

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 1/9/2019

**Staff Report No.** 19-016

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**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager  
**SUBJECT:** Oracle License Fee Status Update

### ACTION ITEM

#### **RECOMMENDED ACTION(S):**

Consider receiving a status update on Oracle license expansion and annual support fee.

#### **BUDGETARY/FISCAL IMPACT:**

The new Oracle PeopleSoft license and support fees expansion of 2018 will be covered by 2018 operating budget.

#### **BACKGROUND/RATIONALE:**

The Oracle PeopleSoft enterprise software is a business-critical application that is used by every District employee. PeopleSoft HR represents all Human Resources related modules and the license and annual support fees are based on AC Transit's employee count. PeopleSoft Finance represents all Finance associated modules and the license and annual support fees are based on AC Transit's annual operating budget.

In 2007, as a result of Board approval, PeopleSoft licenses were purchased using the Oracle License and Service Agreements (OLSA) V071807. The total amount paid for licenses in 2007 was \$1,027,708. The license fee for PeopleSoft HR was based on 2250 employees, and PeopleSoft Finance was based on the District's \$300 million operating budget.

When District growth results in more employees or revenue - based on the OLSA agreement, additional license and relevant support fees must be purchased to expand the so-called 'License Base.'

In 2012, District reported over \$300 million in operating budget. To be compliant, District purchased one increment of \$30 million for the operating budget, set out in the OLSA, covering up to \$330 million in the operating budget. This expansion also increased annual support fees by approximately \$6,500.

In 2015, District reported 2040 employees and \$379.5 million in the operating budget. PeopleSoft HR licenses were in compliance with terms and conditions of the OLSA Agreement, however, PeopleSoft Finance licenses were out of compliance due to Operating Budget increase. In order to be compliant with the OLSA, District purchased two PeopleSoft increments amounting to approximately \$59,000 in license fees and increased annual support fees by approximately \$13,000. The new License Base following the 2015 expansion was \$390

million operating budget.

In May of 2018, District reported 2292 employees and \$420.5 million in the operating budget. To be compliant, District must purchase one increment of 225 employees amounting to approximately \$32,000 and two increments of \$30 million each of budget amounting to approximately \$60,000 in licenses fees. This expansion will increase annual support fees by approximately \$13,000. The new License Base following the expansion will be \$450 million operating budget and 2475 employee count. Based on this new License Base, the ongoing annual support fee will be approximately \$369,000.

To be compliant with the Oracle License and Service Agreement, the District will continue to report operating budget and employee count on a yearly basis, and the annual IT Operations Budget will be updated accordingly.

**ADVANTAGES/DISADVANTAGES:**

Continuing to keep the District's license fees in compliance with the Oracle License and Support Agreement, will allow the District to access Oracle technical support when problems arise, and eligible to download patches, security related hot fixes, critical updates, and new version of the software.

**ALTERNATIVES ANALYSIS:**

Allowing the License agreement to lapse would mean that when the District tried to renew its technical support agreement a single lump sum payment would be required to bring the District into compliance with the License and Support Agreement.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

GM Memo No. 07-204a - Contract with Oracle America, Inc. or Technical Support of Peoplesoft Software

**ATTACHMENTS:**

None

**Approved by:**

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