

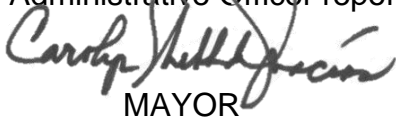
0150-08048-0004

**TRANSMITTAL**

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE  6/18/2024	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT ALL	

**PROPOSED RESOLUTION AUTHORIZING THE EXECUTION OF AMENDMENT NO. 9 TO  
LOS ANGELES DEPARTMENT OF WATER AND POWER CONTRACT NO. 47553-7 WITH  
INTERNATIONAL BUSINESS MACHINES CORPORATION FOR SOFTWARE LICENSING,  
SOFTWARE SUBSCRIPTION AND SUPPORT, AND MONTHLY LICENSE  
CHARGE SOFTWARE**

Transmitted for further processing and Council consideration.  
See the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

## REPORT FROM

# OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: October 17, 2023

CAO File No. 0150-08048-0004

Council File No.

Council District: All

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated July 21, 2023; referred by the Mayor for report on July 26, 2023

Subject: **PROPOSED RESOLUTION AUTHORIZING THE EXECUTION OF AMENDMENT NO. 9 TO LOS ANGELES DEPARTMENT OF WATER AND POWER CONTRACT NO. 47553-7 WITH INTERNATIONAL BUSINESS MACHINES CORPORATION FOR SOFTWARE LICENSING, SOFTWARE SUBSCRIPTION AND SUPPORT, AND MONTHLY LICENSE CHARGE SOFTWARE**

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## RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles Department of Water and Power's (LADWP) proposed Resolution authorizing Amendment No. 9 to Agreement No. 47553-7 with International Business Machines Corporation to extend the term of the agreement for an additional five years to January 1, 2024 through December 31, 2028, for a total term of 22 years and two months, increase the not-to-exceed contract amount by \$40,284,247 from \$79,428,464 to \$119,712,711 for software licensing, software subscription and support, and monthly license charge software;
2. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Power Revenue Fund over the term of the agreement incurred by such agreement; and,
3. Return the proposed Resolution to LADWP for further processing, including Council consideration.

## SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a ninth amendment to Agreement No. 47553-7 (Amendment No. 9) with International Business Machines Corporation (IBM) for software licensing, software subscription and support, and monthly license charge software. Approval of Amendment No. 9 will extend the term for Contract No. 47553-7 an additional five years from January 1, 2024 through December 31, 2028, for a total term of 22 years and two months and increase the overall contract amount by \$40,284,247 from the current not-to-

exceed amount of \$79,428,464 to \$119,721,711. All other terms and conditions of the contract remain unchanged.

Amendment No. 9 will allow LADWP to continue to purchase and renew software licenses the department needs to manage various critical business applications such as Customer Information System, payroll, billing, and financial systems. It should be noted that while LADWP is in the process of establishing a new Enterprise Resource Planning (ERP) system to replace some of the services currently performed by IBM, the department anticipates that IBM mainframe products and support will still be needed for three to five years after the implementation of its future ERP system.

In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), Amendment No. 9 requires City Council approval because the total term of the agreement is greater than five years. This Office has reviewed the request and recommends approval.

## **BACKGROUND**

On July 26, 2023, the LADWP submitted a proposed Los Angeles Board of Water and Power Commissioners (Board) Resolution to the Mayor's Office requesting approval of Amendment No. 9 with IBM for software licensing, software subscription and support, and monthly license charge software. LADWP reports that it is essential that Amendment No. 9 be approved so that LADWP can purchase and renew software licenses needed to manage various critical business applications such as Customer Information System, payroll, billing, and financial systems.

*Original Agreement* – On February 20, 2007, and through Resolution No. 007 147, the Board authorized the execution of Agreement No. 47553-7 to IBM for a not-to-exceed amount of \$17,730,128 for one year with four one-year extension options, for a total possible term of five years retroactive to October 31, 2006 through October 30, 2011. Council approval of the agreement was provided on April 11, 2007 (C.F. 07-0690).

*Original Agreement Scope* – The agreement provided for renewal of software maintenance support, purchase of new software license for mainframe operating systems, software related products, and the consolidation of two existing software maintenance contracts. The software maintenance contracts were with: 1) Maintenance, Repair, & Operation Software, Inc. and 2) FileNet Software which were then acquired by IBM.

