



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

WILLIAM T FUJIOKA
Chief Executive Officer

DATE: March 28, 2013
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Three (3) minutes are allowed for each item.

1. Call to order – Martin Zimmerman
- A) **Board Letter – APPROVAL OF AMENDMENT TO MSA WITH ORACLE AMERICA, INC. AND AUTHORIZE THE CIO TO EXECUTE WORK ORDERS FOR CONSULTING SERVICES FOR THE EPDR PROJECT**
CIO/DHS – Richard Sanchez and Mitchell Katz or designee(s)
- B) **Board Letter – APPROVE ACQUISITION OF HP SUPERDOME 2, 3PAR HARDWARE, NATIVE OPERATING SOFTWARE, AND DATA MIGRATION SERVICES, FOR THE SHERIFF'S DEPT. AND APPROVE USE OF LAC CAPITAL ASSET LEASING CORP. FINANCING TO FUND THE SUPERDOME EQUIPMENT COSTS**
CIO/SHERIFF – Richard Sanchez and Sheriff Leroy Baca or designee(s)
- C) **Board Letter – AUTHORIZATION TO EXTEND CONTRACTS 75380, 75381, AND 75382 FOR THIRD PARTY WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES**
CEO Risk Mgmt. – Steve Robles or designee
- D) **IT Standards Presentation**
CIO – Richard Sanchez or designee
2. Public Comment
3. Adjournment

April 16, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO MASTER SERVICES AGREEMENT WITH
ORACLE AMERICA, INC. AND AUTHORIZE THE CHIEF INFORMATION OFFICER
TO EXECUTE WORK ORDERS FOR CONSULTING SERVICES FOR THE
ENTERPRISE PATIENT DATA REPOSITORY PROJECT
(ALL DISTRICTS – 3 VOTES)**

CIO RECOMMENDATION:

(x) APPROVE () APPROVE WITH MODIFICATION () DISAPPROVE

SUBJECT

Request approval to delegate authority to the Chief Information Officer to amend the Master Services Agreement with Oracle America, Inc. to increase the total annual amount authorized for expenditure under the agreement and authorize the execution of two Work Orders with Oracle America, Inc., for consulting services to support the implementation of an Enterprise Patient Data Repository for the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Chief Information Officer (CIO) to amend the Master Services Agreement MSA with Oracle America, Inc. to increase the total annual amount authorized for expenditure under the Agreement from \$3,000,000 to \$\$\$ for the period XX/XX/XX.
2. Approve and delegate authority to the CIO, at the request of the Director of Health Services (DHS), to execute a Work Order effective on Board approval, and any necessary change orders, for consulting services under the MSA with Oracle, for Phase One of the design, development and implementation of an Enterprise Patient Data Repository (EPDR) at a maximum amount not to exceed \$10,904,500 as Work Order amounts that exceed \$300,000 require Board approval in accordance with the Oracle MSA guidelines.
3. Approve and delegate authority to the CIO, at the request of the Director of DHS, to execute a Work Order effective upon execution, and any necessary change

orders, for consulting services under the MSA with Oracle, for Phase Two of the design, development and implementation of an Enterprise Patient Data Repository (EPDR) at a maximum amount not to exceed \$6,800,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the first recommendation will enable the CIO to amend the current MSA with Oracle to increase the maximum annual expenditure amount under the MSA to accommodate the two Work Order maximum amounts requested in the second and third recommendations.

There are significant changes resulting from both the new payment methodology under the current 1115 Waiver and the provisions of the Affordable Care Act (ACA) that will impact DHS. Under the 1115 Waiver, DHS must comply with new cost reporting requirements beginning January 1, 2014. The revenue associated with the Waiver cost reporting is approximately \$465 billion annually. The current DHS data systems do not have the capability to comply with this new reporting requirement. Implementation of an EPDR will provide the detailed data necessary to allow the Department to claim and maximize these available Waiver revenues.

The EPDR project will be comprised of two phases and accomplished with specialized software purchased through existing County agreements with the software vendors and professional services obtained through the recommended Work Orders under the CIO MA with Oracle. Phase One of the EDPR project will produce a functional data base that will allow the Department to submit Waiver cost reports that will maximize revenue under the current Waiver. Phase Two builds on Phase One and will include clinical data such as laboratory test results and pharmaceuticals dispensed, Community Partner visit claims, clinic scheduling information, and productivity metrics.

Approval of the second recommendation will enable DHS to obtain professional services through a Work Order with Oracle to effectuate Phase One and that will include the necessary data profiling and loading of all data required for the Waiver cost report in addition to data quality remediation activities, and development and assistance with the establishment of a data governance structure and process for DHS. The Work Order Statement of Services for this Phase is attached.

Approval of the third recommendation will enable the CIO to execute a second Work Order with Oracle to complete Phase Two of the EPDR project.

EPDR Project Background

The purpose of this new EPDR is to create an integrated data warehouse for patient financial, utilization and clinical data optimized for data analytics and reporting. The system will facilitate operational decision making, efficient and accurate reporting to internal and external entities, and performance measurement and analysis. The guiding

principle is to deliver more health care to the service population in the Los Angeles area at a higher quality utilizing the same level of resources. The ACA becomes effective on January 1, 2014 and presents tremendous opportunities and risks for the financial viability of Los Angeles County and DHS. The integration of financial, utilization and clinical data into one data system will provide DHS the ability to analyze and evaluate financial and other departmental operations, understand and improve utilization of services and resources, and make operational, system and patient health care delivery improvements. These data capabilities are vital to maximizing Waiver funding and will also enable the Department to function optimally within the new ACA and managed care environment.

Current State

The new payment methodology under the Waiver and the data needs resulting from the ACA cannot be met with DHS' current data systems as they are unable to provide information supporting three critical functions: 1) revenue maximization; 2) monitoring patient experience and quality of care; and 3) optimizing resource use under a managed care capitation payment system. To achieve these functions, disparate data from multiple source systems must be accurately and efficiently integrated into a single data repository. Source systems include electronic health records, patient accounting, pharmacy, health plans, human resources, state Medicare/Medi-Cal claims, sister County Departments (i.e. YBN/LEADER), and others. The EPDR project is designed to create a single enterprise data repository containing the clinical, operational, and financial data necessary to achieve the three functions and related strategic goals.

Under the prior Waiver, DHS' reporting system, both manual and automated, allowed revenue to be maximized; however, under the new Waiver, the payment methodology is changed and DHS' current data systems cannot provide the detailed data necessary to maximize Waiver revenue. Under the new methodology, increased managed care payments from Healthy Way LA, Seniors and Persons with Disabilities, and other Medi-Cal managed care patients play a critical role in the reimbursement calculation. DHS' current system of collecting data involves retrieving data stored in three unconnected data silos, resulting in significant inefficiencies. The current DHS Enterprise Data Repository contains clinical and utilization data from our hospital information systems and the DHS Managed Care Services data warehouse contains health plan eligibility information and out-of-network utilization data. The financial data repository contains financial data from Medi-Cal paid claims. Additionally, data across DHS facilities and from external source systems are not standardized. The Department's current data capabilities are insufficient to meet our data needs and to support our ability to maximize Waiver revenues.

