



ERIC GARCETTI  
*Mayor*

Commission  
THOMAS S. SAYLES, *President*  
ERIC HOLOMAN, *Vice President*  
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BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS  
*General Manager*

July 22, 2013

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

Honorable Members:

Subject: Amendment No. 2 to Agreement No. 47382-5 with Microsoft Corporation

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 014 004, adopted by the Board of Water and Power Commissioners (Board) on July 16, 2013, approved as to form and legality by the City Attorney, which authorizes execution of Agreement No. 47382-5 (Amendment No. 2) for Technical Support with Microsoft Corporation. The amendment will increase the contract amount by \$889,182 and extend the contract term three years. As directed by the Board, transmitted to you are supporting documents.

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

Sincerely,

Barbara E. Moschos  
Board Secretary

BEM:oja  
Enclosures: LADWP Resolution  
Board Letter  
CAO Report  
Amendment No. 2 to Agreement No. 47382-5

**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



c/enc: Mayor Eric Garcetti  
Councilmember Jose Huizar, 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, effective August 10, 2005, Los Angeles Department of Water and Power (LADWP) entered into Agreement No. 47382-5 (which together with all amendments hereinafter shall be referred to as the "Agreement") with Microsoft Corporation (Microsoft) for technical support of Microsoft products used by LADWP; and

WHEREAS, LADWP proposes Amendment No. 2 to Agreement No. 47382-5 with Microsoft to increase the Agreement by \$889,182 from \$2,751,542 to a cumulative total of \$3,640,724; and extend the Agreement for three (3) years for a total Agreement term of eleven (11) years from August 10, 2005 to August 9, 2016; and

WHEREAS, there is a need to promptly address technical issues associated with Microsoft products utilized by LADWP; and

WHEREAS, the Contractor has reviewed the services to be rendered in the Agreement and represents it has the qualities, expertise and abilities to perform such work; and

WHEREAS, the term of the original Agreement exceeds the total contract time period set by Ordinance, and in accordance with City Charter Section 373, City Council approval is required.

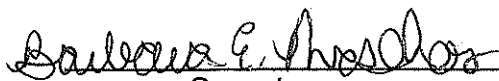
NOW, THEREFORE, BE IT RESOLVED that Amendment No. 2 to Agreement No. 47382-5, is approved as to form and legality by the City Attorney and filed with the Secretary of the Board, between LADWP and Microsoft be and the same is hereby approved.

BE IT FURTHER RESOLVED that pursuant to Charter Section 1022, the services covered by this Amendment are more feasibly performed by an independent contractor than by City employees; and

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on both the Water Revenue Fund and the Power Revenue Fund in payment of the obligations arising under the Agreement and all Amendments; 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. 2 to Agreement No. 47382-5 for and on behalf of LADWP, upon approval by the City Council.

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  
JUL 16 2013

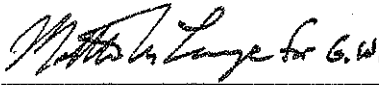

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
CARMEN A. TRUTANICH, CITY ATTORNEY

APR 08 2013

BY   
DIRK BROERSMA  
DEPUTY CITY ATTORNEY

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

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>	<b>DATE: June 26, 2013</b>
<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">   <hr style="width: 80%; margin: 0 auto;"/> <p><b>GARY WONG</b> Assistant General Manager - Systems Support Division</p> </div> <div style="text-align: center;">   <hr style="width: 80%; margin: 0 auto;"/> <p><b>RONALD O. NICHOLS</b> General Manager</p> </div> </div>   <hr style="width: 80%; margin-left: 0;"/> <hr style="width: 80%; margin-left: 0;"/>	<p><b>SUBJECT:</b></p> <p align="center"><b>Amendment No. 2 to Agreement No. 47382-5 for Technical Support of Microsoft Products Contract with Microsoft Corporation Redmond, WA</b></p>
	<p><b>FOR COMMISSION OFFICE USE:</b></p>          <p align="right">RESOLUTION NO. _____</p>
<p><b>CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b></p>	<p><b>IF YES, BY WHICH CITY CHARTER SECTION: 373</b></p>

- New Contract (not replacing existing contract)
- Replacement Contract
- Amendment to Existing Contract

**PURPOSE**

The attached Resolution recommends approval of Amendment No. 2 (Amendment) to Agreement No. 47382-5 (Agreement) between the Los Angeles Department of Water and Power (LADWP) and Microsoft Corporation (Microsoft) for technical support of Microsoft products.

