



RESOLUTION NO. _____

BOARD LETTER APPROVAL

Ann M. Santilli
Ann M. Santilli (Aug 28, 2024 12:02 PDT)

ANN M. SANTILLI
Chief Financial Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: August 28, 2024

SUBJECT: Agreement No. 47854 for Workday Implementation and Maintenance Services with PowerPlan, Inc.

SUMMARY

The proposed Agreement No. 47854 (Agreement) is to procure software implementation and maintenance services, and a subscription to PowerPlan's licensed software products in the PowerPlan cloud hosted environment for LADWP's Business Asset Accounting and Depreciation System. The term of this agreement is for a five-year period beginning September 15, 2024, and it is for an amount not to exceed \$8,200,000 (budgeted). The term of the Agreement will begin on September 15, 2024, to align with the start date of the licenses needed for the software. The Agreement is the result of Request for Sole Source Proposal No. 90758.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the award of this Agreement to PowerPlan, Inc.

ALTERNATIVES CONSIDERED

LADWP selected Workday, Inc. (PO 47652, BR 021 167) as its Enterprise Resource Planning Project (ERP) solution in 2021. Financial Services Organization worked closely with Workday consultants to replace PowerPlan software and implement Workday's Business Assets module. During the Workday implementation phase, a decision was made by key internal stakeholders to maintain PowerPlan as the Department's Business Asset Accounting module and integrate the software to Workday financial Modules to meet LADWP's complex operating requirements. This

decision to remain with the PowerPlan solution was based on a concern that the Workday solution may not be well-suited to handle the complexity of LADWP's operating requirements for asset accounting.

FINANCIAL INFORMATION

The Agreement is for a term of five (5) years and an amount not to exceed \$8.2 million. The cost is broken down, as follows:

	Item	Not-to-Exceed Amount
Software Subscription Services	Estimated Subscription Services Fees over the Subscription Services Term	\$4,131,087.00
Subtotal for Software Subscription Services		\$4,131,087.00
Professional Services	Fixed Price Professional Services Fees	\$552,443.00
	Time and Materials Professional Services Fees	\$3,266,470.00
Reimbursable Travel Expenses		\$250,000.00
Subtotal for Professional Services		\$4,068,913.00
<u>Total Not to Exceed Amount</u>		<u>\$8,200,000.00</u>

BACKGROUND

The Department has billions of dollars in assets that it accounts for in both the Power Fund and the Water Fund. These include generating stations, transmission lines, poles, towers, fixtures, water mains, trunklines, meters, and service lines. Both funds use the composite units of accounting for assets as opposed to individual assets due to the volume. Back in approximately 2002-2003, the Department became aware that the cumulative annual depreciation for some composite units exceeded the book value of the assets. While the Department did record depreciation annually it did not have a software solution to record these transactions cumulatively.

Prior to issuing a Request for Proposal (RFP) for depreciation software, the Department also issued an RFP for a depreciation study to help us determine the most accurate depreciation rates to use in the new planned system. Deloitte and Touche was selected from the RFP for the depreciation study. Once that study was completed an RFP was issued for the software and PowerPlan was selected as the best solution (Agreement No. 47394-5). The implementation of the solution was a large effort and required

integration with the Department's other systems to capture expenditures and retirements.

The PowerPlan software was first implemented by the Department and the PowerPlan consultants in 2008. Since 2008, the Department has worked with PowerPlan to upgrade the software to its latest versions to keep up with changing technologies and to benefit from new releases. In 2010, the Department upgraded the software from version 9.0 to version 10.2 (Contract 49007-1). After four years, the Department upgraded to version 2015.2 (Contract 41119-6), and recently completed the upgrade to version 2022.1 in November 2022 (Contract 44504-3).

Current PowerPlan Applications Used by LADWP

The current PowerPlan application is an on-premises solution. LADWP licenses the use of PowerPlan's Project and Asset Accounting Products with the following functionalities:

Asset Accounting: tracks and keeps detailed records of Power and Water assets, enables classification of asset records by vintage and by Federal Energy Regulatory Commission and California Public Utilities Commission regulatory accounts.

