

Los Angeles



Department of Water & Power

ERIC GARCETTI
Mayor

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

RONALD O. NICHOLS
General Manager

December 18, 2013

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

Honorable Members:

Subject: Amendment No. 4 to Agreement No. 47969 with Sodexo America, LLC

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 014 124, adopted by the Board of Water and Power Commissioners on December 17, 2013, approved as to form and legality by the City Attorney, which authorizes execution of Agreement No. 47969 (Amendment No. 4) with the Sodexo America, LLC. The amendment will extend the contract term by 15 months and increase the contract amount by \$561,750. 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 cursive script that reads "Barbara E. Moschos".

Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
CAO Report
Amendment No. 4 to Agreement No. 47969

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

RESOLUTION NO. 014 124

WHEREAS, Sodexo America, LLC (Sodexo) was awarded Agreement No. 47969 by the Los Angeles Department of Water and Power (LADWP) Board of Commissioners on August 3, 2010 to operate the John Ferraro Building (JFB) Food Services including the cafeteria, convenience store, catering, and vending machines; and

WHEREAS, the agreement was awarded for a term of thirty-six (36) months for an amount not to exceed \$750,000; and

WHEREAS, on September 12, 2011, Amendment No. 1 was approved by the LADWP Board of Commissioners to extend the Sodexo termination date by an additional 30 days and eliminated the \$2,000 monthly rent contract provision effective August 1, 2011 and eliminated the 2% commission contract provision effective January 1, 2011; and

WHEREAS, on September 20, 2011, Amendment No. 2 was approved by the LADWP Board of Commissioners expanding the scope of its emergency services, establishing a minimum purchase of \$42,000 monthly, and increasing the contract limit by \$95,000 for a new contract value of \$845,000; and

WHEREAS, on June 4, 2013, Amendment No. 3 was approved by the LADWP Board of Commissioners extending the term from thirty-six (36) months up to forty-two (42) months and increasing the contract limit by \$137,319 for a new contract value of \$982,319; and

WHEREAS, LADWP's Joint System recommends approval of Amendment No. 4 to Agreement No. 47969 to reduce the minimum monthly purchase limit to \$33,250, extend the term fifteen (15) months, and increase the not-to-exceed amount by \$561,750 for a new not-to-exceed contract amount of \$1,544,069, with all other terms and conditions remaining unchanged; and

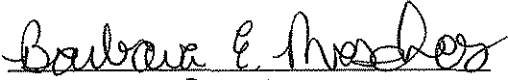
WHEREAS, LADWP has determined that it is necessary to increase the contract term by fifteen (15) months making the revised term four (4) years and thirty-six (36) months which exceeds the total contract time period set by ordinance, in accordance with the City Charter Section 373, City Council approval is required.

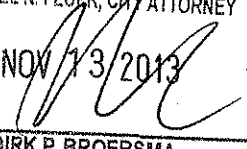
NOW, THEREFORE BE IT RESOLVED that Amendment No. 4 to Agreement No. 47969, is approved as to form and legality by the City Attorney and on file with the Secretary of the Board is hereby approved.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of the 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 to Agreement No. 47969 and this resolution.

BE IT FURTHER RESOLVED that the President or Vice President, 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 amendment for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **DEC 17 2013**


Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY
NOV 13 2013

BY _____
DIRK P. BROERSMA
DEPUTY CITY ATTORNEY

VERBAL MOTION

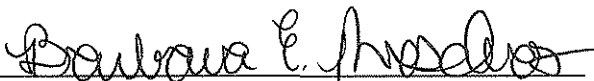
I MOVE that Item No. 14 on the December 17, 2013, Special Commission Agenda relative to a resolution authorizing execution of Agreement No. 47969 (Amendment No. 4) with the Sodexo America, LLC. The amendment will extend the contract term by 15 months and increase the contract amount by \$561,750, **BE AMENDED**, as follows:

“That Staff provide an update on the development of the JFB Food Service contract in 90 days, including how LAWA and the Convention Center are conducting their food service contracts.”

