



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

Board of Harbor Commissioners

**DATE: FEBRUARY 5, 2014**

**FROM: INFORMATION TECHNOLOGY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - AWARD OF CONTRACT TO EN POINTE TECHNOLOGIES, INC. FOR COMPUTER HARDWARE, NETWORK EQUIPMENT, AND OTHER RELATED EQUIPMENT, SOFTWARE, SUPPLIES AND SERVICES**

**SUMMARY:**

The Information Technology Division (ITD) is requesting approval to award a purchase order contract to En Pointe Technologies, Inc. (En Pointe), located in Gardena, California, for an amount not-to-exceed \$2,250,000 for the purchase of computer hardware, network equipment, and other related equipment, software, supplies, and services. The expiration date of this contract shall be three years from final signature date of the City of Los Angeles Harbor Department purchase order contract.

This contract will be used to purchase computer-based hardware to support on-going operations, including as-needed purchases for obsolete equipment replacement, new projects, and future growth. This includes purchasing desktop computers, monitors, keyboards, printers, laptops, routers, switches, and peripherals.

This recommendation is based on the competitive bid process performed by the Los Angeles World Airports (LAWA) for its contract 25208.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with Administrative Code Section 10.15(8), the competitive contracting requirement is met using the responses from the LAWA Request for Proposals (RFP), which resulted in the LAWA awarding its contract 25208;
2. Approve the contract with En Pointe Technologies, Inc. for the purchase of computer hardware, network equipment, and other related equipment, software, supplies, and services for an amount not-to-exceed \$2,250,000 with an expiration date of three years from final signature date of the Harbor Department Agreement;

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3. Authorize the Executive Director or designee to execute the contract; and

4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – ITD provides computer and communications systems support to over 800 computer users located in various facilities at the Harbor Department. This includes responsibility for the purchase, installation, maintenance, and replacement of computer-based hardware for all Harbor Department Divisions.

Prior to the proposed contract, the ITD purchased computer-based hardware through a contract with En Pointe. The Board of Harbor Commissioners (Board) approved Contract No. 39606 with En Pointe on August 18, 2011 for a not-to-exceed amount of \$1,800,000 and an expiration date of December 31, 2013. The expenditure amount of Contract No. 39606 was approximately \$750,000 per year over its 28 month duration. Contract No. 39606 significantly improved the procurement of computer-based hardware by reducing the procurement time, obtaining discounted pricing, and increasing standardization.

Procurement Options – Harbor Department staff evaluated the following options to procure IT related equipment and supplies:

- Join Another Governmental Contract – The Harbor Department considered joining computer-based hardware contracts used by other City of Los Angeles (City) Departments, the County of Los Angeles, and the Western States Contract Alliance (WSCA). However, the LAWA contract best meets the needs of the Harbor Department. The other available contracts require separate contracts with each manufacturer. While this may be feasible for very large organizations that purchase large quantities from each manufacturer, the Harbor Department procures smaller volumes of computer-based hardware from a range of manufacturers and would be required to administer five or more contracts to obtain the same benefits offered under the proposed contract request. Multiple manufacturer contracts require a great amount of administrative staff time and resources.
- Opt Not to Contract – If the Harbor Department opted not to establish a contract for IT related equipment, it would need to procure equipment with individual requisitions. The individual procurement process is more costly and less productive. The typical procurement process is comprised of six steps (requisition, approval, submittal, bid, award and delivery) and can take from forty-five to sixty business days to complete. In contrast, establishing a contract

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based on a bid and award done by another government agency reduces the process by two steps and the process time to three to twelve business days.

Proposed Contract – The proposed contract (Transmittal 1) is to purchase computer hardware, network equipment, and other related equipment, software, supplies and services. The ITD will administer the proposed contract for computer-based hardware purchases for all Harbor Department Divisions. Examples of hardware that will be purchased include:

- Computers: Desktop computers, laptops, and data processing equipment;
- Network Equipment: Network routers, switches, firewalls, wireless equipment, IT security equipment, and remote access equipment;
- Related Equipment: Monitors, keyboards, printers, drives, scanners, and other equipment connected to the computer and network; and
- Supplies: Cables, wires, and adapters.

Most purchases will replace existing computer-based hardware as they become obsolete. ITD's policy is to follow industry best practices and ITD replaces approximately one-fourth of the Port's computer equipment every year. The industry best practice for hardware replacement age is: 3-4 years for laptop computers, 3-5 years for desktop computers, and 4-6 years for network equipment. Beyond this age, the equipment may not be supported by the vendor, be incompatible with other technologies, have performance issues, and/or be costly to repair. In addition, the ITD anticipates the need for hardware purchases to accommodate new projects and growth.

