

0150-13095-0000

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 11/14/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT N/A	

LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD RESOLUTION AUTHORIZING A THIRD AMENDMENT TO AGREEMENT NO. 47652 WITH WORKDAY, INC., EXTENDING THE TERM BY THREE YEARS THROUGH APRIL 11, 2029, AND INCREASING THE CONTRACT AUTHORITY BY \$27,823,336 FOR A MAXIMUM CONTRACT AMOUNT NOT TO EXCEED OF \$185,767,399, FOR ENTERPRISE RESOURCE PLANNING SOFTWARE AS A SERVICE SUBSCRIPTION LICENSE, INTEGRATION/IMPLEMENTATION SERVICES, AND ONGOING MAINTENANCE AND SUPPORT SERVICES

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



MAYOR
(Mitch Kamin for)

Attachment
MWS/PJH/JVW:DLG:10260091t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 5, 2025

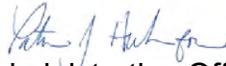
CAO File No. 0150-13095-0000

Council File No.

Council District: N/A

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Communication from the Department of Water and Power dated October 14, 2025; referred by the Mayor for a report on October 15, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD RESOLUTION AUTHORIZING A THIRD AMENDMENT TO AGREEMENT NO. 47652 WITH WORKDAY, INC., FOR ENTERPRISE RESOURCE PLANNING SOFTWARE AS A SERVICE SUBSCRIPTION LICENSE, INTEGRATION/IMPLEMENTATION SERVICES, AND ONGOING MAINTENANCE AND SUPPORT SERVICES**

RECOMMENDATION

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Board Resolution authorizing the LADWP to execute a Third Amendment to Agreement No. 47652 with Workday, Inc., extending the current five-year term by three years, from April 12, 2026 through April 11, 2029, for a total contract term of eight years, and increasing the contract authority by \$27,823,336, from \$157,944,063 to a maximum contract amount not to exceed \$185,767,399, for Enterprise Resource Planning software as a service subscription license, integration/implementation services, and ongoing maintenance and support services;
2. Authorize, upon proper certification, the Chief Accounting Employee of LADWP to direct and draw demands on the Power and Water Revenue Fund in accordance with the terms of the Amendment and accompanying Resolution over the term of the Agreement; and
3. Return the proposed Resolution to the Los Angeles Department of Water and Power for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute the Third Amendment to Agreement No. 47652 (Agreement) with Workday, Inc. (Workday; Consultant). The Amendment will enable the consultant to complete the financial management phase of the Enterprise Resource Planning (ERP) system implementation, provide post go-live application management services, and extend subscription services for three additional years. Additionally, the

Amendment authorizes optional professional and subscription services, including an internal Workday help feature and potential replacement of the current budgeting solution with Workday's integrated budgeting platform.

The existing contract, executed on April 12, 2021, expires on April 11, 2026. The proposed Third Amendment will extend the contract term by three years, from April 12, 2026 through April 11, 2029, resulting in a total contract duration of eight years, and increase the contract authority by \$27,823,336, from \$157,944,063 to \$185,767,399. All other terms and conditions of the Agreement remain unchanged.

The City Attorney has reviewed and approved the proposed Third Amendment as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the proposed Amendment requires City Council approval because the total term of the Agreement is greater than five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

Workday is a leading provider of enterprise cloud-based software applications for financial management and human resources. The company's platform includes integrated applications for payroll, scheduling, onboarding, time tracking, learning management, and performance evaluations, as well as financial planning and analytics tools. The system integrates with other enterprise applications through subscription-based services.

On April 9, 2020, the City established Contract No. 135368 (Master Agreement) with Workday to replace the City's payroll and human resources system with Workday's integrated solution. The master agreement is managed by the City of Los Angeles Information Technology Agency and expires on June 30, 2029.