DHS procured the consulting services of Sierra Systems, Inc. (Sierra) via an Information Technology Support Services Master Agreement (ITSSMA) fixed price deliverable work order to perform an analysis of the Waiver cost reporting requirements and provide

recommendations for how best to replace the current financial data repository. Sierra's assessment concluded that the Waiver cost reporting requirements should be based on a single enterprise wide data warehouse platform, with an identity management tool and Business Intelligence (BI) reporting software, rather than building an entirely new finance data repository, which would perpetuate the problem of data silos and inefficiency of integrating data. A single data warehouse will enable DHS in Phase One of this project to produce a Waiver cost report that maximizes revenue and minimizes risk of audit failure, and in Phase Two will leverage the platform for numerous other data needs including monitoring patient experience and optimizing resource use under capitation.

EPDR Implementation

DHS anticipates implementing the new EPDR in two phases over the next few years. Phase One will address the financial reporting requirements under waiver 11-W-00193/9 titled "California Bridge to Reform Demonstration" which began in November 2010 and runs through October 31, 2015. A central component of the Demonstration is the reporting requirements that the State of California and specifically Los Angeles County must meet to continue receiving reimbursement funds. DHS must comply with the Paragraph 14 workbook requirements used by the State Department of Health Care Services (DHCS) to report patient utilization of services, Medi-Cal audit documents requested by the State auditors to substantiate the Medi-Cal Cost Reports filed by the DHS and the Office of Statewide Health Planning and Development (OSHPD) report.

The staff of the DHS Finance Division will utilize the EPDR to track patient eligibility and Waiver program utilization as well as utilize the BI tool to complete 'What-If' scenarios on how new Waiver programs will affect the DHS patient population. The system will enable DHS staff to review and perform analysis on several cost reporting Fiscal Years (FY), which is an improvement over the current MCALRS system which only provided the capability to review and analyze one Fiscal Year at a time.

Each FY DHS must comply with the reporting requirements of the demonstration to provide patient utilization of services and this document discusses the processes involved in generating the P-14 Workbook which is based upon the data contained in the Medi-Cal Cost Report. Once the cost report is submitted to the State of California Department of Health Care Services (DHCS), an audit will be performed of the data and if there are any issues or questions requiring comment or clarification, DHS will work with the State auditors to resolve the issues before they finalize their audit findings and issue the audited cost reports.

As the data warehouse evolves and becomes more integrated within the operations of DHS, the business value increases providing numerous opportunities where DHS management and staff can carry out the mission of DHS which is to improve health through leadership, service, and education.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The Work Order for Phase One of the EPDR s establishes a maximum contract obligation of \$ 10,904,500 and commences upon your Board's approval. The Work Order for Phase Two establishes a maximum obligation of \$6,899,000. Funding is included in the Department's Fiscal Year 2012-13 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CIO MSAs approved by the Board enable departments to utilize Work Orders for consulting services, employee training, design, and expertise in the use and implementation of Oracle technology. As required by the Board's directive, Work Orders over \$300,000 to be issued under the County's Master Services Agreement shall be submitted for Board approval.

Based on the fixed price deliverable Work Orders, Oracle will be responsible for implementation of a DHS data governance structure, data profiling and process remediation, implementation of the IBM identity management software, programming required to map source data into the healthcare data model, and producing reports and analytical capabilities.

CONTRACTING PROCESS

On February 20, 2007, your Board approved an Oracle MSA that allows County departments to acquire Oracle database and application server consulting services. These Master Services Agreements offer a structure for acquiring needed services through a streamlined acquisition process that is standard across the entire enterprise. The majority of software components used in the EPDR project will be Oracle products and other software packages that the County is already licensed to use.

Implementation of the Oracle software requires professional services to complete the data validation/remediation and programming necessary to implement the EPDR. In order to ensure the EPDR is implemented in time to comply with the new Waiver cost reporting requirements on January 1, 2014, DHS discussed possible procurement strategies with the CIO and Chief Executive Office (CEO). The three departments, with the concurrence of County Counsel, determined that the most expeditious approach was to obtain the necessary professional services through the CIO's MSA with Oracle or IBM.

Although the CIO's MSAs are not set up for a competitive procurement process, the three departments felt it was appropriate to obtain proposals from more than one MSA contractor. Both Oracle and IBM were asked to submit fixed price deliverable proposals based on a set of DHS requirements for Waiver cost reporting (Phase One) and additional operational and clinical data requirements (Phase Two) related to the ACA. Both firms were provided the same information and opportunities to ask questions and meet with DHS to develop their proposals. In addition, specific instructions were issued to ensure standardized responses. A team of DHS IT and other subject matter experts using uniform criteria reviewed the proposals and pricing. Both Oracle and IBM were asked for a best and final price for Phase One. The DHS Director of Contracts and Grants provided guidance and oversight during the entire procurement process to insure that a fair and impartial process was conducted. At the end of this process Oracle was the top ranked, lowest cost proposer. IBM was debriefed about the results of the proposal review.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the two recommendations will ensure that DHS can acquire the resources necessary to effectively implementation an EPDR in order to comply with the January 1, 2014 deadline for Waiver cost reporting and position Los Angeles County to successfully implement the ACA.

Respectfully submitted,

MITCHELL H. KATZ, MD
Director

RICHARD SANCHEZ
Chief Information Officer

MHK:kh

Enclosure

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

April 16, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**APPROVE THE ACQUISITION OF HEWLETT PACKARD SUPERDOME 2, 3PAR
HARDWARE, NATIVE OPERATING SOFTWARE, AND DATA MIGRATION
SERVICES, FOR THE SHERIFF'S DEPARTMENT, AND APPROVE USE OF LOS
ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION FINANCING TO
FUND THE SUPERDOME EQUIPMENT COSTS (ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Los Angeles County Sheriff's Department (Department) is seeking your Board's approval to increase Los Angeles County Capital Asset Leasing (LAC-CAL) funds and authorize Internal Services Department (ISD) to proceed with the acquisition of Hewlett Packard (HP) Superdome 2, 3PAR hardware, native operating system software, and Data Migration Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the issuance of short-term Bond Anticipation Notes (BAN) in an aggregate amount not to exceed \$3.5 million to finance the acquisition of HP Superdome 2, 3PAR Hardware, native operating system software through LAC-CAL.
2. Adopt the attached "Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Reimburse Certain Capital Expenditures from the Proceeds of Taxable or Tax-Exempt Obligations (2012-13 Equipment BANs Program – Server Replacement Project)".

