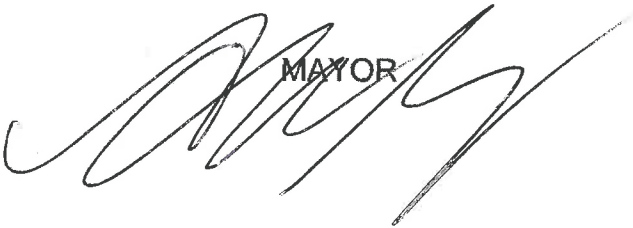


0150-08048-0003

TRANSMITTAL

TO David H. Wright, General Manager	DATE MAR 11 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	
<p>AMENDMENT NO. 8 (CONTRACT - 47553) WITH INTERNATIONAL BUSINESS MACHINES CORPORATION AND THE LOS ANGELES DEPARTMENT OF WATER AND POWER FOR SOFTWARE, LICENSING, SUBSCRIPTION AND SUPPORT SERVICES</p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <p> MAYOR</p> <p>RHL:IR:10190079</p>		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 28, 2019

CAO File No. 0150-08048-0003

Council File No.

Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Water and Power dated January 3, 2019

Subject: **CONTRACT NO. 47553 - AMENDMENT NO. EIGHT BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND INTERNATIONAL BUSINESS MACHINES CORPORATION FOR SOFTWARE LICENSING, FOR SUBSCRIPTION AND SUPPORT SERVICES**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution authorizing the execution of Amendment No. Eight to Contract 47553 with International Business Machines (IBM) Corporation to continue operating IBM software under the current Enterprise License Agreement (ELA) and Enterprise Software and Service Option (ESSO) pricing for new and existing software licenses, maintenance and support services and IBM additional products:
 - a. Extend the contractual term by five additional years retroactively from January 1, 2019 to December 31, 2023; and increase the contract amount by \$27,219,000 million for a total revised amount not to exceed \$79,428,463.91 million;
 - b. Upon proper certification, the Chief Accounting Employee is authorized and directed to draw demands on the Power Revenue Fund, in accordance with the terms of this Amendment.
2. Return the proposed resolution to the Department for further processing, including City Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute an Eighth Amendment to Contract 47553 with IBM to continue the renewal of software monthly licenses, maintenance and support services, and the purchase of additional software licenses and IBM products to support operations. Approval will allow LADWP to continue with current pricing established in the Enterprise License Agreement (ELA) and the Enterprise Software and Service

licenses, maintenance and support services, and the purchase of additional software licenses and IBM products to support operations. Approval will allow LADWP to continue with current pricing established in the Enterprise License Agreement (ELA) and the Enterprise Software and Service Option (ESSO) negotiated in 2012. The current contract will be increased by \$27.219 million and be extended for an additional five years, expiring on December 31, 2023, resulting in a cumulative total term of 17 years.

Pursuant to Charter Section 373, for long term contracts, City Council approval is required as the cumulative term exceeds three years and specifically Los Angeles Administrative Code 10.5 (e) requires City Council approval for LADWP contract amendments involving the same parties with a cumulative term exceeding five years. The City Attorney has approved the proposed Resolution and Amendment as to form and legality.

Contract Background and Proposed Amendment

The original sole source contract approved in 2007, authorized the purchase of software licenses and maintenance support needed to manage LADWP business applications such as Customer Information Systems, Payroll, Billing, and Financial Systems. Seven subsequent amendments for time extensions and / or funding increases have been authorized over the course of twelve years to continue ongoing software support, license purchases, and additional products as outlined in the LADWP report. Approximately, \$52.20 million has been authorized through the Seventh Amendment, and the Department reports that \$51.30 million has been expended to date.

The Sixth Amendment established the ELA in December 2012, which consolidated previous individual contracts for software licensing, subscriptions and support services. The ELA is the base agreement necessary for customers to acquire IBM commercial software and support. Through the ELA, an ESSO was further negotiated between IBM and LADWP to receive significant discounts on maintenance and purchases of additional licenses over a fixed term with a structured payment plan which aligns with existing cash flow needs. Because the current ESSO expires in December 2020, authority is requested to execute an Eight Amendment to continue the existing terms to avoid price increases. Without the ESSO pricing, staff report that costs under a three year term for the requested IBM products and services is estimated at \$35 million. However, assuming ESSO pricing for three years, the costs will not exceed \$15.31 million, resulting in a cost savings of \$19.69 million.