Moved by: Michael Fleming

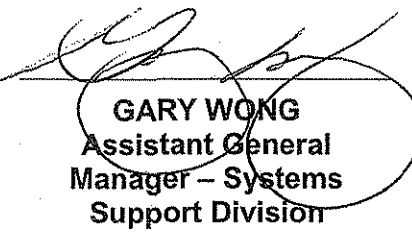
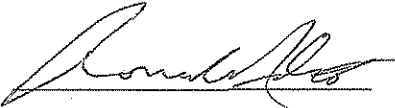
Seconded by: Jill Banks Barad

Approved by the Board of Water and Power Commissioners at its Special Meeting on December 17, 2013: Ayes: 4, Noes: 1 - Noonan

By: 

Barbara E. Moschos, Board Secretary

LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER

TO: BOARD OF WATER AND POWER COMMISSIONERS	DATE: November 25, 2013	
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  GARY WONG Assistant General Manager – Systems Support Division </div> <div style="text-align: center;">  RONALD O. NICHOLS General Manager </div> </div>	SUBJECT: <p align="center">Amendment No. 4 To Agreement No. 47969</p> <p align="center">for John Ferraro Building Food Services</p> <p align="center">Recommended for Amendment to: Sodexo America, LLC</p>	
	FOR COMMISSION OFFICE USE: RESOLUTION NO. _____	
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTION: 373	ADOPTED AS AMENDED AT 12/17/13 SPEC. BOARD MTG. SEE ATTACHED VERBAL MOTION.

Amendment to Existing Contract

PURPOSE

The purpose of this proposed Amendment No. 4 is to continue food services for the John Ferraro Building (JFB). These services include operation of the JFB cafeteria, convenience store, and vending machines which provide significant time savings for the nearly 3,000 employees in the JFB. Additionally, in the event of an emergency, this contract requires food service at the JFB, outlying critical facilities, and the Mobile Command Center as needed.

The attached resolution recommends approval of Amendment No. 4 to Agreement No. 47969 with Sodexo America, LLC (Sodexo). The proposed amendment will extend the contract term by 15 months and add \$561,750 to the contract value.

COST AND DURATION

	<u>Maximum Expenditures</u>
Original Contract Period (2 years 49 weeks)	\$ 750,000
Amendment No. 1 (No Additional Time)	\$ 0
Amendment No. 2 (No Additional Time)	\$ 95,000
Amendment No. 3 (6 Months)	\$ 137,319
Amendment No. 4 (15 Months)	\$ 561,750
	\$1,544,069

Currently, LADWP Agreement No. 47969 expires on January 16, 2014. Amendment No. 4 will extend the Agreement by 15 months and increase the contract value by \$561,750.

Under this Amendment, LADWP commits to a minimum monthly purchase of \$33,250 per month, which is a reduction of 20.8 percent from the current payment of \$42,000 per month. These monthly charges will continue to be offset by external catering events that are contracted directly with Sodexo, but which are produced at the JFB cafeteria facility. Any shortfall of the \$33,250 per month will be discounted by 20 percent with the net amount paid to Sodexo. These monthly charges total \$498,750 of the proposed increase. The remaining balance of \$63,000 will be applied to the existing contract expiring on January 16, 2014.

BACKGROUND

On August 3, 2010, the Board of Water and Power Commissioners awarded Sodexo Agreement No. 47969 for the JFB food services as the result of an advertised competitive process. On May 17, 2011, Sodexo notified the LADWP that under the terms of the Contract, it was providing its 120-day notice of termination, effective September 16, 2011. In the 19 months prior to the notification of termination, Sodexo incurred losses totaling \$298,843.

The factors that have impacted JFB food service operations include:

- Suspension of the public's access to the JFB cafeteria (August 13, 2010 through May 14, 2012). Revenue from non-LADWP customers accounted for a significant share of the total revenue.
- A reduction in LADWP staffing and consequently JFB occupancy.
- A reduction in catering for both LADWP and external organizations that contracted with Sodexo prior to the recent economic downturn.
- With the revitalization of downtown Los Angeles, the number of lunch options in the immediate area accessible by walking or public transportation has increased significantly resulting in competition to the JFB cafeteria, although not sufficient capacity to support the volume of employees in the JFB.

These factors led to the prior amendments which are summarized below:

Amendment No. 1

- Eliminated the monthly rent of \$2,000 per month and payment of 2 percent of the total gross sales payable to LADWP.
- Extended Sodexo's termination date by 30 days to enable the LADWP to further negotiate contract revisions. On September 12, 2011, the Board approved Amendment No. 1.

Amendment No. 2

- Required Sodexo to pay LADWP 10 percent commission on catering net sales greater than \$504,000 per year.

- Established a minimum purchase of \$42,000 per month for emergency food service requirements and catering for LADWP events, offset by external catering contracted directly with Sodexo and prepared at the JFB Food Service Facility.
- Increased the contract amount by \$95,000 from \$750,000 to \$845,000.

