REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY AND RECORD OF ACTION

May 5, 2026

FROM
LEONARDO GONZALEZ, Director, Human Resources Department
DON LE, Interim Chief Information Officer, Innovation and Technology Department
LYNN FYHRLUND, Chief Innovation Officer, County Administrative Office

SUBJECT
Agreements with Oracle America, Inc. for the Human Capital Management Software Implementation Services and Cloud Services Replacement Project

RECOMMENDATION(S)

1. Approve the following Agreements with Oracle America, Inc. for software and implementation services to design and develop an integrated system to manage essential workforce functions, including but not limited to onboarding, benefits administration, training, payroll, compensation, and performance management, for an agreement period from May 5, 2026 through May 4, 2031:
   a. Non-financial Oracle Master Services **Agreement No. 26-311**, including non-standard terms;
   b. Professional Services Ordering Document US-19988291 **County Agreement No. 26-312** for technical design and implementation services to develop a Human Capital Management System in the total agreement amount of $21,441,044; and
   c. Professional Services Ordering Document US-21044168 **County Agreement No. 26-313** for technical design and implementation assistance to establish and operationalize a secure cloud infrastructure for legacy records in the total agreement amount of $491,936.
2. Approve the following Agreements with Oracle America, Inc. for ongoing cloud services and support for the integrated Human Capital Management System:
   a. Non-financial Public Sector **Agreement No. 26-314** for Oracle Cloud Services, including non-standard terms, for an agreement period from May 5, 2026 through May 4, 2031;
   b. Cloud Services Ordering Document 1223451880.a1, **County Agreement No. 26-315** for Human Capital Management System cloud services, in the total agreement amount of $5,398,528.50 for an agreement period from May 5, 2026 through May 4, 2031, with the option to extend for five additional one-year periods, for a maximum increase in cost of three percent each year;
   c. Cloud Services Ordering Document 1223461314.a1, **County Agreement No. 26-316** including non-standard terms, for subscriptions to Oracle America, Inc.'s guided learning services in the total agreement amount of $418,559.25 for the term from August 5, 2026 through May 4, 2031;
   d. Cloud Services Ordering Document 1223472979.a1, **County Agreement No. 26-317** including non-standard terms, for platform and infrastructure services, in an amount not to exceed $238,624, for a period from May 5, 2026 through May 5, 2027; and

e. Cloud Services Ordering Document 1223468829.a1, **County Agreement No. 26-318** for mission critical support services, in the amount of $516,950, for a 42-month period beginning at go live of the Human Capital Management System.

3. Approve the non-financial **Customer Agreement No. 26-319** with Atlassian Pty. Ltd., including non-standard terms, for project management software that provides issue tracking and team collaboration for the agreement period beginning upon execution and continuing until all subscriptions have expired.
4. Approve the non-financial Terms of Service **County Agreement No. 26-320** with Wrike, Inc., including non-standard terms, for project management software that provides issue tracking and team collaboration, for the agreement period from May 5, 2026 and remaining in effect until expiration or termination of all paid-for subscriptions and completion of any consulting services.
5. Approve reimbursement of Oracle America, Inc. travel expenses in an amount not to exceed $924,000, for implementation services provided pursuant to the Agreements in Recommendation No. 1, for a period from May 5, 2026 through May 4, 2031.
6. Authorize the Chief Information Officer or Human Resources Director to execute change orders to the agreements in Recommendation No. 1, in amounts not to exceed $200,000 annually and a combined not-to-exceed amount of $1,000,000, provided there is no change to the total agreement period and subject to review by County Counsel.
7. Direct the Chief Information Officer or Human Resources Director to transmit change orders from Recommendation No. 6 to the Clerk of the Board of Supervisors within 30 days of execution.
8. Authorize the Auditor-Controller/Treasurer/Tax Collector to post necessary budget adjustments to the County Administrative Office Automated Systems Development 2025-26 and 2026-27 budgets, as detailed in the financial impact section, to establish budget authority for the costs associated with the Human Capital Management System Replacement Project (Four votes required).

(Presenter: Leonardo Gonzalez, Director, Human Resources Department, 387-5570)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote and Fulfill the Countywide Vision.
Improve County Government Operations.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The estimated cost of the five-year agreement with Oracle America, Inc. (Oracle) is not to exceed $29,429,642 (Agreement - $28,505,642, Travel Reimbursement - $924,000).