To take advantage of these discounts, the Department has negotiated a five year term through December 2023, estimated at \$27.219 million, which includes a \$2 million contingency for unanticipated purchases. The anticipated average cost per year is \$5.10 million. The cost estimates reflect a fifteen percent price increase each fiscal year, of which at least five percent is a buffer to mitigate some of the risks associated with price estimation over multiple years. Staff have indicated that the cost estimates ensure the availability of sufficient funding to support the migration efforts. The Contingency cost estimates represent funding for future non-mainframe software product purchases relative to asset management, mobile data management and document management applications.

Below is a summary of the proposed costs for monthly license charges, cloud based services and support and mainframe software support:

Fiscal Year	Monthly License Charges for Mainframe Software, Cloud Based Services and Support, and Mainframe Software Support	Contingency for future purchases	Total	Change from prior year	Percent Increase
2018-19	4,037,000	-	4,037,000		
2019-20	4,142,000	500,000	4,642,000	605,000	15%
2020-21	4,839,000	500,000	5,339,000	697,000	15%
2021-22	5,640,000	500,000	6,140,000	801,000	15%
2022-23	6,561,000	500,000	7,061,000	921,000	15%
Total	25,219,000	2,000,000	27,219,000		

Over the next five years, the Department will undertake a new initiative entitled, Enterprise Resource Planning (ERP) which will provide software solutions to modernize business practices and replace legacy IBM mainframe software applications that were developed decades ago and have been difficult to operate and maintain. It is envisioned that existing non-mainframe systems such as Maximo (Asset Management System), Cloud Services and other various applications will continue to be operated by IBM and the mainframe services would be phased out or replaced. The estimated timeline to complete the ERP initiative is at least five years for the planning, procurement and contracting process. The new business functions to be transitioned over include the following modules: financial reporting and services, human resources, payroll and procurement. During this timeframe, it is critical that access to current IBM products and services are secure and accessible.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution impacts the Power Revenue Fund at a cost of \$27.219 million. Funding in subsequent years will be budgeted accordingly to support this work. The proposed action complies with the City Financial Policies in that funding is available for this purpose

RHL:IR:10190079

Attachments



**Los Angeles
Department of
Water & Power**

CUSTOMERS FIRST

Eric Garcetti, Mayor

Board of Commissioners

Mel Levine, President

Cynthia McClain-Hill, Vice President

Jill Banks Barad

Christina E. Noonan

Aura Vasquez

Barbara E. Moschos, Secretary

David H. Wright, General Manager

January 3, 2019

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
Mail Stop 370

Attention: Ms. Mandy Morales, Legislative Coordinator

Dear Mayor Garcetti:

Subject: Amendment No. 8 to Agreement No. 47553-7 with International Business Machines Corporation for Software Licensing, Software Subscription and Support, and Monthly License Charge Software

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of Amendment No. 8 to Agreement No. 47553-7 between the Los Angeles Department of Water and Power and International Business Machines Corporation for Software Licensing, Software Subscription and Support, and Monthly License Charge Software.

It is respectfully requested that your review be completed as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Ms. Winifred J. Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Wright". The signature is fluid and cursive, with a large, sweeping "D" and "W".

David H. Wright
General Manager

LD:imm

Enclosure

c/enc: Ms. Liz Crosson, Office of the Mayor

Dr. Frederick H. Pickel, Office of Public Accountability

Board of Water and Power Commissioners

Ms. Winifred J. Yancy



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

DONNA I. STEVENER
Chief Administrative Officer -
Technology and Security Services

DAVID H. WRIGHT
General Manager

DATE: January 3, 2019

SUBJECT: Amendment No. 8 to Agreement No. 47553-7 with International Business Machines Corporation for Software Licensing, Software Subscription and Support, and Monthly License Charge Software

SUMMARY

The proposed Amendment No. 8 (Amendment) to Agreement No. 47553-7 (Agreement) is to increase the Agreement amount by \$27,219,000 (budgeted) from an amount of \$52,209,463.91 to a new not-to-exceed amount of \$79,428,463.91, and extend the term by five years to a new contract end date of December 31, 2023. Renewing the contract will allow LADWP to continue operating critical International Business Machines Corporation (IBM) software under Enterprise License Agreement (ELA) pricing, to avoid significant price increases on mainframe usage charges, and to purchase new software licenses. All other terms and conditions of the Agreement will remain unchanged.