Necessity for ERP System Modernization - LADWP currently relies on a series of outdated and unsupported applications to manage its human resources, payroll, and financial operations. These legacy systems operate on aging platforms, are heavily customized, and lack integration across functions. As a result, staff must depend on manual processes and institutional knowledge from both internal and external resources to maintain operations. To address these inefficiencies, LADWP identified significant opportunities for improvement through the implementation of an integrated Enterprise Resource Planning (ERP) system to replace the legacy systems and modernize the Department's business processes.

ERP System Procurement Process – On November 19, 2019, LADWP issued a Request for Qualifications to solicit proposals from qualified firms for an ERP system solution and implementation services. A mandatory pre-proposal conference was held on December 4, 2019, and four responsive proposals were received by the January 14, 2020 submission deadline. Following a comprehensive evaluation, LADWP's review team determined that Workday was the most responsive and responsible proposer. Given that Workday has an existing contract with the City established through a competitive procurement process for similar ERP modernization initiatives, LADWP determined that establishing a cooperative arrangement under the existing

contract would be more advantageous than initiating a new competitive solicitation.

Cooperative Contract Authorization - Section 10.15(a)(8) of the Los Angeles Administrative Code authorizes cooperative arrangements with other governmental agencies for the use of purchasing, professional, scientific, expert, or technical services contracts of those agencies. Under this provision, the Board of Water and Power Commissioners approved Resolution No. 021-167 on March 9, 2021, authorizing LADWP to enter into a subordinate agreement with Workday. This cooperative procurement arrangement leverages the City's existing master agreement to enable LADWP to modernize its human resources, payroll, and financial management systems as part of the Department's ERP implementation.

Phased Implementation Approach – The ERP system implementation was structured as a multi-phased project with two dedicated Workday teams working simultaneously with separate LADWP functional and technical teams. The project was designed for sequential implementation in two phases to minimize organizational disruption and ensure successful user adoption.

Phase 1 – Human Resources and Payroll

- Implement human resources and payroll modules
- Define and implement necessary integrations with existing LADWP systems
- Original target go-live date: January 1, 2024

Phase 2 – Financial Management

- Design chart of accounts aligned with LADWP's financial objectives and regulatory requirements
- Implement financial management module
- Define and implement necessary integrations with existing LADWP systems
- Original target to go-live: July 1, 2024

The sequential phased approach was necessary to avoid overwhelming organizational change that could negatively impact user adoption and project success. Both original go-live dates were subsequently revised due to implementation challenges and scope adjustments detailed later in this report.

Original Agreement - On April 12, 2021, LADWP executed Agreement No. 47652 with Workday for the purchase of cloud-based ERP software to modernize the Department's human resources, payroll, and financial management systems and processes. The five-year agreement, expiring April 11, 2026, includes software subscription services, implementation services, and ongoing maintenance and support for a contract amount not to exceed \$131,582,518. The funding allocation comprised \$105,266,014 for the project budget and \$26,316,504 for project contingency.

Change Order History and Contingency – Due to the complexity of replacing legacy systems with an integrated ERP platform, both implementation phases experienced schedule delays. To address

these challenges, LADWP and Workday executed two contract modifications:

Change Order No. 1 (\$21,781,136) - Extended both phase go-live dates by one year to allow additional implementation time:

- Phase 1 Extension Period: January 1, 2024 to January 1, 2025
- Phase 2 Extension Period: July 1, 2024 to July 1, 2025

Change Order No. 2 (\$201,885) – Added subscription services for the Workday "Extend" solution to enhance system integration capabilities

The combined change orders totaling \$21,983,021 utilized approximately 84 percent of the original \$26,316,504 project contingency allocation, reducing the available contingency balance to \$4,333,483.

First Amendment – On December 10, 2024, the Board approved Resolution No. 025-107 authorizing the First Amendment to the Agreement. The Amendment reallocated \$12,294,432 from the project budget to project contingency, increasing the contingency from \$4,333,483 to \$16,627,915. This internal budget reallocation—which maintained the overall contract authority at \$157,944,063—provided necessary funding flexibility to address three critical needs: extending the Phase 1 go-live date by six months from January 1, 2025 to July 1, 2025, completing historical timekeeping data corrections, and establishing post go-live application management services for ongoing system support.

Second Amendment – On August 26, 2025, the Board approved Resolution No. 026-025 authorizing the Second Amendment to the Agreement. The Second Amendment increased the contract authority by \$26,361,545, from \$131,582,518 to \$157,944,063, providing additional resources to extend professional implementation services for Phase 2 and replenish the contingency to address unforeseen implementation challenges and ensure successful project completion.

Proposed Third Amendment – LADWP proposes the Third Amendment to extend the Agreement term by three years, from April 12, 2026 through April 11, 2029, resulting in a total contract duration of eight years, and increase the contract authority by \$27,823,336, from \$157,944,063 to \$185,767,399. The Third Amendment will enable Workday to complete Phase 2 implementation, provide post go-live application management services, over cover three additional years of required subscription services. Additionally, the Amendment authorizes optional professional and subscription services, including an internal Workday help desk feature and possible replacement of the current budgeting solution with Workday's integrated budgeting platform.

Current Implementation Status and Phase 2 Timeline – Phase 1 successfully went live on June 16, 2025, and is currently operational with ongoing application management services support. Phase 2 implementation is in progress, with the go-live date now projected for July 1, 2026. The extension reflects the need for additional application management services to ensure successful deployment and system stabilization. Upon completion of Phase 2, no additional contract amendments are

currently anticipated, as the Third Amendment provides sufficient funding and timeline to complete the ERP implementation and support ongoing operations.

Contractor Performance Assessments and Improvements – LADWP conducted ongoing performance assessments of Workday throughout the contract term. Early in the implementation, significant turnover among Workday's key personnel contributed to project delays, necessitating the first one-year extension for both Phase 1 and Phase 2. Additionally, LADWP identified that Workday's expertise was stronger in software implementation than in systems integration, which impacted the project's ability to connect the ERP platform with LADWP's existing legacy systems.

In response to these performance concerns, Workday implemented workforce stabilization measures, including hiring additional experienced systems integration specialists and assigning dedicated resources to the LADWP project. These improvements resulted in enhanced contractor performance, improved collaboration with LADWP staff, and more effective project execution. LADWP considers Workday's current performance satisfactory and adequate to complete the remaining Phase 2 implementation activities.

Expenditures and Available Funding – As of October 2025, LADWP has expended approximately \$121,362,391, or 77 percent of the current contract authority of \$157,944,063. The remaining balance of \$36,581,672, combined with the proposed Third Amendment increase of \$27,823,336, will provide total available contract authority of \$64,405,008 to complete Phase 2 implementation, post go-live services, and subscription services. The total contract value will increase to \$185,767,399. Budget activities for this Agreement are detailed in the table below.

Workday, Inc. – Agreement No. 47652 Contract Authority and Expenditures	
Description of Budget Activities	Amount
Original Contract Authority, including Contingency, April 2021	\$131,582,518
<u>Second Amendment Increase, August 2025</u>	<u>26,361,545</u>
Total Contract Value	\$157,944,063
Total Expenditures	(\$121,362,391)
Remaining Contract Value (Total Contract Value less Total Expenditures)	\$36,581,672
Proposed Third Amendment Increase	\$27,823,336
New Funding Available (Remaining Contract Value plus Proposed Third Amendment Increase)	\$64,405,008
New Contract Value (Total Contract Value plus Proposed Third Amendment Increase)	\$185,767,399

Alternatives Considered – There are no viable alternatives to the proposed Third Amendment. LADWP determined that the most practical and cost-effective option is to extend the existing agreement to add time and funding. Terminating Phase 2, closing out the current agreement, issuing a new Request for Proposals for an alternative financial management solution, and subsequently evaluating, procuring, and onboarding a new Software-as-a-Service platform and implementation partner would require at least 18 months and likely cost twice as much as the proposed Amendment.

CITY COMPLIANCE

Small Business Enterprise (SBE), Disabled Veterans Business Enterprise (DVBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Other Business Enterprise (OBE) Subcontracting Participation – LADWP reported that the software and subscription services provided by Workday are proprietary in nature, and the City’s Business Enterprise goals cannot be mandated for such services. However, Workday has committed to 15 percent SBE and DVBE participation goals for the professional services portion of the contract. As of August 2025, Workday has achieved approximately eight percent SBE participation and 31 percent OBE participation.

California Environmental Quality Act - The Los Angeles Board of Water and Power Commissioners determined that this item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not 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 the definition of a project. Amending the Agreement to extend the term and increase the funding will not result in any physical change in the environment; therefore, this amendment is not subject to CEQA.

Charter Section 1022 – Pursuant to Charter Section 1022, the Department determined that it is more feasible to have the work performed by Workday rather than City employees since the specific skills, knowledge, and abilities required to modernize LADWP’s human resources, payroll, and financial management systems do not currently exist within LADWP.

The City Attorney has reviewed and approved the proposed Amendment and Resolution as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the Amendment requires City Council approval because the total term of the agreement is greater than five years. Our Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

Approval of the Third Amendment to Agreement No. 47652 with Workday will have no impact on the City’s General Fund. Approval of the proposed Resolution and Agreement will increase the not to exceed contract authority by \$27,823,336, from \$157,944,069 to \$185,767,399. Funding is available and budgeted in the Department of Water and Power’s Power Revenue Fund. The recommendations in this report comply with the LADWP’s adopted Financial Policies.

Attachments – LADWP October 14, 2025 Transmittal, September 19, 2025 Board Letter and Proposed Resolution, and Third Amendment to Agreement No 47652.

ATTACHMENTS



BUILDING A STRONGER L.A.

Karen Bass, Mayor

Board of Commissioners

Richard Katz, President

George S. McGraw, Vice President

Nurit D. Katz

Mia Lehrer

Wilma J. Pinder

Chante L. Mitchell, Secretary

Janisse Quiñones, Chief Executive Officer and Chief Engineer

October 14, 2025

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Mail Stop 370

Attention: Legislative Coordinator

Dear Mayor Bass:

Subject: Amendment No. 3 to Agreement No. 47652 for Enterprise Resource Planning Software as a Service and System Integration with Workday, Inc.

In accordance with Executive Directive No. 4 enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of Amendment No. 3 to Agreement No. 47652 between the Los Angeles Department of Water and Power and Workday, Inc. for enterprise resource planning software as a service and system integration services.

It is respectfully requested that your office complete its review as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Mr. Paul Habib, Director of Legislative and Intergovernmental Affairs at (213) 367-3846 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

A handwritten signature in purple ink that reads 'Janisse Quiñones'.

Janisse Quiñones
Chief Executive Officer and Chief Engineer

NG:lb

Enclosures

c/enc: Mr. Luis Gutierrez, Office of the Mayor
Mr. Tim O'Connor, Office of Public Accountability
Board of Water and Power Commissioners
Mr. Paul Habib



RESOLUTION NO. _____

BOARD LETTER APPROVAL

Norma Grubb

Norma Grubb (Oct 2, 2025 20:31:36 PDT)

A handwritten signature in black ink, appearing to read 'Janisse Quiñones'.

NORMA GRUBB

Chief Information Officer and Chief Artificial Intelligence Officer

JANISSE QUIÑONES

Chief Executive Officer and Chief Engineer

DATE: September 19, 2025

SUBJECT: Amendment No. 3 to Agreement No. 47652 for Enterprise Resource Planning Software as a Service and System Integration with Workday, Inc.

SUMMARY

The proposed Amendment No. 3 (Amendment) to Agreement No. 47652 (Agreement) with Workday, Inc. (Workday) is to increase the term by three years, from five years to eight years, and increase the not-to-exceed amount by \$27,823,336 from \$157,944,063 to \$185,767,399 (budgeted). With the exception of the terms and conditions amended in this Amendment, all other terms and conditions of the Agreement remain unchanged.

Because the go-live of the human resources and payroll phase of the enterprise resource planning (ERP) system project was extended to June 16, 2025, the go-live of the financial management phase needed to be extended by one year to July 1, 2026, beyond the current term of the five-year Agreement which expires on April 11, 2026. Due to the ongoing level of Workday resources engagement in the financial management phase and the timeline to obtain City Council approval associated with a single amendment, two separate amendments are being requested for this extension.

Amendment No. 2 provided the increased funds necessary to extend the professional services and replenish the contingency amount through the current term of the Agreement. Amendment No. 3 completes the financial management phase, provides for post go-live application management services, covers three additional years of required subscription services, and authorizes some subsequent optional professional and subscription services.

City Council approval is required in accordance with Charter Section 373,

Amendment No. 3 expires on April 11, 2029.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council approval of the Amendment to the Agreement as required in Charter Section 373.

ALTERNATIVES CONSIDERED

LADWP determined that a July 1, 2025 go-live of the financial management phase of the ERP system project was not an alternative for three primary reasons:

1. Amendment No. 1 to the Agreement reallocated unneeded optional professional services and subscription services funds to the contingency amount primarily for a six-month extension of the human resources and payroll phase which went live on June 16, 2025 and LADWP was not able to implement both ERP phases concurrently, and
2. The integration of the financial management phase to the present-state financial and supply chain systems, data conversion, end-to-end testing, and user acceptance testing needed more time to be completed with those activities now projected for completion in the first quarter of 2026, and
3. The LADWP Financial Services Organization determined that it was too risky for the financial management phase to go-live outside of the fiscal year boundary so a go-live date of July 1, 2026 appears to be well aligned with the organizational change management, training, and go-live readiness activities that will be necessary following the completion the activities in item 2 directly above.

The one-year period after the human resources and payroll phase go-live will be used to complete the following financial management phase activities:

- Complete the business process transformations within the present-state financial and supply chain systems that must be integrated with the Workday ERP financial management phase.
- Complete the critical reports necessary for the go-live.
- Complete the end-to-end testing and user acceptance testing to ensure that the configuration and functionality meet the minimum necessary requirements for the go-live.
- Complete the organizational change management, training, and readiness activities for the go-live.

The recommended option is to amend the Agreement by increasing the term and the funds necessary to complete the financial management phase of the Workday ERP system project.

FINANCIAL INFORMATION

This Amendment will add three years to the term for a total term of eight years. The not-to-exceed amount of \$157,944,063 will be increased by \$27,823,336 to \$185,767,399 (budgeted).

Term of the Agreement	Current Maximum Expenditure	Amendment Increase Amount	Total Maximum Expenditure
Original Agreement Total Term: 5 years	\$131,582,518		
Amendment No. 1 Total Term: 5 years		\$0	\$131,582,518
Amendment No. 2 Total Term: 5 years		\$26,361,545	\$157,944,063
Amendment No. 3 Total Term: 8 years		\$27,823,336	\$185,767,399
Agreement Total			\$185,767,399

The new not-to-exceed amount of \$185,767,399 is outlined in the table below.

Total Authorized Contract Expenditure

Professional Services Phase 1 (HCM, Payroll)	\$68,125,880
Professional Services Phase 2 (Financials)	\$61,345,383
Subscription Services (HCM, Payroll, Financials)	\$32,187,485
<u>Subscription rights:</u> Human Capital Management, Talent Optimization Add On, Help, Peakon Employee Voice, Cloud Connect for Benefits, Recruiting, Financial Planning, Core Financials, Grants Management, People Analytics, Prism Analytics, Projects, Project Billing, Time Tracking, Expenses, Procurement, Payroll for United States, Extend Professional, Workday Success Plan - Accelerate Plus	
Training	\$1,764,652
Application Management Services	\$5,197,198
Optional Professional Services	
SOW Appendix G: Financial Planning	\$3,469,661
SOW Appendix H: Training Staffing Augmentation	\$859,963
SOW Appendix I: Prism Analytics – 10 Add. Use Cases	\$750,000
SOW Appendix J: Workday Help	\$350,000
Optional Subscription Services	
Additional non-production tenant(s)	\$600,000
Contingency	\$11,117,177
Not-to-Exceed Amount	\$185,767,399

BACKGROUND

LADWP has a series of antiquated and unsupported applications that underpin its human resources, payroll, and financial management business processes. These legacy systems run on aging platforms and are highly customized with heavy reliance on manual procedures and institutional knowledge from internal and external resources to make up for non-integrated technology. As part of LADWP's strategic planning, the Department identified several operational improvements that could be achieved by an ERP system that would replace these legacy systems.

To find the most qualified ERP system solution and integrator/implementer, LADWP issued Request for Qualifications 90549 to solicit proposals from qualified and experienced firms. Four vendors submitted proposals (Infor Public Sector, Oracle America, SAP America, and Workday) and the selected vendor was Workday.

On March 9, 2021, the Board authorized Agreement No. 47652 with Workday for a term of 5 years and a not-to-exceed amount of \$131,582,518 (budgeted) for the purchase of cloud-based ERP software as a service subscription licenses, integration/implementation services, and ongoing maintenance and support services as part of an ERP system project utilizing a cooperative purchasing agreement with the City of Los Angeles, Information Technology Agency under City Contract No. 135368. The Workday portion of the ERP system project was to be implemented in two separate phases with the following objectives:

Phase 1 – Human Resources and Payroll

- Implement the human resources and payroll modules of the Workday ERP system.
- Define and implement all necessary integrations with existing LADWP systems.

Phase 2 – Financial Management

- Design a chart of accounts in Workday that supports LADWP's financial goals and objectives and complies with LADWP's regulatory requirements.
- Implement the financial management module of the Workday ERP system.
- Define and implement all necessary integrations with existing LADWP systems.

The ERP system project was structured with two separate Workday teams working simultaneously on both phases with the individual LADWP functional and technical teams. To avoid a "big bang" in terms of the change impact to LADWP if both phases were implemented simultaneously, the project plan was structured with a go-live separation between the two phases. Phase 1 was originally planned to go-live on January 1, 2024, the start of a calendar year, and Phase 2 was originally planned to go-live on July 1, 2024, the start of a fiscal year.

Due to the complexity of replacing the aforementioned legacy systems with an ERP system, both phases of the ERP system project experienced project schedule delays leading up to the January 1, 2024 and July 1, 2024 go-live dates. As a result, LADWP and Workday agreed to Change Order No. 1 on September 15, 2023 to utilize \$21,781,136 of the original contingency amount for the purpose of extending the go-live dates for the two phases by one year to January 1, 2025 and July 1, 2025, respectively. This change order, along with Change Order No. 2 to utilize \$201,885 of the original contingency amount to add subscription services for the Workday “Extend” solution, left only \$4,333,483 in the original contingency amount.

While the one-year extension provided LADWP and Workday additional time to address the complexities, progress was significantly affected by the turnover of internal and external key personnel. Internally, three key LADWP personnel retired and two of them, the project manager and the technical lead, had been part of the ERP system project from the beginning. Externally, there have also been changes within Workday key personnel that included an engagement manager, a functional workstream member, and the change management and training lead. These changes required time for the replacement personnel to get up to speed, time to restructure aspects of the functional and technical ERP system project teams and in some cases, rebaselining the overall ERP system project schedule.

