



RESOLUTION NO. _____

BOARD LETTER APPROVAL

Norma Grubb
Norma Grubb (Jan 22, 2025 13:54 PST)

NORMA GRUBB
Chief Information Officer and Chief Artificial
Intelligence Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: January 22, 2025

SUBJECT: Amendment No. 2 to Agreement No. 47586 with SoftwareONE, Inc. for
Software Commodities

SUMMARY

The proposed Amendment No. 2 (Amendment) to Agreement No. 47586 (Agreement) with SoftwareONE, Inc. (SoftwareONE) is to increase the not-to-exceed contract amount by \$30,000,000, from \$158,995,281 to \$188,995,281. All other terms and conditions of the Agreement shall remain unchanged.

The Amendment is needed for continued support in providing commercial off-the-shelf computer software licenses, upgrades, software maintenance, and subscriptions for computers, distributed systems, IBM mainframe environments, and Software as a Service (SaaS) for LADWP. This Amendment will also prevent any lapses with software licenses or with software maintenance support for patch resolution of technical and security issues. Gaps in maintenance and support licenses will increase operational risks, as LADWP will not have access to software patches or technical support to address any software or security issues that may arise.

Due to the rapidly changing nature of technology, as well as increased and ever-changing cybersecurity requirements, it has been difficult to anticipate cost estimates years in advance. As a result, this Agreement has historically been underfunded. We are currently in the final stages of awarding a 5-year up to \$510,000,000 agreement that will support the Department's requirements for software purchases and renewals. Various methodologies were explored for estimating contract maximums based on actual spend. The increase to the contract being requested is more closely aligned with the Department's budget.

This Amendment will ensure no lapse in maintenance and support while LADWP works on replacing this Agreement.

City Council approval is not required.

This Amendment expires on April 12, 2025.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the Amendment to the Agreement with SoftwareONE.

ALTERNATIVES CONSIDERED

Alternatives considered were to route all software requests through purchasing and issue singular purchase orders or establish individual agreements for the various organizations.

These alternatives would require a significant increase in administrative procurement resources to support 1100 or more transactions through a full procurement cycle. The current contract has an efficient process to support the end-to-end procurement and payment for software requests. Users of the contract receive the software within a few days after placing the order. Invoicing is tracked and managed by the contract administrator to ensure the Department is aligned to capture early payment discounts.

These alternatives are not desirable and may not result in the best value to LADWP.

FINANCIAL INFORMATION

The Amendment will increase the not-to-exceed amount by \$30,000,000 from \$158,995,281 to \$188,995,281.

	Original Maximum Expenditure	Amendment No. 1	Requested Amendment No. 2	Amended Maximum Expenditure
Agreement Amount	\$73,995,281	\$85,000,000	\$30,000,000	\$188,995,281

A budget review was conducted by the Financial Services Organization and the budget was determined to be sufficient to support the increase requested.

BACKGROUND

Since 2007, LADWP has benefitted from the use of four software commodities agreements. The software to be purchase from this Agreement is essential to support LADWP's daily operations. The software includes applications for:

- Cybersecurity
- Enterprise System such as Time Reporting and Asset Management
- Computer-Aided Design
- Database and Desktop Office Productivity Tools such as Microsoft 365 and Adobe Acrobat
- Enterprise Resource Planning
- Desktop Security
- Information Technology and Engineering Tools
- Network and Security Management

Since the establishment of the first software commodities agreement, the initiation and processing of over 2,800 purchase orders were avoided, and as a result, 9,600 administrative labor hours were saved. This Agreement would streamline the procurement process and increase the timeliness of the purchases by eliminating various administrative and procurement steps, such as posting of public bids that take a minimum of 30 days. LADWP purchases software from over 200 software publishers. Utilizing SoftwareONE as the single point of contact for purchasing most of the software required by LADWP will expedite the procurement. All correspondence between LADWP and software publishers is handled by SoftwareONE.

In April 2020, Amendment No. 1 was approved and deemed necessary for continued support to provide commercial off-the-shelf computer software licenses; upgrades; software maintenance and subscriptions for computers; distributed systems; IBM mainframe environments; and SaaS for LADWP which added \$85,000,000 and 2 years to the Agreement with SoftwareONE.

This Amendment is proposed to add \$30,000,000 to the Agreement to address a critical lack of funding. The current funding under the Agreement has been exhausted, leaving LADWP unable to meet ongoing obligations for the procurement and maintenance of essential software. This lack of funding jeopardizes critical business operations by risking lapses in software licenses, maintenance agreements, and support services that are vital for ensuring operational continuity, including the timely resolution of technical and security issues through software patches and updates.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 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)(2) states that continuing administrative or maintenance activities, such as an amendment of an existing contract, does not meet that definition. Therefore, this contract amendment is not an action subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment

PROCUREMENT SUMMARY

1.	Recommended Vendor: SoftwareONE, Inc. (SoftwareONE)
2.	Procurement Type: Amendment
3.	Procurement Details: A. Contract Status: Amendment No. 2 (Amendment) B. Bid Advertisement Date: N/A C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: N/A E. Number of Downloads of Solicitation: N/A F. Number of Bids/Proposals Received: N/A G. Protest Received: No
4.	Buyer Assigned: Andrew Castro
5.	Contract Administrator: Cindy Lee
6.	LADWP System/Division: Joint/Information Technology Services
7.	Contact Person for Item: Annie Ramos

*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 Amendment.

B. Evaluation of Amendment

SoftwareONE's markup fee to LADWP is plus 0.8 percent and is determined to be fair and reasonable based upon historical purchases. SoftwareONE has not increased their markup cost to LADWP since the beginning of this Agreement.

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
47586	Software ONE	5 years	4/13/2020	4/12/2025	\$158,995,281
47409	Software ONE	3 years	7/5/2016	7/4/2019	\$48,354,990
47130	CompuCom	3 years	2/12/2013	2/11/2016	\$43,730,000
47936	CompuCom	3 years	5/11/2010	5/10/2013	\$37,260,000
47836	PC Mall Gov., Inc.	3 years	2/20/2007	2/19/2010	\$29,500,000

Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47586	Software Commodities	5 years	4/13/2020	4/12/2025	\$158,995,281

D. Local Business Preference Program (LBPP)

Not applicable to the Amendment.

E. Additional Outreach Efforts Taken

Not applicable to the Amendment.

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 Amendment.