

4/10/25
#5

RECOMMENDATION APPROVED;
RESOLUTION 25-10519 ADOPTED AND;
AGREEMENT 25-9854-B APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS

Transmittal 1



Executive Director's
Report to the

Board of Harbor Commissioners

April 10, 2025
AM Klesges
AMBER M. KLESGES
Board Secretary

DATE: MARCH 27, 2025

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. 25-10519 - SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 BETWEEN NITI SYSTEMS CONSULTANTS, INC. AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR MANAGED SERVICES SUPPORT FOR THE PORT OF LOS ANGELES FUSION ENTERPRISE RESOURCE PLANNING SYSTEM

SUMMARY:

Staff requests approval of the Second Amendment to Agreement No. 22-9854 with NITI Systems Consultants Inc. (NITI) to extend the term of the agreement for Managed Services Support for the Port of Los Angeles Fusion Enterprise Resource Planning (POLA Fusion ERP) System. The current agreement expired on March 14, 2025. This request is seeking retroactive approval for a one-year extension to the term of the agreement to March 14, 2026, with no changes to the Scope of Work or the authorized agreement amount.

The proposed extension is essential to complete all remaining project deliverables necessary for project closeout and maintain uninterrupted Managed Services Support for the POLA Fusion ERP System, which is critical to the daily operations of the City of Los Angeles Harbor Department (Harbor Department). Extending this agreement will allow the Harbor Department to continue to access experts on the implementation consultant's team to resolve ERP system support and maintenance issues. Their in-depth knowledge of the Harbor Department's operations is essential to ensure continued systems support and operational efficiency.

The Harbor Department will continue to be financially responsible for 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;

SUBJECT: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 WITH NITI SYSTEMS CONSULTANTS, INC

2. Find that in accordance with the Los Angeles City Charter Section 1022, it is more feasible for outside consultants to perform this work than City employees;
3. Approve the proposed Second Amendment to Agreement No. 22-9854 with NITI Systems Consultants, Inc. retroactive to March 15, 2025, to extend the agreement term by one (1) additional year for ongoing Managed Services Support of the POLA Fusion ERP System through March 14, 2026, with no other changes to terms and compensation;
4. Direct the Board Secretary to transmit the Second Amendment to the Los Angeles City Council for ratification and approval pursuant to Charter Section 373 and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director or designee to execute and the Board Secretary to attest said Second Amendment for and on behalf of the Board; and
6. Adopt Resolution No. 25 - 10519.

DISCUSSION:

Background – Prior to the POLA Fusion ERP System implementation in October 2024, the Harbor Department had been using the on-premises POLA Enterprise E-Business Suite (EBS) since October 2012. It was the core system that supported critical financial and purchasing functions across 25 business areas, such as general ledger, accounts payable, budgeting, and inventory. It interfaced with both internal systems and external partners, including the City of Los Angeles' Financial Management System and Harbor banking partners.

In response to POLA's end of standard support for EBS in December 2021, the Harbor Department made the strategic decision to replace its legacy on-premises system with Oracle POLA Fusion ERP. This upgrade was necessary to address significant limitations in reporting, user interface, and software maintenance, while providing flexibility to meet evolving business needs. Planning for the POLA Fusion ERP migration began in August 2019, and the decision to move forward with POLA Fusion ERP was finalized in 2020. To support this transition, NITI Systems Consultants Inc. (NITI) was selected based on a competitive RFP process performed by the Harbor Department as the implementation partner to support the migration process.

Original Agreement – On February 24, 2022, the Board approved NITI Agreement No. 22-9854 for system integration and support services, with a not-to-exceed amount of

SUBJECT: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 WITH NITI SYSTEMS CONSULTANTS, INC

\$12,884,438 and a term ending March 14, 2025 (Transmittal 1). The project, structured in five phases, was scheduled for completion in twelve months. Implementation began on July 1, 2022, with Go-Live planned for July 1, 2023.

