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Eric Garcetti | Mayor, City of Los Angeles

Gary Lee Moore, P.E. | Interim Executive Director

December 5, 2013

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Mr. Michael Espinosa, City Clerk's Office

SUBJECT: FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES

Pursuant to Section 606 of the City Charter, enclosed for your approval is Agreement No. 13-2903-A with Microsoft Corporation approved by the Board of Harbor Commissioners at its meeting of September 19, 2013.

RECOMMENDATION:

1. Approve in accordance with Section 606 of the Los Angeles City Charter Agreement No. 13-2903-A with Microsoft Corporation;
2. Adopt the determination by the Los Angeles Harbor Department that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2 (f) of the Los Angeles City CEQA Guidelines ; and
3. Return to the Board of Harbor Commissioners for further processing.

Respectfully submitted,


JULIE W. HUERTA
Acting Commission Secretary

cc: Trade, Commerce & Tourism Committee
Councilman Rosendahl, encls.
Councilman LaBonge, encls.
Councilman Buscaino, encls.
Christine Yee Hollis, CLA, encls.

Alvin Newman, CAO, encls.
Lisa Schechter, CD4, encls.
Aaron Gross Government Affairs, encls.
Robert Henry, encls.
Mandy Morales, Mayor's office, encls.

DEC 06 2013
TRADE, COMMERCE & TOURISM

9/19/13
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RECOMMENDATION APPROVED;
RESOLUTION NO. 13-7556 ADOPTED; AND
AGREEMENT NO. 13-2903-A APPROVED
BY THE BOARD OF HARBOR COMMISSIONERS



Executive Director's
Report to the

Board of Harbor Commissioners

September 19, 2013

[Signature]
ACTING SECRETARY

DATE: SEPTEMBER 11, 2013

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. 13-7556 - FIRST AMENDMENT TO AGREEMENT
NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE
PRODUCT SUPPORT AND CONSULTING SERVICES

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is requesting approval to the First Amendment to Agreement 10-2903 with Microsoft Corporation (Microsoft) for support and consulting services for the Microsoft products used by the Harbor Department. These services are required to maintain and optimize the Harbor Department's computing environment, which relies on Microsoft technology for its on-going operations. The amount of this amendment will add \$1,000,000 to Agreement 10-2903, bringing the not to exceed Amount to \$1,497,969. The term of Agreement 10-2903 is also being extended by three years bringing the total term to six years. Without the approval of this First Amendment, Agreement 10-2903 will expire on October 26, 2013.

The Agreement with Microsoft is a sole-source agreement as Microsoft software and products can only be serviced by Microsoft. Microsoft is based in Redmond, Washington, with offices in Los Angeles and other Southern California cities.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that in accordance with the Los Angeles City Charter Section 1022, the work under the subject Agreement can be performed more feasibly by independent contractors than by City employees;
2. Approve the First Amendment to Agreement 10-2903 with Microsoft Corporation for a not to exceed amount of \$1,497,969 and a term of six years;
3. Direct the Board Secretary to transmit the First Amendment to the City Council for approval pursuant to Charter Section 606;

DATE: SEPTEMBER 11, 2013

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SUBJECT: RESOLUTION NO. 13-7556 - FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES

4. Authorize the Executive Director or designee to execute the First Amendment to Agreement 10-2903 and authorize the Board Secretary to attest to said amendment; and
5. Adopt Resolution No. 13-7556.

DISCUSSION:

Background and Context – Microsoft technologies are used on most of the Harbor Department's computer systems, including desktop software, messaging, critical business applications, and core infrastructure services such as databases, active directory and operating systems. Microsoft products are also used by the Harbor Department's customers and stakeholders such that its continued use will enable the Harbor Department to interface with them seamlessly without interruption. Further, Microsoft support will allow the Harbor Department to continue to operate at its current level without business interruption and is necessary for the Harbor Department's daily operations.

Of the \$497,969 authorized by the Board for Agreement 10-2903, \$497,632 has been expended during the previous three year term.

Benefits– Microsoft will assist the Information Technology Division (ITD) in maintaining and optimizing the Harbor Department's computing environment. The maintenance and technical support will involve:

- Problem resolution support 24 hours a day, 7 days a week via telephone, electronic and Premier online website access;
- Support assistance with infrastructure and database design, recommendation and migration;
- Application development assistance in migrating obsolete platform or applications to latest Microsoft technologies; and
- Lab facilities for future Microsoft product review, development, benchmarking, testing, prototyping and migration activities.

Strategic Alignment– Per the Information Technology Strategic Plan, this Agreement will continue to be used to improve the computing environment, which will result in efficiencies to the Harbor Department. Fiscal and operating efficiencies include: license reviews, reduced system outages, greater use of existing products, and preparation for future information technology requirements. This is an on-going effort as new technologies are implemented throughout the Harbor Department and integrated into the existing computing environment. Over the term of this First Amendment (Transmittal 1), ITD will address three major strategic areas and will require Microsoft's

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SUBJECT: RESOLUTION NO. 137356 - FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES

consulting services to perform assessments and provide recommendations to enhance and optimize the existing computing environment. The assessments will be done in the first year. ITD is requesting the larger funding in years two and three for the purpose of implementing the recommendations provided by Microsoft. The three strategic areas being addressed are: 1) Disaster recovery of the Harbor Department's critical systems such as email and Active Directory, 2) The implementation of server high availability and 3) The improvement of configuration management/change control to increase the reliability of the existing computing environment.

Microsoft will also assist ITD with the completion of migrating custom applications developed with Microsoft technologies. The IT Strategic Plan recommends reducing the Harbor Department's dependency on these custom applications, most of which were developed by consultants over many years. Microsoft's in-depth knowledge of its product technology and availability to exclusive tools are needed to evaluate the custom programming code and to facilitate the transition of support to ITD. The first year of this Amendment includes funds to assess the Harbor Department's Microsoft-based custom applications such as the Project Information Control System and PortWatch. A separate Board action may be requested in the future to fund the assessment's recommendations and transition of the custom applications.

