



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

WILLIAM T FUJIOKA  
Chief Executive Officer

**DATE:** July 1, 2010  
**TIME:** 12:30 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 – Ellen Sandt
  - A) **Board Letter – Registrar-Recorder/County Clerk Amend Fees for Fictitious Business Name Statement Filing and Indexing, Fictitious Business Name Statement of Abandonment or Withdrawal and Establish Fees for Indexing of More than Ten Names and Federal Lien Search and Certificate**  
RR/CC – Dean Logan or designee
  - B) **Board Letter – Request to authorize the Olive View Hospital Power Plant Absorption Refrigeration Unit Replacement Project**  
ISD – Tom Tindall or designee
  - C) **Upcoming IT Items**  
CIO – Rich Sanchez or designee
2. Public Comment
3. Adjournment



COUNTY OF LOS ANGELES

**REGISTRAR-RECORDER/COUNTY CLERK**

12400 Imperial Highway – P.O. Box 1024, Norwalk, California 90651-1024 – www.lavote.net

**DEAN C. LOGAN**

Registrar-Recorder/County Clerk

July 27, 2010

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:

**REGISTRAR-RECORDER/COUNTY CLERK  
AMEND FEES FOR FICTITIOUS BUSINESS NAME STATEMENT FILING AND  
INDEXING, FICTITIOUS BUSINESS NAME STATEMENT OF ABANDONMENT OR  
WITHDRAWAL AND ESTABLISH FEES FOR INDEXING OF MORE THAN TEN  
NAMES AND FEDERAL LIEN SEARCH AND CERTIFICATE  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT:**

The Registrar-Recorder/County Clerk (RR/CC) re-examined the fees charged for services relating to fictitious business name statement filing and indexing, fictitious business name statement of abandonment or withdrawal, indexing of ten or more names, and federal lien search and certificate. It was determined that the current fees are no longer reflective of the actual costs needed to realize full Departmental cost recovery.

**IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:**

Approve the attached ordinances revising RR/CC fees related to: 1) Fictitious Business Name (FBN) statement filing and indexing, 2) FBN statement of abandonment or withdrawal, 3) indexing of ten or more names, and 4) federal lien search and certificate which will become effective thirty days from the date of Board passage, in accordance with Government Code (GC) 25123.

**PURPOSE OF RECOMMENDED ACTION:**

The RR/CC provides a variety of services related to elections, recorder and county clerk operations. It is common practice to periodically re-examine fees to ensure the Department receives full cost recovery for administering services as permitted by applicable law. During a review of the above-mentioned fees, it was concluded that the current fees no longer provide full cost recovery of the Department's cost for providing these services. Cost studies to determine the appropriate fees consisted of research, interviews and work observations of technical and support staff performing their duties to

provide these services. The studies included applicable costs such as salaries, employee benefits, supplies, equipment and overhead.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS:**

**Goal No. 1: Operational Effectiveness:** Maximize the effectiveness of processes, structure and operations to support timely delivery of customer-oriented and efficient public services.

**Goal No. 1/Strategy 1: Fiscal Sustainability:** Promote sound, prudent and transparent short and long-range fiscal policies and practices that help ensure maintenance of critical, high priority County public services regardless of cyclical economic conditions.

**Goal No. 1/Strategy 2a: Service Excellence and Organizational Effectiveness:** Streamline and improve administrative operations and processes to increase effectiveness, enhance customer service and support responsive County operations.

### **JUSTIFICATION:**

#### **County Code 2.32.330 FBN Statement Filing and Indexing Fee**

Business and Professions Code (B&P) section 17910(a) requires every person who regularly transacts business under a FBN for profit in the State of California to file a statement prior to opening a business. This FBN statement filing makes the identity of a registrant of a business entity doing business under any FBN within Los Angeles County available to the public. A FBN filing expires at the end of five years from the date on which it was filed with the County Clerk. Registrants who continue to do business under the same FBN can file a FBN renewal with the County Clerk which also expires five years after the date on which it was filed with the County Clerk. There is a separate fee assessed for each additional registrant added to the same business name.

Cost studies of current work processes concluded that the current fees to file and index fictitious business name statements and to process FBN renewals and additional registrants no longer represent current costs and need to be updated to reflect actual cost recovery in order to achieve strategic plan goals of operational effectiveness, fiscal sustainability and service excellence. Upon review of these services, it has been determined that the appropriate fees should increase as follows:

**FBN Statement Filing and Indexing Fee from \$23 to \$26**  
**FBN Statement Renewal Fee from \$18 to \$26**  
**FBN Additional Registrant Fee from \$4 to \$5**

#### **County Code 2.32.340 FBN Statement of Abandonment or Withdrawal Fee**

Business and Professions Code section 17923(a) allows any person who is a general partner in a partnership that is or has been regularly transacting business under a fictitious business name to withdraw as a general partner by filing a Statement of Withdrawal from Partnership in the county where the FBN Statement was originally filed. This fee is for persons or business entities that wish to abandon doing business under a

previously filed fictitious business name statement (including affidavit of publication) or preferring to withdraw as a general partner under a previously filed fictitious business name statement (including affidavit of publication).

Cost studies of current work processes concluded that the current fee for filing a fictitious business name abandonment or withdrawal is no longer an accurate representation of current costs and needs to be updated to reflect actual cost recovery in order to achieve strategic plan goals of operational effectiveness, fiscal sustainability and service excellence. Upon review of this service, it has been determined that the appropriate fee should increase as follows:

### **FBN Statement of Abandonment or Withdrawal Fee from \$23 to \$26**

#### County Code 2.32.350 Indexing of More Than Ten Names Fee

When a document is recorded, the initial first ten names are included in the recording fee. A fee to index more than ten names is charged whenever any instrument, paper, or notice recorded requires indexing past the initial first set of ten names. Once recorded, the indexed names on the property document are filed with the county recorder, become public record and are available to be viewed at Norwalk Headquarters.

County recorders were previously allowed to charge a maximum fee of \$1 for the additional indexing of more than ten names per Government Code (GC) 27361.8. Senate Bill (SB) 676 deleted GC 27361.8 from GC 54985 and allows recorders to charge for full cost recovery. Therefore, the fee charged for providing this service should reflect the Department's actual cost, including expenses for employee salaries, benefits, supplies and equipment usage.

Cost studies of current processes concluded that the current fee of \$1 for indexing beyond the initial ten (10) names does not provide for full recovery of actual costs. As such the current fee needs to be updated to reflect actual cost recovery as permitted under SB 676. The proposed fee increase promotes strategic plan goals of operational effectiveness, fiscal sustainability and service excellence. Upon review of this service, it has been determined that the appropriate fee for indexing each additional group of one to ten names beyond the initial group of ten names should increase as follows:

### **Indexing of More Than Ten Names Fee from \$1 to \$4**

#### County Code 2.32.360 Federal Lien Search and Certificate Fee

Senate Bill (SB) 676 amended Code of Civil Procedure (CCP) 2103 to allow cost recovery for conducting federal lien search and certification services. This type of lien is usually issued against an individual's entire assets when a loan can no longer be repaid. Once the lien is issued, it is then filed with the county recorder and becomes public record. Requestors can appear in person at RR/CC Headquarters to place an order for a ten year search of a federal lien. If any search entries are found according to the order, information such as the secured party name, secured party address, document number, page count and time/date of lien recording is written down on the request form that is provided to the requestor. Additionally, the county employee performing the search will

stamp and sign the form to officially certify the document. The Federal Lien Search and Certificate fee has been set in statute at \$15 since January 1, 1983 and was never amended to allow for cost recovery. With the passage of SB 676 and amendments to CCP 2103, the fee for providing this service can now be increased to recover actual costs.

Studies of current processes concluded that the current fee charged for performing this service is not an accurate representation of actual costs and needs to be updated to reflect full cost recovery in order to achieve strategic plan goals of operational effectiveness, fiscal sustainability and service excellence. Upon review of this service, it has been determined that the appropriate fee should increase as follows:

**Federal Lien Search and Certificate Fee from \$15 to \$30**

**FISCAL IMPACT/ FINANCING:**

Approval of this recommendation will enable the RR/CC to fully recover costs for services provided. Based on anticipated volume, the projected Departmental revenue increases from September 1, 2010 through June 30, 2011 are as follows:

FEE	REVENUE INCREASE
FBN Statement Filing and Indexing	\$205,000
FBN Statement Renewal	76,000
FBN Additional Registrant	18,000
FBN Statement of Abandonment or Withdrawal	9,000
Indexing of More than Ten Names	400
Federal Lien Search and Certificate	600
<b>Total</b>	<b>\$309,000</b>

**ENVIRONMENTAL DOCUMENTATION**

These fee increases are to fund operating expenses (or to cover the costs of providing the service), and are therefore, exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State of California Environmental Quality Act Guidelines.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

Government Code (GC) 54985 authorizes the Board of Supervisors to increase the fee or charge that is otherwise authorized to be levied by another provision of law, in an amount reasonably necessary to cover the direct and indirect costs of providing any product or service or the cost of enforcing any regulation for which the fee or charge is levied. A local agency is required to hold a public hearing at which oral or written presentations can be made pursuant to GC 66018. The Executive Office of the Board of Supervisors, in

The Honorable Board of Supervisors

July 27, 2010

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accordance with GC 6062(a), published an official notice of the time and place of said meeting, including a general explanation of the fees to be revised.

