



RESOLUTION NO. _____

BOARD LETTER APPROVAL

Mona Guirguis

MONA T. GUIRGUIS
Interim Chief Information Technology Officer

Janisse Quinones

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: November 18, 2024

SUBJECT: Amendment No. 1 to Agreement No. 47652 for Enterprise Resource Planning Software as a Service and System Integration with Workday, Inc.

SUMMARY

The proposed Amendment No. 1 (Amendment) to Agreement No. 47652 (Agreement) with Workday, Inc. (Workday) is to reallocate \$12,294,432 in services deemed not necessary to the contingency amount. This reallocation of funds is necessary to ensure that a sufficient contingency amount is available for a 6-month extension of the human resources and payroll phase of the Enterprise Resource Planning (ERP) system project, for a historical timekeeping data correction facility, and for post go-live application management services for the human resources and payroll phase. All other terms and conditions of the Agreement remain unchanged.

City Council approval is not required.

This Agreement expires on April 11, 2026.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing the reallocation of \$12,294,432 in services deemed not necessary to the contingency amount.

ALTERNATIVES CONSIDERED

For the 6-month extension of the human resources and payroll phase of the ERP system project, there is no alternative because this additional time is necessary to complete the following critical activities:

- Complete the essential human resources, compensation, payroll, absence, and time-tracking configuration and testing to ensure that the functionality meets the minimum necessary requirements for go-live.
- Complete the integrations to the present-state systems that require human resources and/or payroll data for their operation.
- Complete the critical reports necessary for go-live.
- Complete the minimum organizational change management and training necessary for go-live.
- Perform a “dress rehearsal” that allows LADWP resources to practice inputting their time and simulating a pay period close event prior to the actual go-live.

For the historical timekeeping data correction facility, there is no alternative because there is no facility in the Workday ERP system that will enable LADWP to correct this type of timekeeping data, since the Workday ERP system can only correct “day forward” timekeeping data that is input into the system after go-live. If the human resources and payroll phase of the Workday ERP system project were to go-live without this facility, LADWP would be unable to correct historical timekeeping data nor be able to process any payroll adjustments that are associated with that correction. This is a critical capability that LADWP must have.

For the application management services, the alternative is for the human resources and payroll phase of the ERP system project to go-live without the benefit of these support services. This is not advisable. Having expert support post go-live is highly recommended to support the ERP functional and technical teams should they run into any major issues or complex scenarios that are beyond their ability to resolve. This could lead to an overall lack of confidence in the Workday ERP system by management, employees, labor partners, rate payers, bond holders, and other external stakeholders not to mention the reputational harm to LADWP.

FINANCIAL INFORMATION

This Amendment will not change the existing approved term of 5 years nor the approved not-to-exceed amount of \$131,582,518 (budgeted). Below is a table to show where the reallocation of \$12,294,432 in services is coming from and going to the contingency amount.

Service Item Description	Originally Authorized Amount	Amount Actually Needed	Amount Moving to Contingency
Prof. Services SOW Appendix E: Procurement and Inventory	\$686,400	\$0	\$686,400
Prof. Services SOW Appendix F: Learning	\$805,662	\$0	\$805,662
Prof. Services SOW Appendix G: Workforce Planning/Financial Planning	\$3,500,000	\$0	\$3,500,000
Prof. Services SOW Appendix H: Training Staff Augmentation	\$4,349,196	\$859,963	\$3,489,233
Learning subscription	\$564,818	\$0	\$564,818
Procurement subscription	\$698,895	\$420,770	\$278,125
Inventory subscription	\$698,895	\$0	\$698,895
Workforce planning subscription	\$786,202	\$0	\$786,202
Financial planning subscription	\$786,202	\$0	\$786,202
Strategic Sourcing subscription	\$698,895	\$0	\$698,895
		Reallocation	\$12,294,432

BACKGROUND

LADWP has a series of antiquated and unsupported applications that underpin its human resources, payroll, and financial management business processes. These legacy systems run on aging platforms and are highly customized with heavy reliance on manual procedures and institutional knowledge from internal and external resources to make up for non-integrated technology. As part of LADWP's strategic planning, the Department identified several operational improvements that could be achieved by an ERP system that would replace these legacy systems.