Procurement Process— Agreement 10-2903 is a sole source agreement because Microsoft Premier Support is provided only by Microsoft for its proprietary software. Microsoft has exclusive knowledge and tools to perform this work (Transmittal 2). The Department of Water and Power and Los Angeles World Airports are procuring these services similarly.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of the First Amendment to an Agreement with Microsoft for support of Microsoft products used by the Harbor Department to extend the compensation and term of the Agreement. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

Approval of the proposed Amendment will support 3 direct and 11 secondary one-year equivalent jobs for the five county regions.

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SUBJECT: RESOLUTION NO. 13-755e FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES

FINANCIAL IMPACT:

The financial impact of adopting this proposed Board item is that the Harbor Department will commit \$160,000 to fund this Agreement during Fiscal Year (FY) 2013/14 in the account numbers specified below. For FY 2014/15 and FY 2015/16, funds will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. Funds are expected to be expended from Accounts 54110 and 54310 Cost Center 0640, Program 000 as follows:

Fiscal Year	Anticipated Amount	
2013/14	\$ 160,000	(\$63,000 from Account 54110 and \$97,000 from Account 54310)
2014/15	\$ 420,000	(\$63,000 from Account 54110 and \$357,000 from Account 54310)
2015/16	\$ 420,000	(\$63,000 from Account 54110 and \$357,000 from Account 54310)
<hr/> Total	\$1,000,000	

If in any subsequent fiscal year funds are not appropriated by the Board for services provided for under the contract, those services will not be used.

The financial impact of not approving the proposed Amendment is that the Harbor Department will not have to expend \$160,000 during FY 2013/14 for the services specified in the Agreement nor will proposed expenditures for subsequent years have to be committed as part of the annual budget adoption process.; however, this will likely result in Departmental operational inefficiencies resulting from a disruption of technological work processes currently in place. The benefit of funding the proposed Board item is that the scope of services provided for in the Agreement aims to improve Harbor Department operational efficiencies and staff productivity by insuring the recoverability of the Harbor Department's computer systems, insuring high system availability and insuring stability of the computer systems used by the Harbor Department by implementing tighter change control measures.

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SUBJECT: RESOLUTION NO. 13755 - FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES

CITY ATTORNEY:

The First Amendment has been approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. First Amendment to Agreement 10-2903 with Microsoft Corporation
2. Microsoft Sole Source Letter

FIS Approval: ef (initials)
CA Approval: JMC (initials)

for 
LANCE KANESHIRO
Chief Information Officer


MOILY CAMPBELL
Deputy Executive Director

APPROVED: 
GERALDINE KNATZ, Ph.D.
Executive Director

LK/LFG
Author: L. Garcia

FIRST AMENDMENT TO AGREEMENT NO. 10-2903
BETWEEN THE CITY OF LOS ANGELES
AND
MICROSOFT CORPORATION

THIS FIRST AMENDMENT to Agreement No. 10-2903 is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Board of Harbor Commissioners ("Board"), and MICROSOFT CORPORATION ("Consultant") as follows:

1. Subsection B.1. of Article III entitled EFFECTIVE DATE AND TERM OF AGREEMENT is amended to extend the term an additional three years, and will read:

"B. This Agreement shall be in full force and effect commencing from the date of execution and shall continue until the earlier of the following occurs:

1. Six (6) years have lapsed from the Effective Date of this Agreement;"

2. Subsection B of Article V entitled COMPENSATION AND PAYMENT is amended to increase the maximum payable amount by \$1,000,000, and will read:

"The maximum payable under this Agreement, including reimbursable expenses (see Exhibit B), shall be One Million Four Hundred Ninety Seven Thousand Nine Hundred Sixty Nine Dollars (\$1,497,969). The full amount for the first contract year (see Exhibit B) may be invoiced by Consultant upon final execution of this Agreement and pre-paid by the City in accordance with Los Angeles Administrative Code Section 5.47 as it is compensation for "services which are customarily required to be paid for in advance and which it is not possible to acquire without advance payment." Likewise, the full amount for each subsequent contract year (see Exhibit B) may be invoiced by Consultant sixty (60) days prior to the end of a contract year and pre-paid by the City."

3. Exhibit B is replaced in its entirety (see attached Exhibit B).

This Amendment shall be in full force and effect commencing upon signature of the Executive Director after approval by the City Council of Los Angeles pursuant to Section 606 of City's Charter. Except as amended herein, all remaining terms and conditions of Agreement No. 10-2903 shall remain in full force and effect.

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IN WITNESS THEREOF, the parties hereto have executed this First Amendment to Agreement No. 10-2903 on the date to the left of their signatures.

THE CITY OF LOS ANGELES, by its Board of Harbor Commissioners

Dated: _____, 2013

By _____ Executive Director

Attest _____ Board Secretary

MICROSOFT CORPORATION

Dated: September 12, 2013

By David T. Gallagher

David T. Gallagher Director of Contracts
(Print/type name and title)

Attest: Melissa Ranslem

Melissa Ranslem Contracts Admin
(Print/type name and title)

APPROVED AS TO FORM AND LEGALITY

_____, 2013
MICHAEL N. FEUER, City Attorney
JANNA B. SIDLEY, General Counsel

By _____
MINAH PARK, Deputy City Attorney

MP:jpr
08/27/13
Attachments

Account#	54110/54310	W.O. #	
Ctr/Div#	0640	Job Fac.#	
Proj/Prog#			
Budget FY:		Amount:	
13/14	\$ 160,000	54110	\$ 63,000
14/15	\$ 420,000	54310	\$ 97,000
15/16	\$ 420,000	54110	\$ 63,000
		54310	\$357,000
TOTAL:	\$1,000,000		

For Acct/Budget Div. Use Only

Verified by: _____

Verified Funds Available: _____

Date Approved: _____

State and Local Government – Microsoft Premier Support Services Description

(Microsoft Affiliate to complete)
Services Description Number.
 (For Microsoft Internal Purposes Only)
 MSL Number

This services description (“**Services Description**”) is made pursuant to the Microsoft Master Services Agreement, (the “**Agreement**”) effective as of _____, which is incorporated herein by this reference. In this Services Description “**You**”, “**Your**” or “**Customer**” means the undersigned customer and “**We**,” “**Us**,” or “**Our**” means the undersigned Microsoft affiliate. Any terms not otherwise defined herein will assume the meanings set forth in the Agreement. This Services Description is comprised of this cover page and the Services Description terms below, which are incorporated herein by this reference.

