



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Consolidated Oracle Contract Negotiations

Date:	February 4, 2008
To:	Government Management Committee
From:	Chief Information Officer, I& T Director, Purchasing and Materials Management
Wards:	All
Reason for Confidential Information:	This report contains advice or communications that are subject to solicitor-client privilege
Reference Number:	P:\2008\Internal Services\I&T\gm08003I&T (AFS #6931)

SUMMARY

The report is to notify Council of the status of negotiations with Oracle for a consolidated, contract as approved by Council on June 19, 20 and 22, 2007, and to seek further instructions in light of these negotiations.

RECOMMENDATIONS

The Chief Information Officer in the Information & Technology Division and the Director of Purchasing and Materials Management Division recommend that:

1. staff in the Information & Technology Division continue negotiations as directed in the May 29, 2007 report approved by Council in its meeting of June 19, 20 and 22, 2007;
2. the December 31, 1999 agreement between the City and Oracle be amended to extend the support provided for in that agreement for a maximum of one (1) year from January 1, 2008 to December 31, 2008 at a cost not to exceed \$1,630,565.88 (Net of GST) to provide support on existing Oracle licenses and in a form satisfactory to the Chief Information Officer and the City Solicitor;

3. should staff be unable to conclude an agreement as directed by Council, staff be authorized to investigate the use of alternative database products;
4. Council authorize staff to extend the Client Level Agreement under the Province of Ontario's Master Standing Agreement and Blanket Contract 47011278 with Oracle Corporation Canada, Inc. until March 30, 2009 to acquire licences in an amount not to exceed \$2,025,000.00, net of GST, until a new contract is executed; and
5. the information disclosed in the confidential Attachment 1 not be made public as it contains advice or communications that are subject to solicitor-client privilege .

Implementation Points

Staff in the Information & Technology Division will continue negotiations with Oracle to negotiate a reasonable agreement by March 30, 2008. If a reasonable agreement can not be negotiated, staff will investigate the use of alternative database products as identified in recommendation 3 and extend the Client Level Agreement as identified in recommendation 4.

Financial Impact

The extension of the support agreement between the City and Oracle will impact the 2008 Operating Budget. Funding in an amount not to exceed \$1,630,565.88 net of GST is available in the 2008 recommended Operating Budget for Information & Technology and Social Services.

The extension of the Client Level Agreement under the Province of Ontario's Master Standing Agreement and Blanket Contract 47011278 with Oracle Corporation Canada Inc., from April 1, 2008 to March 30, 2009 to acquire licenses during this 12 months period, will impact on the 2008 and 2009 Operating and Capital Budgets in an amount not to exceed \$2,025,000.00, net of GST, until a new contract is executed. Funding of \$1,518,750.00 for the 9 months period from April 1, 2008 to December 31, 2008 is available in the 2008 recommended Operating and Capital Budget in each respective division's.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-4169.pdf>

ISSUE BACKGROUND

The Auditor General recommended at its January 22, 2006 meeting that the Chief Corporate Officer review computer contracts to determine if consolidation opportunities exist. Staff in the Information & Technology Division identified three (3) contracts with Oracle Corporation Canada, Inc. and proceeded to conduct negotiations with Oracle with the assistance of outside counsel. Support for existing licences expired December 31, 2007. The City's authority to buy new licences under the Province of Ontario's contract expires on March 30, 2008.

COMMENTS

Confidential Attachment 1 describes the issues the City is facing in the negotiations with Oracle. In the event that staff is unable to negotiate a reasonable agreement with Oracle, it is recommended that the City return to the marketplace and investigate the use of new database products.

Extending the current December 31, 1999 agreement between the City and Oracle to extend the support for a maximum of one (1) year from January 1, 2008 to December 31, 2008 at a cost not to exceed \$1,630,565.88 (Net of GST) will provide the City with support on existing Oracle licenses. Extending the Client Level Agreement under the Province of Ontario's Master Standing Agreement and Blanket Contract 47011278 with Oracle Corporation Canada, Inc. until March 30, 2009 will allow the City to acquire licences in an amount not to exceed \$2,025,000.00, net of GST.

The City Solicitor has been consulted and is in agreement with the recommendations.

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SIGNATURES

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CONFIDENTIAL ATTACHMENT

Attachment 1 – Consolidated Oracle Contract Negotiations