

Department of Water and Power



the City of Los Angeles

ANTONIO R. VILLARAIGOSA
Mayor

Commission
THOMAS S. SAYLES, *President*
ERIC HOLOMAN, *Vice President*
RICHARD F. MOSS
CHRISTINA E. NOONAN
JONATHAN PARFREY
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

November 17, 2011

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Amendment No. 6 to Agreement No. 47553-7 with International Business
Machines Corporation

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 012 108, adopted by the Board of Water and Power Commissioners (Board) on November 15, 2011, approved as to form and legality by the City Attorney, which authorizes execution of Amendment No. 6 to Agreement No. 47553-7 for software with International Business Machines Corporation for an increase by \$19,006,629.83 and will extend the term of five years by adding five one-year renewal options. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Director of Local Government and Community Relations, at (213) 367-0025.

Sincerely,

A handwritten signature in blue ink, reading "Barbara E. Moschos".

Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
CAO Report
Amendment No. 6 to Agreement No. 47553-7

Water and Power Conservation ...a way of life

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700
Telephone: (213) 367-4211 Cable address: DEWAPOLA

Recyclable and made from recycled waste.



c/enc: Mayor Antonio Villaraigosa
Councilmember Jan C. Perry, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst, CLA
William R. Koenig, Chief Administrative Analyst
Winifred Yancy

WHEREAS, on October 31, 2006, the Los Angeles Department of Water and Power (LADWP) entered into Agreement No. 47553-7 with International Business Machines (IBM) Corporation for IBM Software Licensing, Software Subscription and Support, and IBM Monthly License Charge (MLC) Software for five (5) years for an amount not to exceed \$17,730,127.70; and

WHEREAS, the LADWP proposes to extend Agreement No. 47553-7 with IBM for an additional period of five (5) years by utilizing five (5) one-year renewal options from October 31, 2011 to October 30, 2016, for \$19,006,629.83 a new amount not-to-exceed amount of \$36,736,757.53 for the cumulative ten (10) years; and

WHEREAS, the term of the original Agreement No. 47553-7 exceeds the total Contract time period set by ordinance and in accordance with City Charter Section 373, City Council approval is required; and

WHEREAS, pursuant to Charter Section 371e(10) the use of competitive bidding is undesirable and impractical because IBM Mainframe software and database technology are proprietary products; and

WHEREAS, it is required that the Board of Water and Power Commissioners approve and ratify Agreement No. 47553-7 to allow payment to IBM for the use of licenses after the contract expired to avoid a lapse in service.

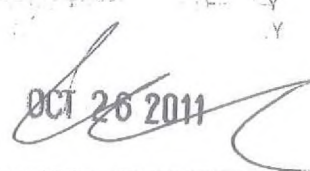
NOW, THEREFORE BE IT RESOLVED that Amendment No. 6 to Agreement No. 47553-7, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, between the LADWP and IBM Corporation, is approved; and

BE IT FURTHER RESOLVED that pursuant to Charter Section 1022, that such services can be performed more feasibly by IBM Corporation than by City employees; and

BE IT FURTHER RESOLVED that the President or Vice President of the Board, 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 be and they are hereby authorized and directed to execute said Amendment No. 6 to Agreement No. 47553-7 for and on behalf of the LADWP upon approval by the Los Angeles City Council pursuant to the City Charter Section 373; and

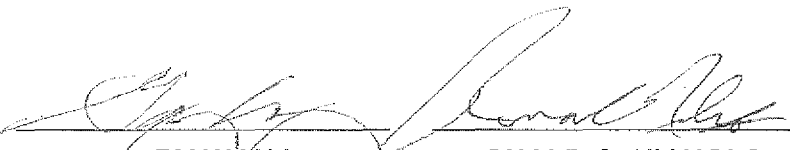
BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund for 70 percent and on the Water Revenue Fund for 30 percent, in payment of the obligations arising under Amendment No. 6 to this Agreement No. 47553-7.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held NOV 15 2011

BY  OCT 26 2011


Secretary

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: October 28, 2011
 GARY WONG Interim Chief Administrative Officer RONALD O. NICHOLS General Manager		SUBJECT: Amendment No. 6 and Ratification to Agreement No. 47553-7 for Software Licensing, Software Subscription and Support, and Monthly License Charge Software Contract With: International Business Machines Corporation Costa Mesa, California
		FOR COMMISSION OFFICE USE: RESOLUTION NO. _____
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 373	

- ☐ New Contract
- ☐ Replacement Contract
- ☒ Amendment to Existing Contract

PURPOSE

The attached Resolution recommends to the Los Angeles City Council approval of Amendment No. 6 (Amendment) and ratification to Agreement No. 47553-7 (Agreement) with International Business Machines Corporation (IBM) for Software Licensing, Software Subscription and Support, and IBM Monthly License Charge (MLC) Software.

COST AND DURATION

The Amendment will increase the amount of the Agreement by \$19,006,629.83; and extend the Agreement from a term of five (5) years to ten (10) years by adding five (5) one-year renewal options. The maximum amount of expenditures under this Agreement will not exceed \$36,736,757.53 for ten (10) years.

