



TRANSMITTAL		0150-10059-0001
TO David H. Wright, General Manager Department of Water and Power	DATE APR 12 2018	COUNCIL FILE NO. 13-1443
FROM The Mayor		COUNCIL DISTRICT

AMENDMENT 3 TO CONTRACT 418 WITH SUPPLIES DISTRIBUTORS, INC.

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.



MAYOR

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 11, 2018

CAO File No. 0150-10059-0001
Council File No. 13-1443
Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Water and Power dated March 13, 2018

Subject: **AMENDMENT 3 TO CONTRACT 418 WITH SUPPLIES DISTRIBUTORS, INC.**

RECOMMENDATIONS

That the Mayor:

1. Approve, subject to approval by the City Attorney as to form and legality, a proposed resolution authorizing Amendment 3 to Contract 418 with Supplies Distributors, Inc., to (i) extend the contractual term by five years resulting in a total term of 12 years and (ii) increase the expenditure authority by \$1.0 million resulting in a total expenditure authority not to exceed \$5.8 million; and,
2. Return the proposed resolution to the Department for further processing, including City Council consideration.

SUMMARY

Approval of the proposed resolution, as originally submitted, authorizes Amendment 3 to Contract 418 (Agreement) with Supplies Distributors, Inc. (SDI) for certified ink dye used in the production of the Department of Water and Power (DWP; Department) customer bills. Specifically, the resolution (i) extends the current Agreement by an additional five years resulting in a total duration of approximately 12 years, expiring on August 16, 2023, and (ii) 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 City Administrative Officer (CAO) and DWP identified the total expenditures to date are approximately \$1.6 million which results in \$3.2 million remaining unspent. DWP 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 DWP agree the remaining unspent amount is sufficient for the regular anticipated expenses over the proposed duration of the Agreement.

As a result, DWP 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.

DWP asserts SDI has performed satisfactorily under the current Agreement.

Council approval is required pursuant to Charter Section 373 and Los Angeles City Administrative Code Section 10.5. The time limit for Council action is 60 days or the contract shall be deemed approved.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will impact the DWP Water Revenue Fund and DWP Power Revenue Fund. There is no fiscal impact to the City General Fund.

RHL:RR:10180074