revenue and Expenditure Report projects that there is undesignated and un-appropriated fund balance in the General Purpose Fund in the amount equal to \$11.25 million ; and

WHEREAS, staff has identified additional expenditures that will require appropriations if the City is to continue to provide current services, complete projects that are already initiated, perform critical information technology upgrades, and fulfill the policy directives established by the City Council; therefore be it

RESOLVED: That the Oakland City Council, hereby authorizes the City Administrator to amend the Fiscal Year 2014-15 budget and appropriate additional expenditures in an amount not to exceed \$6,832,586 plus a \$414,301 increase to the General Purpose Fund Reserve as detailed in Exhibit 1.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

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

Exhibit 1

Appropriated General Purpose Fund (GPF) Expenditures		
Election Costs	\$	1,000,000
Internal Personnel Assessment System Phase 2 (IPAS2)	\$	887,500
Oracle Release 12 Upgrade	\$	1,299,820
Accelerate 172nd Academy to April 2015	\$	984,687
Fund 173rd Academy recruitment & background expenses	\$	400,000
Vegetation Inspector (1.0 FTE for 6 months)	\$	52,000
Unaccompanied Minors	\$	200,000
EBRCSA Transition	\$	200,000
Disparity Study	\$	500,000
Library Reserve	\$	114,845
Self Insurance Liability Fund (Pay down Neg. Fund Balance)	\$	1,193,734
Expenditure Adjustments Total	\$	6,832,586

7.5% GPF Reserve		
7.5% GPF Reserve	\$	414,301
Grand Total	\$	7,246,887