



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Waive Formal Competitive Procurement Procedures and Execute a Second Supplemental Agreement to the Professional Services Agreement with Absolute Consulting, Inc., dba Absolute Consulting Software Development, Inc., to Extend the Term Through June 30, 2030 and Add \$1,040,000 to the Agreement’s Maximum Compensation for a Total Amount Not to Exceed \$2,340,000 to Provide Advanced Level Technical Support on the Oracle Enterprise Resource Planning System; and Find that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Finance & Admin)**

Submitted By: Julie Lam, Chief Financial Officer; Kristi McKenney, Executive Director

Parties Involved: Absolute Consulting, Inc. dba Absolute Consulting Software Development, Inc., Newark, CA

Amount: Additional \$1,040,000 for an agreement maximum not to exceed \$2,340,000 (operating expense)

EXECUTIVE SUMMARY: The Port of Oakland (Port) utilizes Oracle’s E-Business Suite Enterprise Resource Planning (ERP) system to manage and process its accounting, payroll, human resources, procurement, assets, project accounting, and property billing functions. Absolute Consulting, Inc. dba Absolute Consulting Software Development, Inc (Absolute Consulting) provides advanced level technical support for urgent or complex implementations and customizations, as well as support for the implementation of system upgrades and enhancements. The support provided by Absolute Consulting is needed to maintain the stability of the Oracle ERP system.

BACKGROUND & ANALYSIS

The Port has used Oracle ERP as the primary computer system supporting the Port’s accounting, human resources, payroll, procurement, fixed assets, projects accounting and property management functions since 2010. As is common with large ERP systems, the Port’s Oracle ERP system has been customized, where possible, in response to the requirements of Port specific business processes. These customizations require on-going maintenance for changes in the business requirements, laws and regulations, implementation of new terms in labor contracts, as well as system and report remediation caused by regular security patching, system upgrades, and bug fixes. These customizations can be complex to maintain and, if not done correctly, could significantly impact Port employees.

The Port has six Staff with knowledge and training to support the Port’s ERP system for day-to-day operations, regular patching, and bug fixes. In addition to Port Staff, a professional consultant with expertise in Oracle E-Business Suite and complex payroll

systems is retained on an as-needed basis to provide advanced level support that cannot be handled by Port Staff. Advanced level support is needed for specialized and complex code creation, maintenance of existing code, and complex bug fixes that affect multiple modules. Additionally, maintaining the payroll and human resources systems requires additional support as many of the changes are dictated by law or labor contract, are frequently time sensitive, and can be highly complex in nature.

In 2013, the Port retained Absolute Consulting on an as-needed basis to provide advance level support specifically for our payroll and human resources systems. Absolute Consulting was selected following a competitive request for proposals through which the Port interviewed 20 consultants and firms, including hiring agencies and specialized ERP vendors. Absolute Consulting stood out for their unique expertise in complex payroll, human resources, and advanced benefits programming, as well as expertise in purchasing, accounts payable, accounts receivables, general ledger, and cloud-based systems. Absolute Consulting is a small bay area firm based in Newark, CA, with an average staff of three to five consultants.

The Port has continued to engage with Absolute Consulting following their work to successfully remediate the Port's payroll systems following the implementation initiated by a different company. Since then, Absolute Consulting has supported Port Staff through multiple projects including:

- Annual system, payroll specific, and quarterly security patches;
- Multiple rapid updates to customizations in response to new legislation and labor contracts;
- Customized business processes for Maritime and Shore Power billing;
- Two significant full system upgrades in 2017-2018 and 2025; and
- The Port's migration from a third-party hosting company to Oracle Cloud Infrastructure in 2023-2024.

Absolute Consulting is currently working with Port Staff on the configuration and deployment of Oracle Enterprise Command Center and Oracle Application Express to enhance reporting and operational capabilities. Additionally, Absolute Consulting is supporting Port Staff with a new initiative to procure and implement a new cloud-based software-as-a-service ERP system. This multi-year initiative will bring the latest technology to the Port's financial systems, decrease the Port's dependency on customizations and the cost required to maintain such customizations, and create efficiencies across all financial and human resources processes. Absolute Consulting's current five-year contract will expire on June 30, 2026. Extending this contract would allow Absolute Consulting to work with Port Staff on this initiative and continue providing the operational support needed.

Port Staff recommends that the Board waive the formal competitive procurement procedures for the proposed agreement. It is in the best interest of the Port to do so because Absolute Consulting is uniquely positioned to support the Port, especially with the initiative to replace our current Oracle ERP system, given their deep knowledge of the Port's systems and business processes, as well as their expertise and experience with implementing cloud-based systems with other clients. Maintaining this relationship ensures that historical lessons learned are not lost, key business requirements are met, and complex updates are implemented timely. In addition, this would avoid duplication of effort and additional administrative costs associated with transitioning to a new consultant.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

"Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).

Other/Notes:

BUDGET

Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

Operating

Non-Operating

Capital

Analysis: The cost for advanced level Oracle support is included in the FY 2027 proposed budget.

STAFFING

No Anticipated Staffing Impact.

Anticipated Change to Budgeted Headcount.

Reason:

Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **Yes.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> Advanced level Oracle support helps the Port achieve sustainable business practices by supporting efforts to streamline processes, ensure accuracy of payroll to Port, and adopt improving technology.</p>	<p>Not Required – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"><input type="checkbox"/> Capture Our Market and Grow the Economic Base<input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure<input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience<input type="checkbox"/> Maximize Land Use Value and Revenues<input type="checkbox"/> Workforce Training and Jobs Development<input checked="" type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development	