3. Authorize ISD, as the County Purchasing Agent, to proceed with the acquisition of the HP Superdome 2, 3PAR hardware, native operating system software and Data Migration Services for an estimated purchase price of \$3.2 million.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The Department's existing Hewlett Packard (HP) Superdome infrastructure was acquired in 2004. The current environment is now more than eight years old and approaching "end-of-life". The storage capacity is fully utilized with no remaining available capacity for new applications or the expansion of existing applications. Several of the automated systems hosted on the current environment would not have the additional computing and storage resources necessary for required application upgrades or to accept additional data. As the majority of these systems continue to add users and new data, the performance on the aging HP environment may degrade to a point where they essentially become unusable forcing the Department to resort to manual processes.

At present, the Department obtains HP maintenance support from ISD's Technical Equipment Maintenance Services (TEMS) master services agreement. Due to the equipment's age and the limited availability of replacement parts, the annual cost for maintaining the existing obsolete infrastructure is approximately \$1.05 million. Using Superdome 2, the average annual maintenance cost is anticipated to be less than \$450,000.

Acquiring the new Superdome 2, 3PAR hardware, native operating system software, and Data Migration Services will provide the Department with:

1. State-of-the-art computer technology with increased computing capacity using the same physical equipment footprint, as follows:
 - a. Up to 300% increase in CPU processing power, while still maintaining the same CPU core count;
 - b. 200% increase in RAM memory;
 - c. 400% increase in hard storage capacity.
2. Increase the performance and reliability of critical public safety applications within the County and provide a stable platform to perform needed software application upgrades.

Approval of the recommended actions will also allow the issuance of new short-term BANs in 2012-13 to provide interim financing of up to \$3.5 million in server system

acquisitions for the Sheriff's Department in accordance with federal tax regulations and enable the County to maximize reimbursement for costs related to the financing of this equipment. Your Board previously authorized LAC-CAL BAN issuance of an amount up to \$67.5 million for interim financing for 2012-13 equipment acquisitions on August 21, 2012. The Department did not include the server system replacement in its authorization request for 2012-13 LAC-CAL equipment financing due to the procurement and financing still being developed at that time. This action will provide the necessary authorization for the BAN issuance to provide the interim financing to acquire the server system equipment.

The BANs will be issued by LAC-CAL and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Subsequently, the BANs will be redeemed and the County Treasury Pool reimbursed through the issuance of intermediate-term lease-revenue bonds, notes, certificates of participation, or a lease with a third-party lessor. The repayment term for the financed server system costs will be five years.

REIMBURSEMENT RESOLUTION

In addition to the approval of the BANs issuance for the additional equipment acquisitions, we are requesting that your Board execute the attached Reimbursement Resolution (included as Exhibit A), approved as to form by County Counsel, to comply with federal tax regulations governing the recovery of County capital costs from taxable and tax-exempt bond proceeds. Execution of the Resolution will enable the County to maximize reimbursement for costs related to the financing of the equipment.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The acquisition of this computer equipment is necessary to meet the information technology requirements of the Department and supports the County Strategic Plan, Goal 1, Operational Effectiveness.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 3, 2012, the Department submitted an Advance Notification of Intent Letter to negotiate a sole source master lease purchase agreement with HP Financial Services Leasing to provide computer hardware, software, 5 years of critical-system level maintenance support, and data migration upgrade services for the Sheriff's Department Superdome and Storage infrastructure. The Department entered negotiations with HP, however, no agreement was reached. As a result, a competitive acquisition of

Superdome 2, 3PAR hardware, native operating system software, and Data Migration Services was determined to be in the best interest of the County.

Approval of the recommended actions will authorize the Chief Executive Office (CEO) to obtain tax-exempt financing through LAC-CAL, and authorize ISD to proceed with the acquisition of Superdome 2, 3PAR hardware, native operating system software, and Data Migration Services. The Department will utilize ISD's existing TEMS Contract with HP to provide the critical-system level of maintenance support for the Superdome 2, 3PAR hardware, and native operating system software required by the Department for systems hosting mission-critical and business-critical Departmental applications.

This request complies with the County Equipment Policy that the Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

The acquisition of the equipment falls under the statutory authority of the County Purchasing Agent. However, the service component associated with this project may exceed the authority of the Purchasing Agent. Therefore, Board approval is required for the Purchasing Agent to proceed with this aspect of the acquisition.

The CIO has reviewed and endorsed the proposed acquisition as outlined in the attached CIO analysis.

The attached Reimbursement Resolution has been approved as to form by County Counsel.

CONTRACTING PROCESS

This is a commodity purchase under the statutory authority of the Purchasing Agent. The purchase will be requisitioned through and accomplished by the Purchasing Agent in accordance with the County's purchasing policies and procedures established by ISD.

FISCAL IMPACT/FINANCING

The Department has allocated funds for maintenance and support of the existing HP Superdome. The equipment is scheduled to be delivered and accepted at the end of the fiscal year, so there will be no LAC-CAL lease payments in 2012-13. The Department will begin to budget for the LAC-CAL payments starting in 2013-14, which will be \$732,000 based on the estimated total acquisition cost of \$3.04 million. The

The Honorable Board of Supervisors
April 16, 2013
Page 5

Department will request adjustment to its 2013-14 operating budget. The total average cost of the new Superdome system over the next five years will be approximately the same as what the Department would experience maintaining the current system.

CONCLUSION

Upon approval by your Board, please return three adopted copies of this letter to the Sheriff's Department's Contracts Unit and the Internal Services Department. For additional information, please contact Contracts Manager Angelo Faiella at 323-526-5183.

Sincerely,

LEROY D. BACA
SHERIFF

LDB:AW:aw
(Fiscal Administration-Contracts Unit)

c: Board of Supervisors, Justice Deputies
Sachi A. Hamai, Executive Officer, Board of Supervisors
William T Fujioka, Chief Executive Officer
Brence Culp, Chief Deputy Chief Executive Officer
Georgia Mattera, Senior Assistant Chief Executive Officer
Sheila Williams, Manager, Chief Executive Office (CEO)
Jocelyn Ventilacion, Senior Analyst, CEO
Christina Elias, Associate Analyst, CEO
Brian Lew, Public Affairs Office
John F. Krattli, County Counsel
Michele Jackson, Senior Deputy County Counsel
Patrice Salseda, Senior Deputy County Counsel
Paul K. Tanaka, Undersheriff
James J. Hellmold, Assistant Sheriff
Cecil W. Rhambo, Jr., Assistant Sheriff
Glen Dragovich, Division Director, Administrative Services Division (ASD)
Conrad Meredith, Assistant Division Director, ASD
Glen Joe, Director, ASD, Fiscal Administration
Paul E. Drake, Captain, Data Systems Bureau (DSB)
John Garrott, Information System Manager I, DSB
Stuart Suede, Information System Manager I, DSB
Susie Cousins, Assistant Director, ASD, Fiscal Administration
Laura E. Lecrivain, Sergeant, ASD
Michael Ramirez, Deputy, ASD
Angelo Faiella, Manager, ASD, Contracts Unit
Amy Wang-Biagini, Contracts Analyst, ASD, Contracts Unit



