



Detroit Water and Sewerage Department

735 Randolph Street
Detroit, Michigan 48226
(313) 224-4704 Office
dwsd.legistar.com

Legislation Text

File #: 19-00103, **Version:** 3

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure Contract No. 6002040 with Oracle Corporation for annual software maintenance for Warehouse Asset Management software (WAM) and advanced security services, in the amount not to exceed \$900,000.00 for a duration of 2-years** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of April 17, 2019

Item No. 19-00103

Amount: \$900,000.00

Contract No. 6002040

Contract Length: 2 Years (7/2019 - 6/2021)

Supplier: Oracle America, Inc., 500 Oracle Parkway, Redwood Shores, CA 94065

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

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Annual software maintenance for Warehouse Asset Management software (WAM) and advanced security services

MOTION

Upon recommendation of Mamata Burgi, Procurement Manager, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **secure Contract No. 6002040 with Oracle Corporation for annual software maintenance for Warehouse Asset Management software (WAM) and advanced security services, in the amount not to exceed \$900,000.00 for a duration of 2-years** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Since 2003, DWSD has utilized Oracle products for many core business application functions. DWSD installed Oracle WAM under contract # 6002040 (CS-1476) which went live in July 2014. Post bifurcation, in June 2016, enhancements were implemented to permit DWSD and The Great Lakes Water Authority (GLWA) to separate and maintain their respective assets within the same system. Today WAM serves as the core operations software package for both DWSD and the GLWA. It is used to manage and record work orders and service requests, perform asset management functions, manage inventory and support the AP & Procurement functions. Without this critical system, both the DWSD and GLWA would have material difficulty running day

to day operations such as

- inventory replenishment of stock items,
- creating work orders,
- managing fixed and linear assets, and
- inventory management e.g., cycle counts, adjustments, inventory issue transactions, etc.

JUSTIFICATION

Since 2016, software license contracts are being combined with the City of Detroit. Thus, Oracle WAM licenses are being included under the main Oracle license contract, CPA # 2578900.

WAM software maintenance is being requested for 2 years in order to cover the replacement period and stabilize pricing at a 4% price change year over year. The 2 year period is billed quarterly and results in a cost of \$867,835.79 for Oracle WAM and \$18,873.94 for advanced security functions. The total 2 year cost is \$886,709.73. A contingency of \$13,290.27 or ~1.5% is also included if minor adjustments are required in the license counts. Under an Information Technology Shared Services Agreement, DWSD will charge the GLWA a 60 percent allocation of the \$886,709.73, or \$532,025.84, for its share of the WAM maintenance, leaving \$354,683.89 as DWSD's share. Any expenditure of contingency will be billed at 60 percent to GLWA.

The net cost to each respective organization is detailed below for each fiscal year.

Organization	FY 2020	FY 2021
DWSD	\$173,864.67	\$180,819.22
GLWA	\$260,797.00	\$271,228.84
Total	\$434,661.67	\$452,048.06

Oracle WAM is currently in the process of being replaced by Cityworks under the Capital Improvement program managed by AECOM. The additional 2 years (7/1/2019 through 6/30/2021) of WAM licensing will cover the proposed rollout schedule of Cityworks and decommission the use of Oracle WAM by DWSD Materials Management. Once Oracle WAM is decommissioned (estimated 6/30/2021), DWSD will transition the remaining WAM licenses and contract over to the GLWA while retaining the enhanced security licensing.

PROCUREMENT METHOD

On February 21, 2018, the Board of Water Commissioners for the City of Detroit's Water and Sewerage Department authorized the Director to secure a purchase order in the amount not to exceed \$750,000.00 to Oracle Corporation for annual software maintenance for WAM and advanced security services. The February 2018 approval is set to expire approximately in June 2019. This is a piggyback off of the City of Detroit's contract which expires in 2030, however, DWSD does not, at this time, intend to use this contract beyond June 30, 2021.

DETAILS

Funding Source: Operations and Maintenance (O & M)

GL String(s):

5720.20168.483301.622302.000205.10790.0000.000000 = 30% FY2020, \$130,398.50; FY2021, \$135,614.42

5820.20179.493301.622302.000226.15805.0000.000000 = 70% FY2020, \$304,263.17; FY2021, \$316,433.64

Contract No. 6002040

Supplier: Oracle Corporation

Contract Start Date: Tentatively, upon BOWC approval July 2019

Contract End Date: Tentatively, upon BOWC approval June 2021

Original Contract Amount: \$900,000.00

Total Contract Amount: \$900,000.00

This is O&M budgeted and funded in FY2020 and planned for in FY2021.