COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Cordé D. Carrillo
Acting Executive Director

April 7, 2009

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

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

Dear Supervisors/Commissioners:

RECOMMENDATION TO AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE A SERIES OF WORK ORDERS WITH ORACLE USA, INC. FOR CONSULTING SERVICES TO UPGRADE THE COMMUNITY DEVELOPMENT COMMISSION'S PEOPLESOFT FINANCIAL AND HUMAN RESOURCE SOFTWARE SYSTEMS; AND APPROVE FUNDING FOR PAYMENT TO ORACLE U.S.A., INC. BY THE COMMUNITY DEVELOPMENT COMMISSION FOR THE UPGRADE PROJECT (ALL DISTRICTS) (3 Vote)

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

SUBJECT

This letter recommends that the Board of Supervisors authorize the Chief Information Office, at the request of the Community Development Commission (Commission), to execute a series of Work Orders for consulting services under the County's Master Services Agreement Number 76043 with Oracle USA, Inc. This letter also recommends that the Board of Commissioners authorize the funding for these services by the Commission. The Work Orders will support a project to upgrade the Commission's existing PeopleSoft financial and human resource applications to the latest version of the software.

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Approve and direct the Chief Information Office, at the request of the Community Development Commission, to execute a series of Work Orders for consulting services under the County's Oracle Master Services Agreement Number 76043 with Oracle USA, Inc. (Oracle) for the PeopleSoft Upgrade Project for a maximum amount not to exceed $739,811. This is in accordance with the Board of Supervisor's directive which requires that Work Orders that exceed $300,000 be approved by your Board.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Find that the purchase of Information Technology Services to upgrade software and acquire training is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

2. Authorize the Acting Executive Director to spend up to $739,811 in Investment Technology Funds included in the Commission's approved Fiscal Year 2008-2009 budget for consulting services under the County's Oracle Master Services Agreement Number 76043 for the PeopleSoft Upgrade Project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Commission uses Oracle's PeopleSoft financial and human resource software to provide timely and accurate payroll, financial, accounting, personnel reports, and other necessary business services. Currently, the Commission is using PeopleSoft Version 8.0, and Oracle ceased product support for this version in August 2008. This means that Oracle will no longer provide the Commission with regulatory, legislative and tax updates. These updates are necessary to ensure the integrity and accuracy of the financial data reported by the Commission to the U.S. Department of Housing and Urban Development (HUD) and its other funding agencies.

A version upgrade to the most current version of the software, PeopleSoft Version 9.0, will provide these updates as well as key functional and technology enhancements. These enhancements include improved workflow management, streamlined entry capabilities, and expanded employee self-service capability.

This software upgrade is critical to ensure the continued operation of the Commission's systems.

FISCAL IMPACT / FINANCING

There is no impact on the County general fund. The Work Orders will be funded with up to $739,811 in Community Development Commission Investment Technology Funds, which are included in the Commission's approved Fiscal Year 2008-2009 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The requested upgrades will not exceed a cost of $739,811. This cost includes implementation services and training as outlined in the Work Orders.

ENVIRONMENTAL DOCUMENTATION

Information Technology Service purchases are exempt from the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(2), because they involve activities that will not have a physical impact or result in any physical changes to the environment. These 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 is the manufacturer of the PeopleSoft application software and is uniquely positioned to provide the required technical expertise and consulting services to successfully implement the software upgrades to these critical Commission applications.

The Commission is taking advantage of the discounted pricing offered through the County's Oracle Master Services Agreement (MSA) Number 76043, dated February 20, 2007. The Commission is a party to the MSA as a County Affiliate, defined in the MSA as a governmental entity for which the County's Board of Supervisors is the governing board.

Under your Board of Supervisor's direction, the CIO's delegated authority to execute Oracle Master Services Agreement Work Orders is limited to $300,000.

IMPACT ON CURRENT SERVICES AND PROJECTS

The PeopleSoft Financial Software Application is an integral part of the Commission's financial reporting responsibility to HUD and its other funding agencies. The upgrade

will provide continued product support in the form of regulatory, legislative and tax updates, which ensure the integrity and accuracy of the financial data reported by the Commission to HUD and its other funding agencies.

In addition, if the opportunity to implement the software upgrade is not exercised at this time the Commission may be forced to contract with third party vendors for future support, voiding the manufacturers warranty and thereby requiring a more costly implementation when the Commission moves to a newer version of Oracle software.

Respectfully submitted,

CORDÉ D. CARRILLO
Acting Executive Director
COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

Reviewed by:

RICHARD SANCHEZ
Acting Chief Information Officer
COUNTY OF LOS ANGELES

Attachments: 1

CIO ANALYSIS

RECOMMENDATION TO AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE A SERIES OF WORK ORDERS WITH ORACLE USA, INC. (ORACLE) FOR CONSULTING SERVICES TO UPGRADE PEOPLESOFT FINANCIALS AND HUMAN RESOURCE SOFTWARE SYSTEMS FOR THE COMMUNITY DEVELOPMENT COMMISSION

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION ☐ DISAPPROVE

Contract Type:
☐ New Contract ☐ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract ☐ Hardware Acquisition ☒ Other

New/Revised Contract Term: Base Term: 1 Year # of Option Yrs: 0

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

Project Executive Sponsor: Corde Carrillo, Acting Executive Director, CDC

Budget Information :

Y-T-D Contract Expenditures	$ 0
Maximum Contract Amount	$ 739,811
Aggregate Project Amount	$ 739,811

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☒	☐	Is this project sub vented? No NCC impact, the Community Development Commission is 100 percent sub vented.
☐	☒	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved.

