



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: MARCH 31, 2011**

**FROM: INFORMATION TECHNOLOGY DIVISION**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PURCHASE ORDER CHANGE TO CONTRACT NO. 39478 WITH EN POINTE TECHNOLOGIES, INC. FOR INTEL-BASED COMPUTERS, LOCAL AREA NETWORK EQUIPMENT AND OTHER RELATED EQUIPMENT, SUPPLIES, AND SERVICES**

**SUMMARY:**

The Information Technology Division (ITD) is requesting approval to amend the existing Harbor Department Contract No. 39478 with En Pointe Technologies, Inc. (En Pointe) to an amount not-to-exceed \$3,000,000 for the purchase of Intel-based computers, local area network (LAN) equipment, and other related equipment, supplies, and services. The purchase order change would increase the total contract amount by \$1,500,000 from \$1,500,000 to \$3,000,000. This entire purchase order change amount is reimbursable from grant funds. The expiration date of this agreement is August 31, 2011.

The Harbor Department will be relocating its data center from the Harbor Administration Building (HAB) to the new Port Police Headquarters. This purchase order change will be used to purchase IT equipment that will replace existing older or obsolete equipment as part of this relocation effort. This data center relocation will improve the security of the Harbor Department's IT infrastructure and better support critical operations because the Port Police Headquarters is a more secure location, has emergency back-up power, and meets current building standards.

The original En Pointe agreement is based on the competitive bid process performed by the Los Angeles World Airports (LAWA) for its contract DA-4301 in 2008. En Pointe Technologies, based in Gardena, California, is certified as a Minority Business Enterprise (MBE) by the National Minority Supplier Development Council (NMSDC) and is the first public company to receive this certification.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

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1. Find that in accordance with Administrative Code Section 10.15(8), the competitive contracting requirement is met using the responses from LAWA's Request for Bids (RFB) No. 107-112 in 2008, which resulted in LAWA awarding its contract DA-4301;
2. Approve the purchase order change with En Pointe Technologies, Inc. to increase the total contract amount by \$1,500,000 from the original amount of \$1,500,000 to a new contract amount not-to-exceed \$3,000,000 for the purchase of Intel-based computers, local area network equipment, and other related equipment, supplies, and services with an expiration term of August 31, 2011;
3. Authorize the Executive Director or designee to execute and the Board Secretary to attest to the purchase order change to Contract No. 39478; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – At its April 16, 2009 meeting, the Board of Harbor Commissioners (Board) approved the original agreement with En Pointe to purchase computers, network hardware and related IT equipment, supplies and services. This consolidated agreement is a much more efficient way of purchasing these recurring items, compared to the previous way of initiating a bid each time equipment is needed. Approximately 120 orders are placed per year. The individual bid process is extremely labor intensive and costly for both the Harbor Department and the vendors.

This consolidated agreement is also a more cost-effective approach because it is based on a Los Angeles World Airports (LAWA) agreement valued at up to \$9,000,000. LAWA's much larger agreement benefits the Harbor Department because vendors typically provide lower mark-ups because of the higher volume sales. The Harbor Department's original not-to-exceed amount of \$1,500,000 until August 31, 2011 was approximately 50% of the amount that the Harbor Department has spent for IT equipment and supplies in prior years. Through cost savings and management of IT purchases, the Harbor Department will stay within this limit.

The existing En Pointe agreement also consolidates purchases from different hardware manufacturers because En Pointe is an authorized reseller of equipment used by the Harbor Department, including from Cisco, Dell, Lenovo, and others. This is more efficient than establishing separate agreements with each of the manufacturers.

At the time of the original recommendation, staff informed the Board that the reduced amount does not include potential grant funded IT equipment purchases and that the ITD may request additional authorization from the Board when grant funds are actually authorized for spending.

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Purchase Order Change Request – The Harbor Department will be relocating its primary data center from HAB to the new Port Police Headquarters. The data center is the central IT facility where the critical enterprise computer servers and network equipment are located. As part of this data center relocation effort, this purchase order change will be used to purchase new equipment to replace existing older or obsolete equipment. The new equipment will be installed directly into the new Port Police Headquarters, then the software applications and data will be migrated by Harbor Department staff. The equipment to be purchased with this purchase order change includes network and security equipment, racks and related equipment.