Human Capital Management System	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Development and Implementation	$15,141,936	$6,791,044	$0	$0	$0	$21,932,980
Support and Maintenance*	$1,314,532	$1,314,532	$1,314,532	$1,314,533	$1,314,533	$6,572,662
Travel Reimbursement (Oracle)	$492,000	$366,000	$66,000	$0	$0	$924,000

Estimated County Implementation Costs	$3,122,999	$8,112,446	$1,077,040	$0	$0	$12,312,485
Total	$20,071,467	$16,584,022	$2,457,572	$1,314,533	$1,314,533	$41,742,127

Additionally, $12,312,485 is requested for project-related implementation and support costs. The total estimated cost of the Human Capital Management System Replacement Project (Project) is $41,742,127, which includes the Oracle contracts and additional project costs.

Project costs include expenditures by the Innovation and Technology Department (ITD), Human Resources Department (HR), Auditor-Controller/Treasurer/Tax Collector (ATC), and other departments, including but not limited to backfilling staff, general operating expenses, and onboarding temporary and/or contract personnel. Development and implementation costs will be funded through a one-time use of Discretionary General Funding from the Human Capital Management System Reserve in the amount of $41,742,127 over a five-year period, consisting of three years of development and implementation and two years of post go-live support.

Oracle agreement costs and additional project costs are detailed in the table below:

*Ongoing support and maintenance costs will be incorporated into ITD's internal service fund rates, which will be presented to the Board for approval. It is expected that this will occur in year three of implementation, reducing the need to fund the Project from the Human Capital Management System Reserve. Following the terms of agreements included in Recommendation No. 2, these costs are estimated at $1,353,968, which includes a three percent increase over the final year of the agreement term, and are projected to increase by approximately three percent annually thereafter.

Approval of the following budget adjustments will authorize the Auditor-Controller/Treasurer/Tax Collector to post budget adjustments to the 2025-26 budget:

Cost Center	Commitment Item	Description	Action	Amount
1000	37008327	Fund Balance Committed – Computer System Human Capital Management System Reserve	Decrease	$32,552,641
1161161000	55305030	Operating Transfer Out	Increase	$32,552,641
1167201042	40909975	Operating Transfer In	Increase	$32,552,641
1167201042	51001010	Regular Salary	Increase	$940,994
1167201042	52002445	Other Professional & Specialized Services	Increase	$31,184,795
1167201042	55405010	Salaries & Benefit Transfers Out	Increase	$426,852

Approval of the following budget adjustments will authorize the Auditor-Controller/Treasurer/Tax Collector to post budget adjustments to the 2026-27 budget:

Cost Center	Commitment Item	Description	Action	Amount

1000	37008327	Fund Balance Committed – Computer System Human Capital Management System Reserve	Decrease	$9,189,486
1161161000	55305030	Operating Transfer Out	Increase	$9,189,486
1167201042	40909975	Operating Transfer In	Increase	$9,189,486
1167201042	51001010	Regular Salary	Increase	$3,709,258
1167201042	52002445	Other Professional & Specialized Services	Increase	$4,141,457
1167201042	55405010	Salaries & Benefit Transfers Out	Increase	$1,338,771

Adequate appropriation will be included in future recommended budgets. Should additional project expenses or ongoing staffing requests arise, HR, in coordination with the County Administrative Office (CAO), will return to the Board for approval.

BACKGROUND INFORMATION

Approval of the recommendations will enable the County to replace its existing Human Capital Management (HCM) system, which has been in place since 1999. The County currently uses PeopleSoft, to support critical human resources, payroll, and related business functions. The existing system no longer meets the County's operational needs, as it lacks functionality, and results in inflexible business processes. The Oracle Cloud solution will provide enhanced functionality across key areas such as HR, payroll, recruitment, benefits administration, time and labor, and workforce planning.

The proposed agreement provides comprehensive professional services to design, configure, and deploy the Oracle Cloud solution. Services include project management, system configuration, data conversion, development of system integrations, testing, training, and post-go-live support. Go-live is expected 18 months from the start of implementation. Oracle will also assist the County with migrating its existing PeopleSoft environment to the Oracle Cloud Infrastructure (OCI) platform to support historical data reporting. The implementation will follow Oracle's structured delivery methodology, which includes phases for planning, design, validation, deployment, and optimization to ensure a successful transition.

