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OFFICE OF THE CITY CLERK  
OAKLAND

2015 SEP 11 AM 9:12 **AGENDA REPORT**

**TO:** Sabrina B. Landreth  
CITY ADMINISTRATOR

**FROM:** Katano Kasaine

**SUBJECT:** IT Projects & Financing

**DATE:** August 24, 2015

City Administrator  
Approval

Date

9/10/15

**COUNCIL DISTRICT:** City-Wide

**RECOMMENDATION**

Staff recommends that the City Council approve a resolution:

1. Authorizing the City Administrator or designee to execute a master lease agreement(s) with IBM Credit LLC for financing not to exceed an amount of \$17,000,000, a term of 7 years and an interest rate of 3.5% tax exempt and/or 5.5% taxable; and waiving competitive selection requirements for the financing agreement(s).

Proceeds of the financing will fund:

- A. Fiscal Year (FY) 2015-16 Operations and Maintenance for information technology system; and
  - B. Upgrading/implementing the Oracle systems including hardware, software, professional services, support and maintenance; and
  - C. Implementing a new municipal budgeting system including hardware, software, professional services, support and maintenance; and
  - D. Commencing replacement and improvement of 9-1-1 public safety systems including hardware, software, professional services, support and maintenance.
2. Approving the recommendations of the City Administrator for the award of contracts to provide professional services to upgrade/implement the Oracle systems and to implement a new municipal budgeting system (projects 1(B) and 1(C) above) based on the results of the competitive selection process; and authorizing the City Administrator or designee to negotiate and enter into professional services contracts with the approved firms.

Item: \_\_\_\_\_  
Finance Committee  
September 15, 2015

## **OUTCOME**

Approval of the resolution will authorize financing with IBM Credit LLC for an amount not to exceed \$17,000,000 to provide funding for (1) Current information technology systems operations and maintenance, (2) Upgrading/implementing the Oracle systems including hardware, software, professional services, support and maintenance, (3) Implementing a new municipal budgeting system including hardware, software, professional services, support and maintenance, and (4) Replacing and improving 9-1-1 public safety systems including hardware, software, professional services, support and maintenance.

In addition, approval of the resolution will approve award of contracts for professional services to upgrade/implement the Oracle systems and to implement a new municipal budgeting system and authorize the City Administrator or designee to negotiate and enter into contracts with the approved firms.

## **EXECUTIVE SUMMARY**

The City's Information Technology (IT) infrastructure is the underlying foundation that ties multiple departments and agencies together and that provides mission-critical tools to the City workforce – tools that are integral to providing many of the City's basic services to citizens, staff and other constituents.

Over the last several years, budgetary constraints have prevented many Capital Improvement Plan ("CIP") project requests for information technology infrastructure from being funded, leading to deferred maintenance on many of these critical systems. In some cases, such as with the Oracle system and with several components of the 9-1-1 public safety system, the City is using software and related infrastructure that is no longer sold or supported by the vendor. The result is a very unstable environment and greatly increased risk to the City in the event of a system outage or other major problems.

Clearly, the City is at a critical juncture regarding many of its most important IT systems. To provide a means for the City to address these acute needs, staff developed a budgeting/financing structure to provide sufficient resources to make considerable progress in modernizing the most critical elements of the City's aging IT infrastructure. The key element of this structure is a master lease agreement (the "Master Lease") with IBM Credit LLC ("IBM Credit") in a principal amount not to exceed \$17,000,000 that will provide financing for one-time renewal of on-going yearly information technology systems operations and maintenance agreements, professional services for the Oracle system upgrade/implementation, municipal budgeting system, and seed money for software, hardware and professional services to commence the process of replacing the City's aging 9-1-1 public safety system.

The City issued requests for proposals and is in the evaluation phase to award contracts for the upgrade/implementation of Oracle E-Business Suite ("EBS"), implementation of Oracle

infrastructure, implementation of a municipal budgeting system and replacement 9-1-1 public safety system. Due to the urgency of implementing these currently unsupported systems, staff seeks approval of award of system integrator consulting services contracts to BIAS Corporation for the Oracle Infrastructure, [Applications Software Technology Corporation/Questica Inc./Sherpa Government Solutions LLC] for the municipal budgeting system, and [Applications Software Technology Corporation/ BIAS Corporation /IBM Corporation] for Oracle EBS applications. The above firms were selected as a result of a competitive selection process by external and internal evaluators.

### **BACKGROUND/LEGISLATIVE HISTORY**

Historically, the ongoing operations and maintenance agreements for core information technology (“IT”) systems have been funded through a combination of Oakland Redevelopment Agency (“ORA”) funds, General Purpose Fund funding, and other one-time monies. With the dissolution of the ORA and lack of sufficient one-time monies, little remains to fund standard operations and maintenance agreements for core IT systems. Additionally, over the last several years, budgetary constraints have prevented many of the Capital Improvement Plan (“CIP”) project requests from being funded, further restricting the City’s ability to address critical IT infrastructure needs.

This report addresses the need to fund current IT operations and maintenance agreements for a period of one year during which the City budget staff will develop a system to charge these costs through internal service funds (ISF) beginning fiscal year 2016-2017 and thereafter. It also outlines a means to advance the most crucial and time-sensitive CIP projects for these currently at-risk systems – the Oracle system upgrade/implementation, the implementation of the municipal budgeting system and replacement of the City’s 9-1-1 public safety systems. The current funding request will only be used as the seed money to initiate the 9-1-1 public safety systems replacement project. Staff will return to the City Council with additional funding requests for this mission critical public safety systems project and approval of selected vendor as a result of a competitive selection process.