The agreement also created an Enterprise License Agreement (ELA) with IBM, which is the premier software acquisition offering from IBM for a multi-platform environment. The ELA provides software licensing, software subscription and support, and monthly license charge software to LADWP. In addition, the agreement allowed LADWP to negotiate with IBM directly for premier software licensing at a discounted price and provide LADWP with overall savings due to: 1) bundled, bottom-line, value-based contract payable in installments; 2) a simplified billing process; and 3) price protection for the maintenance of existing software.

*Support / Software and Applications* - 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. Additionally, IBM provides maintenance guarantees, bug fixes, security patches, and access to new versions of the software without having to rebuy 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

*Amendment Nos. 1-8* – Amendment Nos. 1-8 were approved over the span of approximately 12 years. The amendments extended the term a total of 12 years and two months to the current expiration of December 31, 2023 and increased the overall contract amount by \$61,689,336 from the original not-to-exceed amount of \$17,730,128 to the current not-to-exceed amount of \$79,428,464. Amendment No. 6, in addition to the term extensions and increased funding, also established an IBM Enterprise Software and Services Option (ESSO) to rework the pricing structure for the software purchased under the agreement and simplify the billing process. The ESSO had been updated to include new and existing software license, quantity, and identify new IBM Software as a Service offerings.

The various renewal options, administrative amendments, and actions that have occurred during the life of the agreement through the pending Amendment No. 9 are detailed in Attachment 1, Pages 4-5, of LADWP's report and summarized in the table below:

**Table 1: IBM Contract 47553 Amendments 1 through 9**

<b>Amendment No.</b>	<b>Initial / Proposed Amount</b>	<b>Amended Contract Amount</b>	<b>Total Contract Term</b>	<b>Notes</b>
Original Contract Base Year	\$17,730,128	\$17,730,128	10/31/2006 to 10/30/2007	Apr 11, 2007. (C.F. 07-0690) Agreement 47553-7 approved for one year with four one-year extension Options.
Amend No. 1			10/31/2006 to 10/30/2008	Exercises first one-year extension Option; no new scope
<i>Amend No. 2</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>No Amendment on record. Inadvertently skipped</i>
Amend No. 3			10/31/2006 to 10/30/2009	Exercised second one-year extension Option; no new scope
Amend No. 4			10/31/2006 to 10/31/2010	Exercised third one-year extension Option; no new scope
Amend No. 5			10/31/2006 to 10/31/2011	Exercised fourth and final one-year extension Option; no new scope
Amend No. 6	\$19,006,630	\$36,736,758	10/31/2006 to 10/31/2016	Nov 14, 2011. (C.F. 11-1943) Increased funding, extended the term by five years, established ESSO
Amend No. 7	\$15,472,706	\$52,209,464	10/31/2006 to 12/31/2018	Dec 1, 2015. (C.F. 11-1943) Increased funding and extended the term by 26 months
Amend No. 8	\$27,219,000	\$79,428,464	10/31/2006 to 12/31/2023	Apr 2, 2019. (C.F. 11-1943) Increased funding and extended the term by five years
<i>Amend No. 9</i>	<i>\$40,284,247</i>	<i>\$119,721,711</i>	<i>10/31/2006 to 12/31/2028</i>	<i>Proposed increased funding and five year term extension. Requires Council approval</i>

*Proposed Amendment No. 9* – This Amendment would increase the not-to-exceed contract amount by \$40,284,247 to \$119,721,711 from \$79,428,464. The term would also be increased by an additional five years through December 31, 2028 for a new total term of 22 years and two months. Extending the term and the additional funds will allow LADWP to continue operating IBM software under 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. LADWP reports IBM products and services have maintained their usefulness, reliability, and cost-effectiveness in providing critical support to mainframe software and discounts on maintenance and additional licenses.

