TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: JUNE 17, 2002 CMR: 279: 02

SUBJECT: APPROVAL OF SOFTWARE SUPPORT SERVICES CONTRACT RENEWALS WITH ORACLE CORPORATION IN THE AMOUNT OF $342,285 (3 YEARS AT $114,095 PER YEAR).

RECOMMENDATION

Staff recommends that Council:

1. Authorize the Mayor or his designee to execute the first year option of the attached software maintenance support agreement with Oracle Corporation for year one (7/1/2002 thru 6/30/2003) in the amount of $114,095.

2. Authorize the City Manager or his designee to continue the renewal options at the rate of $114,095 per year for each of the next two fiscal years (2003-04 and 2004-05), provided the quality of the vendor’s service is acceptable.

DISCUSSION

Description
This is the continuation of 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. Within that contract, two year’s of support services was included through June 30, 2002.

These support services consist of product support including telephone technical assistance and update 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 only 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 bug database system.
The pricing model presented to the City is for an annual fee of $114,095, paid in advance. This is stipulated in the original contract and includes a fixed rate of $114,095 per year for the three-year period covered by this request.

Selection Process
In 1999, the City Council authorized staff to proceed with recommendations contained in the Information Technology (IT) Strategic Plan. For enterprise and departmental applications, the City chose to standardize using two leading database management systems, Oracle and Microsoft. This standardization has reduced support and staff training costs, increased staff expertise, and increased the compatibility and ease of information sharing and aggregation of data between City applications. Oracle software is a proprietary product, therefore Oracle Corporation must provide the technical support.

RESOURCE IMPACT
A three-year contract with option to renew guarantees zero percent increase in cost for this support allowing for a potential saving of up to $31,500 over the next three years. Funds for the support services are included in the 2002-03 proposed budget within the Technology Fund. Payments will be made subject to Council approval of each fiscal year’s budget.

POLICY IMPLICATIONS
This recommendation does not represent any change to existing City policies.

ENVIRONMENTAL REVIEW
These services do not constitute a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS
Attachment A: Copy of Oracle Support Renewal form
Attachment B: Copy of the original Oracle Enterprise License Addendum