



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

Board of Harbor Commissioners

**DATE: APRIL 3, 2018**

**FROM: INFORMATION TECHNOLOGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ – CONTRACT NUMBER 39844  
WITH INSIGHT PUBLIC SECTOR, INC. FOR COMPUTER SOFTWARE  
AND RELATED SUPPORT SERVICES**

**SUMMARY:**

Staff is requesting approval to award Contract No. 39844 to Insight Public Sector, Inc. (Insight) for the purchase of computer software licenses, software maintenance renewals, and related software support services. This includes purchases to meet on-going operations, new projects and future growth requirements for front-end software such as business applications, desktop software, and email, and back-end software such as databases, operating systems, troubleshooting tools, technology management, cyber security and network software. The proposed Contract No. 39844 is for an estimated amount not-to-exceed \$5,500,000 and a term of one year, with two one-year renewal options.

The recommendation to select Insight is based on the competitive Request for Proposal (RFP) process performed by the County of Fairfax, Virginia (Fairfax) for its Contract No. 4400006644. The existing software contract for the City of Los Angeles (City) is based on the same Fairfax contract.

Insight is headquartered in Tempe, Arizona, with offices in Southern California.

Expenditures under the proposed Contract are the financial responsibility of the City of Los Angeles Harbor Department (Harbor Department).

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

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 Class 2(f) of the Los Angeles City CEQA Guidelines;

**SUBJECT: CONTRACT WITH INSIGHT PUBLIC SECTOR**

2. Find that in accordance with Los Angeles Administrative Code Section 10.15(a)(8), the City may enter into the proposed contract based on the terms and conditions of Contract No. 4400006644 between the County of Fairfax, Virginia and Insight;
3. Approve Contract No. 39844 with Insight for a duration of one year, with two one-year renewal options, and a not-to-exceed compensation amount of \$5,500,000;
4. Authorize the Executive Director to exercise the two one-year renewal options;
5. Authorize the Executive Director to execute and the Board Secretary to attest to said contract, for and on behalf of the Board; and
6. Adopt Resolution No. \_\_\_\_\_

**DISCUSSION:**

Background/Context – The Information Technology (IT) Division provides computer and communications systems support to over 1,000 computer users at the Harbor Department. This includes responsibility for computer software for all Harbor Department Divisions to support on-going operations, new projects and future growth. The Harbor Department uses more than a hundred different types of software licenses for computer systems, databases, operating systems, tools, and other IT needs. Software expenditures include the initial software license purchase and the on-going annual software maintenance fees. Software maintenance is required to be able to continue to use the software and receive updates to address security vulnerabilities, bug fixes and enhancements.

To purchase the many different types of software through a single contract, the Harbor Department utilizes a software reseller. This reduces the administrative burden of establishing hundreds of individual purchase requisitions, improves the management of software license compliance records, and reduces the time to acquire software. Other City Departments, including the City's General Services Department, Los Angeles World Airports and Department of Water and Power, use software resellers to procure their many different types of software.

Proposed Contract – The proposed Contract No. 39844 with Insight (Transmittal 1) is for the purchase of computer software, computer software maintenance renewals, and related software support services. Insight is a software reseller. The proposed Contract will be used for software purchases for all Divisions at the Harbor Department. Examples of existing software include front-end software such as business applications, desktop software, and email, and back-end software such as databases, operating systems, troubleshooting tools, technology management, cyber security and network

**SUBJECT: CONTRACT WITH INSIGHT PUBLIC SECTOR**

software. The proposed Contract No. 39844 is for an estimated amount not-to-exceed \$5,500,000. The estimated expenditures are as follows.

- Approximately \$4,500,000 over the maximum three-year term, or \$1,500,000 per year, is estimated for on-going maintenance costs for existing software. This is based on the current software maintenance expenditure of approximately \$1,400,000 per year plus estimated annual vendor price increases of three to five percent over the term of the proposed Contract. The annual price increase is determined by each software vendor, and not based only on inflation.
- Approximately \$450,000 over the maximum three-year term, or \$150,000 per year, is estimated for software related expenses for new business and technology requirements, including new licensing models as the industry moves towards cloud and mobile computing solutions.
- Approximately \$450,000 over the maximum three-year term, or \$150,000 per year, is estimated for new cyber security software tools required to address the rapidly growing and evolving cybersecurity risks. Over the three year term of the proposed Contract, the Harbor Department is expected to need new software tools to address the changing cyber risks to protect its information and systems.
- Approximately \$100,000 over the maximum three-year term is for software expenses related to City-wide standards and initiatives, including the Mayor's Executive Directives and other initiatives. The Harbor Department may be required to purchase software licenses for its use to comply with the City-wide efforts.

Expenditures based on actual needs will be incurred only when the Harbor Department authorizes an order. Total expenditures will not exceed \$5,500,000 over the term of the proposed Contract. However, the Harbor Department is not committed to spending this entire amount.

The term of the proposed Agreement is for one year, with two one-year renewal options that may be exercised by the Executive Director.

Selection Process – Insight was selected based on a competitive RFP process conducted by Fairfax for its Contract No. 4400006644. Fairfax awarded its Contract No. 4400006644 on February 23, 2016, based on its RFP No. 2000001701. The City's existing software contract, Contract No. ARC 59749 with Insight, is based on this same Fairfax contract. In addition to reduced administrative burden by piggy-backing on the Fairfax contract, another potential benefit for the Harbor Department is volume discounts via scale economies because the Harbor Department's prices are based on the Fairfax and City purchase volume, which is much larger than the Harbor Department's alone.

Insight is headquartered in Tempe, Arizona, and has offices in Southern California.

SUBJECT: CONTRACT WITH INSIGHT PUBLIC SECTOR

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of a contract with Insight for the purchase of computer software licenses, software maintenance renewals, and related software maintenance support services. As an administrative activity, 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 Contract No. 39844 with Insight authorizes the IT Division to purchase computer software and related support services for a not-to-exceed amount of \$5,500,000. Funding for Fiscal Year 2017/2018 is available in the IT Division budget, in Account 54310. Future Fiscal Year funds, as shown in the table below, will be requested as part of the annual budgeting process through the IT Division and other Harbor Department Divisions that purchase software pursuant to the proposed Contract.

Fiscal Year	Amount
2017/2018	\$ 750,000
2018/2019	\$ 1,700,000
2019/2020	\$ 1,750,000
2020/2021	\$ 1,300,000
TOTAL	\$ 5,500,000

The annual amounts may change between fiscal years up to the available budget in that fiscal year. However, the total aggregate amount will not exceed \$5,500,000 over three years.

Office space for the vendor will not be required for Contract No. 39844.

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

DATE: APRIL 3, 2018

PAGE 5 OF 5

SUBJECT: CONTRACT WITH INSIGHT PUBLIC SECTOR

**CITY ATTORNEY:**

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

**TRANSMITTAL:**

1. Harbor Department Contract No. 39844

FIS Approval: MB (initials)  
CA Approval: gpc (initials)



LANCE KANESHIRO  
Chief Information Officer



THOMAS E. GAZSI  
Chief of Public Safety and Emergency  
Management

APPROVED:



EUGENE D. SEROKA  
Executive Director

LK:lk