



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

Board of Harbor Commissioners

DATE: NOVEMBER 28, 2017

FROM: INFORMATION TECHNOLOGY

**SUBJECT: RESOLUTION NO. _____ - PURCHASE ORDER
CHANGE TO CONTRACT NO. 39811 WITH ZONES, INC. FOR
INFORMATION TECHNOLOGY EQUIPMENT, SUPPLIES AND
RELATED SERVICES**

SUMMARY:

Staff requests approval of a Purchase Order Change (POC) to Contract Number 39811 with Zones, Inc. (Zones) for information technology (IT) equipment, supplies and related services. Contract No. 39811 is used on an as-needed basis to purchase computer-based hardware, including desktops, laptops, tablets, monitors, keyboards, printers, routers, switches and peripherals, and related software, supplies and services. These purchases are required to support on-going operations, new projects and future growth.

The proposed POC is to increase the not-to-exceed amount by \$4,650,000, for a new total not-to-exceed amount of \$6,900,000. The proposed increase is to purchase computer networking equipment to replace existing equipment that are at end-of-life. The proposed increase will also consolidate other hardware purchases for on-going operations that had previously been purchased with separate purchase orders.

Contract No. 39811 was awarded to Zones based on the competitive bid process performed by the Contracts and Purchasing Division (CPD) of the City of Los Angeles Harbor Department (Harbor Department) for Bid Number F-969. Zones is headquartered in Auburn, Washington, with a local office in Cerritos, California.

The proposed POC is the financial responsibility of the 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 Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Find that the competitive contracting requirement is met using the responses from the Harbor Department's Bid Number F-969;
3. Approve the POC with Zones, Inc. for the purchase of IT equipment, supplies, and related services for an amount not-to-exceed \$6,900,000;
4. Authorize the Executive Director to make non-technical corrections or clarifications, within the authorized contract amount, to effectuate the intent of the contract;
5. Authorize the Executive Director to execute and the Board Secretary to attest; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background and Context– The Information Technology Division (ITD) provides computer and communications systems support to over 1,000 computer users at the Harbor Department. This includes responsibility for the purchase, installation, maintenance, and replacement of computer-based equipment for all Harbor Department Divisions. This is required to support on-going operations, new projects and future growth.

At its meeting on April 26, 2017, the Board approved Contract No. 39811 with Zones for an amount of \$2,250,000 for a term of three years. Zones was selected based on the competitive bid process performed by the Contracts and Purchasing Division for Bid Number F-969 (Transmittal 1).

Proposed Purchase Order Change– The proposed POC (Transmittal 2) is to increase the not-to-exceed amount of Contract No. 39811 by \$4,650,000, for a total non-to-exceed amount of \$6,900,000. The POC will not change any other terms of the contract. The additional \$4,650,000 will be used for the following:

- **Networking Equipment Replacement Project:** New equipment will be purchased for this project to replace existing networking equipment that are at end-of-life. End-of-life means that the equipment are not supported by the vendor, no longer receive security updates, or are not compatible with other technologies. The POC amount for this project is \$3,600,000.
- **Annual Network Maintenance:** This is for annual hardware maintenance expenses, which includes on-going security updates and vendor support. This is not a new cost to the Harbor Department. In previous years, annual hardware maintenance was purchased with separate purchase orders. The proposed POC

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will consolidate these separate purchases for the same amount with less administrative burden. The POC amount for annual hardware maintenance purchases is \$350,000 per year, for a total of \$1,050,000 over the remaining three years of the contract.

Expenditures based on actual needs will be incurred only when the Harbor Department authorizes an order. Total expenditures will not exceed \$6,900,000 over the term of this contract. However, the Harbor Department is not committed to spending this entire amount.

Zones is headquartered in Auburn, Washington, with a local office in Cerritos, California.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Purchase Order change with Zones for computer related supplies and services. As 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 POC authorizes ITD to increase its purchases of IT equipment, services and supplies from Zones by an additional \$4,650,000, for a new total not-to-exceed amount of \$6,900,000 over its three-year term. The annual maintenance cost of the new equipment will be the same as the current level because the equipment being replaced will be removed from service.

Funds for the proposed POC for Fiscal Year 2017/2018, in the amount of \$3,950,000, are available in the IT Division from Accounts 13150 and 54120, Program 000.

Funds for the total contact amount for Fiscal Year 2017/2018, in the total amount of \$4,700,000, are available from multiple Divisions in Accounts 13150, 54120 and 55160, Program 000. Each Division budgets funds for their anticipated IT equipment needs. When a Division requests IT equipment, the requesting Division will pay for the order from its budgeted funds.

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Future Fiscal Year funds, as shown in the table below, will be requested as part of the annual budgeting process, subject to Board approval.

Fiscal Year	Program 000, Budget Accounts			Total Budget Amounts
	13150 (Equipment Over \$5,000)	55120 (Hardware Maintenance)	55160 (Office Equipment)	
2017/18	\$3,700,000	\$350,000	\$650,000	\$4,700,000
2018/19	\$100,000	\$350,000	\$650,000	\$1,100,000
2019/20	\$100,000	\$350,000	\$650,000	\$1,100,000
Total Not-to-Exceed Amount:				\$6,900,000

The actual expenditures may differ from the estimated amounts in any given fiscal year and in any given budget account. However, the total expenditures under the proposed Agreement will not exceed \$6,900,000.

Operating and maintenance costs of any equipment will be fully borne by the Harbor Department. The proposed POC will not change the operating and maintenance costs from the current level.

Office space at Harbor Department facilities will not be required for Zones staff.

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

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved this Purchase Order Change as to form and legality.

TRANSMITTAL:

1. Harbor Department Bid No. F-969
2. Purchase Order Change

FIS Approval:  (initials)
CA Approval:  (initials)



LANCE KANESHIRO
Chief Information Officer



THOMAS E. GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:



EUGENE D. SEROKA
Executive Director

LK:lk