Customer Invoice Information		
Name of Customer Port of Los Angeles		Contact Name (This person receives invoices under this Services Description unless otherwise specified on Your purchase order.)
Name of Customer or Affiliate that executed the Agreement if different than the undersigned		
Street Address		Contact E-mail Address
City	State/Province	Phone
Country	Postal Code	Fax

Invoicing
 Premier Support is a prepaid service and all fees and any applicable taxes are due upon acceptance of this Services Description. We must be in receipt of a purchase order, check, or other acceptable form of payment before We will begin providing Services. We will invoice You for additional Services performed and expenses incurred. Our invoices are payable in full within 30 days of receipt by You and will be directed to Your representative for payment at the address shown above unless otherwise provided in a purchase order. Notwithstanding the foregoing, multi-year Service Descriptions will be invoiced upon Our acceptance of this Services Description for year one and the remaining installments will be invoiced at the subsequent anniversaries of the Commencement Date as defined on the Fee and Named Contacts Schedule(s). We reserve the right to adjust Our fees prior to entering into any new Fee and Named Contacts Schedule(s).

Term
 This Services Description will commence on 11/01/2013 and will expire on 10/31/2016 (the “Expiration Date”) unless otherwise extended by a subsequent FNC(s).

By signing below the parties acknowledge and agree to be bound to the terms of the Agreement and this Services Description.

Customer	Microsoft Affiliate
Name of Customer (please print) Port of Los Angeles	Name Microsoft Corporation
Signature	Signature <i>David T. Gallagher</i>
Name of person signing (please print)	Name of person signing (please print) David T. Gallagher
Title of person signing (please print)	Title of person signing (please print) Director of Contracts

Date	Date 9-12-13
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1. OVERVIEW. This Services Description describes the various types of services that may be obtained (the "Services"). In addition, it sets forth the parties' respective responsibilities, prerequisites and assumptions that underlie the provision of the Services, applicable fees, and additional terms and conditions. The Services focus on the following key areas:

Support Account Management from an assigned Microsoft resource ("Services Resource") helps to build and maintain relationships with Your management and service delivery staff and helps You arrange each element of the Premier Support to meet Your business requirements.

Workshops help You to prevent problems, increase system availability and assist with creating products and solutions based on Microsoft technologies.

Problem Resolution Support provides assistance for problems with specific symptoms encountered while using Microsoft products, where there is a reasonable expectation that the problem is caused by Microsoft products.

Support Assistance provides short-term advice and guidance for problems not covered with Problem Resolution Service as well as requests for consultative assistance for design, development and deployment issues.

Information Services provide Your staff with the latest knowledge on Microsoft technologies to enhance Your in-house support capabilities.

2. AVAILABLE SERVICES. You may utilize any combination of the following Services. Unless We specify otherwise, the Services are charged on an hourly basis and will be deducted from the total number of hours You have purchased as set forth in the attached Fee and Named Contacts Schedule(s). The complete list of Services below may not be available in all countries. For a detailed list of Services available outside the US, please contact Your Services Resource.

2.1 Support Account Management. Support Account Management services are intended to help coordinate the support and services relationship. The Services Resource is Your advocate within Microsoft and facilitates a team that can provide Workshops, Problem Resolution Support, and Support Assistance. The Services Resource also serves as the point of information delivery and provides Your feedback regarding the Services to other Microsoft groups. The Services Resource will engage with You in the following activities which will be deducted from the pre-paid hours listed in the "Premier Support Fees" section below:

- a. **Planning and Resource Facilitation.** At the commencement of this Service Description, an orientation and planning session can be conducted with Your management and staff via teleconference or onsite if an onsite visit has been purchased. The purpose of this meeting is to discuss the Services available, gather input regarding Your support needs, and jointly plan Your use of the Services.
- b. **Status Meetings and Reporting.** A standard status report can be prepared on a regular basis, to summarize the Services delivered during the previous reporting period. Status meetings will be conducted to discuss Service activities, monitor Your satisfaction levels, and discuss actions or adjustments that may be required. Customized reporting can be provided at Your request and any additional related labor will be deducted from Your Support Assistance hours.
- c. **Escalation Management.** Support issues that require escalation to other resources within Microsoft can be closely managed by the Services Resource to expedite resolution.

2.2 Workshops and Events. The goal of Workshops and Events is to provide You proactive technical information to assist in the design, development or deployment of Microsoft technologies. **All registration requirements for Workshops and Events must be completed by You 60 days prior to the expiration date of the applicable Fee and Named Contacts Schedule(s).** Additional benefits may include instruction to help reduce the number and minimize the impact of problems related to Microsoft Products that You experience. Workshops and Events can include the following:

- a. **Workshops.** We can conduct instructor-led training sessions that emphasize Microsoft technologies at Your facility or on location at Microsoft. If You elect to have a Workshop conducted at Your facility, We will provide You with specifications for configuring Your environment prior to the delivery of the Workshops. Workshops are individually scoped and priced depending upon the length, delivery location and material presented. Your Services Resource can provide You with a current list of available Workshops.

- b. **Events.** We can provide broad and deep technical development-focused presentations, combined with hands-on labs that provide training and facilitate Your implementations of Microsoft technologies. These Events provide the opportunity to interact with Microsoft product groups, Premier support development resources and marketing contacts. Your Services Resource can provide You with notification of scheduled Events.