BACKGROUND

The Agreement created an Enterprise License Agreement (ELA) with IBM, which is the Premier Software Acquisition Offering from IBM for a multiplatform environment, to provide IBM Software Licensing, Software Subscription and Support, and IBM Monthly License Charge Software to the Los Angeles Department of Water and Power (LADWP). The ELA is managed by the Information Technology Services Division (ITSD) and addresses the IBM software support needs of all organizations at LADWP. IBM products

have been adopted by the LADWP as the standard for account management, asset management solutions, content management, monitoring tools, database software tools, application testing software tools, security software, assistance support software, problem resolution software and mainframe monthly license charge software. These software tools and applications are essential to LADWP operations and productivity. LADWP expects to continue with the IBM solutions for at least the next five (5) years.

Pursuant to Charter Section 371e(10), the use of competitive bidding is undesirable and impractical because IBM Mainframe software and database technology are proprietary products.

Additionally, the Agreement consolidated previously separated contracts into the ELA, which allows for a single contract administered by ITSD. The result is overall savings to LADWP due to a bundled, bottom line, value based contract with a payment plan structured to meet existing cash flow requirements, as well as reductions in administration costs for managing the contract.

The Statement of Work estimated amount is \$19,006,629.83; as shown below:

#	Categories	11/1/11- 10/31/12	11/1/12- 10/31/13	11/1/13- 10/31/14	11/1/14- 10/31/15	11/1/15- 10/31/16	Total
1	Monthly License Charge MF Software	\$1,377,960.00	\$1,413,024.00	\$1,471,368.00	\$857,814.40	\$837,814.04	\$5,957,980.44
2	ELA Subscription and Support on Existing Distributed Software						
2.1	Account Management Software	\$39,517.86	\$41,493.75	\$43,568.44	\$45,746.86	\$48,034.21	\$218,361.12
2.2	Asset Management Software	\$628,961.07	\$660,409.12	\$693,429.58	\$728,101.06	\$764,506.11	\$3,475,406.94
2.3	Content Management Software	\$516,745.39	\$542,582.66	\$569,711.79	\$598,197.38	\$628,107.25	\$2,855,344.48
2.4	Monitoring Software	\$42,780.14	\$44,919.15	\$47,165.10	\$49,523.36	\$51,999.53	\$236,387.28
2.5	Database Software Tools	\$569,978.09	\$598,476.99	\$628,400.84	\$659,820.89	\$692,811.93	\$3,149,488.75
2.6	Application Testing Software Tools	\$27,158.81	\$28,516.75	\$29,942.59	\$31,439.72	\$33,011.70	\$150,069.57
2.7	Security Software	\$70,210.43	\$73,720.95	\$77,407.00	\$81,277.35	\$85,341.22	\$387,956.95
2.8	Assistance Support Software	\$36,058.02	\$37,860.92	\$39,753.97	\$41,741.67	\$43,828.75	\$199,243.32
2.9	Problem Resolution Software	\$28,734.88	\$30,171.62	\$31,680.21	\$33,264.22	\$34,927.43	\$158,778.35
	Subtotal:	\$1,960,144.69	\$2,058,151.92	\$2,161,059.52	\$2,269,112.50	\$2,382,568.12	\$10,831,036.75
3	Mainframe Software Support	\$401,332.00	\$421,398.60	\$442,468.53	\$464,591.96	\$487,821.55	\$2,217,612.64
	Total:	\$3,739,436.69	\$3,892,574.52	\$4,074,896.05	\$3,591,518.85	\$3,708,203.72	\$19,006,629.83

LADWP may elect, as its sole option, to make purchases during the term of this Agreement for the Consideration of Product Upgrades as shown in Exhibit M of the Amendment (see Attachment). However, in no event shall the total amount of all expenditures for this Statement of Work under this Agreement exceed \$19,006,629.83.

The estimated Business as Usual costs for the software listed in this Agreement would normally exceed \$33,000,000; however, under Amendment No. 6, the costs will not exceed \$19,006,629.83. The result is an estimated savings of nearly \$14,000,000.

The request to amend was delayed due to negotiations to reduce the contract to meet the budget reductions and an IBM software licensing compliance audit of the current IBM software being used by the LADWP. The audit was conducted to verify that the number of licenses reflected in the contract is correct. Preliminary results indicate substantial compliance. However, the delay has resulted in the need to ratify the contract to enable the LADWP to pay for the use of licenses after the expiration of the contract.

The City Administrative Officer has reviewed the proposed Amendment No. 6 to Agreement No. 47553-7 and a copy of the report, dated November 3, 2011, is attached for your reference.

M/W/OBE SUBCONTRACTING PARTICIPATION

Due to the proprietary nature of IBM software, upgrades, maintenance, support, new releases and additional copies of software, no subcontracting opportunities exist under this contract. As a sole source provider IBM holds the title and copyright protection for their software and is the only legal entity with authority to grant rights to the use of software to LADWP.

ENVIRONMENTAL DETERMINATION:

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the act of renewing and continuing software maintenance and support is exempt pursuant to the General Exemption described in CEQA Guidelines Sections 15061(b)(3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

RECOMMENDATION

It is requested that your Honorable Board adopt the attached Resolution recommending the Los Angeles City Council's approval of Amendment No. 6 to Agreement No. 47553-7 be executed as authorized in the Resolution.

