

AGENDA REPORT

Resolution: Approve and Authorize the Executive Director to Waive Formal Competition and Enter into a Contract with Absolute Consulting, Inc., dba Absolute Consulting Software Development, Inc. for Advanced-Level Oracle ERP System Support for Three Years With Two, One-Year Extension Options, for a Total Amount Not to Exceed \$1,300,000. **(Finance & Admin.)**

MEETING DATE: 5/13/2021

AMOUNT: \$1,300,000 Not to exceed total over 5 years
Operating Expense

PARTIES INVOLVED: Absolute Consulting, Inc., dba Absolute Consulting
Software Development, Inc., Newark, CA
Pulin Doshi, President

SUBMITTED BY: Julie Lam, Chief Financial Officer

APPROVED BY: Danny Wan, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

Authorization is being requested to enter into a new professional services contract, effective July 1, 2021, with Absolute Consulting, Inc., dba Absolute Consulting Software Development, Inc. (Absolute Consulting) to provide advanced-level Oracle Enterprise Resource Planning (ERP) system support on an as-needed basis that cannot be handled by Port staff due to the specialized and time-sensitive nature of the work, including legally required Human Resources (HR) and payroll mandates.

BACKGROUND

Since October 2010, the Port has been using the Oracle ERP system as its primary computer system to support the Port's finance, HR, payroll, procurement, assets, projects, and property management functions.

Port staff supports the ERP system by performing on-going maintenance, implementing system changes and enhancements, complying with new regulations, performing technological improvements (such as those relating to cybersecurity), and implementing other best practices and industry changes.

In addition to Port staff’s efforts, a professional consultant is retained on an as-needed basis to provide advanced (i.e. Level 3 support)¹ ERP support that cannot be handled by Port staff due to the specialized and time-sensitive nature of certain ERP maintenance, system changes, and improvements.

Since 2013, the Port has retained Absolute Consulting on an as-needed basis to provide Level 3 support. This firm was selected after the Port interviewed 20 consultants from a pool of hiring agencies and ERP vendors. It proved difficult to find available advanced-level ERP consultants, especially in the areas of HR and payroll support and programming. The Board of Port Commissioners subsequently passed resolutions in 2013, 2014, and 2016 authorizing the Executive Director to enter into agreements with Absolute Consulting for ERP support services. Previous Board actions are summarized in the table below:

Resolution #	Board Approval Date	Board Approval Amount	Fiscal Years
13-83	7/25/2013	\$275,000	FY14
14-76	7/24/2014	380,000	FY15, FY16
16-06	1/28/2016	41,000	FY16
		1,289,750	FY17 to FY21
	Total:	\$1,985,750	

ANALYSIS

To properly support the Port’s ERP system, the Port must continue to utilize on an as-needed basis, consulting firms for advanced, specialized support. There is an important focus on HR and payroll as many of the changes are dictated by law, are highly complex in nature and require many system changes and configurations. For example, the Port had to quickly update the ERP system to respond to COVID-19 legislation and business requirements. Absolute Consulting’s specialized skill set assisted Port staff to complete the work in a timely manner, as follows:

- Set up and track employee usage of COVID-19 Emergency Leave under the Family First Coronavirus Response Act (“FFCRA”), effective 4/1/2020 to 12/31/2020.
- Implemented employee Payroll Furloughs as a cost-cutting measure in the latter half of 2020.
- More recently, California passed Senate Bill 95, which provides for COVID-19 Supplemental Paid Sick Leave for the period 1/1/2021 to 9/30/2021. The ERP system will need to be configured to track employee usage.

¹ Level 1 support is provided by the subject matter expert in the business department. If Level 1 cannot resolve, the issue is escalated to Level 2, the Port’s internal ERP Team. The issue is escalated to Level 3, the consultant, if it cannot be resolved internally.

Absolute Consulting has also worked on other critical ERP projects, such as:

- Configure Oracle Payroll to calculate, track, and report the Height Premium, a 6% premium pay for work on cranes and vessels at heights over 40 feet.
- Created a custom Maritime Tenant Revenue billing and reporting solution to replace the obsolete legacy system (HP3000).
- Built the Shore Power and Vessel Commissioning Billing Interfaces to streamline the billing processes.
- Currently, working on interfaces for the Concur Expense & Invoice Implementation Project. Interfaces enable data to be passed between the two systems (Oracle ERP and Concur).

