

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5g
Date of Meeting May 3, 2011

DATE: April 25, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Kim Albert, Senior Manager ICT Business Services

SUBJECT: Annual software support for Oracle Financial and Human Capital Management systems.

REQUESTED AMOUNT: \$339,000 **SOURCE OF FUNDS:** Operating Budget

SALES TAX: \$29,000

ACTION REQUESTED:

Request Port Commission authorization for the Chief Executive Officer to execute a purchase order for \$339,000 to continue annual software support for our existing Oracle Financial and Human Capital Management systems.

SYNOPSIS:

Our Financials and Human Capital Management (HCM) Systems are required to conduct Port business. The Oracle annual support agreement is required in order to receive technical support and software upgrades for these systems as they become available.

BACKGROUND:

The Port of Seattle began using PeopleSoft as its financial system in 1996 and PeopleSoft HCM to manage its payroll and benefits in 1997. The original contracts included automatic renewal for annual software support. The PeopleSoft Corporation was purchased by Oracle in 2005.

In order to receive continued technical support and upgrades for these systems as they become available, the Port must renew its annual software support agreements. The 2011 estimated annual cost for each system (including tax) is:

- HCM system (used to manage payroll and benefits) - \$146,000
- Financial system - \$193,000

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Oracle software support services include:

- Program updates, fixes, security alerts, and critical patch updates
- Tax, legal, and regulatory updates
- Major upgrades to add functionality
- Technical support 24 hours per day, 7 days a week

Competition waivers for these Oracle software licensing agreements were approved and the Commission was notified on December 9, 2009, in accordance with Resolution No. 3605, Section 6.5, because the service or product is proprietary in nature and, under federal law, the software manufacturer has the exclusive right to offer maintenance and support or license another company to offer support.

STRATEGIC OBJECTIVES:

This request supports the following Port strategies:

- *Ensure Airport and Seaport Vitality:* This contract will allow us to continue support for key systems that are critical to business operations.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

Oracle HCM Support	\$134,000
Oracle Financials Support	\$176,000
Sales Tax	\$29,000
Total Budget	\$339,000
Budget Transfers	\$0
Revised Budget	\$0
Previous Authorizations	\$0
Current request for authorization	\$339,000
Total Authorizations, including this request	\$339,000
Remaining budget to be authorized	\$0

Source of Funds:

The Oracle support is already included in the ICT expense budget, which is 100% Operating Funds.

PREVIOUS COMMISSION ACTION:

On April 6, 2010, the Commission authorized the Chief Executive Officer to execute a purchase order for \$326,000 for annual software support for our existing Oracle Financial and Human Capital Management systems.