First Amendment – On August 10, 2023, the Board approved NITI Agreement No. 23-9854-A to extend the ERP agreement's timeline and budget, which includes necessary adjustments to the scope and associated costs (Transmittal 2). Specifically, the Construction phase completion date had been extended from July 1, 2023, to July 1, 2024, and the agreement's not-to-exceed budget had been increased from \$12,884,438 to \$22,124,770.

The First Amendment was critical due to the major changes required for the migration to the POLA Fusion ERP. Additionally, valuable insights from Subject Matter Experts (SMEs) during testing and in-depth review sessions highlighted areas that needed refinement. As a result, more time and resources were necessary to optimize key business processes and ensure the overall success of the project.

Proposed Second Amendment – This amendment extends the agreement for one additional year through March 14, 2026, with no changes to the Scope of Work or compensation.

Following the Go-Live of the new POLA Fusion ERP System, we achieved key milestones, such as processing invoices and issuing purchase orders (POs), completing the month-end closing, and applying security patching to maintain compliance with the Harbor Department's financial controls. Transition to the new system and changes in business processes have posed challenges to the Department's financial operations as the end users adjust to new workflows and learn to navigate the new system. While our internal IT staff and functional teams are working diligently to support end-users and resolve production issues, the complexity of the system functionalities and integrations has caused delays in achieving timely resolution. To maintain smooth operations and optimize system functionalities, extending the Managed Services (MS) agreement is essential. By supplementing our internal ERP support resources with the MS team's expertise and their institutional knowledge of the Harbor Department's unique requirements, we can continue to provide timely production support and improve operational efficiency.

Additionally, staff is currently working on a competitive Request for Proposal (RFP) process to select a qualified vendor for Managed Services support of the POLA Oracle Fusion ERP System. As this process may require additional time to complete, an extension of the current agreement is necessary to ensure uninterrupted support during the transition.

SUBJECT: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 WITH NITI SYSTEMS CONSULTANTS, INC

The proposed Second Amendment (Transmittal 3) is needed for the following reasons:

- *Ongoing Managed Services Support*: Continued expert support is necessary to guarantee the smooth functioning of the POLA Fusion ERP system, providing immediate resolution for any technical issues or user concerns that may arise, preventing disruptions in daily operations;
- *Post-Go-Live Critical Fixes*: Continued need to identify and resolve any defects or issues, ensuring the system remains fully functional, reliable, and operational;
- *Statutory/Critical Enhancement Requests*: Regular updates are necessary to meet changing statutory requirements, maintain compliance with legal and regulatory standards and avoid potential penalties or system non-compliance, and optimize system functionality; and
- *Oracle Quarterly/Security Patching*: Regular patching is crucial to address security vulnerabilities, apply performance improvements, and sustain system stability, enhancing the overall reliability and integrity of the POLA Fusion ERP System.

Ratification - Prior to Go-Live, the project team was working diligently on the required complex activities to prepare the systems for cut-over by October 1, 2024. Post Go-Live, staff prioritized and focused on critical production systems support to facilitate the Harbor Department's procurement and payment processing. Due to the resource intense activities needed to support the Go-Live and post Go-Live activities, staff was unable to complete an extension of the NITI agreement or a competitive RFP process prior to the lapse of the previous agreement.

In order to ensure uninterrupted support services for Fusion ERP, which is critical to the Department's financial operations, the Consultant continued work and was issued a one-time Purchase Order while this Second Amendment is pending. If the Board and City Council approve this Second Amendment, it will apply retroactively to March 15, 2025, and supersede and void any Purchase Orders issued after March 15, 2025. The Board and Council have the power to retroactively approve agreements and ratify past actions and payments if it could have originally authorized such contracts. Los Angeles Dredging Co. v. City of Long Beach (1930) 210 Cal. 348, 359. Here, the Board and Council had the authority on March 15, 2025, to approve this Second Amendment to extend the term for one additional year and therefore, can now approve and ratify this Second Amendment.