To find the most qualified ERP system solution and integrator/implementer, LADWP issued Request for Qualification No. 90549 to solicit proposals from qualified and experienced firms. Four vendors submitted proposals (Infor Public Sector, Oracle America, SAP America, and Workday) and the selected vendor was Workday.

On March 9, 2021, the Board authorized Agreement No. 47652 with Workday for a term of 5 years and a not-to-exceed amount of \$131,582,518 (budgeted) for the purchase of cloud-based ERP software as a service subscription licenses, integration/implementation services, and ongoing maintenance and support services as part of an ERP system project utilizing a cooperative purchasing agreement with the City of Los Angeles, Information Technology Agency under City Contract No. 135368. The Workday portion of the ERP system project was to be implemented in two separate phases with the following objectives:

Phase 1 – Human Resources and Payroll

- Implement the human resources and payroll modules of the Workday ERP system.

- Define and implement all necessary integrations with existing LADWP systems.

Phase 2 – Financial Management

- Design a chart of accounts and a foundation data model in Workday.
- Implement the financial management module of the Workday ERP system.
- Define and implement all necessary integrations with existing LADWP systems.

The ERP system project was structured with two separate Workday teams working simultaneously on both phases with the individual LADWP functional and technical teams. To avoid a “big bang” in terms of the change impact to LADWP, if both phases were implemented simultaneously, the project plan was structured with a 6-month go-live separation between the phases. Phase 1 was originally planned to go-live on January 1, 2024, the start of a calendar year, and Phase 2 was originally planned to go-live on July 1, 2024, the start of a fiscal year.

Due to the complexity of replacing the aforementioned legacy systems with an ERP system, both phases of the ERP system project experienced project schedule delays leading up to the January 1, 2024, and July 1, 2024, go-live dates. As a result, LADWP and Workday agreed to Change Order No. 1 on September 15, 2023, to utilize \$21,781,136 of the contingency amount for the purpose of extending the go-live dates for the two phases by one year to January 1, 2025, and July 1, 2025, respectively. This change order, along with Change Order No. 2 to utilize \$201,885 of the contingency amount to add subscription services for the Workday “Extend” solution, leaves only \$4,333,483 in the contingency amount.

While the one-year extension provided LADWP and Workday additional time to address the complexities, progress was significantly affected by the turnover of internal and external key personnel. Internally, three key LADWP personnel retired, and two of them, the project manager and the technical lead, had been part of the ERP system project from the beginning. Externally, there have also been changes within Workday key personnel that included an engagement manager, a functional workstream member, and the change management and training lead. These changes required time for the replacement personnel to get up to speed and in some cases, time to restructure aspects of the functional and technical ERP system project teams. By reallocating the \$12,294,432 in services that will not be utilized and adding that to the remaining available contingency amount of \$4,333,483, a total available contingency amount of \$16,627,915 will enable these three critical activity categories to be completed:

#	Activity Category Description	Amount
1	6-month extension of the human resources and payroll phase of the ERP system project	\$12,585,849
2	A historical timekeeping data correction facility	\$1,617,975
3	Post go-live application management services for the human resources and payroll phase	\$2,424,091
	TOTAL	\$16,627,915

For the financial management phase, further analysis, system transformation, and system integration activities are necessary to integrate the upstream and downstream present-state legacy operational applications with the Workday ERP system. In addition, more analysis, design, configuration, and development work are necessary within the present-state purchasing, receiving, and invoice intake supply chain systems to facilitate the processing of supplier invoices within the Workday ERP system future-state. Once the impact of these additional activities has been fully analyzed and the project schedule has been adjusted, a second amendment request that will extend the term and increase the not-to-exceed amount of the Agreement will be brought to the Board for their consideration.

The City of Los Angeles has already successfully implemented a Workday ERP system for human resources and payroll known as the Human Resources & Payroll (HRP) system project. LADWP has consulted with HRP system project leaders and reviewed their key lessons learned. As a result, LADWP is confident that with the approval of this Amendment to reallocate \$12,294,432 in unneeded services to the contingency amount, that it can successfully implement the human resources and payroll phase of the Workday ERP system project.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the amendment of a contract for software services is not subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment

PROCUREMENT SUMMARY

1.	Recommended Vendor: Workday, Inc. (Workday)
2.	Procurement Type: Amendment
3.	Procurement Details: A. Contract Status: Amendment No. 1 (Amendment) to Agreement No. 47652 B. Bid Advertisement Date: Not applicable C. Pre-Bid Conference Date: Not applicable D. Bid/Proposal Due Date: Not applicable E. Number of Downloads of Solicitation: Not applicable F. Number of Bids/Proposals Received: Not applicable G. Protest Received: Not applicable
4.	Buyer Assigned: Carlos Aguilar
5.	Contract Administrator: Andrew Herd
6.	LADWP System/Division: Joint/Information Technology Services
7.	Contact Person for Item: Andrew Herd

A. Summary of Proposals

Not applicable to this Amendment.