The requested not-to-exceed amount is \$2,250,000. This amount is based on:

- Expenditure rate from the previous computer-based hardware contract – The annual expenditure rate of the previous contract was approximately \$750,000 per year over its 28 month term. The proposed new contract's average expenditure rate is also \$750,000 per year, for a total of \$2,250,000 over its 3 year term.

The Harbor Department's existing hardware inventory includes approximately 800 desktop computers, 90 laptop computers, 660 printers, and 80 network switches and routers. Over the term of the proposed contract, as part of the normal replacement schedule, an estimated 600 desktop computers, 65 laptop computers, 300 printers, 25 servers, 40 network switches and routers, and related peripheral equipment are expected to be replaced. The estimated cost for the equipment replacement is: \$700,000 for desktops; \$100,000 for printers; \$100,000 for laptops; \$250,000 for servers; \$900,000 for network equipment (including security appliances); and \$100,000 to meet anticipated new requirements and replacement of other existing computer-based equipment, such as the monitor displays and related equipment in the Harbor Administration

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Building lobby, cruise terminal, training facilities, teleconference and meeting rooms, and other Harbor Department buildings.

- Anticipated growth and future projects – The proposed contract will also be used to meet the anticipated requirements from growth and future projects. The technology infrastructure continues to grow as the Harbor Department expands the use of computer-based systems. The ITD also supports projects led by other divisions, including facility construction and building renovation projects, which are incorporating greater requirements for network and computer-based equipment. Approximately \$100,000 of the proposed contract dollar amount is anticipated for growth and future projects.

Expenditures based on actual needs, will be incurred only when the Harbor Department authorizes an order. Total expenditures will not exceed \$2,250,000 over the term of this contract. However, the Harbor Department is not committed to spending this entire amount.

Selection Process – The recommendation to select En Pointe is based on the competitive bid process performed by the LAWA's Request for Proposals for its contract number 25208 (Transmittal 2). The proposed "piggy-back" contract is a more cost-effective approach, rather than the Harbor Department conducting its own bid, because the LAWA contract is based on a value up to \$11,737,000. LAWA's much larger contract amount benefits the Harbor Department because vendors provide greater discounts and lower mark-ups because of the higher volume sales.

With the proposed En Pointe contract, the Harbor Department will be guaranteed minimum discounts that range from 11% to 33.5% for equipment from specified manufacturers (Dell, Hewlett-Packard, Cisco, and IBM) and a cap on percentage of markup of a range from 6.5% to 10% for equipment from non-specified manufacturers. In addition to these guaranteed minimum discounts, if a lower price is offered to any government, educational, or other special pricing program, then the same lower pricing will be available to the Harbor Department. Without this contract, the Harbor Department may not receive a discount if purchasing computer-based hardware with individual purchase requisitions.

The Harbor Department's small business program requirement does not apply to procurement contracts as a separate City ordinance governs this activity. En Pointe is based in Gardena, California.

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is award of a purchase order contract to En Pointe for the purchase of computer hardware, network equipment, software, supplies and services.

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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:**

Spending under the proposed contract will support 5 direct and 4 secondary one-year equivalent jobs for the five-county region.

**FINANCIAL IMPACT:**

Approval of the proposed not-to-exceed \$2,250,000 contract ending three years from final signature of this purchase order contract with En Pointe authorizes the Information Technology Division to purchase computer hardware, network equipment, and other related equipment, software, supplies, and services. The annual maintenance cost of the equipment replacing existing hardware is expected to be the same as the current level because the replaced hardware will be taken out of service.

Funds for fiscal year 2013/2014 in the amount of \$750,000 are available in Accounts 55160 and 59981, Program 000. Each Division has budgeted funds for their anticipated computer hardware needs. When a Division requests equipment from this contract, the requesting Division will be pay for their equipment from its budget.

Upon Board approval, future fiscal year funds, as shown in the table below, will be requested to be budgeted as part of the annual budget adoption process:

Fiscal Year	Program 000		Anticipated Amount
	Accounts		
	59981	55160	
	Capital Acquisition (hardware)	Office Equipment (PC, laptop, printer, monitor, etc.)	
2013/2014	\$ 50,000	\$250,000	\$300,000
2014/2015	\$150,000	\$600,000	\$750,000
2015/2016	\$150,000	\$600,000	\$750,000
2016/2017	\$100,000	\$350,000	\$450,000
<b>Total Not-to-Exceed Amount</b>			<b>\$2,250,000</b>

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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 as to form and legality the transmitted contract.

**TRANSMITTALS:**

1. Harbor Department Bid No. F-850
2. Los Angeles World Airports' Agreement 25208

FIS Approval: MF (initials)  
City Attorney Approval: gms (initials)



LANCE KANESHIRO  
Chief Information Officer



MOLLY CAMPBELL  
Deputy Executive Director

APPROVED:



GARY LEE MOORE, P.E.  
Interim Executive Director

GM: MC: LG  
Author: L. Garcia