All fees have been reviewed and approved by the Department of Auditor-Controller while County Counsel has prepared the attached required ordinance that incorporates the proposed fees and revisions.

**IMPACT ON CURRENT SERVICES:**

The proposed fees will not impact current services provided by the Department.

**CONCLUSION**

Upon approval by your Board, the Executive Officer is requested to return one (1) adopted copy of this letter to:

Brandy Corona, Fees and Studies Section Head  
Department of Registrar-Recorder/County Clerk  
Finance and Management Division  
12400 Imperial Highway, Room 7211  
Norwalk, CA 90650

Respectfully submitted,

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

NU:as:bj:jw

Attachments

c: William T Fujioka, Chief Executive Officer  
Sachi A. Hamai, Executive Officer, Board of Supervisors  
Andrea S. Ordin, County Counsel  
Wendy L. Watanabe, Auditor-Controller



COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

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(213) 974-1895  
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(213) 617-7182  
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(213) 633-0901

ROBERT E. KALUNIAN  
Acting County Counsel

May 13, 2010

Ann Smith, Fiscal Operations Branch Manager  
Department of Registrar-Recorder/County Clerk  
12400 Imperial Highway  
Norwalk, California 90650

**Re: Ordinance Amendment and Additions to Federal Lien  
Search, Indexing and Fictitious Business Name**

Dear Ms. Smith:

Pursuant to your request, enclosed is the ordinance which amends or adds the following sections to Chapter 2.32:

- Section 2.32.330 Fictitious business name statement filing and indexing fee
- Section 2.32.340 Statement of abandonment or withdrawal - Fictitious business name
- Section 2.32.350 Indexing of more than ten names
- Section 2.32.360 Federal lien search and certificate fee.

This analysis and ordinance may be presented to the Board of Supervisors for consideration.

Very truly yours,

ANDREA SHERIDAN ORDIN  
County Counsel

By   
PATRICE J. SALSEDA  
Senior Deputy County Counsel  
Government Services Division

APPROVED AND RELEASED:

  
LEELA A. KAPUR  
Chief Deputy

PJS:er  
Enclosures

HOA.698279.1

## ANALYSIS

This ordinance amends Title 2 – Administration, of the Los Angeles County Code by amending sections 2.32.330 Fictitious business name statement filing and indexing fee, 2.32.340 State of abandonment or withdrawal – Fictitious business name, and adds sections 2.32.350 Indexing of more than ten names fee and 2.32.360 Federal lien search and certificate fee.

The fees for fictitious business name statement filing, abandonment and withdrawal are authorized by Business and Professions Code section 17929. The fee for indexing more than ten names is authorized by Government Code section 27361.8. The fee for federal lien search and certification is authorized by Code of Civil Procedure section 2103(d). Finally, Government Code section 54985 authorizes the Board of Supervisors to increase the fee or charge, that is otherwise authorized to be levied by another provision of law, in the amount reasonably necessary to recover the costs of providing any product or service or the cost of enforcing any regulation for which the fee or charge is levied.

ANDREA SHERIDAN ORDIN  
County Counsel

By   
PATRICE J. SALSEDA  
Senior Deputy County Counsel  
Government Services Division

PJS:er

Requested 04/09/10  
Revised 05/12/10

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 2 - Administration of the Los Angeles County Code, relating to fees for the Registrar-Recorder/County Clerk.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 2.32.330 is hereby amended to read as follows:

**2.32.330 Fictitious business name statement filing and indexing fee.**

The Registrar-Recorder/County Clerk shall charge a fee of ~~\$23.00~~\$26.00 for filing and indexing a fictitious business name statement and/or fictitious business name statement renewal for the first ~~two~~ registrants, and a fee of ~~\$4.00~~\$5.00 for each additional registrant thereafter., ~~and a fee of \$18.00 for filing and indexing a fictitious business name statement renewal that is valid for five years.~~

**SECTION 2.** Section 2.32.340 is hereby amended to read as follows:

**2.32.340 Statement of abandonment or withdrawal -- Fictitious business name.**

The Registrar-Recorder/County Clerk shall charge a fee of ~~\$23.00~~\$26.00 for filing and indexing each statement of abandonment ~~of use of fictitious business name~~ or statement of withdrawal from a partnership operating under a fictitious business name.

**SECTION 3.** Section 2.32.350 is hereby added to read as follows:

**2.32.350 Indexing of more than ten names fees**

The Registrar-Recorder/County Clerk shall charge a fee of \$4.00 for indexing of more than ten names whenever any instrument, paper, or notice is recorded which requires additional indexing for each group of ten names or fractional portion thereof after the initial group of ten names.

**SECTION 4.** Section 2.32.360 is hereby added to read as follows:

**2.32.360 Federal lien search and certificate fee**

The Registrar-Recorder/County Clerk shall charge a fee of \$30.00 for each name searched and certified for federal liens.

[232330PSCC]

# Board IT Agenda Items

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
LASD	Request to Authorize Acquisition of a Console Switch Interface	Board letter from Sheriff requesting approval and authorization for ISD Purchasing to issue a joint RFP with Fire Department for a Console Switch Interface for its Computer-Aided Dispatch. No CIO Analysis is required.  <b>Funding Source: Designation for Interoperability and Countywide Communications Fund</b> <b>Existing Agreement: N/A</b>	N/A	Public Safety	N/A	6/29/2010
Public Works	Establish Capital Project ... for the Data Center Move Management Project at MLK	Establish capital project No. 88950 for the Data Center Move Management project at the Martin Luther King, Jr. Medical Campus.  This is a CEO Real Estate Board Letter, no CIO Analysis is required.  Was originally 6/15 item #43. Continued two weeks at request of CEO.  <b>Funding Source: Long Term Financing</b> <b>Existing Agreement: N/A</b>	\$5,500,000	Community & Municipal Services	N/A	6/29/2010
Fire	Agreement with HOV Services, Inc. for Data Conversion Services	Agreement for as-needed scanning of EMS Report Forms into Fire's EMS data system.\	\$420,000	Public Safety	Three years, two optional one year periods, twelve optional month-to-month periods	6/29/2010
LASD	Amendment One to a No-Cost Subscription Services Agreement with Nixle	This is an amendment to Nixle's (a no-cost subscription community notification service) published terms of use to incorporate County requirements.  <b>Funding Source: N/A</b> <b>Existing Agreement: N/A</b>	\$0	Public Safety	No defined term of service. Either party can terminate use with a minimum 30-day notice.	6/29/2010

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
DHS	Verinform RPIS Agreement - Amendment #3	<p>This Amendment extends the current contract with Verinform Systems, Inc., for hosting and other personal services, training, license fees, maintenance and support of its Resident Physician Information System (RPIS).</p> <p><b>Funding Source: Funding is included in DHS' FY 2010-11 Budget and will be requested in future FY Budgets, as necessary.</b></p> <p><b>Existing Agreement: H-702120</b></p>	\$749,750 for a total Contract Sum of \$947,350 over a 9-year period.	Health & Mental Health Services	5 years (Aug 1, 2010 - July 31, 2015)	7/6/2010
Health Services	Authorize Purchase of a Central Enterprise Storage Area Network	<p>Authorize a fixed asset purchase of a central enterprise storage area network for the Department of Health Services Virtualization and Records Retention System.</p> <p><b>Funding Source: N/A</b></p> <p><b>Existing Agreement: N/A</b></p>	\$549,997	Health & Mental Health Services	N/A	7/6/2010
Assessor	EMC MSA Work Order for the Assessor	<p>Board Letter from the Assessor requesting approval of an EMC MSA Work Order for Consulting Services, Software Customization and Implementation for Enterprise Content Management.</p> <p><b>Funding Source: NCC</b></p> <p><b>Existing Agreement: N/A</b></p>	\$1,493,619	Operations	11 Months	7/13/2010
Department of Public Works	North County Changeable Message Sign Project (CMS) Agreement	<p>Consultant Services Agreement with Iteris, Inc., for a not to exceed fee of \$220,000. Services will include analysis of the existing Changeable Message Sign System (CMS) in the unincorporated North County area of the County, and development of recommendations to improve and expand the CMS. Services will also include development of application requirements, plans, specifications, estimates and construction assistance services for the installation of five (5) additional message signs. The actual enhancements and expansion to the existing CMS will be completed at a later time, via subsequent agreements with other vendors.</p> <p><b>Funding Source: 74% Los Angeles County Metropolitan Transportation Authority; 26% County Proposition C Local Return Fund Budget</b></p> <p><b>Existing Agreement: None</b></p>	\$220,000	Community & Municipal Services	Two years plus an option to extend one year	