B. Evaluation of Amendment

This Amendment does not have any effect on the established fee schedule. Price reasonableness of anticipated activities utilizing contingency funds will be determined during the change order process.

C. Procurement History

Service/Item History and Vendor Experience – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47652-1	Workday	5 years	04/12/2021	04/11/2026	\$131,582,518

D. Local Business Preference Program (LBPP)

Not applicable to this Amendment.

E. Additional Outreach Efforts Taken

Not applicable to this Amendment.

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

The minimum mandatory SBE/DVBE participation requirement set for this Agreement was 15 percent. In consideration that this Amendment is for “contingent” professional services, the \$96,947,966 in “guaranteed” professional services (reflects the addition of \$21,781,136 from the original contingency amount because of Workday Change Order No. 1) for the purposes of supplier diversity participation remains unchanged.

Actual subcontractor participation commitment and achievement is provided below:

MBE PARTICIPATION		
Name	Original Commitment	Achievement thru Sept. '24
Precision Task Group, Inc.	15%	6.4%
MBE Totals:	15%	6.4%

WHEREAS, Workday, Inc. (Workday) was awarded Agreement No. 47652 (Agreement) by the Los Angeles Department of Water and Power (LADWP) Board of Water and Power Commissioners (Board) on March 9, 2021, for a term of five years and a not-to-exceed amount of \$131,582,518 (budgeted) for the purchase of cloud-based Enterprise Resource Planning (ERP) software as a service subscription licenses, integration/implementation services, and ongoing maintenance and support services as part of an ERP system project as the result of a Request for Qualifications process and utilizing a cooperative arrangement with the City of Los Angeles, Information Technology Agency under City Contract No. 135368; and

WHEREAS, the \$131,582,518 (budgeted) not-to-exceed amount included a 25 percent contingency of \$26,316,504 for unforeseen professional and subscription services related to the general scope of the Agreement; and

WHEREAS, LADWP and Workday agreed to Change Order No. 1 to utilize \$21,781,136 of the contingency amount for the purpose of extending the ERP system project schedule by one year and agreed to Change Order No. 2 to utilize \$201,885 of the contingency amount to add an unforeseen subscription service leaving \$4,333,483 remaining in contingency; and

WHEREAS, LADWP has determined that it is necessary to replenish the contingency for a six-month extension of the implementation date of the human resources and payroll phase of the ERP system project, a historical timekeeping data correction facility, and post go-live application management services; and

WHEREAS, Amendment No. 1 (Amendment) will reallocate funding for optional and unneeded professional and subscription services to replenish the contingency amount, but it will not extend the term nor increase the not-to-exceed amount of the Agreement.

NOW, THEREFORE, BE IT RESOLVED that Amendment No. 1 to Agreement No. 47652 to reallocate \$12,294,432 from optional and unneeded professional and subscription services to replenish the contingency amount, approved as to form and legality by the City Attorney and filed with Secretary of the Board is hereby approved.

BE IT FURTHER RESOLVED that pursuant to City Charter Section 1022, the Board finds that the expert and professional services can be performed more feasibly by an independent contractor due to the nature of the specific skills, knowledge, and abilities necessary to perform said services.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power and Water Revenue Funds, in accordance with the terms of this Amendment to the Agreement and this Resolution.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said Amendment for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

Secretary

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, City Attorney

By

Bethany A Burgess,

BETHANY A. BURGESS

Deputy City Attorney

Date: November 15, 2024

**AMENDMENT NO. 1 TO AGREEMENT NO. 47652
BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
WORKDAY, INC.**

THIS AMENDMENT NO. 1 (Amendment) to Agreement No. 47652 (Agreement) is made and entered into by and between the City of Los Angeles, acting by and through the Los Angeles Department of Water and Power, a municipal corporation (hereinafter "LADWP") and Workday, Inc., a Delaware corporation (hereinafter "Workday"). Individually, LADWP and Workday are referred to under this Amendment as "Party" and collectively as the "Parties."

