



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MARCH 4, 2015

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - SECOND AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE MICROSOFT SUPPORT AND CONSULTING SERVICES

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is requesting approval of the Second Amendment to Agreement No. 10-2903 with Microsoft Corporation (Microsoft) for support and consulting services for Microsoft products used by the Harbor Department. These services are required to maintain and optimize the Harbor Department's computing environment, which relies on Microsoft technology for its on-going operations. The proposed Second Amendment will revise Microsoft's Fee Summary and Services by Support Location document, which will correct a clerical error in this document and reduce the authority of the Agreement by \$5,942. The revision will not change the services that the Harbor Department planned to use. All remaining terms and conditions of Agreement No. 10-2903 remain unchanged.

The Agreement with Microsoft is a sole-source agreement as Microsoft software and products can only be serviced by Microsoft. Microsoft is based in Redmond, Washington, with offices in Los Angeles and other Southern California cities. The Harbor Department will continue to be financially responsible for payment of services rendered under the Agreement.

RECOMMENDATION:

It is recommended that the Los Angeles Board of Harbor Commissioners (Board):

1. Find that in accordance with the Los Angeles City Charter Section 1022, the work under the subject agreement can be performed more feasibly by independent contractors than by City employees;
2. Approve the Second Amendment with Microsoft Corporation to reduce the existing Agreement authority by \$5,942 for a not to exceed amount of \$1,492,027;

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3. Direct the Board Secretary to transmit the Second Amendment to the City Council for approval pursuant to Charter Section 606;
4. Authorize the Executive Director or designee to execute the Second Amendment to Agreement No. 10-2903 and authorize the Board Secretary to attest to said agreement; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background and Context– Microsoft technologies are used on most of the Harbor Department's computer systems, including desktop software, messaging, critical business applications, and core infrastructure services such as databases, active directory and operating systems. Microsoft products are also used by the Harbor Department's customers and stakeholders such that its continued use will enable the Harbor Department to interface with them seamlessly without interruption.

Agreement 10-2903 (Transmittal 1), which the Board approved at its October 7, 2010 meeting, is used to assist the Information Technology Division (ITD) staff in maintaining and optimizing the Harbor Department's computing environment. The maintenance and technical support involve:

- Problem resolution support 24 hours a day, 7 days a week via telephone, electronic and Premier online website access;
- Support assistance with infrastructure and database design, recommendation and migration;
- Application development assistance in migrating obsolete platform or applications to latest Microsoft technologies; and
- Lab facilities for future Microsoft product review, development, benchmarking, testing, prototyping and migration activities.

Microsoft Premier Support has helped with license compliance, reduced system outages, greater use of existing products, and preparation for future information technology requirements. This is an on-going effort as new technologies are implemented throughout the Harbor Department and integrated into the existing computing environment.

The First Amendment (Transmittal 2), which the Board approved at its September 19, 2013 meeting, was to extend the original Agreement No. 10-2903 for three additional

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years, for a total of six years, and to add \$1,000,000 to the Agreement, for a total not-to-exceed amount of \$1,497,969.

Proposed Second Amendment– The proposed Second Amendment (Transmittal 3) revises Microsoft's Fee Summary and Services by Location document, which will correct a clerical error in this document and reduce the Premier Support fee by \$5,942 due to a one-time Microsoft investment discount. The revision will not change the services that the Harbor Department planned to use. All remaining terms and conditions of Agreement No. 10-2903 are unchanged.

Procurement Process– Agreement No. 10-2903 is a sole source selection because Microsoft Premier Support is provided only by Microsoft for its proprietary software. Microsoft has exclusive knowledge and tools to perform this work (Transmittal 4). The City of Los Angeles Information Technology Agency, Department of Water and Power, and Los Angeles World Airports procure these services similarly.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Second Amendment to Agreement No. 10-2903 with Microsoft for support and consulting services for Microsoft products used by the Harbor Department. 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:

Approval of the proposed Second Amendment will have no employment effect.

FINANCIAL IMPACT:

The financial impact of adopting this proposed Board item is that the Harbor Department will accept the \$5,942 one-time Microsoft discount on its Premier Support, thereby reducing the authority amount on the Harbor Department's existing Agreement with Microsoft to \$1,492,027. This will also result in a budget savings of \$5,942. The amount spent to date under this Agreement is \$626,591.

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CITY ATTORNEY:

The City Attorney has reviewed and approved the Second Amendment to Agreement No. 10-2903 as to form and legality.

TRANSMITTALS:

1. Agreement 10-2903 with Microsoft Corporation
2. First Amendment to Agreement 10-2903 with Microsoft Corporation
3. Second Amendment to Agreement 10-2903 with Microsoft Corporation
4. Microsoft Sole Source Letter

FIS Approval: MB (initials)
CA Approval: [Signature] (initials)



LANCE KANESHIRO
Chief Information Officer



RONALD J. BOYD
Chief of Public Safety & Emergency Management

APPROVED:



EUGENE D. SEROKA
Executive Director

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