Table 2 below reflects the \$40,284,247 in estimated annual projected costs for Amendment No. 9, for the various mainframe software license charges and software support, and non-mainframe

license/subscription charges. The estimate also includes annual *future purchases* contingency of \$1,500,000:

<b>Table 2: Estimated Annual Cost and Contingency Proposed Amendment No. 9</b>			
	Mainframe Software Monthly License Charge/Software Support and Non-Mainframe Software Annual License/Subscription Charge	Contingency for Future Purchases	Total
Year 1	\$5,369,977	\$1,500,000	\$6,869,977
Year 2	\$5,906,975	\$1,500,000	\$7,406,975
Year 3	\$6,497,672	\$1,500,000	\$7,997,672
Year 4	\$7,147,440	\$1,500,000	\$8,647,440
Year 5	\$7,862,183	\$1,500,000	\$9,362,183
<b>Totals</b>	<b>\$32,784,247</b>	<b>\$7,500,000</b>	<b>\$40,284,247</b>

*Alternatives Considered* – There are currently no alternatives to Amendment No. 9. IBM is the copyright and patent holder of all operating system currently installed at LADWP and is the legal entity to grant rights to the use of this software. All software license, subscriptions, and support for the existing software will expire without Amendment No. 9. LADWP reports that IBM has performed satisfactorily under this agreement.

## **CITY COMPLIANCE**

*California Environmental Quality Act (CEQA)* – The LADWP has determined, subject to Board approval, that the item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not a project. Section 15378(b)(5) states organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment does not meet the definition of a project.

The City Attorney has approved the proposed amendment as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the amendment requires City Council approval because the total term of the agreement is greater than five years. Our Office has reviewed the request and recommends approval.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. Approval of the proposed Amendment No. 9 increases the not-to-exceed amount by \$40,284,247, from \$79,428,464 to \$119,712,711 and is funded by LADWP's Power Revenue Funds.

MWS/PJH/JVW:CMM:10240051

Attachments - LADWP July 21, 2023 Report; July 20, 2023 Board Correspondence, Resolution, and Amendment

May 24, 2024

The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall  
STOP: 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

Subject: Amendment No. 9 to Agreement No. 47553-7 with IBM 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. 9 to Agreement No. 47553-7 between the Los Angeles Department of Water and Power and IBM Corporation.

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 Mr. Paul Habib, Interim Director of Legislative and Intergovernmental Affairs at (213) 367-0751 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

Janisse Quiñones  
Chief Executive Officer and Chief Engineer

Enclosures

c/enc: Mr. Luis Gutierrez, Office of the Mayor  
Dr. Frederick H. Pickel, Office of Public Accountability  
Board of Water and Power Commissioners  
Mr. Paul Habib



BUILDING A STRONGER L.A.

Karen Bass, Mayor

Board of Commissioners  
Cynthia McClain-Hill, President  
Nicole Neeman Brady, Vice President

Nurit Katz

Mia Lehrer

George S. McGraw

Chante L. Mitchell, Secretary

Martin L. Adams, General Manager and Chief Engineer

July 21, 2023

The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall  
STOP: 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

Subject: Amendment No. 9 to Agreement No. 47553-7 with IBM 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. 9 to Agreement No. 47553-7 between the Los Angeles Department of Water and Power and IBM Corporation.

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 Mr. Matthew A. Hale, Director of Legislative and Intergovernmental Affairs at (213) 367-0751 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

Martin L. Adams  
General Manager and Chief Engineer

MC:cr

Enclosure (s)

c/enc: Mr. Luis Gutierrez, Office of the Mayor  
Dr. Frederick H. Pickel, Office of Public Accountability  
Board of Water and Power Commissioners  
Mr. Matthew A. Hale





RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

*Mona T. Guirguis*

**MONA T. GUIRGUIS**  
Interim Chief Information Technology Officer

A blue ink signature of Aram Benyamini is written over a horizontal line.

**ARAM BENYAMIN**  
Chief Operating Officer

**MARTIN L. ADAMS**  
General Manager and Chief Engineer

**DATE:** July 20, 2023

**SUBJECT:** Amendment No. 9 to Agreement No. 47553-7 with IBM Corporation for Software Licensing, Software Subscription and Support, and Monthly License Charge Software

**SUMMARY**

The proposed Amendment No. 9 (Amendment) to Agreement No. 47553-7 (Agreement) with IBM Corporation (IBM) is to extend the Agreement term by five years to December 31, 2028, and increase the Agreement amount by \$40,284,247 from \$79,428,464 to a new not-to-exceed amount of \$119,712,711. All other terms and conditions of the Agreement will remain unchanged.

The Amendment will allow LADWP to continue to purchase and renew software licenses needed to manage various critical business applications such as Customer Information System, payroll, billing, and financial systems. While LADWP is in the process of establishing a new Enterprise Resource Planning (ERP) system, it is anticipated that IBM mainframe products will still be needed for three to five years after the implementation of the future ERP system.

