

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/10/2026

Staff Report No. 26-237

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Sierra-Cedar Hosting Contract Extension

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to execute a two (2) year single source amendment with Sierra-Cedar to continue the current hosting, managed, and professional services of the District's PeopleSoft enterprise system being provided under Contract No. 2022-1499. This amendment would extend services for the period of March 1, 2027, through February 28, 2029.

Staff Contact:
Ahsan Baig, Chief Information Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Infrastructure Modernization

The PeopleSoft enterprise system supports critical Finance, Human Resources, Payroll, and Procurement functions across the District. The platform integrates with multiple mission-critical operational systems and provides essential data to support daily business operations.

As one of the District's core enterprise systems, PeopleSoft must remain continuously available to support 24/7 operations. This contract extension ensures ongoing system reliability, security, and performance, while supporting the District's infrastructure modernization and financial resiliency goals.

BUDGETARY/FISCAL IMPACT:

The total cost for the two (2) year term is one million, two hundred ninety-three thousand, and thirty-five dollars (\$1,293,035).

The total costs for February 2027-2028 are \$638,522.00
The total costs for February 2028-2027 are \$654,513.00

Funding for PeopleSoft hosting and professional services is included in the FY 2026-2027 Department of

Innovation and Technology operating budget and will be requested in subsequent fiscal year budgets as part of ongoing operations.

This approach also avoids approximately \$1.5 million in transition and implementation costs associated with migrating to a new hosting provider, based on prior experience and the complexity of the system.

BACKGROUND/RATIONALE:

The District's PeopleSoft enterprise system is hosted in an Amazon Web Services (AWS) cloud environment and supported by Sierra-Cedar under Contract No. 2022-1499. Since the initial contract award, Sierra-Cedar has provided reliable hosting, managed services, and professional support for the District's Finance and Human Resources system (aka Peoplesoft).

PeopleSoft is a highly integrated platform supporting core administrative and operational functions. It connects with numerous internal and external systems and is essential for payroll processing, time and labor, financial reporting, procurement, contracts administration, and workforce management.

Due to the system's complexity, customization, and integration dependencies, transitioning to a new hosting provider would require significant planning, investment, and risk mitigation. A competitive procurement process followed by system migration would introduce potential service disruption and operational risk.

Additionally, based on experience with the previous transition of Peoplesoft hosting to Sierra-Cedar and the implementation of the new Customer Relationship Management (CRM) platform, such a transition would result in an estimated \$1.5 million in implementation and migration costs, along with resource strain and potential impacts to business continuity. This extension will align with Board Policy 465 IV, C,5, c "Authorized maintenance or upgrade agreements of proprietary software previously implemented at the District for *"critical infrastructure"* do not require competitive bidding. The list of this software is posted on our website as required by Senate Bill 272 (Gov. Code §§ 7922.700-7922.725)."

Staff is bringing this request for an amendment early - the current contract period ends March 1, 2027 - to allow for a full procurement if the request is denied.

Extending the current contract with Sierra-Cedar ensures continuity of service, maintains system stability, and allows the District sufficient time to conduct market research and competitive bid process for evaluating long-term enterprise system strategies.

For these reasons, staff recommend a single-source contract amendment with Sierra-Cedar for an additional two-year term.

ADVANTAGES/DISADVANTAGES:

Advantages:

This contract amendment will preserve continuity with the District's existing hosting services provider, ensuring experienced, round-the-clock monitoring and support. It will provide reliable system availability, data security, and ongoing managed and professional services. The extension allows District staff to focus on system

optimization, process improvements, and strategic planning rather than system migration. Additionally, this approach avoids significant transition costs and operational risks associated with migrating to a new hosting provider.

Disadvantages:

Staff cannot identify any significant disadvantages associated with executing this contract amendment as outlined.

ALTERNATIVES ANALYSIS:

1) Migrate the application in-house

The District could elect to migrate PeopleSoft to internally managed infrastructure. However, this would require substantial investment in hardware, staffing, and 24/7 operational support capabilities. This option introduces significant risk due to system complexity and limited internal capacity.

2) Conduct competitive procurement (RFP) and migrate to a new provider

The District could issue a new solicitation and transition to another hosting provider. However, this would require significant time and resources, introduce operational risks, and result in approximately \$1.5 million in transition and implementation costs.

3) Do Nothing

Allowing the current contract to expire would jeopardize system availability and continuity of operations, potentially impacting payroll, financial systems, and workforce management functions.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 465, Procurement Policy

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ATTACHMENTS:

None

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