COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Commissioners

Carlos Jackson
Executive Director

February 13, 2007

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE AMENDMENT TO SUPPORT SERVICES AGREEMENT WITH ORACLE USA, INC. (FORMERLY PEOPLESOFT, INC.) FOR SOFTWARE SUPPORT SERVICES (ALL DISTRICTS)
(3 Vote)

CIO RECOMMENDATION: APPROVE (X)
APPROVE WITH MODIFICATION ( ) DISAPPROVE ( )

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the software support services to be provided are not subject to the California Environmental Quality Act (CEQA).

2. Approve the Amendment No. 1 to the Support Services Agreement (Agreement), presented in substantially final form, between the Commission and Oracle USA, Inc. to provide software support services.

3. Authorize the Executive Director to execute Amendment No. 1, to be effective following approval as to form by County Counsel and execution by all parties, to extend the existing Agreement for one year at a cost of $160,772.62.

4. Authorize the Executive Director to extend the time of the performance for one additional year at a cost of $165,594.60.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Agreement Amendment No.1 is needed to ensure software maintenance service is provided for the Oracle systems used by the Commission to provide timely and accurate payroll, financial, accounting, personnel reports, and other necessary business services.

FISCAL IMPACT / FINANCING:

There is no impact on the County general fund. A total of $160,772.62 included in the Commission's approved budget will be used to fund the one-year Agreement.

A one-year extension may be executed which includes a three percent annual increase, at a cost of $165,594.60 for the second year, using funds to be included in the Commission's proposed annual budget for 2007-2008. The total compensation amount for the two years is $326,367.22.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On December 16, 1997, your Board authorized the Commission to purchase Financial and HRMS software and to enter into a four-year Support Services Agreement with PeopleSoft, Inc. to replace the Commission's financial and payroll/human resources systems, and to provide support for the new system. The PeopleSoft Financials for Education & Government, which includes accounts payable, accounts receivable, general ledger, and purchasing, was implemented in 1998 and serves as the primary financial system for the Commission. The HRMS, which includes human resources, benefits, time and labor, and payroll, was installed in 2000 and serves as the sole Human Resources and Payroll system.

On January 30, 2003, your Board authorized the Commission to enter into a new, four-year Support Services Agreement with PeopleSoft, Inc. In 2005, Oracle USA, Inc. acquired PeopleSoft, Inc. and assumed the obligations of PeopleSoft and the Agreement. Under the Agreement, Oracle provides technical phone support, frequent tax updates, and technological updates to the software. In addition, Oracle provides software upgrades which include technological and functional enhancements. Since implementation, PeopleSoft/Oracle has provided satisfactory support services under the terms of the existing agreement.

The existing agreement expires on February 13, 2007. Approval of this Amendment to the Agreement will enable the Commission to maintain Oracle USA, Inc. support services which has been approved by the Chief Information Officer (CIO). The Amendment contains those clauses mandated by the Board after the Commission

entered into the existing Agreement in 2003. The analysis prepared by the CIO is provided as an attachment to this letter.

ENVIRONMENTAL DOCUMENTATION:

Software support services are exempt from the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because they involve activities that will not have a physical impact or result in any physical changes to the environment. The activities are also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

Oracle USA, Inc. is the exclusive proprietor of the software. Therefore, a sole source procurement process was utilized in accordance with the Commission's policies and procedures.

IMPACT ON CURRENT SERVICES AND PROJECTS:

Amendment Agreement No.1 will ensure the Commission retains the support services that are necessary to perform various technological transactions.

Respectfully submitted,

CARLOS JACKSON
Executive Director
COMMUNITY DEVELOPMENT COMMISSION
COUNTY OF LOS ANGELES

Reviewed by:

JON FULLINWIDER
Chief Information Officer
COUNTY OF LOS ANGELES

Attachments: 2

AGREEMENT AMENDMENT NO. 1

THIS AMENDMENT NO.1 TO AGREEMENT made and entered into this _____ day of _____, 2007, by and between the Community Development Commission of the County of Los Angeles, hereinafter referred to as "Commission" and Oracle USA, Inc., hereinafter referred to as "Contractor".