Amendment No. 3

- Increased the contract amount by \$137,319 and the contract period by six months to January 16, 2014.

Request for Proposal (RFP) No. 90116 was advertised on May 13, 2013 as the replacement contract for Agreement No. 47969. While there has been significant interest in providing food service at the JFB, there were only three proposals received for the current Agreement No. 47969 and only two proposals received for RFP 90116. In order to increase the number of proposers and include capital improvements to increase business, staff determined it was in LADWP's best interest to research, revise, and reissue an RFP for JFB food service utilizing a different business model.

The new RFP to be issued toward the end of next year will include significant revisions to improve food service and increase the number of bidders. The revisions being considered include:

- A contract term of 10 years for the successful bidder to operate JFB food service.
- Provisions for capital improvements to the kitchen and dining facilities. The longer term will provide an incentive for capital investment by the successful bidder and time to realize a return on the capital investment.
- A start-up period in which payments to LADWP will be deferred to allow for the necessary design, permits and capital improvements.
- A payment structure to LADWP based on revenue targets with the elimination of any commitments to purchase a minimum.

Prior to re-opening the cafeteria to the public in May 2012, the average number of LADWP employees using the cafeteria was nearly 1,000 on a daily basis. The nearest food options, a sandwich franchise and a small restaurant, are a ten minute round trip walk from the JFB. These two options together cannot accommodate 500 customers (conservative estimate) in a 90 minute lunch period. If the cafeteria is closed, employees will take longer to eat and the productivity savings from employee time spent doing work during time they would otherwise be at lunch or on a break is lost.

The daily cost of the maximum proposed payment to Sodexo is \$1,625 per work day or \$32,500 per month. Ten minutes of productive time per employee for 500 employees is equivalent to 83 hours (5,000 minutes) of productive time or \$2,905 per work day at an average hourly salary of \$35. At a savings of 15 minutes for each employee, then 125 hours (7,500 minutes) of productive time are saved. Assuming an average hourly salary of \$35 for the 500 employees, the savings in productive time is \$4,375 per work day.

Amendment No. 4 will allow adequate time to research, revise, and reissue a new RFP.

Per City Charter Section 373, Los Angeles City Council approval is required. A City Administrative Officer report is attached.

LOCAL BUSINESS PREFERENCE PROGRAM (LBPP)

The LBPP was not included in the selection of this contractor since the solicitation for this contract was issued prior to the program's implementation.

METHOD OF SELECTION

Competitive Cooperative Purchase Sole Source Single Source

CONTRACT AND VENDOR HISTORY

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47969	Sodexo	3 years, 23 weeks	8/3/2010	1/16/2014	\$982,319
49003	Sodexo	Interim – 3 weeks	7/17/2010	8/3/2010	\$50,000
47700	Sodexo/Magic	3 years	8/1/2007	7/16/2010	\$750,000

Vendor History					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47969	JFB Food Services	3 years, 23 weeks	8/3/2010	1/16/2014	\$982,319
49003	JFB Food Services	Interim – 3 weeks	7/17/2010	8/3/2010	\$50,000
47700	JFB Food Services	3 years	8/1/2007	7/16/2010	\$750,000

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that awarding a contract extension for the provision of food services 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.

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution authorizing amendment of the Contract.

RB/EL

Attachments

e-c/atts: Ronald O. Nichols

Richard M. Brown

Aram Benyamin

James B. McDaniel

Philip Leiber

Gary Wong

Gwendolyn W. Williams

Erin Lawrence

Faye Strong

Rachawn Baker


0150-10115-0000

TRANSMITTAL

TO Ronald O. Nichols, General Manager Department of Water and Power	DATE DEC 17 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**FOURTH AMENDMENT TO AGREEMENT NO. 47969 BETWEEN THE LOS ANGELES
DEPARTMENT OF WATER AND POWER AND SODEXO AMERICA LLC**

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


MAYOR

(Ana Guerrero)

MAS:RPR:10140085t

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 10, 2013
To: The Mayor
From: Miguel A. Santana, City Administrative Officer 
Reference: Communication from the Department of Water and Power dated November 14, 2013; referred by the Mayor for report on November 18, 2013
Subject: **FOURTH AMENDMENT TO AGREEMENT NO. 47969 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SODEXO AMERICA LLC**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the Fourth Amendment to competitively bid Agreement No. 47969 (Agreement) with Sodexo America, LLC (Sodexo), to continue food service operations including the John Ferraro Building (JFB) cafeteria, convenience store, and vending machines. In the event of an emergency, this Agreement also provides food services at JFB, outlying critical facilities, and at a mobile command center, as needed. Currently, the existing Agreement expires in January 2014 with expenditure authority up to \$982,319. Approval of the proposed Agreement will (i) extend the current contract by 15 months resulting in a total term of 4 years and 9 months, expiring in April 2015, and (ii) increase the expenditure authority by \$561,750 for a total of \$1,544,069.