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
LASD	Gang Automated Registration System (GARDS)	Requests approval for a Sole Source Agreement with Systems Research and Application Corp. (SRA) to develop a gang registration module as part of the CalGang statewide system that supports the State of California's Gang Violence and Juvenile Crime Prevention Act of 1998, as amended by Proposition 21 approved in 2000. LASD and County Counsel are in final discussions with the vendor.  <b>Funding Source: Grant Funding</b> <b>Existing Agreement: Existing State Agreement for CalGang</b>	\$300,545	Public Safety	18 months	
Public Works	Contract for Bridgestone Rubber Dam System Telemetry Component Maintenance Services	This proposed agreement is primarily a services agreement for the upgrade and maintenance of telemetry systems that support monitoring of 17 Bridgestone Rubber Dam Sites (BRDS) located throughout the County. Services will include purchase, installation and maintenance of COTS software as well as remote and centrally located hardware components. The annual cost for these services will not exceed \$83,545.  Contract on hold to resolve vendor protest (April 2010)  <b>Funding Source:</b> <b>Existing Agreement:</b>	\$417,725 (includes 10% contingency)	Community & Municipal Services	One year with four one-year options (five years total)	
LASD	Amendment One to Agreement 76852 with M.C. Dean for Phase 3 & 4 of the National Operations Center	Request to amend existing agreement with M.C. Dean to increase the cost by \$1,075,000 (100% grant from the Department of Homeland Security) to implement Phase 3 and 4 of the National Operations Center.  <b>Funding Source: Grant from Department of Homeland Security</b> <b>Existing Agreement: Agreement 76852 with M.C. Dean</b>	\$3,775,000	Public Safety	Additional 3 years	
Public Works	Dams Automated Data Acquisition System (DADAS) - Supplemental Agreement	Professional services, software and hardware to expand and refresh an existing dam monitoring system, including a new telemetry infrastructure and commercial off the shelf (COTS) software.  Targeted filing date: July 2010  <b>Funding Source:</b> <b>Existing Contract: The existing \$1.2 million contract was approved by the Board in 1999 and amended to add additional tasks in 2007</b>	\$2,000,000	Community & Municipal Services	Two years	

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
Public Works	As-Needed Information Technology (IT) Services	An Agreement for as-needed services with up to five vendors in each of three skill categories including GIS application development, mainframe programming, and Web development.  <b>Funding Source:</b> <b>Existing Agreement: None</b>	\$2,000,000	Community & Municipal Services	One year with four one-year renewal options	
CIO	Enterprise IT Security and Privacy Awareness Training.	Requests approval and authorization to use the Information Technology Fund (ITF) to acquire and implement the enterprise IT security and privacy awareness training content for use in DHR's Learning Net, a countywide learning management system.  <b>Funding Source: ITF</b> <b>Existing Agreement: N/A</b>	\$240,000 (includes 20% contingency)	Operations	N/A	
DHS	DHS Request for Oracle MSA Work Order for Referral Processing System (RPS) Upgrade	Request by DHS for issuance of a work order under the Oracle Master Services Agreement (Oracle MSA) for assistance in upgrading its Referral Processing System (RPS). Upgrade will include the deployment of Oracle Business Process Management 10gR3 (OBPM) running on Oracle WebLogic Server (WLS), together with newly created business processes.  <b>Funding Source:</b> Funding is included in DHS' FY 2010-11 Budget and will be requested in future FY Budgets, as necessary.  <b>Existing Agreement:</b> Oracle MSA	\$491,904	Health & Mental Health Services	20 weeks	7/6/2010
DHS	Eclipsys Clinical Documentation System (CDS) Agreement - Amendment 4	DHS Request for approval of Amendment 4 to Agreement with Eclipsys for its Clinical Documentation System upgrade.  <b>Funding Source:</b> DHS General Fund. <b>Existing Agreement:</b> H-700225	\$9,217,229 for a new Contract Sum of \$16M+	Health & Mental Health Services	Aug. 31, 2010 through Feb. 28, 2015	7/6/2010

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
DPH	vCMR Agreement for Software Related Services - Amendment 12	Request for approval to execute Amendment 12 to Agreement H-701820 with Atlas Database Software Corp. (Atlas) for continued maintenance, support and hosting of its Visual Confidential Morbidity Report (vCMR) communicable disease reporting system for DPH, together with delegated authority to execute further amendments during contract extension period for up to 25% of the total contract obligation.	This amendment: \$413,733 for a total Contract Sum of \$5,143,266	Health & Mental Health Services	Aug. 10, 2010 - Aug. 9, 2011 (month-to-month)	7/13/2010
		<b>Funding Source: 100% subvented by federal Centers for Disease Control and Prevention (CDC) funding.</b>				
		<b>Existing Contract: H-701820</b>				



**Health Services**  
LOS ANGELES COUNTY

July 6, 2010

Los Angeles County  
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

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 AGREEMENT FOR HOSTING AND  
PROFESSIONAL SERVICES FOR THE RESIDENT PHYSICIAN  
INFORMATION SYSTEM  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**John F. Schunhoff, Ph.D.**  
Interim Director

**Gail V. Anderson, Jr., M.D.**  
Interim Chief Medical Officer

CIO RECOMMENDATION:    APPROVE (X)    APPROVE WITH  
MODIFICATION ( )    DISAPPROVE ( )

**SUBJECT**

Request approval of an Amendment to extend the Agreement with Verinform Systems, Inc. for hosting, support and professional services for the Resident Physician Information System for Department of Health Services facilities.

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: 213-240-8101  
Fax: 213-481-0503

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To improve health  
through leadership,  
service and education*

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to execute Amendment No. 3 to Agreement No. H-702120 with Verinform Systems, Inc. (Verinform), effective upon Board approval to extend the term for the period August 1, 2010 through July 31, 2013 with two additional optional one-year extensions for continued hosting, support and professional services for the web-based Resident Physician Information System (RPIS), update County required provisions, and add other services at an increase in the contract sum by \$749,750 for the entire term of the Agreement.
2. Delegate authority to the Interim Director, or his designee, to exercise the two optional one-year extension periods, through July 31, 2015, subject to review and approval by County Counsel, the Chief Information Office (CIO), and the Chief Executive Office (CEO), and notification to your Board.

**www.dhs.lacounty.gov**



### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

Approval of the first recommendation will allow the Interim Director or his designee, to execute an Amendment, substantially similar to Exhibit I, to the current Agreement with Verinform to extend the term of the Agreement, update County required provisions, and add other services. The current Agreement expires July 31, 2010.

The Department of Health Services (DHS) is responsible for providing ongoing training to new resident physicians. Under the Agreement, Verinform provides hosting, support and professional services for the web-based RPIS that captures and manages physician residency and graduate medical education requirements such as schedules, rotations, procedures, evaluations and duty hours for each of the 91 department-wide residency programs.

Approval of the second recommendation will allow the Interim Director to exercise the optional extensions to the Agreement, subject to the review and approval by County Counsel, CIO and CEO. The Department is recommending a three-year initial term with two optional one-year extensions in lieu of conducting another competitive solicitation for a replacement, because it would be costly to bring in a new contractor at this time. All of the RPIS software modules are fully implemented, DHS staff are trained in the use of the software, and Verinform has five years of historical data archived. Migration of the information to another vendor and software product would be time-consuming and costly. Through informal inquiries, the Department identified potentially two other vendors who can provide similar services, but the estimated cost to implement with each of them is approximately \$2-\$3 million dollars.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The total estimated cost under the Agreement for Fiscal Years (FY) 2010-11 through 2014-15 is \$149,950 per year and is not to exceed \$947,350 for the entire term of the Agreement. Funding is included in Health Services Administration's 2010-11 Adopted Budget and will be requested in future fiscal years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Currently, RPIS has approximately 2,600 registered users, consisting of employees, residency program staff, resident physicians, attending physicians and graduate medical education staff. RPIS tracks the activities of approximately 1,500 resident physicians.

In July 2004, after a competitive bidding process, the Purchasing Agent approved County Agreement No. Q42469 with Verinform for their web-based RPIS, effective through July 31, 2009, and subsequently extended for one-year through to July 31, 2010. At the time DHS acquired the RPIS, Verinform agreed to host the web-based application from its Oregon headquarters to ensure a timely installation and allow time for DHS to host the RPIS in-house. It was subsequently determined by DHS that in-house hosting of RPIS would require the addition of numerous specialized staff both locally and administratively to support RPIS, which was deemed not feasible. Verinform's performance history and on-line support offers a viable alternative to a DHS in-house enterprise based system.

On July 5, 2006, your Board approved Agreement No. H-702120, effective through July 4, 2008 for Verinform to host the RPIS.

On July 1, 2008, your Board approved Amendment No.1 to extend the term of the Agreement through July 31, 2010, to add related training and support services. It was determined that this service is not a Proposition A Agreement, and therefore, not subject to the Living Wage Program (County Code Chapter 2.201).

On February 17, 2010, your Board approved Amendment No. 2 to update the Health Insurance Portability and Accountability Act Business Associate Agreement to implement Health Information Technology for Economic and Clinical Health Act of 2009.

The Agreement may be terminated for convenience by the County upon 30 days' prior written notice.

The Agreement includes all of your Board's required provisions, including the most recent provision, Defaulted Property Tax Reduction Program.

