

**CITY OF LOS ANGELES**

CALIFORNIA



**JUNE LAGMAY**  
City Clerk

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Executive Officer

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Executive Officer

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MAYOR

Office of the  
**CITY CLERK**

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**KONRAD CARTER**  
Acting Chief, Council and Public Services  
Division

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

October 30, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file No. 09-1714, at its meeting held October 27, 2009.

A handwritten signature in cursive script, appearing to read 'June Lagmay', is written in black ink.

City Clerk  
me

## VERBAL MOTION

I HEREBY MOVE that Council APPROVE the recommendations of the City Administrative Officer (Item #15, Council file 09-1714) relative to a proposed contract with Computer Sciences Corporation, Inc. (CSC) for the replacement of the City's email system with Google's software as a service product:

1. RECEIVE and FILE the Information Technology and General Services Committee report.
2. RECEIVE and FILE the Budget and Finance Committee report.
3. NOTE and FILE the Information Technology Agency report relative to security issues related to Google.
4. NOTE and FILE the report from the CAO dated July 9, 2009, regarding a contract with CSC.
5. APPROVE the contract dated October 2009 with CSC, attached to the CAO report dated October 7, 2009 in the Council file, for the replacement of the City's e-mail system with Google's "software as a service" product that includes word processing, spreadsheet, and presentation applications, in the amount of \$7,250,000, for a term of three years from the date of execution with two one-year renewal options, subject to the revision of the agreement to reflect the rebate advance described in the CAO report, and subject to the review and approval of the City Attorney as to form.
6. AUTHORIZE the General Manager, Information Technology Agency (ITA) to seek reimbursement for qualifying hardware and software purchased by the City pursuant to the 2006 class action antitrust settlement agreement with Microsoft up to the full remaining balance of \$1,507,209, to be received by the City as a General Fund receipt.
7. INSTRUCT the General Manager, ITA, upon receipt of the Microsoft settlement agreement funds to request the CAO to recommend through its Financial Status Report a transfer from the Reserve Fund to ITA in an amount up to the reimbursements received as required to fund this contract after all other potential funding sources identified in this report have been exhausted.
8. INSTRUCT the ITA, with the assistance of the CAO, to identify additional funding as may be required if the sources identified in this report are inadequate for the 2009-10 costs of this contract.

9. INSTRUCT the Chief Legislative Analyst, CAO, City Attorney and the Los Angeles Police Department to report back to the Information Technology and Government Affairs Committee with a monthly status update within 45 days.
10. INSTRUCT the CLA, ITA, CAO and City Attorney to finalize the contract and to agree upon language to include a 30 day right to cancel.

PRESENTED BY \_\_\_\_\_  
TONY CARDENAS  
Councilmember, 6<sup>th</sup> District

PRESENTED BY \_\_\_\_\_  
ERIC GARCETTI  
Councilmember, 13<sup>th</sup> District

October 27, 2009

CF 09-1714

**ADOPTED**  
OCT 27 2009  
LOS ANGELES CITY COUNCIL  
**FORTHWITH**

**VERBAL MOTION**

I HEREBY MOVE that Council REQUEST the Information Technology Agency to include a liquidated damages provision in the proposed contract for security breaches.

PRESENTED BY \_\_\_\_\_  
PAUL KORETZ  
Councilmember, 5<sup>th</sup> District

PRESENTED BY \_\_\_\_\_  
ERIC GARCETTI  
Councilmember, 13<sup>th</sup> District

October 27, 2009

CF 09-1714a

**ADOPTED**

OCT 27 2009

LOS ANGELES CITY COUNCIL

**FORTHWITH**

**VERBAL MOTION**

I HEREBY MOVE that Council INSTRUCT the Information Technology Agency (ITA) Chief Legislative Analyst and City Administrative Officer to develop an implementation plan for a pilot period and amend contract language for payment of 20 percent upon the City's acceptance of the implementation plan to incorporate satisfactory completion of the pilot period.

PRESENTED BY \_\_\_\_\_  
BERNARD C. PARKS  
Councilmember, 8<sup>th</sup> District

PRESENTED BY \_\_\_\_\_  
TONY CARDENAS  
Councilmember, 6<sup>th</sup> District

October 27, 2009

CF 09-1714b

**ADOPTED**

OCT 27 2009

LOS ANGELES CITY COUNCIL

**FORTHWITH**

15  
TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your

## BUDGET AND FINANCE Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to a proposed contract with Computer Sciences Corporation, Inc. (CSC) for the replacement of the City's email system with Google's software as a service product.

