



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: AUGUST 1, 2023

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF FIRST AMENDMENT TO AGREEMENT NO. 22-9855 WITH CHERRYROAD TECHNOLOGIES INC. FOR AS-NEEDED INFORMATION TECHNOLOGY STAFF AUGMENTATION SERVICES FOR THE ENTERPRISE RESOURCE PLANNING (ERP) CLOUD MIGRATION PROJECT

SUMMARY:

Staff requests approval of the First Amendment to Agreement No. 22-9855 between the City of Los Angeles Harbor Department (Harbor Department) and CherryRoad Technologies Inc. (CherryRoad) to provide temporary Information Technology (IT) staff augmentation and backfill services to support the Harbor Department's Oracle Enterprise Resource Planning (ERP) Cloud migration project. The ERP Cloud project schedule has been extended for an additional twelve (12) months and the system will go live on July 1, 2024.

The proposed First Amendment will increase the not-to-exceed amount by \$792,086, to a total not-to-exceed amount of \$2,804,986. The three-year term of the agreement remains unchanged.

The Harbor Department will continue to be financially responsible for the payment of expenses incurred under the Agreement.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with the Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
3. Approve the First Amendment to Agreement No. 22-9855 with CherryRoad Technologies Inc. to provide as-needed temporary Information Technology (IT) staff augmentation and backfill services for an additional amount of \$792,086 with a total not-to-exceed agreement amount of \$2,804,986 and no change to the three-year agreement term;
4. Direct the Board Secretary to transmit the First Amendment to Agreement No. 22-9855 to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;

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5. Authorize the Executive Director to execute and the Board Secretary to attest to said Amendment for and on behalf of the Board; and
6. Adopt Resolution No. _____.

DISUSSION:

Background - The Oracle ERP Cloud project was approved by the Board on February 24, 2022, to migrate the existing on-premise Oracle E-Business Suite ERP (EBS) system to the new Oracle Fusion Cloud ERP (ERP Cloud) system. IT needs temporary staff augmentation and backfill services to reduce project risks by supplementing the project staffing as the Harbor Department employees provide both operations support for existing EBS system and implementation support for the new ERP Cloud project.

The CherryRoad Agreement was approved by the Board at its meeting on March 22, 2022, to provide as-needed temporary IT staff augmentation and backfill services to support the Harbor Department's ERP Cloud project. Services provided by this agreement include, but are not limited to, understanding business requirements, system processes, data conversion, system support, project controls, technical oversight and coordination with the Oracle ERP Cloud System Integrator, NITI Systems Consultants, Inc. (NITI). The Agreement was termed for three (3) years ending on April 5, 2025, and a not-to-exceed compensation amount of \$2,012,900.

Reasons for the Amendment - The Oracle ERP Cloud project currently is in the Validate and Construct phases and was scheduled to be completed within twelve (12) months from the start of July 1, 2022, with Go-Live date on July 1, 2023. After extensive review of various options, and to ensure the overall success of the project, the ERP Project Team presented the schedule extension recommendation with lessons learned to the Project Steering Committee, which consists of four (4) senior management leaders for guidance and assistance with oversight and proposed that the project should be extended with scope and cost changes. The Project Steering Committee approved the schedule extension recommendation on April 26, 2023.

On May 3, 2023, the Project Development Committee (PDC) approved the revised Go-Live date of July 1, 2024, and the additional budget increase of \$792,086. This was also presented to the Audit Committee on May 25, 2023, to provide justification for the extended schedule and additional cost that is required to provide temporary IT staff augmentation and backfill services to support the ERP Cloud project.

Proposed Amendment – Staff requests approval of the First Amendment to Agreement No. 22-9855 (Transmittal 1) in order to increase the not-to-exceed amount by \$792,086 to \$2,804,986 and fund the additional costs associated with the schedule extension.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment of Agreement No. 22-9855 with CherryRoad to provide temporary IT staff augmentation and backfill services to support the

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Harbor Department's Oracle Enterprise ERP Cloud migration project, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II of the Los Angeles City CEQA Guidelines.

First Amendment of Agreement No. 22-9854 with NITI Systems Consultants, Inc. to increase the not-to-exceed amount for the implementation of Oracle Enterprise ERP Cloud migration project and First Amendment of Agreement of No. 21-9843 with Byrd Professional Resources LLP dba Byrd Group for staffing as-needed Business Systems Analyst Services will be considered by the Board under a separate report and recommended board action.

FINANCIAL IMPACT:

Approval of the proposed First Amendment authorizes an increase of \$792,086 for a total not-to-exceed compensation amount of \$2,804,986. The proposed increase will allow the IT Division to proceed with the IT staff augmentation services that would provide support for the Oracle ERP Cloud migration project.

The increased capital cost of \$754,706 was approved by the Project Development Committee (PDC) on May 3, 2023, and is budgeted under Work Order 2564800, Account 54310 (Information Systems Consulting Services), Center 0640 and 1206, Program No. 000. Upon Board approval, additional operating costs of \$37,380 will be requested as part of the Harbor Department's annual budgeting process:

Fiscal Year	Approved Agreement		Proposed Amendment		Total
	Capital	Operating	Capital	Operating	
	WO 2564800 Center 1206 Acct 54310	Center 0640 Acct 54310	WO 2564800 Center 1206 Acct 54310	Center 0640 Acct 54310	
2022/2023	\$ 287,560	\$ 0	\$ 0	\$ 0	\$ 287,560
2023/2024	\$1,150,240	\$ 0	\$ 754,706	\$ 0	\$ 1,904,946
2024/2025	\$ 0	\$ 575,100	\$ 0	\$ 37,380	\$ 612,480
Total Not-To-Exceed	\$1,437,800	\$ 575,100	\$ 754,706	\$ 37,380	\$ 2,804,986

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed First Amendment as to form and Legality.

TRANSMITTAL(S):

1. First Amendment to Agreement No. 22-9855

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FIS Approval: MB

CA Approval: kfm

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Chief Information Officer

Thomas Gazsi
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THOMAS GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:

Mark Blewett

EUGENE D. SEROKA *For*
Executive Director

SV:HN