



County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI
Chief Executive Officer

DATE: September 15, 2016
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 – James Blunt / Gevork Simdjian
 - A) **Board Letter – REQUEST APPROVAL OF AMENDMENT NO. FOUR TO THE LOS ANGELES ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION AND REPORTING SYSTEM (LEADER REPLACEMENT SYSTEM) INFORMATION TECHNOLOGY AGREEMENT WITH ACCENTURE LLP**
DPSS – Sheryl L. Spiller or designee
 - B) **Board Letter – AUTHORIZATION TO TERMINATE FOR CONVENIENCE THE LOS ANGELES ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION AND REPORTING SYSTEM (LEADER) AND GAIN EMPLOYMENT ACTIVITY AND REPORTING SYSTEM (GEARS) AGREEMENTS**
DPSS – Sheryl L. Spiller or designee
 - C) **Board Letter – AUTHORIZE THE SOLICITATION AND ACQUISITION OF PHASE 2 CONVERGE SERVER VIRTUALIZATION INFRASTRUCTURE HARDWARE AND SOFTWARE FOR THE DEPARTMENT OF HEALTH SERVICES DATA CENTER**
DHS – Mitchell H. Katz, M.D. or designee
 - D) **Board Letter – NEW FIVE-YEAR LICENSE AGREEMENT INTERNAL SERVICES DEPARTMENT – 444 NORTH NASH STREET, EL SEGUNDO**
CEO/ISD/CIO – Kevin Webb, Jac Fagundo, and Henry Balta or designee(s)
2. Public Comment
3. Adjournment



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

12860 CROSSROADS PARKWAY SOUTH · CITY OF INDUSTRY, CALIFORNIA 91746
 Tel (562) 908-8400 · Fax (562) 695-4801



SHERYL L. SPILLER
 Director

ANTONIA JIMÉNEZ
 Acting Chief Deputy

Board of Supervisors

HILDA L. SOLIS
 First District

MARK RIDLEY-THOMAS
 Second District

SHEILA KUEHL
 Third District

DON KNABE
 Fourth District

MICHAEL D. ANTONOVICH
 Fifth District

DRAFT

October 4, 2016

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

Dear Supervisors:

**REQUEST APPROVAL OF AMENDMENT NUMBER FOUR TO
 THE LOS ANGELES ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION
 AND REPORTING SYSTEM (LEADER REPLACEMENT SYSTEM)
 INFORMATION TECHNOLOGY AGREEMENT WITH
 ACCENTURE LLP
 (ALL DISTRICTS – 3 VOTES)**

SUBJECT

This is a joint recommendation by the Department for Public Social Services (DPSS) and the Chief Information Office (CIO) that the Board approve Amendment Number Four to the LEADER Replacement System (LRS) Agreement Number 77863 (Agreement). Amendment Number Four will provide the necessary funding for modifications to LRS to comply with federal rules for Able-Bodied Adults Without Dependents (ABAWD) and support other Regulatory and Administrative (R&A) County, State, and federal mandates, and includes a contract provision related to Data Encryption requirements.

JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICE THAT THE BOARD:

Approve and instruct the Chair to sign Amendment Number Four (Attachment I) to the LRS Agreement, which will authorize the increase to the Total Maximum Contract Sum during the initial term by \$4,019,700 from \$609,483,101 to \$613,502,801.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to allow DPSS to amend the LRS Agreement to add \$4,019,700 to support continued work that includes system modifications related to ABAWD automation rules by transmitting ABAWD tracking codes to interface with Medi-Cal Eligibility Data System (MEDS), and other R&A changes. All premise funding allocated for LRS for new and/or changes to existing high priority State and federal programs and policies are implemented through a Change Control Request (CCR) procedure.

