ITEM NO. 7

STAFF REPORT

CITY OF OCEANSIDE

DATE: June 26, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

SUBJECT: **AMENDMENT 1 TO PROFESSIONAL SERVICES AGREEMENT WITH ENTERPRISE TECHNOLOGY SERVICES LLC FOR ORACLE 9.1 POST UPGRADE ENHANCEMENT ITEMS**

SYNOPSIS

Staff recommends that the City Council approve amendment 1 in the amount of $42,680 to the professional services agreement with Enterprise Technology Services LLC for Oracle 9.1 post upgrade enhancement items, and authorize the City Manager to execute the agreement.

BACKGROUND

On October 3, 2012, the City Council allocated $420,000 for upgrading the Oracle EnterpriseOne 8.12 financial platform with the latest version (i.e. Version 9.1). The project was defined as installing a "like for like" upgrade to deliver "equivalent functionality" of the software. A $40,000 project contingency was also allocated to be used as needed and upon approval of both the Financial Services Director and Chief Information Officer.

On May 15, 2013, the City Council approved a Professional Services Agreement with Enterprise Technology Services LLC to provide Oracle support including regular software updates; it did not include new features or enhancements requested by staff.

ANALYSIS

The project commenced in October 2012 and went "live" on June 3, 2013, three months earlier than anticipated. Approximately $14,000 of the contingency was utilized for modifications to the paystub/pay inquiry leave balance and paycheck attachments.

Finance and Treasury staff is requesting additional enhancements and modifications to the accounts payable, accounts receivable and general ledger modules in an effort to further streamline processes and reduce manual duplications. In addition, staff is requesting five licenses for the Oracle OneView Reporting module.

The Accounting Division has budgeted $16,215 in FY 13/14 for licenses and modifications, and the Treasurer's Department has budgeted $4,735 for the payee

positive pay modification, which will be offset by reduced banking fees. The remaining $21,730 will be allocated from the remaining project contingency.

FISCAL IMPACT

Amendment 1 will be funded as follows:

Description	Account	Amount
Accounting Professional Services	220000101.5305	$16,215
City Treasurer Banking Fees	200010102.5405	$4,735
FSD Administration Professional Services	200010101.5305	$21,730
TOTAL		**$42,680**
IT Contingency (transfer out)	*1841.6900.0101*	*$21,730*
IT Contingency (transfer in)	*200010101.6800.0841*	*$21,730*

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve amendment 1 in the amount of $42,680 to the professional services agreement with Enterprise Technology Services LLC for Oracle 9.1 post upgrade enhancement items, and authorize the City Manager to execute the agreement.

PREPARED BY:

Teri Ferro
Financial Services Director

SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Yukari-Krause Brown, Information Services Division Manager

Michele Lund, Treasury Manager

Attachment: Amendment 1

Proposal for Oracle JD Edwards EnterpriseOne 9.1 Post Upgrade Enhancement Items Dated June 5, 2013

CITY OF OCEANSIDE
AMENDMENT 1 TO
PROFESSIONAL SERVICES AGREEMENT

PROJECT: ORACLE-JD EDWARDS SOFTWARE POST UPGRADE ENHANCEMENT ITEMS

THIS AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (hereinafter "Amendment"), dated June 26, 2013 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and Enterprise Technology Services, LLC of Orange, California, hereinafter designated as "CONSULTANT."

RECITALS

WHEREAS, City and Consultant are the parties to that certain Professional Services Agreement dated May 15, 2013 , hereinafter referred to as the "Agreement", wherein Consultant agreed to provide certain services to the City as set forth therein;

AMENDMENT

NOW, THEREFORE, as set forth herein, the parties hereto do mutually agree that the Agreement shall be amended as follows:

1. Scope of Work will include the post upgrade enhancement items as identified on the proposal dated June 5, 2013 a copy of which is attached hereto and incorporated by reference and made part of the Agreement.
2. Compensation for this amendment shall not exceed $42,680 which includes a "fixed fee" for the scope of work of $41,280 plus $1,400 for travel expenses. Payment is due upon receipt of invoice.
3. Project will commence July 1, 2013 and completed no later than September 6, 2013.
4. Except as expressly set forth in this Amendment, the Agreement shall remain in full force and effect and is hereby ratified and reaffirmed.