**COST AND DURATION**

The Amendment extends the contract for three (3) years from August 10, 2013 to August 9, 2016 and increases the amount by \$889,182, for a new Agreement amount not-to-exceed \$3,640,724 and for a term of eleven (11) years.

The expenditure plan for the Amendment is as follows:

<b>LADWP – Description of Services (Power, Water, and Joint)</b>	<b>08/10/2013 - 08/09/2014</b>	<b>08/10/2014 - 08/09/2015</b>	<b>08/10/2015 - 08/09/2016</b>
<ul style="list-style-type: none"> <li>• Support Account Management</li> <li>• Up to 500 Hours Assistance Support</li> <li>• Up to 200 Hours for Problem Resolution Support</li> <li>• 3 TechNet Plus Subscriptions</li> <li>• 3 Microsoft Developer Network Universal Subscriptions</li> <li>• Unlimited User Access to Premier Online Website</li> </ul>			
<b>Total Due From Customer:</b>	<b>\$275,994</b>	<b>\$296,394</b>	<b>\$316,794</b>
	<b>\$889,182</b>		

**BACKGROUND**

Prior to Agreement No. 47382-5, Microsoft support was provided by two technical support contracts, one managed by the Water System to address their technical support needs with the other managed by Information Technology Services Division (ITSD) for the Power System; both of which are consolidated under the Enterprise Agreement managed by ITSD.

Agreement No. 47382-5 was recommended and approved by the Board of Water and Power Commissioners and Los Angeles City Council, effective August 10, 2005 for a term of five (5) years, to allow technical support for Microsoft products that have been adopted by LADWP as the standard for server, desktop, and network solutions. This Agreement also created an Enterprise Agreement designed to provide Premier Support to LADWP.

Effective August 10, 2010, Amendment No.1 was recommended and approved by the Board of Water and Power Commissioners and Los Angeles City Council to extend the contract for three (3) years from August 10, 2010 to August 9, 2013 for a total term of eight (8) years, and increase funds by \$894,053 for an amount not-to-exceed \$2,751,542. Amendment No. 1 enabled LADWP to continue to utilize Microsoft personnel to provide technical support for Microsoft products. This Amendment will further extend the LADWP contract for three (3) years beginning August 10, 2013 to August 9, 2016 that will continue to allow LADWP access to technical support for Microsoft products.

Microsoft provides LADWP with 24/7 technical support on all Microsoft products utilized by LADWP. Microsoft products include personal computers and servers, Windows operating systems, email systems, Internet browsers, word processors, spreadsheets, SQL database, and many other tools and applications essential to the operation and productivity of LADWP.

The costs for services rendered under Amendment No. 2 are slightly higher than Amendment No. 1. However, costs have been off-set through a reduction in the number of Assistance Support Hours. Assistance Support hours were reduced from 600 hours to 500 hours. Staff has become more versed in Microsoft products and possess the ability to internally resolve minor issues that arise.

Per City Charter Section 373, Los Angeles City Council (City Council) approval is required when contracts with one (1) vendor exceeds the time period set by Ordinance. Amendment No. 2 to Agreement No. 47382-5 will extend the contract for an additional three (3) years, therefore, City Council approval is required. Accordingly, the City Administrative Officer report dated May 21, 2013 is attached.

**LOCAL BUSINESS PREFERENCE PROGRAM (LBPP)**

The sole-source solicitation for Microsoft products, proprietary, transpired prior to LBPP implementation. Therefore, LBPP is not applicable to this Agreement.

**M/W/OBE SUBCONTRACTING PARTICIPATION**

This sole-source Agreement is for procuring proprietary and premier support services from Microsoft Corporation. As a result, there are no subcontracting opportunities under this contract.

**METHOD OF SELECTION**

Competitive     Cooperative Purchase     Sole Source     Single Source

**CONTRACT AND VENDOR HISTORY**

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Not-to-Exceed Amount
47382-5	Microsoft Corporation	5 Years	08/10/05	08/09/10	\$2,751,542
Amendment No. 1 to 47382-5		3 Years	08/10/10	08/09/13	

Vendor History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Not-to-Exceed Amount
47382-5	Microsoft Corporation	5 Years	08/10/05	08/09/10	\$2,751,542
Amendment No. 1 to 47382-5		3 Years	08/10/10	08/09/13	

**ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that an agreement for technical support of Microsoft products is exempt pursuant to the General Exemption described in CEQA guidelines Section 15061 (b)(3).