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

## **RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the Amendment to the Agreement with IBM as required in Charter Section 373.

## **ALTERNATIVES CONSIDERED**

There are no feasible alternatives at this time. 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. Without this Amendment, all software licenses, subscriptions, and support of the existing software will expire.

Amending the Agreement with IBM ensures LADWP will be able to continue to manage various critical business applications supported by IBM.

## **FINANCIAL INFORMATION**

The Amendment will add five years and increase the Agreement amount by \$40,284,247. The Agreement amount is approved and funded by LADWP's Power and Water Revenue Funds.

<b>Agreement/Amendment</b>	<b>Current Maximum Expenditure</b>	<b>Proposed Amendment No. 9</b>	<b>Amended Maximum Expenditure</b>
Agreement Base Year – (1 year + 4 renewal options)	\$17,730,128	-	\$17,730,128
Amendment No. 2*	-	-	-
Amendment No. 3 (exercised 2 <sup>nd</sup> year renewal option)	-	-	-
Amendment No. 4 (exercised 3 <sup>rd</sup> year renewal option)	-	-	-
Amendment No. 5 (exercised 4 <sup>th</sup> renewal option)	-	-	-
Amendment No. 6 – (extend contract for additional 5 years)	\$19,006,630	-	\$36,736,758
Amendment No. 7 – (extend contract for another 5 years)	\$15,472,706	-	\$52,209,464
Amendment No. 8 – (extend contract for another 5 years)	\$27,219,000	-	\$79,428,464
Proposed Amendment No. 9 – (extend contract another 5 years)		\$40,284,247	

<b>Agreement Total:</b>	<b>\$79,428,464</b>	<b>\$40,284,247</b>	<b>\$119,712,711</b>
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\*Inadvertently skipped

## **BACKGROUND**

On February 20, 2007, Resolution No. 007 147 authorized the execution of Agreement No. 47553-7 with IBM for renewal of software maintenance support, purchase of new software licenses for mainframe operating systems, software related products, consolidation of two existing software maintenance contracts with Maintenance, Repair, & Operation 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 a not-to-exceed amount of \$17,730,128. The Agreement also created an Enterprise License Agreement (ELA) with IBM, which is the premier software acquisition offering from IBM for a multi-platform 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 at a discounted price. This provides LADWP with overall savings due to a bundled, bottom line, value-based contract payable in installments; a 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 supports maintenance guarantees, bug fixes, security patches, and access to new versions of the software without having to rebuy 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

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

On October 31, 2006, LADWP established Agreement No. 47553 with IBM under Resolution No. 007 147 for a 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.

On November 1, 2007, Amendment No. 1 was processed to exercise the Agreement's first year renewal option to purchase mainframe software licenses and continue the software maintenance and support. No additional funding was required.

On December 27, 2007, Change Order No. 1 was processed to extend the expiration date through October 31, 2008, purchase mainframe software licenses, and continue software maintenance and support. No additional funding was required.

On October 1, 2008, Change Order No. 2 was processed to authorize purchase of new software products under the Agreement that included Content Management, Security Software, Maximo Asset Management licenses, and the discounted rate of monthly license charges software programs. No additional funding was required.

On November 1, 2008, Amendment No. 3 was processed to exercise the Agreement's second-year option extending the Agreement date through October 31, 2009, to continue to provide mainframe software licenses and software maintenance and support. No additional funding was required.

On June 30, 2009, Change Order No. 3 was processed to add 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. No additional funding was required.

On November 1, 2009, Amendment No. 4 was processed to exercise the Agreement's third-year option extending the expiration date through October 31, 2010, to purchase mainframe software licenses and continue software maintenance and support. No additional funding was required.

On November 1, 2010, Amendment No. 5 was processed to exercise the Agreement's fourth-year renewal option extending the expiration date through October 31, 2011, for the purchase of mainframe software licenses and continued software maintenance and support. No additional funding was required.

On November 1, 2011, Amendment No. 6 was processed with IBM under Resolution No. 012 108 to extend the Agreement for an additional five years from October 31, 2011

through October 31, 2016, for an amount not-to-exceed \$36,736,758, for software licensing, software subscription and support, and IBM MLC software.

An IBM Enterprise Software and Services Option (ESSO) was also established to rework the pricing structure for the software purchased under the Agreement and simplify the billing process. The ESSO had been updated to include new and existing software licenses, quantity, and identify new IBM Software as a Service (SaaS) offerings.

