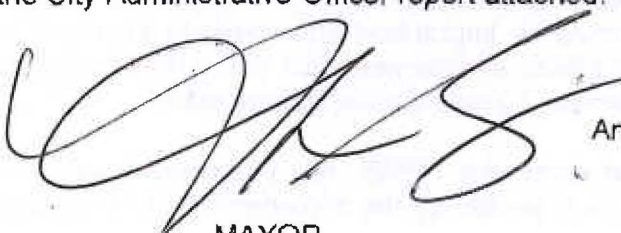


POWER SYSTEM

APR 21 2016

EXECUTIVE OFFICE

<b>TRANSMITTAL</b>		0150-10155-0001
TO Marcie L. Edwards, General Manager Department of Water and Power	DATE <b>APR 20 2016</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	
<p><b>SECOND AMENDMENT TO AGRMEENT 47012 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND TOTAL RESOURCE MANAGEMENT, INC.</b></p> <p>Approved and transmitted for further processing including Council consideration. See the City Administrative Officer report attached.</p> <div style="text-align: right;"> Ana Guerrero MAYOR</div>		

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: April 14, 2016  
To: The Mayor  
From: Miguel A. Santana, City Administrative Officer *MS*  
Reference: Communication from the Department of Water and Power dated February 22, 2016; referred by the Mayor for report on February 29, 2016  
Subject: **SECOND AMENDMENT TO AGREEMENT 47012 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND TOTAL RESOURCE MANAGEMENT, INC.**

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CAO File No.: 0150-10155-0001  
Council File No.:  
Council District:

### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the Second Amendment to Agreement 47012 (Agreement) with Total Resource Management, Inc. (TRM). The purpose of this contract is to (i) complete services for implementation and integration of the Maximo 7.X asset management system (Maximo) with other DWP software applications and (ii) replace two DWP legacy mainframe Supply Chain Services applications including the Materials Control System (MCS) and the Integrated Purchasing Receiving System (IPRS). The upgraded systems will be utilized by the Water and Power Systems to manage DWP assets and projects at numerous facilities involving a range of operations such as power generation, electrical substations, chemical storage, water tanks, wells, and over 200 non-system facilities such as the John Ferraro Building and microwave sites.

Approval of the proposed resolution provides both additional time and funding to support an expanded scope of work and contingency funds to complete the implementation of Maximo. Specifically, the resolution extends the term by one year from six years to a total of seven years, expiring on May 18, 2018. The resolution also increases the expenditure authority by an additional \$2.5 million from \$12.4 million to \$14.9 million. The scope of work pertaining to the Second Amendment is summarized in the Appendix.

Alternatives to the proposed Agreement include advertising and awarding a new agreement for services. DWP states it would be impractical and costly to pursue a new procurement due to (i) anticipated delays in the effective implementation of the Maximo system and (ii) a high level of redundant work to be performed if a new vendor is contracted.

DWP officials confirm that contractor (TRM), the proposed Agreement, and the Maximo 7.X upgrade is not associated or impacted by the implementation of the DWP Customer Information System.

Pursuant to Charter Section 373 and the Los Angeles Administrative Code Section 10.5, City Council approval is required because the cumulative length of the agreement exceeds three years. The City Attorney has approved the proposed resolution as to form and legality.

## **RECOMMENDATION**

That the Mayor:

1. Approve the proposed resolution authorizing the Second Amendment to Agreement 47012 with Total Resource Management, Inc. that (i) extends the contract term one year for a total term of seven years, expiring on May 18, 2018; and (ii) increases the expenditure authority by \$2.5 million, from \$12.4 million to a total of \$14.9 million, to complete services relating to the implementation of the Maximo 7.X asset management system and replacement of two legacy mainframe Supply Chain Services applications.
2. Return the proposed resolution to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed resolution will increase DWP's expenditure authority from the Power Revenue Fund by \$2.5 million from \$12.4 million to \$14.9 million. 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:RR:10160083

APPENDIX

**SECOND AMENDMENT – SCOPE OF WORK**

	<b>AMOUNT</b>
Additional support and training services.	\$250,000
Additional report development for Supply Chain Services, Financial Services Organization, and Work Management.	\$250,000
Additional data migration services for data sets not previously included.	\$155,000
Implementation of Planning and Scheduling application to more efficiently manage personnel and project resources.	\$250,000
Implementation of WorkTech time keeping application to support the Planning and Scheduling applications.	\$75,000
Task order services (as needed) to implement automated interfaces necessary to minimize processing errors and to handle error reporting. Each task is negotiated and approved by DWP.	\$600,000
Contingency	\$570,000
Project management and associated travel expenses	\$350,000
<b>SECOND AMENDMENT TOTAL</b>	<b>\$2,500,000</b>