



Agenda Item No: 1.j

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: April 1, 2025

Submitted by: Jennifer Lampman

From: Finance

Subject:

Amendment to Professional Services Master Agreement with Oracle America Inc for Oracle Netsuite for Government

Financial Impact:

Fiscal Impact:

Expense: FY 2024-25	\$ 69,600	Annual Costs
	<u>\$169,154</u>	One-time Implementation Cost
	\$238,754	Total Project Cost

Budgeted: FY 2024-25 \$300,000

Summary:

The City is currently utilizing Finance Enterprise 20.2, a CentralSquare, Inc. product, as its financial enterprise resource planning (ERP) system. The City has been using various versions of this product since 2006, upgrading to new versions when necessary, with the last upgrade completed in Fiscal Year 2021-22. Staff determined that the CentralSquare ERP system no longer met the needs of the City, cost significantly more than similar software platforms, and would need to be upgraded in December 2024 as CentralSquare would no longer support our current version.

The City Council approved an agreement with Oracle Netsuite for Government (Netsuite) on June 18, 2024, and Oracle and City staff began implementing the new system shortly thereafter. During the testing phase of implementation, it was discovered that to maximize the efficiencies of the system including digital workflows and paperless accounts payable and purchasing processes, the existing self service user licenses would need to be upgraded to full general user licenses. The increased cost over the five year period is \$10,290 (\$2,058 per year), with no changes to the implementation cost.

Recommendation:

Recommended Action: It is recommended that the City Council take the following actions:

1. Approve the updated ordering document for the time remaining on the original five (5) year Professional Services Master Agreement with Oracle America, Inc. for NetSuite for Government for additional general user licenses. This action will add an additional \$10,290 over the five (5) year agreement, or \$2,058 per year; and
2. Authorize the City Administrator and/or his designee to execute all necessary

documents, in a form approved by the City Attorney.

Strategic Plan Statement:

This is consistent with the City Council approved 5-Year Strategic Goal 1 to ensure Long-Term Fiscal Sustainability, no specific objective.

Discussion:

On June 18, 2024, the City entered into a professional services agreement with Netsuite for Government, an Oracle Enterprise Resource Planning (ERP) system designed for government agencies, and staff began working with the Oracle implementation team shortly thereafter. The City is anticipating “going live” on the new system prior to the end of the current fiscal year. During the testing phase of implementation, it was determined that the original self-service user licenses the City procured would need to be upgraded to a full general user licenses in order to maximize efficiencies desired in the new system such as:

1. Paperless routing and workflow of invoices, purchase requisitions and purchase orders.
2. Cloud-based system accessibility from any computer without the need to remote into a dedicated server which is what the City currently utilizes.
3. Enhanced ability to manage project accounting over several fiscal years.
4. Digital signatures/approvals with complete audit trail for all transactions.
5. Ability to upload backup documentation including multiple quotes, invoice copies, staff reports, etc. into the system for historical record.
6. Seamless integration with the City’s new electronic timekeeping and payroll system, UKG.

Fiscal Impact Summary:Fiscal Impact:

Our current contract with CentralSquare has an annual increase of five percent (5%), and they have communicated the need for the City to upgrade as they stopped supporting our version last December. Oracle offered the City a static five (5) year price commitment for NetSuite for Government, and the original cost savings was estimated at \$72,417 last June.

The upgrade in user licenses is anticipated to cost an additional \$10,290 over the five (5) year term, reducing the total cost savings to \$62,127 when compared to maintaining the current finance system. Funding for implementation of the new system is included in the Adopted FY 2024/25 Capital Improvement Program (CIP) budget, and annual software costs will be included in the Proposed FY2025/26 Budget.

Attachments

[City of Placentia_CPQ-3839680_POD_24MAR2025- Updated Licenses.pdf](#)