SUBMITS WITHOUT RECOMMENDATION the following recommendations of the City Administrative Officer (CAO), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE the report from the CAO dated July 9, 2009, regarding a contract with CSC.
2. APPROVE the contract dated October 2009 with CSC, attached to the CAO report dated October 7, 2009 in the Council file, for the replacement of the City's e-mail system with Google's "software as a service" product that includes word processing, spreadsheet, and presentation applications, in the amount of \$7,250,000, for a term of three years from the date of execution with two one-year renewal options, subject to the revision of the agreement to reflect the rebate advance described in the CAO report, and subject to the review and approval of the City Attorney as to form.
3. AUTHORIZE the General Manager, Information Technology Agency (ITA) to seek reimbursement for qualifying hardware and software purchased by the City pursuant to the 2006 class action antitrust settlement agreement with Microsoft up to the full remaining balance of \$1,507,209, to be received by the City as a General Fund receipt.
4. INSTRUCT the General Manager, ITA, upon receipt of the Microsoft settlement agreement funds (Recommendation No. 3 above) to request the CAO to recommend through its Financial Status Report a transfer from the Reserve Fund to ITA in an amount up to the reimbursements received as required to fund this contract after all other potential funding sources identified in this report have been exhausted.
5. INSTRUCT the ITA, with the assistance of the CAO, to identify additional funding as may be required if the sources identified in this report are inadequate for the 2009-10 costs of this contract.

Fiscal Impact Statement: The CAO reports that the total budgetary impact of implementing the Google system in 2009-10 would be \$5,976,205. Of this amount, \$1,951,260 is for additional expenditures not included in the 2009-10 Budget, including \$1,754,760 for Google implementation and e-mail subscriptions, and \$196,500 for infrastructure upgrades. These unbudgeted expenditures will be a General Fund obligation. ITA has identified \$1,687,209 that could be used for this project, comprised of savings totaling \$180,000 from its 2009-10 Budget and additional funding of \$1,507,209 from a 2006 class action antitrust settlement agreement between the City and Microsoft. CSC agreed to advance the City \$250,000 in future rebates to cover the majority of the remaining 2009-10 balance of \$264,051. The above recommendations are in compliance with the City's financial policies.

Community Impact Statement: None submitted

## SUMMARY

At its meeting on October 19, 2009, the Budget and Finance Committee considered the City Administrative Officer's (CAO) report and final draft contract with Computer Science Corporation (CSC) to replace the City's e-mail system. As proposed by the Information Technology Agency (ITA), the City's GroupWise e-mail system would be replaced by Google's "software as a service" e-mail system, which also includes word processing, spreadsheet, and presentation preparation applications. The CAO, after review of issues raised during consideration of this matter by the Information Technology and Government Affairs (ITGA) Committee, recommends approval of the contract with CSC and implementation of the proposed Google system.

The Committee engaged in a lengthy discussion involving the ITA General Manager, the CAO, as well as representatives of Novell, the City's current e-mail system provider, representatives of Google, and representatives of the Los Angeles Police Department (LAPD). Some of the concerns expressed by the Committee involved security issues concerning the Los Angeles Police Department as well as other City departments, (i.e., Department of General Services Security) where security of communications and storage of data is crucial; repercussions to CSC/Google if there were a breach in security; the lack of a liquidated damages clause in the proposed contract; the cost to return to the Novell system if that became necessary should the Google application not work, or if the Department of Justice (DOJ) fails to approve the system for the LAPD, which is necessary to proceed with this application for the LAPD.

The LAPD reported that Google's Government Cloud Environment is conceptually acceptable; however, the LAPD will need to continue to have discussions with Google and the DOJ to obtain DOJ's official approval of this security system. The ITA General Manager expressed to the Committee that security under the Government Cloud Environment is more secure than the current Novell/GroupWise system and stated that the benefits of going to Google outweigh keeping the current system.

During the discussion, the CAO reported that the full five year cost for transition to the Google application is \$24.5 million; with the Fiscal Year 09-10 cost being \$1.5 million in unbudgeted costs. The ITA General Manager reported that the City is currently behind in GroupWise upgrades, therefore, if the City were to continue with Novell/GroupWise, upgrades would be necessary and a significant portion of the \$1.5 million needed for the Google application in FY 09-10 would be required to upgrade GroupWise.