Able-Bodied Adults Without Dependents (ABAWD)

The ABAWD work requirement was implemented in 1996 as part of federal welfare reform. Federal ABAWD requirements are defined in Section 6(o) of the Food and Nutrition Act of 2008 and in part 7 of the Code of Federal Regulations (CFR), Section 273.24. Non-assistance CalFresh recipients over age 17 and under age 50 must satisfy the ABAWD work requirement as a condition of eligibility unless they meet specified exemption criteria or live in an area where the ABAWD work requirement is waived. Currently, California is under a Statewide waiver which will end on December 31, 2017. By January 2017, the ABAWD calendar in the Statewide Automated Welfare System (SAWS) will begin sending data with a new tracking code "Z" that will help identify and track all non-assistance CalFresh recipients who are ABAWDs living in a non-waiver county. In order to be in compliance with the new SAWS requirement, funding is required to implement the program changes in the LRS system. The premise funding for Fiscal Year (FY) 2016-17 is \$1,019,700.

Regulatory and Administrative (R&A) Changes

R&A changes are required to ensure the LRS complies with mandated County, State, and federal policy and program requirements. Examples of such changes are listed below:

- Maximum Family Grant (MFG) Repeal.
- Eligibility Determination Benefit Calculation (EDBC) and Multiple Denial/Negative Action Reasons.
- CalFresh calculations for household with elderly and disabled members.
- Exemption of long-term Welfare-to-Work sanctioned cases from Child Support requirement to the CW2215.
- Department of Children and Family Services (DCFS) Federal Eligibility.
- CalFresh waiver for the restoration of eligibility and benefit.

Implementation of Strategic Plan Goals

These recommendations are consistent with the principles of the County Strategic Plan, Goal 1, Operational Effectiveness: Maximize the effectiveness of processes, structures and operations to support timely delivery of customer-oriented and efficient public service.

FISCAL IMPACT/FINANCING

The Amendment increases the total Maximum Contract Sum for the initial term by \$4,019,700 from \$609,483,101 to \$613,502,801. The aggregate total Maximum Contract Sum for the LRS Agreement, including the initial term and the optional extended term, will increase from \$763,043,411 to \$767,063,111.

Costs for FY 2016-17

The estimated cost for Amendment Four is \$4,019,700.

The ABAWD programming changes total cost is \$1,019,700 with an estimated Net County Cost (NCC) at \$153,000. Sufficient appropriation for ABAWD program changes has been included in the Department's FY 2016-17 Supplemental Changes Budget Request with no increase in NCC. The R&A changes total cost is \$3,000,000 with an estimated NCC at \$98,000. The appropriation and NCC for R&A changes will be fully offset through corresponding cost reductions in the County hardware/software portion of the LRS Project budget.

FACTS AND PROVISION/LEGAL REQUIREMENTS

This Board letter and associated Amendment were reviewed by the Chief Executive Officer and approved as to form by County Counsel and Outside Counsel.

All terms and conditions, including information technology provisions which are part of the current Agreement, will continue to apply following execution of the proposed Amendment.

This is not a Proposition A Contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

CONTRACT PROCESS

Accenture LLP was selected via a competitive solicitation and evaluation process. On November 7, 2012, the Board awarded an 11 year contract to Accenture LLP (with an option for 3 additional years) to design, develop, implement, operate, and maintain an automated welfare system called LRS.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this Amendment to the Agreement will support both compliance with current policy and program rules, and effective implementation of State and Federal regulatory and policy changes to support over 16,500 users who will continue to provide public assistance services to over 3.5 million constituents of the County.

CONCLUSION

Upon the Board's approval, the Executive Officer, Board of Supervisors is requested to return three original signed copies of the Amendment and one adopted stamped Board Letter to the Director of DPSS.

Respectfully submitted,

SHERYL L. SPILLER
Director

PETER LOO
Acting Chief Information Officer

SLS:PL:MS:ph

Enclosure 1

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



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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 Fifth District

October 4, 2016

DRAFT

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:

**AUTHORIZATION TO TERMINATE FOR CONVENIENCE THE LOS ANGELES
 ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION AND REPORTING
 SYSTEM (LEADER) AND GAIN EMPLOYMENT ACTIVITY AND REPORTING
 SYSTEM (GEARS) AGREEMENTS
 (ALL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

This is a joint recommendation by the Department of Public Social Services (DPSS) and the Chief Information Office (CIO) that the Board approve Delegate Authority to the DPSS Director or her designee, to Terminate for Convenience the Agreement Number 68587 with Unisys Corporation (Unisys) for the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (LEADER); and the Agreement Number 76637 with Hewlett Packard Enterprise (HPE) for the Greater Avenues for Independence (GAIN) Employment Activity and Reporting System (GEARS).

JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICE THAT THE BOARD:

Delegate authority to the DPSS Director, or her designee, to Terminate for Convenience the Agreement Number 68587 with Unisys for the LEADER System; and the Agreement Number 76637 with HPE for GEARS. Both Unisys and HPE will be issued written notices of termination, which will be exercised upon completion of the transition of services from the current LEADER and GEARS legacy systems to the new LEADER Replacement System (LRS).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In November 2012, the LRS Agreement was approved by the Board in order to replace existing legacy systems which include LEADER, GEARS, General Relief Opportunities for Work (GROW) and Department of Children and Family Services (DCFS) payment systems. The LRS architecture is fully scalable and flexible to effectively support performance, changing business needs and user growth while existing legacy systems are obsolete and have trouble accommodating to ever-changing public assistance programs and policies in a timely and cost-effective manner.

LRS has been successfully implemented at all offices of the Department of Public Social Services (DPSS) and is now in the 10th month of production operations since LRS pilot went live on September 29, 2015. As of July 26, 2016, LRS supports a caseload of over 2 million cases representing over 3.5 million beneficiaries of public assistance programs and records a 99.8% availability. LRS is scheduled to be implemented at all offices of the Department of Children and Family Services (DCFS) by October 2016.

After the implementation of all client caseloads into LRS and legacy system transition is completed, DPSS will issue notices of termination to Unisys and HPE. Termination of the LEADER and GEARS Agreements will not impact client services and will result in cost savings to the County.

Implementation of Strategic Plans Goals

Termination of these Agreements is consistent with the principles of the Countywide Strategic Plan Goal 3, Integrated Services Delivery.

FISCAL IMPACT/FINANCING

The current Agreement end dates for LEADER and GEARS are April 30, 2017 and July 14, 2017, respectively. The Fiscal Year 2016-17 Adopted Budget for LEADER Agreement is \$22,500,000 and \$7,446,000 is for the GEARS Agreement.

It is anticipated that the County will incorporate all client caseloads into LRS and complete final transition of LEADER and GEARS by October 31, 2016. Therefore, both legacy systems will no longer be needed, and their Agreements will be Terminated for Convenience pursuant to the appropriate terms of each Agreement. The estimated appropriation savings the County may achieve in FY 2016-17 due to the early termination for LEADER and GEARS is \$13,500,000 and \$4,964,000, or a total of \$18,464,000, with an estimated NCC savings of \$1,056,000 for LEADER.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 7, 2012, the County Board of Supervisors executed the LRS Agreement between the County and Accenture LLP who is in compliance with all Board and Chief Executive Office requirements.

IMPACT ON CURRENT SERVICES

The termination of the LEADER and GEARS legacy systems will have no impact to County services. LRS, when fully deployed, will: 1) continue to support eligibility determination of California Work Opportunity and Responsibility to Kids (CalWORKs), Medi-Cal, CalFresh, General Relief (GR) and Cash Assistance Programs for Immigrants (CAPI) and 2) case management of the GAIN Program Welfare-to-Work and GROW activities and key foster care, adoption and Kin-GAP related DCFS systems. The LRS will streamline case management of public assistance programs listed above by integrating business processes into a single web-based system and expanding service delivery to the public by providing a full-service e-Government portal.

CONCLUSION

Upon approval and execution, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter to the Director of the Department of Public Social Services.

Respectfully submitted,

SHERYL L. SPILLER
Director

PETER LOO
Acting Chief Information Officer

SLS:PL:MS:af

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

October 4, 2016

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

Dear Supervisors:

**AUTHORIZE THE SOLICITATION AND ACQUISITION OF PHASE 2 CONVERGE
SERVER VIRTUALIZATION INFRASTRUCTURE HARDWARE AND SOFTWARE
FOR THE DEPARTMENT OF HEALTH SERVICES DATA CENTER
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE [X]

SUBJECT

Authorize the solicitation and acquisition of Phase 2 Converge Server Virtualization Infrastructure hardware, software, and professional services with a purchase cost in excess of \$250,000 for Department of Health Services Enterprise Internal Cloud Solution.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the solicitation and acquisition of Converge Server Virtualization Infrastructure (Phase 2) hardware, software, and professional services for all Department of Health Services (DHS) systems hosted at LAC+USC Medical Center (LAC+USC) Data Center, with a total estimated cost of \$1,416,938.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this action will allow for the solicitation and acquisition of Converge Server Virtualization hardware, software, and professional services for DHS servers hosted at the LAC+USC Data Center, including support, configuration, installation, testing, five (5) year warranty, and five (5) years of maintenance. The current DHS Server Virtualization infrastructures have reached the size and design capacity limits due to rapidly growing server virtual workload demands within DHS.