The proposed agreement is expected to improve operational efficiency, enhance user experience, and provide advanced tools that better support and streamline the County's core business functions. The system will also enable advanced analytics and workforce planning tools to better inform decision-making.
The total estimated project cost is $41.7 million over five years and will be managed through the CAO Automated Systems Development Fund (1161161042). Funding is proposed through a one-time use of Discretionary General Funding from the Human Capital Management System Reserve, with a current balance of $50,086,195. HR, in coordination with the CAO, has identified an estimated need of $12.3 million in one-time implementation-related support costs. These estimates include contractor support, temporary staffing, internal labor, and backfill support. Under the current staffing model, ITD will support technical implementation, integration, security, and project delivery enablement, primarily through contractor resources and internal labor. HR will lead functional implementation and operational readiness using a mix of existing staff, temporary support, and limited contractor assistance. ATC will support payroll continuity, financial controls, SAP integration, disbursements, and long-term operational sustainability, with current requests focused on temporary implementation support. Other departments, such as the

Sheriff's Department and Fire District, may require reimbursement, overtime, or extra-help support to backfill subject matter experts participating in implementation activities.

Implementation resources will primarily be provided through professional services agreements, temporary staffing, extra-help support, and existing departmental staff. This approach allows the County to maintain flexibility and align resources with actual project demands as implementation progresses. Accordingly, staff are not recommending Board action at this time to establish regular positions as part of this item. If future regular positions or employment contracts are determined to be necessary, those requests will be brought forward separately through a future Board item.

As implementation progresses, staff will refine staffing assumptions, validate resource needs, and determine whether future requests for regular positions are warranted. Any such requests will be presented to the Board through a subsequent item.

The Oracle Master Agreement (OMA) is Oracle's standard commercial agreement, which includes terms that differ from the standard County contract and omits certain County standard contract terms. While the parties negotiated certain agreement terms to County standards, Oracle would not agree to all County standard terms. The non-standard and missing terms include the following:

1. Oracle may assign the OMA without notice to the County and without the County's approval as part of a corporate reorganization, acquisition, internal restructuring, consolidation, divestiture, merger, or sale of all or substantially all of its assets.
   - The County standard contract requires that the County must approve any assignment of the contract.
   - Potential Impact: Oracle could assign the OMA to a third party or business with which the County is legally prohibited from doing business due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge. Should this occur, the County could be out of compliance with the law until it becomes aware of the assignment and terminates the OMA.

2. OMA does not require Oracle to meet certain standard County insurance The requirements.
   - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
   - Potential Impact: Certain County standard processes may not be followed which could result in expenses that exceed the total agreement amount.

3. Oracle's maximum liability to the County is limited to $5 million without exclusions.
   - The County standard contract does not include a limitation of liability.
   - Potential Impact: Claims could exceed the liability cap and the amount leaving the County financially liable for the excess.

The Public Sector Agreement for Oracle Cloud Services (CSA) is Oracle's standard commercial agreement for cloud services, which includes terms that differ from the standard County contract and omits certain County standard contract terms. While the parties negotiated certain agreement terms to County standards, Oracle would not agree to all County standard terms. The non-standard and missing terms include the following:

1. Oracle may assign the CSA without notice to the County and without the County's approval as part of a corporate reorganization, acquisition, internal restructuring, consolidation, divestiture, merger, or sale of all or substantially all of its assets.
   - The County standard contract requires that the County must approve any assignment of the contract.
   - Potential Impact: Oracle could assign the CSA to a third party or business with which the County is legally prohibited from doing business due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge. Should this occur, the County could be out of compliance with the law until it becomes aware of the assignment and terminates the CSA.

2. The CSA does not require Oracle to meet certain standard County insurance requirements.
   - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
   - Potential Impact: Certain County standard processes may not be followed which could result in expenses that exceed the total agreement amount.

3. Oracle's maximum liability to the County is limited to $5 million without exclusions.
   - The County standard contract does not include a limitation of liability.
   - Potential Impact: Claims could exceed the liability cap and the amount leaving the County financially liable for the excess.