### **ANALYSIS**

To provide a means to address the City’s acute needs, staff developed a financing structure to provide the necessary funding to continue functionality of core IT systems and make considerable progress in modernizing the most critical elements of the City’s aging IT infrastructure. The financing structure consists of a Master Lease with IBM Credit which will provide funding for FY 2015-16 IT systems operations and maintenance agreements as well as hardware, software, professional services and support agreements to upgrade/implement the Oracle systems, implement the municipal budgeting system, and commence the replacement of the 9-1-1 public safety system.

Due to the complexity of financing IT projects consisting primarily of intangible assets such as software licenses, maintenance and support agreements, and professional services contracts,

there is an extremely limited universe of lenders willing or able to finance such projects. Staff conducted an informal survey of prospective lenders and IBM Credit was identified as the only lender offering financing for such IT projects. IBM Credit specializes in financing such projects through master lease agreements. The City successfully (i.e. cost effectively and efficiently) financed similar IT projects through IBM Credit in 2013 and 2014 per Resolution No. 84579 C.M.S. IBM Credit has conditionally preapproved the City’s credit, is familiar with the City’s IT projects and is willing to accept the City’s standard legal agreements. These factors contribute to IBM Credit’s ability to expeditiously meet the City’s immediate need for funding in order to continue functionality of core IT systems and address critical IT infrastructure needs.

Given the City’s past budgetary challenges and related deferral of critical expenditures, some of the City’s most crucial IT systems are approaching (or have passed) their commercial end-of-supported-life and soon will no longer be supported by their vendors (in some cases this has already happened). This represents an unacceptable risk to the ongoing operations of the City and thus needs to be addressed as a matter of urgency. In particular, the City’s ability to produce financial reporting, process payroll, manage budgets and conduct mission-critical public safety operations are all at risk. Many other systems that are also an integral part of day-to-day operations and service delivery are similarly at risk due to the lack of funding for annual IT operations and maintenance (e.g., entering into annual support and maintenance contracts with software vendors for these various systems).

To mitigate these risks, the City needs to enter into contracts to upgrade or replace these systems as quickly as possible. In addition, many other critical systems that are part of the City’s IT infrastructure will receive no vendor support unless the City funds contracts for annual maintenance and/or minor enhancements with the related vendors. The systems summarized below are the most at-risk systems in critical need of upgrade or replacement.

*RFP Results*

With the support of the Department of Contracts and Compliance (the “DCC”) and in accordance with the City’s competitive selection process requirements, the Information Technology Department (the “ITD”) issued several requests for proposals (“RFP”) for professional services in relation to the Oracle R12 upgrade/implementation and Budgeting System.

The City received six proposals for Oracle EBS System Integrator (the “SI”), four proposals for Infrastructure SI and eight proposals for Budgeting System SI. The proposers were ranked by the evaluation panel on criteria including a firm’s qualifications, professionals’ expertise, relevant experience, project approach and references. The short-listed firms below in Table 1 received the highest scores and were invited to participate in interviews.

Table 1: Short-Listed & Recommended Firms

Role	Short-Listed Firms (Alphabetical)
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Role	Short-Listed Firms (Alphabetical)
SI for Oracle EBS	AST, BIAS, IBM Corp
SI for Infrastructure	BIAS, Cherry Road, IBM Corp
SI for Budgeting System	AST, Questica, Sherpa

At the time of the writing of this report, the City is evaluating firms to serve as SI's for the Oracle R12 upgrade/implementation & Infrastructure Projects and Budgeting System Project. The evaluation panels include internal and external evaluators. Table 2 is a brief timeline of the selection process.

Table 2: RFP Timeline

Role	RFP Issued	Proposals Due	Interviews of Short-Listed Firms	Council Approves [Conditional] Award	Est. Project Start Date
Oracle EBS SI	7/8/2015	8/17/2015	9/16/2015	9/22/2015	10/19/2015
Infrastructure SI	7/24/2015	8/21/2015	9/3/2015	9/22/2015	10/5/2015
Budgeting System SI	7/8/2015	8/17/2015	9/10/2015	9/22/2015	10/5/2015

Based on the results of the interviews of short-listed firms, BIAS Corporation has been recommended for Oracle Infrastructure, [Applications Software Technology Corporation/ Questica Inc./ Sherpa Government Solutions LLC] for the budgeting system and [Applications Software Technology Corporation/ BIAS Corporation/ IBM Corporation] for Oracle EBS.

Award of the contracts as described above is conditional on agreement as to contract terms within a reasonable time frame. Contracts will be negotiated and executed by the City Administrator or designee working in cooperation with the DCC and Office of the City Attorney (the "OCA").

Due to the condensed timeframe in which these critical projects must be completed, time is of the essence and it is of utmost importance that the SI contracts proceed as expeditiously as possible in order to allow for the projects to progress. **Please see timeline in Attachment A.**

*Projects:*

**Oracle R12 & Infrastructure Project**

*Background:*

The City's Oracle EBS applications were last upgraded in 2007 to Release 11.5.10 ("R11i"). R11i has since reached its end-of-life cycle and was de-supported by Oracle in December 2014. The City attempted to upgrade Oracle EBS in 2013-14 but was unable to complete the upgrade for various reasons. As noted below, the Project Manager selected in spring 2015 conducted an assessment of the current state of the Oracle EBS.