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

NUMBER: CA 2-13	DATE: 3/6/2013
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SUBJECT: <ul style="list-style-type: none"> • DOME EQUIPMENT COSTS APPROVE THE ACQUISITION OF HEWLETT PACKARD SUPERDOME 2, 3PAR HARDWARE, NATIVE OPERATING SOFTWARE, AND DATA MIGRATION SERVICES, FOR THE SHERIFF'S DEPARTMENT, AND APPROVE USE OF LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION FINANCING TO FUND THE SUPER 	
RECOMMENDATION: <input checked="" type="checkbox"/> Approve <input type="checkbox"/> Approve with Modification <input type="checkbox"/> Disapprove	
CONTRACT TYPE: <input checked="" type="checkbox"/> New Contract <input type="checkbox"/> Sole Source <input type="checkbox"/> Amendment to Contract <input type="checkbox"/> Other: Describe contract type.	
CONTRACT COMPONENTS: <input type="checkbox"/> Software <input checked="" type="checkbox"/> Hardware <input type="checkbox"/> Telecommunications <input checked="" type="checkbox"/> Professional Services	
SUMMARY: Department Executive Sponsor: Sheriff Lee Baca Description: The Los Angeles County Sheriff's Department is requesting approval to acquire HP's Superdome 2, 3PAR hardware, native operating system and data migration professional services and maintenance support utilizing ISD's competitive bid process Contract Amount: \$3,700.00 estimated Funding Source: Department's operating budget. <input type="checkbox"/> Legislative or Regulatory Mandate <input type="checkbox"/> Subvended/Grant Funded:	

**Strategic and
Business Analysis**

PROJECT GOALS AND OBJECTIVES:

- Under this Agreement, the Sheriff's Department (Sheriff) will procure HP Superdome2, 3PAR hardware, Native operating software and data migration services to expand hosting service at Sheriff's Data Center Expand additional storage capacity and increase processing speed and support.
- State-of-the-art computer technology with increased computing capacity using the same physical equipment footprint, as follows:
 - Up to 300% increase in CPU processing power, while still maintaining the same CPU core count;
 - 200% increase in RAM memory;
 - 400% increase in hard storage capacity.
- Increase the performance and reliability of critical public safety applications within the County and provide a stable platform to perform needed software application upgrades

BUSINESS DRIVERS:

- High cost of maintenance due to the existing equipment's age and the limited availability of replacement parts to maintain the existing obsolete infrastructure
- When fully implemented the new hardware will support departmental technology requirements for public safety applications. The new computer technology with significantly increased computing capacity (processor speed, memory, and storage capacity).
- Reduce the current HP monthly maintenance support cost

PROJECT ORGANIZATION:

A dedicated Project Manager from Sheriff's Data System Bureau will lead the effort to work with the vendor to deploy and configure the new hardware and data migration.

PERFORMANCE METRICS:

The Installation of the new hardware will be deemed production ready once all systems have been configured and tested for interoperability with the other components in Sheriff's data center. Data System Bureau will conduct follow-up performance testing to validate projections.

STRATEGIC AND BUSINESS ALIGNMENT:

All Project goals are strategic and well aligned with the business. The acquisition of the HP Superdome-2 will replace an outdated technology and provide more robust hardware platform that will reduce system performance and storage issues for critical applications. It will also reduce maintenance cost and improve performance.

PROJECT APPROACH:

The new hardware will be implemented according to the project plan and requires professional services for data migration. The project will be managed by DSB and there will be minimum scheduled downtime during implementation of the new hardware and data migration.

ALTERNATIVES ANALYZED:

All hardware components of this project will be competitively bid. Oracle Exadata was considered, however, a cost comparison of that option vs. HP superdome hardware and cost associated with data migration, HP superdome 2 was substantially more cost effective. HP does have a plan to move Itanium customers onto more mainstream servers, called Odyssey, and it involves building a new generation of Business Critical Servers on a more mainstream platform over time and it would take several years, this will provide sufficient time for the Sheriff's Department to support their existing environment while planning to move to a new platform when it becomes available

**Technical
Analysis**

ANALYSIS OF PROPOSED IT SOLUTION:

The HP superdome servers being replaced are past their 5-year lifespan and are incurring increasing hardware maintenance costs. The hardware refresh is needed to avoid extended downtime and improve performance to mission critical applications. Superdome 2 Power-on-once technology with hot-swappable components and the innovative Superdome 2 Analysis Engine for predictive error handling and analysis will improve application support and performance. Fault-tolerant Crossbar Fabric that intelligently routes transactions to the fastest, optimal pathways between blades and I/O will increase server efficiency and reduce costs with dynamic virtualization capabilities

Financial Analysis

BUDGET:

<u>Contract costs</u>			
One-time costs:			
Hardware			\$1,919,866.00
Software			\$756,221.00
Services			
Data Migration	\$250,000.00		
HW/SW Onsite Installation, Implementation, and Training	\$357,719.00	\$607,719.00	
Sub-total One-time costs:			\$3,283,806.00
Ongoing annual costs:			
Hardware/Software Annual Maintenance (estimated)			\$405,379.00
Services			\$0.00
Sub-total 1 Year Maintenance cost:			\$405,379.00
Sub-total Contract Costs (1 Year):			\$3,689,185.00
<u>Other County costs:</u>			
One-time costs:			
Hardware			\$0.00
Software			\$0.00
Services (ISD)			\$0.00
County staff (existing)			\$0.00
County staff (net new)			\$0.00
Sub-total one-time County costs:			\$0.00
Ongoing annual costs:			
Hardware			\$0.00
Software			\$0.00
Services (ISD)			\$0.00
Services (Contractor)			\$0.00
County staff (existing) - 1A FTE @ \$100K/ave			\$100,000.00
County staff (net new)			\$0.00
Sub-total ongoing County costs:			\$400,000.00
Sub-total Other County Costs (Annual):			\$400,000.00

Risk Analysis

RISK MITIGATION:

1. There are minimal risks to this proposed contract however, if a vendor other than the incumbent is selected the technical learning curve associated with new hardware and data migration may be at risk. This Risk will be mitigated through the use of HP professional services and necessary training and knowledge transfer.
2. The Chief Information Information Security Officer (CISO) has reviewed the Amendment and did not identify any security risks or issues.