In addition, the Cloud Services Ordering Documents for Oracles guided learning services and platform/infrastructure services incorporate by reference Oracle's Artificial Intelligence (AI) Terms. The AI Terms are Oracle's standard commercial agreement applicable to all services utilizing AI, which include terms that differ from the standard County contract and omit certain County standard contract terms. Oracle's AI Terms are non-negotiable and accepted upon use of the AI services. The non-standard and missing terms include the following:

1. The County is required to defend and indemnify Oracle against any third-party claims arising from or relating to the County's failure to comply with any separate third-party AI terms or use policy, the County's content in AI functionality or output, and any dispute between the County and any user or third-party arising from or relating to the County's users' use of AI functionality or output.
   - The County standard contract does not include any indemnification or defense by the County of a contractor.
   - Potential Impact: By agreeing to indemnify Oracle for certain AI related claims, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against Oracle without such limitations and the County could be responsible to defend and reimburse Oracle for costs, expenses, and damages, which could exceed the total amount of the applicable Ordering Document.

The Atlassian Pty. Ltd. (Atlassian) Customer Agreement and Government Amendment (collectively, "Atlassian Agreement") is Atlassian's standard commercial agreement, which includes terms that differ from the standard County contract and omits certain County standard contract terms. The Atlassian Agreement is a non-negotiable clickwrap accepted by click-to-accept. The non-standard and missing terms include the following:

1. Atlassian may assign the Atlassian Agreement without notice to the County and without the County's approval.
   - The County standard contract requires that the County must approve any assignment of the contract.
   - Potential Impact: Atlassian could assign the Atlassian Agreement to a third party or business with which the County is legally prohibited from doing business due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge. Should this occur, the County could be out of compliance with the law until it becomes aware of the assignment and terminates the Atlassian Agreement.

2. The Atlassian Agreement does not require Atlassian to meet the County's insurance standards as required pursuant to County Policies, 11-05, 11-07 and 11-07SP.
   - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
   - Potential Impact: The County has no assurance that Atlassian will be financially responsible for claims that may arise under the Agreement, which could result in expenses to the County that exceed the total Agreement amount.

3. Atlassian's maximum liability to the County is limited to the aggregate of amounts paid for the Products, Support and Advisory Services giving rise to the liability during the 12 months before the event giving rise to the claim, excluding Customer's breach of the contract and Atlassian's indemnification obligations. In addition, for any unauthorized disclosure of Customer Data or Customer Materials caused by a security breach by Atlassian, Atlassian's aggregate liability under this Agreement will be the lesser of: (a) 2x the amounts paid to Atlassian for the Products, Support and Advisory Services giving rise to the claim during the 12 months preceding the first event out of which the Special Claim arose, and (b) US$5,000,000.
   - The County standard contract does not include a limitation of liability.
   - Potential Impact: Claims could exceed the liability cap and the Agreement amount leaving the County financially liable for the excess.

The Wrike, Inc. (Wrike) Terms of Service (TOS) is Wrike's standard commercial agreement, which includes terms that differ from the standard County contract and omits certain County standard contract terms. The Wrike TOS is a non-negotiable clickwrap accepted by click-to-accept. The non-standard and missing terms include the following:

1. Wrike may assign the TOS without notice to the County and without the County's approval.
   - The County standard contract requires that the County must approve any assignment of the contract.
   - Potential Impact: Wrike could assign the TOS to a third party or business with which the County is legally prohibited from doing business due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge. Should this occur, the County could be out of compliance with the law until it becomes aware of the assignment and terminates the TOS.

2. The Agreement does not require Wrike to indemnify the County, as required by County Policies 11-05 and 11-07, including for intellectual property infringement claims.
   - The County standard contract indemnity provision requires the contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person. The standard contract provision for intellectual property indemnity is: Contractor will indemnify, defend, and hold harmless County and its officers, employees, agents and volunteers, from any and all third party claims, costs (including without limitation reasonable attorneys' fees), and losses for infringement of any United States patent, copyright, trademark or trade secret (Intellectual Property Rights) by any goods or services.
   - <u>Potential Impact</u>: Wrike is not required to defend, indemnify or hold the County harmless from any claims, including indemnification for claims arising from Wrike's negligent or intentional acts and intellectual property infringement. If the County is sued for any claim, including intellectual property infringement based on its use of Wrike's software or services, the County may be solely liable for the costs of defense and damages, which could exceed the total TOS amount.

