



DATE: NOVEMBER 19, 2014

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND KNIGHT COMMUNICATIONS, INC. FOR PORT POLICE INFORMATION TECHNOLOGY SYSTEMS SUPPORT

SUMMARY:

The Information Technology (IT) Division is requesting approval to enter into an agreement with Knight Communications, Inc. (Knight), located in Claremont, California, to provide maintenance and support services twenty-four hours per day, seven days a week (24x7) for the City of Los Angeles (City) Harbor Department's (Harbor Department) Port Police IT systems. The recommendation to select Knight is based on a competitive Request for Proposal (RFP) process performed by the Harbor Department. Knight is a certified Very Small Business Enterprise (VSBE); therefore, 100% of the agreement will contribute towards the Harbor Department's VSBE goals. The term of the proposed agreement is three years at a not-to-exceed amount of \$4,800,000. The proposed agreement for Port Police IT systems support is the financial responsibility of the Harbor Department.

RECOMMENDATION:

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

1. 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;
2. Approve the agreement with Knight for a term of three years at an amount not-to-exceed \$4,800,000;
3. Authorize the Executive Director to execute and the Board Secretary to attest to said agreement; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – The Port Police requires the 24x7 availability of its IT systems to fulfill its public safety mission. In the last three years, the Harbor Department implemented the following major Port Police IT systems:

- Tactical Radio System
- Interoperable Radio System
- Computer Aided Dispatch System
- Physical Security Information Management System

The total external cost of these systems, not including internal labor, was \$13,512,134. The actual cost to the Harbor Department was \$2,241,312 because \$11,270,822 was reimbursed through federal and state grants. The warranties for these systems have either expired or will be expiring within the next four months. Maintenance and support services will be needed after the warranties expire.

In addition to these four new systems, the IT Division also maintains and supports other IT systems and related technologies used by the Port Police.

Proposed Agreement – The proposed agreement with Knight (Transmittal 1) is for 24x7 maintenance and support of the Port Police IT Systems, which includes the four new systems previously mentioned and related systems and equipment. Services under the proposed agreement include, but are not limited to, a 24x7 service desk, emergency and routine service calls, preventive and corrective maintenance, upgrades and enhancements, training, system administration and related services. In addition, services may include technical work, such as maintaining data interfaces and complying with requirements, with the Federal Communications Commission (FCC), Department of Justice and law enforcement agencies. The proposed agreement will also be used to pay for required third party costs, including software license fees, equipment and parts, and vendor support. These services are required to provide 24x7 availability of the Port Police IT systems and ensure compliance with relevant regulations.

Similar to other software-based IT systems, vendor services are needed due to the proprietary software and hardware. Even with additional City staffing, the proposed agreement would be needed for assistance to support and maintain the specialized and proprietary components.

As part of the 1022 process, the Contracts and Purchasing Division (CPD) asked the other City Departments if they had City staff that could do this work. For the Departments that did respond to CPD's inquiry, they stated that they do not have available staff. A few City Departments did not respond, which is understood to mean

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that they cannot provide staff. Therefore, the consultants will provide services on an as-needed basis alongside the existing Harbor Department staff.

This model of using a combination of City staff and as-needed consultants is typical of other Departments, including the Los Angeles World Airports (LAWA) for maintenance and support of their airport security IT systems. There is no civil service classification that can perform all of the work in the proposed agreement. The scope of the services would require several classifications on a part-time and irregular basis.

This will be the first agreement to support the four newly implemented systems. Therefore, a historical spending basis for the agreement amount is not available. Staff developed the estimate based on an industry guideline for annual maintenance cost of similar IT systems being between ten to fifteen percent of the system's initial cost. In addition, staff discussed cost estimates with staff from LAWA. The proposed three-year agreement is for an amount not-to-exceed \$4,800,000, or \$1,600,000 per year. The annual amount is approximately twelve percent of the initial cost. This is a not-to-exceed amount. Expenditures based on actual needs, will be incurred only when the Harbor Department authorizes services to be performed. Therefore, the actual expenditure could be less than \$4,800,000. However, staff estimates that the full amount will be required for maintenance and support.

Selection Process – The selection of Knight is based on a competitive RFP process performed by the Harbor Department. Six firms responded to the RFP and submitted proposals (Transmittal 2). The selection committee evaluated the proposals based on: 1) firm's qualifications, experience and references; 2) project organization, personnel, and staffing; 3) project approach, work plan, and management; 4) rates, fees, and budget control; and 5) quality and comprehensiveness of the proposal. The selection committee was comprised of three individuals from the Harbor Department's IT and Port Police Divisions, and an external rater from LAWA. Three firms were invited to participate in interviews with the selection committee and present their proposal. Based on the scoring criteria, the selection committee recommends Knight (Transmittal 3).

Knight is a certified Very Small Business Enterprise (VSBE), therefore 100% of the agreement will contribute towards the Harbor Department's VSBE goals. Knight is located in Claremont, California.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the award of a contract for maintenance and support services to Knight for the Harbor Department's Port Police IT systems. As an administrative action, the Director of Environmental Management has determined that the proposed action is

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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 the proposed Agreement will support 17 direct and 25 secondary one-year equivalent jobs for the five-county region

FINANCIAL IMPACT:

The financial impact of the proposed three-year agreement with Knight is that the Harbor Department would commit up to \$800,000 during fiscal year 2014/15 under the proposed agreement. Funding for future fiscal years will be requested to be budgeted, upon Board approval each fiscal year, as part of the annual budget adoption process. It is expected that should the Board approve funds for the agreement in each subsequent future fiscal year, funds will be expended as follows:

Fiscal Year	Proposed Amount
2014/15	\$ 800,000
2015/16	\$ 1,600,000
2016/17	\$ 1,600,000
2017/18	\$ 800,000
Not-To-Exceed	\$ 4,800,000

This will be the Harbor Department's first agreement for the new Port Police IT systems. The annual amount of \$1,600,000 is approximately twelve percent of the initial cost of the new systems, which is within the estimated range of annual maintenance cost being between ten to fifteen percent of the initial cost. This estimate was checked with staff from LAWA, which has similar airport security systems. The Harbor Department is not committed to spend the entire proposed amount in any given fiscal year listed above. Expenditures are based on an as-needed basis. Funds for fiscal year 2014/15 in the amount of \$800,000 are budgeted in the IT Division's Account 54110, 54120 and 54310 Center 0640, and Program 000.

A Termination Due To Non-Appropriation of Funds clause is included in the proposed agreement and will be exercised in the event future funding is not approved.

The consultants will require two office spaces at the Harbor Department because some of the work will be performed onsite. The use of these two spaces is anticipated to be

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continuous for the duration of the proposed agreement. The office spaces are requested to be at Berth 93 (Cruise Terminal Building) where the IT Division's Port Police Technology and Systems Section is located. Harbor Department staff will not be displaced because there are two available spaces at this location.

CITY ATTORNEY:

The Office of the City Attorney has prepared and approved the proposed Agreement as to form and legality.

TRANSMITTALS:

1. Agreement with Knight Communications, Inc.
2. List of Proposers
3. Combined Scores

FIS Approval:  (initials)
CA Approval:  (initials)



LANCE KANESHIRO
Chief Information Officer



MOLLY CAMPBELL
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
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