



- **Board of Directors**  
***Engineering, Operations, and Technology Committee***

5/12/2026 Board Meeting

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7-2

## **Subject**

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Authorize an agreement with Oracle America Inc., in an amount not to exceed \$4,603,698 for Metropolitan's Oracle E-Business Suite System migration to Oracle Cloud Infrastructure and Upgrade project; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## **Executive Summary**

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Metropolitan is undertaking a critical modernization initiative to upgrade and migrate its Oracle E-Business Suite (EBS) and related applications from an aging on-premises infrastructure to Oracle Cloud Infrastructure (OCI). This project addresses significant technology obsolescence, end-of-life risks, and security vulnerabilities associated with the current platform, which was last upgraded in 2016.

Oracle EBS is a mission-critical, enterprise-wide system that supports Metropolitan's core financial, procurement, project, and grants management operations. The current platform relies on discontinued hardware, operating systems, and database versions that no longer meet modern reliability, security, or supportability standards. Failure to modernize this environment materially increases the risk of system outages, data loss, and business disruption.

This project will upgrade Oracle EBS to vendor-recommended stable versions and transition the platform to a secure, scalable, and supportable cloud infrastructure. The project is essential to ensure business continuity, reduce operational risk, improve system resiliency, and position Metropolitan for future functional and technological enhancements.

## **Proposed Action(s)/Recommendation(s) and Options**

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### **Staff Recommendation: Option #1**

#### **Option #1**

Authorize an agreement with Oracle America Inc. in an amount not to exceed \$4,603,698 for Metropolitan's Oracle E-Business Suite (EBS) System migration to Oracle Cloud Infrastructure (OCI) and Upgrade project.

**Fiscal Impact:** Expenditures of \$7,737,598 in capital funds for FY2024-2026

**Business Analysis:** This option will help Metropolitan ensure business continuity, reduce operational and financial risks associated with aging technology, and position Metropolitan for future functional and technological enhancements.

#### **Option #2**

Do not proceed with the project at this time.

**Fiscal Impact:** No capital expenditures

**Business Analysis:** Metropolitan will have to deal with an elevated risk of mission-critical system outages, potential loss or corruption of financial data, and significant operational disruption

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**Alternatives Considered**

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Not applicable

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**Applicable Policy**

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Metropolitan Water District Administrative Code Section 5108: Appropriations

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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**Related Board Action(s)/Future Action(s)**

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action is exempt from CEQA because there is no potential for the activity in question to have a significant effect on the environment. (State CEQA Guidelines Section 15061(b)(3)).

**CEQA determination for Option #2:**

None required

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**Details and Background**

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**Background**

Oracle EBS is a complex, tightly integrated set of enterprise applications that supports Metropolitan's essential business functions, including:

- Financial Management: General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Travel & Expense, and Treasury.
- Logistics and Supply Chain: Purchasing, iProcurement, Inventory, and Warehousing.
- Projects and Grants (PAGM): Project Management, Project Costing & Accounting, and Grants Management.

In addition, Oracle EBS integrates with more than 25 internal and external systems, including several mission-critical platforms such as Water Billing (WINS), Budgeting and Planning (Questica), HR/Benefits/Payroll (MyHR), Time Entry (WorkTech), Real Property, Equipment and Machinery Maintenance (Maximo), Business Intelligence and Analytics (COGNOS), Vendor Invoice Processing (AP Imaging), and Procurement Card services (JPM). Because of these extensive integrations, the stability and availability of Oracle EBS are directly tied to Metropolitan's ability to conduct daily financial operations and comply with regulatory and reporting requirements.

**Current State**

Metropolitan's Oracle EBS environment currently operates on an on-premises architecture consisting of:

- Intel Itanium enterprise servers running HP-UX.
- Dell storage infrastructure.
- Oracle Database version 11g.
- Oracle E-Business Suite version 12.2.6.

The EBS platform was last upgraded in 2016 at a cost of approximately \$4 million. Since that time, the underlying hardware, operating system, database, and application technologies have been superseded by newer, more secure, and more capable platforms.

### **Risk**

The current environment is subject to multiple end-of-life and extended-support constraints. Continuing to operate on obsolete hardware and software introduces increasing security vulnerabilities and limits Metropolitan's ability to respond to incidents or recover from failures. If these issues are not addressed, Metropolitan faces an elevated risk of mission-critical system outages, potential loss or corruption of financial data, and significant operational disruption. Modernizing the Oracle EBS platform is a necessary step to protect the organization's core business operations and financial integrity.

### **Project Objectives**

The purpose of this project is to:

- Upgrade Oracle E-Business Suite to supported, vendor-recommended stable versions.
- Migrate the EBS platform and associated databases from on-premises infrastructure to Oracle Cloud Infrastructure and integrate with internal and external systems.
- Eliminate end-of-life hardware, operating system, and database dependencies.
- Improve system security, resiliency, scalability, and long-term supportability.
- Reduce the operational and financial risks associated with aging technology.