County Counsel has approved Exhibit I as to form and the County's Chief Information Officer recommends approval of the Amendment (see attached analysis).

### **CONTRACTING PROCESS**

Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

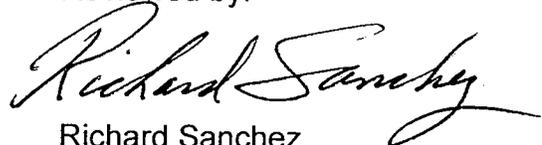
Approval of the recommendations will ensure continued and uninterrupted use of the RPIS.

Respectfully submitted,



John F. Schunhoff, Ph.D.  
Interim Director

Reviewed by:



Richard Sanchez  
Chief Information Officer

JFS:rt

Attachments (2)

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

# CIO ANALYSIS

**AMENDMENT NO. 3 TO AGREEMENT WITH VERIFORM SYSTEMS, INC. (VERIFORM)  
FOR SERVICES RELATED TO RESIDENT PHYSICIAN INFORMATION SYSTEM (RPIS)**

**CIO RECOMMENDATION:**     **APPROVE**             **APPROVE WITH MODIFICATION**  
     **DISAPPROVE**

**Contract Type:**

**New Contract**                     **Contract Amendment**             **Contract Extension**  
 **Sole Source Contract**         **Hardware Acquisition**             **Other**

**New/Revised Contract Term:**    **Base Term:** 3 Yrs

**# of Option Yrs:** Two 1-year extensions

**Contract Components:**

**Software**                             **Hardware**                             **Telecommunications**  
 **Professional Services**         **Hosting Services**

**Project Executive Sponsor:** John F. Schunhoff, Ph.D., Interim Director, Department of Health Services

**Budget Information :**

Y-T-D Contract Expenditures	\$ 197,600
Requested Contract Amount	\$ 749,750
Aggregate Contract Amount	\$ 947,350

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved.

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).
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**Project/Contract Description:**

Department of Health Services (DHS) is requesting approval of Amendment No. 3 to Agreement No. H-702120 with Verinform Systems, Inc. (Verinform) for hosting and professional services for use of Verinform's Resident Physician Information System (RPIS) at DHS facilities. This Amendment will extend the current Agreement term for three years and delegate authority to the Interim Director of DHS, or his designee, to exercise two additional one-year extensions through July 31, 2015. It will increase the contract sum by \$749,750 to a total of \$947,350.

**Background:**

In July 2004, DHS acquired Verinform's web-based RPIS through County Purchase Order Agreement No. Q42469, which expires July 31, 2010. Verinform agreed to temporarily provide hosting services for RPIS to ensure a timely installation and allow time for DHS to build the capacity to host RPIS in-house on its own. It was subsequently determined by DHS that in-house hosting of RPIS would require an enterprise-based system and the addition of numerous specialized staff, so on July 5, 2006, DHS sought and obtained Board approval under Agreement No. H-702120 for Verinform to provide hosting services RPIS at a cost of \$98,800.

Subsequently, two Amendments were approved to Agreement H-702120, which extended the Agreement term, increased the contract funding, and updated contract language to reflect the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH).

Amendment No. 3 consolidates software licenses (Verinform and 3<sup>rd</sup> party licenses) acquired through PO Agreement No. Q42469 into the Agreement H-702120, adds additional professional services, and extends the term of the Agreement for five years - if both optional extensions are exercised.

**Project Justification/Benefits:**

Currently, RPIS has approximately 2,600 registered users consisting of hospital employees, residency program staff, resident physicians, attending physicians and graduate medical education staff, and maintains records for approximately 1,500 resident physicians.

DHS is responsible for providing on-going training to new resident physicians, which is managed through its Graduate Medical Education (GME) operations. RPIS captures and manages physician residency and graduate medical education requirements such as schedules, rotations, procedures, evaluations, and tracks duty hours for each of the 91 department-wide residency programs. RPIS has greatly enhanced GME operations by eliminating an older paper-based system that was used to track and manage these functions.

RPIS also supports DHS' Expenditure Management efforts, which will allow DHS to recapture revenue lost in past years due mainly to human error resulting from the manual processing of information that is now managed electronically through RPIS. By October 2010, following a complete 12-month cycle of use, DHS will have an accurate assessment of the cost savings and other benefits realized through the use of RPIS.

Beginning with academic year 2010-11 (commencing July 1, 2010) the Fiscal Module of RPIS will be used by Olive View Medical Center (OVMC) and Harbor-UCLA Medical Center (HUMC) to facilitate and increase the production of accurate Medicare reimbursement reports.

The CIO feels there is strong justification for this action. The Board's approval of this Amendment will ensure continuous, uninterrupted use of the RPIS application by DHS.

**Project Metrics:**

This Agreement is for hosting the existing web-based Resident Physician Information System and the metric is that the system will continue to operate reliably and cost-effectively.

**Impact on Service Delivery or Department Operations if Proposal Is Not Approved:**

If this request is not approved, DHS will be forced to abandon its use of RPIS and will not realize the benefits described above.

**Alternatives Considered:**

No other alternatives were considered. RPIS is a proprietary software product of Verinform, so no other vendor could provide the services needed.

**Project Risks:**

No significant project-related risks were identified.

**Risk Mitigation Measures:**

No risk mitigation measures were deemed necessary. However, the Agreement does provide that it may be terminated for convenience by the County upon 30 days prior written notice, providing further protections against unexpected occurrences.

**Financial Analysis:**

This Amendment increases the Agreement maximum obligation by \$749,750 for a Total Contract Sum of \$947,350. The cost of the Amendment is detailed in the table on the next page.

Description	Amount
Hosting Fees (\$45,856 x 5 years)	\$ 229,280
Third Party Licensing (\$19,800 x 5 years)*	99,000
Verinform Licensing, Maintenance & Support (\$75,794 x 5 years)*	378,970
Professional Services	42,500
Total	\$ 749,750

\*Licensing, maintenance and support transferred from PO Agreement No. Q42469

Funding for this Amendment is included in Health Services Administration's Fiscal Year 2010-11 Final Budget and will be requested in future years' budgets, as needed.

**CIO Concerns:**

None.

**CIO Recommendations:**

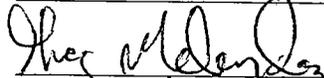
The CIO recommends Board approval of this Amendment.

**CIO APPROVAL**

Date Received: April 20, 2010

Prepared by: Earl Bradley

Date: April 20, 2010

Approved: 

Date: 6/23/2010

**AMENDMENT NUMBER THREE TO AGREEMENT FOR APPLICATION HOSTING SERVICES FOR THE DEPARTMENT OF HEALTH SERVICES**

This Amendment Number Three ("Amendment No. 3") to County Agreement H-702120 for Application Hosting Services for the Department of Health Services is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2010, by and between the County of Los Angeles ("County") and Verinform Systems, Inc. ("Contractor"), with reference to the following:

**RECITALS:**

WHEREAS, County Agreement H-702120 for Application Hosting Services for the Department of Health Services (the "Agreement") was entered into by and between County and Contractor effective July 5, 2005;

WHEREAS, the Agreement was previously amended by the parties under that certain Amendment No. 1 dated July 1, 2008, and further amended by the parties under that certain Amendment No. 2 dated February 17, 2010; and

WHEREAS, the parties wish to further amend the Agreement as set forth in this Amendment No. 3.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and County hereby agree to amend Agreement as follows:

1. Paragraph 5 (TERM) of the Agreement is hereby deleted in its entirety and replaced by the following new Paragraph 5 (TERM):

**"5. TERM:**

The TERM of this Agreement shall commence July 5, 2006 and shall continue in full force and effect through July 31, 2013, with two (2) optional extension periods of one (1) year, exercisable as provided below.

Each optional one (1) year extension of the TERM of this Agreement may be exercised by the Director of DHS or designee, in his/her sole discretion, by giving written notice to the Contractor at least thirty (30) days prior to current Agreement expiration date."

2. Paragraph 8.1 (General) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 8.1 (General):

“8.1 General.

The "Contract Sum" under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the Tasks, subtasks, Deliverables, goods, Services and other work requested and specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work. The total maximum Contract Sum under this Agreement shall not exceed Nine Hundred Forty-Seven Thousand Three Hundred Fifty Dollars (\$947,350.00) over the nine year TERM of this Agreement.

Notwithstanding any other provision of this Paragraph 8, Contractor shall fully perform and complete all work required of Contractor by this Agreement in exchange for the amounts to be paid to Contractor as set forth in this Agreement.”

3. Paragraph 13.2 (General Insurance Requirements) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 13.2 (General Provisions for All Insurance Coverage):

“13.2 General Provisions for All Insurance Coverage

Without limiting Contractor's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 13.2 and 13.3 of this Agreement. These minimum insurance coverage terms, types and limits ("Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Agreement.

13.2.1 Evidence of Coverage and Notice to County

Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.

Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.

Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Agreement by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.

Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles  
Department of Health Services, Contracts and Grants  
313 N. Figueroa St, Sixth Floor East  
Los Angeles, CA 90012  
Attention: Kathy Hanks, Director of Contracts and Monitoring

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

### 13.2.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to

liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

#### 13.2.3 Cancellation of Insurance

Except in the case of cancellation for non-payment of premium, Contractor's insurance policies shall provide, and Certificates shall specify, that County shall receive not less than thirty (30) days advance written notice by mail of any cancellation of the Required Insurance. Ten (10) days prior notice may be given to County in event of cancellation for non-payment of premium.

#### 13.2.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach.

#### 13.2.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

#### 13.2.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Agreement, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

#### 13.2.7 Waivers of Subrogation

To the fullest extent permitted by law, Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

#### 13.2.8 Sub-Contractor Insurance Coverage Requirements

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Contractor as additional insured's on the Sub-Contractor's General Liability policy. Contractor shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

#### 13.2.9 Deductibles and Self-Insured Retention (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

#### 13.2.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Agreement expiration, termination or cancellation.

#### 13.2.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

#### 13.2.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

#### 13.2.13 Alternative Risk Financing Program

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling

arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

13.2.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.”

4. Paragraph 13.3 (Insurance Coverage Requirements) of the Agreement is hereby deleted in its entirety and is replaced by the following new Paragraph 13.3 (Insurance Coverage):

“13.3 Insurance Coverage

- 13.3.1 **Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

- 13.3.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

- 13.3.3 **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be

arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

#### 13.3.4 Unique Insurance Coverage

##### **Sexual Misconduct Liability**

Insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2 million per claim and \$2 million aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.

##### **Professional Liability/Errors and Omissions**

Insurance covering Contractor's liability arising from or related to this Agreement, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

##### **Miscellaneous Coverage**

Garage, Builder's Risk, Installation Floater, Owners and Contractors Protective Liability, Pollution (Environmental) Liability, Asbestos Liability, Railroad Protective Liability, Earthquake, Flood, Terrorism, Motor Truck Cargo Liability, Equipment Breakdown, Aircraft Liability, Marine Protection and Indemnity, Fine Art, Fiduciary."

5. The following new Paragraph 67 (CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY 'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM) is hereby inserted immediately following Paragraph 66 (WARRANTIES) of the Agreement:

"67. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

- 67.1 Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through Agreement are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

67.2 Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the TERM of this Agreement will maintain compliance, with Los Angeles County Code Chapter 2.206. And, after reasonable inquiry Contractor is not in default, as the term defined in Los Angeles County Code Section 206.020.E, on any County property tax obligation."

6. Exhibit A (Statement of Work) of the Agreement is hereby deleted in its entirety and is replaced with a new Exhibit A (Statement of Work), a true and correct copy of which is attached hereto and incorporated herein by this reference.
7. Exhibit B (Payment Schedule) of the Agreement is hereby deleted in its entirety and is replaced with a new Exhibit B (Payment Schedule), a true and correct copy of which is attached hereto and incorporated herein by this reference.
8. In all other respects, the Agreement, as amended under this Amendment No. 3, shall remain in full force and effect.

In WITNESS WHEREOF, the undersigned have duly executed this Amendment No. 3 on the day, month, and the year written above.

COUNTY OF LOS ANGELES

CONTRACTOR  
Verinform Systems, Inc.

By \_\_\_\_\_  
John F. Schunhoff, Ph.D.  
Interim Director  
Department of Health Services

By \_\_\_\_\_  
David Melamed  
Chief Executive Officer

APPROVED AS TO FORM:

ANDREA SHERIDIN ORDIN  
County Counsel

By \_\_\_\_\_  
Jose Silva  
Principal Deputy County Counsel

## EXHIBIT A

### STATEMENT OF WORK

#### 1.0 DEFINITIONS

All capitalized terms not defined herein shall have the meaning set forth in the body of this agreement.

#### 2.0 INTRODUCTION

- 2.1. Contractor shall provide Services to accomplish all of the requirements set forth in this Statement of Work ("SOW") at the prices set forth in Exhibit B (Pricing Schedule). This SOW provides a description of the Services, including, without limitation, the VerinformRM databases.
- 2.2. Contractor shall perform all Task and Subtasks, and provide all Deliverables and subdeliverables as described herein, unless otherwise approved in writing by County's Project Director her sole discretion. Also, defined herein are those tasks and subtasks which involve participation of both Contractor and County.

#### 3.0 BACKGROUND

- 3.1. This SOW sets forth the steps necessary to implement the Services for County. Contractor shall provide the Services from its Portland, Oregon location using Contractor's own equipment during the term of this Agreement.
- 3.2. The System contains information regarding the physician post-graduate training programs conducted by County in conjunction with the following medical schools:
  - a) Charles R. Drew Medical School
  - b) University of Southern California School of Medicine
  - c) University of California, Los Angeles School of Medicine
- 3.3. The System consists of four (4) databases that track and provide information for ninety-five (95) post-graduate medical programs operated by County. These four databases contain the information that constitutes County Residency Tracking System. County's facilities which are the centers for post-graduate physician training are set forth on Attachment A (VerinformRM Database Coverage Locations). These County facilities, consisting of hospitals, comprehensive health centers, clinics and ancillary sites, are the training facilities where resident physicians provide medical services. The cluster hospitals at the nucleus of each service provider site

represents the central location for post-graduate training activities at that cluster.

#### 4.0 IMPLEMENTATION TASK AND DELIVERABLES

##### 4.1. TASK 1 – DEVELOP PROJECT PLAN

4.1.1. Contractor shall provide County with a Project Plan outlining the steps required for implementation of VerinformRM hosting services.

4.1.2. County's Project Director will approve Project Plan prior to commencement of implementation activities.

##### 4.2. DELIVERABLE 1 – CONTRACTOR'S PROJECT PLAN

4.2.1. Contractor shall deliver a Project Plan as described above in Task 1.

##### 4.3. TASK 2 – CONDUCT ANALYSIS OF SYSTEM CONFIGURATION AND ENVIRONMENT

4.3.1. Contractor shall conduct a systems review and analysis of the System configuration and environment.

4.3.2. Contractor shall review the System configuration to identify deficiencies, weaknesses and opportunities for enhancements.

4.3.3. Contractor shall perform a systems security review of the System to ensure system security.

##### 4.4. DELIVERABLE 2 – PROVIDE CONFIGURATION AND SECURITY REPORT

Contractor shall prepare and deliver to County a written report in accordance with Task 2.

##### 4.5. TASK 3 – PERFORM SYTEM APPLICATION MANAGEMENT

4.5.1. Contractor shall install System software patches, fixes, updates and any new software versions.

4.5.2. Contractor shall optimize the System software configuration.

4.5.3. Contractor shall tune and maintain the System software.

4.5.4. Contractor shall control and manage user access, meeting regulatory requirements, including HIPAA compliance standards for privacy and security.

4.6. DELIVERABLE 3 – SYSTEM APPLICATION MANAGEMENT

Contractor shall perform System application management as described in Task 3.

4.7. TASK 4 – PROVIDE HARDWARE AND TECHNOLOGY MANGEMENT

4.7.1. Contractor shall provide web, database and application servers for the System.

4.7.2. Contractor shall allocate to County up to 100 gigabytes of hard disk space for System software and data.

4.7.3. Contractor shall provide server technology protection, including sufficient power and HVAC systems.

4.7.4. Contractor shall monitor network connectivity and server hardware.

4.7.5. Contractor shall monitor performance of the System and report any deficiencies or other problems to County's Project Manager.

4.8. DELIVERABLE 4 – HARDWARE AND TECHNOLOGY MANAGEMENT

Contractor shall provide hardware and technology management as described in Task 4.

4.9. TASK 5 – PROVIDE DATABASE MANAGEMENT

4.9.1. Contractor shall provide and maintain Oracle licenses required to operate the System.

4.9.2. Contractor shall install, configure, tune and optimize the Oracle database to the requirements for the System.

4.9.3. Contractor shall provide routine database maintenance.

4.9.4. Contractor shall monitor System capacity requirements and maintain appropriate load balancing.

4.10. DELIVERABLE 5 – DATABASE MANAGEMENT

Contractor shall provide database management as described in Task 5.

4.11. TASK 6 – PROVIDE SECURITY MANAGEMENT

4.11.1. Contractor shall manage the System's network, operating system, database and application security.

4.11.2. Contractor shall manage the System's firewall and Virtual Private Network access.

4.11.3. Contractor shall install security vulnerability patches.

4.11.4. Contractor shall perform routine back-up and recovery services.

4.11.5. Contractor shall have a disaster recovery process and manage that process, if the need arises.

4.12. DELIVERABLE 6 – SECURITY MANGEMENT

Contractor shall provide security management as described in Task 6.

4.13. TASK 7 – PROVIDE SCHEDULED SERVER MAINTENANCE

4.13.1. Notwithstanding the tasks outlined above, Contractor shall perform scheduled server maintenance at least once per week.

4.13.2. County's Project Director and Contractor's Project Director shall confer and agree upon the specific interval and day of said scheduled maintenance.

4.13.3. Scheduled server maintenance will be performed between the hours of 6:00 pm and 6:00 am, Pacific Time or on weekends.