BL:ks/rp

Attachments

e-c/att: Ronald O. Nichols

Richard M. Brown

Aram Benyamin

James B. McDaniel

Lorraine A. Paskett

Ann M. Santilli

Gary Wong

Anselmo G. Collins

Matthew M. Lampe

Brian K. Lee

RESOLUTION NO. _____

WHEREAS, on October 31, 2006, the Los Angeles Department of Water and Power (LADWP) entered into Agreement No. 47553-7 with International Business Machines (IBM) Corporation for IBM Software Licensing, Software Subscription and Support, and IBM Monthly License Charge (MLC) Software for five (5) years for an amount not to exceed \$17,730,127.70; and

WHEREAS, the LADWP proposes to extend Agreement No. 47553-7 with IBM for an additional period of five (5) years by utilizing five (5) one-year renewal options from October 31, 2011 to October 30, 2016, for \$19,006,629.83 a new amount not-to-exceed amount of \$36,736,757.53 for the cumulative ten (10) years; and

WHEREAS, the term of the original Agreement No. 47553-7 exceeds the total Contract time period set by ordinance and in accordance with City Charter Section 373, City Council approval is required; and

WHEREAS, pursuant to Charter Section 371e(10) the use of competitive bidding is undesirable and impractical because IBM Mainframe software and database technology are proprietary products; and

WHEREAS, it is required that the Board of Water and Power Commissioners approve and ratify Agreement No. 47553-7 to allow payment to IBM for the use of licenses after the contract expired to avoid a lapse in service.


NOW, THEREFORE BE IT RESOLVED that Amendment No. 6 to Agreement No. 47553-7, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, between the LADWP and IBM Corporation, is approved; and

BE IT FURTHER RESOLVED that pursuant to Charter Section 1022, that such services can be performed more feasibly by IBM Corporation than by City employees; and

BE IT FURTHER RESOLVED that the President or Vice President of the Board, 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 be and they are hereby authorized and directed to execute said Amendment No. 6 to Agreement No. 47553-7 for and on behalf of the LADWP upon approval by the Los Angeles City Council pursuant to the City Charter Section 373; and

BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund for 70 percent and on the Water Revenue Fund for 30 percent, in payment of the obligations arising under Amendment No. 6 to this Agreement No. 47553-7.

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

BY 
 OCT 26 2011

Secretary

0150-08048-0001

TRANSMITTAL

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE NOV 7 2011	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT

**AMENDMENT NO. 6 TO AGREEMENT NO. 47553-7 BETWEEN THE
DEPARTMENT OF WATER AND POWER AND INTERNATIONAL BUSINESS
MACHINES CORPORATION**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR

MAS:RPR:10120044t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 03, 2011

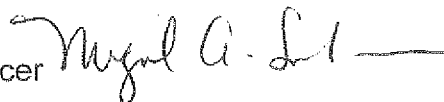
CAO File No. 0150-08048-0001

Council File No.

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated August 24, 2011; referred by the Mayor for report on September 7, 2011

Subject: **Amendment No. 6 to Agreement No. 47553-7 between the Department of Water and Power and International Business Machines Corporation**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution which authorizes Amendment No. 6 to Agreement No. 47553-7 (Agreement) with International Business Machines Corporation (IBM). The term of the current five-year Agreement began on October 31, 2006 and expired on October 31, 2011. Approval of the proposed Amendment extends the term by an additional five years expiring October 31, 2016 and results in a total potential term of 10-years. The proposed term consists of five annual renewal options. Furthermore, approval will increase the expenditure authority from approximately \$17.7 million to \$36.7 million with funding provided from both the Water Revenue Fund and Power Revenue Fund. In accordance with Charter Section 373, Council approval is required because the term exceeds three years. The City Attorney has approved the proposed resolution and Agreement as to form and legality.

BACKGROUND

The Department states that approval of this Agreement, which was initially competitively bid, is necessary to continue the Monthly License Charge and Enterprise License Agreement (ELA) with IBM which provides software licenses, technical support and product upgrades for current and future applications. DWP considers IBM software tools and applications essential to operations in the Water System, Power System, and Information Technology Services group. Specifically, numerous DWP operations rely on the IBM software applications, including the following: Customer Information System which creates the customers' bills and manages the accounts receivables, Asset Management, Budget and Financial Systems, along with the Department's employee payroll system. As proposed, the contract will also consolidate previously separated contracts into the ELA, which reduces the administration costs for DWP to manage the contract.

The current Agreement with IBM was executed in 2006 with expenditure authority up to \$17.7 million. The DWP states that the significant cost components of the proposed amendment consist of approximately \$5.9 million for a Monthly License Charge, \$10.8 million for an ELA subscription and

support for existing software, and \$2.2M for Mainframe Software Support. The table below highlights the estimated costs for the proposed agreement.