The DHS Converge Server Virtualization platform will support Information Technology (IT) enterprise mission-critical server virtual workloads consolidated at the LAC+USC Data Center. The equipment will enable DHS to comply with Health Insurance Portability and Accountability Act requirements associated with the retention and storage of patient and clinical records supporting all DHS business and hospital IT operations. This acquisition is Phase 2 of DHS' ongoing project to maintain the integrity of the DHS Centralized Data Center environment systems and services. The Board's approval of the initial acquisition for Phase 1 on February 16, 2016, has enabled the Department to replace the existing servers located at Martin Luther King Jr. (MLK) Data Center. Phase 2 will provide failover capability of the mission-critical server virtual workloads between LAC+USC and MLK Data Centers.

As part of DHS' consolidation strategy of various systems, the Converge Server Virtualization hardware and software are needed to: 1) replace end-of-life Server Virtualization infrastructures and provide DHS with a modern Converge Server Virtualization platform that is highly optimized, flexible and scalable to empower IT to react faster to business needs; 2) enable DHS to consolidate multiple virtual and physical environments onto a shared server virtualization infrastructure to yield additional economies of scale savings inherent in sharing converge infrastructure for server virtualization; and 3) provide capacity for future growth, as the hardware will include sufficient data and computing capacity if needs increase.

In addition, replacing enterprise clinical information systems, such as Neurophysiology electroencephalography (EEG), MMODAL Health Information Management (HIM) speech recognition, Capacity Management Suite, and QPath Enterprise Solution, requires virtual hardware (server) upgrades. As a result, some of the current hardware (legacy servers) will be replaced with new virtual hardware. These efforts are part of DHS' goal to standardize server images across DHS facilities.

Implementation of Strategic Plan Goals

The recommended action will support Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total one-time estimated net cost of the hardware and software is \$1,416,938 for this Phase 2 acquisition and includes professional services, five (5) year warranty, and five (5) years of maintenance. The details comprising the estimated total costs are shown in Attachment II.

Funding is included in DHS' Fiscal Year (FY) 2016-17 Adopted Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 16, 2001, the Board approved the classification categories for fixed assets and new requirements for major fixed assets (now referred to as capital assets) purchases requiring County departments to obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to ISD.

The County's Chief Information Officer recommends approval of this purchase and that Office's Analysis is attached (Attachment I).

CONTRACTING PROCESS

This is a commodity purchase under the statutory authority of the County's Purchasing Agent. This acquisition will be competitively bid by the County's Purchasing Agent in accordance with County Purchasing Policies and Procedures established by ISD.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendation will enable continued implementation of DHS' various systems consolidation strategies.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.
Director

Peter Loo
Interim Chief Information Officer

MHK:PL:sa

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department



DRAFT

PETER LOO
ACTING CHIEF INFORMATION OFFICER

Office of the CIO CIO Analysis

NUMBER: CA16-16	DATE: 9/7/2016
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SUBJECT:

AUTHORIZE THE SOLICITATION AND ACQUISITION OF CONVERGE SERVER VIRTUALIZATION INFRASTRUCTURE (PHASE 2) HARDWARE, SOFTWARE, AND PROFESSIONAL SERVICES FOR THE DEPARTMENT OF HEALTH SERVICES DATA CENTER

RECOMMENDATION:

Approve Approve with Modification Disapprove

CONTRACT TYPE:

New Contract Sole Source
 Amendment to Agreement Other:

CONTRACT COMPONENTS:

Software Hardware
 Telecommunications Professional Services

SUMMARY:

Department Executive Sponsor: **Mitchell H. Katz, M.D., Director, Department of Health Services**

Description: Authorize the Internal Services Department (ISD), as the County’s Purchasing Agent, to proceed with the solicitation and acquisition of Server Virtualization Infrastructure (Phase 2) hardware, software, and professional services for the Department of Health Services (DHS) LAC+USC Data Center (DC), with a total estimated cost of \$1,416,938.

