



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent Report
January 29, 2008

**Honorable Mayor and
Members of the City Council**

Title: Purchase: Oracle RAC Database Software

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute Supplemental Agreement No. 3 to City Agreement No. 2006-1178 with Oracle, Inc., for the purchase Oracle Real Application Cluster (RAC) Database Software licenses and twenty-nine (29) months of maintenance and technical support services for total amount not to exceed \$635,000.

Contact: Stephen Ferguson, Chief Information Officer, 808-8600
Sandra Haslin, Information Technology Manager, 808-7990

Presenters: None

Department: Information Technology

Division: Application Services

Department ID: 07001111

Description/Analysis

Issue/Objective:

On October 24, 2006, the City Council Adopted a Resolution (2006-107) authorizing City staff to implement an Oracle/PeopleSoft Enterprise Resource Planning (ERP) system, also known as the electronic Citywide Accounting and Personnel System (eCAPS) to replace the legacy citywide systems for Financial and HR/Payroll operations. Resolutions to purchase Constituent Relationship Management (CRM-311) software (Reso 2007-699), and purchase of Electronic Document/Content Management (EDCM) software (Reso 2007-813) were approved in 2007. The Customer Information System (CIS) for Utility Billing was implemented in 2004.

As part of these projects, automated failover, performance optimization, high availability, and redundancy capability have been incorporated into the overall computer hardware architecture supporting these systems. However, the database software, which is essential for the systems to operate, does not currently include this functionality. If the database fails, the systems will go down until staff can resolve the

problems. The purchase of Oracle RAC database software provides the same level of automation and protection for the database that is currently available for the hardware.

Policy Considerations: This recommendation is in accordance with the FY2007/08 Approved Blueprint for Strategic Budgeting. In particular, this recommendation is consistent with the Strategic Planning – Strategic Budgeting principles that include the following areas:

- Strategic use of resources
- Identify resources for top priorities and initiatives
- Continuous evaluation for efficiencies and effectiveness

Also, this recommendation continues efforts to identify both better business practices and savings to reinvest in new service demands or cost reduction measures.

Environmental Considerations: This project concerns administrative activities that will not have a significant effect on the environment and does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines §15378(b)(2)].

Commission/Committee Action: None.

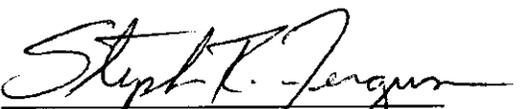
Rationale for Recommendation: The City is in the process of implementing eCAPS, CRM and EDCM. Along with CIS (Utility Billing) and Geographic Information System (GIS), these systems are critical to citizens and ongoing city operations, and are becoming closely integrated with each other. Failures will impact staff productivity and response to citizen requests for service and information. City staff has designed the hardware infrastructure to provide high availability, redundancy, and reliability for many of the components.

The Oracle RAC database software, an add-on to the existing Oracle database software, is needed to provide similar capability for data and information contained in, and managed by the Oracle database software.

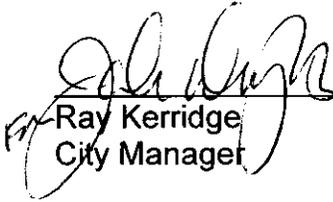
Financial Considerations: No additional funding is requested. Funding is available in Capital Improvement Program Budget (CIP) A07000600 (eCAPS Project-AB81) and the Department of Utilities operating budget.

Emerging Small Business Development (ESBD): Oracle is not a qualified ESBD.

Respectfully Submitted by: Sandra Haslin, IT Manager

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:



Ray Kerridge
City Manager

Table of Contents:

Pg 1-3 Report

Attachments

- 1 Pg 4 Background
- 2 Pg 6 Resolution
- 3 Pg 7 Contract Amendment

ATTACHMENT 1

BACKGROUND

On October 24, 2006, the City Council Adopted Resolution (2006-785) that authorized the City Manager to execute a software license and services agreement with Oracle, Inc., for the purchase of licenses, project team training, and one-year technical support services for an ERP system for one year, for an amount not to exceed \$2,400,000.

On September 27, 2007, the City Council Adopted Resolution (2007-699) that authorized the City Manager to purchase software maintenance and technical support services for Year 2 of the ERP and CRM systems for an amount not to exceed \$385,000.

Oracle RAC supports the deployment of a database across a cluster of servers; thereby providing high availability/reliability (fault tolerance), recoverability, performance gains and scalability with no application changes necessary.

- High availability is provided by a fault tolerant architecture design which allows for a database to survive a failed server node. This server survivability and database high availability is accomplished automatically without human intervention or a break in service.
- Recoverability from failure is made easier in a RAC environment by the automatic recognition of a failure by the surviving Oracle databases. The transparent failover makes it possible to mask the failure from system users. Furthermore, the synchronization of data when an Oracle database is returned to service is also transparent to system users.
- This fault tolerant trait can be leveraged to maintain continuous service for planned maintenance outages. Thus, most database maintenance operations may be accomplished without downtime and transparently to those using a system.
- Performance gains are derived from the ability to spread the workload among tightly coupled servers. RAC databases deployed in a cluster environment are aware of each other's existence and in constant communication. Because updated data is automatically exchanged between nodes, the overall workload may be split among all servers and data accuracy and currency guaranteed regardless of which node a user accesses.
- Oracle RAC provides scalability for server capacity. Traditionally, when a database server ran out of computing capacity (e.g. memory, CPU) the upgrade path necessitated the upgrade to a larger, more expensive server. With RAC, alternatives for increasing capacity can be accomplished by adding smaller less expensive servers and maintaining the original hardware investment. This model provides for a more flexible, stepped approach in meeting capacity growth while keeping an initial investment.