SIGNATURES. The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto being duly authorized on behalf of their respective entities to execute this Amendment, do hereby agree to the covenants contained in the Agreement, including this Amendment and have caused this Amendment to be executed by setting hereunto their signatures on the dates set forth below.

ORACLE – JD EDWARDS SOFTWARE
POST UPGRADE ENHANCEMENT ITEMS

ENTERPRISE TECHNOLOGIES LLC

By: Mario Alvarado / CEO
Name/Title

Date: 6/13/2013

By: _____
Name/Title

Date: _____

33-0803336
Employer ID No.

CITY OF OCEANSIDE

By: _____
Peter Weiss, City Manager

Date: _____

APPROVED AS TO FORM:

_____
City Attorney

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

I:\City Attorney\Professional Services Agreement Short Amendment 2008 .doc

(Revised 11-2008)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of ORANGE

On JUNE 13, 2013 — before me, ERIC AN, NOTARY PUBLIC,
Date — Here Insert Name and Title of the Officer

personally appeared MARIO ALVARADO
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

ERIC AN
Commission # 1979466
Notary Public - California
Orange County
My Comm. Expires Jun 21, 2016

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: AMENDMENT 1 TO PROFESSIONAL SERVICES AGREEMENT

Document Date: JUNE 13, 2013 (SIGNED) Number of Pages: TWO

Signer(s) Other Than Named Above: "PETER WEISS", "CITY ATTORNEY"

Capacity(ies) Claimed by Signer(s)

Signer's Name: —
☐ Individual
☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other:

Signer Is Representing:

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: —
☐ Individual
☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other:

Signer Is Representing:

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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ENTERPRISE technologies

333 City Boulevard West, Suite 1700
Orange, CA 92868
Phone: 714-368-9750
Fax: 714-368-9760

June 5th, 2013

Teri Ferro
City of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Re: Engagement Letter – Oracle JD Edwards EnterpriseOne 9.1 - Post Upgrade Enhancement Items

Teri –

Following please find the **Post 9.1 Upgrade Enhancement Items** Proposal / Statement of Work (SOW) between Enterprise Technology Services, LLC d.b.a. Enterprise Technologies and the City of Oceanside (Oceanside). In general, these items were uncovered as we reviewed business processes and procedures with the users.

About Enterprise Technologies

Enterprise Technologies, a Gold Business Partner of Oracle®, provides implementation consulting and training for Oracle JD Edwards EnterpriseOne™, JD Edwards World, Oracle Primavera and Oracle Business Intelligence products.

Our clients represent a broad range of industries including Healthcare, Fresh Foods, Automotive, Local and City Governments, Retail Distribution, Toy Manufacturing, Mortuary, Veterinary Supplies and Dot Com Services.

Our expertise lies in our ability to quickly and efficiently extract the needs of our clients, apply our knowledge from experiences, industry best practices and current technologies, educate our clients and lead them to their goals.

Enterprise Technologies is a Gold Level Business Partner of Oracle Corporation.

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Overview

The City of Oceanside recently engaged in an upgrade of their Oracle JD Edwards EnterpriseOne system. As part of the process, the consultants reviewed business processes and new features of the software. The following list of enhancements was uncovered as we reviewed business processes and procedures with the users. These enhancements represent improvements to significantly increase the efficiency of these business processes and are recommended as part of the normal process improvement cycle. Please see the attached worksheet for a detail breakdown of the costs associated with a given project.

Statement of Work

102 - One Time Suppliers should default to suppliers =Y in supplier master

Currently JDE does not recognize that one-time vendor address book records are records that should be treated as suppliers in accounts payable. The Enhancement will be to configure and/or modify JDE to recognize one-time vendor address records as suppliers and have them treated as supplier records in JDE Accounts Payable.

104 - Create Audit Environment so that adjustment can be made during normal business for authorized employees.

Year End Audit adjustments for Oceanside generally are entered for 4-5 months after the end of the year. Finance users currently wait until after the day's business to move the G/L period back to year end to make the entries related to the audit. This enhancement will create and Audit environment that will allow authorized users, when in this environment, to make entries during normal business hours while normal business is in process.

