

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to a Port of Los Angeles (POLA) contract with Saab Technologies, Ltd. (Saab), for software licenses, maintenance, and professional technical support services.

Recommendations for Council action:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. APPROVE the Port Resolution No. 20-9679 for a POLA contract with Saab for software licenses, maintenance, and professional technical support services for POLA's billing, port pilot, and property management systems, for a term of five years and an amount not to exceed \$3,000,000.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. The proposed POLA agreement with Saab is for proprietary software licenses, maintenance, and professional technical support services for POLA's billing and port pilot systems for a term of five years and for an amount not to exceed \$3 million. Actual expenditures under the agreement will be based on POLA's needs. The POLA 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.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – JANUARY 19, 2021**

**(LAST DAY FOR COUNCIL ACTION – JANUARY 19, 2021)**

## SUMMARY

In a report to the Mayor dated September 11, 2020, the CAO states POLA requests approval of a contract with Saab to provide proprietary software licenses, maintenance, and professional technical support services for the Department's billing and port pilot systems and property management module, and to develop and implement software enhancements for these and other integrated POLA systems. These systems are integrated with each other and with the POLA Enterprise Resource Planning system and Geographic Information System to facilitate efficient operations.

The CAO reports that POLA contracted with Klein Systems Group Ltd. in 2010, 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. POLA entered into subsequent sole-source agreements with Klein in 2012 and a five-year agreement in 2015 to continue software license, maintenance, enhancements, and technical support for POLA'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.

According to the CAO, the proposed agreement with Saab will allow POLA 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 POLA and its customers. POLA 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 CAO goes on to report that POLA has stated 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 POLA commercial activities that facilitated handling over 9.6 million twenty-foot equivalent units, 3,400 vessel moves by port pilots, and more than \$500 million in revenues in Fiscal Year 2019. POLA has reported that Saab software systems are meeting the Department'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.

On July 23, 2020, the Board of Harbor Commissioners approved POLA's request. The CAO concurs with this action.

At its meeting held December 1, 2020, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed POLA contract with Saab, as recommended by the Board of Harbor Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	YES
KREKORIAN:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**