

Los Angeles



Department of Water & Power

ERIC GARCETTI
Mayor

Commission
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WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS
General Manager

October 21, 2013

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

Honorable Members:

Subject: Authorizes Contract No. 418 (Amendment No. 2) with Supplies Distributors, Inc.

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 19604, adopted by the Board of Water and Power Commissioners (Board) on October 16, 2013, approved as to form and legality by the City Attorney, which authorizes Contract No. 418 (Amendment No. 2) to provide a continuous supply of ink dye with Supplies Distributors, Inc. The amendment will increase the contract limit by \$3,500,000 and add five one-year optional renewal periods. 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,

A handwritten signature in black ink, appearing to read 'Barbara E. Moschos'.

Barbara E. Moschos
Board Secretary

BEM:sar
Enclosures: LADWP Resolution
Board Letter
CAO Report

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

111 N. Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles, CA 90051-5700
Telephone: (213) 367-4211 www.LADWP.com

c/enc: Mayor Eric Garcetti
Councilmember Felipe Fuentes, 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, Supplies Distributors Inc. was awarded Contract No. 418 (Contract No. 1489-2), by the Los Angeles Department of Water and Power (LADWP) Board of Commissioners on February 27, 2012, for furnishing and delivering Dye, Ink; and

WHEREAS, the contract was awarded for a term one year, for an amount not to exceed \$140,000.00, and amended for one optional year for an amount not to exceed \$1,329,000.00; and

WHEREAS, Los Angeles Department of Water and Power's (LADWP) Systems Support Division recommends Amendment No. 2 to Contract No. 418 with Supplies Distribution, Inc. to increase the contract amount by \$3,500,000.00 to \$4,829,000.00 and add five one-year optional periods.


NOW, THEREFORE, BE IT RESOLVED that Amendment No. 2 to Contract No. 418 is approved as to form and legality by the City Attorney and on file with the Secretary of the Board is hereby approved.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP upon proper certification is authorized and directed to draw demands on the Water and Power Revenue Funds in accordance with the terms of this amendment awarded pursuant to Contract No. 418 and this Resolution.

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 are hereby authorized and directed to execute said contracts for and on behalf LADWP, after approval by the Los Angeles City Council pursuant to City Charter Section 373.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held OCT 16 2013


Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY
OCT 03 2013
BY 
DIRK P. BROERSMA
DEPUTY CITY ATTORNEY

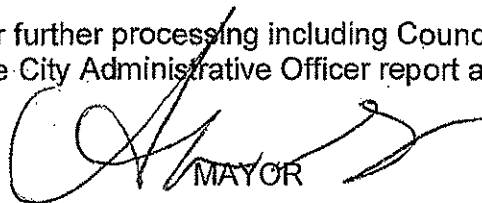
0150-10059-0000

TRANSMITTAL

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE SEP 19 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**PROPOSED SECOND AMENDMENT TO CONTRACT NO. 418 BETWEEN THE
LOS ANGELES DEPARTMENT OF WATER AND POWER AND SUPPLIES
DISTRIBUTORS, INC. FOR CERTIFIED INK DYE**

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


MAYOR (Ana Guerrero)

MAS:RPR:10140043t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 22, 2013

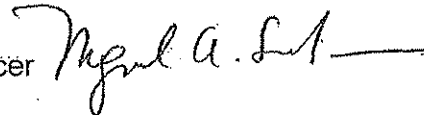
CAO File No.: 0150-10059-0000

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated August 2, 2013; referred by the Mayor for report on August 7, 2013

Subject: **PROPOSED SECOND AMENDMENT TO CONTRACT NO. 418 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SUPPLIES DISTRIBUTORS, INC. FOR CERTIFIED INK DYE**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the Second Amendment to Contract No. 418 (Agreement) with Supplies Distributors, Inc. (SDI) for certified ink dye used in the production of the DWP customer bills. Approval of the proposed Agreement (1) increases the expenditure authority by \$3,500,000, from \$1,329,000 to a cumulative total of \$4,829,000, and (2) extends the current contract term up to five years with five optional one-year renewal periods from August 17, 2013 through August 16, 2018. Furthermore, the proposed request will allow for sufficient certified ink dye supplies to cover the anticipated life span of the production printers until the anticipated purchase of new printers in 2018.

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 as to form and legality.

BACKGROUND

The original 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 IP5000) that is necessary for the redesigned DWP customer bills. DWP 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 DWP Board of Commissioners (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.

DWP staff researched opportunities to competitively bid the continuous supply of certified ink dye for this specialized production printer; however, the Department states that 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 warranty, a separate Ricoh service maintenance agreement would be voided due to higher than anticipated maintenance requirements associated with the uncertified ink dye.

Service Maintenance Agreement

The separate Ricoh service maintenance agreement (C.F. 13-0565) was recently amended on June 20, 2013, to allow for continuing maintenance of the DWP customer bill production printers, back-up disaster recovery printers, and the maintenance of software relating to process automation. The separate Ricoh service maintenance agreement provides expenditure authority of approximately \$15 million with a cumulative term of 8 years and 6 months, expiring in June 2018. Without this existing support maintenance agreement, DWP asserts that significant operational issues could be affected including print quality, printer reliability, and paper compatibility. As a result, the DWP supports the proposed sole source contract for certified ink dye from SDI in order to continue the existing service maintenance agreement and to reduce the risk of various operational issues potentially caused by reduced printer performance.

DWP states that a competitive process was utilized to select the current Ricoh production printers. The Department expects to prepare and release a new RFP in 2016 to provide opportunities for competitive bidding on new machines and maintenance service.

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 Second Amendment to Contract No. 418 with Supplies Distributors, Inc., that (1) increases the expenditure authority by \$3,500,000, from \$1,329,000 to a cumulative total of \$4,829,000, and (2) extends the contract term up to five years with five optional one-year renewal periods from August 17, 2013 through August 16, 2018, for certified ink dye used in the production of the DWP customer bills.
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 \$3,500,000 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:10140043