CIO Approval

PREPARED BY:

Fred Nazarbegian

Sr. Associate CIO

Date

APPROVED:

Richard Sanchez, County CIO

Date

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

DRAFT



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

April 16, 2013

DRAFT

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**AUTHORIZATION TO EXTEND CONTRACTS 75380, 75381, AND 75382 FOR
THIRD PARTY WORKERS' COMPENSATION
CLAIMS ADMINISTRATION SERVICES
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

This recommendation by the Chief Executive Office (CEO) seeks the Board's authorization to amend Contract No. 75380 with TRISTAR Risk Management No. 2, Inc. (TRISTAR 2); Contract No. 75381 with TRISTAR Risk Management (TRISTAR) [collectively both referred to as TRISTAR]; and Contract No. 75382 with Acclamation Insurance Management Services, Inc. (AIMS), effective as of July 1, 2013, to extend the term for a period of six (6) months through December 31, 2013.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chairman to sign the attached amendments to extend Contracts 75380 and 75381 with TRISTAR, and Contract 75382 with AIMS, for an additional six (6) months beginning July 1, 2013 and continuing through December 31, 2013, at a total base cost of \$9,175,568.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current contracts for third party workers' compensation claims administration services will expire on June 30, 2013. A Request for Proposals (RFP) was released on May 4, 2012 to replace the services provided under the current contracts with AIMS and TRISTAR. This process was cancelled because the RFP was released and proposals were submitted before the enactment of Senate Bill 863 to institute major reforms to the workers' compensation system, which may impact the procedures and costs for third party workers' compensation claims administration.

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

The new RFP was released on September 24, 2012, with proposals originally due on November 2, 2012. In an effort to attract additional proposers, and at the direction of the Chief Executive Officer, the date to submit proposals was extended by one month, to December 7, 2012. Despite this delay, along with additional time allotted for proposal evaluation process, the entire solicitation process may be completed before the expiration of the current contracts; however, it will not allow sufficient transition time to physically transfer 13,000 case files to the new contractors, complete any required system interface, and migrate data to ensure uninterrupted services. The new contractors must be fully operational on the effective date of the new contracts. The purpose of the recommended action is to allow sufficient time to complete the transition process to ensure uninterrupted workers' compensation claims administration services in order to maintain program stability and meet State and other statutory requirements.

Implementation of Strategic Plan Goals

The recommended action requested herein is consistent with the County's Strategic Plan Goal 1, Operational Effectiveness; and Goal 2, Fiscal Responsibility, allowing continuous high-level service to the County.

FISCAL IMPACT/FINANCING

For the six-month extension period, TRISTAR and AIMS will continue to be paid at the current monthly rate. The total base cost will be \$9,175,568, as shown below:

Third Party Administrator	Monthly Base Fee	Six-Month Total
TRISTAR 2	\$613,907.00	\$3,683,442
TRISTAR	\$383,124.92	\$2,298,750
AIMS	\$532,229.31	\$3,193,376

The total paid to AIMS for Fiscal Year 2011-12 was \$6,178,448; and total paid to TRISTAR was \$11,574,165.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 20, 2005, after a formal solicitation process, the Board approved Contracts 75380, 75381, and 75382, effective January 1, 2006 through December 31, 2010.

In 2009, under the Countywide Contract Extension and Reduction Initiative, TRISTAR and AIMS agreed to extend the contracts for two years and reduce their fees by five percent (5%) for the period of January 1, 2011 through December 31, 2012.

On October 9, 2012, the Board approved an amendment to extend the three contracts through June 30, 2013 to allow the CEO to complete the solicitation for replacement contracts.

Throughout the term of the contracts, the contractors have met County, CEO, and all other statutory requirements pertaining to workers' compensation claims.

The amendments were reviewed and approved as to form by County Counsel.

CONTRACTING PROCESS

After cancellation of an earlier RFP, the CEO initiated a new solicitation to replace contracts 75380, 75381, and 75382 in September 2012. It was initially thought that the solicitation process would be complete by June 30, 2013; however, that date did not include sufficient transition time to allow for the physical transfer of 13,000 files from the current contractors to the new successor contractors; completion and implementation of any required system changes and completion of data migration. The new contractors must be fully operational on the effective date of the new contract. In addition, there were several delays in the solicitation process that make it unlikely that the new contractors will be able to be fully operational on July 1, 2013. The proposal submission date was extended one month by direction of the Chief Executive Officer in order to attract additional firms and foster more competition for County business. The extension resulted in an additional proposer. More time was allotted for proposal evaluation to accommodate holiday schedules and allow sufficient time for evaluators to thoroughly review all proposals. The proposal evaluation was completed in February 2013, and we are currently in the negotiation stage. The requirements of the County's Protest Policy, as provided in Board Policy 5.055, will require that additional time be provided to complete the protest process and could delay the completion of one or more of the contracts.

Extension of the current contracts will not only ensure uninterrupted workers' compensation claims administration services, but will also allow the CEO to complete the solicitation for replacement contracts and transition from current contractors to new contractors before the effective date of the new contracts. The CEO Risk Management Branch and members of County Counsel presented this item at the Operations Cluster meeting on January 17, 2013, apprising Board Deputies of the extension mentioned herein.

IMPACT ON CURRENT SERVICES

There will be no impact on current services; approval of the contract extensions provides for continuation of existing services.

CONCLUSION

Upon approval by the Board, please return two signed originals of each amendment and one adopted copy of the letter to the CEO Risk Management Branch, attention Steven T. Robles, County Risk Manager.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:MKZ
STR:RC:KF:tv

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATIVE SERVICES CONTRACT**

TRISTAR RISK MANAGEMENT

AMENDMENT NO. 3 TO CONTRACT NO. 75380

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75380 with TRISTAR Risk Management No. 2, Inc., hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75380, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75380, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75380, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75380 for six (6) months to allow for the completion of the solicitation and for the transfer of data and files to the new Contractor; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75380 for six (6) months for the completion of the solicitation; and

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75380 shall be amended as follows:

- 1. This Amendment No. 3 shall commence and be effective on July 1, 2013.**
- 2. Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 31, 2013, unless sooner terminated, in whole or in part as provided in this Contract.

3. **Exhibit B.2, PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 in the Contract shall hereafter be replaced by Exhibit B.3.**
4. **Except for the changes set forth above, Contract No. 75380 shall not be changed in any respect by this Amendment No. 3.**

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No.3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

TRISTAR RISK MANAGEMENT NO. 2, INC.

By: _____

Name: _____

Title: _____

Date: _____

COUNTY OF LOS ANGELES

By: _____

Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Principal Deputy County Counsel

Date: _____

EXHIBIT B.3

**UNIT 1 – TRISTAR RISK MANAGEMENT
PRICING SCHEDULE**

	ANNUAL	MONTHLY
YEAR 1 (2006)^C	\$6,903,000.00	\$575,250.00
YEAR 2 (2007)^{A,B,C}	\$7,075,575.00	\$589,631.25
YEAR 3 (2008)^{A,B,C}	\$7,358,598.00	\$613,216.50
YEAR 4 (2009)^{A,B,C}	\$7,366,884.00	\$613,907.00
YEAR 5 (2010)^{A,B,C,D}	\$7,126,613.00	\$593,885.00
YEAR 6 (2011)^{A,B,C,D}	\$7,126,613.00	\$593,885.00
YEAR 7 (2012)^{A,B,C,D}	\$7,126,613.00	\$593,885.00
1/1/2013 – 6/30/2013^{A,B,C,E}	N/A	\$613,907.00
7/1/2013 – 12/31/2013^{A,B,C,F}	N/A	\$613,907.00

^A Denotes a cost of living adjustment capped at the lesser of:

1. The most recently published percentage change in the Bureau of Labor Statistics, Los Angeles-Riverside-Orange County, Consumer Price Index for Urban Consumers (CPI-U) for the 12 months preceding the contract anniversary date; or
2. The general salary movement percentage for County employees for the 12 month period preceding the prior July 1.

