



RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: August 2, 2021

SUBJECT: Amendment No. 5 to Agreement No. 47080-2 for Proprietary Computer Software Maintenance, Support, and Change Services for the Electronic Request-Solicit-Procure System With OGMA Consulting Corporation

SUMMARY

The proposed Amendment No. 5 (Amendment) to Agreement No. 47080-2 (Agreement) with OGMA Consulting Corporation (OGMA) is to increase the not-to-exceed amount by \$2,818,120 (budgeted) from \$6,673,513 to \$9,491,633 and extend the Agreement term by four years to November 30, 2025, for a total term of fourteen years. All other terms and conditions of the Agreement will remain unchanged.

The Amendment is necessary to temporarily integrate LADWP's Electronic Request-Solicit-Procure (eRSP) system with the Ivalua, Inc. (Ivalua) Enterprise Resource Planning (ERP) solicitation management solution (under Agreement No. 47654-1) as part of ERP Phase I. This Amendment will provide ongoing routine maintenance and support, advanced support, and software change services from OGMA sustaining the eRSP system while LADWP works on ERP Phase II (human resources and payroll) and Phase III (financial management and procurement). In addition, OGMA will provide the necessary services to assist LADWP in retiring the eRSP system and converting the appropriate data elements into the Ivalua ERP Phase III procurement system, ensuring long-term procurement data analytics capabilities, and maintaining the necessary LADWP historical procurement records.

City Council approval is required pursuant to Los Angeles City Charter Section 373.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing approval of the Amendment to the Agreement with OGMA.

ALTERNATIVES CONSIDERED

There is no viable alternative to be considered for this Amendment. The eRSP system is an implementation of the Opportunities & Purchasing Exchange Network (O&PEN) System, a proprietary and complex software application developed by OGMA that has been heavily configured to adapt to LADWP's present state procurement process. The eRSP system is tightly integrated with other supply chain related systems such as the Maximo receiving and inventory system, the City of Los Angeles Business Assistance Virtual Network (LABAVN), and the legacy back-end mainframe purchasing system which supports the Accounts Payable FileNet 3-Way Match invoice processing system. The ability to purchase, receive, and pay for the materials and services necessary to maintain LADWP business operations will be negatively impacted without the required services from OGMA.

FINANCIAL INFORMATION

The Amendment will extend the Agreement term by four years to November 30, 2025, and increase the not-to-exceed amount by \$2,818,120 (budgeted) from \$6,673,513 to \$9,491,633.

The table below indicates the breakdown of the costs over the proposed 14-year term:

Contract/Agreement/Amendment	Maximum Expenditure Increase	Amendment No. 5 Increase	Amended Maximum Expenditure
Original Contract No. 49024-2 (4 months 13 days)	\$150,000	---	\$150,000
Amendment No.1 to Contract No. 49024-2 (extend term by 2 years, 8 months, and renumber to Agreement No. 47080-2)	\$1,198,903	---	\$1,348,903
Amendment No. 2 to Agreement No. 47080-2 (No extension to term)	\$442,500	---	\$1,791,403
Amendment No. 3 to Agreement No. 47080-2 (extend term by 5 years)	\$3,694,410	---	\$5,485,813
Amendment No. 4 to Agreement No. 47080-2 (extend term by 2 years)	\$1,187,700	---	\$6,673,513
Proposed Amendment No. 5 to Agreement No. 47080-2 (extend term by 4 years)	---	\$2,818,120	\$9,491,633
Agreement Total	---	---	\$9,491,633

BACKGROUND

In 2007, LADWP established Agreement No. 47693-8 with Sierra Systems as the system integrator for the design, development, and implementation of a web-based procurement system. OGMA, the manufacturer of the proprietary O&PEN software application upon which the eRSP system is based, was Sierra Systems' software subcontractor.

September 2008, Sierra Systems and OGMA implemented the first phase of the eRSP system supporting low dollar value one-time purchases.

April 2011, the second and final phase of the eRSP system was implemented supporting blanket authorities, contracts, and agreements. Within these two phases, nearly all of LADWP's purchases of materials and services are supported by electronic procurement functionality consisting of requisitioning, bid/proposal advertisement, online bid/proposal submission, bid/proposal evaluation, purchase authority awarding, contract and sub-purchase authority release management, and contract renewal.

October 17, 2011, Sierra Systems declined to enter into a maintenance and support agreement with LADWP. As a result, LADWP obtained interim off-site routine maintenance and support services directly from OGMA, utilizing LADWP's software commodities contract for a term expiring on April 13, 2012. LADWP then entered into Purchase Order (PO) No. 49024-2 with OGMA for advanced support and software change services in the amount of \$150,000 effective December 1, 2011, for a term expiring on April 13, 2012.

March 20, 2012, Resolution No. 012 197 authorized Amendment No. 1 to extend the term of the PO to three years to November 30, 2014, increase the PO limit by \$1,198,903 to \$1,348,903, expand the scope of work to include routine maintenance and support services, and renumber the PO to Agreement No. 47080-2. As part of Amendment No. 1, OGMA completed a significant portion of the work to integrate the eRSP system with Power and Water Systems' consolidated Maximo re-implementation which included replacing the legacy mainframe receiving and inventory systems.

December 3, 2013, Resolution No. 014 102 authorized Amendment No. 2 to increase the Agreement limit by \$442,500 to \$1,791,403 in order to accommodate an expansion in scope and complexity of the business requirements associated with the Maximo receiving and inventory system integration. There was no change to the term of the Agreement.

February 3, 2015, Resolution No. 015 145 authorized Amendment No. 3 to increase the Agreement amount by \$3,694,410 to \$5,485,813 and increase the term by five years for a total of eight years ending on November 30, 2019. Through Amendment No. 3, LADWP was able to complete the integration to the Maximo receiving and inventory system, expand data validation for the integration to Maximo after the initial implementation, implement an interface to LABAVN, implement a contract management

dashboard for contract administrators, and obtain five years of ongoing routine maintenance and support, advanced support, and software change services for the eRSP system.

November 19, 2019, Resolution No. 020 103 authorized Amendment No. 4 to increase the Agreement amount by \$1,187,700 to \$6,673,513 and increase the term by two years for a total of ten years ending on November 30, 2021. The intention of Amendment No. 4 was to provide the Department the time necessary to complete the solicitation, evaluation, and award process for the ERP software and system integrators and establish the ERP project roadmap that would include the replacement of the eRSP system. With this information, LADWP would have the insights necessary to pursue the fifth and final amendment with OGMA for the eRSP system until it was replaced as part of the overall ERP supply chain management solution.

This Amendment will ensure that LADWP has the software maintenance and support services from OGMA that are necessary to sustain the eRSP system as LADWP works on ERP implementation. At the conclusion of Phase III, the Ivalua ERP procurement system will result in the retirement of the eRSP system.

OGMA has performed satisfactorily under the current Agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report was approved on July 7, 2021.

ENVIRONMENTAL DETERMINATION

Determined item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the approval of the Amendment to the Agreement to extend ongoing OGMA routine maintenance, support, and software change services is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Amendment and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Amendment
- CAO Report