Contract Amount: \$1,416,938 Funding Source: Fiscal Year 2016-17 Adopted Budget

Legislative or Regulatory Mandate Subvened/Grant Funded: Enter %

Strategic and Business Analysis

PROJECT GOALS AND OBJECTIVES:

The acquisition of Phase 2 Converge Server Virtualization hardware and software are needed to:

- 1) Reach a fully virtualized state to enable DHS the economies of scale and savings in line with County directions. This will enhance DHS’ internal cloud services;
- 2) Replace five (5) aging end-of-life server infrastructure solutions at LAC+USC Medical Center (LAC+USC) and provide DHS with a modern Converge Server Virtualization platform;
- 3) Enable DHS to standardize on computer and storage infrastructure and to further consolidate multiple virtual and physical environments to yield further consolidation;
- 4) Create/review and validate redundancy of active/highly available, enterprise

applications infrastructure for local critical applications currently hosted at LAC+USC and MLK Data Centers. DHS' main focus today is centralization/consolidation of all systems into two Enterprise Data Centers (LAC+USC and MLK);

5) Provide enough capacity for approximately 30 percent future growth.

BUSINESS DRIVERS:

This is Phase 2 equipment and software solicitation and acquisition strategies in DHS' ongoing project to maintain the integrity of the DHS centralized DC environment, systems and services, and to streamline operational maintenance and improved service provisioning.

This is also in support of the Electronic Health Record (EHR) System known as the Online Real-Time Centralized Health Information Database (ORCHID), and will help support additional application server hosting for the new DHS Agency, such as Neurophysiology EEG, MMODAL Speech recognition, Capacity Management Suite, and QPath Enterprise Solution.

In order to achieve these goals, DHS would not only require significant infrastructure enhancements, DHS needed to rapidly deploy additional servers and peripheral equipment to support the increased business requirements. Virtualization was identified as a critical technology and strategic component toward maintaining operational integrity of the DHS IT data centers.

PROJECT ORGANIZATION:

The project will continue to be managed by Enrique Garcia, Associate, Chief Information Systems, and Brenny Ortega, Information Technology Manager II. A team of six members, one from each facility, has been formed to lead this effort throughout DHS. A detailed project structure that includes DHS and vendor resources is in place.

PERFORMANCE METRICS:

This project will be measured on the following success criteria:

- VM server deployment time will be reduced to approximately four hours versus three days.
- There will be no degradation of response time from applications. Response times are expected to improve because of optimization on the newer storage array.

STRATEGIC AND BUSINESS ALIGNMENT:

Converge Server Virtualization Infrastructure supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

PROJECT APPROACH:

This project includes two phases:

Phase I (April 2016 – June 2016) has been successfully completed.

CIO Approval	PREPARED BY:				
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_____	_____				
Sanmay Mukhopadhyay, Sr. Associate CIO	Date				
	APPROVED:				
	<table style="width: 100%; border: none;"> <tr> <td style="border: none; width: 70%; text-align: center;">_____</td> <td style="border: none; width: 30%; text-align: center;">_____</td> </tr> <tr> <td style="border: none; text-align: center;">Peter Loo, Acting County Chief Information Officer</td> <td style="border: none; text-align: center;">Date</td> </tr> </table>	_____	_____	Peter Loo, Acting County Chief Information Officer	Date
_____	_____				
Peter Loo, Acting County Chief Information Officer	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/>



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE
Real Estate Division

222 South Hill Street, 3rd Floor, Los Angeles, California 90012
(213) 974-4300
<http://ceo.lacounty.gov>

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October 4, 2016

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:

**NEW FIVE-YEAR LICENSE AGREEMENT
INTERNAL SERVICES DEPARTMENT
444 NORTH NASH STREET, EL SEGUNDO
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

A new five-year License Agreement for approximately 4,000 square feet of turnkey data center space, and approximately 600 square feet of office space located at 444 North Nash Street, El Segundo, to serve as the Los Angeles County Enterprise Data Center operated by the Internal Services Department.

IT IS RECOMMENDED THAT THE BOARD:

1. Consider the attached Negative Declaration together with the fact that no comments were received during the public review process, find on the basis of the whole record that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the Board of Supervisors to approve the Negative Declaration, and adopt the Negative Declaration. Find on the basis of the whole record that the project will have no effect on fish and wildlife, and instruct the Chief Executive Officer or her designee to complete and file the appropriate determination forms as to the project.

"To Enrich Lives Through Effective And Caring Service"

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2. Approve and instruct the Chair to sign a five-year License, with four one-year extensions, with T5@Los Angeles, LLC (Licensor), for approximately 4,000 square feet of turnkey data center space, and approximately 600 square feet of office space, at the Licensor's data center building located at 444 North Nash Street, El Segundo. The space will be initially occupied and operated by the Internal Services Department at an annual first year base license cost not to exceed \$1,177,200, projected annual ancillary service fees of \$180,000, and projected annual electricity cost of \$659,000, for a total projected initial annual financial outlay of \$2,016,200. The License and related costs will be 100 percent net County cost.
3. Authorize the Licensor or Licensor's County-approved vendor and/or the Director of Internal Services, at the direction of the Chief Executive Officer or her designee to acquire and install low voltage and data center equipment at a cost not to exceed \$900,000. The low voltage and data center racks, cabling, and power distribution equipment will be paid via lump-sum.
4. Authorize and direct the Chief Executive Officer or her designee to execute other ancillary documentation necessary to effectuate and amend the License, and authorize the Chief Executive Officer and Director of Internal Services Department or their designees to take other actions necessary and appropriate to implement the License. The License will be effective upon approval by the Board of Supervisors, but the term and fees will commence upon completion of the commissioning of the data center infrastructure and equipment by the Licensor or Licensor's County-approved vendor and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

A November 24, 2015 motion, by Supervisors Mark Ridley-Thomas and Don Knabe, was approved by the Board of Supervisors, directing the Chief Executive Officer (CEO) to proceed with the recommended lease approach for the new consolidated data center, and report back to the Board for final approval of a colocation lease, following the completion of a competitive solicitation process. In February 2016, the Chief Executive Office, Real Estate Division (CEO-RED) engaged a consulting firm, Gartner Inc. (Gartner), to assist with the solicitation process and the negotiations with the prospective data center landlord. Gartner has been working with the Internal Services Department (ISD) and the Chief Information Office (CIO) since November 2014 to assess the County's current data centers and to prepare for consolidation and migration to a new consolidated data center.

ISD is preparing to begin relocating its data center from the County-owned facility at 9150 East Imperial Highway, Downey, to the proposed turnkey facility in March 2017. The proposed space is in an existing data center building, which was constructed in 2010, and meets the standards of a Tier III concurrently maintainable data center as promulgated by the 2012 TIA 942-A guideline. The initial 4,000 square foot data center space and 600 square foot office space will be entirely utilized to accommodate five ISD

employees, as well as ISD's computer and telecommunication equipment. The space will be supported by the Licensor's existing infrastructure, which includes 600 kilowatts of Reserved Electrical Power, Power Distribution Units (PDUs), Uninterruptible Power Supply system (UPS), back-up generators, redundant air conditioning and cooling system, access control system, plumbing systems, fire protection system, and Building Management System (BMS). The proposed License has been structured to accommodate ISD's immediate need while including flexibility for the County to expand capacity and house additional departments in the future.

ISD and CIO are collaborating with other County departments to implement the County-wide Data Center consolidation strategy. The new Data Center Governance Structure and Steering Committee are already in place.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. In this case, the proposed license will allow ISD to enhance data center operations through the relocation to a more modern facility that minimizes the risks of electrical, cooling, and structural challenges at the current data center. The proposed license will also foster strong fiscal management through licensing data center space, which has been documented to be more cost-effective than building or buying a data center. This License complies with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed new License includes several cost components that are projected to amount to \$2,016,200 during the initial year of the term. This initial annual amount consists of the base license fee for office and data center space, projected ancillary service fees and projected electrical charges. The initial annual space costs shall not exceed \$1,177,200, of which \$1,152,000 is for data center space, power and cooling, and \$25,200 for office space. ISD has forecasted the need for ancillary services during the initial year, and the forecast translates into projected annual fees of \$180,000. ISD has also forecasted electricity consumption for the initial year resulting in a projected cost of \$659,000. These proposed costs will be 100 percent net County cost. Sufficient funding for the proposed License and one-time costs is included in the Fiscal Year (FY) 2016-17 Rent Expense budget, and will be billed back to ISD. ISD has included in its FY 2016-17 operating budget to cover the net County cost for the projected License and one-time costs. Attachment B is an overview of the proposed License costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

As part of Gartner's initial scope of work with CEO, ISD, and CIO in June 2015, a market scan of qualified data center facilities in the Los Angeles region was performed. The objective of the market scan was to understand the availability of qualified commercial wholesale data centers and the local market economics in Los Angeles County. The market scan reached a representative audience of nine major prospective data center providers, of which six responded in writing with general information and terms. Subsequently, in March 2016 with assistance from Gartner, CEO-RED issued a competitive solicitation that was distributed to a broad group of 20 firms that market wholesale data centers similar to the County's minimum requirement of a Tier III data center. Five of the 20 organizations that received the solicitation submitted proposals. The proposals were evaluated based on cost, risk, support services, contract flexibility, and capacity flexibility. The proposed license represents the best value for the County with the prospective licensor being the most responsive bidder. The prospective licensor submitted the proposal with the best cost structure and capacity flexibility along with the least amount of risk and contract issues.

The County will enter into a five-year License agreement upon the Board of Supervisors approval and the County's acceptance of the space and infrastructure. The License includes the following provisions:

- A five-year License term with four, one-year automatic extensions at the same terms and conditions as the prevailing term. The County must give a six-month advance notice if it elects to void the automatic extension.
- The Licensor is responsible for testing and commissioning the data center equipment and infrastructure before the County accepts the space and commences the term.
- The License is structured as a modified gross agreement whereby the Licensor is responsible for all operating expenses associated with County's occupancy except electricity expenses.
- A 30-day written notice-and-cure provision and a three-percent liquidated damages provision for failure to make timely fee payments.
- The County's right to terminate early is limited to the lack of performance by the Licensor. The County must give notice of performance issues and give the Licensor 30-180 days to cure the performance issues before terminating the License.
- The Licensor has the right to terminate early in the event the County defaults in fulfilling its obligations under the License.

- Annual cost adjustments are fixed at 3 percent of the recurring space costs and fees.
- An exclusive and unilateral right to expand the licensed area up to a total of 12,000 contiguous square feet of data center space along with 2.1 megawatts of dedicated power during the initial 24 months is included. After the initial 24 months from the License commencement, the County has a right of first refusal to expand up to 12,000 contiguous square feet and 2.1 megawatts. Any expansion space will be coterminous with the original space, thereby establishing one expiration date for all space occupied by the County.
- The prospective Licensor offers ancillary technical support services that can augment ISD's operations, and the ancillary services are available for additional fees that have been negotiated and memorialized in the License Agreement. The ancillary services are typically used on weekends, in emergency situations or in situations where County manpower is encumbered or limited. For instance, certain equipment may need to be installed or serviced on a weekend, and the Licensor will perform this function at a negotiated fee. Such ancillary services may also be needed during the initial installation period for cabling or other connectivity purposes.
- Expansion options and ancillary services are available to the County subject to authorization by the CEO. Order Forms for additional space, power, or ancillary services must be executed by the CEO. The CEO will return to the Board with cost figures and a recommendation for delegated authority before executing Order Forms for additional space or power. In the event information technology (IT) requirements change or IT equipment continues to become smaller, the County has the right to purchase additional power without expanding its space. Annual costs would increase accordingly when additional power is purchased.