Summary of Estimated Costs				
Payment Due Date	Annual Monthly License Charge	ELA Subscription and Support on Existing Software	Subscription and Support on Existing Mainframe Software	Payment Total
Nov. 2011	\$1,377,960	\$1,960,145	\$401,332	\$3,739,437
Nov. 2012	\$1,413,024	\$2,058,152	\$421,399	\$3,892,575
Nov. 2013	\$1,471,368	\$2,161,060	\$442,469	\$4,074,896
Nov. 2014	\$847,814	\$2,269,113	\$464,592	\$3,591,519
Nov. 2015	\$826,776	\$2,382,568	\$487,822	\$3,708,204
TOTALS	\$5,936,942	\$10,831,037	\$2,217,613	\$19,006,630

CONTRACTING COMPLIANCE

The Department made a Charter Section 1022 determination that concluded these services can more feasibly be performed by an outside contractor, IBM Corporation, because DWP neither owns nor can modify the proprietary software. The Department states that the current agreement with IBM, a sole source provider, was executed in October 2006 and that the contractor has performed in an acceptable manner with respect to its obligations for all previous agreements.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution authorizing Amendment No. 6 to Agreement No. 47553-7 with IBM Corporation, for continued software licensing, technical support, and product upgrades for existing and future applications with a total authorized expenditure limit of \$36.7 million and a total term of 10 years expiring October 30, 2016; and,
2. Return the proposed Agreement to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed Agreement with IBM Corporation, will have no impact on the General Fund. All expenditures for this Agreement will be from the Department's Power Revenue Fund and Water Revenue Fund with a cost allocation of 70 percent and 30 percent, respectively. Since the Department of Water and Power is only bound by the City Debt Management Policies, the City Financial Policies are not applicable.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.

MAS:RPR:10120044

Attachment

**AMENDMENT NO. 6
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
IBM CORPORATION**

THIS AMENDMENT NO. 6 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).

WHEREAS, the LADWP and IBM entered into a Agreement wherein IBM agreed to extend their Software Subscription and Support of IBM Products Agreement for an additional five (5) years, by utilizing five (5) one-year renewal options, 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, the LADWP and IBM are desirous of amending the Agreement for the purpose of increasing the total Agreement amount by \$19,006,629.83 for a new not-to-exceed amount of \$36,736,757.53 and extending the term of the Agreement to October 31, 2016; and

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

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

1. Section 13. TERM AND TERMINATION (Agreement No. 47553-7 page 9 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 October 31, 2016 by utilizing nine (9) one-year renewal options 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 (Agreement No. 47553-7 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. Peter Lee
111 North Hope Street, Room 266
Los Angeles, California 90012-2694"

3. EXHIBIT A 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 June 17, 2011.
4. EXHIBIT M Agreement No. 47553-7 is replaced in its entirety with the attached Exhibit M, dated February 8, 2011.
5. Except as herein amended, all other terms and conditions shall remain in full force and effect.
6. This Amendment is executed in one (1) original and one (1) duplicate original, 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. 6 to Agreement No. 47553-7 on the date indicated.

THE CITY OF LOS ANGELES by and through
DEPARTMENT OF WATER AND POWER
By
BOARD OF WATER AND POWER COMMISSIONERS
OF THE CITY OF LOS ANGELES

Dated: _____

By: _____
Ronald O. Nichols
General Manager

And: _____
Barbara E. Moschos
Board Secretary

IBM CORPORATION

By: _____
Sheila Bayati

Dated: Nov 1, 2011

Title: _____
Client Executive

[Signature]
OCT 31 2011



EXHIBIT A STATEMENT OF WORK

1. SOFTWARE

International Business Machines Corporation will provide Software licenses, Maintenance and Support for five (5) years from November 1, 2011 thru October 31, 2016, as set forth in section 20 of this Agreement. Included are current renewals fees, and renewal license fees. The Contractor has continued to provide uninterrupted support and maintenance for the Los Angeles Department of Water and Power ("LADWP" or "Department") critical mainframe and distributed software from October 31, 2006 through the approval date of this Agreement, for which ratification of payment is required.

2. FEES

Included are Annual Software License and Maintenance fees, and International Business Machines Corporation Extended Maintenance and Support Plan for the products listed. The total estimated fees, including contingency allocation, for this Statement of Work are \$19,006,629.83, as detailed in the estimated fee schedule in Exhibit M, dated February 8, 2011. The Fee Summary includes yearly payments from November 1, 2011 thru October 31, 2016. Monthly License Charge (MLC) payments within this total are based on full capacity usage. MLC fees may be less, based upon the Sub-Capacity pricing model described in the IBM documents in Exhibit N, Sub-Capacity Pricing document, Z125-6587-09, page 3, paragraph 6, EWLC Charge section (e) i.1. Products eligible for savings from sub-capacity usage are listed in IBM document Z125-6588-09, included in Exhibit N.

3. SCHEDULE

The items to be purchased under this Statement of Work are defined in the following document: International Business Machines Corporation's Estimated Price Quote and Estimated Payment Schedule in Exhibit M, dated February 8, 2011.

4. ESTIMATED FEE SUMMARY

Estimated payments for years 2011 – 2016 are shown in the payment schedule table in Exhibit M.

5. ESTIMATED MAXIMUM

The Statement of Work estimated amount is \$19,006,629.83. The Department may elect, at its sole option to make purchases during the term of this Agreement for the Consideration of Product Upgrades as shown in Exhibit M. In no event shall the total amount of all expenditures for this Statement of Work under this Agreement exceed \$19,006,629.83.

The Department, however, has no obligation and will incur no liability if purchases are not made of the Software products and Software Maintenance indicated in the Statement of Work.

6. ESTIMATED SAVINGS

The estimated Business as Usual costs for the software listed in this Agreement exceeds \$33,000,000 for the previously established five (5) year time period. Under this contractual arrangement the costs are not to exceed an estimated amount of \$19,006,629.83. This results in an estimated savings amount of nearly \$14,000,000, based upon the cost models specified in Exhibit M.