The proposed Amendment requires City Council approval in accordance with Charter Section 373.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the Amendment to the Agreement for software licenses, subscriptions, and support of the existing software with IBM as required in Charter Section 373.

ALTERNATIVES CONSIDERED

The only possible alternative to the proposed Amendment is to negotiate a new sole source contract with IBM. However, by the time a new contract is negotiated, all software licenses, subscriptions, and support of the existing software will expire.

FINANCIAL INFORMATION

The Amendment will add five years, and increase the Agreement limit by \$27,219,000. The Agreement amount is approved and funded from LADWP's Power and Water Revenue Funds.

	Current Maximum Expenditure	Requested Amendment No. 8	Amended Maximum Expenditure
Agreement No. 47553-7*	\$52,209,463.91		\$79,428,463.91
Amendment No. 8		\$27,219,000	

*Includes all previous amendments.

BACKGROUND

The purpose of the original Agreement, which was approved in April 2007, was to renew software licenses and maintenance support and purchase new software licenses needed to manage various LADWP critical business applications such as the Customer Information Systems, Payroll, Billing, and Financial Systems. The Agreement also consolidated two software license maintenance contracts which were then acquired by IBM. In December 2012, pricing negotiation with IBM resulted in the consolidation of previously separated IBM software contracts into a single ELA administered by the Information Technology Services Division (ITSD). Part of the negotiation was the execution of an Enterprise Software and Services Option (ESSO), which allows LADWP to receive significant discounts on maintenance and purchases of additional licenses with a payment plan structured to meet the existing cash flow requirement. The ELA also established authority for periodic review and revisions to the pricing structure for the software purchased by LADWP under the Agreement, including product upgrades for current and future applications, and Monthly License Charge Software (MLC). Succeeding change orders, amendments, and administrative amendments were approved to adjust the products mix and to include new licenses and software related to data security and the Enterprise Maximo Asset Management System (Maximo), which are both critical to the replacement of LADWP's mainframe systems and system interfaces. While LADWP is in the process of establishing a new Enterprise Resource Planning (ERP) system, it is anticipated that IBM mainframe products will be needed for three to five years after the implementation of the future ERP system. Nonetheless, an effort to review all IBM goods and services to negotiate a new contract by January 2024 with IBM is underway.

Also, on February 20, 2007, Resolution No. 007-147 authorized the execution of the Agreement with IBM for renewal of software maintenance support, purchase of new software licenses for mainframe operating system, software related products, and consolidation of two existing software maintenance contracts with Maintenance, Repair, & Operation (MRO) Software Inc. and FileNet Software which were then acquired by IBM. The Agreement was for one year, with four one-year options, for a total of five years from October 31, 2006 through October 30, 2011, for an amount not-to-exceed \$17,730,128. The Agreement also created an ELA with IBM, which is the premier software acquisition offering from IBM for a multiplatform environment. The ELA provides software licensing, software subscription and support, and monthly license charge software to LADWP.

Additionally, under the Agreement, LADWP can negotiate with IBM directly for Premier Software Licensing for a discounted price. This will provide the following for LADWP; overall savings due to a bundled bottom line value based price payable in installments, simplified billing process, and price protection for the maintenance of existing software. IBM also provides 24/7 support and maintenance for critical mainframe and distributed software to meet LADWP's operating needs and to support future improvements to the current systems. IBM support maintenance guarantees bug fixes, security patches, and access to new versions of the software without having to re-buy the licenses.

LADWP adopted IBM products as the standard for the following software:

- Application testing software tools
- Asset management solutions.
- Content management software
- Document and records management
- Mobile management and security
- Security software
- Unified endpoint management

Other IBM products and applications that are ongoing components of LADWP's computing environment supporting the payroll and financial systems include:

- Account management
- Application infrastructure
- Assistance software
- Business analytics
- Connectivity and application integration
- Database software tools
- Information technology service management
- Mainframe monthly license
- Problem resolution software (web)

The following renewal options, change orders, and administrative amendments have been issued during the life of the Agreement:

		Effective Date	Amount	Description
a)	Contract No. 47553-7 with IBM	October 31, 2006	\$17,730,128	Adopted by the Board; Resolution No. 007-147; one-year term with four one-year renewal options from October 31, 2006 through October 30, 2011, for renewal of software maintenance support, purchases of new software licenses for mainframe operating system software related products, and consolidation of two existing software maintenance contracts.
b)	First-year renewal option	November 1, 2007	\$0	Extend the expiration date through October 31, 2008, to provide mainframe software licenses and continue the software maintenance and support. No additional funding was required.
c)	Change Order No. 1	December 27, 2007	\$0	Price renegotiation of contracted items and FileNet, CMOD, and Monthly License Charge (MLC) Sub-capacity being added to the deliverables. No additional funding was required.
d)	Change Order No. 2	October 1, 2008	\$0	Authorized purchase of new software products under the Agreement that includes Content Management, Security Software, Maximo Asset Management licenses, and the discounted rate of MLC Software programs. No additional funding was required.
e)	Amendment No. 2			Skipped
f)	Amendment No. 3 Second-year renewal option	November 1, 2008	\$0	Extend the expiration date through October 31, 2009, to provide mainframe software licenses and continue the software maintenance and support. No additional funding was required.
g)	Change Order No. 3	June 30, 2009	\$0	Added new Software Implementation Packages for the second phase of the Enterprise Content Management project, including Records Manager and FileNet Capture software, and new licenses for the InfoPrint Transform Software. Software maintenance will continue for the duration of the Agreement. No additional funding was required.
h)	Amendment No. 4 Third-year renewal option	November 1, 2009	\$0	Extend the expiration date through October 31, 2010, to provide mainframe software licenses and continue the software maintenance and support. No additional funding was required.

i)	Amendment No. 5 Fourth-year renewal option	November 1, 2010	\$0	Extend the expiration date through October 31, 2011, to provide mainframe software licenses and continue the software maintenance and support. No additional funding was required.
j)	Amendment No. 6	November 1, 2011	\$19,006,630	<p>Adopted by the Board; Resolution No. 012-108. Extend the Agreement for an additional five years from October 31, 2011 through October 31, 2016, for an amount not to exceed \$36,736,757.53, for Software Licensing, Software Subscription and Support, and IBM MLC Software.</p> <p>An IBM Enterprise Software and Services Option (ESSO) was also established to rework the pricing structure for the software purchased under the Agreement and simplified the billing process. This ESSO has been updated to include new and existing software licenses, quantity, and identify new IBM Software as a Service (SaaS) Offerings.</p>
k)	Amendment No. 7	November 1, 2015	\$15,472,706.38	Adopted by the Board; Resolution No. 016-126. Extend the Agreement for two years and two months from October 31, 2016 through December 31, 2018, for an amount not to exceed \$52,209,463.91, to allow LADWP to continue purchasing IBM software, licenses, subscriptions, and support for existing software.
l)	Amendment No. 8	In process	\$27,219,000.00	Proposed to extend the Agreement for five years from January 1, 2019 through December 31, 2023, for an amount not to exceed \$79,428,463.91, allow LADWP to continue operating IBM software under an ELA pricing, avoid significant price increases on mainframe usage charges, and take advantage of speed, flexibility, and security of adopted critical IBM applications in the Cloud environment.

In November 2017, LADWP conducted another price negotiation with IBM to update the listing and quantity of new and existing software licenses and identify the IBM Software as a Service (SaaS) offerings. Consequently, a Strategic Software Agreement between LADWP and IBM was signed which includes the addition of the following IBM products into the ESSO:

- TeaLeaf SaaS and SaaS Set Up Costs
- Copy Services Manager (CSM)
- 100K Cytometric Bead Array (CBA) Buffer
- Increased Monthly License Charges (MLC)

- Maximo Scheduler through substitution of undeployed Maximo Health Insights and/or Maximo for Utilities Add-On licenses

The three-year costs for the IBM software and services listed in the ESSO, including the additional IBM products referenced above, would normally exceed \$35,000,000 in IBM Government Entitled Pricing; however, under the newly negotiated ESSO, the costs will not exceed \$15,310,372; resulting in approximately \$19,300,000 ESSO savings dollars.