On November 1, 2015, Amendment No. 7 was adopted by the Board under Resolution No. 016 126 to extend the Agreement by two years and two months from October 31, 2016 through December 31, 2018, with an amount not to exceed \$52,209,464, to allow LADWP to continue purchasing IBM software, licenses, subscriptions, and support for existing software.

On April 2, 2019, Amendment No. 8 was adopted by the Board under Resolution No. 019 167 to extend the Agreement term by five years from January 1, 2019 through December 31, 2023, and add funding for an amount not-to-exceed \$79,428,464, allowing LADWP to continue operating IBM software under 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.

Amendment No. 9 will allow LADWP to continue operating IBM software under ELA pricing, avoiding significant price increases on mainframe usage charges, and taking advantage of speed, flexibility, and security of adopted critical IBM applications in the Cloud environment.

Since the execution of the Agreement, IBM products and services have maintained their usefulness, reliability, and cost-effectiveness in providing critical support to mainframe software and discounts on maintenance and additional licenses. As software has become obsolete, transforming LADWP's legacy applications from 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):

A	B	C	D*
Payment Schedule	Monthly License Charge for MF Software + PPA Distributed Software & MF Software Support	Contingency for Future Purchases	Total
01/01/2024	\$5,369,977	\$1,500,000	\$6,869,977
12/31/2025	\$5,906,975	\$1,500,000	\$7,406,975
12/31/2026	\$6,497,672	\$1,500,000	\$7,997,672
12/31/2027	\$7,147,440	\$1,500,000	\$8,647,440
12/31/2028	\$7,862,184	\$1,500,000	\$9,362,184
<b>Totals:</b>	<b>\$32,784,248</b>	<b>\$7,500,000</b>	<b>\$40,284,248</b>

\*Includes NTE Total Pricing. Note, the amounts in column B and C are estimated and may fluctuate depending on LADWP's technology usage decisions.

IBM has performed satisfactorily under this Agreement.  
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 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)(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. Therefore, approval of the amendment to the agreement to maintain and support LADWP's IBM Mainframe and its related critical business applications 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(s): IBM Corporation
2.	Procurement Type: Sole Source
3.	Procurement Details: A. Contract Status: Amendment No. 9 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: Jon Hoang
6.	LADWP System/Division: Joint/Information Technology Services
7.	Contact Person for Item: Jon Hoang

### A. Evaluation Rating Summary of Proposal

Not applicable to this Amendment.

### B. Evaluation of Amendment

Prices proposed in the Amendment were determined to be fair and reasonable. In March 2022, LADWP conducted another pricing negotiation with IBM to update the listing and quantity of new and existing software licenses and identify the IBM software as a service offering. Consequently, a strategic software agreement between LADWP and IBM was signed which included the addition of the following IBM products into the Enterprise Software and Services Option (ESSO):

- New zSW & SS
- New Security Licensing (Appliances + Advanced Threat Feed SaaS + Installation Services)
- New Business Process Automation Subscription License and Service
- 200K Cytometric Bead Array Buffer
- Increased Monthly License Charges

The one-year and nine-months costs for the IBM software and services listed in ESSO, including the additional IBM products referenced above, would normally exceed \$14,814,301 in IBM Government Entitled Pricing; however, under the newly negotiated ESSO, the costs would not exceed \$10,253,000, resulting in approximately \$4,561,301 ESSO savings.

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	IBM	17 years, 2 months	10/31/2006	12/31/2023	\$79,428,464

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	Mainframe hardware maintenance & integrated software	17 years, 2 months	10/31/2006	12/31/2023	\$79,428,464

**C. Local Business Preference Program (LBPP)**

Not applicable to this Amendment.

**D. Additional Outreach Efforts Taken**

Not applicable to this Amendment.

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

Not applicable as this is a sole source contract. There are no subcontracting opportunities because the services are proprietary and can only be performed by IBM.