7. FUTURE PURCHASES DURING CONTRACT PERIOD

Future purchases of IBM Passport Advantage Software not listed in Exhibit M may be purchased via this Agreement at the then current Passport Advantage RSVP level Government Price to replace the out-dated software. The software products represented in Exhibit M are representative of the products that LADWP may acquire under the Agreement. LADWP may, at its option, substitute other software products that are available at the following websites:

International Program License Agreement (IPLA) website –

<http://www-03.ibm.com/servers/eserver/zseries/swprice/zipila/>

Passport Advantage (PPA) website –

<http://www-306.ibm.com/software/howtobuy/passportadvantage>



EXHIBIT M

February 8, 2011

Disclaimer:

This tool is for estimation only. These stated prices are for your information only and subject to change. Applicable taxes are not shown. Licensed Programs are available only under the IBM Customer Agreement, International Program License Agreement, or any equivalent agreement in effect between LADWP and IBM.

Summary of All Estimated Charges:

-Mainframe and Distributed

Payment Due Date	Annual MLC*	ELA Subscription and Support on Existing Distributed Software	Subscription and Support on Existing Mainframe Software	Payment Total
11/01/2011	\$1,377,960.00	\$1,960,144.69	\$401,332.00	\$3,739,436.69
11/01/2012	\$1,413,024.00	\$2,058,151.92**	\$421,398.60***	\$3,892,574.52
11/01/2013	\$1,471,368.00	\$2,161,059.52**	\$442,468.53***	\$4,074,896.05
11/01/2014	\$847,814.40	\$2,269,112.50**	\$464,591.96***	\$3,591,518.85
11/01/2015	\$826,776.00	\$2,382,568.12**	\$487,821.55***	\$3,708,203.72
TOTALS	\$5,936,942.40	\$10,831,036.75	\$2,217,612.64	\$19,006,629.83

*Includes increases to further Version to Version upgrades

** Shows an Increase of 5% YTY on existing Annual PPA Software Subscription and Support for Installed Products

*** Shows an Increase of 5% YTY on existing Annual Mainframe Software Subscription and Support for Installed Products

The software products below are representative of the products that LADWP may acquire under the Agreement. LADWP may at its option substitute other software products that are available at the following websites:
 International Program License Agreement (IPLA) website - <http://www-03.ibm.com/servers/eserver/zseries/swprice/zip/a/>
 Passport Advantage (PPA) website - <http://www-306.ibm.com/software/howtobuy/passportadvantage>

MLC Current Inventory

Customer: LA DWP
Location: Los Angeles, CA
Customer Number: 2893791
Installation Type: Uncoupled

<u>Systems In Report:</u>	<u>System Name</u>
---------------------------	--------------------

1. IBM System z10 Business Class	System01
----------------------------------	----------

<u>Product Number</u>	<u>Product Name</u>
5605DB2	DB2 10 for z/OS
5605DB2	QMF Classic Edition
5625DB2	DB2 UDB for z/OS
5625DB2	QMF Classic Edition
5635A01	IMS V10 Database Manager
5635A01	IMS V10 Extended Term Opt
5635A01	IMS V10 Transaction Manager
5635A02	IMS V11 Database Manager
5635A02	IMS V11 Extended Term Opt
5635A02	IMS V11 Transaction Manager
5655G53	COBOL Alternate Function
5655L82	WebSphere MQ for z/OS V6
5655M32	Compatibility Fonts
5655M32	Enhanced ACIF
5655M32	MVS Download
5655M32	PSF V4 for z/OS
5655R36	WebSphere MQ for z/OS V7
5655S71	COBOL V4
5655S97	CICS TS for z/OS
5665307	Print Management Facility/MVS

5668717	VS Pascal V1 Library
5668723	GDDM IMAGE VIEW UTILITY
5668806	VS FORTRAN Comp/Lib/Debug V2
5668909	OS PL/I Comp, Lib and Test V
5688023	COBOL II Compiler and Library
5688039	IBM C/370 Library Version 1
5688187	IBM C/370 Compiler Version 2
5688188	IBM C/370 Library Version 2
5688190	PPFA/370
5688191	OGL/370
5688197	AD/Cycle COBOL/370 ALT. Off.
5688228	IBM APL2 Version 2
5688235	SAA AD/Cycle PL/I Full Funct
5694A01	z/OS V1 Base
5694A01	z/OS V1 DFSMS dsshsm
5694A01	z/OS V1 DFSORT
5694A01	z/OS V1 GDDM-PGF
5694A01	z/OS V1 GDDM-REXX
5694A01	z/OS V1 HCM
5694A01	z/OS V1 Infoprint Server
5694A01	z/OS V1 RMF
5694A01	z/OS V1 SDSF
5694A01	z/OS V1 Security Server
5695013	IBM Compiler for REXX/370
5695014	IBM Library for REXX/370
5734LM4	OS PL/I Resident Library
5734PL3	OS PL/I Optimizing Comp & Lib
5740CB1	COBOL Compiler/Library V1
5740LM1	COBOL Library V1
5748FO3	Fortran VS Compiler & Librar
5796AWE	PAGE FORMATTING SERVICES 3800
5798CPR	Generalized Perform Analys Rep

