



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: JULY 7, 2020**

**FROM: INFORMATION TECHNOLOGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND SAAB TECHNOLOGIES LTD. FOR BILLING, PORT PILOT AND PROPERTY MANAGEMENT SYSTEMS SOFTWARE LICENSES, MAINTENANCE AND SUPPORT SERVICES**

**SUMMARY:**

Staff is requesting approval to enter into an Agreement with Saab Technologies Ltd. (Saab) to provide software licenses, maintenance, and professional technical support services for the City of Los Angeles Harbor Department (Harbor Department) Billing, Port Pilot and Property Management systems. These services are needed to continue to use these systems and to improve their capabilities to support current and future operations. This recommendation is based on a sole-source selection process because Saab is the only company that provides services for its proprietary software products. The term of the proposed agreement is five years and a not-to-exceed compensation amount of \$3,000,000.

Expenditures under the proposed Agreement are the financial responsibility of the Harbor Department.

**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, it is more feasible for outside contractors to perform this work than City employees;
3. Approve the Agreement with Saab Technologies Ltd. for a not-to-exceed compensation amount of \$3,000,000 and a term of five years;

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4. Direct the Board Secretary to transmit the said Agreement 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;
5. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context – The Harbor Department utilizes Saab software for its Billing, Port Pilot and Property Management systems. The Billing system processes the Harbor Department's revenue, including tariff charges such as wharfage, dockage and pilotage, as well as charges specified in agreements with Harbor Department customers. The Billing system, through its associated database and reports, also supports staff's need for timely cargo data for use in forecasting processes and the Debt and Treasury Division's bond issuance and renewal activities. In Fiscal Year 2019, the system generated invoices for Port of Los Angeles commercial activities which included: handling over 9.6 million TEUs by container terminals, facilitating more than 3,400 vessel moves by Port Pilots and billing more than \$500 million in revenues. The Port Pilot system supports the efficient operation of the Port Pilots to provide safe, reliable and efficient pilotage and marine services. The system provides pilot dispatching solutions and tracks ship berthing activity which is then sent to the Billing System to produce pilotage invoices. The Property Management system is used to manage leases, permits, and landlord/tenant information. The three Saab systems are integrated with each other and with the Harbor Department's Enterprise Resource Planning (ERP) and Geographic Information System (GIS) to facilitate efficient operations.

Prior to the proposed Agreement, Saab's professional services were provided through Agreement 15-3328, which the Board approved at its meeting on May 21, 2015 and the Los Angeles City Council approved on August 17, 2015. Agreement 15-3328 was with Saab for a not-to-exceed compensation amount of \$3,000,000 and a term of five years. Agreement 15-3328 has been used to implement the Property Management module, develop a notification function to support the Alternative Maritime Power system, implement electronic invoice processing, improve interfaces to the ERP and GIS systems, upgrade the Port Pilot system, improve integration with the Marine Exchange and implement additional functionality. In addition to enhancements, Agreement No. 15-3328 has also been used to pay for annual software maintenance fees, which are required to continue to use the systems.

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Proposed Agreement – The proposed Agreement is to continue to maintain and enhance the Saab systems. The proposed Agreement is for a term of five years and a not-to-exceed compensation amount of \$3,000,000. The estimated expenditures of the proposed Agreement are as follows:

- **Software License and Maintenance Fees:** The software license and maintenance fees are required in order to continue to use the Saab software. Software license fees are for new licenses, such as new modules or additional users. Software maintenance fees are for software updates, security patches, bug fixes and technical support. The estimated amount for software license and maintenance fees is \$1,453,052 over five years.
- **Software Enhancements and Future Requirements:** The Information Technology (IT) Division will collaborate with the Real Estate, Port Pilot, Construction and Maintenance, and Finance Divisions to identify, prioritize and implement software enhancements to improve internal operations and services to the Harbor Department's customers. Examples of enhancements may include implementing additional functionalities, developing additional interfaces to share data, developing financial and statistical reports, and system performance improvements. Examples of future requirements may include implementing complex changes in the tariff, customer compensation agreements, special billing programs, or changes in the technology such as electronic filing of manifest reports. The estimated amount for enhancements and future requirements is \$1,546,948 over five years.

The Harbor Department is not committed to spending this entire amount. Expenditures based on actual needs, will be incurred only when the Harbor Department authorizes services to be performed. However, staff anticipates that the full amount of the Agreement will be required.

Sole Source Justification – This Agreement is based on a sole source selection because of the proprietary nature of Saab's software and services. The Saab systems are meeting the Harbor Department's requirements and competitive bidding is impractical because Saab software and services are available only from Saab.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Agreement with Saab to provide software licenses, maintenance, and professional technical support services for the Harbor Department Billing, Port Pilot, and Property Management systems, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of

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CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed Agreement authorizes the IT Division to procure Saab software licenses, maintenance, and professional technical support services for five years and a not-to-exceed compensation amount of \$3,000,000.

Funding of the proposed Agreement will be from the IT Division operating budget and from the Harbor Department's Capital Improvement Program (CIP) budget. At its meeting on February 5, 2020, the Project Development Committee approved CIP funds in the amount of \$1,518,682 over five years, including \$1,170,000 for external costs and \$348,682 for internal POLA employee costs. Fiscal Year 2020/21 funding in the amount of \$512,937 is available within the accounts and cost centers below. Upon Board approval, funding for future fiscal years will be budgeted as shown in the table:

Fiscal Year	IT Division Center 640, Account 54110, Prog 000	IT Division Center 640, Account 54310, Prog 000	CIP Center 1206, WO 2561700, Prog 000	TOTAL
2020/21	\$273,689	\$21,991	\$217,257	\$512,937
2021/22	\$281,900	\$54,957	\$278,823	\$615,680
2022/23	\$290,357	\$100,000	\$279,240	\$669,597
2023/24	\$299,067	\$100,000	\$224,640	\$623,707
2024/25	\$308,039	\$100,000	\$170,040	\$578,079
Total Not- To-Exceed	\$1,453,052	\$376,948	\$1,170,000	\$3,000,000

The actual expenditures may differ from the estimated amounts in any given account or fiscal year presented in the tables above. However, the total aggregate amount will not exceed \$3,000,000.

A Termination for Non-Appropriation of Funds Clause (also known as a Funding Out Clause) is included in the Agreement.

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**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Agreement with Saab Technologies Ltd.

FIS Approval: MB  
CA Approval: JD



LANCE KANESHIRO  
Chief Information Officer



THOMAS E. GAZSI  
Chief of Public Safety and Emergency  
Management

APPROVED:

 FOR

EUGENE D. SEROKA  
Executive Director

LK:kw