



Detroit Water and Sewerage Department

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Legislation Text

File #: 17-0015, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **approve purchase orders in an amount not to exceed \$5,174,200.00 for Contract Number CS-1843, Unlimited Oracle Database Software, One Year Oracle Cloud Computing License, and Three Years of Database Maintenance**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of Feb. 15, 2017

Item No. 17-0015

Contract No. CS-1843

Project Length: 1,095 days

Amount: \$5,174,200.00

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: **Contract Number CS-1843 Unlimited Oracle Database Software, One Year Oracle Cloud Computing License, and Three Years of Database Maintenance (\$5,174,200.00)**

MOTION

Upon recommendation of Daniel A. Rainey, Chief Information Officer, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **approve purchase orders in an amount not to exceed \$5,174,200.00 for Contract Number CS-1843 Unlimited Oracle Database Software, One Year Oracle Cloud Computing License, and Three Years of Database Maintenance**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

JUSTIFICATION

Because DWSD is the owner of the Oracle technology and business relationship, utilizing DWSD as the purchaser of the Unlimited License Agreement makes the most sense. DWSD was able to leverage its business relationship with Oracle and negotiate terms that will consolidate DWSD's, the City of Detroit's, and the Great Lakes Water Authority's (GLWA) Oracle database, security, webserver and middleware licenses under one entity, DWSD, for the next three years. Taking this approach addresses several issues: 1) Oracle considers itself appropriately licensed for the three organizations' use of the above mentioned products, 2) the license agreement gives all three organizations the ability to operate more effectively by removing database and other related costs as an inhibitor to providing a more complete set of services including disaster recovery, testing and training environments, 3) provides DWSD, City of Detroit and the GLWA with a path forward with known costs for their Oracle environments as we transition to our separate future states, and 4) introduces Oracle

Cloud as a long term option for IT “as-a-service”.

Under the Oracle proposal, the Unlimited License Agreement and One year of Oracle Cloud Services are priced at \$4,270,000 with three years of Oracle Database Maintenance included at \$301,400 annually, for a three year total of \$5,174,200.

DWSD will enter into two new 36-month shared services agreements, one with GLWA and one with the City of Detroit, to handle the collection of each organization’s contribution to the annual Oracle costs.

BACKGROUND

Because DWSD is so dependent on Oracle applications, databases and middleware, and had initially signed on with Oracle as a subsidiary of the City of Detroit, Oracle database and applications software remained a DWSD owned and operated asset through the creation of the GLWA and the related asset transfers.

Oracle is embedded into DWSD’s and GLWA’s core systems. DWSD uses Oracle database and security products to operate EnQuesta, the retail billing system. GLWA uses Oracle databases for its Laboratory Information System, Pretreatment Information Management System, Wholesale Automatic Meter Reading System and Greater Detroit Regional Sewer System. And, both organizations rely on Oracle databases, middleware and applications software to operate WAM, Service Link, DADS, Retail and Wholesale Historian and EMPAC historical lookups.

However, the Oracle licensing currently in place between DWSD and the GLWA only adequately addresses DWSD’s current EnQuesta implementation with the remaining Oracle database and middleware products operating without any licenses in place.

Today, Oracle products are running on a technology pool with 236 total cores or approximately fourteen servers of capacity available for Oracle processes. Additionally, there is a pool of 192 cores, or twelve servers, which can be used as Oracle application and web servers. Licensing this size of Oracle footprint by core is not practical leaving only two real options available for addressing this; engineering a special use technology solution or negotiating a set of commercial terms. After investigating the options left, the Unlimited License Agreement was selected as the option with the best outcomes for DWSD, the City of Detroit and the GLWA.

Moving to the ULA provides DWSD, the City of Detroit and the GLWA with a path forward with known costs for their Oracle environments while limiting long term liability for software maintenance by capping the annual additional maintenance to \$301,400. Bundling in the City as a partner provides them access to software and services the City can use to improve service delivery while allowing for the migration of DWSD data to the City. Including Oracle Cloud in the bigger picture presents an option for moving to IT of “as-a-service” over time, lowering maintenance dollars and offsetting existing GLWA IT shared service costs.

This item was reviewed by the Finance Committee on February 8, 2017 and is a planned and budgeted FY17 item.