WITNESSETH THAT:

WHEREAS, the Commission and PeopleSoft, Inc. previously entered into an original Agreement on February 13, 2003, ("Agreement") for maintenance of the financial and human resources software modules of PeopleSoft Inc. to the Commission, and;

WHEREAS, subsequently in 2006 Contractor acquired PeopleSoft, Inc. and Contractor was assigned all rights in this Agreement by PeopleSoft, Inc. and Contractor agreed to assume all of PeopleSoft's obligations under this Agreement.

WHEREAS, it now becomes necessary to amend said Agreement and both parties are desirous of such amendment.

NOW, THEREFORE, in consideration of the mutual undertakings, herein, the parties hereto agree that said Agreement be amended as follows:

1. Section 7, Term, is amended as follows:

   This Agreement shall be extended to February 13, 2008, unless sooner terminated in whole or in part, as provided herein. This Agreement may be extended for one additional year at the sole discretion of the Commission.

2. Sub-section 8.1, Term, is amended as follows:

   The Contract Sum under this Agreement shall be amended to not exceed Eight Hundred Sixty Two Thousand and Five Hundred Ninety Four Dollars and Fifty Five Cents ($862,594.55) from Five Hundred Thirty Six Thousand and Two Hundred Twenty Seven Dollars and Thirty Three Cents ($536,227.33). The Contract Sum for the period of February 14, 2007 – February 13, 2008 shall not exceed One Hundred Sixty Thousand and Seven Hundred Seventy Two Dollars and Sixty Two cents ($160,772.62). The contract sum for the additional year February 14, 2008 – February 13, 2009 shall not exceed One Hundred Sixty Five Thousand and Five Hundred Ninety One Dollars and Sixty Cents ($165,594.60).

3. Section 12, Successor and Assignment, is deleted in its entirely and is amended to read as follows:

Assignment by Contractor

The Contractor shall not assign its rights or delegate its duties under the Contract, or both, whether in whole or in part, without the prior written consent of the Commission, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, Commission consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the Commission to any approved delegate or assignee on any claim under the Contract shall be deductible, at the Commission's sole discretion, against the claims, which the Contractor may have against the Commission. However, the Commission reserves the right to assign this Contract to another public agency without the consent of the Contractor.

Shareholders, partners, members, or other equity holders of the Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is affected in such a way as to give majority control of the Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of the Commission in accordance with applicable provisions of this Contract.

Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the Commission's express prior written approval, shall be a material breach of the Contract which may result in the termination of the Contract. In the event of such termination, the Commission shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

4. Section 31, Section 3 of the Housing and Community Development Act of 1968, has been replaced to read as follows:

Section 31, Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program

Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. The Contractor shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

5. Section 35, Contractor Responsibility and Debarment, is amended to read as follows:

   A. A responsible contractor is a contractor, consultant, vendor, or operating agency who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission, Housing Authority, and County to conduct business only with responsible contractors.

   B. The Contractor is hereby notified that if the Commission acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on Commission contracts for a specified period of time, which generally will not to exceed five years but may exceed five years or be permanent if warranted by circumstances, and terminate any or all existing contracts the Contractor may have with the Commission.

   C. The Commission may debar a contractor, consultant, vendor or operating agency if the Board of Commissioners finds, in its discretion, that the contractor, consultant, vendor, or operating agency has done any of the following: (1) violated any term of a contract with the Commission, Housing Authority, or County, or a nonprofit corporation created by the Commission, Housing Authority, or County (2) committed any act or omission which negatively reflects on the its quality, fitness or capacity to perform a contract with the Commission, Housing Authority, or County or any other public entity, or a nonprofit corporation created by the Commission, Housing Authority, or County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the Commission, Housing Authority, County, or any other public entity.

D. If there is evidence that the Contractor may be subject to debarment, the Commission will notify the Contractor in writing of the evidence, which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Commission shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Commissioners.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five years, that Contractor may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.

H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Contractor has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or

termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to subcontractors and subconsultants of County, Commission, or Housing Authority contractors, consultants, vendors and operating agencies.

