



DATE: AUGUST 29, 2012

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - AGREEMENTS WITH BIRDI & ASSOCIATES INC., SIERRA CYBERNETICS, INC., AND TRINUS CORPORATION FOR ON-CALL INFORMATION TECHNOLOGY SERVICES

SUMMARY:

The Information Technology (IT) Division is requesting approval to award Agreements to Birdi & Associates Inc. (Birdi), Sierra Cybernetics, Inc. (Sierra) and Trinus Corporation (Trinus) for IT services on an on-call/as-needed basis. The amount of each Agreement will be \$1,000,000, with an aggregate amount not-to-exceed \$3,000,000. The recommendation to select Birdi, Sierra and Trinus is based on the competitive Request for Qualifications (RFQ) process performed by the City of Los Angeles Harbor Department (Harbor Department). The term for each Agreement is three years.

All three firms are qualified small business enterprises (SBEs). Therefore, 100% of the proposed Agreements will contribute towards the Harbor Department's SBE objectives. Birdi is based in Los Angeles, California. Sierra is based in Anaheim Hills, California. Trinus is based in Glendale, California.

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 Agreements with Birdi at an amount not-to-exceed \$1,000,000; Sierra at an amount not-to-exceed \$1,000,000; and Trinus at an amount not-to-exceed \$1,000,000 to support information technology operations on an on-call/as-needed basis for a three year term;

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3. Authorize the Executive Director or designee to execute each Agreement and authorize the Board Secretary to attest to said Agreements; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background – The IT Division provides direct computer and communications systems support services to approximately 1,000 Harbor Department employees and on-site consultants. The services include support for on-going operations and new projects. On-going operations support areas include the help desk, end user support, desktop, data center, servers, storage, network, software applications, databases, telephones, cellular services, data circuits, security systems, and other IT related areas. New projects include the IT Strategic Plan projects and support for the IT components of capital and other projects led by other divisions. All areas have grown significantly and continue to grow as technologies are deployed to automate processes, manage information and improve efficiencies.

The IT Division currently has 45 employees who perform the base workload requirements for the Harbor Department's IT needs. However, staff may not be able to provide support for urgent, unexpected, or peak workloads. In addition, staff may need assistance to transition skills to new technologies.

In October 2009, the Harbor Department established three On-Call IT Services Agreements. These Agreements have been used to:

- Improve internal customer service by being more responsive for peak and unexpected work,
- Centralize IT services and standardize technologies,
- Enable staff to work on new projects and develop skills, and
- Reduce the administrative burden of establishing multiple smaller Agreements.

The aggregate amount of the three original On-Call IT Services Agreements was \$2,250,000 over three years. The entire amount of \$2,250,000 has been committed and will be spent when the Agreements expire in October 2012.

The original On-Call IT Services Agreements cover the broad range of general IT services. In July 2012, the Board approved an amendment to an Agreement with Trinus for specialized IT services for construction and engineering systems. Both types of on-call Agreements – general and specialized – are needed to cover the required range and depth of IT services.

Proposed Agreements – The proposed Agreements for On-Call IT Services will allow the IT Division to continue to meet the Harbor Department's technology needs when

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City staff or expertise is not available (Transmittals 1 – 3). These Agreements will be used similarly to the previous On-Call IT Services Agreements, including:

- As-needed services for urgent work, unexpected or peak work;
- Enabling IT Division staff to work on new technologies/projects; and
- Providing IT Division staff with formal, hands-on training and experience for new technologies.

Urgent, unexpected or peak work may be caused by the approval of new projects, the time between the loss of existing staff and the backfilling of a replacement, new Harbor Department initiatives, schedule adjustments, or new external business or technical requirements. These examples increase the workload for the remaining staff on a temporary basis. Because of the temporary nature of these occurrences, the services can be performed more feasibly through the proposed On-Call IT Services Agreement than by hiring new Harbor Department employees and later laying them off after the peak work has concluded. It is anticipated that a combination of Harbor Department employees and on-call/as-needed contractors will continue to be used in the future.

Three On-Call IT Services Agreements will ensure that the Harbor Department is able to procure the IT services it needs at competitive prices and in a timely manner. When work is needed, the IT Division will request current pricing and availability from the three contractors, then select the IT services that best meets the Harbor Department's requirements at that time. This process will benefit the Harbor Department by ensuring that the lowest cost per required services is realized. It also will increase staff efficiency through savings of time and administrative efforts.

Each of the proposed Agreements is for an amount not-to-exceed \$1,000,000, with an aggregate amount not-to-exceed \$3,000,000. The proposed aggregate amount is more than the previous On-Call Agreements because of the additional responsibilities of the IT Division since 2009, including support for the Port Police IT systems, centralized Department-wide IT services, additional computer users, newly implemented systems, capital projects, and expanded IT infrastructure.