Annual Mainframe Software Subscription and Support

			Currently	Newly	Value	Annual	Annual			Annual	
S & S		License	Entitled	Entitled	Units	Price	Charge for	Months		Charge for	
Product ID	Title	Product ID	Units	Units	Order	Value Unit	Value Units	Renewal	S & S Charge	Until Renewal	Entitlement
5608S69	IBM Editor for Messages z/OS	5608C02	23	23	0	75	0	12	0		1725
5655E26	IMS HP Unload S&S	5655E06	23	23	0	100	0	12	0		2300
5655E23	IMS Index Builder S&S	5655E24	23	23	0	108	0	12	0		2484
5655E89	DB2 High Perf Unload S&S	5655I19	23	23	0	203	0	12	0		4669
5655H80	CMOD Library Svr S&S	5655H39	1	1		13500					13500
5655H80	CMOD Object Svr S&S	5655H39	1	1		4500					4500
5655H80	OD Distribution Svr S&S	5655H39	1	1		9750					9750
5655H80	PDF Indexer S&S	5655H39	1	1		1500					1500
5655J09	IBM Workload Simulator S&S	5655I39	52	52	0	150	0	12	0		7800
5655E33	S&S, IMS Recovery Pack	5655I44	23	23	0	243	0	12	0		5589
5655J58	IMS Batch Terminal Sim. S&S	5655J57	23	23	0	166	0	12	0		3818
5655E29	IMS HP Pointer Checker S&S	5655K53	23	23	0	134	0	12	0		3082
5648D68	DB2 Utilities Suite S&S	5655K61	52	52	0	131	0	12	0		6812
5655E20	IMS HP Image Copy S&S	5655K96	23	23	0	134	0	12	0		3082
5655F75	IMS DB Control Suite V3	5655L08	23	23	0	187	0	12	0		4301
5655E13	IMS ETO Support V3	5655L61	23	23	0	116	0	12	0		2668
5655E27	IMS HP Load V2	5655M26	23	23	0	116	0	12	0		2668
5655H93	CICS VSAM Recovery	5655P30	23	23	0	206	0	12	0		4738
5655R08	OMEGAMON XE for DB2 PM	5655Q08	23	23	0	695	0	12	0		15985
5655J19	Debug Tool S&S	5655R45	23	23	0	120	0	12	0		2760
5697G60	File Manager S&S	5655S14	23	23	0	202	0	12	0		4646
5697G59	Fault Analyzer S&S	5655S15	23	23	0	349	0	12	0		8027
5655E86	DB2 Log Analysis Tool	5655T56	23	23	0	372	0	12	0		8556
5655E38	DB2 Automation Tool S&S	5655T59	23	23	0	465	0	12	0		10695
5655V08	Optim Move for DB2 V6 S&S	5655V07	23	23	0	615	0	12	0		14145
5655E84	DB2 Table Editor S&S	5697G65	23	23	0	116	0	12	0		2668
5697I77	CICS VSAM Transparency S&S	5697I76	23	23	0	525	0	12	0		12075
5697I79	CICS Configuration Manager	5697I78	23	23	0	135	0	12	0		3105
5697I95	CICS Batch Application	5697I94	23	23	0	180	0	12	0		4140
5655G77	CICS IA for z/OS V2.1	5697J23	23	23	0	248	0	12	0		5704
5655E40	DB2 Object Compar. Tool V7	5697L40	23	23	0	231	0	12	0		5313
5655E90	DB2 Administration Tool V7	5697L90	23	23	0	465	0	12	0		10695

5655G43	Performance Analyzer		5697N40	23	23	0	135	0	12	0		3105
5697N43	Applic Time Facility z/OS		5697N42	23	23	0	260	0	12	0		5980
5655J98	Session Manager for z/OS S&S		5697N61	23	23	0	375	0	12	0		8625
5697N38	App Performance Analyzer V1		5697N63	52	52	0	240	0	12	0		12480
5697N47	DB2 Recovery Expert S&S		5697N92	23	23	0	494	0	12	0		11362
5698S62	Tivoli Allocation Optimizer		5698A30	23	23	0	255	0	12	0		5865
5608S83	IBM Tiv OMEGAMON XE WebSp BI		5698A57	23	23	0	525	0	12	0		12075
5608S74	IBM Tivoli OMEGAMON XE CICS		5698A58	23	23	0	300	0	12	0		6900
5608S81	IBM Tivoli OMEGAMON XE z/OS		5698A59	23	23	0	600	0	12	0		13800
5698S88	IBM Tiv Lic Compl Mgr z/OS		5698A80	23	23	0	400	0	12	0		9200
5698S89	ISPF Productivity Tool		5698A81	23	23	0	450	0	12	0		10350
5698S37	IBM Tivoli Bus Sys Mgr z/OS		5698A99	10	10	0	8220	0	12	0		82200
5698R06	TDS-Base Usage Feature S&S		5698B06	10	10	0	900	0	12	0		9000
5741SNS	z/VM Subscription & Support		5741A05	30	30	0	563	0	12	0		16890
TOTALS:								0		0		401332