DATE: MARCH 27, 2025

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**SUBJECT: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 WITH
NITI SYSTEMS CONSULTANTS, INC**

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Second Amendment to Agreement No. 22-9854 with NITI, 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 Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Second Amendment with NITI Systems Consultants, Inc. will extend the agreement by one (1) additional year. This amendment will not change the terms or the authorized not-to-exceed compensation amount of Agreement No. 22-9854.

DATE: MARCH 27, 2025

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SUBJECT: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 WITH
NITI SYSTEMS CONSULTANTS, INC

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Second Amendment to Agreement No. 22-9854 as to form and legality.

TRANSMITTALS:

1. Agreement No. 22-9854 between the City of Los Angeles Harbor Department and NITI Systems Consultants, Inc.
2. First Amendment to Agreement No. 22-9854 (Agreement No. 23-9854-A)
3. Second Amendment to Agreement No. 22-9854

FIS Approval: JS (initials)
CA Approval: SO (initials)

SheebaVarughese

Sheeba Varughese
dc=pola, dc=lahd, ou=HQ,
ou=ITD, ou=USERS, ou=EMP,
cn=Sheeba Varughese,
email=SVarughese@portla.or
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SHEEBA VARUGHESE
Chief Information Officer

Thomas E. Gazsi

Digitally signed by
Thomas E. Gazsi
Date: 2025.04.02
14:17:15 -07'00'

THOMAS GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

SV:hn

SECOND AMENDMENT TO AGREEMENT NO. 22-9854
BETWEEN THE CITY OF LOS ANGELES AND
NITI SYSTEMS CONSULTANTS, INC.

THIS SECOND AMENDMENT to Agreement No. 22-9854 is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and NITI SYSTEMS CONSULTANTS, INC. a Georgia corporation, 4251 Bastion Dr., Roswell, GA 30075 ("Consultant") as follows:

1. Effective March 15, 2025, Section 3, subsection B.1., shall be amended to extend the term for one year and will read as follows:

"B. This Agreement shall be in full force and effect commencing from the date of execution and shall continue until the earlier of the following occurs:

1. Four (4) years have lapsed from the effective date of this Agreement;
...."

2. Upon approval, this Second Amendment shall supersede any Purchase Orders (PO) issued after March 14, 2025 and said POs shall have no further force or effect except to the extent either party has accrued any continuing rights or obligations that remain to be exercised or performed after the termination or expiration of the superseded PO as provided in the superseded PO.

Except as amended herein, all remaining terms and conditions of Agreement No. 22-9854 shall remain in full force and effect.

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IN WITNESS THEREOF, the parties hereto have executed this Second Amendment to Agreement No. 22-9854 on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners


Dated: 06/18/25


By 
EUGENE D. SEROKA
Executive Director

Attest 
AMBER M. KLESGES
Board Secretary

NITI SYSTEMS CONSULTANTS, INC.

Dated: 03/27/2025

By: 
Jignesh Patel, CEO
(Print/type name and title)

Attest: 
Vishal Patel, Sr. Architect
(Print/type name and title)

APPROVED AS TO FORM AND LEGALITY

4-3, 2025
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel

By 
MINAH PARK, Deputy

PETTY F. SANTOS
INTERIM CITY CLERK

City of Los Angeles
CALIFORNIA

OFFICE OF THE
CITY CLERK

VACANT
EXECUTIVE OFFICER



KAREN BASS
MAYOR

Council and Public Services Division

200 N. SPRING STREET, ROOM 395
LOS ANGELES, CA 90012
GENERAL INFORMATION - (213) 978-1133
FAX: (213)978-1040

PATRICE Y. LATTIMORE
DIVISION MANAGER

CLERK.LACITY.ORG

OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL

Council File No.: 25-0545
Council Meeting Date: June 18, 2025
Agenda Item No.: 31
Agenda Description: ADMINISTRATIVE EXEMPTION and COMMUNICATION FROM BOARD OF HARBOR COMMISSIONERS relative to the proposed Second Amendment to Agreement No. 22-9854 between the Harbor Department and NITI Systems Consultants, Inc. for Managed Services Support for the Port of Los Angeles Fusion Enterprise Resource Planning System.