The data center relocation will provide the following benefits which are consistent with the IT Strategic Plan:

- Improved physical security of the IT infrastructure: The new data center will be in a new, secure building that has been built to current building standards. It was designed to be a data center from the start and is physically isolated from adjacent public areas, unlike the current HAB data center. In addition, the new data center will be in a building with Port Police present at all times.
- Improved IT security: The new data center will include new and additional IT security systems.
- Reduced disruption to operations: The new data center will be equipped with back-up emergency power, unlike the current data center. This is necessary to enable continuous operation of the computer equipment during power outages. This is essential to be able to support the Port's 24x7 operations, including the Port Police, Port Pilots and Construction and Maintenance Divisions.

Funds in the amount of \$1,500,000 are available in the FY 10/11 budget. This amount is fully reimbursable from grant funds, which includes \$1,125,000 from a Round 8 Department of Homeland Security grant and \$375,000 from a State of California Governor's Office Proposition 1B grant.

The total amount approved for the Round 8 and Proposition 1B grants is \$2,666,667. Another agreement to purchase additional equipment from another vendor with the remaining \$1,166,667 will be submitted to the Board of Harbor Commissioners at a future meeting. The future agreement will be used to purchase computer servers and storage equipment, which are not included in this purchase order change request. The future agreement will piggy-back off of a Department of Water and Power agreement that is expected to be available in May 2011. The grants' expiration is December 31, 2011. Although the grants were approved in 2008, the authorization to incur expenses against these grants was given just recently.

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Selection Process – The requested purchase order change will have the same terms as the original En Pointe agreement. The original agreement was based on the responses from LAWA's Request for Bids (RFB) No. 107-112 released in 2008, which resulted in DA-4301 for an amount not-to-exceed \$9,000,000. A copy of LAWA's resolution outlining the award of contract to En Pointe Technologies, Inc. is attached for your reference. The Harbor Department's small business program requirement does not apply to procurement contracts as a separate city ordinance governs this activity. En Pointe is based in Gardena, California.

En Pointe was the lowest responsible bidder with a mark-up range from 1.5% to 4% over the acquisition cost. If the invoice is paid within 26 days, the Harbor Department receives an additional 0.5% discount which makes the mark-up range effectively from 1% to 3.5%. En Pointe's acquisition costs are kept current and low because it conducts its own internal bid process with its suppliers when an order is authorized. Costs do not exceed, and are often lower than, other published government prices.

#### **ENVIRONMENTAL ASSESSMENT**

The proposed action is a change to Contract No. 39478 for IT equipment for the new Port Police Headquarters data center. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

#### **ECONOMIC BENEFITS:**

Spending under this purchase order change will have minimal economic impact (less than one job) in the five-county region.

#### **FINANCIAL IMPACT:**

The original contract is effective 05/11/2009 through 08/31/2011 with a not-to-exceed limit of \$1.5 million. To date \$1,300,000 has been expended under the subject contract, leaving a balance of \$200,000. The proposed purchase order change seeks to increase the current not-to-exceed contract amount by \$1,500,000, bringing the revised not-to-exceed contract amount to \$3,000,000. The entire amount proposed for this purchase order change is grant reimbursable under the Round 8 Homeland Security Grant and State Proposition 1B Grant Program. As a reimbursement grant, the Harbor Department must first front-fund the additional capital appropriation amount of \$1,500,000 before requesting reimbursement. Subsequent to project completion it is expected that annual operating and maintenance costs will be the same as the current level because the equipment purchased will replace existing equipment.

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Funds for FY 2010/2011 in the amount of \$1,500,000 are available in Center 0640,  
Account 13240, Program 000.

**CITY ATTORNEY:**

The Office of the City Attorney has reviewed and approved the purchase order change  
as to form and legality.

**TRANSMITTALS:**

1. Purchase Order Change
2. Harbor Department Contract No. 39478
3. LAWA Resolution No. 23639

FIS Approval: KP (initials)  
City Attorney Approval: TR (initials)



LANCE KANESHIRO  
Chief Information Officer



MOLLY CAMPBELL  
Deputy Executive Director

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director

GK:MC:LK