^B The number of new indemnity claims submitted in Calendar Year 2004 for Unit 1 was 2,046. For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 2,046 by 175, the County shall pay the Contractor an additional \$48,000 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 2,046 by 350 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$96,000 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 2,046 by 525 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$144,000 within 60 days of the end of the calendar year, and etc.

- C For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 6,325, the monthly base fee shall be reduced by \$4,000. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 6,150, the monthly base fee shall be reduced by \$8,000. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 5,975, the monthly base fee shall be reduced by \$12,000, and etc.
- D In Year 5 (2010), Contractor agreed to a 5% annual cost reduction from Year 4, plus a 1.83% cost of living adjustment. There were no cost of living increases for Years 6 and 7.
- E For the extension period January 1, 2013 through June 30, 2013, Contractor will be paid at the Year 4 monthly rate.
- F For the extension period July 1, 2013 through December 31, 2013, Contractor will be paid at the Year 4 monthly rate.

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATIVE SERVICES CONTRACT**

TRISTAR RISK MANAGEMENT

AMENDMENT NO. 3 TO CONTRACT NO. 75381

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75381 with TRISTAR Risk Management, hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75381, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75381, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75381, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75381 for six (6) months to allow for the completion of the solicitation; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75381 for six (6) months for the completion of the solicitation; and

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75381 shall be amended as follows:

- 1. This Amendment No. 3 shall commence and be effective on July 1, 2013.**
- 2. Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 31, 2013, unless sooner terminated, in whole or in part as provided in this Contract.**
- 3. Exhibit B.2 PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 in the Contract shall hereafter be replaced by Exhibit B.3.**

4. Except for the changes set forth above, Contract No. 75381 shall not be changed in any respect by this Amendment No. 3.

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No.3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

TRISTAR RISK MANAGEMENT

By: _____

Name: _____

Title: _____

Date: _____

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Principal Deputy County Counsel |

Date: _____

EXHIBIT B.3

**UNIT 2 – TRISTAR RISK MANAGEMENT
PRICING SCHEDULE**

	ANNUAL	MONTHLY
YEAR 1 (2006)^C	\$4,308,000.00	\$359,000.00
YEAR 2 (2007)^{A,B,C}	\$4,415,700.00	\$367,975.00
YEAR 3 (2008)^{A,B,C}	\$4,592,328.00	\$382,694.00
YEAR 4 (2009)^{A,B,C}	\$4,597,499.04	\$383,124.92
YEAR 5 (2010)^{A,B,C,D}	\$4,447,552.00	\$370,629.00
YEAR 6 (2011)^{A,B,C,D}	\$4,447,552.00	\$370,629.00
YEAR 7 (2012)^{A,B,C,D}	\$4,447,552.00	\$370,629.00
1/1/2013 – 6/30/2013^{A,B,C,E}	N/A	\$383,124.92
7/1/2013 – 12/31/2013^{A,B,C,F}	N/A	\$383,124.92

^A Denotes a cost of living adjustment capped at the lesser of:

1. The most recently published percentage change in the Bureau of Labor Statistics, Los Angeles-Riverside-Orange County, Consumer Price Index for Urban Consumers (CPI-U) for the 12 months preceding the contract anniversary date; or
2. The general salary movement percentage for County employees for the 12 month period preceding the prior July 1.

^B The number of new indemnity claims submitted in Calendar Year 2004 for Unit 2 was 1,093. For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 1,093 by 175, the County shall pay the Contractor an additional \$48,000 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,093 by 350 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$96,000 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,093 by 525 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$144,000 within 60 days of the end of the calendar year, and etc.

- C For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 3,875, the monthly base fee shall be reduced by \$4,000. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 3,700, the monthly base fee shall be reduced by \$8,000. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 3.525, the monthly base fee shall be reduced by \$12,000, and etc.
- D In Year 5 (2010), Contractor agreed to a 5% annual cost reduction from Year 4, plus a 1.83% cost of living adjustment. There were no cost of living increases for Years 6 and 7.
- E For the extension period January 1, 2013 through June 30, 2013, Contractor will be paid at the Year 4 monthly rate.
- F For the extension period July 1, 2013 through December 31, 2013, Contractor will be paid at the Year 4 monthly rate.

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATIVE SERVICES CONTRACT**

ACCLAMATION INSURANCE MANAGEMENT SERVICES, INC.

AMENDMENT NO. 3 TO CONTRACT NO. 75382

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75382 with Acclamation Insurance Management Services, Inc., hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75382, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75382, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75382, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75382 for six (6) months to allow for the completion of the solicitation and for the transfer of data and files to the new Contractor; and

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75382 shall be amended as follows:

- 1. This Amendment No. 3 shall commence and be effective on July 1, 2013.**
- 2. Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 21, 2013, unless sooner terminated, in whole or in part as provided in this Contract.**
- 3. Exhibit B.1, PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 in the Contract shall hereafter be replaced by Exhibit B.3.**

4. Except for the changes set forth above, Contract No. 75382 shall not be changed in any respect by this Amendment No. 3.

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No.3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

ACCLAMATION INSURANCE MANAGEMENT SERVICES, INC.

By: _____

Name: _____

Title: _____

Date: _____

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Principal Deputy County Counsel

Date: _____

EXHIBIT B.3

**UNIT 4 – ACCLAMATION INSURANCE MANAGEMENT SERVICES, INC.
PRICING SCHEDULE**

	ANNUAL	MONTHLY
YEAR 1 (2006)^{A,D}	\$5,984,585.64	\$457,155.47
YEAR 2 (2007)^{B,C,D}	\$6,134, 200.28	\$511, 183.36
YEAR 3 (2008)^{B,C,D}	\$6,379,568.29	\$531,630.69
YEAR 4 (2009)^{B,C,D}	\$6,386,751.72	\$532,229.31
YEAR 5 (2010)^{B,C,D,E}	\$6,178,447.81	\$514,870.65
YEAR 6 (2011)^{B,C,D,E}	\$6,178,447.81	\$514,870.65
YEAR 7 (2012)^{B,C,D,E}	\$6,178,447.81	\$514,870.65
1/1/2013 - 6/30/2013^{B,C,D,F}	N/A	\$532,229.31
7/1/2013 – 12/31/2013^{B,C,D,G}	N/A	\$532,229.31

^A Start up costs of \$498,720.00 were billed and due January 1, 2006. Year 1 monthly fee payments were reduced by \$41,560.00 per month.

