



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

48

2. Council Meeting Date:

June 28, 2007

TO: MAYOR & COUNCIL

3. Date Prepared: June 8, 2007

THROUGH: CITY MANAGER

4. Requesting Department: City Manager/
Management Services

5. **SUBJECT:** Approve an amendment to the Master Agreement SLSA-66600-22-NOV-91 with Oracle Corporation for consultant services in an amount not to exceed \$290,000.

6. **RECOMMENDATION:** Recommend approval of an amendment to the Master Agreement SLSA-66600-22-NOV-91 with Oracle Corporation for consultant services in an amount not to exceed \$290,000.

7. **HISTORICAL BACKGROUND/DISCUSSION:** The City of Chandler implemented the Oracle HR/Payroll modules in 1999. Over the years, functional improvements are made by Oracle and are released through routine upgrades making it very difficult for City staff to identify and understand what improvements may be available and how or if they would fit with the City's needs. Staff believes that an operational assessment of the Oracle system from a functional perspective is necessary in order to ensure that the City is utilizing the system efficiently and to its fullest capabilities. The following business flow processes will be reviewed as part of the assessment: Accounting to Financials, Procure to Pay, Order to Cash, Human Resource Management System (HRMS), and Functional Security. This agreement will also cover the Oracle Accruals requirement gathering and implementation which is a project that will allow the City to move toward standard functionality for accruals and eliminate the need for custom programming to track the City's accruals.

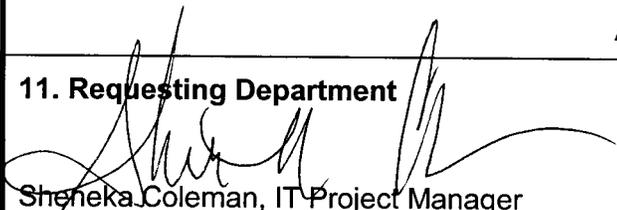
8. **EVALUATION PROCESS:** Oracle Corporation has been selected to complete this work because they are the original developers of the Oracle Business Suite used by the city. Oracle uses partners for consulting, however, most partners only have expertise with one module and going direct with Oracle ensures that we are getting the best value for the city.

9. **FINANCIAL IMPLICATIONS:** Funds for this amendment to the Master Agreement SLSA-66600-22-NOV-91 with Oracle Corporation is available from Account #: 101.1285.0000.5219.4IT021 - OTHER PROF/CONTRACT SERVI.ORACLE ENHANCEMENTS PHASE 2.

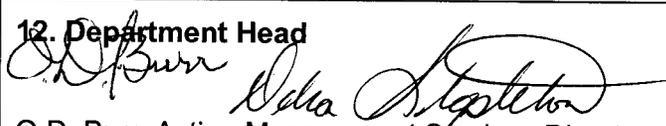
10. **PROPOSED MOTION:** Move to approve an amendment to the Master Agreement SLSA-66600-22-NOV-91 with Oracle Corporation for consultant services in an amount not to exceed \$290,000.

APPROVALS

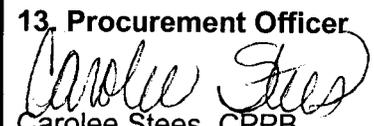
11. Requesting Department


Sheneka Coleman, IT Project Manager

12. Department Head


O.D. Burr, Acting Management Services Director
Debra Stapleton, Human Resource Director

13. Procurement Officer


Carolee Stees, CPPB

14. City Manager


W. Mark Pentz

AMENDMENT NUMBER ONE
TO AGREEMENT SLSA-66600-22-NOV-91 BETWEEN THE CITY OF CHANDLER AND
ORACLE CORPORATION

This Amendment #ONE to that certain Agreement SLSA-66600-22-NOV-91 between the City Of Chandler and Oracle Corporation dated November 27, 1991 between the City of Chandler and Oracle Corporation is entered into this _____ day of June, 2007.

NOW THEREFORE, the parties agree as follows:

1. The Scope of Work is amended to add the following:

A. Production Oracle Accruals Implementation

Oracle will assist the City of Chandler with the installation and configuration of a Production Instance of Oracle Accruals at the City of Chandler facilities in two (2) phases as outlined below:

- Phase I: Requirements Gathering.
 - Oracle will conduct a series of interviews to capture and document the technical requirements for the functionality as defined in the City of Chandler Accrual Requirements below.
 - Milestone: Requirements Document (BR100); Fast Formula Definition (MD50)
- Phase II: Project Execution
 - i. Technical Configuration Based upon the requirements defined in the previous activity, Oracle will configure the Oracle software to implement the functionality per the requirements documentation.
 - Milestone: Configured application code.
 - ii. Fast Formula Development and Unit Testing. Specific to the fast formula definition documented within Activity 1, create the formula and unit test the application code to meet the functionality as per the requirements document (MD50).
 - Milestone: Fast Formula Developed and Unit Tested.
 - iii. Implementation Testing Support. Oracle will provide up to 80 hours of technical support to provide technical assistance in the testing process.
 - Milestone: Testing results document delivered to customer.

City of Chandler Accrual Requirements

1. Define, setup and implement required absence earnings to process via payroll and reduce regular pay when applicable
2. Define, setup and implement required earnings information to record/track time off that does not affect pay (i.e. FMLA) through possible use of accrual plans
3. Define, setup and implement accrual plans that automatically award accrual hours per period in accordance with COC Personnel Rules (i.e. sick leave conversions, personal holiday)
4. Define, setup and implement standard accrual plans including ending old accrual plans and allow an audit trail
5. Setup enrollment of all employees in accrual plans based on eligibility for the plan
6. Define, setup and implement single adjustment accrual balances and all other related balances
7. Define, setup and implement standard leave earnings that feed all standard balances into the Oracle payroll system
8. Provide the ability to administer a carryover process for accrual balances
9. Provide the ability to carryover balances for employees that have exceeded the 240 hours and 336 hours ceiling into separate accrual plans. Carryover balances must reduce first before reducing the regular vacation balance.

