TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: JUNE 23, 2008 CMR: 268:08
SUBJECT: APPROVAL OF SOFTWARE SUPPORT SERVICES CONTRACT RENEWALS WITH ORACLE CORPORATION IN THE AMOUNT OF $345,510 (3 YEARS AT $115,170 PER YEAR)

RECOMMENDATION

Staff recommends that Council:

1) Approve and authorize the City Manager or his designee to execute the attached software maintenance support agreement contract renewal with Oracle Corporation for one year (7/1/2008 thru 6/30/2009) in the amount of $115,170 (plus applicable taxes).

2) Authorize the City Manager or his designee to sign the contract for the above services and approve the renewal for the following two years (at $115,170 per year) provided that the vendor is responsive to the City’s needs and the quality of the vendor’s work is acceptable during the first year of the contract.

BACKGROUND

The City receives support services from Oracle Corporation for the Oracle database management system and accompanying software as described in the original Oracle Enterprise License Agreement, dated May 23, 2000. The Oracle database was chosen by the City to support its major applications. Oracle is currently used with SAP, Utilities Customer Information System, Geographic Information System (GIS), eCLASS and others.

DISCUSSION

Support services consist of product support, including telephone technical assistance and subscription services, providing Oracle product upgrades, maintenance releases and patches as Oracle makes them available. The telephone assistance is in the form of a 24 hours a day, 7 days a week support hotline available to designated points of contact (POC) defined by the City. Quarterly newsletters and bulletins are sent to the POCs, as well as access to Oracle’s on-line support system and technical database.

The pricing model presented to the City is for an annual fee of $115,170 (plus applicable taxes),
paid in advance. This pricing represents a 60 percent discount on products under the enterprise licensing agreement price structure compare to non-enterprise pricing.

**RESOURCE IMPACT**

The first year of the contract will be in the amount of $115,170 (plus applicable taxes) and the funds are included in the FY 2008-2009 Applications Maintenance Internal Service Fund Budget. Funding for the remaining two years will be proposed as part of the FY 2009-10 and FY 2010-11 budgets.

**ENVIRONMENTAL ASSESSMENT**

Approval of this contract does not constitute a project under California Environmental Quality Act (CEQA). Therefore, no environmental assessment is required.

**ATTACHMENTS**

Exhibit A: Oracle Support Renewal Quote