

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to proposed Third Amendment to Contract No. 418 with Supplies Distributors, Inc. (Supplies Distributors) to increase the contract limit by \$1,000,000 and extend the contract term by five years.

Recommendation for Council action:

CONCUR with the Board of Water and Power Commissioners' (Board) action of May 22, 2018, Resolution No. 20117, authorizing the execution of the Third Amendment to Contract No. 418 with Supplies Distributors to increase the contract limit by \$1,000,000 and extend the contract term for five years.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed Third Amendment to Contract No. 418 will impact the Los Angeles Department of Water and Power (LADWP) Power Revenue Fund. There is no fiscal impact to the City General Fund.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - JULY 30, 2018**

**(LAST DAY FOR COUNCIL ACTION - JULY 3, 2018)**

Summary:

On June 19, 2018, your Committee considered a May 23, 2018 Board and April 11, 2018 CAO reports and Resolution No. 20117 relative to proposed Third Amendment to Contract No. 418 with Supplies Distributors to increase the contract limit by \$1,000,000 and extend the contract term by five years. According to the CAO, the original contract (Contract No. 1489-2) was executed on August 17, 2011, under the General Manager's authority, with expenditure authority up to \$140,000 and a one year term expiring on August 16, 2012. The purpose of the contract was to supply certified ink dye for a specialized' production printer (Ricoh Model IP1500) that is necessary for the redesigned LADWP customer bills.

The LADWP states that the specialized production printers are essential for the high volume printing demands involved with printing up to 60,000 customer bills per day. Subsequently, on February 27, 2012, the Board approved Amendment No.1 to increase the expenditure authority by \$1,189,000 for a total of \$1,329,000. The term was also extended another year for a cumulative length of two years expiring August 16, 2013. LADWP staff researched opportunities to competitively bid the continuous supply of certified ink dye for this specialized, production printer; however only one alternative was identified which could not be certified to function effectively in the specialized printers. It was also confirmed that while the use of uncertified ink dye could be permitted under Ricoh's manufacturer's warranty, a separate Ricoh service maintenance agreement would be voided due to higher than anticipated maintenance requirements associated with the uncertified ink dye. Finally, on November 20, 2013, Council approved Amendment No. 2.


Subsequently, on May 22, 2018, the Board approved Amendment No. 3. Specifically, the

resolution extends the current Agreement by an additional five years resulting in a total duration of approximately 12 years, expiring on August 16, 2023; and increases the expenditure authority by \$3,0 million, from approximately \$4.8 million to a new expenditure authority not to exceed \$7.8 million. During the review of this request, the CAO and LADWP identified the total expenditures to date are approximately \$1.6 million which results in \$3.2 million remaining unspent. The LADWP anticipates an annual expenditure amount of \$600,000 over the next five years resulting in a total expense of \$3,0 million. In consideration of the forecasted cost, both the CAO and LADWP agree the remaining unspent amount is sufficient for the regular anticipated expenses over the proposed duration of the Agreement. As a result, the LADWP intends to revise its proposed resolution to reduce the increase in spending authority from \$3.0 million to a new, lower amount of \$1.0 million, resulting in a total amount not to exceed \$5.8 million. The additional \$1.0 million will be a contingency to accommodate cost increases associated with inserting additional graphics on customer bills and a potential transition to monthly billing. The revised resolution will continue to request an additional five year term resulting in a total duration of 12 years, expiring on August 16, 2023. The CAO recommendations support the revised version of the resolution as described in this report, pending approval by the City Attorney as to form and legality.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend that Council concur with the Board's actions as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL  
6/19/18

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**