DWP states that the JFB cafeteria and vending machines support approximately 3,500 employees that work in the building. Expiration of the existing food service agreement will result in the closure of the JFB cafeteria along with the removal of the vending machines in January 2014. Purchase activity in the JFB cafeteria as reported by DWP for the year to date ending in October 2013 shows 277,020 transactions with average of \$3.72 per transaction.

DWP asserts that approval of this proposed amendment will allow adequate time to research and develop a business plan and new request for proposal (RFP) while maintaining convenient food services for the employees located in the JFB. Notwithstanding the convenience to employees of the JFB cafeteria, DWP credits the revitalization of Downtown Los Angeles for an increased number of food options within convenient walking distance and available by public transportation. Thus, it could also be reasoned that operation of the JFB cafeteria is only one of several options available for DWP employees to find convenient food options near the JFB.

BACKGROUND

The original Agreement was approved on August 3, 2010 with a term of 36 months and

expenditure authority not to exceed \$750,000 to provide catering for promotional and employee events; however, the catering purchases were optional and there were no guaranteed financial obligations offered to Sodexo. Subsequently, on May 17, 2011, Sodexo notified the DWP that under the terms of the contract, it was providing 120-day notice of termination, effective September 16, 2011, citing non-profitable operations resulting in losses to Sodexo totaling \$298,843 during the prior 19-month period. Factors cited as affecting the food service operations at JFB include, but are not limited to: a reduction in DWP catering by DWP and external entities that contract with Sodexo; higher costs of food and fuel; suspension of public access to the cafeteria; reduction in DWP staffing; the general economic downturn; and improved availability of convenient food options accessible by walking or public transportation.

To encourage Sodexo to rescind the notice of termination and continue providing food services in the JFB, the DWP Board of Commissioners (Board) approved a series of amendments to benefit Sodexo by eliminating rent and gross purchase commission expenses. Additionally, the DWP modified the optional catering purchase authority into supplemental-guaranteed payments for catering and emergency food services totaling up to \$42,000 per month (\$504,000 annually) to offset Sodexo's catering revenue shortages. From November 2011 through October 2013, actual purchases for catering and emergency food services total approximately \$26,549 while supplemental-guaranteed payments to Sodexo total approximately \$755,000. A summary of the Agreement, prior amendments, and the proposed amendment is provided in the table below:

AGREEMENT NO. 47969	Summary
Original Agreement approved August 3, 2010	<ul style="list-style-type: none"> • Established a term of 36 months from July 2010 – July 2013 • Authorized an expenditure amount not to exceed \$750,000 for optional catering expenses. • No minimum financial obligation.
Amendment No. 1 approved Sep. 12, 2011	<ul style="list-style-type: none"> • Eliminated rent of \$2,000 per month, effective August 2011. • Eliminated 2% commission payment to DWP for gross cafeteria sales, effective January 2011.
Amendment No. 2 approved Sep. 20, 2011	<ul style="list-style-type: none"> • DWP commits to supplemental payments up to \$42,000 per month (\$504,000 annually) for catering and/or emergency food service. • Increased the expenditure authority from \$750,000 to \$845,000. • Expanded the scope of emergency services to include outlying facilities and the Mobile Command Center.
Amendment No. 3 approved June 4, 2013	<ul style="list-style-type: none"> • Extended the term from 36-months up to 42-months in order to issue an RFP and award a new contract. • Increased the expenditure authority from \$845,000 to \$982,319.
Amendment No. 4 (proposed)	<ul style="list-style-type: none"> • Reduces DWP's commitment to supplemental payments from up to \$42,000 to \$33,250 per month (\$399,000 annually) for catering and/or emergency food service. • Extends the term from 42-months up to 57 months. • Increases the expenditure authority from \$982,319 to \$1,544,069.