2.3 Problem Resolution Support. Problem Resolution Support provides assistance for problems with specific symptoms encountered while using Microsoft products, where there is a reasonable expectation that the problems are caused by Microsoft products. Problem Resolution Support is available 24 hours a day, 7 days a week. Requests for support may be submitted via telephone or electronically through the Premier online website by Your designated contacts, except for Severity 1 and A which must be submitted via telephone as set forth below in Section 2.3(a). Problem Resolution Support can include any combination of the following:

- a. **Problem Request (Break-Fix).** An assisted break-fix support request, also known as an incident, is defined as a single support issue and the reasonable effort needed to resolve it. A single support issue is a problem that cannot be broken down into subordinate issues. If a problem consists of subordinate issues, each shall be considered a separate incident. Incidents requiring an onsite visit will be charged on an hourly basis and will include charges for reasonable travel and living expenses. In certain situations, We may provide You with a modification to the commercially available Microsoft product software code to address specific critical problems ("Hotfix(es)") in response to an assisted break-fix support request. Hotfixes are designed to address Your specific problems and are not regression tested. Except as otherwise provided herein or in an Exhibit, Hotfixes may not be distributed to unaffiliated third parties without Our express written consent.
- **Fixed Priced Incidents** include the commercially reasonable amount of Services necessary to troubleshoot and help resolve the support issue. The total number of incidents is set forth in the attached Fee and Named Contacts Schedule(s).
 - **Hours-based Incidents** are charged on an hourly basis and include the commercially reasonable amount of hours of Services necessary to troubleshoot and help resolve the support issue. Hours-based incidents are deducted from the pre-paid hours set forth in the attached Fee and Named Contacts Schedule(s) or charged to You in arrears if all pre-paid hours have been exhausted.

(Read and Delete: Use the below language for Premier Standard customers and delete language above for Premier Plus Customers)

Problem resolution support is charged on an hourly basis and includes the commercially reasonable amount of hours of Services necessary to troubleshoot and help resolve the support issue. Hours-based incidents are deducted from the pre-paid hours set forth in the attached Fee and Named Contacts Schedule(s) or charged to You in arrears if all pre-paid hours have been exhausted.

You are responsible for setting the initial severity level in consultation with Us and You can request a change in severity level at any time. The incident severity will determine the response levels within Microsoft and estimated response times and Your responsibilities are defined in the following table:

Severity	Situation	Our Expected Response	Your Expected Response
1 Submission via phone only	<ul style="list-style-type: none"> • Catastrophic business impact: • Complete loss of a core (mission critical) business process and work cannot reasonably continue • Needs immediate attention 	<ul style="list-style-type: none"> • 1st call response in 1 hour or less • Our Resources at Your site as soon as possible. • Continuous effort on a 24x7 basis • Rapid Escalation within Microsoft to Product teams • Notification of Our Senior Executives 	<ul style="list-style-type: none"> • Notification of Your Senior executives • Allocation of appropriate resources to sustain continuous effort on a 24x7 basis² • Rapid access and response from change control authority
A Submission via phone only	<ul style="list-style-type: none"> • Critical business impact: • Significant loss or degradation of services • Needs attention within 1 hour 	<ul style="list-style-type: none"> • 1st call response in 1 hour or less • Our Resources at Your site as required. • Continuous effort on a 24x7 basis • Notification of Our Senior Managers 	<ul style="list-style-type: none"> • Allocation of appropriate resources to sustain continuous effort on a 24x7 basis² • Rapid access and response from change control authority • Management notification
B Submission via phone or web	<ul style="list-style-type: none"> • Moderate business impact: • Moderate loss or degradation of services but work can reasonably 	<ul style="list-style-type: none"> • 1st call response in 2 hours or less • Effort during Business Hours¹ only 	<ul style="list-style-type: none"> • Allocation of appropriate resources to sustain Business Hours' continuous effort • Access and response from

	continue in an impaired manner. <ul style="list-style-type: none"> Needs attention within 2 Business Hours¹ 		change control authority within 4 Business Hours ¹
C Submission via phone or web	<ul style="list-style-type: none"> Minimum business impact. Substantially functioning with minor or no impediments of services. Needs attention within 4 Business Hours¹ 	<ul style="list-style-type: none"> 1st call response in 4 hours or less Effort during Business Hours¹ only 	<ul style="list-style-type: none"> Accurate contact information on case owner Responsive within 24 hours.

¹ Business Hours are defined as 6AM to 6PM Pacific Time, Monday through Friday excluding holidays.

² We may need to downgrade the severity level if You are not able to provide adequate resources or responses to enable Us to continue with problem resolution efforts.

You may be required to perform problem determination and resolution activities as requested by Us. Problem determination and resolution activities may include performing network traces, capturing error messages, collecting configuration information, changing product configurations, installing new versions of software or new components, or modifying processes.

You are responsible for implementing the procedures necessary to safeguard the integrity and security of Your software and data from unauthorized access and to reconstruct lost or altered files resulting from catastrophic failures.

- b. **Rapid Onsite Support Services.** You can request on-site support as an additional billable service. Our ability to provide onsite support is subject to Our resource availability, and the tasks performed will vary depending on the situation, environment, and business impact of the issue.
- c. **Software Assurance Benefits.** You may elect to convert Your Software Assurance 24x7 Problem Resolution Support Incidents (SA PRS Incidents) to Premier Problem Resolution Support (PPRS) hours or incidents for use consistent with Your Premier service plan at the time of transfer. This conversion is based on a local rate calculation that will be provided by your Services Resource. You may be required to purchase additional Support Account Management hours before converting SA PRS incidents/hours. All SA PRS Incidents You transfer are subject to this Services Description.

2.4 Support Assistance. Support Assistance provides short-term advice and guidance for problems not covered with Problem Resolution Support as well as requests for consultative assistance for design, development and deployment issues. Your Services Resource will work with You to determine Your specific Support Assistance needs.

The following are types of Support Assistance that can be utilized under this Services Description:

- a. **Infrastructure Support Assistance.** Infrastructure Support Assistance includes informal advice, guidance and knowledge transfer intended to help You implement Microsoft technologies in ways that avoid common support issues and decrease the likelihood of system outages.

These services also help You to resolve problems that are not attributed to Microsoft Products including:

- Errors caused by Your networking infrastructure, hardware, non-Microsoft software, operational procedures, architecture, IT service management process, system configuration or human error.
- Multi-vendor coordination interoperability problems. Upon Your request, We will collaborate with third-party software suppliers to help resolve complex multi-vendor product interoperability issues.