Council Action: COMMUNICATION FROM BOARD OF HARBOR COMMISSIONERS - ADOPTED

Council Vote:

YES	Blumenfield	YES	Harris-Dawson	YES	Hernandez
YES	Hutt	YES	Jurado	YES	Lee
YES	McOsker	YES	Nazarian	YES	Padilla
YES	Park	YES	Price Jr.	YES	Raman
YES	Rodriguez	YES	Soto-Martínez	YES	Yaroslavsky

PETTY F. SANTOS
INTERIM CITY CLERK

Adopted Report(s) Title
Report from Board of Harbor Commissioners dated 5-15-25



425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL 310-SEA-PORT portoflosangeles.org

Karen Bass Mayor, City of Los Angeles

Board of Harbor Commissioners

Lucille Roybal-Allard President

John A. Pérez Vice President

Yolanda M. De La Torre Commissioner

Edward R. Renwick Commissioner

I. Lee Williams Commissioner

Eugene D. Seroka

Executive Director

May 15, 2025

Honorable Members of the City Council of the City of Los Angeles

CD No. 15

Attention: Heleen Ramirez, City Clerk's Office

Subject: RESOLUTION NO. 25-10519: SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 BETWEEN NITI SYSTEMS CONSULTANTS, INC. AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR MANAGED SERVICES SUPPORT FOR THE PORT OF LOS ANGELES FUSION ENTERPRISE RESOURCE PLANNING SYSTEM

Pursuant to Section 373 of the City Charter and Section 10.5 of the Los Angeles Administrative Code, enclosed for your approval is Resolution No. 25-10519 authorizing the proposed Second Amendment to Agreement No. 22-9854 between the City of Los Angeles Harbor Department (Harbor Department) and NITI Systems Consultants, Inc. (NITI); which was approved at the April 10, 2025 meeting of the Board of Harbor Commissioners. The proposed Second Amendment will extend the term of the agreement for Managed Services Support for the Port of Los Angeles Fusion Enterprise Resource Planning (POLA Fusion ERP) System. The current agreement expired on March 14, 2025. This request is seeking retroactive approval for a one-year extension to the term of the agreement to March 14, 2026, with no changes to the Scope of Work or the authorized agreement amount. The proposed extension is essential to complete all remaining project deliverables necessary for project closeout and maintain uninterrupted Managed Services Support for the POLA Fusion ERP System, which is critical to the daily operations of the Harbor Department. Extending this agreement will allow the Harbor Department to continue to access experts on the implementation consultant's team to resolve ERP system support and maintenance issues. Their in-depth knowledge of the Harbor Department's operations is essential to ensure continued systems support and operational efficiency. There is no impact to the General Fund.

RECOMMENDATION FOR CITY COUNCIL:

- 1. ADOPT the determination by the Board of Harbor Commissioners 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 and;
- 2. APPROVE POLA Resolution No. 25-10519 authorizing the proposed Second Amendment to Agreement No. 22-9854 between the City of Los Angeles Harbor Department and NITI Systems Consultants, Inc.

Respectfully Submitted,

AMBER M. KLESGES Commission Secretary

cc: Trade, Travel & Tourism Committee Councilwoman Park, Chair Councilman McOsker Councilman Rodriguez Tristan Noack, CLA

Erick Martell, Mayor's Office Stephanie Magnien Rockwell, Harbor Representative Jennifer Sapone, CAO Jacqueline Wagner, CAO Kevin Brunke, CD11

Jeanne Min, CD15 Aksel Palacios, CD15 Anissa Raja, CD15

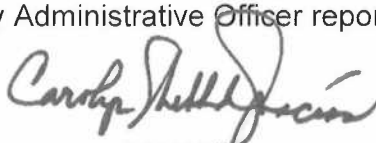
0150-12974-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 05/14/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

RESOLUTION NO. 25-10519 AND PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 22-9854 WITH NITI SYSTEMS CONSULTANTS, INC. TO RETROACTIVELY EXTEND THE TERM BY ONE YEAR FOR MANAGED SERVICES SUPPORT FOR THE PORT OF LOS ANGELES FUSION ENTERPRISE RESOURCE PLANNING SYSTEM

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

Attachment
MWS:PJH:JVW:JAS:10250191t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 1, 2025

CAO File No. 0150-12974-0000

Council File No.