6. Section 47, Contractor's Charitable Activities Compliance, is added to the Agreement to read as follows:

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete the "Charitable Contributions Certification" form included in **Exhibit E** – Required Contract Forms, the Commission seeks to ensure that all Commission contractors that receive or raise charitable contributions comply with California law in order to protect the Commission and County taxpayers. A Contractor that receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

7. Exhibit B, Schedule of Payment, is amended as follows:

Support Period	14-Feb-2007 13-Feb-2008	14-Feb-2008 13-Feb-2009
Maximum Annual Percentage of Increase		3%
Supported Modules Maximum Annual Support	$160,772.62	$165,594.60
Total Support Fee:	**$326,367.22**	

8. All other terms and conditions in the Agreement shall remain the same and in full force and effect.

EXHIBIT E

CHARITABLE CONTRIBUTIONS CERTIFICATION

_____
Company Name

_____
Address

_____
Internal Revenue Service Employer Identification Number

_____
California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

CERTIFICATION	YES	NO
Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.	( )	( )

	YES	NO
Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.	( )	( )

_____ _____
Signature Date

_____
Name and Title (please type or print)

SIGNATURES

IN WITNESS, WHEREOF, the Commission and the Contractor, through their duly authorized officers, have executed this Agreement Amendment No. 1 as of the date first above written.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By_____
Carlos Jackson
Executive Director

ORACLE USA, INC.

By_____
Oracle Contracts

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By_____
Deputy

APPROVED AS TO PROGRAM:
ADMINISTRATIVE SERVICES DIVISION

By_____
Emilio Salas
Director

CIO ANALYSIS

AGREEMENT WITH ORACLE, INC. FOR SOFTWARE SUPPORT SERVICES

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION ☐ DISAPPROVE

Contract Type:
☐ New Contract ☒ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract

New/Revised Contract Term: Base Term: 1 Yr # of Option Yrs 1

Contract Components:
☒ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Carlos Jackson, Executive Director - Community Development Commission

Budget Information:

Y-T-D Contract Expenditures	$
Requested Contract Amount	$326,367.22
Aggregate Contract Amount	$326,367.22

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☒	☐	Is this project subvented? If yes, what percentage is offset? 100%

Strategic Alignment:

Yes	No	Question
☒	☐	Is this project in alignment with the County of Los Angeles Strategic Plan?
☒	☐	Is this project consistent with the currently approved Department Business Automation Plan?
☒	☐	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
☒	☐	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

Project/Contract Description:

This Amendment continues (Oracle) software maintenance services provided via an existing Agreement. The Amendment extends the period for one year, with an optional second year. Services will include technical phone support, as well as regulatory (taxes) and technology updates.

Background:

The original Agreement with Oracle, approved in 1997, provided the Department with a comprehensive Oracle Financials and Human Resources Management System. In January 2003 the Board approved a four year maintenance agreement, which will terminate in February 2007. This Amendment will extend the service period for up to two years. Oracle has continued to provide maintenance services for this software via maintenance services

Project Justification/Benefits:

The Amendment is needed to ensure that the Commission continues to receive timely maintenance and refresh services for their Oracle Financials and Human Resources Management System.

Project Metrics:

The key metric for this agreement is Oracle's timely correction of "bugs" and fixes, and timely release of regulatory and software updates.

Impact If Proposal Is Not Approved:

Without this agreement, the software modules will no longer be under warranty and any "bugs" or progam deficiencies will not be corrected. In addition, enhancements to the modules, including updates resulting from tax code changes willl not be available and will cause erroneous calculations to occur.

Alternatives Considered:

None. Oracle is the sole source provider of software support services for their product.

Project Risks:

Risks asssociated with the approval of this Amendment are minimal. The Commission can decide which software enahncements and "patches" to apply and these updates can be tested prior to implementation. The risks are much greater by not properly maintaining the software and could easily result in extended periods of "downtime" and incorrect financial calculations being applied to the data.

Risk Mitigation Measures:

The CIO's office will work with the Department to ensure adequate procedures are in place to properly test updates to the system prior to being put into production. This practice will reduce potential system problems.

Financial Analysis:

There is no impact on the County general fund. The contract will be funded with monies appropriated by HUD and payable annually in advance as follows: $160,772.62 in Fiscal Year 2006-2007 and $165,594.60 in Fiscal Year 2007-2008; for a total cost of $326,367.22.

The agreement includes a maximum increase of three percent (3%) for the optional renewal year. This maximum annual increase is 5% less than the rate established in the existing agreement.

CIO Concerns:

None.

CIO Recommendations:

The CIO recommends that your Board authorize approval of this Amendment between the Community Development Commission and Oracle, Inc. for software support and services.

CIO APPROVAL

Date Received: 1/31/07

Prepared by: Janette Rave

Date:

Approved:

Date: 2/1/07

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