105 - Invoices reformatted to fit in folding machine.

Currently Invoices are manually folded and mailed. The Enhancement will be to reformat the mailing information of the invoice to be compatible with a standard double-window envelope for use with Oceanside's mailing machine.

106 - Activity Message labels need to be changed to the current name of the amount.

Currently the Activity message dialog contains 2 generic amount fields (Amount 1 and Amount 2) that are used by the collections staff for a specific purpose. This Enhancement will be to label the fields as they are being used so that everyone uses the fields in the same way making the data consistent in the database.

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107 - Electronic Receipts are not being automatically matched (R03B50).

Currently the Electronic receipts from 3rd party systems are not being automatically matched as they should. This The Enhancement will be to correct the receipt algorithm (R03B50) to process the data so that the receipts are automatically matched.

108 - Electronic Cash Receipts from 3rd party systems (Active/HTE) need to be manually edited to be accepted into JDE.

Currently the Electronic receipts from 3rd party systems are not being automatically matched as they should. This The Enhancement will be to correct the data so that the receipts are automatically matched.

109 - Statistical Refresh to create correct Customer Account Balances.

Statistical Refresh is creating incorrect balances and is currently not being used to update customer account balances. The Enhancement will be to correct the process so that the customer account balances are created accurately and the application can be used by collections.

110 - Fee Assessment - When multiple fees are assessed, only one is referenced on the notice.

When a Delinquency notice is generated for an account with multiple fees assessed, the notice is summarized and created with information from only one of the notices. The Enhancement will correct the notice so that information from multiple notices will be correctly displayed on the notice.

111 - Add new AAI for deferred revenue

To reduce the reclassification of invoice revenue, Oceanside would like to add new deferred revenue AAI for grant and general funds (101, 217, 222, 272, 273, 274. 276, & 277).

113 - Oracle JD Edwards OneView Reporting

License Oracle JD Edwards OneView Reporting for 5 Users ($2,300*5). Install onto new SQL and WebLogic servers. Installation provided by ET at $2,000.

114 - CAFR & Statutory Reporting / Integrity Reporting - OneView

Currently the CAFR report is created manually outside of the JDE. Enhancement to review and configure Chart of Accounts category codes to support reporting, and create a OneView Report to output the CAFR report systematically from JDE. Also build an integrity report to identify accounts without the required category codes to support CAFR and future Budgeting reporting.

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117 - Payee Positive Pay: Add C/O Data to Positive pay transmission to Bank to avoid fees.

When the positive pay process was created, the bank was not capable of receiving addendum data for C/O information. Now the bank can receive this information, and also charges Oceanside a fee when there is a mismatch between the C/O information on the check and the absence of the information in the Payee Positive Pay transmission. This enhancement will update the Payee Positive Pay information to transmit C/O addendum information.

118 - Auto Bank Reconciliation

The Auto Bank Rec process is not processing the file as it should. This enhancement to diagnose and repair the functionality to correctly process the Union Bank Rec BAI2 files.

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Work Estimate:

ID	Title	Total Labor	Project Cost	Duration
102	One Time Suppliers should default to suppliers =Y in supplier master	12	1,695	2 days
104	Create Audit Environment so that adjustment can be made during normal business for authorized employees.	6	960	1 day
105	Invoices reformatted to fit in folding machine	14	2,015	3 days
106	Activity Message labels need to be changed to the current name of the amount.	1	160	1 day
107	Electronic Receipts are not being automatically matched (R03B50).	26	4,175	1 week
108	Electronic Cash Receipts from 3rd pary systems (Active/HTE) need to be manually edited to be accepted into JDE	10	1,495	3 days
109	Statistical Refresh create incorrect customer account balances.	9	1,440	2 days
110	Fee Assessment - When Multiple fees are assesed, only one is referenced on the notice.	34	4,735	1 week
111	Add new AAI for defferred revenue	9	1,455	2 days
113	Oracle JD Edwards OneView Reporting	-	13,500	10 days
114	CAFR & Statutory Reporting / Integrity Reporting - Oneview	10	1,600	2 days
117	Payee Positive Pay: Add C/O Data to Positive pay transmission to Bank.to avoid fees.	34	4,735	1 week
118	Auto Bank Reconciliation	24	3,315	1 week
	Total Project Direct Labor		**41,280**	
	Estimated Expenses		1,400	
	Total Project - Fixed Bid		**42,680**	

Rate, Terms and Consultant Assigned:

Enterprise Technologies is prepared to offer a **Fixed Cost bid** for the **Post 9.1 Upgrade Enhancement Items** project.