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Harbor Department dated April 10, 2025; Resolution No. 25-10519 from the Board of Harbor Commissioners adopted at its April 10, 2025 meeting; referred by the Mayor for a report on April 25, 2025

Subject: **RESOLUTION NO. 25-10519 AND PROPOSED SECOND AMENDMENT TO AGREEMENT NO. 22-9854 WITH NITI SYSTEMS CONSULTANTS, INC. TO RETROACTIVELY EXTEND THE TERM BY ONE YEAR FOR MANAGED SERVICES SUPPORT FOR THE PORT OF LOS ANGELES FUSION ENTERPRISE RESOURCE PLANNING SYSTEM**

RECOMMENDATIONS

1. Approve Los Angeles Harbor Department (Harbor Department) Resolution No. 25-10519 authorizing the proposed Second Amendment to Agreement No. 22-9854 between the Harbor Department and NITI Systems Consultants, Inc. to retroactively extend the contract term by one year from March 15, 2025 through March 14, 2026, for a total term of four years, for Managed Services Support of the Port of Los Angeles Fusion Enterprise Resource Planning System;
2. Adopt the April 10, 2025 Board of Harbor Commissioners findings that the proposed action is administratively exempt from the requirements of California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the Harbor Department Executive Director, or designee, to execute the proposed Second Amendment, already approved as to form by the City Attorney, and return the Resolution documents to the Harbor Department for further processing, including Council consideration.

SUMMARY

The Los Angeles Board of Harbor Commissioners (Board) requests approval of its April 10, 2025 Resolution No. 25-10519 (Attachment 1) which authorizes the approval of the proposed Second Amendment to Agreement No. 22-9854 (Amendment) between the Los Angeles Harbor Department (Harbor Department) and NITI Systems Consultants, Inc. (NITI). The approval will retroactively extend the contract term by one year from March 15, 2025 through March 14, 2026, for a total term of four years, for Managed Services Support for the Port of Los Angeles Fusion

Enterprise Resource Planning (POLA Fusion ERP) System.

The proposed Second Amendment is necessary to ensure uninterrupted expert support for the POLA Fusion ERP System until another qualified vendor is selected for Managed Services Support through a competitive Request for Proposal (RFP) process. Upon approval of the proposed Second Amendment, the one-time Purchase Order that the Harbor Department issued to continue services after the expiration of the contract will be void. All other terms and conditions of the Agreement remain unchanged.

The Office of the City Attorney has reviewed and approved the proposed Second Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code 10.5, the Amendment is subject to Council approval due to the cumulative contract term exceeding three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

The Harbor Department utilized an Oracle E-Business Suite (EBS) system since 2012 to provide financial and purchasing functions to support operations, decision making, and other information needs for twenty-five business functions. Some of the functions included accounts payable/receivable, cash management, budgeting, grants, purchasing, and inventory. The EBS system interfaced with internal and external systems including the City of Los Angeles' Financial Management System and the Harbor Department's banking partners. The EBS system had significant constraints in reporting, user interface, and software maintenance, and the standard software support ended in December 2021.

Between 2019 and 2020, Harbor Department staff and Subject Matter Experts (SMEs) researched, analyzed, and conducted multiple demonstrations on the Oracle Fusion Enterprise Resource Planning (ERP) Cloud system. With the need for a new system due to the Oracle EBS system's limitations and the end of software support, it was determined that the best option would be to migrate to the Oracle Fusion ERP Cloud System which would provide improved functionality and government cloud security. The migration project would move functions of the EBS system to the ERP cloud system and provide solutions to challenges with the EBS system such as inadequate reporting capabilities, cumbersome user interfacing, labor intensive software maintenance, and inflexibilities to accommodate POLA's business process changes.