At the conclusion of the discussion, because of concerns raised during the discussion particularly related to costs and security, the Committee questioned the urgency of this transition in the current economic environment and chose to submit the CAO's recommendations without recommendation. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

*Bernard C. Sub*

*Smith*

*Bill Smith*

*Paul Kowitz*

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
SMITH:	ABSENT
ROSENDAHL:	YES
HUIZAR:	YES
KORETZ:	YES

LB  
09-1714\_rpt\_bfc\_10-21-09

-NOT OFFICIAL UNTIL COUNCIL ACTS-

OCT 27 2009

Received and Filed



TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your **INFORMATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE**

reports as follows:

INFORMATION TECHNOLOGY AND GENERAL SERVICES (ITGS) COMMITTEE REPORT relative to a proposed contract with Computer Sciences Corporation, Inc. (CSC) for the replacement of the City's email system and office applications.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the proposed contract with CSC, contingent upon review of final contract language.
2. INSTRUCT the ITA to report back to the ITGS Committee in September 2009 with a comprehensive implementation plan.
3. INSTRUCT the ITA, in cooperation with the City Administrative Officer (CAO), Chief Legislative Analyst and other City departments as needed, to conduct a thorough assessment of all departments' business functions and needs as they relate to Microsoft Office applications and report back to the ITGS Committee at the appropriate time with its findings.

Fiscal Impact Statement: The CAO reports that the maximum cost of this contract over its potential five year term is \$7,250,000. This amount will be paid from the General Fund, although there may be opportunities to recover a portion of the costs from various special funds. The projected expenditure in 2009-10 is \$1,961,080. Of this, \$1,754,720 is for services purchased under the terms of the contract, including implementation services and email subscriptions. The remaining \$206,360 is for infrastructure upgrades that are required but that will not be purchased through this contract. ITA has identified savings totaling \$180,000 in 2009-10 that can be used for the implementation. Potential additional funding totaling \$1,910,422 will be derived from a class action antitrust settlement agreement between the City and Microsoft (\$1,507,209), and in savings that will be generated from the cancellation of the City's GroupWise and associated software licenses (\$403,213). If realized, these will fully offset the 2009-10 costs of the contract. Use of these one-time revenues for the initial year of this contract is consistent with the City's Financial Policies as they can be used for one-time implementation costs, and additional savings will be generated in future years that will further offset the costs of the contract. As a result, and consistent with the City's Financial Policies, in future years the ongoing expenditures associated with this contract will be paid by ongoing revenues.

Community Impact Statement Submitted: No

SUMMARY

At a special meeting on August 11, 2009, the ITGS Committee considered a July 9, 2009 CAO report relative to ITA's request to enter into a contract with CSC for the replacement of the City's e-mail system and office applications, including those used for word processing, spreadsheet,

and presentation preparation, with a "software as a service" product. The CAO reports that the proposed contract has a three year term from the date of execution with two one-year renewal options. The maximum compensation under the proposed contract is \$7,250,000. Under the terms of the proposed contract, CSC will implement an e-mail system and office applications offered by Google. Currently the majority of City Departments use Novell's GroupWise or e-mail and Microsoft Office for office applications. Under ITA's proposed implementation plan, Google's e-mail product will completely replace GroupWise for all Council-controlled departments by December 31, 2009. Departments will initially continue to use existing Microsoft Office licenses. However, before transitioning, departments will conduct a needs assessment with the assistance of ITA, to determine if the business requirements can be met by the Google products.

Additionally, the CAO reports that their Office has worked closely with the Chief Legislative Analyst and ITA to evaluate the impacts of the proposed contract. The CAO report dated July 9, 2009, attached to the Council file, addresses the following impacts and issues: operational impacts, system security, implementation plan, cost comparison, funding requirements and sources, and compliance with contracting requirements.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend the three recommendations detailed above. This matter is now submitted to Council for its consideration.

Respectfully submitted,

INFORMATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE

*Tony Cardenas*  
*Bernard C. Parks*

<u>MEMBER</u>	<u>VOTE</u>
CÁRDENAS:	YES
PARKS:	YES
WESSON:	ABSENT

ARL/EP  
09-1714\_rpt\_itgs\_10-21-09

- Not Official Until Council Acts -

OCT 27 2009

Received and Filed