DPW has inspected this facility, and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

The proposed License Agreement will allow ISD to relocate its data center operations, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment C.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act and the California Administrative Code, Section 15072. Copies of the completed study, the resulting Negative Declaration, and the Notice of Intent to Adopt a Negative Declaration as posted are attached. No comments to the Negative Declaration were received. Upon a finding by the Board that the proposed lease will have no effect on fish and wildlife, the CEO or her designee will submit a no effect determination request to the California Department of Fish and Game, and thereafter file the appropriate determination documentation with the Registrar-Recorder/County Clerk.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The existing data center will remain fully operational until the new data center is brought on line. ISD and CIO concur with the proposed License.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two originals of the executed License Agreement, two certified copies of the Minute Order, and the adopted, stamped Board letter, to the CEO, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

SACHI A. HAMAI
Chief Executive Officer

SAH:DPH:CMM
KW

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Internal Services
Chief Information Office

INTERNAL SERVICES DEPARTMENT
444 NORTH NASH STREET, EL SEGUNDO
Asset Management Principles Compliance Form¹

1. Occupancy		Yes	No	N/A
A	Does License consolidate administrative functions? ²			X
B	Does License co-locate with other functions to better serve clients? ²			X
C	Does this License centralize business support functions? ²			X
D	Does this License meet the guideline of 200 sq. ft of space per person? ²			X
2. Capital		Yes	No	N/A
A	Is it a substantial net County cost (NCC) program? 100 percent net County Cost	X		
B	Is this a long term County program?	X		
C	If yes to 2 B or C; is it a capital License or an operating License with an option to buy? Consultant provided research showing building or buying is not the most cost effective long-term solution.		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is License being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment C?	X		
G	Was build-to-suit or capital project considered? Consultant provided research showing building or buying is not the most cost effective long-term solution.	X		
3. Portfolio Management		Yes	No	N/A
A	Did department utilize CEO Space Request Evaluation (SRE)?			X
B	Was the space need justified?	X		
C	If a renewal License, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. No suitable County occupied properties in project area.			
	3. No County-owned facilities available for the project.			
	4. Could not get City clearance or approval.			
	5. The Program is being co-located. Colocation should occur in 2018.	X		
E	Is License a full service License? ² Industry standard for licensee to pay separately for electrical consumption.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not? PLicense bold any written responses.			

OVERVIEW OF THE PROPOSED LICENSE COSTS

Proposed License	444 North Nash Street, El Segundo
Area (square feet)	4,000 (Data Center) 600 (Office)
Term (years)	Five-years, commencing upon Board approval and County's acceptance of the space and infrastructure
Annual Data Center Cost	\$1,152,000
Annual Office Space Rent	\$25,200
Annual Combined Cost (Data Center + Office)	\$1,177,200
Projected Annual Ancillary Services Fees	\$180,000
Projected Annual Electricity Cost	\$659,000
Total Projected First Year Cost	\$2,016,200
Annual Cost Adjustment	Annual cost adjustments are fixed at three percent of the recurring space costs and fees.

ATTACHMENT C

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: Five Year License for the Internal Services Department – 444 North Nash Street, El Segundo – 4th District

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area –The proposed license will allow ISD to relocate its data center operations from 9150 East Imperial Highway, Downey.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population:

The client department does not have a service area or client population related to this information technology function.

- Need for proximity to existing County facilities:

The client department does not have any proximity requirements or issues.

- Need for proximity to Los Angeles Civic Center: N/A

- Economic Development Potential: The proposed license may be considered a catalytic investment in the local El Segundo economy.

- Proximity to public transportation: The proposed facility is near public bus and rail transportation.

- Availability of affordable housing for County employees: The surrounding area provides for affordable rental opportunities.

- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Departments' service needs.

- Compatibility with local land use plans: The proposed use is consistent with the local zoning and not in conflict with the goals and policies of the City of El Segundo. The County's use will not differ from the current tenant base.

Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

- Estimated acquisition/construction and ongoing operational costs:
The initial annual rental costs are as follows:

Internal Services Department: \$2,016,200

D. Analyze results and identify location alternatives

Respondents to the RFI consisted of locations in Downtown Los Angeles, El Segundo, and Torrance.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost, and other Location Selection Criteria

The Torrance and Downtown Los Angeles locations were less favorable due to the age and quality of the buildings and its infrastructure. Moreover, the pricing for the Torrance and Downtown Los Angeles locations exceeded the pricing for the proposed license.