Expenditures based on actual IT needs will be incurred only when the Harbor Department issues a directive. The Harbor Department is not committed to spend the entire proposed amount of each Agreement.

Selection Process – Birdi, Sierra, and Trinus were selected based on the Harbor Department's RFQ that was released on January 4, 2012. Twelve firms responded (Transmittal 4). Representatives from the IT Division and an outside representative from the Office of the City Clerk were on the evaluation committee.

The evaluation committee reviewed and scored all twelve proposals according to the RFQ criteria, which were: (1) qualifications and experience; (2) project organization; (3)

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personnel and staffing; (4) project approach; (5) work plan and management; and (6) rates, fees and budget control. Five firms were short-listed based on the proposal score and invited for an interview. The three firms with the highest combined scores were Birdi, Sierra, and Trinus (Transmittal 5).

All three firms are qualified SBEs. Therefore, 100% of the proposed Agreements will contribute towards the Harbor Department's SBE objectives. Birdi is based in Los Angeles, California. This will be Birdi's second Agreement with the Harbor Department. Sierra is based in Anaheim Hills, California. This will be Sierra's third Agreement with the Harbor Department. Trinus is based in Glendale, California. This will be Trinus' second Agreement with the Harbor Department.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of three Agreements with Birdi, Sierra and Trinus for On-Call IT services. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed Agreement will support 23 direct and 16 secondary one-year equivalent jobs for the five-county region.

FINANCIAL IMPACT:

Approval of the proposed three-year On-Call IT Services Agreements with Birdi, Sierra, and Trinus authorizes the IT Division to retain on-call/as-needed services for Department-wide IT needs. Funds for Fiscal Year 2012/13 are budgeted in the IT Division and other Divisions that may need On-Call IT services. Approval of the proposed Agreement will commit \$750,000 in the current fiscal year under the subject Agreement. For Fiscal Years 2013/14, 2014/15 and 2015/2016, funds will be requested to be budgeted as part of the annual budget adoption process, subject to Board approval in each fiscal year. Funds are expected to be expended from Account 54310, Center 640, Program 000 as follows:

<u>Fiscal Year</u>	<u>Birdi</u>	<u>Sierra</u>	<u>Trinus</u>	<u>Total</u>
2012/13	\$250,000	\$250,000	\$250,000	\$750,000
2013/14	\$333,334	\$333,334	\$333,334	\$1,000,002
2014/15	\$333,334	\$333,334	\$334,334	\$1,000,002
2015/16	<u>\$83,332</u>	<u>\$83,332</u>	<u>\$83,332</u>	<u>\$249,996</u>
Total	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000

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These funds will be transferred from each respective Division's account into the IT Division's account when On-Call IT Services are requested under the proposed Agreements. If funds are not available in the requesting Division's account, an offset will need to be funded to provide the funding.

The above annual totals are the anticipated amounts based on historical expenditures and new responsibilities. The historical annual expenditure amount for On-Call IT Services was \$750,000. The proposed increase of \$250,000 more per year than the historical expenditures is because of the new responsibilities of the IT Division since the previous On-Call IT Services Agreements were established, including support for the Port Police IT systems, centralized Department-wide IT services, additional computer users, newly implemented systems, capital projects, and expanded IT infrastructure. The external cost of these new responsibilities is estimated to be more than \$600,000 in Fiscal Year 2012/13 and will increase over the term of the proposed Agreements as new system warranties expire. The On-Call IT Services Agreements, as well as other separate vendor agreements, are required to help staff to support these new responsibilities on an as-needed basis.

The estimated total amounts per fiscal year presented in the table above is based on the number of months that the Agreements will be available in that fiscal year. The annual amounts may change between fiscal years up to the available budget. However, the total aggregate amount will not exceed \$3,000,000 over three years.

Approximately 300 square feet of space (valued at \$8,700 annually) is currently committed for three on-site consultants under the existing Agreements referenced herein and under the proposed Agreements approximately 400 square feet of space (valued at \$11,600 annually) is anticipated to be committed for up to four on-site consultants. Additional consultants may be used under the proposed Agreements, however, they may work off-site or be accommodated within existing space.

A funding out clause has been included in the proposed Agreement.

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CITY ATTORNEY:

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

TRANSMITTALS:

1. Agreement with Birdi & Associates, Inc.
2. Agreement with Sierra Cybernetics, Inc.
3. Agreement with Trinus Corporation
4. List of Proposers
5. Composite Scoring Matrix

FIS Approval: WK (initials)
CA Approval: AK (initials)


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