Original Agreement: On February 1, 2021, the Harbor Department released RFP No. 41579 to establish a contract for Managed Services Support for the POLA Oracle Fusion ERP Cloud migration project. Through the City of Los Angeles Regional Alliance Marketplace for Procurement (RampLA), this RFP was downloaded by 121 different people. Bids were due on March 18, 2021, and seven qualified companies submitted bids. One company was deemed unresponsive due to administrative requirements. Harbor Department staff deemed NITI as the lowest responsive and responsible bidder. On February 24, 2022, through Resolution No. 22-9971, the Board approved Agreement No. 22-9854 with NITI for system integration and support services. The initial Agreement was for a term of three years, from March 15, 2022 through March 14, 2025, with a maximum contract authority of \$12,884,438.

First Amendment: The First Amendment received Board approval on August 10, 2023 via Resolution No. 23-10223 to adjust the project scope, timeline, and budget, and increase the contract authority by \$9,240,332, from \$12,884,438 to a new not-to-exceed contract authority of \$22,124,770. The First Amendment further modified the Agreement by revising and extending the project schedule due to design decisions, SMEs feedback from testing events, and to streamline critical business processes. The Go-Live date for the project was extended from July 1, 2023 to July 1, 2024 to allow for additional time and resources needed to complete technical tasks and required testing for successful implementation. The revised schedule aligned with the implementation schedule of Workday, the City of Los Angeles' new Human Resources and Payroll (HRP) system for stabilization of integration between the two systems. Go-Live of the POLA Fusion ERP System occurred on October 1, 2024.

Current Proposed Second Amendment: The Second Amendment will retroactively extend Agreement No. 22-9854 for one additional year, from March 15, 2025 through March 14, 2026, for a total contract term of four years spanning five fiscal years. The proposal for additional time is due to the need for uninterrupted support services for the POLA Fusion ERP System while the Department is undergoing the competitive RFP process to select a new qualified vendor to contract with. NITI has the institutional knowledge of the Harbor Department's unique requirements, and a retroactive extension of the Agreement will maintain smooth operations and timely production support. The Harbor Department issued a one-time Purchase Order to ensure continued services pending approval of the proposed Second Amendment. Approval of the Second Amendment will supersede and void any Purchase Orders issued after March 15, 2025. All other terms and conditions of the Agreement remain unchanged.

Funding Authority: Table 1 provides a detailed list of actual and anticipated expenditures of the Harbor Department's contract total, over the four-year term and five fiscal years (FY) from FY 2021-22 through 2025-26. Of the \$22,124,770, a total of \$15,061,388 has been expended to date, with \$7,063,382 remaining under the current authority. Funding for the work attributed to the Second Amendment was originally allocated in Fiscal Year 2024-25 in the amount of \$1,648,800 and was available in the Information Technology Division Account 54310 (Information Systems Consulting Services). The account information has been updated upon implementation of the new POLA Fusion ERP System and is now in Account 542025 (IT Implementation and Consulting Services).

Table 1: NITI Managed Services Support for the POLA Fusion ERP System Agreement No. 22-9854; Resolution No. 25-10519			
Total Harbor Department Funding Authority, Expended, and Remaining Funds			
Fiscal Year	Total Expended	Unspent Authority	Total
2021-22	-	\$110,000	\$110,000
2022-23	\$1,032,380	\$397,620	\$1,430,000
2023-24	\$4,068,166	\$931,834	\$5,000,000
2024-25	\$9,960,842	\$3,975,128	\$13,935,970
2025-26	-	\$1,648,800	\$1,648,800
Total	\$15,061,388	\$7,063,382	\$22,124,770

Spending Schedule: Table 2 provides a detailed list of estimated expenditures planned for FY

2024-25 and 2025-26. It is estimated that \$5,769,214 of the \$7,063,382 unspent authority will be expended in the next two fiscal years. The estimated remaining unspent authority of \$1,294,167 will be returned to the Harbor’s Unappropriated Balance account at the end of the contract term.