Resolution No. \_\_\_\_\_

WHEREAS, on February 20, 2007, IBM Corporation (IBM) was awarded Agreement No. 47553-7 (Agreement) by the Board of Water and Power Commissioners (Board), and subsequently approved by 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 Amendments Nos. 1, 3, 4, and 5 to exercise four one-year options to the Agreement; and

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

WHEREAS, on November 15, 2011, Amendment No. 6 to the Agreement was adopted by the Board pursuant to Resolution No. 012 108, and subsequently approved by City Council on January 4, 2012, to increase the Agreement amount by \$19,006,630 from \$17,730,128 to \$36,736,758 and extend the term for an additional five years from October 31, 2011 through October 31, 2016; and

WHEREAS, on December 1, 2015, Amendment No. 7 to the Agreement was adopted by the Board, pursuant to Resolution No. 016 126, and subsequently approved by City Council on January 27, 2016, to extend the Agreement by 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 of existing software; and

WHEREAS, on April 2, 2019, Amendment No. 8 to the Agreement was adopted by the Board, pursuant to Resolution No. 019 167, dated April 2, 2019, and subsequently approved by City Council on May 14, 2019, to extend the Agreement by five years from January 1, 2019 through December 31, 2023, for an amount not to exceed \$79,428,464 to continue purchasing IBM software, licenses, subscriptions, and for support for existing software; and

WHEREAS, LADWP recommends approval of Amendment No. 9 (Amendment) to the Agreement due to ongoing needs to maintain critical legacy applications on the IBM mainframe, it is necessary to increase the Agreement amount by \$40,284,247 from \$79,428,464 to a new not-to-exceed amount of \$119,712,711; and

WHEREAS, LADWP has determined that it is necessary to increase the term of the Agreement by five years from January 1, 2024 through December 31, 2028, which exceeds the time period set by Ordinance, and in accordance with City Charter Section 373, 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 pursuant to City Charter Section 1022, the Board finds that it is more feasible to have the work performed by an independent contractor.

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.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is hereby 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.

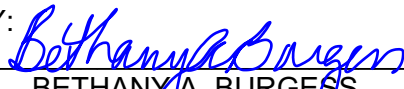
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

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Secretary

APPROVED AS TO FORM AND LEGALITY  
HYDEE FELDSTEIN SOTO, CITY ATTORNEY  
JULY 3, 2023

BY:

  
\_\_\_\_\_  
BETHANY A. BURGESS  
DEPUTY CITY ATTORNEY

**AMENDMENT NO. 9  
TO AGREEMENT NUMBER 47553-7  
BETWEEN  
THE LOS ANGELES DEPARTMENT OF WATER AND POWER  
AND  
IBM CORPORATION**

**AMENDMENT NO. 9** to Agreement Number 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 (LADWP) and IBM Corporation (IBM), collectively, the “Parties.”

**WITNESSETH**

**WHEREAS**, LADWP and IBM entered into an agreement for software licensing, software subscription and support, and monthly license charge under Agreement No. 47553-7, 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 \$40,284,247 for a new not-to-exceed limit of \$119,712,711 and extending the term of the Agreement for five (5) years, from January 1, 2024 through December 31, 2028; 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 December 31, 2023. Notwithstanding the foregoing, LADWP may extend the Term to a maximum expiration date of December 31, 2028, by utilizing one five (5) year renewal option, 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. Jon Hoang  
Pacific Stock Exchange  
233 South Beaudry Avenue, 12<sup>th</sup> Floor, Room 195  
Los Angeles, California 90017

3. EXHIBIT A of Agreement No. 47553-7 pages 23 through 25, Attachment I Statement of Work of Change Order Number 1, Change Order Number 2, Change Order Number 3, is replaced in its entirety with the attached Exhibit A, dated November 7, 2022.
4. EXHIBIT M Agreement No. 47553-7 is replaced in its entirety with the attached Exhibit M, dated June 1, 2023.
5. Except as herein amended, all other terms and conditions shall remain in full force and effect.

This Amendment No. 9 (Amendment) 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 consists of three pages.

[Signature Page follows]

**IN WITNESS THEREOF**, the parties hereto have executed this Amendment to the Agreement on the date indicated.

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

By: \_\_\_\_\_  
MARTIN L. ADAMS  
General Manager and Chief Engineer


Date: \_\_\_\_\_

And: \_\_\_\_\_  
CHANTE L. MITCHELL  
Board Secretary  
  
IBM Corporation

By: \_\_\_\_\_  
KEVIN L. MUNOZ  
Principal, IBM Software and Cloud

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY  
HYDEE FELDSTEIN SOTO, CITY ATTORNEY  
JULY 3, 2023

BY:  \_\_\_\_\_  
BETHANY A. BURGESS  
DEPUTY CITY ATTORNEY