Annual PPA Software Subscription and Support

Part #	Description	Qty	S&S Start	S&S End	Estimated Extended Price (ELA Price Level)
E02K4LL	IBM DB2 Connect Enterprise Edition 25 Concurrent Users Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$1,486.65
E1AR9LL	IBM DB2 Connect Unlimited Edition Host Server Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$9,933.53
E1AQSL	IBM DB2 Connect Unlimited Edition Millions of Service Units per Hour Annual SW Subscription & Support Renewal	47	11/01/2011	10/31/2012	\$1,064.16
E04ZQL	IBM FileNet Capture OCR-to-PDF Client Device Annual SW Subscription & Support Renewal	6	11/01/2011	10/31/2012	\$3,547.93
E04ZOLL	IBM FileNet Capture Professional - High Volume Edition Client Device Annual SW Subscription & Support Renewal	6	11/01/2011	10/31/2012	\$25,381.17
E04YYLL	IBM FileNet Capture Professional - Low Volume Edition Client Device Annual SW Subscription & Support Renewal	4	11/01/2011	10/31/2012	\$4,731.84
E04ZKLL	IBM FileNet Capture Professional - Medium Volume Edition Client Device Annual SW Subscription & Support Renewal	8	11/01/2011	10/31/2012	\$21,624.00
E04YZLL	IBM FileNet Capture Professional-Inbound Link Client Device Annual SW Subscription & Support Renewal	7	11/01/2011	10/31/2012	\$3,547.69
E04ZNLL	IBM FileNet Capture Toolkit Client Device Annual SW Subscription & Support Renewal	3	11/01/2011	10/31/2012	\$2,535.26
E04ZEIL	IBM FileNet Capture-Advanced Doc Processing Client Device Annual SW Subscription & Support Renewal	6	11/01/2011	10/31/2012	\$4,054.50
E04ZSLL	IBM FileNet Capture-Documents Processing Client Device Annual SW Subscription & Support Renewal	6	11/01/2011	10/31/2012	\$1,524.49
E04ZALL	IBM FileNet Capture ADR Non-Prod Install Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$2,623.50

E04ZILL	IBM FileNet Capture ADR-Classification & Separation PPM Resource Value Unit Annual SW Subscription & Support Renewal	6,000	11/01/2011	10/31/2012	\$4,054.50
E053VLL	IBM FileNet Capture ADR-Document Review Authorized User Annual SW Subscription & Support Renewal	12	11/01/2011	10/31/2012	\$9,196.56
E04ZFLL	IBM FileNet Capture ADR-Fixed & Free Form PPM Resource Value Unit Annual SW Subscription & Support Renewal	6,000	11/01/2011	10/31/2012	\$20,034.00
E04ZHLL	IBM FileNet Capture ADR-Statistics & Reporting PPM Resource Value Unit Annual SW Subscription & Support Renewal	6,000	11/01/2011	10/31/2012	\$954.00
E04ZBLL	IBM FileNet Capture Advanced Document Recognition-Completion Authorized User Annual SW Subscription & Support Renewal	12	11/01/2011	10/31/2012	\$6,277.32
E0503LL	IBM FileNet Content Manager External User Value Unit Annual SW Subscription & Support Renewal	546,250	11/01/2011	10/31/2012	\$222,345.60
E052MLL	IBM FileNet Print Printer Annual SW Subscription & Support Renewal	2	11/01/2011	10/31/2012	\$1,351.50
E054TLL	IBM FileNet System Monitor Core Server Annual SW Subscription & Support Renewal	10	11/01/2011	10/31/2012	\$50,681.25
E0566LL	IBM FileNet System Monitor Non Core Server Annual SW Subscription & Support Renewal	10	11/01/2011	10/31/2012	\$33,787.50
E053CLL	IBM FileNet eForms Designer Client Device Annual SW Subscription & Support Renewal	4	11/01/2011	10/31/2012	\$3,380.34
E04V8LL	IBM Tivoli Composite Application Manager For Applications 3 Agent Pack Processor Value Unit (PVU) Annual SW Subscription & Support Renewal	1,800	11/01/2011	10/31/2012	\$7,913.43
E04KJLL	IBM Tivoli Composite Application Manager for Transactions for Web and Robotic Response and Tracking Processor Value Unit (PVU) Annual SW Subscription & Support Renewal	800	11/01/2011	10/31/2012	\$8,516.04
E051TLL	IBM InfoSphere Enterprise Records Authorized User Value Unit SW Subscription & Support Renewal	6,600	11/01/2011	10/31/2012	\$557,493.75