During the DWP Board of Commissioners (Board) meeting on June 4th, 2013, Commissioners were distressed by the request to extend this agreement from 36 months to 42 months (Amendment No. 3) citing various concerns about Sodexo including the significant supplemental-guaranteed purchase commitment from DWP and lack of rent or utilities payment to DWP. Board members inquired about expediting the bid process and encouraged the Department to complete the RFP and award a new contract as soon as possible. DWP responded that staffing shortages in procurement have affected the Department's ability to issue a RFP in a timely manner. However, approval of Amendment No. 3 was expected to provide sufficient time to issue a new RFP and award a new contract to replace the existing contract. Board members approved Amendment No. 3 with the expressed interest that a new contract would soon be awarded. Amendment No. 3 was approved pursuant to Los Angeles Administrative Code 10.5 and did not require City Council approval, according to the City Attorney.

DWP did advertise a RFP starting on May 13, 2013 with bids due no later than June 20, 2013. Numerous companies were contacted about the RFP and only two responses were received. Both responses were qualified although DWP states the bidders were not major contractors within the industry. Notwithstanding the previously expressed interests of the DWP Board, the Department determined its best interests were to (i) not accept the bids, (ii) delay the award of a new food service contract, (iii) revise and again issue a new RFP, and (iv) request Board and City Council approval of Amendment No. 4 to continue the existing contract with Sodexo. New elements being considered for a new RFP include a longer 10-year term, required capital improvements to the dining and kitchen areas, a start-up period during design and construction periods which allows for fee waivers, a payment structure to DWP based on revenue targets, and the elimination of any supplemental-guaranteed purchases.

While DWP intends to develop its food service business plan to incorporate the above mentioned elements being considered for a new RFP, it is suggested that the Department also consider the best business practices for concession agreements at other City departments such as Los Angeles World Airports (LAWA), Department of General Services (GSD), and at other municipalities.

It is noted that the proposed Agreement continues a termination provision that allows for this Agreement to be terminated without cause, on 30 calendar days written notice by DWP or 75 calendar days written notice by Sodexo, or at any time by mutual agreement of both parties. In concern for the ongoing fiscal support of the Sodexo contract, should a new contract be awarded prior to the expiration of the proposed 15-month term, it is recommended that the Department exercise its power to terminate the Sodexo Agreement at its earliest opportunity.

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 of Amendment No. 4 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.

CONCLUSION

Providing convenient food service options is a benefit that supports employee morale and helps employees to obtain nourishment quickly so they can return to work sooner. Due to unforeseen changes inside the JFB and externally, it became apparent that food services and catering provided by Sodexo were not able to continue without significant supplemental payments by the DWP that offset the Sodexo operating losses. Prior Amendments were approved by the Board to accommodate Sodexo; however, the Amendments unfavorably support the convenience of providing food services at the JFB over the fiscal goals of the original contract as well as the fiscal goals of the most recent RFP released in May 2013. Furthermore, providing a supplemental-guaranteed purchase amount is not consistent with concession agreements awarded by other City departments including LAWA and GSD.

To improve transparency and awareness of the difficulties relating to replacing the food services contract, it is the recommendation of this Office to request that DWP develop and submit its business plan and draft RFP to the DWP Board by July 2014 for consideration and approval prior to advertising. In light of the unfavorable fiscal provisions of the current and proposed Agreement and the availability of food options within convenient walking distance of JFB or by public transportation, the discontinuation of the JFB cafeteria could be considered if a new viable contract is unable to be awarded within the proposed 15 month term.

The above-mentioned aspects of the proposed Fourth Amendment, and this report, are based upon information received from the Department subsequent to the initial request submittal.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution authorizing the execution of the Fourth Amendment to Agreement No.47969 with Sodexo America, LLC, that (i) extends the current contractual term an additional 15-months, expiring in April 2015, and (ii) increases the expenditure authority by \$561,750 for a total not to exceed of \$1,544,069 for food service operations in the John Ferraro Building including the cafeteria, convenience store, and vending machines;
2. Request the Department to submit its business plan and draft RFP to the DWP Board by July 2014 for consideration and approval prior to advertising; and
3. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will result in an increased expenditure authority of \$561,750 from the Department's 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:10140085

**AMENDMENT NO. 4 TO AGREEMENT NO. 47969
BETWEEN
THE LOS ANGELES DEPARTMENT OF WATER AND POWER
AND
SODEXO AMERICA, LLC**

THIS AMENDMENT NO. 4 to Agreement No. 47969 is made and entered into by and between the City of Los Angeles, a municipal corporation acting by and through the Los Angeles Department of Water and Power, (hereinafter referred to as the "LADWP") and Sodexo America, LLC (hereinafter referred to as "Sodexo").