On December 10, 2024, the Board authorized Amendment No. 1 to the Agreement to reallocate \$12,294,432 in optional services deemed not necessary to the remaining contingency amount thereby increasing it to \$16,627,915. This reallocation of funds ensured that a sufficient contingency amount was available for a six-month extension of the human resources and payroll phase of the ERP system project, for one year of post go-live application management services for the human resources and payroll phase, and for other unforeseen future expenses. All other terms and conditions of the Agreement remained unchanged.

However, Amendment No. 1 did not address the financial management phase which at the time of Amendment No. 1, required further analysis of the business process transformations and system integration activities to integrate the present-state financial and supply chain systems with the Workday ERP system. That analysis was subsequently completed and the determination was made to extend the financial management phase of the ERP system project by twelve months for a go-live date associated with the new fiscal year starting on July 1, 2026.

On August 26, 2025, the Board authorized Amendment No. 2 to the Agreement, the first of two amendments to extend the financial management phase. Amendment No. 2 increased the not-to-exceed amount by \$26,361,545 to extend the professional services of the financial management phase of the ERP system project by twelve months and replenish the contingency amount through the current term of the Agreement which is April 11, 2026.

Amendment No. 3 is the second of the two amendments. Amendment No. 3 extends the term by three years and increases the not-to-exceed amount by \$27,823,336 to complete the financial management phase of the ERP system project, provide for post go-live application management services, cover three additional years of required subscription services, and authorize some subsequent optional professional and subscription services such as an internal Workday help feature and the possible replacement of the current budgeting solution with an internal Workday budgeting solution. The replenishment of the contingency amount under Amendment No. 2 was sufficient to complete the financial management phase of the ERP system project so there is no increase in the contingency amount under Amendment No. 3.

Workday has performed satisfactorily on this agreement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was requested.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guideline 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 amendment of a contract for software services is not 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

PROCUREMENT SUMMARY

1.	Recommended Vendor(s): Workday, Inc. (Workday)
2.	Procurement Type: Amendment
3.	Procurement Details: A. Contract Status: Amendment No. 3 (Amendment) to Agreement No. 47652 B. Bid Advertisement Date: Not applicable C. Pre-Proposal Conference Date: Not applicable D. Proposal Due Date: Not applicable E. Number of Downloads of Solicitation: Not applicable F. Number of Proposals Received: Not applicable G. Protest Received: Not applicable
4.	Buyer Assigned: Shaun Larsuel
5.	Contract Administrator: Andrew Herd
6.	LADWP System/Division: Joint/Information Technology Services
7.	Contact Person for Item: Andrew Herd

A. Evaluation Rating Summary of Proposal

Not applicable to this Amendment.

B. Evaluation of Amendment

Under this Amendment, LADWP negotiated and reduced the cost for the professional services extension of the financial management phase by approximately \$3.74 million. This reduction represents a savings of nearly 16 percent compared to Workday's original proposal for this phase extension.

C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
47652-1	Workday	5 years	04/12/2021	04/11/2026	\$157,944,063

Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47652-1	ERP Software as a Service and System Integration	5 years	04/12/2021	04/11/2026	\$157,944,063

D. Local Business Preference Program (LBPP)

Not applicable to this Amendment.

E. Additional Outreach Efforts Taken

Not applicable to this Amendment.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Participation

Not applicable as this was a cooperative agreement. However, Workday committed to utilize an SBE for 15% of the professional services portion of the contract which will continue to apply to the total “guaranteed” (i.e. non-contingent) professional services amount which is now \$116,885,414.