4.14. DELIVERABLE 7 – SCHEDULED SERVER MAINTENANCE

Contractor shall provide scheduled server maintenance as described in Task 7.

5.0 PROVIDE VERIFORM LICENSE, MAINTENANCE AND SUPPORT

5.1. TASK 8 – Verinform License, Maintenance and Support

Contractor shall provide VERIFORM license, maintenance and support as required to operate the System.

5.2 DELIVERABLE 8 – Provide Verinform License, Maintenance and Support

Contractor shall provide VERIFORM license, maintenance and support as described in Task 8.

6.0 PROVIDE AND MAINTAIN THIRD PARTY SOFTWARE LICENSE(S)

6.1. TASK 9 – Oracle License

Contractor shall provide and maintain ORACLE license(s) as required to operate the System.

6.2 DELIVERABLE 9 – Provide Oracle License

Contractor shall provide and maintain ORACLE license(s) described in Task 9.

6.3 TASK 10 – OnCall License

Contractor shall provide and maintain OnCall license as required to operate the System.

6.2 DELIVERABLE 10 – Provide OnCall License

Contractor shall provide and maintain OnCall license described in Task 10.

## Exhibit B

### Payment Schedule

The prices set forth for Verinform software maintenance and support, application hosting and third-party licensing fees are as follows:

- I. **Annual Payments** for hosting will be prepaid at the beginning of a Payment Year:

Payment Year	Payment Amount
2006 - 2007	\$42,000
2007 - 2008	\$42,000
2008 - 2009	\$42,000
2009 - 2010	\$42,000
2010 - 2011	\$45,856
2011 - 2012	\$45,856
2012 - 2013	\$45,856
2013 - 2014	\$45,856
2014 - 2015	\$45,856

Upon execution of Agreement and approval by Project Director of hosting services implementation, CONTRACTOR had submitted an annual invoice for 2006 - 2007 thru 2009 - 2010 for \$42,000. Thereafter, CONTRACTOR will submit an annual invoice for \$45,856.

- II. **Training: \$62,500**

\$85.00 per hour for consulting services and/or end-user training is not to exceed \$62,500 for the term of the Agreement. Training funds of \$20,000 was available for Payment Years 2006-2007 thru 2009-2010. An increase of \$42,500 will be available in Payment Years 2010-2011 thru 2014-2015.

- III. **Travel Expenses: \$9,600**

Vendor expenses for travel related to training COUNTY staff, system maintenance and/or support for system interfaces is not to exceed \$9,600. COUNTY staff training/travel expenses will conform to the Los Angeles County Auditor-Controller Guidelines for Travel.

- IV. **Third Party Licensing**

- A. OnCall Licensing Annual Fees will be prepaid at the beginning of a Payment Year.

Payment Year	Payment Amount
2010 - 2011	\$19,800
2011 - 2012	\$19,800
2012 - 2013	\$19,800
2013 - 2014	\$19,800
2014 - 2015	\$19,800

B. Oracle Database License

Payment Year	Payment Amount
2010 - 2011	\$0
2011 - 2012	\$0
2012 - 2013	\$0
2013 - 2014	\$0
2014 - 2015	\$0

VI. Verinform Hosting, License, Training, Travel, Maintenance, and Support

\$75,794 per year for Verinform License, maintenance, and support.

VII. **TOTAL CONTRACT SUM: \$947,350.**

For Payment Years 2006-2007 thru 2009-2010, total Payment Amounts will not exceed:

- \$168,000 for Hosting,
- \$ 20,000 for Training, and
- \$ 9,600 for Travel.

For Payment Years 2010-2011 thru 2014-2015, Payment Amounts will not exceed:

- \$45,856 per year for Hosting,
- \$ 8,500 per year for Training,
- \$19,800 per year for Third-Party Software, and
- \$75,794 per year for Verinform License, maintenance, and support.



**Health Services**  
LOS ANGELES COUNTY

**Los Angeles County  
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

**John F. Schunhoff, Ph.D.**  
Interim Director

**Gail V. Anderson, Jr., M.D.**  
Interim Chief Medical Officer

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: 213-240-8101  
Fax: 213-481-0503

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

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through leadership,  
service and education*



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July 6, 2010

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:

**AUTHORIZE PURCHASE OF A CENTRAL ENTERPRISE STORAGE  
AREA NETWORK  
ALL SUPERVISORIAL DISTRICTS  
(3 VOTES)**

CIO RECOMMENDATION: APPROVE (X) APPROVE WITH  
MODIFICATION ( ) DISAPPROVE ( )

**SUBJECT**

Authorize a fixed asset purchase of a central enterprise Storage Area Network for the Department of Health Services Virtualization and Records Retention System.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the acquisition and installation of a central enterprise Storage Area Network (SAN) for the Department of Health Services (DHS) with a total cost of \$549,997 because this purchase request will exceed the \$250,000 fixed asset threshold established by your Board.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of this action will enable DHS to acquire an EMC NS480 SAN to replace the existing HP/EVA6000. In order to increase storage capacity as required to maintain virtualization environments, support existing clinical and business records retention requirements, and accommodate projected future growth of 36 months, the existing equipment needs to be replaced. The EMC NS480 consists of disk drives that are expandable within the same chassis and will be capable of supporting future growth requirements beyond the current design configuration being purchased.

The SAN supports Information Technology (IT) mission critical virtualization of consolidated clinical and business enterprise systems. The equipment enables DHS to maintain Health Insurance Portability and Accountability Act (HIPAA) requirements associated with patient and clinical records retention supporting all DHS business and Hospital IT operations. This acquisition is vital toward maintaining the integrity of the DHS Central Data Center environment systems and services. The SAN supports DHS IT mission critical virtualization and health care data retention operations. Current storage utilization, associated with the existing central enterprise SAN complex (HP/EVA6000), is at 85 percent of capacity; it is anticipated that the current SAN capacity will support existing operations for two to five months. The enterprise SAN is being used by enterprise and business clinical applications supporting operations for DHS Hospitals. Additional County clinical services (Virtualized Applications, Operating Room Scheduling and Patient Referral Systems processing) continue to drive increased requirements for additional storage capacity; services include:

ORSOS	Virtual Technologies
PRS (Patient Referral System)	Vision Share (Medical Billing)
EDR (Electronic Data)	Others
Repository/Data Analytics	

The storage consolidation of multiple virtual and physical environments, as stated above, will yield additional economies of scale savings inherent of sharing resources; Virtualization technology enables the reduction of physical server operations by a ratio of 15 to 1 (consolidates 15 physical machines into 1); the SAN supports is an integral component of this technology. Furthermore, through the reduction of servers, the data center requires less environmental infrastructure (power & cooling). This equipment supports green operational practices by reducing the DHS carbon footprint.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The total aggregate cost for the SAN equipment components and a three-year equipment maintenance agreement is \$549,997. Funding is included in Health Services Administration's Fiscal Year 2009-10 Final Budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENT**

On October 16, 2001, your Board approve the classification categories for fixed assets and new requirements for major fixed asset acquisitions 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 request to ISD. Clinical and business

records must be retained for seven years to ensure compliance with DHS Policy 881 and other mandated governmental, and HIPAA regulations. The EMC NS480 SAN will support continued compliance of these mandates.

The County's Chief Information Officer recommends approval of this request (see attached analysis).

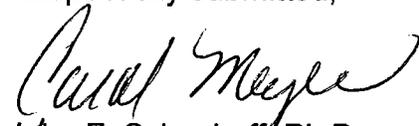
**CONTRACTING PROCESS**

This is a commodity purchase under the statutory authority of the County 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.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

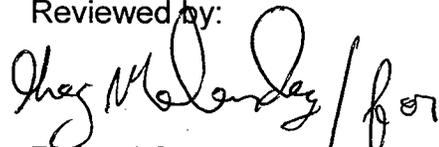
If the equipment is not replaced the equipment will reach capacity and no longer support continued data retention operations. The resulting impact will severely compromise DHS' ability to maintain government mandated HIPAA requirements. Furthermore, critical strategic virtualization of critical applications schedules will be negatively impacted due to lack of storage capacity. As stated, the current virtualization storage equipment (EVA 6000), is at 85 percent of capacity; it is anticipated that the current capacity will be reached in two to five months; Hospital facilities will no longer be able to maintain critical data storage and HIPAA data retention requirements in support of ongoing patient treatment.

Respectfully submitted,

  
John F. Schunhoff, Ph.D.  
Interim Director

JFS:sm

Reviewed by:

  
Richard Sanchez  
Chief Information Officer

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

# CIO ANALYSIS

## DEPARTMENT OF HEALTH SERVICES REQUEST TO AUTHORIZE PURCHASE OF A CENTRAL ENTERPRISE STORAGE AREA NETWORK

CIO RECOMMENDATION:     APPROVE                       APPROVE WITH MODIFICATION  
     DISAPPROVE

**Contract Type:**

New Contract                       Contract Amendment                       Contract Extension  
 Sole Source Contract                       Hardware Acquisition                       Other

New/Revised Contract Term:    Base Term: 3 Yrs.                      # of Option Yrs: N/A

**Contract Components:**

Software                       Hardware                       Telecommunications  
 Professional Services

**Project Executive Sponsor:** John F. Schunoff, Ph.D, Interim Director, DHS

**Budget Information :**

Y-T-D Contract Expenditures	\$        0
Requested Contract Amount	\$549,997
Aggregate Contract Amount	\$549,997

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved.