E04PDLL	IBM Maximo Asset Management Authorized User Annual SW Subscription & Support Renewal	2,080	11/01/2011	10/31/2012	\$628,285.32
E046DLL	IBM Rational AppScan Standard Edition Floating User Annual SW Subscription & Support Renewal	10	11/01/2011	10/31/2012	\$43,923.75
E047ELL	IBM Rational Policy Tester Accessibility Edition Resource Value Unit Annual SW Subscription & Support Renewal	42	11/01/2011	10/31/2012	\$9,933.53
E0137LL	IBM Rational RequisitePro Floating User Annual SW Subscription & Support Renewal	2	11/01/2011	10/31/2012	\$1,243.38
E051MLL	IBM FileNet Rendition Engine Server Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$1,987.50
E04IVLL	IBM Not Applicable Security Information and Event Manager for Applications and Databases for System z (w/TSOM) Resource Value Unit Annual SW Subscription & Support Renewal	18	11/01/2011	10/31/2012	\$7,906.28
E04IILL	IBM Security Information and Event Manager Management Modules for System z (w/TSOM) Resource Value Unit Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$2,703.00
E04IQLL	IBM Security Information and Event Manager for Network Nodes for System z (w/TSOM) Resource Value Unit Annual SW Subscription & Support Renewal	40	11/01/2011	10/31/2012	\$2,162.40
E04IRLL	IBM Security Information and Event Manager for Network Security Devices (w/TSOM) Resource Value Unit Annual SW Maintenance Renewal	20	11/01/2011	10/31/2012	\$2,027.25
E04ITLL	IBM Security Information and Event Manager for z/OS Events for System z (w/TSOM) Resource Value Unit Annual SW Subscription & Support Renewal	4	11/01/2011	10/31/2012	\$2,703.00
E04IALL	IBM Tivoli Security Information and Event Manager Install for System z (w/TSOM) Resource Value Unit Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$8,784.75
E03TVLL	IBM Tivoli Business Service Manager Install Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$8,109.00

E05BKLL	IBM Tivoli Business Service Manager Tier 1 Resource Value Unit Annual SW Subscription & Support Renewal	102	11/01/2011	10/31/2012	\$2,757.06
E03TXLL	IBM Tivoli Business Service Manager Tier 2 Resource Value Unit Annual SW Maintenance Renewal	1	11/01/2011	10/31/2012	\$1,756.95
E0465LL	IBM Tivoli Change Management Concurrent User Annual SW Subscription & Support Renewal	10	11/01/2011	10/31/2012	\$3,548.09
E02HWLL	IBM Tivoli Change and Configuration Management Database Install Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$11,285.03
E02HXLL	IBM Tivoli Change and Configuration Management Database Resource Value Unit Annual SW Subscription & Support Renewal	340	11/01/2011	10/31/2012	\$1,148.78
E0332LL	IBM Tivoli Change and Configuration Management Database for zOS Data Resource Value Unit Annual SW Subscription & Support Renewal	940	11/01/2011	10/31/2012	\$3,176.03
E04L0LL	IBM Tivoli Monitoring for Microsoft Applications Advanced 10 Processor Value Units (PVUs) Annual SW Subscription & Support Renewal	480	11/01/2011	10/31/2012	\$5,449.25
E03S4LL	IBM Tivoli Netcool/OMNibus Gateway Tier 1 3rd Party per Connection Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$3,405.78
E03S5LL	IBM Tivoli Netcool/OMNibus Gateway Tier 1 per Connection Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$3,405.78
E03S3LL	IBM Tivoli Netcool/OMNibus Gateway Tier 2 per Application Instance Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$6,743.99
E026LLL	IBM Tivoli Netview 10 Processor Value Units (PVUs) Annual SW Subscription & Support Renewal	20	11/01/2011	10/31/2012	\$300.67
E00APLL	IBM Tivoli Netview Network Node Annual SW Subscription & Support Renewal	1,000	11/01/2011	10/31/2012	\$747.30
E03S7LL	IBM Tivoli Network Manager IP Edition Base per Install Annual SW Subscription & Support Renewal	1	11/01/2011	10/31/2012	\$8,514.45

E03S8LL	IBM Tivoli Network Manager IP Edition Tier 1 per Resource Value Unit Annual SW Subscription & Support Renewal	704	11/01/2011	10/31/2012	\$11,036.89
E03ZILL	IBM Tivoli Service Request Manager Authorized User Annual SW Subscription & Support Renewal	60	11/01/2011	10/31/2012	\$22,299.75
E0482LL	IBM Tivoli Usage and Accounting Manager Server Annual SW Subscription & Support Renewal	2	11/01/2011	10/31/2012	\$38,382.60
E042DLL	IBM Tivoli Usage and Accounting Enterprise Collector Pack 10 Processor Value Units (PVUs) Annual SW Subscription & Support Renewal	200	11/01/2011	10/31/2012	\$1,135.26
E042FLL	IBM Tivoli Usage and Accounting Manager 10 Processor Value Units (PVUs) Annual SW Subscription & Support Renewal	400	11/01/2011	10/31/2012	\$1,135.26
E02HKLL	IBM WebSphere Application Server Express Processor Value Unit (PVU) Annual SW Subscription & Support Renewal	300	11/01/2011	10/31/2012	\$932.54
E01B2LL	IBM WebSphere Business Modeler Basic User Annual SW S&S Renewal	1	11/01/2011	10/31/2012	\$182.45
E0256LL	IBM WebSphere MQ Processor Value Unit (PVU) Annual SW Subscription & Support Renewal	1,200	11/01/2011	10/31/2012	\$11,190.48
E066NLL	IBM Content Manager OnDemand Authorized User Value Unit Annual SW Subscription & Support Renewal	915	11/01/2011	10/31/2012	\$79,745.09
E026GLL	IBM Lotus Web Content Management Processor Value Unit (PVU) Annual SW Maintenance Renewal	200	11/01/2011	10/31/2012	\$13,379.85
E04STLL	IBM Maximo Linear Asset Manager Authorized User Annual SW Subscription & Support Renewal	10	11/01/2011	10/31/2012	\$675.75
			Annual Total		\$1,960,144.69