The Oracle EBS assessment highlighted a series of issues and recommendations for the City to adopt. Most importantly, the assessment highlighted the fact that the City never decoupled complex custom processes from Oracle where standard functionality is now available (resulting in increased costs for the City). The report also highlighted the fact that City lacked the necessary resources to maintain these systems. Finally, the report highlighted the fact that very little, if any, of the work from the previously attempted work in 2013-14 can be salvaged to upgrade Oracle EBS suite going forward.

With the upgrade or reimplementation, the City will implement much stronger reporting capabilities through new reporting tools like Oracle OBIEE & OBIA, to provide City staff deeper insights while reducing workload. The City will also start managing grants in Oracle Grants module, which seamlessly integrates with the rest of the system. Along with Oracle Grants, the project will transform City operations to a more project centric format allowing for improved visibility to financial performance, removal of unnecessary customizations, and maximized data quality.

The City's Information Technology Oracle infrastructure is not optimally functional because it has been under-resourced for years. In conjunction with upgrading the EBS software, the City must also begin to upgrade the underlying infrastructure technology that enables the City's business operations.

To address the underlying Oracle Information Technology related issues, the City has issued an RFP to solicit qualified vendors to bid on Oracle Infrastructure Remediation. The Information Technology Department has identified and segregated the work in the following categories:

- Resolving Network and Security issues to allow information traffic to flow uninterrupted with the correct security layers
- The creation of the correct number of "environments" to support the various testing efforts required to upgrade \ support the Oracle upgrade or reimplementation effort
- Providing technical experts to support the upgrade or reimplementation effort since the City lacks the expertise internally

*Project time-line:*

Oracle originally granted the City a one year extension of support to facilitate the original Release 12 ("R12") upgrade through December 2015. After the initial project was unable to complete, Oracle has allowed the City one final extension of support which expires in December of 2016. **This extension of support is the second and last extension that will be granted by Oracle.** According to Oracle, there are only three cities in the country that have not upgraded to R12. The City must upgrade its Oracle EBS applications to R12 before December 2016 to continue critical operations in financial reporting and transaction processing (including payroll processing).

In May 2015, the City issued an RFP to conduct an assessment on the current state of the Oracle EBS as well as the identification of a Project Manager who will represent the City during the upgrade/reimplementation project. Additionally, the Project Manager selected was responsible for creating RFPs for the upgrade/reimplementation project.

The City has since issued two RFPs for firms to serve as system integrators. The first to upgrade or re-implement Oracle EBS, and the second to address Information Technology Infrastructure issues for the City. In addition to the RFPs, the Project Manager conducted an assessment of the City’s current state Oracle EBS footprint identifying what, if any, components of the previous system integrator’s (“SI”) work can be leveraged in any future work.

The project includes an upgrade of the City’s Oracle EBS applications to R12, implementation of new Oracle EBS functionalities, and replacement of underlying hardware and operating system platforms. The following Table 3 lists tasks and applications included in the project.

Table 3: Project Tasks and Applications

	Pre-Implementation	Phase 1	Phase 2
<b>Oracle EBS</b>	<ul style="list-style-type: none"> <li>- Assessment</li> <li>- Functional design</li> <li>- RFP for professional services</li> </ul>	<ul style="list-style-type: none"> <li>- Financials</li> <li>- Projects and Grants</li> <li>- HCM incl. Payroll</li> <li>- Procurement</li> <li>- Reporting</li> <li>- Advanced Collections</li> <li>- Business Intelligence</li> <li>- WebCenter design</li> </ul>	<ul style="list-style-type: none"> <li>- Financials: iExpense, EBTax</li> <li>- HCM: Advanced Benefits</li> <li>- Procurement – Inventory, Supplier database</li> <li>- Business Intelligence</li> <li>- WebCenter</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>- Network architecture</li> <li>- Equipment remediation</li> <li>- Oracle implementation support</li> <li>- Identity Management</li> <li>- SOA</li> <li>- RFP for professional services</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of network, equipment, security, data center, disaster recovery, procedures, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of select recommendations from analysis</li> </ul>
<b>Budgeting</b>	<ul style="list-style-type: none"> <li>- RFP for professional services and related software</li> </ul>	<ul style="list-style-type: none"> <li>- Design and implementation of Budgeting system</li> </ul>	<ul style="list-style-type: none"> <li>-</li> </ul>

After the City’s initial attempt was canceled in December 2014, it is critical that this project progress as expeditiously as possible in order to meet the end-of-support deadline of December 2016 and avoid disruptions to the City’s day-to-day operations.

*Budgeting System*

The City currently uses Oracle Public Sector Budgeting, which has not received enhancements or fixes from Oracle since 2011. The City's current public sector budgeting system is obsolete and is no longer supported by Oracle, and will not be compatible with the Oracle systems upgrade. The City must replace Oracle Public Sector Budgeting with a new public sector budgeting system, and schedule the implementation of the project in the same time frame as the Oracle R12.2 implementation in order to be able to facilitate the next full budget cycle in the new system. Without a new budget system, the budget development process would be entirely manual which is not feasible. The public sector budgeting system is a sub-project of the Oracle R12 & Infrastructure Project. ITD has issued an RFP for system selection and a system integrator to implement the system.