The fixed project cost for the 189 hours of work including expenses will be $42,680.

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Invoices will be presented as follows:

1. Initial Payment: An invoice for 30% of the project cost ($12,804) is required to begin the work. Work will begin when the payment is received.
2. The 1st progress payment of 30% of the project cost ($12,804) is due when development is complete, and the functionality is available for testing.
3. The Final progress payment of 40% of the project cost ($17,072) is due when the functionality has been approved by the users, and delivered to the production environment.

Invoices are due and payable on receipt the invoice following the completion of the milestone.

Mario Alvarado is the Project Manager and Senior Financials Consultant for this engagement, and will be performing the work. Other Enterprise Technologies consultant may engage the work to provide a better work product for the City of Oceanside. The Statement of Work will be performed on the Oceanside site, remotely or at a site of Enterprise Technologies' and Oceanside's mutual discretion.

Schedule and Start Date:

Enterprise Technologies is available to engage the Statement of Work Thursday, July 1st, 2013. The duration of the project is estimated at 10 weeks.

Enterprise Technologies Investment

1. Enterprise Technologies will provide consultant(s) who are experienced and knowledgeable on the subject matter to perform the services.
2. Enterprise Technologies will provide Client computer hardware for our Consultant(s).
3. Enterprise Technologies has obtained all necessary licenses to perform the services, and warrants that the services and materials do not infringe any patents.
4. Enterprise Technologies has sufficient insurance to cover its obligations hereunder, including Worker Compensation, General Liability insurance.

City of Oceanside's Investment

1. Workspace: Please provide facilities suitable for 1-2 consultants, with internet access and a high definition projector for the duration of this engagement. Also, please provide a phone capable of dialing out of the building.
2. Human Capital: Please provide reasonable access to the students for the duration of the engagement.

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Next Steps

It is my hope that you find this proposal beneficial to the City of Oceanside. I look forward to the opportunity to work together to complete these enhancement projects. If you wish to engage Enterprise Technologies for the above work, please:

1. Sign and return this SOW. Your signature will confirm your intent to engage Enterprise Technologies, as well as your acceptance of the Statement of Work and Terms defined in this proposal. This document will support the Professional Services Agreement dated May 15, 2013 between Enterprise Technology Services, LLC and the City of Oceanside.

By signing below, The City of Oceanside and Enterprise Technologies agree to the Statement of Work and the terms of this proposal, and Enterprise Technologies is authorized to perform the above described work.

ENTERPRISE TECHNOLOGY SERVICES, LLC

Principal / Consultant
June 5th, 2013

CITY OF OCEANSIDE

By: _____

Its: _____

Date: _____

Oracle JD Edwards EnterpriseOne 9.1 - Post Upgrade Enhancement Items

ID	Request Date	Client	Project	Funding Dept	Dept	Priority (1/2/3)	Person Responsible	Title	Description	Licensing	Installation	Develop ment	Config/Te sting	Proj Mgmt	Tech/CNC	Total Labor	Project Cost	Duration
102	4/1/2013	Oceanside	Enhancement	Finance	A/P	Proposed	Charlene	One Time Suppliers should default to suppliers =Y in supplier master	Currently JDE does not recognize that one-time vendor address book records are records that should be treated as suppliers in accounts payable. Enhancement to configure and/or modify JDE to recognize one-time vendor address records as suppliers and have them treated as supplier records in JDE Accounts Payable.			8	2	1	1	12	1,695	2 days
104	4/1/2013	Oceanside	Enhancement	Finance	A/P	Proposed	Charlene	Create Audit Environment so that adjustment can be made during normal business for authorized employees.	Year End Audit adjustments for Oceanside generally are entered for 4-5 months after the end of the year. Finance users currently wait until after the day's business to move the G/L period back to year end to make the entries related to the audit. This enhancement will create and Audit environment that will allow authorized users, when in this environment, to make entries during normal business hours while normal business is in process.				2		4	6	960	1 day
105	4/1/2013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Invoices reformatted to fit in folding machine	Currently invoices are manually folded and mailed. Enhancement to reformat the mailing information of the invoice to be compatable with the mailing machine.			8	4	1	1	14	2,015	3 days
106	4/1/2013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Activity Message labels need to be changed to the current name of the amount.	Currently the Activity message dialog contains 2 generic amount fields (Amount 1 and Amount 2) that are used by the collections staff for a specific purpose. This enhancement to label the fields as they are being used so that everyone uses the fields in the same way making the data consistent in the database.				1			1	160	1 day
107	4/1/2013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Electronic Receipts are not being automatically matched (R03B50).	Currently the Electronic receipts from 3rd party systems are not being automatically matched as they should. This enhancement to correct the receipt algorithm (R03B50) to process the data so that the receipts are automatically matched.				24	1	1	26	4,175	1 week
108	4/1/2013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Electronic Cash Receipts from 3rd pary systems (Active/HTE) need to be manually edited to be accepted into JDE	Currently the Electronic receipts from 3rd party systems are not being automatically matched as they should. This enhancement to correct the data so that the receipts are automatically matched.			4	4	1	1	10	1,495	3 days
109	4/1/1013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Statistical Refresh create incorrect customer account balances.	Statistical Refresh is creating incorrect balances and is currently not being used to update customer account balances. Enhancement to correct the process so that the customer account balances are created accurately and the application can be used by collections.				8		1	9	1,440	2 days
110	4/1/2013	Oceanside	Enhancement	Finance	A/R	Proposed	Donna	Fee Assessment - When Multiple fees are assesed, only one is referenced on the notice.	When a Deliquecy notice is generated for an account with mutiple fees assessed, the notice is summarised and created with information from only one of the notices. The Enhancement will correct the notice so that information from multiple notices will be correctly displayed on the notice.			24	8	1	1	34	4,735	1 week
111	4/1/2013	Oceanside	Enhancement	Finance	G/L	Proposed	Jane/Charlene	Add new AAI for defferred revenue	To reduce the reclassification of invoice revenue, Oceanside would like to add a new deferred revenue AAI for grant funds (217, 222, 272, 273, 274, 276, & 277).				8	1		9	1,455	2 days
113	4/1/2013	Oceanside	Enhancement	Finance	G/L	Proposed	Mario	Oracle JD Edwards OneView Reporting	License Oracle JD Edwards Oneview Reporting for 5 Users ($2,300*5). Install onto new SQL and Weblogic servers. Hardware provided by Oceanside IT at $3,500. Installation provided by ET at $2,000.	11,500	2,000					-	13,500	10 days
114	4/1/2013	Oceanside	Enhancement	Finance	G/L	Proposed	Jane	CAFR & Statutory Reporting / Integrity Reporting - Oneview	Currently the CAFR report is created manually ouside of the JDE. Enhancement to review and configure Chart of Accounts category codes to support reporting, and create a OneView Report to output the CAFR report systematically from JDE. Also build an integrity report to identify accounts without the required category codes to support CAFR and future Budgeting reporting.				8		2	10	1,600	2 days
117	4/1/2013	Oceanside	Enhancement	Treasury	Treasury	Proposed	Michelle	Payee Positive Pay: Add C/O Data to Positive pay transmission to Bank.to avoid fees.	When the positive pay process were created, the bank was not capable of receiving addendum data for C/O information. Now the bank can receive this information, and also charges Oceanside a fee when there is a mis-match between the C/O information on the check and the absense of the information in the Payee Positive Pay transmission. This enhancement will update the Payee Positive Pay information to transmit C/O addedum information.			24	8	1	1	34	4,735	1 week
118				Finance	G/L	Proposed	Jane	Auto Bank Reconciliation	The Auto Bank Rec process is not processing the file as it should. This enhancement to diagnose and repair the functionality to correctly process the Union Bank Rec BAI2 files.			18	4	1	1	24	3,315	1 week
								Total Costs									**41,280**	