10. Define, setup and implement fast formula's for accrual plans

Optional

11. Define, setup and implement required absence types

12. Define, setup and implement required absence categories

13. Define, setup and implement required absence reasons

B. Oracle E-Business Suite Healthcheck Assessments

Oracle will assist the City of Chandler evaluate functional areas of its E-Business Suite applications and business processes in an effort to derive the highest level of business benefits and optimization from its E-Business Suite applications by accomplishing the following tasks:

- Scope Definition
- Completed Business Flow Family Requirements Checklist for the following:
 - Accounting to Financials
 - Procure to Pay
 - Order to Cash
 - HRMS
- Completed Business Flow Family Questionnaires
- On-Site Interviews
- Healthcheck Assessment Report to include but not limited to:
 - Detailed Findings
 - Current Challenges
 - Current Configurations
 - Gaps High Impact Area Recommendations
 - Segregation of duties within responsibilities
 - Security Profile For Users
 - User Privilege Management
 - High Level Implementation Plan
 - Timeline
 - Budgetary Estimates

C. City of Chandler HRMS Healthcheck Requirements

Oracle will assist the City of Chandler by evaluating functional areas of its Oracle HRMS applications and business processes in an effort to derive the highest level of business benefits and optimization by assessing the following requirements:

- Options for producing a total benefits statement for employees
- Options for automating the performance appraisal process
- Functionality in Oracle HRMS for workforce planning
- Functionality of Oracle Learning Management

Oracle will provide the City of Chandler with an HRMS Healthcheck Assessment Report to include the following:

- Detailed Findings
 - Current challenges
 - Current configurations
 - Gaps
 - High impact area recommendations
- High Level Implementation Plan/Timeline
- Budgetary Estimates

Project Assumptions

- The City acknowledges that timely provision of and access to office accommodations, facilities, equipment, assistance, cooperation, complete and accurate information and data from the City's officers, agents, and employees, and suitably configured computer products (collectively, "cooperation") are essential to the performance of any services as set forth in this exhibit. Oracle will not be responsible for any deficiency in performing services if such deficiency results from the City's failure to provide full cooperation. The City is responsible for obtaining any consents required for Oracle to perform services under this exhibit, and to allow Oracle to post, at any site at which services are performed, any documents necessary for Oracle to provide services in compliance with the law.
 - The City acknowledges that Oracle's ability to perform the services and any estimate related depends upon the following project assumptions and the City's fulfillment of the following obligations:
 - Maintain the properly configured hardware/operating system platform to support the services.
 - Obtain licenses under separate contract for any necessary Oracle programs before the commencement of services.
 - Maintain annual technical support for the Oracle programs under separate contract throughout the term of the services.
 - Provide Oracle with full access to the relevant functional, technical and business resources with adequate skills and knowledge to support the performance of services.
 - The City of Chandler will be responsible for Overall Project Management.
 - Oracle Consultants will work under the direction of the City of Chandler.
 - The City of Chandler will be responsible for completing the Business Flow Family Requirements Checklists and Questionnaires and provide to Oracle.
 - The City acknowledges that if Oracle's cost of providing services is increased because of the City's failure to meet the obligations listed in this exhibit, failure to provide cooperation, or because of any other circumstance outside of Oracle's control, then the City agrees to pay Oracle for such increased cost. Such increased cost may include time during which Oracle's consultants are under-utilized because of delays.
 - Oracle consultants will coordinate their training and vacation plans in advance with the City of Chandler Project Manager.
 - Oracle will honor all holidays honored by Oracle and the City of Chandler. With the City of Chandler's permission, Oracle staff may choose to work government holidays and weekends, provided workspaces are available.
 - Any change to the assumptions and scope stated in this document may alter the project approach, staffing level, cost and schedule.
 - All documentation and presentations will be developed using Oracle's standard formats.
 - City of Chandler will complete the Business Flow Family Requirements Checklist and Questionnaire and provide to Oracle.
- 2. The term of this consulting engagement will commence upon notice to proceed by the City and end no later than September 21, 2007 upon successful completion of the above tasks/deliverables.**
- 3. The City shall pay Oracle Corporation a price not to exceed \$290,000 payable as follows:**

Payment Milestone	Deliverable	Payment Amount/Percentage
HRMS Healthcheck Assessment	Findings and Recommendations Document	Not to exceed \$40,000
Accounting to Financials Healthcheck Assessment	Findings and Recommendations Document	Not to exceed \$40,000
Procure to Pay Healthcheck Assessment	Findings and Recommendations Document	Not to exceed \$40,000
Order to Cash Healthcheck Assessment	Findings and Recommendations Document	Not to exceed \$40,000
Requirements Document, Fast Formula Document for Oracle Accruals	Requirements Document (BR100), Fast Formula Document (MD50) for Oracle Accruals	Not to exceed \$32,000
Configured Application Code	Configuration Document and Knowledge transfer	Not to exceed \$32,000
Fast Formula Developed and Unit Tested	Testing plan and results and Knowledge transfer	Not to exceed \$32,000
Test Results Document Completed	Test results document and Knowledge transfer document	Not to exceed \$32,000

4. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this _____ day of June, 2007.

CITY OF CHANDLER:

ORACLE CORPORATION

By: _____
Mayor

By: _____
Title: _____

APPROVED AS TO FORM:

City Attorney *jse*

ATTEST: (If corporation)

ATTEST:

Secretary

City Clerk

WITNESS: (If individual or Partnership)

[SEAL]