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MICHAEL D. ANTONOVICH
Fifth District

March 11, 2003

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

Dear Supervisors:

AUTHORIZATION TO PROCEED WITH CONTRACT NEGOTIATIONS FOR SOFTWARE AND IMPLEMENTATION SERVICES FOR THE LOS ANGELES COUNTY ADMINISTRATIVE SYSTEMS (LACAS) PROJECT
ALL SUPERVISORIAL DISTRICTS
(3 VOTES)

JOINT RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER, THE AUDITOR-CONTROLLER AND THE CHIEF INFORMATION OFFICER THAT YOUR BOARD:

1. Authorize the County to proceed with contract negotiations for software and implementation services for the Los Angeles County Administrative System (LACAS) project.

PURPOSE OF RECOMMENDED ACTION

The LACAS Executive Management Committee has completed the Request for Proposal (RFP) evaluation process for the Los Angeles County Administrative System (LACAS) project and is prepared to enter into contract negotiations. The purpose of this action is to request authorization to negotiate a contract with the highest ranked proposing team (i.e., Accenture, LLP and PeopleSoft USA, Inc.). We will return to the Board for review and approval of the contract prior to June 2003.

JUSTIFICATION

The original project plan was predicated on a start date of January 2003. As a result of various uncertainties, the project plan has been modified to reflect a start date of July 1, 2003. To support this revised plan, the two highest ranked proposers, at the County's request, extended their pricing to June 30, 2003.

Any delay past July 2003 will jeopardize the project's ability to go live with the primary financial modules in July 2005. Missing this start date would result in a year delay because primary financial modules need to start at the beginning of the fiscal year.

By entering into the contract negotiation phase, the County will be able to negotiate final costs for software acquisition and implementation services. This will allow the County to have precise information for consideration during the County's FY 2003-04 budget development process.

Benefits of LACAS:

- LACAS will provide the administrative infrastructure for improved decision-making and management
- Provides the financial and human resource foundation for the future operations of the County
- Reduces/eliminates duplicate/disparate departmental systems
- Standardizes business practices and improves compliance monitoring
- Increases accounting data accuracy
- Allows for the adoption of "best business practices" county-wide
- Replaces CAPS, the County's 15-year-old central accounting system that has many essential supporting systems that are 20-30 years old
- Reduces the risk of systems failure due to obsolete technology
- Reduces the risk of software support not being available because of older technology
- Reduces the risk that mandated changes and department requirements cannot be implemented on older technology
- Provides better contract management capabilities and accountability
- Replaces inefficient paper transactions with automated workflow processes
- Provides an integrated foundation for e-Commerce
- Provides robust ad-hoc query and reporting capabilities
- Reduces data redundancy
- Provides a web-enabled application for improved user access to information

- Reduces staff hours spent accumulating and reconciling data from different computer systems to meet requests for data
- Improves reporting for budget monitoring and access to detailed expenditure and revenue data
- Reduces the costs of Departmental staffing and maintenance of separate financial systems

Implementation of Strategic Plan Goals

This recommendation is consistent with the County Strategic Plan Goals No. 1, Service Excellence; No. 2, Workforce Excellence; No. 3, Organizational Effectiveness and No. 4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING

The negotiations will focus on the original vendor proposal of $64.5 million for software, implementation services, and maintenance. By refining project expenditures through contract negotiations, the County can properly assess the complete project costs and explore potential financing and deferred payment options. Additional County project costs for equipment, staffing and operations will be finalized based on the results of the negotiations. The revised implementation plan may reduce County implementation costs for staffing, facilities, and operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel has engaged outside counsel to assist on the LACAS project. Outside counsel has participated in the development of the Request for Proposals and the proposal evaluation related to legal and contract matters. Their involvement will continue during contract negotiations.

CONTRACTING PROCESS

The County issued a RFP on February 15, 2002, for an integrated ERP software solution covering all financial and human resources administrative functions and the implementation of the financial systems. Five responses were received, and after a review of the written proposals, two vendor teams were invited to participate in software demonstrations and presentations that spanned a ten-day period. The LACAS Executive Management Committee assessed all the materials presented and recommended moving forward to contract negotiations with the highest ranked vendor

team – PeopleSoft USA, Inc., and Accenture, LLP. The competitive bid process has been completed except for final negotiation and award.

IMPACT ON CURRENT SERVICES

As stated previously, the LACAS Project will provide for the replacement of the numerous antiquated financial systems the County is currently relying on to administer the finances for one of the largest governments in the nation. These financial systems are at risk of failure due to obsolete technology. Furthermore, mandated changes to legacy systems are becoming increasingly difficult to administer.

Moving forward with LACAS will establish a countywide business standard and will enable the County to operate as an enterprise for the financial and human resource functions. This will facilitate departments not having to purchase and implement their own disparate non-integrated business applications contrary to the County's strategic direction of utilizing enterprise solutions. Many current departmental and Board initiatives to develop solutions for position control, budgeting, inventory control, asset management, contract monitoring, fund accounting, cost allocation, time collection, employee and vendor self service can be accomplished with LACAS as a countywide, uniform integrated solution. The LACAS Project will challenge the way the County conducts its administrative business functions and require departments adopt new business processes.

Not moving forward with an enterprise solution eliminates the County's ability to realize the benefits identified above and makes it more difficult to achieve the County Strategic Plan goals. Disparate departmental systems will continue as standalone systems requiring expensive interfaces thereby mitigating the County's ability to manage its limited resources.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

None

CONCLUSION

Upon completing negotiations, the Project Team will submit a Board Letter seeking approval to acquire software and implementation services as well as establish the County's LACAS project office. We will continue to provide monthly status reports during the LACAS contract negotiations.

Respectfully submitted,

DAVID E. JANSSEN	TYLER MCCAULEY	JON W. FULLINWIDER
Chief Administrative Officer	Auditor-Controller	Chief Information Officer

DEJ:TM:
JWF:ygd

c: Executive Officer, Board of Supervisors
Board I/T Deputies
LACAS Executive Management Committee

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