Agenda – Executive Policy Committee – July 4, 2018

REPORTS

Item No. 6 Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Executive Policy Committee approve that the City enter into single source negotiations with Oracle Canada ULC in the amount of no more than $1,035,515.19 plus GST and MRST for the supply of one year Software Update License and Support Agreements for the City's PeopleSoft system for the period of June 19, 2018 to June 18, 2019, pursuant to article B4.1(f) of the Materials Management Policy, where the compatibility of a supply with existing property or services is the paramount consideration and that supply is available only from a single supplier.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	CIO	CFO	CAO
T. Herntier	M. Legary	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This request is for the approval to procure PeopleSoft support and maintenance for a one year term. PeopleSoft support and maintenance ensures that the system is stable and is available for the provision of critical services such as purchasing, paying our vendors and paying our workforce. Executive Policy Committee approval is required for a single source negotiation that exceeds $1 million.

The Recommendation included in this report complies with the requirements of the various trade agreements and the City's Materials Management Policy. Further detail is included in the History/Discussion.

RECOMMENDATIONS

1. That Executive Policy Committee approve that the City enter into single source negotiations with Oracle Canada ULC in the amount of no more than $1,035,515.19 plus GST and MRST for the supply of one year Software Update License and Support Agreements for the City's PeopleSoft system for the period of June 19, 2018 to June 18, 2019, pursuant to article B4.1(f) of the Materials Management Policy, where the compatibility of a supply with existing property or services is the paramount consideration and that supply is available only from a single supplier.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

As the value of the contract exceeds $1 Million, Executive Policy Committee must approve the Single Source Negotiation, pursuant to the Materials Management Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

The PeopleSoft suite of software applications is used by all City departments to fulfill necessary Finance and Human Resource administration functions. Maintaining the agreements of the PeopleSoft systems will ensure the City of Winnipeg is operating supported and licensed software for this administration.

HISTORY/DISCUSSION

In 2002, under the auspices of the Connexus Project, the City purchased multiple PeopleSoft application modules to perform a wide variety of administrative functions, including Financial, Purchasing, Inventory, Budgeting, Human Resources, and Payroll. In 2004, PeopleSoft was acquired by Oracle Corporation. The City relies on Oracle Canada ULC to provide certified support for problem and issue resolution, plus the provision of version upgrade software to protect the City's investment and enhance the functionality of the City's installed applications. The software license and services agreement defines the support services to be provided by Oracle Canada ULC to the City.

From June 19, 2002 to June 18, 2018, the City has maintained continuous support for the PeopleSoft suite of applications through first a 5-year, then a 3-year, and finally seven 1-year contracts. This agreement will extend that support for one year.

The single source award is recommended to purchase service provided under the agreement, which is essential for the viability and continued operation of the PeopleSoft suite of applications. Oracle Canada ULC is the only supplier certified to provide this service and the associated support.

Oracle Canada ULC is the only supplier of support for its proprietary PeopleSoft suite. This procurement is subject to the Canadian Free Trade Agreement (2017) ("CFTA") and the Comprehensive Economic and Trade Agreement (2016) ("CETA"), both of which permit single source procurement in situations where the goods and services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist in order to ensure compatibility with existing goods, or to maintain specialized goods that must be maintained by the manufacturer of those goods or its representative (Article 513 (1) (b) (v) of CFTA; equivalent provision in Article 19.13 (b) of CETA)."

The Public Service is currently engaged in a significant support re-negotiation process with Oracle Canada ULC in order to re-align our support agreement to match more closely how the City of Winnipeg uses PeopleSoft support to reduce our support costs, as well as provide more value for our PeopleSoft investment. Oracle's negotiation process is complex. As a result, we are currently operating under a one month extended period of support ending July 18, 2018, to allow the negotiation process to complete.

The Public Service is satisfied that, based on the experience of 14 years of support, Oracle Canada ULC has the capacity and experience to successfully fulfill the software license and services requirements.

Following Executive Policy Committee approval of the Recommendation of this Report, a subsequent Award Report for Award of this Recommendation will be prepared for the Chief Financial Officer's consideration.

Cost Benefit Analysis

Currently there are no practical alternatives to renewing our licenses and support of PeopleSoft. We are obligated to renew this service in order to maintain support of our significant investment. As support is required for regulatory updates (such as tax updates), allowing support payments to lapse is not an option. This would carry significant risk. Without support, we would not be able to guarantee many critical services such as purchasing, paying our vendors and paying our workforce.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 12, 2018

Project Name: **First Year of Program** **2018**

Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 1,118,356	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,118,356	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	1,118,356	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1.The direct costs above represent $1,035,515.19 plus $82,841.22 MRST for a total of $1,118,356. The contract period is from June 19, 2018 to June 18, 2019. GST is not included in the above costs as the City recieves 100% rebate on this tax.

2. Funding will be available through the 2018 Corporate Support Services approved operating budget (account 001-531060-343302-107).

Original signed by T. Yanchishyn

Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity
Direction 1: Provide Efficient and Focused Civic Administration and Governance
>Demonstrate accountability through service performance measurement and reporting.
>Support a competent, productive and healthy workforce through strategic human resource planning that promotes flexible human resource systems, invests in human resource development and is based on values of equity, diversity, innovation and accountability.
>Make investments in technology strategically, based on sound business decisions and promoting integration and data-sharing where appropriate.

SUBMITTED BY

Department: Corporate Support Services
Division: Application Services
Prepared by: T. Herntier
Date: June 13, 2018
File No: