



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 1, 2020

FROM: INFORMATION TECHNOLOGY

**SUBJECT: RESOLUTION NO. _____ – PURCHASE ORDER
CHANGE NO. 1 TO CONTRACT NO. 39844 WITH INSIGHT PUBLIC
SECTOR, INC. FOR COMPUTER SOFTWARE AND RELATED
SUPPORT SERVICES**

SUMMARY:

Staff requests approval of Purchase Order Change (POC) No. 1 to Contract No. 39844 with 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 POC No. 1 will increase the not-to-exceed amount by \$1,000,000, to a total not-to-exceed amount of \$6,500,000, and extend the contract duration by two additional years, to a total of five years. The POC will not change any other terms and conditions of the contract.

Contract No. 39844 was awarded to Insight based on the competitive Request for Proposal (RFP) process performed by the County of Fairfax, Virginia (Fairfax) for its Contract No. 4400006644. The existing software contract for the City of Los Angeles (City) is based on the same Fairfax contract.

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

Contract No. 39844 is the financial responsibility of the City of Los Angeles Harbor Department (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

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Environmental Quality Act (CEQA) under Article II Class 2(f) of the Los Angeles City CEQA Guidelines;

2. Find that in accordance with Los Angeles Administrative Code Section 10.15(a)(8), the City may enter into the proposed contract based on the terms and conditions of Contract No. 4400006644 between the County of Fairfax, Virginia and Insight;
3. Approve POC No. 1 with Insight Public Sector, Inc. for computer software licenses, software maintenance renewals, and related software support services for an amount not-to-exceed \$6,500,000 and a term of five years;
4. Direct the Board Secretary to transmit said contract to the Los Angeles City Council for approval pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code;
5. Authorize the Executive Director to make non-technical corrections or clarifications, within the authorized contract amount, to effectuate the intent of the contract;
6. Authorize the Executive Director to execute and the Board Secretary to attest to said contract, for and on behalf of the Board; and
7. Adopt Resolution No. _____

DISCUSSION:

Background/Context – The Information Technology (IT) Division provides computer and communications systems support to over 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 expenditures include 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

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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. The actual expenditure to date is approximately \$2,800,000.

Insight was selected based on the competitive Request for Proposal (RFP) process performed by the County of Fairfax, Virginia (Fairfax) for its Contract No. 4400006644. Insight is headquartered in Tempe, Arizona, with offices in Southern California.

Proposed POC No. 1 – The proposed POC No. 1 (Transmittal 1) will increase the not-to-exceed amount by \$1,000,000, to a total not-to-exceed amount of \$6,500,000, and extend the contract duration by two additional years, to a total duration of five years. POC No. 1 will not change any other terms and conditions of the contract.

With the proposed POC No. 1, Contract No. 39844 will continue to be used by all Divisions 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 original recommendation to select Insight was based on a competitive RFP process conducted by Fairfax for its Contract No. 4400006644. Fairfax awarded its Contract No. 4400006644 on February 23, 2016, based on its RFP No. 2000001701. The City's existing software contract, Contract No. ARC 59749 with Insight, is based on this same Fairfax contract. In addition to reduced administrative burden by piggy-backing on the Fairfax contract, another potential benefit for the Harbor Department is volume discounts via scale economies because the Harbor Department's prices are based on the Fairfax and City purchase volume, which is much larger than the Harbor Department's alone.

Expenditures based on actual needs will be incurred only when the Harbor Department authorizes an order. Total expenditures will not exceed \$6,500,000 over the five-year term of this contract. However, the Harbor Department is not committed to spending this entire amount.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of POC No. 1 to Contract No. 39844 with Insight for the purchase of computer software licenses, software maintenance renewals, and related software support services, which is an administrative activity. Therefore, the

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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 No.1 authorizes the IT Division to continue purchases of computer software and related support services from Insight by an additional \$1,000,000, to a total not-to-exceed amount of \$6,500,000, and extend the contract by two additional years, to a term of five years.

Fiscal Year 2020/21 funding in the amount of \$1,300,000 is available within the Information Technology Division, Account 54110 (Computer Maintenance Services – Software), Center 0640, Program 000. Upon Board approval, funding for future fiscal years will be budgeted as shown in the following table:

Fiscal Year	Account 54110, Center 0640, Program 000
2018/2019	\$1,029,910
2019/2020	\$1,240,544
2020/2021	\$1,300,000
2021/2022	\$1,400,000
2022/2023	\$1,529,546
Total Not-to-Exceed Amount:	\$ 6,500,000

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 \$6,500,000.

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 the Purchase Order Change No. 1 as to form and legality.

TRANSMITTAL:

1. Purchase Order Change No. 1

FIS Approval: TK (initials)
CA Approval: TEG (initials)



LANCE KANESHIRO
Chief Information Officer



THOMAS E. GAZSI
Chief of Public Safety and Emergency
Management

APPROVED:



EUGENE D. SEROKA
Executive Director

LK/HN