- b. **Reviews.** A review is an assessment of a specific system, application or architecture to address design, development, deployment, and supportability issues for current or planned implementations of Microsoft technologies. Each review is individually scoped and estimated prior to scheduling resources, and a written report is produced to document findings and recommendations. **All requests for reviews and the applicable data must be submitted to Us no later than 60 days prior to expiration date of the applicable Fee and Named Contacts Schedule(s).**
- c. **Development Support Assistance.** Development Support Assistance helps You in Your creation and development of internal applications on the Microsoft platform that integrate Microsoft technologies. Development Support Assistance specializes in Microsoft development tools and technologies.
- d. **Lab Access.** Microsoft can provide You with access to a lab facility to assist You with product development, benchmarking and testing, prototyping and migration activities on Microsoft products. These facilities must be scheduled in advance and are subject to availability.

2.5 Information Services. Information Services provide You with technical information about Microsoft products and support tools that help You to implement and operate Microsoft products in a more efficient and effective manner. Information Services can include any combination of the following:

- a. Premier online website. The Premier online website provides access to the following information resources at no additional charge:
 - Regularly updated product news flashes documenting key support and operational information about Microsoft products.
 - Critical problem alerts notifying You of potentially high-impact problems.
 - Web response tool for submitting and checking the status of support incidents.
 - Microsoft KnowledgeBase of technical articles and troubleshooting tools and guides.
- b. Support Webcasts. Support webcasts are regularly scheduled webcast discussions led by Our program managers, developers and professionals covering key areas of Microsoft technology. These are provided at no additional charge and require high speed Internet access to participate.

2.6 Additional Services. You may request changes or additions to this Services Description at any time. Additional Services that are available for purchase, and the specific terms and conditions applicable to those Services, may be set forth in this Services Description, an attached Exhibit and/or Fee and Named Contacts Schedule(s). Additional Services will be invoiced at the prevailing price at the time the Services are rendered or upon acceptance of an Exhibit and/or Fee and Named Contacts Schedule(s) referencing this Services Description. If you purchase additional Problem Resolution Support hours or convert Software Assurance hours to Problem Resolution Support hours, you may also be required to purchase additional Services Management hours. Prior to delivering additional Services, We must be in receipt of a purchase order, check or other acceptable form of payment.

3. PREREQUISITES AND ASSUMPTIONS. Our delivery of Services under this Services Description is based upon the following Prerequisites and Assumptions:

- a. All Services will be provided remotely to Your locations in the United States unless otherwise set forth in an Exhibit to this Services Description (see section 3(k) below). Where additional onsite visits are mutually agreed, and not pre-paid and defined on your Fee and Named Contacts Schedule, You will be billed for reasonable travel and living expenses in arrears. Alternatively, You agree that any travel related expenses incurred by Microsoft may be decremented from the Support Assistance hours if You so choose. You certify that You possess the authority for this approval and such conversion is in compliance with any applicable government procurement and audit rules or regulations.
- b. All Services will be provided in the English language unless otherwise agreed to by You and Us in writing or in an Exhibit to this Services Description.
- c. We will provide support for all United States versions of commercially released generally available Microsoft products unless otherwise set forth in an Exhibit to this Services Description or specifically excluded on the Premier online website. Support for those Microsoft products that have entered the Extended Support Phase, as defined on the Premier online website, will be charged on an hourly basis only. Non-security related Hotfix support is not available for Microsoft products that have entered the Extended Phase of support unless You have purchased such support in an Exhibit to this Services Description.
- d. Support for pre-release products is not provided except as otherwise provided in an attached Exhibit.
- e. **ALL SERVICES, INCLUDING ANY ADDITIONAL SERVICES PURCHASED DURING THE TERM OF FEE AND NAMED CONTACTS SCHEDULE(S) SHALL BE FORFEITED IF NOT UTILIZED DURING THE TERM OF THE APPLICABLE FEE AND NAMED CONTACTS SCHEDULE(S).**
- f. Support Assistance is dependent upon the availability of resources.
- g. We can access Your system via remote dial-in to analyze problems at Your request. Our personnel will access only those systems authorized by You. We may provide You with software to assist with problem diagnosis and/or resolution. Such software is Microsoft's property and must be returned to Us promptly upon request. In order to utilize remote dial-in assistance, You must provide Us with the appropriate access and necessary equipment.
- h. You must have access to the Internet in order to take advantage of Internet-based services.

- i. Additional Prerequisites and Assumption may be set forth in relevant Exhibits.
- j. When purchasing Problem Resolution Support, we will require a corresponding quantity of Support Account Management to facilitate delivery of your Problem Resolution Support. If you purchase additional Problem Resolution Support, Support Assistance, or if you convert Software Assurance hours to Problem Resolution Support hours or incidents, you may be required to purchase additional Support Account Management.
- k. Resource Site Visits (number of trips to Your location) are mutually agreed upon at acceptance of this Services Description and the total fixed price amount for these visits are included in Your Fee and Named Contacts Schedule.

4. YOUR RESPONSIBILITIES. This section sets forth Your performance obligations under this Services Description. Our performance is predicated upon You fulfilling the following responsibilities in addition to those set forth in Section 2.3 and any applicable Exhibits. Failure to comply with the following responsibilities may result in delays of Service.

- a. You can designate named contacts as set forth in the attached Fee and Named Contacts Schedule(s), one of which will be the Customer Support Manager ("CSM") for support related activities. The CSM is responsible for leading Your team and will manage all of Your support activities, and internal processes for submitting support requests to Us. Each contact will be supplied with an individual account number for access to the Premier online website, support issue submission and access to Your Services Resource. In addition to the named contacts, You may also identify two types of group contacts as follows:
 - One type will receive a shared account ID that provides access to the Premier online website for information content and the ability to submit support requests through the Premier online website or by telephone.
 - One type will receive a shared account ID that provides access to the Premier online website for information content only.
- b. You agree to work with Us to plan for the utilization of Services based upon the service level You purchased.
- c. You agree to provide an internal escalation process to facilitate communication between Your management and Us as appropriate.
- d. You agree to respond to customer satisfaction surveys We may provide to You from time-to-time regarding the Services.
- e. You agree to provide reasonable office space, telephone and high speed internet access, and access to Your internal systems and diagnostic tools to Our Services Resources that are required to be on-site.
- f. You are responsible for any travel and expenses incurred by Your employees or contractors.