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 and security Standards?
☐	☒	Has data for this contract and/or project been entered into the Information Technology Tracking System (ITTS)?

Project/Contract Description:

The Community Development Commission (CDC) is requesting your Board to authorize the Chief Information Office (CIO) to executive a series Work Orders (WOs) under the County's Oracle Master Services Agreement Number 76043 with Oracle USA, Inc. (Oracle) for their PeopleSoft Upgrade Project. The proposed cost for these professional services will not exceed $739,811 in Investment Technology Funds included in the Commission's approved budget.

Background:

On December 16, 1997, CDC purchased Financial and Human Resource Management System software and entered into a four-year Support Services Agreement with PeopleSoft, Inc. for financials (accounts payable, accounts receivable, general ledger, and purchasing) implemented in 1998 and human resources management (human resources, benefits, time and labor, and payroll) installed in 2000.

In 2005, Oracle acquired PeopleSoft, Inc. CDC has utilized Support Services Agreements, originally with PeopleSoft and then with Oracle, to receive software support services as well as software upgrades to their financial and human resource management systems.

The current versions of the financial and human resource management software (8.3 and 8.4, respectively) are now no longer supported by Oracle. Oracle ceased to provide product support for PeopleSoft Version 8.0 beginning August 2008. As a result, Oracle no longer provides CDC with regulatory, legislative and tax updates as part of the software support services agreement and does not receive functional and technology enhancements available in the last version of the software.

CDC is requesting that the Board authorize the CIO to execute a series of WOs under the County's Oracle MSA to support the migration to PeopleSoft Version 9.0, the latest version of the software. In the past, CDC used in-house IT resources to perform version upgrades without the need for professional services assistance. However, it does not currently have sufficient in-house IT staff to perform the complex tasks required to upgrade from Version 8.0.

In addition to mitigating the problems remaining with Version 8.0, CDC anticipates other benefits from upgrading to Version 9.0. The upgrade should provide key functional enhancements including improved workflow management, streamlined entry capabilities, and expanded employee self-service capability.

Project Justification/Benefits:

This software upgrade is critical to ensure the continued operation of the Commission's systems. Upgrading its system software to a supported version provides CDC with regulatory, legislative and tax updates, which ensures the integrity and accuracy of the financial data reported by the Commission to Department of Housing and Urban Development (HUD) and its other funding agencies. Moreover, it provides functional and technology enhancements available in the latest version of the software.

Project Metrics:

Oracle has developed, in conjunction with CDC, two detailed WO Statement of Services. One WO provides for technical education services to CDC IT staff, while the second WO provides for completion of a technical upgrade to Version 9.0. The two WOs are fixed price and deliverable based. Each includes detailed definitions of tasks, deliverables, acceptance criteria, payment milestones and estimated delivery dates. The WOs will be used to manage project metrics including scope, budget, schedule and quality.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

If the software upgrade is not approved and implemented, it would impact or eliminate the provision of maintenance and support services, including tax table updates. CDC would be required to pay significant additional amounts for such updates. Moreover, CDC may be forced to contract with third party vendors for future support, voiding the manufacturer's warranty.

Alternatives Considered:

No other alternatives were considered.

Project Risks:

Typical risks for major software upgrade projects include the following:

- Software functionality does not meet current or future business requirements.
- Software vendor does not have the resources to support the upgrade project.
- Lack of department executive/management support for the project.
- Lack of sufficient departmental resources for implementation and ongoing administration of the system.
- Lack of user support for the project.
- Schedule and/or cost overruns.

Risk Mitigation Measures:

Each of the potential project risks are addressed as follows:

- The WOs include detailed definitions of tasks, responsibilities, deliverables, acceptance criteria and schedule.
- The WOs include tasks for comparing CDC's existing systems with the upgrade versions, identifying and applying existing customizations and project communication planning, among many other tasks designed to minimize unintended changes from the current functionality.
- Oracle is the world's largest business software company. Also, the WOs identify the Oracle staff, including time commitment, to perform their services.
- Key members of the CDC financial and HR staff actively participated throughout the planning of the upgrade project, and will continue to participate during the upgrade implementation.
- CDC has identified an IT staff member to act as project manager on a full-time basis until the project is completed.

- Project costs and schedule have been established and reviewed prior to completing the WOs. CDC is providing a dedicated project manager. Weekly project meetings between CDC and Oracle will take place throughout the implementation in order to manage cost, schedule and all other implementation elements. Weekly project status memos will be produced by Oracle.

Financial Analysis:

The anticipated cost for this upgrade is $672,556 with an additional $67,255 in contingency for any unforeseen costs. Total cost of the upgrade would not exceed $739,811. The funds will originate from the Commission's approved annual budget.

CIO Concerns:

None.

CIO Recommendations:

The Chief Information Office recommends Board approval of the proposed upgrade implementation.

CIO APPROVAL

Date Received: January 29, 2009

Prepared by: John Arnstein

Date: February 25, 2009

Approved: Richard Lamky

Date: 3-25-09

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