



Board Agenda Item 9

DATE: December 12, 2023

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director, Internal Services/Chief Information Officer

SUBJECT: Agreement with Rimini Street, Inc. for Third-Party Support of Oracle Product Licenses

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to suspend the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances, as Rimini Street, Inc., a third-party vendor, is uniquely positioned to provide support of Oracle Peoplesoft, Database, and Technology licenses for custom Fresno County code; and**
- 2. Approve and authorize the Chairman to execute an Agreement with Rimini Street, Inc., to provide maintenance and support of Oracle Peoplesoft, Database, and technology licenses, effective January 1, 2024, through December 31, 2024, total not to exceed \$863,905.**

There is no additional Net County Cost associated with the recommended action, which will allow Rimini Street, Inc. (Rimini Street) to continue to provide third-party maintenance and technical support for Oracle PeopleSoft, Database, and Technology licenses, including support for tax updates and custom County's code. Rimini Street has been providing third-party support for the County's on-premise products for the past three years. Oracle licenses are utilized by County departments and funded through chargebacks to user departments. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended actions, the Internal Services Department - Information Technology Division (ISD-IT) will not be able to continue using Oracle products to complete various financial and human resource tasks that are essential to County department operations. Transitioning back to support through Oracle would mean paying a significantly higher price for the same services. Your Board may direct staff to issue a competitive bid for this service, however switching to a new vendor would result in extensive implementation fees which would negate any savings the County currently receives while also leaving the County unsupported for critical human resource and financial services until a replacement service agreement is executed.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

ISD-IT's request for suspension of the competitive bidding process is consistent with Administrative Policy No. 34 because Rimini Street can provide the maintenance and support for the PeopleSoft products, which have been used and customized by the County since 1994. Rimini Street can not only provide support for the County's existing Oracle products, including the custom coding, but also support for tax and regulatory updates for audit compliance, for a period of 15 years beyond the software's anticipated "end-of-life." If the County were to utilize a different vendor, there would be extensive implementation fees which would negate

any cost savings the County receives by continuing support under Rimini Street. ISD is currently in negotiations with Rimini Street to modify the pricing of bundled products. Additionally, when the expiring Agreement was originally executed on August 4, 2020, Rimini Street was the only vendor based in the United States that offered support of custom coding and tax updates. ISD only recently discovered that a second vendor now offers support for custom code and potentially the tax updates required by the County, which it previously did not. ISD recommends a one-year agreement with Rimini Street to allow for additional time to negotiate pricing for bundled products, and to further research the capabilities of the second vendor in preparations for a potential future bid. The Department's Purchasing Division concurs with the request to suspend the competitive bidding process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum compensation for the recommended agreement is \$863,905 and will be funded by chargebacks to user departments. Sufficient appropriations and estimated revenues are included in the ISD-IT's PeopleSoft Operations Org 8933 FY 2023-24 Recommended Budget and will be included in subsequent budget requests.

DISCUSSION:

Since 1994, the County has owned and operated on-premise Oracle products for the County's day-to-day operations including, but not limited to, the Human Resources Management System, Financial Information System, and Database systems. During the time that the County has owned and operated Oracle products, the County has added customized code as needed for operations, which is not supported by Oracle.

Oracle previously advised that effective December 31, 2020, it would no longer be able to provide support for updates or fixes for the County's current versions of on-premise Oracle products. On August 4, 2020, your Board approved Agreement No. A-20-286, which allowed Rimini Street to initiate Oracle support for the County's on-premise Oracle products at half the cost of the services previously provided by Oracle.

Rimini Street requires the use of their template contract form, rather than the County's standard model contract template. The recommended agreement also contains non-standard language including:

- (1) Indemnification language: Rimini Street will indemnify, defend, or hold harmless the County against any third party claims that may infringe on third party intellectual rights except if (i) any infringement is based on information, software or other material not provided by Rimini Street, or is result of a modification made by anyone other than Rimini Street, (ii) the claim could have been avoided by not utilizing Rimini Street products in conjunction with any other products or materials (iii) the County uses Rimini Street products in a manner that isn't consistent with the Agreement, and (iv) the County continues infringing activity after being provided modifications that could have avoided such infringement;
- (2) Limitation on Liability: The County is limited to providing written notice to Rimini Street within thirty days of completion of services that are inconsistent with the warranty. As a result, the County's only remedy is to have Rimini Street reperform the services, or refund the amount paid by the County for the services that were not as warranted; and
- (3) Insurance Language: The recommended agreement contains no insurance language, including Cyber and Technology Professional Liability.

ISD-IT has determined that the benefits of having Oracle maintenance and support outweigh all potential risks, as Oracle products continue to be critically important to maintaining efficient County operations. Specifically:

- (1) Indemnification language: Due to Rimini Street being the only vendor providing third-party maintenance support services and modifications to existing Oracle products, there is limited risk of infringement on information, software or other material not provided by Rimini Street, or as a result of a modification made by anyone other than Rimini Street. Rimini Streets is maintenance and support

of Oracle products, not the product itself, so the additional indemnification language does not impose additional risk to the County;

- (2) Limitation of liability: ISD-IT is comfortable with this language based on the types of services (third party support) that Rimini Street provides. The two proposed solutions, either reCompleting work or refunding monies paid for work, are appropriate options in which the Department would normally pursue if work was performed inconsistent with the warranty; and
- (3) Insurance language: Rimini Street does not provide any products or technology; they provide maintenance and support of Oracle products. Rimini Street does not pose a cyber risk to the County's environment, and pre-established language already exists that provides options to the County, in the form of the indemnification and limitation of liability sections, that provide more than adequate coverage for any possible risk from the services provided by Rimini Street.

Given how critical Oracle products are to the County, ISD-IT has determined the benefits of utilizing Rimini Street for third-party maintenance and support outweigh potential risks associated with the non-standard language.

ISD-IT recommends entering into the recommended agreement to continue third-party Oracle maintenance and support through Rimini Street.

REFERENCE MATERIAL:

BAI #40, August 4, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition

On file with Clerk - Agreement with Rimini Street, Inc.

CAO ANALYST:

Ahla Yang