### *Public Safety -- 911 CAD/RMS Upgrade*

The current 9-1-1 public safety system includes a Computer-Aided Dispatch ("CAD") system, police and fire Records Management Systems (RMS), Fire Station Alerting System, and Mobile & Field Based Reporting ("FBR") components - all of which must be replaced. Most of the software elements of these systems are obsolete and the components are no longer being sold or enhanced by their vendors. Replacements for related hardware are no longer available. This represents an unacceptable risk to public safety. For example:

- The underlying hardware infrastructure for the CAD system is no longer being supported or maintained by the vendor. Should it fail, the operations of the City's two 9-1-1 dispatch centers would be severely curtailed for weeks or even months while replacement hardware was procured, configured and replacement CAD software was installed and tested. Such a prolonged period of 9-1-1 dispatch center downtime would wreak havoc with the City's public safety services putting both first responders and citizens at risk.
- The current fire station alerting system is supposed to provide automatic notification to affected fire stations when their units are being dispatched. Currently the system fails on a regular basis requiring manual phone calls to the fire stations.
- The current FBR system was acquired by its current owner from another company and the new owner has not indicated an interest in enhancing the product and has only assigned one person to support the system. Along with providing functionality to record police incident and traffic accident information, the FBR system is also the critical tool for collection Stop Data.

Replacing the City's 9-1-1 public safety systems has been an ongoing project since 2013 with the following major milestones:

- **July 16, 2013:** the City Council approved Resolution No. 84523 C.M.S. authorizing the City to bring in consulting resources to develop a request for proposals (RFP) for the replacement of the 9-1-1 public safety systems.



- **2013-2014:** 313-page RFP was developed, reviewed by external consultants and industry veterans, revised, then reviewed internally by Contracts and Compliance and the City Attorney's Office. RFP finalized in Q4 2014.
- **February 17, 2015:** The RFP was issued on iSupplier
- **March 15, 2015:** A "bidders meeting" was held for prospective respondents
- **May 1, 2015:** Four responses were received by the 5/1/15 response deadline. Each response was on behalf of nationally-known vendors in this specialized area, most with experience implementing systems of similar size, scope and complexity to what Oakland requires
- **May-June, 2015:** The RFP responses provided a range of estimated costs for implementing the replacement system. This enabled the Oakland Fire Department ("OFD"), the Oakland Police Department ("OPD") and the City's Information Technology Department ("ITD") to collaborate on a Capital Improvement Project (CIP) request which was completed as part of the 2015-2017 budgeting process
- **July 2015:** Given the constraints of other resource needs, the CIP request for the replacement system was not able to be funded in the FY 15-16 Budget.

Note that the evaluation of the RFP responses for the public safety system has not yet begun due to the uncertainties around project funding. The total estimated cost of the project is \$12.0M which includes software licenses and professional services for the selected vendor, hardware and other infrastructure costs, and funds for contract project management or other external resources. The current funding request of \$2 million for this project will allow the evaluation process to start immediately, but it is only seed money to start the project implementation. As noted in more detail below, staff will return to Council for the remaining funding.

With respect to the seed funding, the \$2 million will be used to get the project off the ground by providing the funds to pay for the following early project costs:

- Any initial license fees or other payments required upon contract signing
- Hiring of outside project manager and/or other contract resources
- Initial project deliverables such as:
  - Kick-off meeting
  - Detailed project plan and schedule
  - Detailed scope of work document
  - OPD & OFD workshops to gather detailed requirements
  - Initial system design

Once the project is underway, staff will return to Council to request additional funding to complete the project. Based on current estimates, the timing and amount of required funding through 2017 is as indicated in **Table 4** below.

Table 4: Estimated replacement 9-1-1 public safety systems funding and other milestones

Project Milestones	Types of Services	Estimated Start Date	Estimated Complete Date	Funding Sources
Milestone 1	RFP Response Evaluation, Vendor Selection, Contract Execution, Initial Payments, Hiring Outside Project Contractors	October 2015	March 2016	\$2m - (funded from initial \$2M)
Milestone 2	Kick-Off Meeting, Development of Project Plan & Schedule, Scope of Work, Requirements Workshops and System Design	April 2016	August 2016	Also funded by the initial \$2M
Milestone 3	Installation and Integration	September 2016	June 2017	\$6m – FY 2016-17 Budget
Milestone 4	Data Conversion and User Acceptance Testing	July 2017	October 2017	\$4m FY 2016-17 Budget
Milestone 5	Training and Go-Live	November 2017	March 2018	

*Operations and Maintenance*

To provide many of the other basic City services that depend on specific hardware and software systems, the City must pay annual operating licensing support and maintenance fees to various vendors or they will no longer accept support requests and no longer make upgrades of these essential systems available. These annual maintenance fees are required to “keep the lights on” and essential to the basic day-to-day functioning of City services. The current estimate of \$6.45M will only fund FY 2015-2016 maintenance and support. The City budget staff will develop a system to charge these costs through an internal service fund (ISF) beginning fiscal year 2016-2017 and thereafter.

A summary of estimated project costs and funding from the proposed lease financing is provided in **Table 5** below:

Table 5: Lease Funding Breakdown

Project:	Estimated Total Project Cost (\$Millions)	Available Funding (\$Millions)	Funding through Master Lease 2015 (\$Millions)	Future Funding Needs (\$Millions)
Oracle R12 & Infrastructure Project (Phase 1 & 2)	\$12.00	\$4.00	\$8.00	\$0
Public Sector Budgeting System	\$1.00	\$0.45	\$0.55	\$0
9-1-1 Public Safety Project	\$12.00	\$0	\$2.00	\$10.00
Operations, Maintenance and Support Agreements for FY 2015-16			\$6.45	
<b>TOTAL</b>			<b>\$17.00</b>	

To address these critical projects and their related risks, staff recommends that the City Council approve a resolution:

- (1) Authorizing financing with IBM Credit LLC for an amount not to exceed \$17,000,000 to provide funding for (1) Current information technology systems operations and maintenance, (2) Upgrading/implementing the Oracle systems including hardware, software, professional services, support and maintenance, (3) Implementing a new municipal budgeting system including hardware, software, professional services, support and maintenance, and (4) Replacing and improving 9-1-1 public safety systems including hardware, software, professional services, support and maintenance.
- (2) Approving the recommendations of the City Administrator for the award of contracts to provide professional services to upgrade/implement the Oracle systems and to implement a new municipal budgeting system (projects (2) and (3) above) based on the results of the competitive selection process; and authorizing the City Administrator or designee to negotiate and enter into professional services contracts with the approved firms.

With respect to the waiver requested for the IBM Credit LLC financing, Oakland Municipal Code (OMC) Section 2.04.050 requires advertising and bidding for contracts for the purchase of supplies, equipment, and computer software and the award to the lowest responsible, responsive bidder if award is made, but Section 2.04.050 I.5 provides an exception to the advertising and competitive bidding requirement of the OMC upon a finding and determination by the City Council that it is in the best interests of the City to do so. This report includes details supporting the determination that the waiver is in the City's best interest.

Additionally, OMC Section 2.04.051 A. requires that a competitive Request For Proposal (RFP) or Request For Qualifications (RFQ) selection process for award of contracts that exceed \$25,000 for professional service contracts and which are exempt from bidding under Section 2.04.050.1.1, but OMC Section 2.04.051 B provides that the City Council can waive the RPP/RFQ requirement if it finds that it is in the best interests of the City to do so. This report includes details supporting the determination that the waiver is in the City’s best interest.

**PUBLIC OUTREACH/INTEREST**

This item did not require any additional public outreach other than the required posting on the City’s website.

**COORDINATION**

This report has been prepared by the Information Technology Department and Treasury Bureau in coordination with the City Attorney’s Office, the Oakland Police Department, the Oakland Fire Department and the Controller’s Office.

**COST SUMMARY/IMPLICATIONS**

Based on current interest rates, the City expects to enter into a Master Lease in an amount of approximately \$17.0 million for a term not to exceed 7 years. Annual rental payments (i.e. debt service or lease payments) on the Master Lease are estimated to be between \$2.5-\$3.1 million per year. The Fiscal Year (FY) 2015-17 Adopted Policy Budget includes appropriations of \$2.5 million for each FY (totaling \$5.0 million) to pay required debt service through June 30, 2017. Fees associated with issuance of the Master Lease will be paid from lease proceeds and contingent upon closing of the transaction and are estimated to cost \$30,000.

Proceeds of the Master Lease will provide funding for the projects listed in **Table 6** below.

*Table 6: Financing Summary*

Project	Estimated Funding From Master Lease
Priority CIP Upgrades	
• Oracle R12 & Infrastructure Upgrade	\$8,000,000
• Public Sector Budgeting Systems	\$550,000
• Public Safety – 911 CAD/RMS Upgrade	\$2,000,000
Operations & Maintenance	\$6,450,000
<b>Total:</b>	<b><u>\$17,000,000</u></b>

**Please note that listed above are Operations and Maintenance costs for FY 2015-2016 only.** The City budget staff will develop a system to charge these costs through an internal service fund (ISF) beginning fiscal year 2016-2017 and thereafter.

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Finance Committee  
September 15, 2015

The current funding request will only be used as the seed money to initiate the 9-1-1 public safety systems replacement project. Staff will return to Council to request the additional funding of approximately \$10M to complete the project.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** There are no economic opportunities associated with this report.

***Environmental:*** Every effort will be made to select state of the art hardware and software that is energy efficient and environmentally preferred.

***Social Equity:*** Implementation of the projects will result in increased effectiveness of critical public safety, transparency of services and efficiency of City processes for Oakland's residents and community.

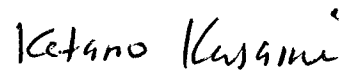
### **RECOMMENDATION**

Staff recommends that the City Council approve a resolution:

1. Authorizing the financing with IBM Credit LLC for an amount not to exceed \$17,000,000 to provide funding for (1) Current information technology systems operations and maintenance, (2) Upgrading/implementing the Oracle systems including hardware, software, professional services, support and maintenance, (3) Implementing a new municipal budgeting system including hardware, software, professional services, support and maintenance, and (4) Replacing and improving 9-1-1 public safety systems including hardware, software, professional services, support and maintenance.
2. Approving the recommendations of the City Administrator for the award of contracts to professional services to upgrade/implement the Oracle systems and to implement a new municipal budgeting system and authorize the City Administrator or designee to negotiate and enter into contracts with the approved firms.

For questions regarding this report, please contact Katano Kasaine, Treasurer/Interim CIO at (510) 238-2989.

