November 16, 2004

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

Dear Supervisors:

RECOMMENDATION TO AUTHORIZE THE EXECUTION OF AMENDMENT NUMBER NINE TO THE LEADER INFORMATION TECHNOLOGY AGREEMENT WITH UNISYS CORPORATION (NOVEMBER 16, 2004 AGENDA ITEM) (ALL DISTRICTS – 3 VOTES)

JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICER THAT YOUR BOARD:

Approve, and instruct the Chair to sign the attached Amendment Number Nine to County Agreement Number 68587 (LEADER Agreement) with Unisys Corporation to: 1) amend the transaction response times for Eligibility Determination/Benefit Calculation (ED/BC) transactions processed during Peak Working Hours, for the remainder of the Agreement's Initial Term and any Extended Term; 2) add a requirement for ED/BC transactions processed during the Batch Processing Window; 3) amend Attachment 5 (Technical Clarifications) of Exhibit A (Statement of Work) to define ED/BC transaction response times during Peak Working Hours; 4) add a provision for the assessment of liquidated damages (LDs) for Unisys' failure to meet ED/BC transaction response times pursuant to this Amendment Number Nine; and 5) add a provision for the assessment of LDs for Unisys' failure to meet the requirement for ED/BC transactions processed during the Batch Processing Window.

Board approval of this Amendment Number Nine, authorizes DPSS to continue usage of the additional 8,000 Application Software Modification and/or Enhancement hours (M&E hours) set forth in Amendment Number Eight approved by your Board on January 27, 2004.

"To Enrich Lives Through Effective And Caring Service"
PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 27, 2004, when your Board approved Amendment Number Eight to the LEADER Agreement, your Board passed a motion requiring the Director of Public Social Services to take the following actions:

a) Work with the Chief Information Officer (CIO) during the next six months to determine an acceptable standard for Eligibility Determination/Benefit Calculation (ED/BC) response times during peak hours;

b) Amend the LEADER Agreement at the end of the six-month period to include the revised response times and that the standards be subject to the penalties identified within the Agreement should they not be achieved; and

c) Return to the Board, at the end of the six-month period, with an overall assessment of the LEADER System's ability to meet the response times objectives established, and to request the Board to authorize continued usage of the additional 8,000 hours per month of the Application Software Modification and/or Enhancement hours which were set forth in Amendment Number Eight.

On August 16, 2004, we provided you with a status report on the actions taken in response to your motion. This report informed you of my intentions to delay the development of LEADER Agreement Amendment Number Nine until we could fully evaluate ED/BC response times when Quarterly Reporting, Medi-Cal 1931(b) and WDTIP provisions had been fully operational for a period of at least four months. These processes have now been fully evaluated.

As a result of this motion, DPSS and the CIO have worked together to determine an acceptable standard for ED/BC transaction response times during Peak Working Hours. DPSS also developed an Implementation and Training Plan to provide refresher training to 100% of line staff. Additionally, a systems implementation plan was developed to identify LEADER System changes and operational improvements. Both of these actions have significantly improved ED/BC transaction response times.

Unisys also recognizes its commitment and partnership with the County to further improve LEADER System performance. As part of this commitment, and at no cost to the County, Unisys replaced one of its four mainframes used for the LEADER System with a much faster and larger-capacity mainframe. This investment has enhanced LEADER System performance, such as ED/BC transaction response times.
Pursuant to Amendment Number Nine, the average transaction response time during Peak Working Hours for all EDIBC transactions in any month shall be thirty (30) seconds or less. In addition, the maximum transaction response time during Peak Working Hours for ninety-seven percent (97%) of all EDIBC transactions in any month shall be one (1) minute. These EDIBC transaction response times during Peak Working Hours were developed by DPSS and the CIO and mutually agreed to by the County and Unisys. DPSS and the CIO believe that these revised EDIBC transaction response times meet the County's business needs and will promote the efficiency and effectiveness of the LEADER System.