3. The County is required to indemnify Wrike against County's use of the service and use of Wrike AI, connection to the Wrike service, violation of the terms of the TOS, violation of applicable law, County content, and violation of individual rights.
   - The County standard contract does not include any indemnification or defense by the County of a contractor.
   - <u>Potential Impact</u>: By agreeing to indemnify Wrike, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against Wrike without such limitations and the County could be responsible to defend and reimburse Wrike for costs, expenses, and damages, which could exceed the total TOS amount.

4. The TOS does not require Wrike to meet the County's insurance standards as required pursuant to County Policies, 11-05, 11-07 and 11-07SP.
   - County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
   - <u>Potential Impact</u>: The County has no assurance that Wrike will be financially responsible for claims that may arise under the TOS, which could result in expenses to the County that exceed the total TOS amount.

5. Wrike's maximum liability to the County is limited to the sum of the amounts paid in the 12 months immediately preceding the event giving rise to the claim, or, in the case of Wrike consulting services, the amount actually paid for the applicable consulting services.
   - The County standard contract does not include a limitation of liability.
   - <u>Potential Impact</u>: Claims could exceed the liability cap and the TOS amount leaving the County financially liable for the excess.

6. The term of the TOS is indefinite beginning on the date an order is placed and continuing until expiration of all subscriptions or completion of all consulting services.
   - County Policies 11-05 and 11-06SP1 do not permit indefinite term or automatically renewing agreements except for end user license agreements, software/hardware

licenses and subscriptions, and master service agreements or unless approved by the Board.
- Potential Impact: There is no end term to the TOS and the County is indefinitely bound to the terms and conditions of the Agreement until all subscriptions expire or all services have been completed.

7. Venue for disputes arising under the Agreement is in San Diego County, California.
   - County Policy 11-05 requires venue for disputes in Superior Court of California, County of San Bernardino, San Bernardino District.
   - Potential Impact: Having a venue in San Diego County, California may result in additional expenses that exceed the amount of the TOS.

HR, ITD, and CAO recommend approval of the proposed agreements, including non-standard terms, to support the County's system upgrades and enhance functionality across key operational areas. These improvements will strengthen capabilities across multiple County departments and improve overall workforce planning and service delivery.

PROCUREMENT
CAO approved and authorized the release of Request for Proposals (RFP) No. ISD125-TOPS-5669 on November 18, 2024, to solicit proposals from interested and qualified agencies to provide Human Capital Management Software and Implementation Services for a period of five years. The RFP was posted to the County's Electronic Procurement Network (ePro).

The County received 10 proposals by the established deadline. Proposals from the 10 agencies below met the minimum requirements and continued through the evaluation process.

Proposer Name	Location
Accenture LLP	Los Angeles, CA
AccuPay Inc.	Temecula, CA
CherryRoad Technologies Inc.	Parsippany, NJ
Deloitte Consulting LLP	Los Angeles, CA
EPI-USE America Inc.	Atlanta, GA
Governmentjobs.com Inc.	El Segundo, CA
Guidehouse Inc.	McLean, VA
Oracle	Redwood Shores, CA
Phoenix Business Inc.	Sarasota, FL
Tyler Technologies Inc.	Plano, TX

The evaluation panel, with representation from multiple departments including the CAO, the ITD, and HR, reviewed and evaluated the proposals based on the criteria listed in the RFP. The criteria included: Functional Fit, Technical Fit, Services Fit, Proposer Organization, Project Team, Cost, and Demonstrations.

Based on the evaluation criteria, the evaluation panel determined that Oracle best met the needs of the County. Award and denial letters were sent to all responsible and responsive proposers on April 10, 2026. No protests were received by the Purchasing Agent.

Purchasing supports this competitive procurement based on the formal solicitation described above.

<u>REVIEW BY OTHERS</u>

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455; Kaleigh Ragon, Deputy County Counsel, 387-5455) on April 14, 2026; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on April 10, 2026; Risk Management (Stephanie Pacheco, Staff Analyst II, 386-9039) on April 15, 2026; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, 382-7022) on April 23, 2026; and County Finance and Administration (Garrett Baker, Administrative Analyst, 387-3077) on April 27, 2026.

Agreements with Oracle America, Inc. for the Human Capital Management Software Implementation Services and Cloud Services Replacement Project
May 5, 2026

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY Lynna Monell
DATED: May 5, 2026

cc: IT - Black w/agrees
Contractor - c/o IT w/agree
File - w/agree

CCM 05/6/2026