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

**Project/Contract Description:**

Request for Board approval to purchase and install information technology equipment to support the Central Enterprise Storage Area Network (SAN) system for the Department of Health Services' (DHS) Virtualization and Records Retention System.

**Background:**

DHS intends to purchase an EMC NS480 disk storage array, with three years of equipment maintenance services, to replace an existing HP EVA6000 array that is quickly running out of capacity. The equipment will support compliance with the Health Insurance Portability and Accountability Act (HIPAA) and other federally mandated regulations required for patient and clinical records.

**Project Justification/Benefits:**

This acquisition will allow DHS sufficient SAN capacity to proceed with their server virtualization project and Records Retention System requirements and to repurpose the smaller capacity HP/EVA SAN to support their test and development needs. DHS estimates at the current storage utilization of 85% that the capacity will be exceeded within two to five months.

The new SAN equipment is also fully compatible with the existing SAN supporting the Hospital Picture Archiving and Communication System (PACS) purchased last fiscal year. The IBM DS8100 storage equipment, formerly used for PACS, will be traded-in as part of this purchase.

The server virtualization project is the biggest driver of SAN growth, due to the consolidation of disk storage from many physical servers. The additional capacity is also needed to support the requirements of many enterprise clinical applications such as the Patient Referral System (PRS) and the Operating Room Scheduling System (ORSOS).

**Project Metrics:**

The overall success of the acquisition and installation of this equipment can be measured by the increased archival storage capacity, ease of maintenance of a centralized Storage Area Network and savings that will be realized over the long-term by the elimination of multiple stand-alone SAN systems at the facilities impacted by this purchase.

**Impact on Service Delivery or Department Operations, If Proposal Is Not Approved:**

As the shared storage infrastructure for all DHS HSA virtualization efforts, sufficient data storage capacity is required to proceed with the virtualization project. Cost savings are achieved through "economies of scale" and by eliminating the many isolated pools of unused storage that occur when disk storage is attached directly to physical servers.

**Alternatives Considered:**

The DHS strategy to consolidate their enterprise SAN environment and to pursue virtualization of computer servers is consistent with the County's adopted strategic direction relating to Storage Area Network equipment and software technologies, so consideration of other alternatives was not necessary. Further, although the equipment being purchased by DHS for this purpose is brand-specific, it will be acquired by DHS through a highly competitive bid process, resulting in the best price and highest value possible for the County.

**Project Risks:**

No significant risks related to this proposed purchase have been identified.

**Risk Mitigation Measures:**

No risk mitigation measures are deemed necessary.

**Financial Analysis:**

The total cost contemplated for the SAN System equipment and a 3-year equipment maintenance services component is \$549,997. Funding is included in HSA Fiscal Year 2009-10 Final Budget

**CIO Concerns:**

None.

**CIO Recommendations:**

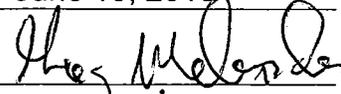
The Chief Information Office recommends approval of this purchase.

**CIO APPROVAL**

Date Received: June 11, 2010

Prepared by: Tom Travis

Date: June 15, 2010

Approved: 

Date: 6/24/2010



OFFICE OF THE ASSESSOR  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2770  
assessor.lacounty.gov  
1.888.807.2111



ROBERT QUON  
ASSESSOR

July 13, 2010

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:

**RECOMMENDATION TO AUTHORIZE THE CHIEF INFORMATION OFFICER (CIO) TO  
EXECUTE A WORK ORDER WITH EMC CORPORATION FOR CONSULTING AND  
SOFTWARE CUSTOMIZATION AND IMPLEMENTATION SERVICES FOR  
ENTERPRISE CONTENT MANAGEMENT (ECM)**

**(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)**

**CIO RECOMMENDATION: APPROVE ( ) APPROVE WITH MODIFICATION ( )  
DISAPPROVE ( )**

**SUBJECT**

The Office of the Assessor (Department) requires the professional services of EMC Corporation to customize and implement ECM software for the Department's 571-L Personal Property Imaging Project (571-L PPIP). The scope of the 571-L PPIP is to utilize current technology to electronically capture the Department's 571-L forms, also known as Business Property Statements, and associated documents in order to electronically store, manage, and retrieve these documents and substantially position the Department for future application growth and paper reduction. The immediate result will be an increase in efficiency, better public service, improved document management, and a reduction in the risk associated with reliance on paper filing and storage.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and direct the CIO, at the request of the Assessor, to execute a work order (WO) for services related to ECM software customization and implementation for the 571-L PPIP project, under the County's Master Services Agreement (MSA) with EMC Corporation, at an amount not to exceed \$1,493,619. This is in accordance with the Board directive requiring Board approval of WOs in excess of \$300,000.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to put into place the initial steps for transition from a paper-intensive environment to an electronic document management environment. Knowledge gained from this 571-L PPIP pilot implementation of ECM will be leveraged for expansion throughout other areas of the Department.

The 571-L is a form generated by the Department, mandated by the Revenue and Taxation Code as part of the assessment process, and sent annually during a set time period to business property assesses or authorized agents. The form is completed by the assessee or authorized agent and returned to the Department. Once the Department receives the completed form, Department staff data enters the information contained on the form, sorts, and files the document by company name.

The 571-L form was chosen as the initial project for the Department to deploy an ECM solution for the following reasons:

- There are approximately 100,000 statements that must be managed on an annual basis. ECM will:
  - Allow electronic capture of the forms and, individually, capture specific entries on the form
  - Simplify and/or reduce data entry
  - Substantially reduce the time spent for paper filing and storage
  - Substantially reduce the time spent routing and tracking files
  - Manage workflow
  - Improve public service by allowing immediate electronic access to the 571-L form by Department staff without having to access the physical file
  - Eliminate risk of damage to the paper records due to a catastrophe by archiving electronic versions
- The forms are returned during a designated time period each year, allowing the Department to prove the newly acquired software under heavy production volume
- The forms are generated from the Department, allowing standardization on the majority of the documents
- There are enough variations to the form and the attachments to allow Department staff exposure to other documents, facilitating the training/knowledge transfer for future projects

The total cost of the project is \$2,682,585 with \$1,493,619 for ECM software customization and implementation services from EMC Corporation, which serves as the focus of this Board letter, as well as \$560,362 for the software and training required to support the software implementation, \$110,069 for one (1) year of maintenance and support, and \$518,535 for associated hardware.

The Department expects the implementation of ECM to be the beginning of a dramatic change in document management within the Department. With approximately seventy (70) forms available to the public on the internet, and many other documents part of the Department's mandated obligations, this initial step will allow the Department to move away from physical processing of the above-mentioned forms to the eventual ability to capture, store, and manage electronic versions, better utilizing County, Department, and taxpayer resources.

#### Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the County of Los Angeles Strategic Plan, amended for 2009, Goal 1: Operational Effectiveness. Although Strategies 1, 3, and 5 also apply, the implementation of ECM will directly contribute to achieving Strategy 2b, Objective 3. The Department is working in conjunction with other agencies for acquisition of scaled copies of floor plans and exterior dimensions of buildings. Once we have acquired the skills required to image, store, and manage the 571-L PPIP document, we will apply those skills to develop what is needed to image, store, and manage the scaled copies of the floor plans and exterior dimensions of buildings, and will be prepared when Objective 3 is completed.

EMC Corporation has been established as the County standard for ECM.

#### Related Due Diligence

In addition to a substantial due diligence effort with EMC Corporation, the Department has done, likewise, with Internal Services Department (ISD) and the CIO's office.

Although the long-term County plan includes the creation of ISD's Consolidated ECM Center, it was agreed that because of recent improvements to the Department's Data Center, the Department will host this infrastructure until ISD's Consolidated ECM Center is operational and prepared to assume ECM hosting capabilities for the County.

Coincident with this, ISD has commenced a cost analysis for this and further Department technology infrastructure hosting within its own ISD Data Center. Also, Department and ISD staff will commence a joint examination of the costs and associated benefits. Following a win-win conclusion, ISD will proceed to develop corresponding Service Level Agreements.

#### FISCAL IMPACT/FINANCING

The estimated cost for fiscal year 2010-2011 is \$2,682,585, all from funds in the Assessor Tax System Account. These numbers include the professional services as

well as the required software and training for implementation, hardware, and the first year of maintenance and support.

There will be an immediate initial annual savings of approximately \$279,990; \$179,495 for labor costs associated with a reduction in overtime, and \$100,495 for efficiencies gained by the reduction of filing, data entry, investigation, and retrieval of this one form. Cost savings will be also realized in the reduction of folder and label supplies of approximately \$18,200 per year, and archived paper document storage of approximately \$6,500 per year.