**RECOMMENDATION**

It is requested that your Honorable Board adopt the attached Resolution recommending the Los Angeles City Council's approval of Amendment No. 2 to Agreement No. 47382-5 with Microsoft Corporation.

BL:PH:ac

Attachments

e-c/att: Ronald O. Nichols  
Richard M. Brown  
Aram Benyamin  
James B. McDaniel  
Philip Leiber  
Gary Wong  
Gwendolyn W. Williams  
Matthew M. Lampe  
Brian Lee  
File

0150-07629-0002

**TRANSMITTAL**

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE JUN 18 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**Second Amendment to Agreement No. 47382-5 between  
The Department Of Water And Power and Microsoft Corporation  
to provide support for Microsoft products**

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

  
MAYOR

MAS:RPR:10110139T

*jm*



REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 21, 2013

CAO File No. 0150-07629-0002

Council File No.

Council Districts:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated April 11, 2013; referred by the Mayor for report on April 17, 2013

Subject: **SECOND AMENDMENT TO AGREEMENT NO. 47382-5 BETWEEN THE DEPARTMENT OF WATER AND POWER AND MICROSOFT CORPORATION TO PROVIDE SUPPORT FOR MICROSOFT PRODUCTS**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed Resolution that authorizes the execution of the Second Amendment to sole-source Agreement No. 47382-5 (Agreement) between the DWP and Microsoft Corporation (Microsoft) to provide software support for all Microsoft products used by DWP. The current eight-year Agreement expires on August 9, 2013, and DWP states that it will expend \$2,656,319 of the \$2,751,542 in authorized funding. As a result, extending the Agreement with additional funding is necessary for the DWP to continue receiving product support for numerous Microsoft products which are a key component for many of the Department's systems.

Approval of the proposed Agreement (i) increases the expenditure authority by \$889,182, from \$2,751,542 to a total of \$3,640,724, and (ii) extends the contract term an additional 3 years for a cumulative total term of 11 years, expiring in August 2016. According to the Department, funding for this Agreement will be provided within the Power, Water, and Joint System proposed budgets for fiscal years 2013-14 through 2016-17.

Pursuant to Charter Section 373, for long term contracts, and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," City Council approval is required because the cumulative length of the agreement exceeds three years. The City Attorney has approved the proposed resolution and Agreement as to form and legality.

Microsoft provides the DWP with product support of numerous Microsoft products utilized by the Department including personal computers and servers, Windows operating systems, email systems, internet browsers, word processors, spreadsheets, databases, and all of the Department's critical control systems. Microsoft is the sole source provider of the proprietary software and technical support/maintenance, which is only performed by Microsoft affiliates. The service provided is considered a Premier Service which includes workshops, security checks, on-site engineers for

critical system down issues and account management. DWP states that Microsoft has provided satisfactory service and has provided a system that is in accordance with DWP requirements.

Below is a table illustrating the contract history including the proposed Second Amendment.

Contract History for Microsoft Agreement No. 47382-5				
	Years	Agreement Period	Amount	Cumulative Total
Original Agreement	1 - 5	August 2005 – August 2010	\$1,857,489	
1 <sup>ST</sup> Amendment	6 - 8	August 2010 – August 2013	\$894,053	\$2,751,542
2 <sup>nd</sup> Amendment (Proposed)	9 - 11	August 2013 – August 2016	\$889,182	\$3,640,724

**CONTRACTING COMPLIANCE**

The City Attorney has approved the proposed resolution and Second Amendment as to form and legality. The Agreement is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the General Exemptions described in Section 15061(b)(3) of the Los Angeles City CEQA Guidelines. According to the Department, Microsoft will comply with the provisions of all applicable contracting ordinances. Additionally, all conflict of interest procedures were followed and no issues were identified. In accordance with Charter Section 1022, it has been determined the work specified in the Agreement can be performed more economically and feasibly by Independent Contractors than by City employees.

Upon review of the attached DWP request, it is the opinion of this Office that the item can be approved as the requested action appears to be reasonable and in accordance with City policies and procedures.

**RECOMMENDATION**

That the Mayor:

1. Approve the proposed resolution authorizing the execution of the Second Amendment to Agreement No. 47382-5 with Microsoft Corporation that (i) increases the expenditure authority by \$889,182, from \$2,751,542 to a total of \$3,640,724, and (ii) extends the contract term an additional three years for a cumulative total term of 11 years, expiring in August 2016, to provide software support on all Microsoft products used by the Department; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed resolution will increase the expenditure authority of the Department by \$889,182 from the Water and Power Revenue Funds. The proposed Agreement complies with the Department's adopted Financial Policies. Approval of the proposed resolution will not impact the City's General Fund.

