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**INFORMATION TECHNOLOGY  
DEPARTMENT**

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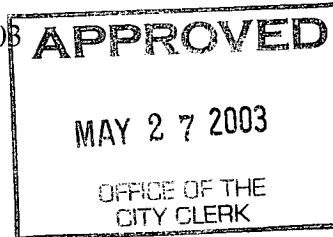
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City Council  
Sacramento, California

Honorable Members in Session:

*Ag 2003-090*

May 20, 2003



**SUBJECT: PURCHASE OF LICENSES AND SUPPORT FOR ORACLE DATABASE SOFTWARE**

**LOCATION AND COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

This report recommends that the City Council approve the attached resolution that suspends formal competitive bidding and authorizes the City to purchase software licenses and support for Oracle Database Software under the State of California's Multiple Award Schedule (Contract Number 3-94-70-0013) with DLT Solutions, Inc. for an amount not to exceed \$2 million over a five-year period.

**CONTACT PERSON:** Sally W. Nagy, Chief Information Officer, 808-8600

**FOR COUNCIL MEETING OF:** May 27, 2003

**SUMMARY:**

Oracle Database Software is an essential component for non-mainframe computer systems in many City departments. Last summer, a Citywide team identified Oracle as the City standard for enterprise wide database software applications. The startup of four key technology projects that will use this database software provided an opportunity to research pricing options for both initial license purchases and annual support on a Citywide basis for Oracle's database software.

Over the past few months, City staff have investigated licensing options for Citywide use of the Oracle database and researched the best possible prices for the software and annual support. The City released a Request for Quotation (RFQ) for Oracle License Support and Technical Support on April 30, 2003. The RFQ identified that the City was interested in receiving quotes based upon any State of California Multiple Award Schedules (CMAS) or Master Purchase Agreements. The winning proposer was DLT Solutions, Inc. who proposed pricing that is approximately 76% below CMAS pricing. According to the Gartner Group, the leading

technology research and analysis firm, this represents a very significant discount especially for the relatively small size of the City's order.

The purchase would be broken into phases. Phase 1 (3073 licences and first year support) would occur in FY03 would be for \$849,000. An optional Phase 2 (768 licenses and first year support) would occur in FY04 for \$214,000. Support for the remaining four years would not exceed \$234,000 per year. It is recommended that the City Council approve the attached resolution that authorizes the City to suspend competitive bidding and to purchase Oracle database software licenses and up to five years of support from DLT Solutions, Inc. The FY03 cost of the software licenses and support will be funded from a combination of departmental and CIP funds. Funds for Phase 2 have been included in the FY04 proposed budget.

**COMMITTEE/COMMISSION ACTION:** None

**BACKGROUND:**

A computer system such as Utility Billing consists of several components, one of which is relational database software. Relational database software is used to organize, store and provide efficient retrieval of large volumes of data, to provide for recovery in case of hardware or software failures, and to track changes to the data.

The City started using Oracle's relational database software a number of years ago. Founded in 1977 in Redwood City, California, the Oracle Corporation has become the world's leading supplier of relational database software. Currently 93% of the Fortune 100 companies use Oracle's database software, and Oracle serves 39.4% of the world market. Ongoing comparisons with competing products have shown that Oracle continues to be the most flexible, cost effective and reliable database product for Citywide systems. In addition, the recently completed enterprise technology architecture established Oracle as the City's standard for Citywide relational database software.

The City currently uses Oracle database software for its Permitting, Code Enforcement, Geographic Information Systems (GIS), Facilities Maintenance, Fleet Maintenance, and Help Desk systems. Key projects currently underway that will use Oracle database software to be purchased under this resolution include: Police Dispatch and Records Management, Customer Information System-Utility Billing (CIS), the GIS Master Address system, and a new in-house developed financial reporting system. Both the Police Department and CIS projects have been presented in prior Council reports. The GIS-based master address system will maintain all valid addresses within the City. The financial reporting system will replace three similar outdated systems with one combined Intranet system.

There are two methods of purchasing Oracle database software. One is "CPU-based," meaning that the software is licensed to a particular central processing unit (hardware). As a result, each time new computer hardware is required, such as when a new system is implemented, more licenses need to be purchased. For example, the new Utility Billing System (CIS) will use six CPU's and the new Police CAD/RMS will use nine.

The second method licenses individual users regardless of how much computer hardware there is, or how many systems are used. This second option is the recommended approach for three main reasons: 1) It is less expensive over a five year period. Under the user-based approach, we can have a Citywide license for just a little more than we would spend to buy just enough CPU-based licenses for those projects currently in use or under development. Any new additional hardware needs or new systems, such as the new Parks registration system the Parks Department hopes to implement during the next several years, would push the CPU-based licensing cost higher than the user-based approach; 2) It is easier to administer; and 3) It will facilitate moving forward with a Citywide database platform which will help us in our goal to improve data sharing.