Respectfully submitted,



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KATANO KASAINE  
Treasurer & Interim CIO

Prepared by:

Kirke Curtis, PM, Public Safety Services  
Information Technology Department

Jackie Lee, Financial Analyst  
Treasury Bureau

Reviewed by:

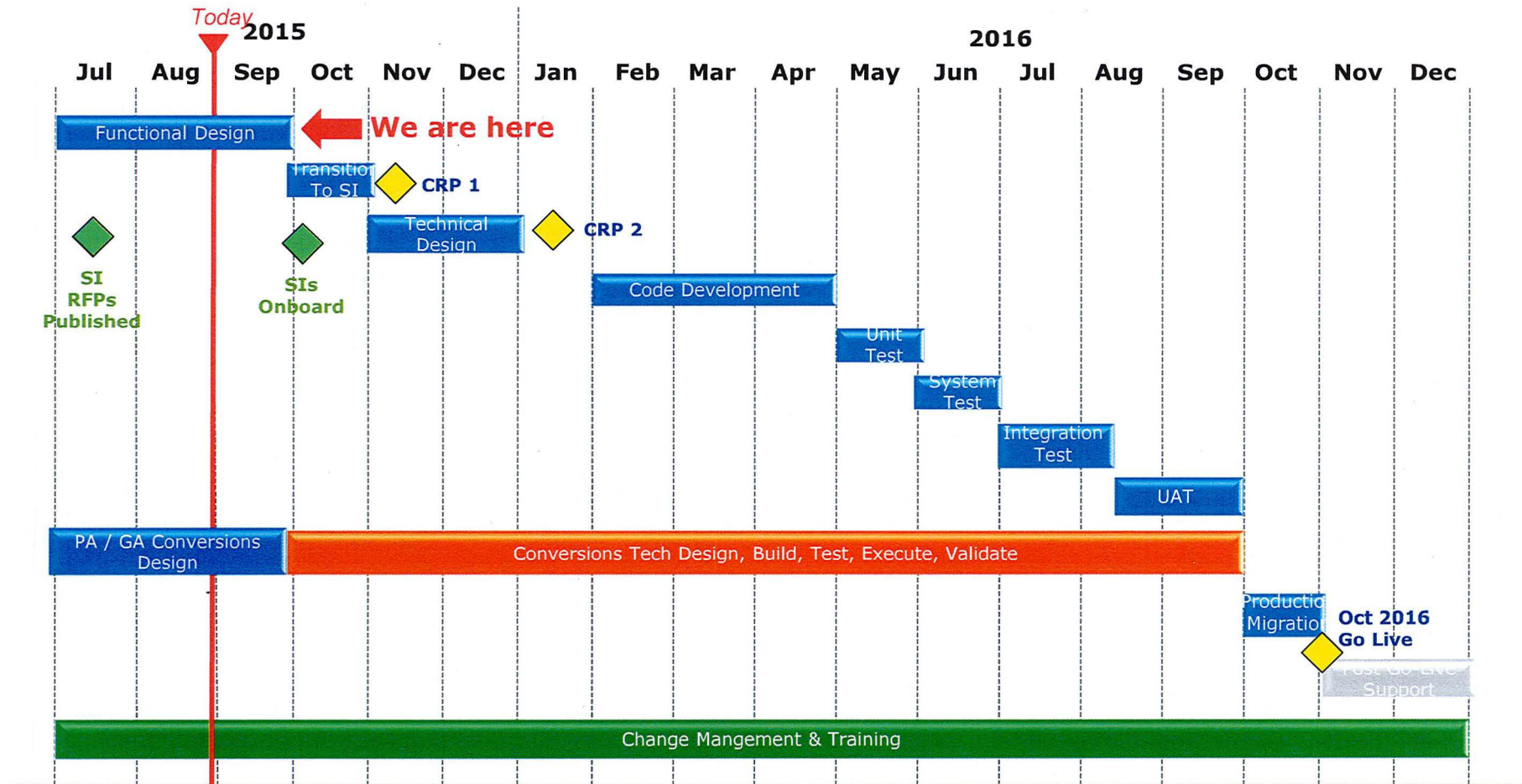
Ahsan Baig  
Division Manager, Public Safety Services  
Information Technology Department