5. ADDITIONAL TERMS AND CONDITIONS. Except as otherwise set forth in an Exhibit (or attachment to an Exhibit) to this Services Description, this section governs the ownership and use rights of any computer code or other materials that may be provided under this Services Description:

- a. **Pre-existing Work.** All rights in any computer code or materials developed or otherwise obtained by or for Us or Our affiliates, or You or Your affiliates independently of this Services Description ("Pre-existing Work") shall remain the sole property of the Party providing the Pre-existing Work. During the performance of the Services for this Services Description, each Party grants to the other Party (and Our contractors as necessary) a temporary, non-exclusive license to use, reproduce and modify any of its Pre-existing Work provided to the other Party solely for the performance of such Services. We grant You a non-exclusive, perpetual, fully paid-up license to use, reproduce and modify (if applicable) Our Pre-existing Work in the form delivered to You for Your internal business operations without any obligation of accounting or payment of royalties. Your licenses to Our Pre-existing Work are conditioned upon Your compliance with the terms of the Agreement and this Services Description and the perpetual license applies solely to Our Pre-existing Work that is left to You at the conclusion of Our performance of the Services.
- b. **Materials.** All rights in any materials developed by Us (other than software code) and provided to You in connection with the Services ("Materials") shall be owned by Us except to the extent such Materials constitute Your Pre-existing Work. Upon payment in full, We grant You a non-exclusive, perpetual, fully paid-up license to use, reproduce and modify the Materials solely for Your internal business operations and without any obligation of accounting or payment of royalties. You may sublicense the rights granted herein to Your Affiliates. All rights not expressly granted, are reserved.
- c. **Sample Code.** We grant You a nonexclusive, perpetual, royalty-free right to use and modify any software code

provided by Us for the purposes of illustration ("Sample Code") and to reproduce and distribute the object code form of the Sample Code, provided that You agree: (i) to not use Our name, logo, or trademarks to market Your software product in which the Sample Code is embedded; (ii) to include a valid copyright notice on Your software product in which the Sample Code is embedded; and (iii) to indemnify, hold harmless, and defend Us and Our suppliers from and against any claims or lawsuits, including attorneys' fees, that arise or result from the use or distribution of the Sample Code.

- d. **Open Source License Restrictions.** Because certain third party license terms require that computer code be generally (i) disclosed in source code form to third parties; (ii) licensed to third parties for the purpose of making derivative works; or (iii) redistributable to third parties at no charge (collectively, "open source license terms"), the license rights that each Party has granted to any computer code (or any intellectual property associated therewith) do not include any license, right, power or authority to incorporate, modify, combine and/or distribute that computer code with any other computer code in a manner which would subject the other's computer code to open source license terms.

Furthermore, each Party warrants that it will not provide or give to the other Party computer code that is governed by open source license terms.

- e. **Reservation of Rights.** All rights not expressly granted in this Section 5 are reserved.

6. Attachments: The following Schedule(s) and Exhibits are attached at the execution of this Services Description:

- Microsoft Premier Support Services Description Schedule: Fee and Named Contacts Schedule
- Microsoft Premier Support Services Description Exhibit: Support Consulting

**Microsoft Premier Support Services Description Schedule:
Fee and Named Contacts:**

(Microsoft Affiliate to complete)
Premier Support Services Description Number



Customer Name: Port of Los Angeles

This Schedule is made pursuant to the Microsoft Premier Support Services Description identified above (the "Services Description"). The terms of the Services Description and applicable Exhibits are incorporated herein by this reference and by accepting Our performance of Services under this Schedule You agree to be bound by these terms. Any terms not otherwise defined herein will assume the meanings set forth in the Agreement and the Services Description.

Term

This Schedule will commence on 11/01/2013 (the "Commencement Date") and will expire on 10/31/2016 (the "Expiration Date").

1. PREMIER SUPPORT SERVICES AND FEES. The quantities listed in the table below represent the amount of Services that You have pre-purchased for use during the term of this Schedule and applicable fees.

a. Fee Summary

	Year 1 Price (US\$)	Year 2* Price (US\$)	Year 3* Price (US\$)
USD Premier	\$62,837	\$65,979**	\$69,278**
Professional Services	\$97,000	\$357,000	357,000
Total	\$160,000	\$420,000	\$420,000

b. Services by Support Location

Country: United States (Premier Standard 0) Year 1
<ul style="list-style-type: none"> • Support Account Management Included • Up to 320 hours for Support Assistance • Up to 50 hours for Problem Resolution Support • Unlimited User Access to Premier Online Website

Country: United States (Premier Standard 0) Year 2
<ul style="list-style-type: none"> • Support Account Management Included • Up to 320 hours for Support Assistance • Up to 50 hours for Problem Resolution Support • Unlimited User Access to Premier Online Website

Country: United States (Premier Standard 0) Year 3
<ul style="list-style-type: none"> • Support Account Management Included • Up to 320 hours for Support Assistance • Up to 50 hours for Problem Resolution Support • Unlimited User Access to Premier Online Website

*For this multi-year FNC, base year services, including any additional services purchased during the base year as referenced above shall be forfeited if not utilized during such base year. Option year services will similarly expire at the end of each respective option year in which they were purchased.

**A 5% increase (over the Base Year, Option, Yr. 1, Option Yr. 2) has been factored into the pricing for Option Yr. 1, Option Yr. 2 for budgeting purposes only. You will be billed the prevailing (i.e., then current) price (as of the Commencement Date of Option Yr. 1, Option Yr. 2, or the amount shown above, whichever is lower.

