

DATE: MARCH 2, 2022

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF AGREEMENT BETWEEN CHERRYROAD TECHNOLOGIES INC. AND THE CITY OF LOS ANGELES HARBOR DEPARTMENT FOR AS-NEEDED INFORMATION TECHNOLOGY STAFF AUGMENTATION SERVICES FOR THE ENTERPRISE RESOURCE PLANNING CLOUD PROJECT

SUMMARY:

Staff requests approval to enter into an Agreement with CherryRoad Technologies Inc. (CherryRoad) to provide as-needed temporary Information Technology (IT) staff augmentation and backfill services to support the City of Los Angeles Harbor Department's (Harbor Department) Oracle Enterprise Resource Planning (ERP) Cloud project. The term of the proposed Agreement is three years and the not-to-exceed compensation amount is \$2,012,900. The recommendation to select CherryRoad is based on a competitive Request for Proposals (RFP) process performed by the Harbor Department.

The ERP Cloud project, which was presented to the Board of Harbor Commissioners (Board) at its February 24, 2022 meeting, will migrate the Harbor Department's existing on-premise Oracle E-Business Suite ERP (EBS) system to the Oracle ERP Cloud system. The proposed Agreement is one of the agreements that was discussed as part of the project.

Expenditures incurred under the proposed Agreement are the financial responsibility of the 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 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 CherryRoad Technologies Inc. for a term of three years and a not-to-exceed compensation amount of \$2,012,900;

SUBJECT: AGREEMENT WITH CHERRYROAD TECHNOLOGIES INC.

4. Authorize the Executive Director to execute and the Board Secretary to attest the said Agreement for and on behalf of the Board; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – The existing Oracle EBS is the Harbor Department’s core business information system and has been in use since October 2012. It provides mission critical financial and purchasing functionality required to support Harbor Department operations, decision making, and other information needs for twenty-five business functions, including but not limited to: general ledger, accounts payable, accounts receivable, cash management, fixed assets, budgeting, projects, grants, purchasing and inventory. It is interfaced to internal and external systems, including the City of Los Angeles’ Financial Management System and the Harbor Department’s banking partners. Without the EBS, the Harbor Department would not be able to meet the needs of a modern enterprise in terms of timely monthly and annual financial closing and reporting, and overall process integration and controls. The system, through its associated database and reports, processed approximately 17,000 payments and 12,000 purchase orders in Fiscal Year 2020. The EBS software needs to be upgraded because it is currently on extended maintenance support as its standard support ended in December 2021.

The Oracle ERP Cloud project, which was presented to the Board at its meeting on February 24, 2022, will migrate the existing Oracle EBS to the new Oracle ERP Cloud system. Temporary IT staff augmentation and backfill services are needed to reduce project risks by enabling Harbor Department employees to work on the new Oracle ERP Cloud project and to provide expert assistance for services related to the existing Oracle EBS system.

Proposed Agreement – The proposed Agreement (Transmittal 1) is for as-needed temporary IT staff augmentation and backfill services that are needed to support the Oracle ERP Cloud project. Services provided will be for the existing Oracle EBS system and may include, but are not limited to, understanding business requirements, system processes, data conversion, system support, and coordinating with the Oracle ERP Cloud system integrator (NITI Consultants).

The proposed Agreement is for a term of three years and a not-to-exceed compensation amount of \$2,012,900. Expenditures based on actual needs will be incurred only when the Harbor Department requires services. The Harbor Department is not committed to spend the entire budget amount for the proposed Agreement.

As part of the 1022 process, the Contracts and Purchasing Division (CPD) asked the other City of Los Angeles (City) Departments if they had City staff that could perform this work. The Departments that did respond to CPD’s inquiry, stated that they do not have

SUBJECT: AGREEMENT WITH CHERRYROAD TECHNOLOGIES INC.

available staff. A few City Departments did not respond, which is understood to mean that they cannot provide staff.

Selection Process – The recommendation to select CherryRoad was based on a competitive Request for Proposals (RFP) process performed by the Harbor Department. Twenty firms responded to the RFP by submitting proposals. Six of the twenty were deemed unresponsive due to administrative requirements. A Selection Committee comprised of three Harbor Department staff and one external rater from the Los Angeles Department of Water and Power reviewed the fourteen responsive proposals. The Selection Committee reviewed and scored the proposals based on the following criteria: 1) firm 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) clarity and comprehensiveness of the proposal. Five of the highest scoring firms were invited to participate in a virtual interview; however, one of the firms withdrew. Based on the final scoring, the Selection Committee recommends CherryRoad for the as-needed IT staff augmentation services (Transmittal 2).

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an Agreement with CherryRoad to provide as-needed temporary IT staff augmentation and backfill services to support the Harbor Department ERP Cloud project, 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 Agreement with CherryRoad authorizes the IT Division to proceed with the as-needed IT staff augmentation services that would provide support for the Oracle ERP Cloud migration project for a not-to-exceed compensation amount of \$2,012,900 over three years.

SUBJECT: AGREEMENT WITH CHERRYROAD TECHNOLOGIES INC.

Fiscal Year 2022 funding in the amount of \$287,560 is available within the Information Technology Division, Account 54310 (Information Systems Consulting Services), Center 0640 and 1206, Program 000. Upon Board approval, funding for future fiscal years will be requested as shown in the table below:

FISCAL YEAR	CAPITAL WO 2564800 Center 1206 Acct 54310	OPERATING Center 0640 Acct 54310	TOTAL
2021/2022	\$ 287,560	\$ 0	\$ 287,560
2022/2023	\$ 1,150,240	\$ 0	\$ 1,150,240
2023/2024	\$ 0	\$ 575,100	\$ 575,100
Total Not-To-Exceed	\$ 1,437,800	\$ 575,100	\$ 2,012,900

The actual expenditures may differ from the estimated amounts in the accounts and in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$2,012,900.

The proposed Agreement is one of several agreements necessary for the ERP Cloud project. The other agreements have been, or will be, presented to the Board separately. All anticipated ERP Cloud project expenditures are below:

Expenditure	Amount
Temporary backfill/augmentation staffing – • IT: \$2,012,900 (proposed Agreement with CherryRoad) • Business systems analysts: \$4,140,800	\$6,153,700
System integration and support services	\$12,884,438
Oracle software and subscriptions	\$2,949,429
Other software and other hosting/support	\$903,711
Equipment and materials	\$29,652
Existing Harbor Department staff working on the project (no additional employees hired for this project)	\$3,994,367
TOTAL	\$26,915,297

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

SUBJECT: AGREEMENT WITH CHERRYROAD TECHNOLOGIES INC.

CITY ATTORNEY:

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

TRANSMITTALS:

1. Agreement with CherryRoad Technologies Inc.
2. Scoring Matrix

FIS Approval: MB
CA Approval: SO



Lance Kaneshiro
dc=pola, dc=lahd, ou=HQ, ou=ITD,
ou=USERS, ou=EMP, cn=Lance Kaneshiro,
email=LKaneshiro@portla.org
2022.03.08 13:58:19 -08'00'



Digitally signed by
Thomas E. Gazsi
Date: 2022.03.08
14:05:00 -08'00'

LANCE KANESHIRO
Chief Information Officer

THOMAS E. GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

LK:hn