## **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:10130139*

## AMENDMENT NO. 2 TO AGREEMENT NO. 47382-5

**BETWEEN  
THE CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER  
AND  
MICROSOFT CORPORATION**

**This Amendment No. 2** to Agreement No. 47382-5 is made and entered into by and between the City of Los Angeles acting by and through its Los Angeles Department of Water and Power (LADWP), a municipal corporation, and Microsoft Corporation (Consultant). Individually, LADWP and Consultant are referred to under this Amendment as "Party" and collectively as the "Parties."

**WHEREAS**, effective August 10, 2005, the parties entered into Agreement No. 47382-5 (which together with all amendments thereto is hereinafter referred to as the "Agreement") for Consultant to provide LADWP technical support of Microsoft Products; and

**WHEREAS**, LADWP is proposing Amendment No. 2 (Amendment) to extend the term of the Agreement for technical support of Microsoft Products three years (3) August 10, 2013 to August 09, 2016, and increase the expenditure authority by \$889,182 from \$2,751,542 to a not-to-exceed amount of \$3,640,724.

**NOW, THEREFORE**, the parties hereby agree to amend Agreement No.47382-5 as follows:

### AMENDMENT

1. **Exhibit A (Microsoft Master Agreement page 7 of 10), Item 11, Term & Termination** first sentence is amended to extend the Agreement duration and read as follows:

This Master Agreement will remain in effect until August 9, 2016.

2. **Exhibit B (Microsoft Premier Support Services Description page 1 of 10) Term** is amended to extend the Agreement duration as follows:

The Service Description will expire on August 9, 2016 (the "Expiration Date") or the date we conclude the Services, whichever is later.

3. **Exhibit B (Microsoft Premier Support Services Description Schedule page 7 of 10) Term** is amended to extend the Agreement duration as follows:

The schedule will expire on August 9, 2016 (the "Expiration Date").

4. The following table is added as attachment to Exhibit B (page 7 of 10) Microsoft Premier Support Services Description Schedule: Fee and Named contacts, Item 1. PREMIER SUPPORT SERVICES AND FEES, and reads as follows:

LADWP – Description of Services (Power, Water, and Joint)	08/10/2013 - 08/09/2014	08/10/2014 - 08/09/2015	08/10/2015 - 08/09/2016
<ul style="list-style-type: none"> <li>• Support Account Management</li> <li>• Up to 500 Hours Assistance Support</li> <li>• Up to 200 Hours for Problem Resolution Support</li> <li>• 3 TechNet Plus Subscriptions</li> <li>• 3 Microsoft Developer Network Universal Subscriptions</li> <li>• Unlimited User Access to Premier Online Website</li> </ul>			
Total Due From Customer:	\$275,994	\$296,394	\$316,794
	\$889,182		

5. Except as herein amended above, all other terms and conditions of Agreement No. 47382-5 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 WHEREOF, the signatories hereto represent that they are authorized to enter into the Amendment No. 2 to Agreement No. 47382-5 .

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

By: \_\_\_\_\_  
RONALD O. NICHOLS  
General Manager

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

And: \_\_\_\_\_  
BARBARA E. MOSCHOS  
Secretary

MICROSOFT CORPORATION

By: David T. Mallogha

Date: 6-24-13

APPROVED AS TO FORM AND LEGALITY  
CARMEN A. TRUTANICH, CITY ATTORNEY

APR 08 2013  
BY \_\_\_\_\_  
DIRK BHOEREMA  
DEPUTY CITY ATTORNEY



ERIC GARCETTI  
*Mayor*

Commission  
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JONATHAN PARFREY  
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RONALD O. NICHOLS  
*General Manager*

July 22, 2013

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

Honorable Members:

Subject: Amendment No. 2 to Agreement No. 47382-5 with Microsoft Corporation

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

Sincerely,

Barbara E. Moschos  
Board Secretary

BEM:oja  
Enclosures: LADWP Resolution  
Board Letter  
CAO Report  
Amendment No. 2 to Agreement No. 47382-5

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



DEPUTY \_\_\_\_\_ BY

CITY CLERK

*Handwritten initials/signature*

2013 JUL 26 AM 11:45

RECEIVED  
CITY CLERK'S OFFICE



c/enc: Mayor Eric Garcetti

Councilmember Jose Huizar, 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