



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: OCTOBER 18, 2023

FROM: INFORMATION TECHNOLOGY

**SUBJECT: RESOLUTION NO. _____ – CONTRACT NO. 40024
WITH INSIGHT PUBLIC SECTOR, INC. FOR COMPUTER SOFTWARE
AND RELATED SUPPORT SERVICES**

SUMMARY:

Staff requests approval to award Contract No. 40024 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. 40024 is for an amount not-to-exceed \$1,580,000 annually and a term of one year, with two one-year renewal options.

The proposed Contract would utilize Cobb County, Georgia, Contract No. 23-6692-03, a national cooperative contract for technology product solutions and related services awarded by Cobb County to Insight effective May 1, 2023. The previous software contract between Insight and the City of Los Angeles Harbor Department expired on October 10, 2023.

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

Payment of expenditures incurred under the proposed Contract are the financial responsibility of the City of Los Angeles (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 Class 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find that in accordance with City of Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.15(a)(8), the Harbor Department may enter into the proposed contract utilizing a current contract for such goods and services, Contract No. 23-6692-03 between Cobb County, Georgia, and Insight, a cooperative purchase agreement;
3. Approve Contract No. 40024 with Insight Public Sector, Inc. for computer software licenses, software maintenance renewals, and related software support services for a duration of one year, with two one-year renewal options, and a not-to-exceed compensation amount of \$1,580,000 annually;
4. Authorize the Executive Director, in his/her discretion, 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 approximately 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 expenditure includes 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 provides volume price discounts and 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.

At its meeting on April 19, 2018, the Board approved Contract No. 39844 with Insight for an amount not to exceed \$5,500,000 for a term of one year with two one-year renewal options. A Purchase Order Change was approved by the Board on December 17, 2020,

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to add years four (4) and five (5) to Contract No. 39844, increasing the not-to-exceed amount to \$6,500,000. The actual expenditure to date is approximately \$6,470,034.

Proposed Contract – The proposed Contract No. 40024 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 of all Divisions at the Harbor Department. Examples of existing software include front-end software such as business applications, desktop software, email, and back-end software such as databases, operating systems, troubleshooting tools, technology management, cyber security, and network software. The proposed Contract No. 40024 is for an amount not to exceed \$1,580,000 annually.

The estimated expenditures are as follows:

- Approximately \$4,740,000 over the maximum three-year term or \$1,580,000 per year is estimated for on-going maintenance costs for existing software. This is based on the current software maintenance expenditure of approximately \$1,500,000 per year plus estimated annual vendor price increases of three (3) to six (6) percent over the term of the proposed Contract. The annual price increase is determined by each software vendor and not based only on inflation. This cost includes the following:
 - Initial software license purchase and the on-going annual software maintenance fees for computer systems, databases, operating systems, tools, and other IT needs.
 - Software-related expenses for new business and technology requirements, including new licensing models as the industry continues to migrate towards cloud and mobile computing solutions.
 - 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.
 - 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 \$1,580,000 annually over the term of the proposed contract. However, the Harbor Department is not committed to spending this entire amount.

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

Selection Process – Pursuant to Los Angeles Administrative Code Division 10, Chapter 1, Article 2, Section 10.15(a)(8), it is recommended that the Harbor Department piggyback on Contract No. 23-6692-03, a national cooperative contract issued to Insight by Cobb County, Georgia, for technology product solutions and related services. Cobb County awarded its Contract No. 23-6692-03 to Insight effective May 1, 2023, based on its RFP No. 23-6692, a competitive RFP process. The Harbor Department’s previous software contract, Contract No. 39844 with Insight, was based on a contract with Fairfax County, Virginia, and expired on October 10, 2023. In addition to the reduced administrative burden by piggybacking on the Cobb County contract, another potential benefit for the Harbor Department is volume discounts via scale economics because the Harbor Department’s prices are based on the Cobb County purchase volume, which is much larger than the Harbor Department’s alone.

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 support services, 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 Contract No. 40024 with Insight authorizes the IT Division to purchase computer software and related support services for a not-to-exceed amount of \$4,740,000. Funding for Fiscal Year 2023/2024 is available in the IT Division budget, in Account 54110 (Computer Maintenance Services – Software), Center 0640, Program 000. 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, subject to Board approval.

| Fiscal Year | Account 54110, Center 0640, Program 000 |
|-----------------------------|--|
| 2023/2024 | \$1,050,000 |
| 2024/2025 | \$1,580,000 |
| 2025/2026 | \$1,580,000 |
| 2026/2027 | \$530,000 |
| Total Not-to-Exceed Amount: | \$4,740,000 |

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Actual expenditures may differ from the estimated amounts in any given fiscal year presented in the table above. However, the total aggregate amount will not exceed \$4,740,000.

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

CITY ATTORNEY:

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

TRANSMITTAL:

1. Harbor Department Contract No. 40024

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

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SHEEBA VARUGHESE
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APPROVED:

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SV:im