Absolute Consulting is a small firm specializing in Oracle eBusiness Suite and Cloud, including the modules Human Resources, Payroll, Advance Benefits, Labor Distribution, Self Service, Purchasing, General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Cash Management, and Grants. They have been in business for 20 years with an average staff of seven consultants over the years.

The Port heavily utilizes the Oracle Human Resources and Payroll modules. These two Oracle modules are not as commonly used as the Financial modules. Due to the smaller customer base, it is difficult to find consultants specializing in Oracle Human Resources and Payroll.

Given the difficulty in finding qualified and available consultants with the proper skillset to quickly provide advanced-level ERP support, Port staff requests that the Board authorize the Executive Director to waive formal competition and enter into a new professional services contract with Absolute Consulting for an additional three years beginning July 1, 2021, with two options to extend for one additional year upon mutual agreement.

The amounts are broken down as follows:

FY 22	FY23	FY24	FY25	FY26	Total
\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$1,300,000

By committing to a longer-term contract, the Port will have the support of a highly skilled consultant who is knowledgeable of the Port's ERP system and business requirements. Key fiscal year-end processes, key work assignments, and system improvements can continue uninterrupted. Absolute Consulting has agreed to keep the existing hourly rate for the duration of the new contract (\$125/hour). Utilizing Absolute Consulting on an as-needed basis provides flexibility in addressing fluctuations in workload.

The following table lists the utilization of Absolute Consulting for the past 15 months:

Period	Hours Charged	Invoice Amount
December 2019	148	\$18,500.00
January 2020	99	\$12,375.00
February 2020	59.25	\$7,406.25
March 2020	143.45	\$17,931.25
April 2020	150	\$18,750.00
May 2020	137	\$17,125.00
June 2020	164	\$20,500.00
July 2020	170	\$21,250.00
August 2020	156	\$19,500.00
September 2020	145	\$18,125.00
October 2020	135	\$16,875.00
November 2020	143	\$17,875.00
December 2020	140	\$17,500.00
January 2021	122	\$15,250.00
February 2021	131	\$16,375.00

The Port's proposed use of Absolute Consulting as described herein complies with Section 902(e) of the Charter of the City of Oakland because the proposed use constitutes professional and technical services that are temporary in nature, is in the public interest because of economy and better performance, and will not result in the loss of employment or salary by any person having permanent status in the competitive service.

BUDGET & STAFFING

For the new contract beginning July 1, 2021, appropriate amounts will be budgeted for in the corresponding fiscal years.

There will be no change in Port staffing.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters included in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Improve Customer Service
- Goal: Modernize and Maintain Infrastructure

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities, including adaptation to sea level rise.

ENVIRONMENTAL

The proposal to enter into a professional services contract to provide advanced-level Oracle Enterprise Resource Planning (ERP) system support was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines. Section 15378 of the CEQA Guidelines defines a project by an agency as "an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment." In particular, per section 15378(b), projects do not include "[c]ontinuing administrative or maintenance activities" or "[o]rganizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment." The proposed action entails support for software used for agency administration, with no potential for direct or indirect physical change in the environment. Therefore, this action is not subject to CEQA and no further environmental review is required.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

Professional service agreements are not subject to the Port's Owner Controlled Insurance Program (OCIP) as professional services are not construction activities.

OPTIONS

- Approve and authorize the Executive Director to waive competition and enter into a 3-year agreement, with two 1-year extension options, for ERP consulting services with Absolute Consulting effective July 1, 2021 for a total amount not to exceed \$1,300,000. This is the recommended option.
- Approve and authorize the Executive Director to waive competition and enter into a 1-year supplemental agreement for ERP consulting services effective July 1, 2021 for an amount not to exceed \$260,000 with Absolute Consulting. During this time, a formal Request for Proposal will be executed to find a qualified consultant to support the system. However, there are not that many consultants specializing in Oracle Human Resources and Payroll, and especially with a focus in a unionized environment. It will be difficult to find qualified responders to the RFP.
- Do not approve an agreement with Absolute Consulting for ERP consulting services. This will result in delayed response times in troubleshooting system issues and addressing legislative mandates related to HR/Payroll.

RECOMMENDATION

Staff recommend the Board adopt a resolution to approve and authorize the Executive Director to waive competition and enter into a 3-year agreement, with two 1-year extension options, for ERP consulting services with Absolute Consulting effective July 1, 2021 for a total amount not to exceed \$1,300,000, as further described in this Agenda Report and subject to approval as to form and legality by the Port Attorney.