Staff negotiated an agreement with Oracle to purchase the software at a 57% discount of list price, and with a two year price hold at that price for any additional licenses. Software maintenance and support is 22% of the purchase price with no increases until FY08/09 and a 3% price increase cap in FY 09/10.

Other Staff considerations and justifications to support this request:

Staff/Engineers Estimate	Oracle RAC supports the deployment of a database across a cluster of servers. As Oracle RAC is an add-on to existing Oracle database software, it is only available from Oracle at a negotiated cost of \$635,000 for licenses, maintenance and technical support services for 29 months.
Evaluation of Multi-Year Proposals	The negotiated maintenance and support is only available until June of 2010 (29 months) at a cost not to exceed \$635,000 (License: \$412,800; Technical Support Services: \$222,196.48).
List of other vendors/contractors bidding	N/A

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

SUPPLEMENTAL AGREEMENT NO. 3 TO CITY AGREEMENT NO. 2006-1178 FOR ORACLE SOFTWARE LICENSES, MAINTENANCE AND TECHNICAL SUPPORT SERVICES

BACKGROUND:

- A. The City is in the process of implementing electronic Citywide Accounting and Personnel System (eCAPS), Customer Relationship Management (CRM) and Electronic Document/Content Management (EDCM). Customer Information System (CIS) Utility Billing and Geographic Information System (GIS) are already in place. These systems are critical to citizens and ongoing city operations, and are becoming closely integrated with each other. Failures will impact staff productivity and response to citizen requests for service and information. City staff designed the hardware infrastructure to provide high availability, redundancy, and reliability for many of the components. Oracle Real Application Cluster (RAC) database software is needed to provide similar capability for data and information contained in, and managed by the Oracle database software.
- B. As Oracle Real Application Cluster (RAC) is an add-on to existing Oracle database software purchased by the City in 2003, it is only available from Oracle. Staff negotiated an agreement with Oracle to purchase the software at a 57% discount of list price and with a two year price hold at that price for any additional licenses. Software maintenance and support is 22% of the purchase price with no increases until FY08/09 and a 3% price increase cap in FY 09/10.
- C. The purchase of Oracle software licenses approved on October 24, 2006 (City Agreement 2006-1178) is being amended to include the additional software licenses and ongoing maintenance.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is hereby authorized to execute Supplemental Agreement No. 3 to City Agreement No. 2006-1178 with Oracle, Inc. for the purchase of additional software licenses and technical support services for up to twenty-nine (29) months for a total amount not to exceed \$635,000.

**INFORMATION TECHNOLOGY DEPARTMENT
SUPPLEMENTAL AGREEMENT NUMBER 3
TO CITY AGREEMENT 2006-1178**

Project Title: eCAPS Oracle Software License and Services Agreement
Date: January 29, 2008
City Agreement Number: 2006-1178
Supplemental Agreement No.: 3

The City of Sacramento ("City") and Oracle USA, Inc. ("ORACLE") as parties to that certain Oracle License and Services Agreement No. v062606_M, dated November 15, 2006 and designated as City Agreement No. 2006-1178 including any and all prior addenda and supplemental agreements modifying said agreement (said agreement, addenda and supplemental agreements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. ***Section B Applicability of Agreement:*** Change the agreement, Section B, Applicability of Agreement, by deleting the sentence and replacing it with the following:

“Until two (2) years from the effective date of this Supplemental Agreement No. 3, additional orders may be placed under the terms of the Agreement and the ordering document must reference the agreement as US-OLSA-46993-15-NOV-2006.”

2. City will purchase 48 Real Applications Clusters Licenses and 29 months of Software Update License and Support, as provided in Order Form 2484920 attached hereto as Exhibit “A.”
3. In consideration of the agreement language modification, additional licenses and software update support, described in sections 1 and 2 above, the maximum not-to-exceed amount provided in the Agreement is amended as follows:

Agreement's original not-to-exceed amount:	\$ 2,122,357.56
Increase by Supplemental Agreement No. 1	\$ 00.00
Increase by Supplemental Agreement No. 2	\$ 385,000.00
Increase by Supplemental Agreement No. 3	\$ 635,000.00
New not-to-exceed amount including all supplemental agreements:	\$ 3,142,357.56

4. ORACLE agrees that the amount of increase in the not-to-exceed amount specified in section 3, above, shall constitute full compensation for the additional and/or revised services specified in sections 1 and 2, above, and shall fully compensate ORACLE in connection with such additional and/or revised services, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by ORACLE.

Supplemental Agreement No. 3 to City Agreement No. 2006-1178

- 5. ORACLE warrants and represents that the person or persons executing this supplemental agreement on behalf of ORACLE has or have been dully authorized by ORACLE to sign this supplemental agreement and bind ORACLE to the terms hereof.
- 6. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and ORACLE shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this supplemental agreement.

Approval Recommended By: _____ Date _____
Ray Kerridge, City Manager

Approved As To Form By: _____ Date _____
City Attorney

ORACLE USA, Inc.:
Signature: _____ Date _____
Name & Title _____

Signature: _____ Date _____
Name & Title _____

Attest: _____ Date _____
City Clerk

*When the consultant is a corporation, the following two signatures are required:

- (1) The first signature by either the Chairman of the Board, the President or any Vice President of the Corporation; and
- (2) The second signature by either the Secretary, an Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of the Corporation.