2. MICROSOFT CONTACT

Microsoft Contact: Contact for questions and notices about this Schedule and the Services Description:

Microsoft Contact Name: Jim Bonnell
Phone: 602-320-7268
Email: jbonnell@microsoft.com
Facsimile: 425-936-7329, Attn: jbonnell

3. CUSTOMER NAMED CONTACTS

a. Premier Customer Named Contacts

CSM Name:	Named Contact Name:
Address: _____ _____ _____	Address: _____ _____ _____
Phone: ()	Phone: ()
Email:	Email:
Facsimile: ()	Facsimile: ()

Named Contact Name:	Named Contact Name:
Address: _____ _____ _____	Address: _____ _____ _____
Phone: ()	Phone: ()
Email:	Email:
Facsimile: ()	Facsimile: ()

**Microsoft Premier Support Services Description Exhibit :
Professional Services**

(Microsoft Affiliate to complete)

Premier Support Services Description Number



This Exhibit is made pursuant to the Microsoft Premier Support Services Description identified above (the "Services Description"). The terms of the Services Description are incorporated herein by this reference. Any terms not otherwise defined herein will assume the meanings set forth in the Services Description.

By signing below the parties acknowledge and agree to be bound to the terms of the Services Description and this Exhibit.

Customer	Microsoft Affiliate
Name of Customer (please print) Port of Los Angeles	Name Microsoft Corporation
Signature	Signature <i>David T. Gallagher</i>
Name of person signing (please print)	Name of person signing (please print) David T. Gallagher
Date	Effective Date 9-12-13
Term	
This Exhibit will commence on the Effective Date above and will expire contemporaneously with the Services Description or the date We conclude the Services, whichever is later (the "Expiration Date").	

1. PRE-PURCHASE OF MICROSOFT PROFESSIONAL SERVICES. You have elected to pre-pay for Microsoft Professional Services in the amount set forth in the Fee and Named Contact Schedule(s). The precise scope of Services to be provided by Microsoft Professional Services will be set forth in Work Orders that will reference this Exhibit, and will be provided at Microsoft's then published rates according to the terms and conditions of the Agreement and the Work Order. Microsoft's rates may vary by country/region. In the event that Microsoft Professional Services fees due and owing exceed the amount of Your pre-paid fees in any year, the Microsoft affiliate that provides the Microsoft Professional Services will invoice You for the difference. In the event that You have not used all pre-paid fees upon expiration of this Exhibit and the Services Description, We will give You a credit for such unused MCS pre-paid fees that You may apply toward future Microsoft Professional Services.

2. Fees. You have elected to pre-pay for Microsoft Professional Services in the total amount set forth below. We reserve the right to utilize whichever labor categories in whatever quantities we determine, in our sole discretion, are appropriate to perform the services. The fees do not include fees for products. Unless otherwise specified in the invoice, you will pay us within 30 calendar days of the date of our invoice for the total amount set forth below.

3. TERMINATION. The Services covered by this Exhibit will commence and end on the dates set forth in Work Orders to be entered into by the parties from time to time. This Exhibit may be terminated earlier as set forth in the Agreement. In the event that any Work Order has not been completed by the earlier termination date, the terms of this Exhibit and any Work Order will continue in effect for purposes of such Work Order until the Services have been completed or the Work Order is terminated.

Microsoft **Services**

October 22, 2009

Michelle Johnson
Port of Los Angeles
Contracts & Purchasing
500 Pler A Street, 1st Floor
Wilmington, CA 90744
(310) 732-3895
(310) 513-6235 fax
mjohnson@portla.org

Re: Microsoft Premier Support Service

Dear Ms. Johnson,

Microsoft is pleased to provide the following information regarding its Premier services offering to assist the Port of Los Angeles in making a determination relative to a sole source justification. "Premier" is Microsoft's primary enterprise-level product support offering.

Microsoft Premier support services as an integrated offering is performed only by Microsoft Corporation or its affiliates (including full time employees and contingent staff under Microsoft's direction), even in those circumstances where it is sold through a reseller.

Premier support services provided by Microsoft offer:

Direct and unique access to the various Microsoft product teams, software developers and source code for current and future products enabling (a) specialized insight into the architecture of current solutions that can facilitate smooth migrations to existing and future unreleased products/versions; (b) quick and comprehensive resolution of product support, trouble-shooting and hot-fix type issues; and (c) immediate and focused technology feedback link between our customers and the product development teams to help shape the direction, features and functionality of future products;

Specialized training of Microsoft personnel from Microsoft product development teams on how enterprise customers can best plan for, deploy, manage and maximize productivity of existing and future Microsoft products;

Support Account Management from an assigned Microsoft Technical Account Manager (TAM) which helps to build and maintain relationships with your management and service delivery staff and helps you arrange each element of the Premier Support to meet

Microsoft

Services

your business requirements, including escalation management to other resources within Microsoft to expedite problem resolution.

Premier Specialized Workshops which help you prevent problems, increase system availability and assist with creating products and solutions based on Microsoft technologies; including instructor led training sessions that emphasize Microsoft technologies at your facility or on location at Microsoft and deep technical development presentations with hands-on labs to facilitate your implementation of Microsoft technologies;

Premier Problem Resolution Support provides assistance for problems with specific symptoms encountered while using Microsoft products, where there is a reasonable expectation that the problem is caused by Microsoft products. Problem Resolution Support is available 24 hours a day, 7 days a week and request for support may be submitted via telephone or electronically through the Premier online website;

Premier Support Assistance provides short-term advice and guidance for problems not covered with Problem Resolution Service as well as requests for consultative assistance for design, development and deployment issues; including infrastructure support, supportability reviews, application development and access to lab facility to assist with product development, testing and migration activities; and

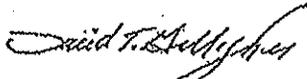
Information Services provide your staff with the latest knowledge on Microsoft technologies to enhance your in-house support capabilities.

a. **Premier online website.** The Premier online website provides access to the following information resources at no additional charge:

- Regularly updated product news flashes documenting key support and operational information about Microsoft products.
- Critical problem alerts notifying you of potentially high-impact problems.
- Web response tool for submitting and checking the status of support incidents.
- Microsoft KnowledgeBase of technical articles and troubleshooting tools and guides.

