



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Michael S. Webster in blue ink.

MICHAEL S. WEBSTER
Executive Director – Power System
Engineering and Technical Services

Handwritten signature of Marcie L. Edwards in blue ink.

MARCIE L. EDWARDS
General Manager

DATE: January 25, 2016

SUBJECT: Sole-Source Agreement No. 47351-6 with Bentley Systems, Incorporated for Software License, Maintenance, and Training Program Services

SUMMARY

Bentley Systems, Incorporated (Bentley) is the sole-provider of the MicroStation Software (MicroStation), which is widely used by LADWP's engineers, electric service representatives, and drafting personnel as a design tool to create and update electronic drawings. The previous Agreement No. 47722-8 expired on March 19, 2015, and the proposed new Agreement No. 47351-6 (Agreement) has a term of three years with four additional one-year renewable options and a total cost of \$6,722,789.38.

The Agreement is being procured as a sole-source because the Microstation product line is heavily integrated into our work processes. Customizations and enhancements to the software are only available through Bentley.

In May of 2014, we began and expended significant time and effort into the procurement process for the Agreement but pursued a path which in the final outcome was ultimately unworkable. We realized that although a new contract would be effected, given continuous services, City Council approval would be required along with the related analysis by the City Administrative Officer (CAO). This change of path required new negotiations to finalize the Agreement which resulted in significant delays. Bentley was fully aware of the issues and worked with LADWP to resolve the situation during the out-of-contract period to prevent a break in service. This Agreement will become effective from March 20, 2015 as part of the three year term.

City Council approval is required per Charter Section No. 373.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council’s approval and ratification of this Agreement as required in Charter Section 373.

ALTERNATIVES CONSIDERED

There is no alternative. Bentley owns the source code necessary to make and warrant changes and provides support and fixes to MicroStation and system interfaces. Prior to execution of each of the one year renewable options, LADWP will provide an update to the Board on a request for proposal to possibly replace this system.

FINANCIAL INFORMATION

The term of the Agreement is three years beginning March 20, 2015, with four one-year renewable options for an amount not to exceed \$6,722,789.38 (budgeted). The table below is a breakdown of the fees.

Services	Annual Fees for 3-year Initial Term	4 One-year Renewable Options	Total
Enterprise License Subscription (ELS) Services	(1 st Year) \$ 500,000.00 (2ndYear) 562,500.00 (3rd Year) 632,812.50	(4th Year) \$ 711,914.06 (5th Year) 800,903.32 (6th Year) 901,016.24 (7th Year) 1,013,643.26	\$ 5,122,789.38
Distance Learning Online Content Performance Consulting Days	(1 st Year) Included above (2ndYear) Included above (3rd Year) Included above	(4thYear) Included above (5thYear) Included above (6th Year) Included above (7th Year) Included above	Included above
Proprietary and Non-Proprietary Maintenance Services	\$ 685,716.00	(4th Year) \$ 228,571.00 (5 th Year) 228,571.00 (6th Year) 228,571.00 (7th Year) 228,571.00	\$ 1,600,000.00
Total	\$ <u>2,381,028.50</u>	\$ <u>4,341,760.88</u>	\$ <u>6,722,789.38</u>

BACKGROUND

Agreement No. 47722-8 was approved by the Board on January 22, 2008, as a sole-source agreement with Bentley to provide maintenance services for MicroStation and other Bentley software tools to maintain, enhance, and provide proprietary products and services including, software maintenance, upgrades, technical support services, training, and renewal of licenses for a term of three years, with four one-year renewable options, for total expenditures not to exceed \$3,135,716.

LADWP and Bentley determined that it was in the best interest of both parties to enter into a new agreement with modified terms and conditions and an updated fee schedule. The proposal and negotiations for the proposed Agreement was delayed. Therefore, ratification to the Agreement is required to pay for services beginning March 20, 2015.

Bentley has performed satisfactorily on current and past contracts.

The proposed Agreement will require City Council approval according to Charter Section 373. A copy of the CAO report dated December 28, 2015, is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that awarding a contract for the Bentley Software License and maintenance is exempt pursuant to the General Exemption described in CEQA Guidelines Section 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.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Agreement and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreement
- CAO Report