Myron Lai  
Oracle Project Manager  
Information Technology Department

Attachment A: Oracle Project Timeline

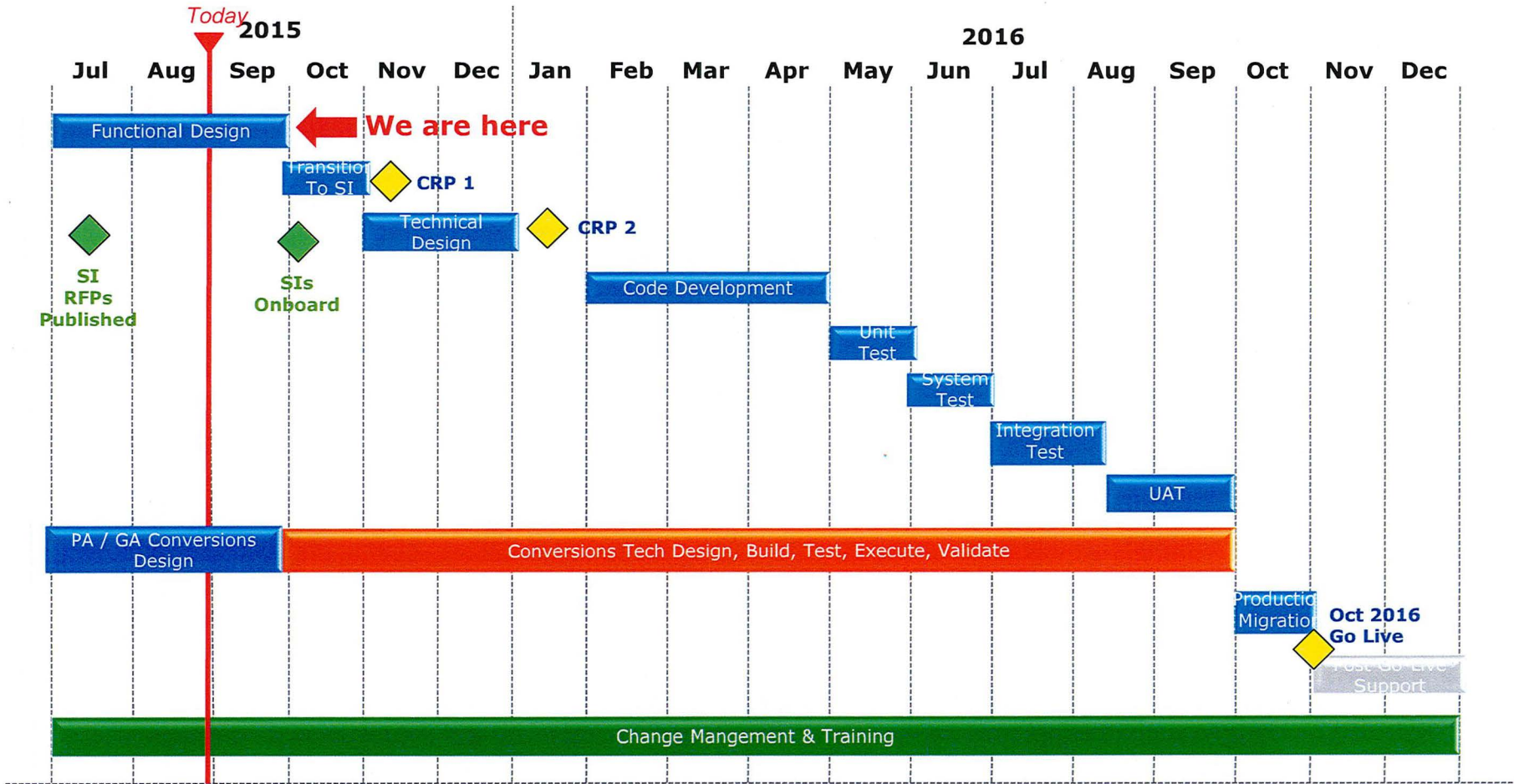
# Project: Oracle EBS upgrade \ reimplementation

## Phase 1 Implementation Timeline





# Project: Oracle EBS upgrade \ reimplementation Phase 1 Implementation Timeline





FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2015 SEP 11 AM 9:12

Approved as to Form and Legality



City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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### RESOLUTION:

1. AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO EXECUTE A MASTER LEASE AGREEMENT(S) WITH IBM CREDIT LLC FOR FINANCING NOT TO EXCEED AN AMOUNT OF \$17,000,000, A TERM OF 7 YEARS AND AN INTEREST RATE OF 3.5% TAX EXEMPT AND/OR 5.5% TAXABLE; AND WAIVING COMPETITIVE SELECTION REQUIREMENTS FOR THE FINANCING AGREEMENT(S).

### PROCEEDS OF THE FINANCING TO FUND:

- (A) CURRENT INFORMATION TECHNOLOGY SYSTEMS OPERATIONS AND MAINTENANCE; AND
  - (B) PROJECT TO UPGRADE/IMPLEMENT THE ORACLE SYSTEMS INCLUDING HARDWARE, SOFTWARE, PROFESSIONAL SERVICES, SUPPORT AND MAINTENANCE; AND
  - (C) PROJECT TO IMPLEMENT A NEW MUNICIPAL BUDGETING SYSTEM INCLUDING HARDWARE, SOFTWARE, PROFESSIONAL SERVICES, SUPPORT AND MAINTENANCE; AND
  - (D) PROJECT TO REPLACE AND IMPROVE 9-1-1 PUBLIC SAFETY SYSTEMS INCLUDING HARDWARE, SOFTWARE, PROFESSIONAL SERVICES, SUPPORT AND MAINTENANCE.
2. APPROVING THE RECOMMENDATIONS OF THE CITY ADMINISTRATOR FOR THE AWARD OF CONTRACTS TO PROVIDE PROFESSIONAL SERVICES TO UPGRADE/IMPLEMENT THE ORACLE SYSTEMS AND TO IMPLEMENT A NEW MUNICIPAL BUDGETING SYSTEM (PROJECTS 1(B) AND 1(C) ABOVE) BASED ON THE RESULTS OF THE COMPETITIVE SELECTION PROCESS; AND AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND ENTER INTO PROFESSIONAL SERVICES CONTRACTS WITH THE APPROVED FIRMS.