Since the execution of the Agreement, IBM products and services have maintained their usefulness, reliability, and cost-effectiveness in providing critical support on mainframe software, and discounts on maintenance and additional licenses. As mainframe software has become obsolete, transforming LADWP's legacy applications from the mainframe to a distributed environment is critical in the implementation of the future ERP system. As such, LADWP expects to continue with IBM solutions for at least the next five years with proposed additional funding and breakdown as follows (based on the newly negotiated ESSO option):

Fiscal Year (FY)	Monthly License Charge for MF Software* + PPA Distributed Software** & MF Software Support**	Sub Payment Total	Contingency*** for Future Purchases	Payment Total
FY 18-19	\$4,037,000	\$4,037,000	\$-	\$4,037,000
FY 19-20	\$4,142,000	\$4,142,000	\$500,000	\$4,642,000
FY 20-21	\$4,839,000	\$4,839,000	\$500,000	\$5,339,000
FY 21-22	\$5,640,000	\$5,640,000	\$500,000	\$6,140,000
FY 22-23	\$6,561,000	\$6,561,000	\$500,000	\$7,061,000
TOTALS	\$25,219,000	\$25,219,000	\$2,000,000	\$27,219,000

*Includes increases to further Version to Version upgrades

** Shows an Increase of 15% YTY on existing Annual PPA Software Subscription and Support for Installed Products

** Shows an Increase of 15% YTY on existing Annual Mainframe Software Subscription and Support for Installed Products

*** Shows an estimate for Future Software Product Purchases

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report has been requested.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to CEQA Guidelines 15060 (c)(3). In accordance with Section 15060 (c)(3) of the California Environmental Quality Act (CEQA) Guidelines, an activity is not subject to CEQA if it does not meet the definition of a Project. Section 15378 (b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Since the work under this Amendment would provide for continued software

licensing, software subscription support, and monthly license charge software, the proposed action is not subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment

PROCUREMENT SUMMARY

1.	Recommended Vendor(s): International Business Machines Corporation
2.	Procurement Type: Sole Source
3.	Procurement Details: A. Contract Status: Amendment No. 8 (Amendment) to Agreement No. 47553-7 (Agreement) 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: N/A
4.	Buyer Assigned: Ramiro Puhawan
5.	Contract Administrator: Lonnie Drew
6.	LADWP System/Division: Chief Administrative Officer – Technology & Security Services
7.	Contact Person for Item: Alina Cummings

*Note: eRSP requires vendors to express interest either as a prime contractor or subcontractor only in order to download solicitation documents. Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Not applicable to the Amendment.

B. Evaluation of Bid/Proposal/Cooperative Agreement

Not applicable to the Amendment.

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
47553-7 Amendment 7	IBM	2 years and two months	10/31/16	12/31/18	\$52,209,463.91 (Amended)
47553-7 Amendment 6	IBM	5 years	10/31/11	10/30/16	\$36,736,758 (Amended)
47553 7	IBM	1 year plus 4 1-year options	10/31/06	10/30/11	\$17,730,128

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
47553-7	IBM	Mainframe hardware maintenance & integrated software	10/31/06	10/30/16	\$52,209,463.91
47906	IBM	Mainframe hardware maintenance & integrated software	11/1/09	10/31/13	\$1,928,554
01518-4	IBM	Mainframe hardware maintenance & integrated software	02/01/14	01/31/15	\$100,000

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) Subcontracting Participation

There are no subcontracting opportunities under Amendment to Agreement because the services are proprietary and can only be performed by IBM. IBM is the copyright and patent holder of all z/OS operating systems currently installed at LADWP and is the legal entity to grant rights to the use of this software.

Resolution No. _____

WHEREAS, International Business Machines Corporation (IBM) was awarded Agreement No. 47553-7 (Agreement) by the Los Angeles Department of Water and Power's (LADWP) Board of Commissioners (Board) on February 20, 2007, and subsequently approved by the Los Angeles City Council (City Council) on April 11, 2007, for furnishing and delivering software, licensing, software subscription and support, and monthly license charge software; and

WHEREAS, the Board authorized Amendment Nos. 1, 3, 4, and 5 to exercise the four (4) one-year options to the Agreement; and

WHEREAS, Amendment No. 2 to the Agreement was inadvertently skipped; and

WHEREAS, on November 15, 2011, the Board authorized Amendment No. 6 to the Agreement with IBM, and subsequently approved by the City Council on January 4, 2012, to increase the Agreement by \$19,006,629 from \$17,730,128 to \$36,736,757 and extend the term for additional five (5) years from October 31, 2011 through October 31, 2016; and

WHEREAS, the Board adopted Amendment No. 7, pursuant to Resolution No. 016-126 dated December 1, 2015, and subsequently approved by City Council on January 27, 2016, to extend the Agreement for two years and two months from October 31, 2016 through December 31, 2018, for an amount not-to-exceed \$52,209,464, to continue purchasing IBM software, licenses, subscriptions, and for support for existing software; and