### **Professional and Technical Services (Oracle America Inc.) - New Agreement**

RFP-1403 was issued on April 24, 2025. Metropolitan received a total of nine proposals from the competitive procurement process. The small and/or disabled-veteran business enterprise goal designated for this solicitation was 25 percent. Proposals were reviewed to determine compliance with the instructions as set forth in the solicitation and evaluated by a committee based on the following criteria: firm qualifications, record of past performance, key personnel and staffing, technical approach and methodology, cost proposal, and business outreach program. The evaluation committee assessed the merits of each respondent's respective proposal relative to the evaluation criteria aforementioned and individually scored each submittal. The top respondents were subsequently invited to participate in interviews and presentations.

Oracle America Inc. scored the highest among all respondents and is recommended for contract award for the following reasons:

- **End-to-End Ownership:** Oracle America Inc. owns the complete technology stack, including the Oracle E-Business Suite (EBS) application, database, middleware, Oracle Cloud Infrastructure, and associated integration and migration tools. This unified ownership eliminates vendor finger-pointing between the infrastructure provider, system integrator, and Oracle Support, enabling faster root-cause analysis, clearer accountability, improved performance management, and enhanced post-go-live stability.
- **Relevant Prior Experience:** Oracle America Inc. has demonstrated successful experience migrating complex Oracle EBS environments from on-premises infrastructure to Oracle Cloud Infrastructure. In 2020, Oracle America Inc. helped Metropolitan successfully migrate its My HR/PeopleSoft application from on-premises infrastructure to Oracle Cloud Infrastructure.
- **Direct Access to Product Engineering:** Oracle America Inc. has direct access to Oracle EBS product engineering teams, allowing for expedited resolution of application and infrastructure issues during the upgrade and migration process.
- **Proven Migration Methodology:** Oracle America Inc. offers a proven technical approach and methodology, including defined migration architecture, upgrade and integration strategies, established cutover and rollback procedures, and disciplined project management.

Metropolitan has an existing Master Agreement (MSA) with Oracle America Inc. If this Board authorizes this new agreement, Oracle America Inc. will only contract with Metropolitan if the new agreement incorporates the terms and conditions of the existing MSA. The MSA is in Oracle America Inc.'s standard form, and not Metropolitan's contracting form. The existing MSA provides that Oracle will defend Metropolitan against claims alleging infringement of third parties' intellectual property rights, and indemnify Metropolitan from damages, liabilities, costs, and expenses to third parties claiming infringement, if Metropolitan authorizes Oracle America Inc., sole control and authority of the defense and settlement negotiations. The MSA also provides that Oracle America Inc.'s liability for any damages related to this agreement or services offered will be limited to the amount of the fees paid by Metropolitan to Oracle America Inc. Per the MSA, Metropolitan will only be able to terminate this agreement following a breach of contract. Staff has determined that Oracle America Inc's experience and need for the above-stated services is such in this case, that the acceptance of terms different from Metropolitan's standard terms is justifiable, subject to this Board's final approval.

**Summary**

This action authorizes an agreement with Oracle America Inc. in an amount not to exceed \$4,603,698 for Metropolitan's Oracle E-Business Suite System migration to Oracle Cloud Infrastructure and Upgrade project. The total project budget of \$7,737,598 includes funds of \$4,185,180 for the Oracle America Inc. contract for professional Services, \$1,820,000 for Metropolitan labor to support the upgrade, and \$418,518 in contingency. Additional contracts for professional services to support the upgrade include funds of \$1,313,900.

This project has been evaluated and recommended by Metropolitan's Capital Investment Plan, and funds are available within the fiscal year 2025/26 capital expenditure plan. See **Attachment 1** for the Financial Statement.

**Project Milestones**

- Design Complete – September 2026
- Build Complete – March 2027
- Validation Testing Complete – May 2027
- Implementation – March June 2027
- Post-Implementation Support Complete – August 2027

  
 \_\_\_\_\_ 4/28/2026  
 Charles Eckstrom Date  
 Information Technology, Group Manager

  
 \_\_\_\_\_ 4/28/2026  
 Shivaji Deshmukh Date  
 General Manager

**Attachment 1 – Financial Statement**

Ref# it12711501

**Allocated Funds for Oracle EBS Upgrade**

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	<b>Current Board Action (May 2026)</b>
Labor	
Studies & Investigations	\$ -
Final Design	-
Owner Costs (Program mgmt.)	1,820,000
Submittals Review & Record Drwgs	-
Construction Inspection & Support	-
Metropolitan Force Construction	-
Materials & Supplies	-
Incidental Expenses	-
Professional/Technical Services	5,499,080
Equipment Use	-
Contracts	-
Remaining Budget	418,518
<b>Total</b>	<b><u>\$ 7,737,598</u></b>