WHEREAS, the Parties have entered into the Agreement wherein Workday agreed to provide LADWP with cloud-based, Enterprise Resource Planning (ERP) Software-as-a-Service (SaaS) subscription licenses, integration/implementation services, and ongoing maintenance and support services as part of the ERP system project for a not-to-exceed amount of \$131,582,518 and a term of five years effective April 12, 2021, all of which is more specifically described in the Agreement; and

WHEREAS, the Agreement not-to-exceed amount (see Article 4.1.1) included a 25 percent contingency in the amount of \$26,316,504 for unforeseen Professional and Subscription Services related to the general scope of the Agreement of which \$21,983,021 of the Contingency has been moved from Contingency through change orders resulting in \$4,333,483 in remaining Contingency amount;

WHEREAS, LADWP has determined this Amendment is necessary to ensure that a sufficient contingency remains and is available for a six-month extension of the implementation date of the human resources and payroll phase of the ERP system project, for a historical timekeeping data correction facility, and for post go-live application management services; and

WHEREAS, this Amendment will reallocate \$12,294,432 (originally attributed for Optional Professional Services and Optional Subscription Services that are now deemed not necessary) to the Contingency, resulting in a remaining contingency amount of \$16,627,915 and will not extend the term nor increase the not-to-exceed amount of the Agreement.

NOW, THEREFORE, BE IT RESOLVED that for good and valuable consideration including the mutual exchange of promises, the Parties agree to amend the Agreement and all prior administrative amendments as follows:

1. Article 4.1.1 Not-to-Exceed Amount, reads as:

The total compensation that may be paid to the Consultant by LADWP under this Agreement shall not exceed one hundred thirty-one million five hundred eighty-two thousand five hundred eighteen dollars (\$131,582,518), unless amended in accordance with Article 10.1.

A 25% contingency amount ("Contingency") is designated in the total compensation for unforeseen Professional and Subscription Services related to the general scope of this Agreement in the amount of twenty-six million three hundred sixteen thousand five hundred four dollars (\$26,316,504) which may be utilized by LADWP through authorized Task Orders.

And is amended to read:

The total compensation that may be paid to the Consultant by LADWP under this Agreement shall not exceed one hundred thirty-one million, five hundred eighty-two thousand, five hundred eighteen dollars (\$131,582,518), unless amended in accordance with Article 10.1.

A sixteen million, six hundred twenty-seven thousand, nine hundred fifteen dollar (\$16,627,915) contingency amount ("Contingency") is designated in the total compensation for unforeseen Professional and Subscription Services related to the general scope of this Agreement which may be utilized by LADWP through authorized Change Orders."

2. As of the effective date of this Amendment, and as a result of Change Order Nos. 1 and 2, the Total Authorized Contract Expenditure table in Article 4.1.2 Authorized Expenditures, reads as:

Total Authorized Contract Expenditure

Professional Services Phase 1 (HR, Payroll)	\$55,540,031
Professional Services Phase 2 (Finance)	\$41,407,935
Subscription Services (HR, Payroll, Finance)	\$13,789,367
Platinum Customer Success Package	\$840,000
Training	\$1,144,652
Optional Professional Services	
SOW Appendix E: Procurement and Inventory	\$686,400
SOW Appendix F: Learning	\$805,662
SOW Appendix G: Workforce Planning/Financial Planning	\$3,500,000
SOW Appendix H: Training Staffing Augmentation	\$4,349,196
SOW Appendix I: Prism Analytics – 10 Add. Use Cases	\$750,000
Optional Subscription Services	
Learning	\$564,818
Procurement	\$698,895
Inventory	\$698,895
Workforce Planning	\$786,202
Financial Planning	\$786,202

Strategic Sourcing	\$698,895
Extend	\$201,885
Contingency	\$4,333,483
Not-to-Exceed Amount	\$131,582,518

And is amended to read:

Total Authorized Contract Expenditure

Professional Services Phase 1 (HR, Payroll)	\$55,540,031
Professional Services Phase 2 (Finance)	\$41,407,935
Subscription Services (HR, Payroll, Finance)	\$13,789,367
Platinum Customer Success Package	\$840,000
Training	\$1,144,652
Optional Professional Services	
SOW Appendix H: Training Staffing Augmentation	\$859,963
SOW Appendix I: Prism Analytics – 10 Add. Use Cases	\$750,000
Optional Subscription Services	
Procurement	\$420,770
Workday Extend	\$201,885
Contingency	\$16,627,915
Not-to-Exceed Amount	\$131,582,518

3. The following optional services have been removed in their entirety from Exhibit D - Statement of Work:

Optional Professional Services:

- SOW Appendix E: Procurement and Inventory
- SOW Appendix F: Learning
- SOW Appendix G: Workforce Planning/Financial Planning

Optional Subscription Services:

- Learning
- Inventory
- Workforce Planning
- Financial Planning
- Strategic Sourcing

4. The first three paragraphs of Exhibit B Special Provisions, SP-5 - Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) Participation Program, read :

This provision applies only to the professional services; the Parties agree that there are no subcontracting opportunities associated with the SaaS solution because it is a pre-existing solution with no job functions dedicated solely to LADWP. It is the policy of LADWP to provide SBEs, DVBEs, Emerging Business Enterprises (EBEs), Women-Owned Business Enterprises (WBEs), Minority-Owned Business Enterprises (MBEs), Disadvantaged Business Enterprises (DBEs), Lesbian, Gay, Bisexual, or Transgender Business Enterprises (LGBTBEs), and Other Business Enterprises (OBEs) an equal opportunity to participate in the performance of all LADWP contracts.

The Parties acknowledge that much of the Professional Services work requires that personnel have certified proficiency in Workday deployments and that only businesses who have such proficiency will be considered for the work.

The Contractor shall ensure that all Small Business Enterprise (SBE) and Disabled Veteran Business Enterprise (DVBE) requirements specified in the Contract have been met, and acknowledges an SBE/DVBE commitment of 15% of the total Professional Services amount.

And are amended to read:

This provision applies only to the Professional Services (except for Professional Services performed using any Contingency amounts which are exempt from this provision); the Parties agree that there are no subcontracting opportunities associated with the SaaS solution because it is a pre-existing solution with no job functions dedicated solely to LADWP. It is the policy of LADWP to provide SBEs, DVBEs, Emerging Business Enterprises (EBEs), Women-Owned Business Enterprises (WBEs), Minority-Owned Business Enterprises (MBEs), Disadvantaged Business Enterprises

(DBEs), Lesbian, Gay, Bisexual, or Transgender Business Enterprises (LGBTBEs), and Other Business Enterprises (OBEs) an equal opportunity to participate in the performance of all LADWP contracts.

The Parties acknowledge that much of the Professional Services work requires that personnel have certified proficiency in Workday deployments and that only businesses who have such proficiency will be considered for the work. Further, any Professional Services work utilizing Workday Extend shall be excluded due to the highly specialized knowledge that is required.

The Contractor shall ensure that all Small Business Enterprise and Disabled Veteran Business Enterprise requirements specified in the Contract have been met, and acknowledges an SBE/DVBE commitment of 15% of the total Professional Services amount (except for Professional Services performed using any Contingency amounts which are exempt from this provision).

Except as herein amended, all other terms and conditions of the Agreement shall remain in full force and effect.

This Amendment No. 1 may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by LADWP) and sent by e-mail shall be deemed original signatures. This Amendment No. 1 consists of six (6) pages.

[Signature page follows]

SIGNATURE PAGE

IN WITNESS THEREOF, the Parties have caused this Amendment No. 1 to Agreement No. 47652 to be executed by their authorized representatives on the date written below.

DEPARTEMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
THE BOARD OF WATER AND POWER
COMMISSIONERS

By signing below, the signatories attest that they
have no personal, financial, beneficial, or familial interest
in this agreement.

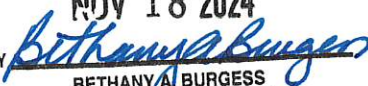
Date: _____ By: _____

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

And: _____

CHANTE L. MITCHELL
Board Secretary

NOV 18 2024
BY 
BETHANY A. BURGESS
DEPUTY CITY ATTORNEY

WORKDAY, INC.

Date: Nov 18, 2024

By: Tracy PAULus
Tracy PAULus (Nov 18, 2024 12:38 EST)

Tracy Paulus
Vice President
North America Field
Services for Government