Table 2: NITI Managed Services Support for the POLA Fusion ERP System Agreement No. 22-9854; Resolution No. 25-10519 Spending Schedule for Remaining Contract Funds			
Task	Fiscal Year 2024-25	Fiscal Year 2025-26	Total
Fixed Deliverables - Capital Fund	\$4,969,214	-	\$4,969,214
Managed Services Support	\$240,000	\$240,000	\$480,000
As-Needed Development	\$160,000	\$160,000	\$320,000
Total	\$5,369,214	\$400,000	\$5,769,214

Future Managed Services Support for the POLA Fusion ERP System: Since the Go-Live of the POLA Fusion ERP System, most maintenance and operational support is performed by Harbor Department staff; however, due to the complexity of system functionalities and integrations, there is still a need to supplement with expert consultant services. The Harbor Department is actively working on a new RFP to continue receiving expert support. The RFP is in the final stages before being sent to the Office of the City Attorney for review and it is estimated to be released by the end of May 2025.

CITY COMPLIANCE

Charter Section 1022: After the Contracts and Purchasing Division of the Harbor Department received negative or non-responses from the other City Departments when asked if they had City staff that could perform this work, the Board determined in their February 25, 2022 meeting that the work specified in the Contract could not be done by City employees.

California Environmental Quality Act (CEQA): On April 10, 2025, the Board determined that the proposed action of approving the Second Amendment to Agreement No 22-9854 with NITI to retroactively extend the term of the agreement by one year for Managed Services Support for the POLA Fusion ERP System 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 Section 2(f) of the Los Angeles City CEQA Guidelines.

The Office of the City Attorney has reviewed and approved the proposed Second Amendment as to form. Pursuant to Charter Section 373 and Los Angeles Administrative Code 10.5, Council approval is required due to the cumulative contract term exceeding three years. Our Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Agreement No. 22-9854 to continue Managed

Services Support of the Port of Los Angeles Fusion Enterprise Resource Planning (POLA Fusion ERP) System with NITI Systems Consultants, Inc. will not result in a change to the maximum contract authority of \$22,124,770. Funding totaling \$1,648,800 is available in the Information Technology Division Account 542025 (IT Implementation and Consulting Services) for the identified scope of work. The recommendations in this report and proposed actions comply with the Harbor Department's Financial Policies. There is no impact on the City's General Fund.

Attachment 1 – Harbor Department Correspondence dated April 10, 2025; Harbor report and proposed Resolution No. 25-10519 dated March 27, 2025, and proposed Second Amendment to Agreement No. 22-9854

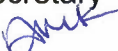
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CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: April 10, 2025

TO: The Honorable Karen Bass, Mayor
City of Los Angeles

FROM: Amber M. Klesges, Commission Secretary
Harbor Department / Mail Stop 260 

SUBJECT: **CHARTER SECTION 373 – SECOND AMENDMENT TO SERVICE AGREEMENT NO. 22-9854 BETWEEN NITI SYSTEMS CONSULTANTS, INC. AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR MANAGED SERVICES SUPPORT FOR THE PORT OF LOS ANGELES FUSION ENTERPRISE RESOURCE PLANNING SYSTEM**

In accordance with Executive Directive No. 4, attached for your review is Resolution No. 25-10519 authorizing approval of Agreement No. 25-9854-B with NITI Systems Consultants, Inc. which was approved by the Board of Harbor Commissioners on April 10, 2025.

It is respectfully recommended for the City Administrative Office to review, report, and return to the Harbor Department for further processing to City Council for final consideration.

Please feel free to contact me for any inquiries regarding the transmitted documents at (310) 732-2642 or aklesges@portla.org

cc: Erick Martell, Mayor's Office
Kevin Brunke, CD 11
Aksel Palacios, CD 15
Anissa Raja, CD 15
Jacqueline Wagner, CAO Office
Jennifer Sapone, CAO Office
Stephanie Magnien, Harbor Representative
City Attorney

AK:CB