Actual subcontractor participation commitment and achievements are provided below:

SBE PARTICIPATION		
Name	Original Commitment	Achievement thru August 2025
Precision Task Group, Inc.	15%	8.1% ¹
SBE Totals:	15%	8.1%¹

¹Based on the new “guaranteed” professional services (Phase 1 and 2) amount of \$116,885,414

OBE PARTICIPATION (Non-Certified Firms)		
Name	Original Commitment	Achievement thru August 2025
Accenture, LLP	NA	30.8%
OBE Totals:	NA	30.8%

WHEREAS, Workday, Inc. (Workday) was awarded Agreement No. 47652 (Agreement) by the Los Angeles Department of Water and Power (LADWP) Board of Water and Power Commissioners (Board) on March 9, 2021, for the purchase of cloud-based Enterprise Resource Planning (ERP) software as a service subscription (SaaS) license, integration/implementation services, and ongoing maintenance and support services as part of an ERP system project utilizing a cooperative arrangement with the City of Los Angeles, Information Technology Agency under City Contract No. 135368; and

WHEREAS, the Agreement was awarded for a term of five years and a not-to-exceed amount of \$131,582,518 (budgeted); and

WHEREAS, the \$131,582,518 not-to-exceed amount included a 25 percent contingency amount of \$26,316,504 for unforeseen professional and subscription services related to the general scope of the Agreement; and

WHEREAS, LADWP and Workday agreed to Change Order No. 1 to utilize \$21,781,136 of the contingency amount for the purpose of extending both phases of the ERP system project schedule by one year and later agreed to Change Order No. 2 to utilize \$201,885 of the contingency amount to add an unforeseen subscription service, leaving \$4,333,483 remaining in the contingency amount; and

WHEREAS, the Board adopted Amendment No. 1, pursuant to Resolution No. 025 107 on December 10, 2024, to reallocate \$12,294,432 in optional professional and subscription services that were deemed not necessary to the contingency, resulting in a remaining contingency amount of \$16,627,915, without extending the term or increasing the not-to-exceed amount of the Agreement; and

WHEREAS, LADWP and Workday agreed to utilize \$14,783,047 of the contingency amount for the purpose of extending the human resources and payroll phase of the ERP system project schedule by six months and to add one year of post-go-live application management services, leaving \$1,844,868 remaining in the contingency amount; and

WHEREAS, the Board adopted Amendment No. 2, pursuant to Resolution No. 025 025 on August 26, 2025, to increase the not-to-exceed amount by \$26,361,545—from \$131,582,518 to \$157,944,063 (budgeted)—in order to extend the professional services for the financial management phase of the ERP system project through the current Agreement term, and to replenish the contingency amount for unforeseen expenses, while preparing this Amendment No. 3 (Amendment) to extend the term and the not-to-exceed amount to complete the financial management phase that will require City Council approval; and

WHEREAS, LADWP recommends approval of the Amendment to the Agreement to increase the term by three years—from five years to eight years—and increase the not-to-exceed amount by \$27,823,336—from \$157,944,063 to \$185,767,399 (budgeted)—in order to complete the financial management phase of the ERP system project, provide for post-go-live application management services, cover three additional years of required subscription services, and authorize some subsequent optional professional and subscription services that LADWP is considering after the financial management phase; and

WHEREAS, the term of the Agreement exceeds the total contract period set by ordinance and in accordance with City Charter Section 373, City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that the Amendment to the Agreement, approved as to form and legality by the City Attorney and filed with Secretary of the Board, is hereby approved.

BE IT FURTHER RESOLVED that pursuant to City Charter Section 1022, the Board finds that the expert and professional services can be performed more feasibly by an independent contractor due to the nature of the specific skills, knowledge, and abilities necessary to perform said services.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is authorized and directed to draw demands on the Power and Water Revenue Funds, in accordance with the terms of this Amendment to the Agreement and this Resolution.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said Amendment for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of the City of Los Angeles at its meeting held

APPROVED AS TO FORM AND LEGALITY
HYDEE FELDSTEIN SOTO, CITY ATTORNEY

September 22, 2025



BY _____

Philip Lam
Deputy City Attorney

Secretary