**WHEREAS**, the City's information technology infrastructure is the underlying foundation that ties multiple departments and agencies together and that provides mission-critical tools to the City workforce; and

**WHEREAS**, OMC Section 2.04.050 requires advertising and competitive bidding for contracts for the purchase of supplies, equipment, and computer software and the award to the lowest responsible, responsive bidder if award is made; and

**WHEREAS**, OMC section 2.04.051 requires a competitive request for proposals or request for qualifications selection process for award of contracts that exceed \$25,000 for professional service contracts and which are exempt from bidding under Section 2.04.050.1.1; and

**WHEREAS**, OMC sections 2.04.050.I.5 and 2.04.051.B permit the City Council to waive advertising, competitive bidding and the request for proposals/qualifications processes upon finding that it is in the City's best interest to do so; and

**WHEREAS**, staff recommends that it is in the City's best interests to waive competitive bidding, advertising and the request for proposals/qualifications process requirements for the master lease agreement(s) and contracts and services related to the financing due to the unique and complex aspects of the master lease agreement, immediate need for funding and past cost effective and efficient financings with IBM Credit LLC per Resolution 84579 C.M.S.; and

**WHEREAS**, the appropriation of said financed funds is necessary to operate, maintain and support ongoing systems; to fund the ongoing project to upgrade/implement the Oracle systems; to fund the project to provide a municipal budgeting system; and to provide seed money for the ongoing project to replace and improve the 9-1-1 public safety systems; and

**WHEREAS**, the City is critically dependent on various Oracle systems to provide financials, procurement, payroll, human resources and other vital systems; and

**WHEREAS**, the vendor support for the version of the Oracle systems currently in use by the City expires in December 2016 and thus upgrading and implementing the latest Oracle systems is critical to the ongoing operations of the City; and

**WHEREAS**, the City's current public sector budgeting system is obsolete and is no longer supported by Oracle, and will not be compatible with the Oracle systems upgrade. The new system must be in place before December 2016 to facilitate the next full budget cycle; and

**WHEREAS**, replacing and improving the City's 9-1-1 public safety systems will greatly enhance the safety of both citizens and first responders and will greatly reduce the current risk of catastrophic failure to the existing, aging 9-1-1 public safety infrastructure; and

**WHEREAS**, the City has conducted requests for proposals and competitive selection processes for the Oracle upgrade/implementation project and the public sector budgeting system project; and

**WHEREAS**, the City received proposals for system integration consulting services for the implementation of the Oracle Infrastructure, and following a thorough evaluation process, selected and recommends BIAS Corporation; and

**WHEREAS**, the City received proposals for system integration consulting services for implementation of the new municipal budgeting system and, following a thorough evaluation process, selected and recommends [Applications Software Technology Corporation/ Questica Inc./ Sherpa Government Solutions LLC]; and

**WHEREAS**, the City received proposals for system integration consulting services for upgrade/implementation of the Oracle E-Business Suite (“EBS”) system and, following a thorough evaluation process, selected and recommends [Applications Software Technology Corporation/ BIAS Corporation/IBM Corporation]; now therefore be it

**RESOLVED**, that the City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution; and be it

**FURTHER RESOLVED**, that the City Administrator or designee is authorized without returning to the City Council to negotiate and execute the Master Lease Agreement(s), Payment Schedule(s), Escrow Agreement(s) and all documents necessary and related to financing with IBM Credit LLC in an amount not to exceed \$17,000,000, for a term of not more than 7 years and an interest rate not to exceed 3.5% tax exempt and/or 5.5% taxable; and be it

**FURTHER RESOLVED**, that pursuant to the Oakland Municipal Code Sections 2.04.050 I.5 and 2.04.051.B and for the reasons stated above and in the report accompanying this item, the City Council hereby finds and determines that it is in the best interests of the City to waive the competitive bidding, advertising and the request for proposals/qualifications process requirements for the contracts related to the financing agreement(s); and be it

**FURTHER RESOLVED**, that the proceeds of the Financing shall be used to fund:

- (A) One year of information technology operations, maintenance and support; and
- (B) The upgrade/implementation of the Oracle systems including hardware, software, professional services, support and maintenance; and
- (C) The implementation of a new municipal budgeting system including hardware, software, professional services, support and maintenance; and

- (D) The replacement and improvement of the City's 9-1-1 public safety systems including hardware, software, professional services, support and maintenance

; and be it

**FURTHER RESOLVED**, that, based on the recommendations of the City Administrator resulting from the competitive selection process, the City Council approves awards of contracts to provide system integration consulting services to BIAS Corporation for Oracle infrastructure, to [Applications Software Technology Corporation/ Questica Inc./ Sherpa Government Solutions LLC] for the municipal budgeting system, and to [Applications Software Technology Corporation/ BIAS Corporation/IBM Corporation] for the Oracle EBS system, and authorizes the City Administrator or designee to negotiate and enter into contracts with the above firms; and be it

**FURTHER RESOLVED**, that, consistent with standard procedure, should the City and selected firms not be able to reach an agreement as to contract terms within a reasonable timeframe, Council authorizes the City Administrator or designee to negotiate and enter into contracts with the firm(s) deemed to be the next most qualified in the competitive selection process; and be it

**FURTHER RESOLVED**, that the Office of the City Attorney will approve the contracts as to form and legality and copies will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2015

**PASSED BY THE FOLLOWING VOTE:**

AYES – BROOKS, GALLO, GUILLEN, KALB, KERNIGHAN, REID, WASHINGTON, AND PRESIDENT MCELHANEY

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California