WHEREAS, LADWP has determined that, due to ongoing needs to maintain critical legacy applications on the IBM mainframe, it is necessary to increase the Agreement amount by \$27,219,000 from \$52,209,463.91 to \$79,428,463.91; and

WHEREAS, LADWP has determined that it is necessary to increase the Agreement term by another five years from January 1, 2019 through December 31, 2023 which exceeds the time period set by Ordinance, and in accordance with City Charter Section 373, Los Angeles City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that the Amendment to the Agreement, approved as to form and legality by the City Attorney and on file with the Secretary of the Board, is hereby approved.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, 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
MICHAEL N. FEUER, CITY ATTORNEY

NOV 29 2018

BY


DIRK BROEREMA
DEPUTY CITY ATTORNEY

**AMENDMENT NO. 8
TO SOFTWARE LICENSING, SOFTWARE SUBSCRIPTION AND SUPPORT, AND
MONTHLY LICENSE CHARGE SOFTWARE
AGREEMENT NO. 47553-7
BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
INTERNATIONAL BUSINESS MACHINES CORPORATION**

AMENDMENT NO. 8 to Agreement No. 47553-7 is made and entered into by and between the City of Los Angeles, a municipal corporation acting by and through the Los Angeles Department of Water and Power, (hereinafter referred to as the "LADWP") and IBM Corporation (hereinafter referred to as "IBM").

WITNESSETH

WHEREAS, LADWP and IBM entered into an agreement wherein IBM agreed to extend their Software Subscription and Support of IBM Products Agreement (Agreement No. 47553-7) for an additional five (5) years, which together with all Amendments and supplements thereto hereinafter shall be referred to as the Agreement; and

WHEREAS, the Agreement provides for Amendments; and

WHEREAS, LADWP and IBM are desirous of amending the Agreement for the purpose of increasing the total agreement amount by \$27,219,000.00 for a new not-to-exceed limit of \$79,428,463.91 and extending the term of the Agreement to December 31, 2023; and

WHEREAS, the Amendment is necessary and proper to continue or complete certain activities authorized under the Agreement;

NOW, THEREFORE, LADWP and IBM agree that the Agreement be amended as follows:

1. Section 13. TERM AND TERMINATION (Agreement No. 47553-7 page 09 of 59, item a, *Term*, is amended to read as follows:

"Unless terminated earlier, the term of this Agreement ("Term") shall commence upon the Effective Date and shall expire October 31, 2007. Notwithstanding the foregoing, LADWP may extend the Term to a maximum expiration date of December 31, 2023, by utilizing nine (9) one-year renewal options, one (1) two (2) year two (2) month term, and one (1) additional five (5) year term which shall be exercised on the same terms and conditions at the sole option of the Board of Water and Power Commissioners."

2. Section 24. GENERAL (Master Agreement page 19 of 59), item e, *Notices*, contact information is amended to read as follows:

"LOS ANGELES DEPARTMENT OF WATER AND POWER
Admin Services, c/o Contract Administrator
Mr. Lonnie Drew
111 North Hope Street, Room 266
Los Angeles, California 90012-2694"

3. EXHIBIT A of Agreement No. 47553-7 pages 23 through 25, Attachment I Statement of Work of Change Order No. 1, Change Order No. 2, Change Order No. 3, is replaced in its entirety with the attached Exhibit A, dated March 8, 2018.
4. EXHIBIT M Agreement No. 47553-7 is replaced in its entirety with the attached Exhibit M, dated March 8, 2018.
5. Except as herein amended, all other terms and conditions shall remain in full force and effect.
6. This Amendment is executed in three (3) duplicate originals, each of which is deemed to be an original. This Amendment consists of three (3) pages.

IN WITNESS THEREOF, the parties hereto have executed this Amendment No. 8 to Agreement No. 47553-7 on the date indicated.

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

By:

DAVID H. WRIGHT
General Manager

Date:

And:

BARBARA E. MOSCHOS
Board Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL H. FEUER, CITY ATTORNEY

DEC 17 2018

BY

DIRK BROERSMA
DEPUTY CITY ATTORNEY

INTERNATIONAL BUSINESS MACHINES
CORPORATION

By:

Alana Muntz

Date:

January 2, 2019

APPROVED AS TO FORM
Alana Muntz, Client Executive

By:

Date: