Minutes – Executive Policy Committee – June 11, 2019

REPORTS

Item No. 8 Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System Materials Management No: 361-2019

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That the City enter into single source negotiations with Oracle Canada ULC in the amount of no more than $1,076,935.79 plus GST and MSRT for the supply of one-year Software Update License and Support agreements for the City's PeopleSoft System, for the period June 19, 2019 to June 18, 2020, 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.

DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System
Materials Management No: 361-2019

Critical Path: EXECUTIVE POLICY COMMITTEE

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Herntier	G. Cottick, Acting CIO	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. Oracle is the only vendor that can provide continuous delivery of critical application patches, enhancements, and upgrades to our PeopleSoft applications. Executive Policy Committee approval is required for an award 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 $1,076,935.79 plus GST and MSRT for the supply of one-year Software Update License & Support agreements for the City's PeopleSoft System, for the period June 19, 2019 to June 18, 2020, 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, the Executive Policy Committee (EPC) 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 the administration.

HISTORY/DISCUSSION

In 2002, under the auspices of the Connexus Project, the City purchased multiple PeopleSoft application modules via a public tendering process 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, 2019, the City has maintained continuous support for the PeopleSoft suite of applications through first a 5-year, then a 3-year, and finally eight 1-year contracts. This agreement will extend that support for one year. EPC has approved the single source negotiation of the PeopleSoft contract every year since 2016; the first year it exceeded the $1 Million threshold.

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.

This procurement is subject to the New West Partnership Agreement ("NWPTA"), which incorporates the requirements of the Canadian Free Trade Agreement ("CFTA") and the Comprehensive Economic and Trade Agreement ("CETA"). Article 2(g) of Section C, Part V of NWPTA states that single source procurement may be used in situations where it can be demonstrated that only one supplier is able to meet the requirements of a procurement. Oracle Canada ULC is the only supplier of support for its proprietary PeopleSoft suite.

The Innovation, Transformation and Technology Department is satisfied that, based on the experience of 15 years of support, Oracle Canada ULC has the capacity and experience to successfully fulfill the software license and services requirements. In addition, the Oracle-provided PeopleSoft support cost is aligned with industry standard application support costs (22% of license cost plus nominal annual increases). If Oracle significantly changes the cost model for PeopleSoft, such that the contract is no longer advantageous for the City of Winnipeg, alternative products would be explored through a competitive procurement processes.

This IT expenditure has been approved by the acting Chief Innovation Officer, subject to Executive Policy Committee approval.

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:** April 8, 2019

Project Name: **First Year of Program** **2019**

Single Source Negotiation for the Supply of Software Update License and Support Agreements for the City's PeopleSoft System MM No: 361-2019

	2019	2020	2021	2022	2023
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	$ 1,163,091	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,163,091	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	1,163,091		-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1.The direct costs above represent $1,076,935.79 plus $86,154.86 MRST for a total of $1,163,090.65. GST is not included in the above costs as the City receives 100% rebate on this tax. The contract period is from June 19, 2019 to June 18, 2020.

2. Funding will be available through the 2019 Innovation, Transformation & Technology Department's approved operating budget (account 001-531060-343302-107).

Original signed by Tanis Yanchishyn

Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Human Resources
Finance
Legal Services (as to legal issues)
Materials Management

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: Innovation, Transformation & Technology Department
Division: Enterprise Information Solutions
Prepared by: T. Herntier
Date: May 13, 2019