



COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063



Dave Lambertson
Director

To enrich lives through effective and caring service.

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November 17, 2004

Agenda Date: November 30, 2004

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:

**REQUEST FOR APPROVAL TO PURCHASE UNISYS EQUIPMENT FOR DOWNEY
DATA CENTER
(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)**

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

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of the Internal Services Department (ISD) to lease-purchase Unisys equipment for the Downey Data Center at a total purchase cost of \$9,454,134 including sales tax, and at a financed cost not to exceed \$10,091,017 over 44 months.
2. Direct the Chief Administrative Office to complete necessary lease documentation with Key Government Finance, as lessor, for the lease-purchase of the Unisys equipment costs in the principal amount of \$9,454,134 and with total payments not to exceed \$10,091,017 over a term not to exceed 44 months and authorize the Director of ISD to sign the lease-financing agreement.
3. Approve an appropriation adjustment in the amount of \$1,376,000, offset by Intrafund Transfer, to provide spending authority for this purchase.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This request is to comply with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires departments to obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater prior to submitting requisitions to Purchasing. Therefore, we are requesting approval to purchase a mainframe computer.

The purchase of a Unisys mainframe computer (model Dorado 280), to be installed at the Downey Data Center, is necessary to support the Child Support Services Department's (CSSD) California Child Support Automation System (CCSAS). This equipment will be a sole source acquisition at an anticipated purchase cost not to exceed \$9,454,000.

The system will be financed with Key Government Finance, whose financing proposal was included in the submittal to the State and Federal agencies for review and whose costs were approved at a not to exceed amount of \$10,091,017 over a 44-month term. The mainframe system will be financed by the County as lessee, although State and Federal funding commitments have been secured by CSSD to cover the financing costs for this equipment. ISD will recover its lease costs in the current year (\$1,376,048) and future years through Intrafund Transfer payments from CSSD. The State share of costs is 34% and the Federal share of costs is 66%. The funding for lease costs from the State and Federal governments is subject to annual appropriation. CSSD cites no failure from State or Federal agencies to meet past funding commitments similar to these; however, in the event that cost reimbursement were to fall short in any fiscal year, the County would be required to cover any shortfall to meet required lease payments.

ISD is responsible for operating and maintaining the Unisys Data Center and running the Child Support Services system for Los Angeles, Orange and San Diego Counties. An upgrade is required to support the additional features mandated by the State for CCSAS. As all costs for the Child Support Services system are State-reimbursed, State approval was required and was received on November 1, 2004.

Implementation of Strategic Plan Goals

The Unisys mainframe computer promotes the Board-approved County Strategic Plan Goals of Service Excellence, Organizational Effectiveness, and Fiscal Responsibility.

FISCAL IMPACT/FINANCING

The total purchase price of the mainframe system upgrade is \$9,454,134 including sales tax and will be financed for a 44-month period because the equipment must be paid in full by August 2008 per State requirements. Unisys provided a financing proposal from Key Government Financing as part of its overall proposal to ISD. The quoted financing costs of \$10,091,017 over 44 months, based on a January 2005 lease start date, was approved by the State and Federal governments.

The need for this acquisition has been anticipated since 2003, and ISD's Budget Request for FY 2004-05 included the appropriation for this upgrade. However, the CAO deferred inclusion of the upgrade appropriation in the budget until State approval was obtained. Therefore, a budget adjustment is now required. This adjustment will increase ISD's Other Charges and Intrafund Transfer by \$1,376,000, to cover the six months of lease payments in the current fiscal year. The State (34% share) and Federal (66% share) governments have made funding commitments to cover mainframe upgrade project lease costs, subject to annual appropriation. The CSSD budget presently includes the appropriation and offsetting revenue to cover lease costs in FY 2004-05, and CSSD has indicated that similar multi-year funding commitments on past projects have been honored. However, if there were a shortfall from one of the revenue sources, there could be an impact to the County general fund to cover the shortfall in order to fulfill the lease obligation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On October 16, 2001, your Board adopted a policy whereby departments must obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater prior to submitting their requisitions to Purchasing.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

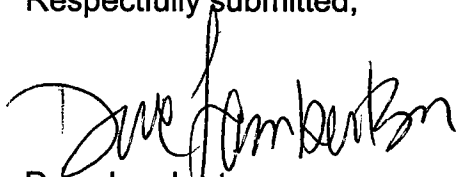
New equipment is needed to support State-mandated projects involving the California Child Support Automation System (CCSAS).

The Honorable Board of Supervisors
November 17, 2004
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CONCLUSION

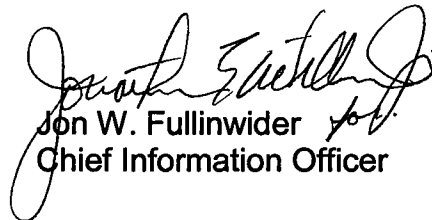
Your approval will allow ISD to acquire the resources necessary to support CSSD's California Child Support Automation System.

Respectfully submitted,



Dave Lambertson
Director

Reviewed by:



Jon W. Fullinwider
Chief Information Officer

DL:JJ:AF:SML:mw

Attachments (1 – CIO Analysis)
(2 – Budget Adjustment)

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Child Support Services Department

CIO ANALYSIS

REQUEST FOR APPROVAL TO PURCHASE UNISYS EQUIPMENT FOR THE DOWNEY DATA CENTER (ALL SUPERVISORIAL DISTRICTS – 3 VOTES)

CIO RECOMMENDATION: APPROVE APPROVE WITH MODIFICATION
 DISAPPROVE

Contract Type:

New Contract Contract Amendment Contract Extension
 Sole Source Contract

New/Revised Contract Term: Base Term: 3.75 Yrs # of Option Yrs _____

Contract Components:

Software Hardware Telecommunications
 Professional Services

Project Executive Sponsor: Philip L. Browning, Director, Child Support Services

Budget Information :

Y-T-D Contract Expenditures	\$
Requested Contract Amount	\$10,091,017
Aggregate Contract Amount	\$

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

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 type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

Project/Contract Description:

The Unisys IX mainframe must be upgraded to a new Unisys Dorado Mainframe System to support additional computing requirements needed to process the State of California Child Support Automation System (CCSAS).

The Board letter requests that your Board authorize the Director of Internal Services Department (ISD) to lease-purchase Unisys equipment for the Downey Data Center at a total purchase cost of \$9,454,134 including sales tax, and at a financed cost not to exceed \$10,091,017 over 44 months. The equipment will be financed by Key Government Finance, as lessor, for the lease-purchase of the Unisys equipment. Your Board is requested to authorize the Director of ISD to sign the lease-financing agreement and further authorize an appropriation adjustment in the amount of \$1,376,000, offset by Intrafund Transfer, to provide spending authority for this purchase.

Background:

The purchase of a Unisys mainframe computer (Model Dorado 280), to be installed at the Downey Data Center, is necessary to support the Child Support Services Department (CSSD) and CCSAS. This equipment will be a sole source acquisition at an anticipated cost not to exceed \$9,454,000. The computer will be financed by Key Government Finance for 44 months and offset entirely by the State, which has approved this purchase.

ISD is responsible for operating and maintaining the Unisys Data Center and running the CSSD system for Los Angeles, Orange and San Diego Counties. An upgrade is required to support the additional features in the CSSD system mandated by the State.

Project Justification/Benefits:

The Unisys IX6802 mainframe will need to be upgraded to a new Unisys Dorado Mainframe System with 1050 MIPS to support the State CCSAS project initiated by the State Department of Child Support Services. This project is estimated to increase processing requirements on the Unisys mainframe by 20-30 percent.

The current IX6802 is running at near capacity during peak load periods, particularly month-ends and will not be able to support the California CCSAS project, which is scheduled for implementation in January 2005, and targeted for completion by August 2008. The IX6802 has reached its maximum capacity (at 865 MIPS) and cannot be expanded beyond its current configuration.

Project Metrics

The project metrics are based on successful installation of the hardware and the system performance testing will confirm that required processing thresholds are achieved.

Impact If Proposal Is Not Approved

The CCSAS project is mandated by the Federal government, and the Unisys CPU Upgrade Project is deemed by the State to be a key factor in supporting Federal requirements. Because the current system is at its maximum configuration, the additional processing requirements cannot be met.

Alternatives Considered:

Numerous upgrade alternatives have been reviewed in detail (capacity plan projections/processor configurations) to determine the most cost effective option.

Project Risks:

If this upgrade is not approved, the CCSAS project will suffer schedule slippage, and the federally-mandated Statewide Child Support system cannot be accomplished.

Risk Mitigation Measures:

Proper planning and careful implementation activities will be established to minimize risk. Performance validation will be conducted to ensure that the application can be supported.

Financial Analysis:

Unisys Financing Corp. was approved by the Chief Administrative Office to provide 44-month financing for the Unisys Dorado 280 and associated software for an amount not to exceed \$9,454,134. The monthly payment will be \$229,341 and the impact to FY 2004-2005 will be \$1,376,048 or less depending upon the date of the first payment. The State and Federal agencies have approved these terms. ISD has requested an appropriation adjustment offset by intrafund transfer to support this transaction.

CIO Concerns:

None

CIO Recommendations:

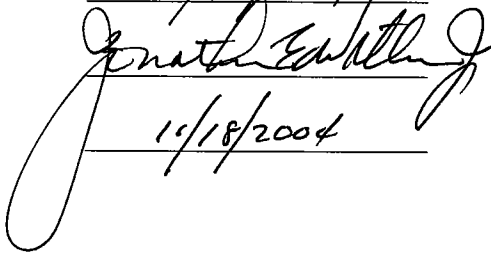
Recommend Board approval of the proposed acquisition.

CIO APPROVAL

Date Received: 11/12/2004

Prepared by: AL Brusewitz

Date: 11/18/2004

Approved: 

Date: 11/18/2004

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. 300

DEPARTMENT OF Internal Services

Nov. 9 2004 19

AUDITOR-CONTROLLER

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2004-05

3-VOTE

SOURCES:

Internal Services
Intrafund Transfer
A01-IS-13100-6800
\$1,376,000

USES:

Internal Services
Other Charges
A01-IS-13100-5500
\$1,376,000

JUSTIFICATION:

This adjustment is requested to fund an upgrade to the Unisys mainframe computer. This purchase will support the Child Support Services Department's California Child Support Automation System and will be offset by Intrafund Transfer from CSSD.

Susan M Lopez

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR ACTION RECOMMENDATION	APPROVED AS REQUESTED 19	AS REVISED _____
	CHIEF ADMINISTRATIVE OFFICER	
AUDITOR-CONTROLLER BY <i>[Signature]</i> No. 191	APPROVED (AS REVISED): BOARD OF SUPERVISORS NOV. 10 2004	19 BY DEPUTY COUNTY CLERK