

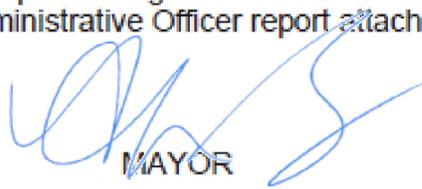
0150-10429-0002

T R A N S M I T T A L

TO Eugene D. Seroka, Executive Director Harbor Department	DATE 11/17/20	COUNCIL FILE NO. --
FROM The Mayor	COUNCIL DISTRICT 15	

PROPOSED AGREEMENT WITH SAAB TECHNOLOGIES, LTD. FOR PROPRIETARY BILLING AND PORT PILOT SOFTWARE LICENSES, MAINTENANCE AND SUPPORT

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



MAYOR

(Ana Guerrero for)

RHL:JCY:10210029f

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 11, 2020

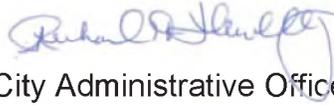
CAO File No. 0150-10429-0002

Council File No. --

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer



Reference: Correspondence from the Harbor Department dated July 23, 2020; referred by the Mayor for report August 3, 2020

Subject: **PROPOSED AGREEMENT WITH SAAB TECHNOLOGIES LTD. FOR PROPRIETARY BILLING AND PORT PILOT SOFTWARE LICENSES, MAINTENANCE, AND SUPPORT**

RECOMMENDATION

Approve Harbor Department (Port) Resolution No. 20-9679 authorizing a proposed sole-source Agreement with Saab Technologies Ltd. to continue providing proprietary software licenses, maintenance, and professional technical support services for the Port's Billing and Port Pilot systems for an amount not to exceed \$3,000,000 and a term of five years; and, return the document to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No. 20-9679 authorizing a proposed sole-source Agreement with Saab Technologies Ltd. (Saab) to provide proprietary software licenses, maintenance, and professional technical support services for the Port's Billing and Port Pilot systems and Property Management module, and develop and implement software enhancements for these and other integrated Port systems. According to the Port, these three systems are integrated with each other and with the Port's Enterprise Resource Planning (ERP) system and Geographic Information System (GIS) to facilitate efficient operations. The term of the proposed Agreement is five years for an amount not to exceed \$3,000,000.

The Port entered into Agreement No. 10-2873 (2010 Agreement) with Klein Systems Group Ltd. (Klein) in 2010, as the result of a competitive request for proposals process, to purchase and implement a new Billing system to replace a 25-year old custom-built billing system. The 2010 Agreement also included updates for the Port Pilot system. The Port had already been using Klein proprietary software for its Port Pilot system since 2002, which assisted Port Pilot operations by automating processes for vessel movement orders, dispatching pilots, and tracking ship berthing

activities. The Port entered into subsequent sole-source agreements with Klein in 2012 (Agreement No. 12-3054) and a five-year agreement in 2015 (Agreement No. 15-3328, C.F. 15-0779) to continue software license, maintenance, enhancements, and technical support for the Port's Billing and Port Pilot systems, while adding the Property Management functionality under the 2015 Agreement. In 2016, the agreement with Klein was amended to reflect the acquisition of Klein by Saab's parent company, Saab AB, and resulting name change to Saab (Agreement No. 16-3328-A).

The proposed Agreement with Saab will allow the Port to continue using its existing software licenses for the Billing and Port Pilot systems, add new users, access maintenance, updates and technical support for the systems, and add any identified and needed software enhancements to improve internal operations and services to the Port and its customers. The Port estimates the cost for software license and maintenance fees to be up to \$1.45 million over five years, and up to \$1.55 million over five years for enhancements and future requirements. The Port has budgeted \$512,937 in funding in the Harbor Revenue Fund for this purpose in 2020-21. Expenditures in future years will be subject to budget availability. The Port reports that expenditures under the most recent five-year contract, Agreement No. 15-3328, totaled \$2,035,690.

The Port states that the Billing and Port Pilot systems are critical to the overall operations and financial and revenue collection activities of the Port, generating invoices for Port of Los Angeles (POLA) commercial activities that facilitated handling over 9.6 million twenty-foot equivalent units (TEUs), 3,400 vessel moves by Port Pilots, and more than \$500 million in revenues in Fiscal Year 2019. The Port states that Saab software systems are meeting the Port's billing and Port Pilot system management requirements, and that the sole-source selection of and proposed Agreement and services from Saab are required to continue using the systems and because of the proprietary nature of Saab's software and expert and technical services. This justification meets the requirements of Charter Section 371 (e)(10) and Administrative Code Section 10.15 (a)(10) for exceptions to competitively bid contracts.

The City Attorney has reviewed and approved the proposed Agreement as to form and legality. The Port states that the proposed Agreement is in compliance with all applicable provisions of City Ordinances and contracting requirements. Pursuant to Charter Section 1022, the Port has determined that the work in the Agreement can be performed more feasibly by independent contractors than City employees because of the proprietary nature of the software and technical support required. In accordance with Charter Section 373 and Administrative Code Section 10.5, Council approval is required because the term exceeds three years. The Port states that the proposed action is an administrative activity and is therefore administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles CEQA Guidelines.

FISCAL IMPACT STATEMENT

The proposed Agreement between the Harbor Department (Port) and Saab Technologies Ltd. to provide proprietary software licenses, maintenance, and professional technical support services for

the Port's Billing and Port Pilot systems is for a term of five years and an amount not to exceed \$3 million. Actual expenditures under the Agreement will be based on the Port's needs. The Port has budgeted \$512,937 in funding in the Harbor Revenue Fund for this purpose in 2020-21. Expenditures in future years will be subject to budget availability. There is no impact on the City General Fund.

RHL:JCY:10210029