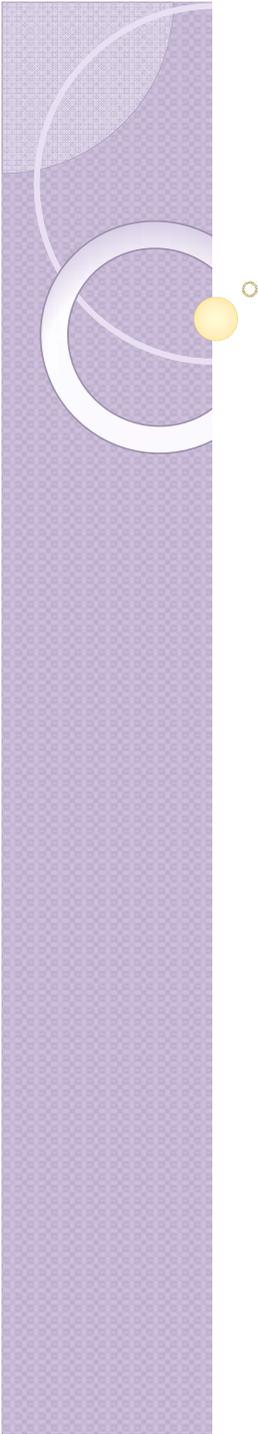
^B Denotes a cost of living adjustment capped at the lesser of:

1. The most recently published percentage change in the Bureau of Labor Statistics, Los Angeles-Riverside-Orange County, Consumer Price Index for Urban Consumers (CPI-U) for the 12 months preceding the contract anniversary date; or
2. The general salary movement percentage for County employees for the 12 month period preceding the prior July 1.

^C The number of new indemnity claims submitted in Calendar Year 2004 for Unit 4 was 2,224. For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 2,224 by 175, the County shall pay the Contractor an additional \$42,240 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 2,224 by 350 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$84,480 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 2,224 by 525 new indemnity claims,

administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$126,720 within 60 days of the end of the calendar year, and etc.

- D For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 5,125, the monthly base fee shall be reduced by \$3,520. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 4,950, the monthly base fee shall be reduced by \$7,040. For any quarter where the Contractor's open indemnity caseload, administered by workers' compensation claims examiners, is equal to or less than 4,775, the monthly base fee shall be reduced by \$10,580, and etc.
- E Beginning in Year 5 (2010), Contractor agreed to a 5% annual cost reduction from Year 4, plus a 1.83% cost of living adjustment. There were no cost of living increases in Years 6 and 7.
- F For the extension period January 1, 2013 through June 30, 2013, Contractor will be paid at the Year 4 monthly rate.
- G For the extension period July 1, 2013 through December 31, 2013, Contractor will be paid at the Year 4 monthly rate.



IT Standards Management Framework

Presentation to the
Operations Cluster
March 28, 2013

Office of the CIO





Need for IT Standards Management Framework

- (Ord. 95-0073 § 2 (part), 1995.): Adopt standards for countywide information technology which shall be subject to approval by the Board of Supervisors. County departments and county information technology bodies shall adhere to such standards.
- Define process to identify, establish, and manage IT standards.
- Update Board Policy 6.020 (Information Technology Contract and Procurement Review) to focus on ensuring compliance with County IT standards and directions, and conformance with the department's Business Automation Plan.
- Clarify Board approved IT Standards vs. CIO Preferred Technologies



Four Types of Standards

- **Technical Standard:** Detailed information technology specifications developed in response to Board policies and County Strategic Goals, e.g. information security standards in support of Board Policies 6.100 – 6.112.
- **Product Standard:** IT products and solutions recommended by CIO and approved by the Board. Product standards are critical in establishing conformity, facilitating interoperability, and for achieving efficiencies and economies of scale, e.g. CGI Advantage.
- **Process Standard:** Established, mandatory business practices that supports IT projects and systems to improve outcomes, mitigate risks and increase reliability, e.g. Data center operations and disaster recovery standards.
- **Reference Standard:** Industry and regulatory standards adopted and/or adapted for County use, e.g. HIPAA and HITECH.



Benefits

Efficiency

Reduced effort, cost and uncertainty through well-designed processes and common standards.

Integrity

Reduced risk/better compliance with regulatory and industry practices.

Effectiveness

Better service quality resulting in improved performance, and ability to adapt and economies of scale across County departments.

Agility

Ability to change more quickly with managed cost and risk and to absorb regulatory changes.



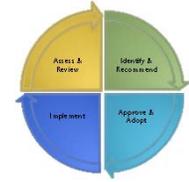
County Preferred Technologies

- Preferred technologies are those that have gained significant deployment among County departments, usually as a result of industry dominance, e.g. Windows-based desktops, Microsoft Office, Microsoft Outlook, Microsoft SQL Server and Oracle database software.
- Adoption of these preferred technologies in collaboration with the CIO Council facilitates economies of scale and interoperability.

Standards Lifecycle



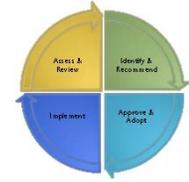
Identify & Recommend



- **Business drivers**, e.g. efficiencies, interoperability, information security
- **Strategic directives**, e.g. shared services, economies of scale,
- **Regulatory requirement**, e.g. HIPAA, HITECH
- **Common capabilities**, e.g. document management, e-mail, business intelligence, server virtualization, Internet portal
- **Industry standards**, e.g. NIST, IEEE, ISO

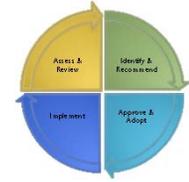
Resulting in:
Technical Standards
Product Standards
Process Standards
Reference Standards

Approve & Adopt



- **Board approval of IT standards**
 - Enterprise License Agreements/Master Agreements, e.g. Adobe Lifecycle Reader Extensions, Cognos, IBM WebSphere Portal, Symantec, PointSec, Cisco VOIP and EMC Documentum.
 - Master Service Agreements, e.g. Microsoft, Oracle, IBM, and EMC.
 - Countywide service contracts, e.g. Online Payment Processing and Managed Print Services
- **CIO adoption of preferred technologies**
 - Software, e.g. Microsoft Office, Oracle/SQL Server/DB2 databases, and VMWare.
 - Hardware, e.g. Consolidated Computer Purchase Program and Consolidated Video Purchase Program

Implement



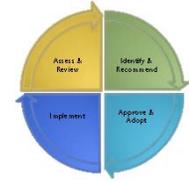
➤ Align Sourcing Strategy

- Enterprise license and master agreements
- Master services agreements
- Technical specifications
- Shared Services/Centralized Infrastructures

➤ Ensure Compliance

- Board Policy 6.020 – CIO review of IT procurements
- CIO delegated authority for reviewing and approving exemptions
- CIO Analysis for Board Agreements

Assess & Review



➤ Evaluate Effectiveness

- Achieve cost savings
- Realize operational efficiencies
- Facilitate interoperability and business agility

➤ Review standards

- New business requirements
- Emerging technologies
- Strategic realignment
- Cost-benefit

Business and operational impacts and transition costs must be evaluated.