The City is proposing to initially license 3,841 "user seats" for the Oracle database software spread over two phases as described above. This number of licensed seats is based upon current needs, as well as additional seats needed in the next five years due to access to new systems needed by the City. Other Citywide software licenses that are based upon the "user seat" method include Microsoft Windows and Novell GroupWise. During FY 03 the City licensed approximately 3,150 MS Windows licenses and 3,513 GroupWise seats. It is anticipated that there will be an increase in the number of licensed seats for both of these software products in FY 04.

As the City proceeds with future projects such as Electronic Document Management and the Parks Facility Booking and Registration System, the Oracle database software would already be in place, thereby reducing the initial cost of these projects, maintaining Citywide standards, and minimizing overall staff support and training costs.

The City released a Request for Quotation (RFQ) for Oracle License Support and Technical Support on April 30, 2003. The RFQ identified that the City was interested in receiving quotes based upon any State of California Multiple Award Schedules (CMAS) or Master Purchase Agreements. The RFQ required submittals no later than May 9, 2003. The vendors require commitment by May 30, 2003 due to that being the end of Oracle's fiscal year. The RFQ was sent to eight vendors (one of which is an ESBD) and five responsive quotations were received. DLT Solutions, Inc. was the lowest quotation. Since the RFQ process was an informal process, although a competitive one, it is recommended that the City Council approve the attached resolution that authorizes the City to suspend competitive bidding and to purchase Oracle database software licenses and up to five years of support from DLT Solutions, Inc.

#### **FINANCIAL CONSIDERATIONS:**

Staff reviewed several options for the purchase of the Oracle database software. Purchasing Oracle software seat licenses at CMAS prices would result in a cost of approximately \$4.5 million. However, purchasing it from a reseller covered by a CMAS agreement based upon a Request for Quotation, results in a much-reduced cost to the City. DLT Solutions, Inc. submitted the lowest quote of the five vendors who submitted quotes under the City's Oracle RFQ. Their quote for the Oracle software licenses and technical support for five years is just under \$2 million (including a prompt pay discount).

The majority of funds for the FY03 cost of the software licenses and support is available in various CIPs and operating budgets that already support Oracle purchases or support and a small balance is available in various department line item budgets. Funds for Phase 2 have been included in the FY04 proposed budget.

**ENVIRONMENTAL CONSIDERATIONS:**

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA), CEQA Guidelines, Sections 15061 (b)(1), 15378 (b)(3). The current project involves only the purchasing of database software and on-going support of the product. Therefore, it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

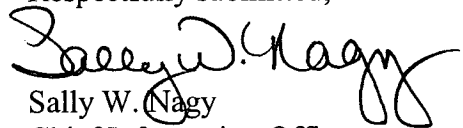
**POLICY CONSIDERATIONS:**

This recommendation to purchase Oracle database software licenses and support from DLT Solutions, Inc. is in conformance with the goals, objectives, initiatives and operating principles of the City's Information Technology Strategic Plan. The purchase of the Oracle software as recommended is consistent with Goal #1: Improve Technical Infrastructure and Goal #3: Leverage Technology Investments.

This recommendation is also in accordance with the provisions of Chapter 3.56 of the City Code, including Section 3.56.230 (c), which authorizes the suspension of formal competitive bidding upon two-thirds vote of the City Council.

**ESBD CONSIDERATIONS:**

Neither Oracle Corporation nor DLT Solutions, Inc is an ESBD firm.

Respectfully submitted,  
  
Sally W. Nagy  
Chief Information Officer

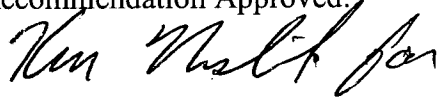
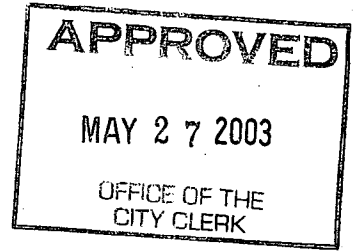
Recommendation Approved:  
  
Robert P. Thomas  
City Manager

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**RESOLUTION NO. 2003-331**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION SUSPENDING COMPETITIVE BIDDING  
AND AUTHORIZING THE TO PURCHASE OF ORACLE DATABASE SOFTWARE  
PRODUCTS AND SUPPORT FROM DLT SOLUTIONS, INC.**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:**

1. In the best interest of the City of Sacramento, competitive bidding is hereby suspended for the purchase of Oracle Database software products and up to five years of support from DLT Solutions, Inc. under the terms and conditions of the California Multiple Awards Schedule (Contract Number 3-99-70-1047A).
2. The City Manager and City Clerk are hereby authorized to execute the purchase of the Oracle Database software products and up to five years of support from DLT Solutions, Inc. support in an amount not-to-exceed \$2.0 million, which includes \$849,000 in Fiscal Year 2002-2003.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_