

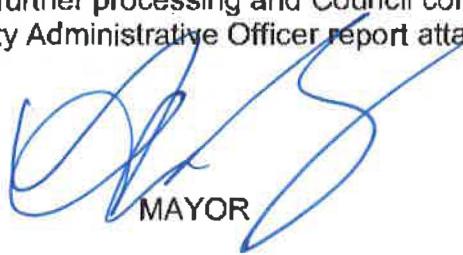
0150-10429-0001

**TRANSMITTAL**

TO Eugene D. Seroka, Executive Director Harbor Department	DATE MAR 17 2016	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 15

**PROPOSED FIRST AMENDMENT TO AGREEMENT NO. 15-3328 FOR COMPANY NAME  
CHANGE FROM KLEIN SYSTEMS GROUP TO SAAB TECHNOLOGIES LTD**

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



MAYOR

MAS:ABN:101600731

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

---

Date: March 16, 2016

CAO File No. 0150-10429-0001  
Council File No.  
Council District: 15

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Correspondence from the Harbor Department dated February 9, 2016; referred by the Mayor for report dated February 12, 2016

Subject: **PROPOSED FIRST AMENDMENT TO AGREEMENT NO. 15-3328 FOR COMPANY NAME CHANGE FROM KLEIN SYSTEMS GROUP TO SAAB TECHNOLOGIES LTD**

---

### SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) request approval of Resolution No. 16-7901 authorizing a proposed First Amendment (Amendment) to Agreement No. 15-3328 (Agreement) to reflect a corporate name change from Klein Systems Group Ltd (Klein) to Saab Technologies Ltd (Saab). According to the Port, the proposed corporate name change is an administrative action due to the recent acquisition of Klein by its parent company, Saab AB. The Port states that all other terms and conditions of the Agreement will remain the same. The Agreement provides software licenses, maintenance and professional technical support services for the Port's billing and Port Pilot's systems. In accordance with Charter Section 373, and the Los Angeles Administrative Code (LAAC) Section 10.5, Council approval is required for a contract term that exceeds three years.

### BACKGROUND

In August 2015, the Mayor and Council approved a new Agreement with Klein to provide proprietary software systems and technical support services to manage the Port of Los Angeles (POLA) financial responsibilities and to improve its departmental capabilities, including improving current and future billing requirements and streamlining Port Pilot operations (C.F. 15-0779). A port pilot is a mariner who maneuvers ships through harbors and assists in completing the berthing and un-berthing operations. The existing Agreement is for a total five years and a maximum expenditure amount of \$3 million. The Port had approved a previous contract with Klein for three years, from 2012 to 2015, for similar professional, business, software and technical support services. Klein had operated as an international software and technical support services company, specializing in enterprise software solutions for maritime ports and pilotage (fees for piloting vessels). Klein was acquired by Saab AB in 2012 and, until recently, continued to operate under the Klein company name.

## **DISCUSSION**

In June 2015, Klein officially changed its name to Saab. Klein has been a wholly-owned subsidiary of Saab AB since 2012. Saab AB is a United States corporation serving the global market with world-leading products, services and solutions from military defense, civil security and Maritime Traffic Management product area. Saab has stated that it will maintain the same people and management team and continue to focus on delivering software solutions for ports and pilotages.

The Port states that the Agreement is used on an as-needed basis to assist the Port's information technology staff. These services include software development for tariff changes, integration with other systems, implementation of electronic data exchanges for shipping industry standards, receipts for rail and truck cargo billings, and an upgrade of the Port Pilot Systems. According to the Port, the Billing System is critical to the overall financial operations and revenue collections of the POLA and generates invoices for the departmental transactions, vessel calls and other activities. The Billing System includes the following activities: provides revenue for tariff charges for wharfage (use of wharves), dockage, pilotage and other charges for POLA customers, as specified in the Agreement; supports Port staff in processing data for forecasting, bond issuance and renewal activities. The Port Pilot System supports the safe, reliable and efficient operations for pilotage and marine services. Without the approval of the proposed Amendment and services of Saab, the Port will not be able to properly use the company's proprietary software and technical support services.

## **CITY CONTRACTING COMPLIANCE**

The City Attorney has reviewed and approved the proposed Amendment as to form. The proposed Amendment and existing Agreement are in compliance with all applicable provisions of City ordinances and contracting requirements. Subcontracting opportunities are not available in this Agreement. If Saab employs subcontractors in the future, the company management will need to notify the Port and list subcontractor monitoring reports listing all applicable City compliances for the services. The Port will not be bound by the terms of the Agreement in any fiscal year in which the Board does not approve an appropriation of funds. According to the Port, Saab will comply with the provisions of all applicable contracting requirements.

The Port Director of Environmental Management has determined that the proposed Amendment is an administrative activity that reflects a name change to Saab and is therefore exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article 22, Section 2(f), of the Los Angeles City CEQA Guidelines. There will no change to all other terms and conditions of the Agreement.

## **RECOMMENDATION**

That the Mayor approve Harbor Department (Port) Board of Harbor Commissioners Resolution No. 16-7901 authorizing a proposed First Amendment to Agreement No. 15-3328 to reflect the change of the name of company from Klein Systems Group Ltd to Saab Technologies Ltd, and no other change to all other terms and conditions of the Agreement, and return the document to the Port for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

The proposed Amendment between the Harbor Department (Port) and Saab Technologies Ltd (Saab) is an administrative action that reflects a corporate name change due to the recent acquisition of Klein Systems Group by Saab AB, the parent company of Saab. All the other terms and conditions of the original software licensing agreement will remain the same. The Agreement is for five years and in an amount not to exceed \$3 million. The Port is not committed to spend the entire amount and future expenditures will be based on actual needs and used only when the Port authorizes the use and performance of services, as designated in the Agreement. Annual funding appropriations will continue to be required by the Board of Harbor Commissioners as part of the annual budget adoption process. There is no impact to the City's General Fund and applicable funding will provided by the Harbor Revenue 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:ABN:10160073