Pursuant to Amendment Number Nine, all EDIBC transactions processed during the Batch Processing Window (between 9:00 p.m. and 5:45 a.m., Monday through Saturday and all day Sunday, Pacific time) on any day shall be complete and available to County by the end of the Batch Processing Window. As stated above, batch processing takes place at night or on weekends. Therefore, moving lengthy EDIBC transactions to batch has a positive effect on system performance. These EDIBC transaction requirements for the Batch Processing Window were developed by DPSS and the CIO and mutually agreed to by the County and Unisys.

Board approval of the recommended action will allow the County to continue its use of LEADER System Application Maintenance and/or Enhancement hours (M&E hours) for the remainder of the Agreement's Initial Term and any Extended Term. M&E hours are needed to implement State, federal and County mandated changes to the LEADER Application Software, and to maintain the effectiveness of the LEADER System to support the more than 11,000 LEADER System users Countywide.

**Implementation of Strategic Plan Goals**

The recommendation is consistent with the principles of County Strategic Plan Goal #1 (Service Excellence) to provide the public with easy access to quality information and services that are both beneficial and responsive. In addition, this Amendment is consistent with DPSS' objectives for increasing the efficiency and effectiveness of departmental programs through expanded information technology and communications.

**FISCAL IMPACT/FINANCING**

There is no fiscal or budgetary impact for this Amendment. The Total Maximum Contract Sum remains the same.
FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 12, 1995, your Board approved the LEADER Information Technology Agreement Number 68587 between the County and Unisys.

Currently, under the LEADER Agreement, Unisys can be assessed liquidated damages (LDs) for failure to meet LEADER System availability requirements. However, this does not include the assessment of LDs for Unisys' failure to meet ED/BC transaction response time requirements.

With this Amendment Number Nine, the Agreement now includes a provision for the assessment of LDs in the amount of $250 per day, not to exceed $5,000 per month, for Unisys' failure to meet the average and maximum ED/BC transaction response times during Peak Working Hours established pursuant to this Amendment. If there are two occurrences on any one day, only one LD of $250 shall be assessed for that day. However, LDs shall not be assessed for any day in the month in which the total number of 5-12 month ED/BC transactions in the ED/BC transaction sample exceeds two percent (2%) of the total number of all ED/BC transactions in the ED/BC transaction sample for that day.

Additionally, with this Amendment, the Agreement also includes a provision for the assessment of LDs in the amount of $250 per day, not to exceed $5,000 per month, for Unisys' failure to meet the batch-processing requirement for all ED/BC transactions processed during the Batch Processing Window. However, LDs shall not be assessed for any day that LDs are assessed for ED/BC transaction response times as described above.

This Amendment was negotiated and prepared by DPSS staff and reviewed and approved as to form by County Counsel. As with the existing LEADER Agreement and its previous amendments, outside counsel, Mitchell, Silberberg & Knupp LLP, also reviewed and commented on the Amendment in accordance with your Board's policy regarding technology contracts.

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

Execution of this Amendment is contingent upon your Board's approval.
CONTRACTING PROCESS

Unisys was selected via a competitive solicitation. On September 12, 1995, your Board awarded a 7.5-year Initial Term (with the option for two additional years) to Unisys to provide an automated welfare system within 42 months and to operate the system for an additional 48 months. Amendment Number Three and Amendment Number Four approved by your Board extended the 7.5-year contract term by two years to April 30, 2005, making the Initial Term of the LEADER Agreement nine (9) years and six (6) months. The LEADER Agreement provides for the County to extend the LEADER Agreement term for up to 24 months on a month-to-month basis.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The execution of Amendment Number Nine augments the LEADER System by enhancing services to the participant population.

CONCLUSION

Upon your Board's approval of this Amendment, the Executive Officer, Board of Supervisors, is requested to return two (2) original signed copies of this Amendment and one (1) adopted stamped Board Letter to the Department of Public Social Services.

Respectfully submitted,

BRYCE YOKOMIZO
Director

Chief Information Officer

Attachments

Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel
Auditor-Controller
Chair, Information Systems Commission