As subsequent project phases are completed, further savings will be realized through reduction in time spent for filing and file retrieval, space needed for archival storage, and the quantity of office supplies for approximately seventy (70) Department forms utilized by the public. Included are forms for new construction, decline-in-value, and exemptions, as well as the paper files maintained for each of the approximately 2.4 million real estate properties in Los Angeles County. As the Department expands e-filing capabilities for the above-mentioned forms, additional, accumulative cost savings will be realized through reduced time spent in retrieving paper forms because of immediate electronic access. In addition, making the investment now for an in-depth transfer of skills from EMC Corporation to Department staff will allow the Department to avoid costs for future imaging projects by establishing the software infrastructure and ensuring that Department staff is trained to take charge and manage those future projects, thereby reducing the cost for outside contracting.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The MSA with EMC Corporation was approved by your Board on July 7, 2009, enabling County departments to utilize the professional services of EMC Corporation to support customization and implementation of the EMC Documentum suite of products for ECM. The MSA offers a structure for acquiring needed services through a streamlined acquisition process that is standard across the entire enterprise.

Per the MSA, any WO in excess of \$300,000 must have Board authorization. The recommended WO will be entered into the County's Information Technology Tracking System. EMC Corporation cooperated with the Department over the last year to negotiate an agreement that is comprehensive yet provides important cost savings to the County. The original price for services submitted by EMC Corporation was \$1,544,446. The vendor granted a discount during contract negotiations, bringing the final price to \$1,493,619. The software negotiated price is \$478,562, discounted significantly from a list price of \$1,157,038.

The CIO has reviewed and approved this WO (see attached CIO Analysis).

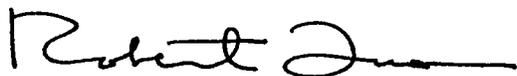
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended action will increase efficiency, improve public service, and reduce time spent searching for files by providing immediate access to the imaged forms. While in the short term there is money expended, because the Department is investing the time to develop a proficiency in the use and administration of the software solution, the Department will save money in the long run by being self-sufficient to support the day-to-day operations of document imaging, and will not need to rely on future contractor's services. In addition, document image management will reduce the threat of major loss due to catastrophe such as fire, earthquake, or water damage of the paper documentation of all properties in Los Angeles County.

**CONCLUSION**

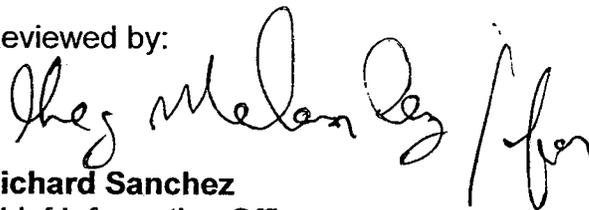
The Executive Office of the Board is requested to return one adopted stamped Board letter to the Department's Budget Unit, Hall of Administration, Room 304.

Respectfully submitted,



**Robert Quon**  
Assessor

Reviewed by:



**Richard Sanchez**  
Chief Information Officer

RQ:RM:tr

Attachment

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

# CIO ANALYSIS

## MASTER SERVICES AGREEMENT WORK ORDER WITH EMC CORPORATION FOR CONSULTING SERVICES, SOFTWARE CUSTOMIZATION AND IMPLEMENTATION FOR ENTERPRISE CONTENT MANAGEMENT

CIO RECOMMENDATION:     APPROVE                       APPROVE WITH MODIFICATION  
     DISAPPROVE

**Contract Type:**

New Contract                       Contract Amendment                       Contract Extension  
 Sole Source Contract                       Hardware Acquisition                       Other

New/Revised Contract Term:    Base Term: 11 Months                      # of Option Yrs \_\_\_\_\_

**Contract Components:**

Software                                       Hardware                                       Telecommunications  
 Professional Services

**Project Executive Sponsor:** Robert Quon, Assessor

**Budget Information :**

Y-T-D Contract Expenditures	\$0
Requested Contract Amount	\$1,493,619
Aggregate Contract Amount	\$1,493,619

**Project Background:**

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

**Strategic Alignment:**

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with the County of Los Angeles IT Directions document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT standards?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

**Project/Contract Description:**

The Assessor's Office is requesting Board approval of a Work Order with EMC, using the County's Master Services Agreement (MSA), for professional services to customize and implement EMC software for the Department's 571-L Personal Property Imaging Project (571-L PPIP). The project is scheduled to begin in July, 2010 and conclude in May, 2011. The MSA with EMC was approved by your Board on July 7, 2009, enabling departments to utilize the professional services of EMC to support the customization and implementation of the Documentum Suite of products.

**Background:**

The scope of the project is to utilize EMC technology to electronically capture the Department's 571-L forms (Business Property Statements) and associated documents in order to electronically store, manage and retrieve these documents and position the Department for its transition from a paper intensive environment to an electronic document management environment. The CIO agrees with the Department's assessment that knowledge gained from this implementation will be valuable in other electronic document management efforts.

Businesses owning taxable personal property located in Los Angeles County, whose aggregate cost of the personal property is \$100,000 or more, are required by law to file a 571-L Business Property Statement by April 1 each year with the Assessor's Office. The 571-L and associated documents provide a basis for determining property assessments for fixtures and personal property equipment. Each year, approximately 100,000 statements are mailed by the Assessor's Office to commercial, industrial and professional firms.

**Project Justification/Benefits:**

The Business Objectives, as outlined in the EMC Statement of Services, are:

- Significant reduction in paper processing;
- Defined Work Queues with prioritized work items;
- Alerts and notifications for delayed/suspended work items;
- Integrated function key access to stored images of 571-L documents while working in the application; and
- Ability to archive electronic files in the repository.

Aside from the obvious benefits of electronic document management, the Department projects immediate initial annual savings of approximately \$279,990, including \$179,495 in reduction of overtime, and \$100,495 for efficiencies gained by the reduction of filing, data entry, investigation, and retrieval of the 571-L form. Additional annual savings of \$24,700 are projected for supplies.

This project will also provide the software and knowledge foundation for the Department to expand its electronic document management scope and generate additional efficiencies and savings in the future.

**Project Metrics:**

Per the Statement of Services, there are specific tasks, deliverables, and acceptance criteria. Requirements and test plans are well-defined. The Payment Schedule in the Statement of Services identifies 13 milestones with associated payments. My staff worked closely with the Assessor's team in the development and review of the Statement of Services.

**Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:**

The CIO agrees with the Department's position that approval of this project will increase efficiency, improve public service, and reduce time spent searching for files by providing immediate access to imaged forms.

**Alternatives Considered:**

None.

**Project Risks:**

As with any project that involves technology and process change, there are generic risks, such as lack of executive sponsorship, resource constraints, project management, etc. However, risks specifically associated with this project, as identified by the Department, are:

- AS/400 production system issues that may negatively impact the project schedule;
- Defining a project scope that is too broad to undertake with this initial implementation of Enterprise Content Management;
- End users' adaptation to and ownership of the new system and processes;
- Insufficient training for Department staff;
- Availability of local training sites;
- A training schedule that is ill suited to the project schedule; and
- Selecting an Enterprise Content Management system that is ill suited for the Department's long-term utilization.

**Risk Mitigation Measures:**

The risk mitigation measures, as identified by the Department are:

- Provide executive sponsorship, stable project staffing, clear roles and responsibilities, full-time project management, project plan, and well-defined objectives;
- Employ Cambria Solutions for Project Management consulting services and to review and provide feedback on project documentation in order to help identify risks associated with the project and develop risk mitigation strategies;
- Select a small segment of the operation to be a pilot venture in the enterprise content management implementation in order to allow Department support staff to become familiar with the system capabilities prior to expanding the technology to other areas of the operation;

- Assemble a training package that will provide staff and users with instructions specific to their roles and responsibilities within the new system and training plan that is conducive to the project schedule;
- Incorporate knowledge transfer sessions which provide project staff the ability to receive additional instruction, explanation, and demonstration of tasks performed during the Analysis and Build phases of the project;
- Place control points within the Statement of Services to ensure that each phase of the project is completed as prescribed before moving on to the next phase; and
- Use the Documentum Suite of products for the enterprise content management solution which has been established as the County's preferred approach.

The County Information Security Officer (CISO) reviewed the proposed Agreement and did not identify any risks or issues.

**Financial Analysis:**

The total cost of the project is \$2,682,585, with \$1,493,619 in fixed costs for enterprise content management customization and implementation services, which is the focus of this analysis. The costs outside of the customization and implementation services are \$560,362 for the software and training required to support the implementation, \$110,069 for one (1) year of maintenance and support, and \$518,535 for associated hardware. Project funding will come from the Assessor's Tax System Account.

**CIO Concerns:**

None.

**CIO Recommendations:**

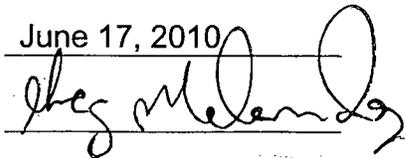
Based on our review of the Board Letter, Statement of Services, and discussions with the Department, this Office recommends approval by the Board.

**CIO APPROVAL**

Date Received: June 11, 2010

Prepared by: Henry Balta

Date: June 17, 2010

Approved: 

Date: June 17, 2010