

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Second Amendment to Contract No. 418 with Supplies Distributors, Inc. (Supplies Distributors) to increase the contract limit by \$3,500,000 and add five one-year optional renewal periods.

Recommendation for Council action:

CONCUR with the Board of Water and Power Commissioners' action of October 16, 2013, Resolution No. 19604, authorizing the execution of the Second Amendment to Contract No. 418 with Supplies Distributors to increase the contract limit by \$3,500,000 and add five one-year optional renewal periods.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed Second Amendment to Contract No. 418 will increase the expenditure authority of the Los Angeles Department of Water and Power (LADWP) by \$3,500,000 from the Water and Power Revenue Funds. The proposed amendment complies with the LADWP's adopted Financial Policies. Approval of the proposed Second Amendment will not impact on the the City's General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - DECEMBER 23, 2013

(LAST DAY FOR COUNCIL ACTION - DECEMBER 18, 2013)

Summary:

On November 6, 2013, your Committee considered an October 21, 2013 Board and August 22, 2013 CAO reports and Resolution No. 19604 relative to proposed Second Amendment to Contract No. 418 with Supplies Distributors to increase the contract limit by \$3,500,000 and add five one-year optional renewal periods. According to the CAO, the original contract (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 IP1500) that is necessary for the redesigned LADWP customer bills.

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

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend that Council concur with the Board's actions as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	ABSENT
KORETZ:	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-