Should you have any questions concerning this letter, please do not hesitate to contact me at 202-243-6702 or at dgallagh@microsoft.com.

Sincerely,



David T. Gallagher
Directory of Contracts, Public Sector Services

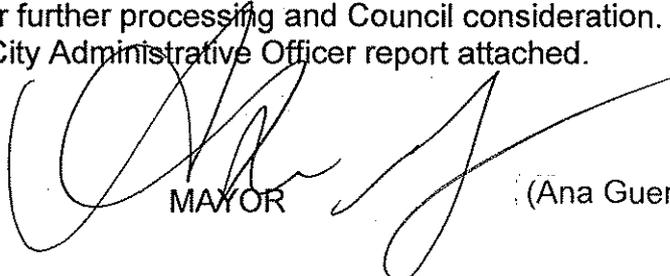
0150-10082-0000

TRANSMITTAL

TO Gary Lee Moore, Interim Executive Director Harbor Department	DATE DEC 04 2013	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH
MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT
AND CONSULTING SERVICES**

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


MAYOR (Ana Guerrero)

MAS:ABN:t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 2, 2013

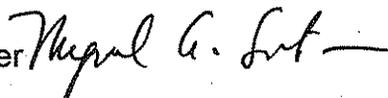
CAO File No. 0150-10082-0000

Council File No.

Council District: 15

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Correspondence from the Harbor Department dated September 24, 2013; referred by the Mayor dated September 27, 2013

Subject: **PROPOSED FIRST AMENDMENT TO AGREEMENT NO. 10-2903 WITH MICROSOFT CORPORATION TO PROVIDE PRODUCT SUPPORT AND CONSULTING SERVICES**

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 13-7556 authorizing the First Amendment to sole-source Agreement No. 10-2903 (Agreement) with Microsoft Corporation (Microsoft) to continue to provide product support and consulting services for all Microsoft products used by the Port. The original three-year Agreement expired in October 2013, and is currently on a month-to-month basis until the First Amendment is approved. The proposed term for the First Amendment is for three years, which would extend the Agreement to a total of six years, until October 26, 2016. The proposed expenditure will increase by \$1,000,000 to a total amount not to exceed \$1,497,969 for the proposed six-year agreement period. In accordance with Charter Section 373, and the Los Angeles Administrative Code Section 10.5, Council approval is required for long term contracts that exceed three years. The City Attorney has approved the proposed Amendment as to form.

Approximately three years ago, the Port entered into an Agreement with Microsoft to improve and integrate functions for their informational technology systems. According to Port staff, Microsoft products are used for most of the Port's informational systems, including the desktop software, messaging, critical business applications and core infrastructure services such as databases and operating systems. Microsoft software is used for all the critical Control systems of the Port.

According to the Port, the ongoing support of Microsoft will assist the Port's Information Technology Division (ITD) and allow the Port to continue to operate at its current level without business interruption, and is necessary for the Port's daily operations as it relates to the following:

- Problem resolution via telephone, electronic and online website access;
- Application assistance with infrastructure and database design, and recommendations;
- Migration of obsolete software or applications into the latest Microsoft technologies; and,
- Lab facilities for future product review, development, testing, and migration activities.

The Port will use the Microsoft Agreement to continue integrating the existing and new computer systems to improve fiscal and operating efficiencies for future information technology requirements for Port of Los Angeles (POLA) staff, customers and stakeholders. The proposed First Amendment will require Microsoft to perform assessments and provide recommendations to improve the existing and future software and systems in three different strategic areas. Year One, of the three-year Amendment, will include assessment of the information technology. Years Two and Three will include the recommendations and implementation provided by Microsoft. According to the Port, the three strategic areas include the following: 1) Disaster recovery of the Port's critical systems, such as e-mail and Active Directory; 2) implementing the server availability; and 3) improving the configuration of management and change control to increase the reliability of the existing system. In addition, Microsoft will assist the Port with the completion of migrating custom applications developed with Microsoft. The Port's ITD recommends reducing the department's dependency on these custom applications developed by Microsoft and other consultants over many years.

Microsoft Agreement and Proposed First Amendment

	Years	Agreement Period	Amount	Cumulative Total
Original Agreement	1-3	FY 2010-11 to October 2013	\$497,969	\$497,969
First Amendment	4-6	FY 2013-14	\$160,000	\$1,000,000
		FY 2014-15	\$420,000	
		FY 2015-16	\$420,000	
Proposed Total				\$1,497,969

Microsoft is the sole source provider of the proprietary software and technical support/maintenance, which is only performed by Microsoft affiliates. The service provided is considered a Premier Service which includes workshops, security checks, on-site engineers for critical system shutdown issues and account management. The Port states that if the proposed Amendment is not approved, it could result in greater operational inefficiencies, staff productivity and disruption in the technological work processes currently in place. The Port states that Microsoft has provided satisfactory services and has provided a system that is in accordance with Port requirements.

CONTRACTING COMPLIANCE

The City Attorney has approved the proposed resolution and First Amendment to Agreement No. 10-2903 as to form and legality. The Port Director of Environmental Management has determined that this an administrative activity and is therefore exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines. According to the Port, Microsoft will comply with the provisions of all applicable contracting ordinances. In accordance with Charter Section 1022, the Port has determined the work specified in the Agreement can be performed more economically and feasibly by independent Contractors than by City employees.

RECOMMENDATION

That the Mayor, approve proposed Resolution No. 13-7556 authorizing the execution of the First Amendment to Agreement No. 10-2903 between the Harbor Department (Port) with Microsoft Corporation (Microsoft) to continue to provide product support and consulting services for all Microsoft products used by the Port, increase the authorized expenditure by \$1,000,000 to a maximum of \$1,497,969, extend the term of the Agreement to October 26, 2016, and return the request to the Port for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of this request will result in an additional expenditure of \$1,000,000 for a total amount not to exceed \$1,497,969. The proposed term for the First Amendment is for three years, which would extend the Agreement to a total of six years. Approval of the proposed Amendment complies with the Harbor 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.