WHEREAS, LADWP and Sodexo entered into Agreement No. 47969 wherein Sodexo agreed to provide John Ferraro Building (JFB) Food Services effective August 3, 2010, which together with all amendments and supplements thereto hereinafter shall be referred to as the "Agreement"; and

NOW, THEREFORE, BE IT RESOLVED Amendment No. 4 to Agreement No. 47969 is as follows:

1. Article I, Section 201, Term of the Agreement is amended to increase the contract term by fifteen (15) months to read as follows:

The term of this Agreement shall commence, upon execution of this Agreement by all Parties hereto and shall terminate **four (4) years and thirty-six (36) weeks** thereafter, subject to the termination provisions herein. Performance shall not begin until the Contractor has obtained Department approval of insurance required herein.

2. Section 301, Compensation is amended as follows:

	Required Rate
Percentage of total gross sales – cafeteria	Effective August 1, 2011, Monthly Rent of \$2,000 is eliminated and Effective January 1, 2011, Commission of 2% is eliminated
Percentage of total gross sales – vending	5%
Percentage of total gross sales – convenience store	5%
Contractor Investment	Waived

LADWP commits to a minimum purchase of \$42,000 per accounting period (calendar month) for emergency food service requirements and catering for LADWP events, offset by external catering, contracted directly with Sodexo, but which is produced at the JFB Food Service Facility. Any shortfall of the minimum purchase will be discounted by 20 percent with the net amount being paid to Sodexo within 30 days following the end of the year as defined below. The \$42,000 minimum purchase commitment is effective October 28th,

2011, however for the 2 weeks from October 14, 2011 to October 27, 2011 the minimum purchase commitment will be \$21,000. In addition, for the period of **January 1, 2014 through January 16, 2014**, the minimum purchase commitment will be prorated. **The minimum purchase rate of \$42,000 per accounting period will expire on January 16, 2014 and effective January 17, 2014 the rate will change to \$33,250 per accounting period. In addition, for the period of April 1, 2015 through April 16, 2015, the minimum purchase commitment will be prorated.**

Effective October 14, 2011, LADWP will deposit \$42,000 with Sodexo in a revolving account to meet any payables consistent with the terms of the contract.

Sodexo will pay LADWP 10% commission on Catering Net Sales in excess of \$504,000 per year. **Effective January 17, 2014 the annual Catering Net Sales threshold will change to \$402,000 per year.** The first year will start on October 28, 2011 and end on **November 1, 2012. The second "year" will start on November 2, 2012 and end on November 1, 2013. The third year will start on November 2, 2013 and end on November 1, 2014. The fourth "year" will start on November 2, 2014 and end on April 16, 2015 when the current contract terminates.**

Reconciliation of all financial obligations under the contract will be performed on an annual basis. If the contract is terminated by either side before the end of the year in question, then reconciliation will occur within 30 days of the contract termination date, and the **annual Catering Net Sales** threshold will be prorated.

If the contract is terminated by either side before the end of the calendar month, the minimum purchase financial obligation will be prorated based upon the termination effective date.

3. Article I, Section 301.1, Not-to-Exceed Amount is amended to increase the contract not-to-exceed amount by \$561,750 to read as follows:

The total compensation that may be paid to the Contractor by the Department for complete and satisfactory performance of services under this Agreement shall not exceed **One Million Five Hundred Forty-Four Thousand Sixty Nine Dollars (\$1,544,069)** for catering services.

4. Except as amended herein and as previously amended, all terms and conditions of Agreement No. 47969 shall remain the same and are incorporated herein as if fully set forth.
5. This Amendment No. 4 is executed in two (2) duplicate originals, each of which is deemed to be an original. This Amendment No. 4 consists of two (2) pages.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 4 to Agreement 47969 to be executed by their authorized representatives on the day and year written below.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES
BY
BOARD OF WATER AND POWER
COMMISSIONERS
OF THE CITY OF LOS ANGELES

Dated : _____ By: _____
RONALD O. NICHOLS
Title: _____
General Manager

AND:

Dated: _____ By: _____
BARBARA E. MOSCHOS
Title: _____
Board Secretary

SODEXO AMERICA, LLC

Dated: 11-19-2013 By: _____
Title: _____
Senior Vice President

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

NOV 22 2013

BY _____
DIRK P. BROERSMA
DEPUTY CITY ATTORNEY