Depreciation: applies group depreciation on assets, from in-service through retirement.

Month-End Close: prepares journal entries to be sent to LADWP General Ledger system.

Reporting: reports on monthly asset activity, asset posting transactions, depreciation and amortization calculations, and ad-hoc Net Book Value and Depreciation Forecasting reports used by Budget and Financial planning. Reports for Water System (Aqueducts and Wells) and Power System (Open Access Transmission Tariff).

Future PowerPlan Applications Used by LADWP

As part of the ERP, PowerPlan will need to be integrated with the future ERP system, Workday. The system will also be moving from an on-premises solution to PowerPlan's Cloud-Hosted Subscription environment. In addition to the above PowerPlan Project and Asset Accounting products, LADWP intends to add the following PowerPlan product and functionalities:

Charge Repository: used for transaction management and data warehousing and stores large volume of transactions for system integrations.

Project Unitization: enables the automatic generation of asset records, ties the asset records to project details.

Asset Retirement Obligation: tracks and calculates journal entries for the liability, deferred outflows, and amortization of deferred outflows associated with LADWP's AROs.

Lessee and Lessor Accounting: manage and report on leasing agreements, process lease calculations for month-end processing and creation of journal entries.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(2). In accordance with this section, an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. The proposed agreement to procure software implementation and maintenance services, and a subscription to PowerPlan's licensed software products will not result in any direct or reasonably foreseeable indirect physical change in the environment, therefore, this activity is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement

PROCUREMENT SUMMARY

1.	Recommended Vendor(s): PowerPlan Inc.
2.	Procurement Type: Request for Sole Source Proposal
3.	Procurement Details: A. Contract Status: New B. Proposal Advertisement Date: February 14, 2024 C. Pre-Bid Conference Date: N/A D. Proposal Due Date: March 6, 2024 E. Number of Downloads of Solicitation: 1 F. Number of Proposals Received: 1 G. Protest Received: No
4.	Buyer Assigned: Malintzin Julien
5.	Contract Administrator: Tae Kim
6.	LADWP System/Division: Joint/Financial Services Organization
7.	Contact Person for Item: Tae Kim

*Note: Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

A. Evaluation Rating Summary of Proposals

Not applicable to the Agreement.

B. Evaluation of Agreement

LADWP issued a Request for Sole Source Proposal No. 90758 to PowerPlan, Inc. for Workday software implementation and maintenance services. A sole source agreement is necessary because PowerPlan has the proprietary knowledge, expertise and programming source code to maintain and integrate its software to Workday financial modules as part of LADWP's ERP solution.

Prices have been determined to be fair and reasonable based on a comparison to similar software and services provided to LADWP.

C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
49733-4	PowerPlan, Inc.	Ten Months	08/04/2023	05/31/2024	\$150,000
44504-3	PowerPlan, Inc.	One-time	12/20/2022	-	\$147,000
41119-6	PowerPlan, Inc.	One-time	06/13/2016	-	\$95,000
49007-1	PowerPlan, Inc.	Two Months	07/19/2010	09/18/2010	\$31,100
47394-5	PowerPlan, Inc.	Three Years	03/01/2005	02/28/2008	\$650,000

Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 10 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
49733-4	Powerplan to Workday Integration Design Services	Ten Months	08/04/2023	05/31/2024	\$150,000
44504-3	Powerplan System Upgrade to Version 2022	One-time	12/20/2022	-	\$147,000
41119-6	Powerplan System Upgrade to Version 2015.2	One-time	06/13/2016	-	\$95,000

D. Local Business Preference Program (LBPP)

Not applicable to the Agreement.

E. Additional Outreach Efforts Taken

Not applicable to the Agreement.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Participation

Not applicable to the Agreement as this is a sole source contract.