Recommendations

- Approval of updated Board Policy 6.020
- Collaborate with CIO Council and Leadership Committee to:
 - Review and establish standards process and guidelines;
 - Review and recommend Board approval of selected preferred technologies as IT Standards; and
 - Establish review timetable and identify standards for upcoming review.

County of Los Angeles Enterprise IT Standards and Directions 2012 (Exceptions require CIO Approval)		BOARD ADOPTED STANDARD	COUNTY PREFERRED TECHNOLOGY
Operating Systems			
Client Operating System	Microsoft Windows*		✓
Enterprise Server Operating System	Windows Server*, Red Hat Enterprise Linux		✓
Midrange/Department	IBM AIX, HP-UX		✓
Mobile	BlackBerry, Microsoft Exchange ActiveSync support, Windows Mobile, Apple iOS		✓
Networks			
WAN	Enterprise Network, LANet		✓
LAN	CISCO		✓
Voice Over IP	CISCO	✓	
Security			
Antivirus	Symantec (SEP), McAfee (ToPS)		✓
Antispyware	Symantec (SEP), McAfee (ToPS)		✓
Host Intrusion Protection	Symantec (SEP), McAfee (ToPS)		✓
Desktop Firewall	Microsoft Windows Firewall, Symantec (SEP), McAfee(ToPS)		✓
Full Disk Encryption	Check Point (formerly Pointsec)	✓	
Removable Media Protection	Safend		✓
Patch Management	Lumension, Symantec Altiris		✓
Email Security	Cisco IronPort Email Security Appliances, Symantec Brightmail	✓	
Mobile Device Management	Symantec		✓
Network Firewall	Cisco PIX Firewalls		✓
Network Intrusion Prevention	Cisco, HP TippingPoint		✓
Internet Access Control & Filtering	Blue Coat		✓
Secure File Exchange	Globalscape		✓
Vulnerability Assessment	McAfee Vulnerability Manager	✓	
Remote Access			
Remote Access	Juniper SSL VPN, Microsoft Outlook Web Access		✓
Two Factor Authentication	RSA SecurID	✓	
Desktop Management			
Directory Services	Microsoft Active Directory		✓
Desktop Configuration Management	Symantec Altiris, Microsoft System Center		✓
Office Productivity Software			
Desktop Office Suite (Word Processor, Spreadsheet, and Presentation)	Microsoft Office*		✓
E-mail	Microsoft Outlook/Exchange*		✓
PDF	Adobe Acrobat Professional*		✓
PDF Forms	Adobe LiveCycle Reader Extension	✓	
Web Browser and Content			
Browser	Microsoft Internet Explorer*		✓
Web Content Management	IBM Web Content Manager	✓	
Portal Software	IBM WebSphere Portal	✓	
Databases and Reporting			
Database Architecture	SQL-compliant		✓
Database Software	Oracle, Microsoft SQL Server*, IBM DB2		✓
Business Intelligence/Ad Hoc Report Writer	Cognos Business Intelligence Product Suite	✓	

County of Los Angeles Enterprise IT Standards and Directions 2012 (Exceptions require CIO Approval)		BOARD ADOPTED STANDARD	COUNTY PREFERRED TECHNOLOGY
Video Conferencing/Web Collaboration			
Video Conferencing	Central Hosted Video Conferencing Services		✓
Web Collaboration	Cisco WebEx, Citrix GoToMeeting		✓
Systems Management			
Server Virtualization	VMware		✓
Deduplication, Backup, Archive	Commvault		✓
Applications			
Geospatial Information Services (GIS)	ESRI ArcGIS, OGC-compliant, and Latitude Geographics		✓
Enterprise Content Management (ECM)	EMC Documentum	✓	
Enterprise Resource Planning (ERP) Financials (General Ledger, Accounting, Cost Accounting/Billing, Accounts Payable, Accounts Receivable, Budget, Contracts, Asset Management, Grants Management, Procurement/Inventory) Human Resources (Payroll, Personnel Administration, Position Control, Time Collection, Talent Management)	CGI Advantage (eCAPS/eHR)	✓	
Learning Management	SABA Learning Suite (Learning Net)	✓	
Employee Performance	SumTotal Total Performance (Performance Net)	✓	
Benefits and Leave Management	Buck Solutions	✓	

*Maintained within one version of the current release



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
6.020	Chief Information Office Board Letter Approval Information Technology Procurement and Contract Review	06/03/97

PURPOSE

~~To achieve maximum integration and efficiency in the implementation of information management systems. County departments have initiated or modified information management systems to increase efficiency within their operations and to improve or expand service delivery to the public. It is therefore, essential for the Chief Information Officer to review all requests from County departments for the purpose of ensuring continuity Countywide.~~

To establish a review process for Information Technology (IT) solicitations, procurements, and contracts to ensure compliance to County IT standards, policies, and directives, and conformance with department Business Automation Plans (BAP).

REFERENCE

June 3, 1997 Board Order, [Synopsis 104](#)

June 5, 1997 Chief Administrative Memorandum, "[Review of Automation-Related Board Letter by Chief Information Officer](#)"

June 24, 1997 Chief Administrative Officer and Chief Information Officer Joint Signature Memorandum, "[Chief Information Officer Review of Automation/Communications-Related Acquisitions and Services](#)"

April 1, 1999 Chief Information Officer Memorandum "[Procedure for Chief Information Officer Review of Board Letters](#)"

May 13, 2003 [Board Order 35](#)

November 17, 2011, Chief Information Officer update to the "CIO Analysis"

POLICY

The Chief Information Officer (CIO), prior to placement on the Board Agenda, must review and prepare a CIO Analysis for all requests concerning the approval of actions related to the design, acquisition, expansion, or purchase of automated systems.

~~In addition, the June 24, 1997 memo expanded the existing policy to require department heads to also obtain Chief Information Officer review and approval on all purchases or consultant agreements for computer-based or telecommunications related software, equipment or services prior to finalizing such acquisitions or agreements.~~

Departments will submit all requests for IT procurements to the CIO prior to:

- Preparing a purchase order under the department's delegated authority; or
- At the same time the requests are sent to the Internal Services Department to prepare a purchase order (P.O.).

The CIO will review the IT requests for compliance with County standards, policies and directives, and conformance with the department's BAP. If the request is not in compliance or conformance, the CIO will request the department to provide a justification and:

- May disapprove the request (if a P.O. has not been issued); and/or
- Notify the Board and Chief Executive Officer of the department's non-compliance with County standards, policies, and directives, or non-conformance with the department's BAP.

RESPONSIBLE DEPARTMENT

Chief Information Office

DATE ISSUED/SUNSET DATE

Issue Date: June 3, 1997
Review Date: November 15, 2001
Review Date: July 22, 2004
Review Date: November 14, 2008

Sunset Review Date: June 3, 2001
Sunset Review Date: September 17, 2003
Sunset Review Date: December 31, 2008
Sunset Review Date: December 31, 2012
Sunset Review Date: December 31, 2016