LOS ANGELES COUNTY

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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February 9, 2006

Agenda Date: February 21, 2006

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 IBM EQUIPMENT FOR DOWNEY DATA CENTER
(ALL SUPERVISORIAL DISTRICTS – 3 VOTES)

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

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of the Internal Services Department (ISD) to purchase IBM computer equipment for the Downey Data Center at a total purchase cost of $2,500,000, and at a financed cost not to exceed $2,829,099 over 36 months.

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 this IBM equipment.

The purchase of two IBM mainframe computers, to be installed at the Downey Data Center, is necessary to support the growth of Countywide and Departmental specific applications.

Implementation of Strategic Plan Goals

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

FISCAL IMPACT/FINANCING

The acquisition of the mainframe system upgrades will be awarded through a bid process with an estimated cost not to exceed $2,500,000 including sales tax and will be financed for a 36-month period. The monthly payments have been budgeted in the FY 2005-06 and requested in our FY 2006-07 budget.

The estimated payments by Fiscal Year through FY 2008-09 are show below:

Equipment Type	Purchase Price	FY 05-06 Financed Cost	FY 06-07 Financed Cost	FY 07-08 Financed Cost	FY 08-09 Financed Cost	Financed Cost Totals
Downey IBM Mainframes	**$2,500,000**	**$235,758**	**$943,033**	**$943,033**	**$707,275**	**$2,829,099**

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.

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 standard Purchasing policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

New equipment is necessary to support the growth of Countywide and Departmental specific applications.

CONCLUSION

Your approval will allow ISD to acquire the resources necessary to support the Downey IBM data center workload.

Respectfully submitted,

Dave Lambertson
Director

Reviewed by:

Jon W. Fullinwider
Chief Information Officer

DL:AB:ab

Attachments (1 – CIO Analysis)

c: Chief Administrative Officer
County Counsel
Auditor-Controller

CIO ANALYSIS

REQUEST FOR APPROVAL TO PURCHASE IBM MAINFRAMES 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 ☐ Hardware Acquisition ☐ Other

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

Contract Components:

☐ Software ☒ Hardware ☐ Telecommunications
☐ Professional Services

Project Executive Sponsor: Dave Lambertson, Director Internal Services Department

Budget Information :

Y-T-D Contract Expenditures	$
Requested Contract Amount	$2,500,000
Aggregate Contract Amount	$

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☐	☒	Is this project subvented? If yes, what percentage is offset?
☐	☒	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
☒	☐	Is this project in alignment with the County of Los Angeles Strategic Plan?
☒	☐	Is this project consistent with the currently approved Department Business Automation Plan?
☒	☐	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
☒	☐	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
☒	☐	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The existing IBM mainframes are reaching capacity and must be upgraded to support current computing and future software support requirements. The new mainframes will enable workload-based software license charging that will reduce these costs by up to $30,000 monthly. The new hardware also includes a one-year warranty and reduced hardware maintenance costs thereafter.

The Department requests that your Board authorize the Director of Internal Services Department (ISD) to purchase IBM mainframe equipment for the Downey Data Center at a total purchase cost of not more than $2,500,000 including sales tax, and at a financed cost not to exceed $2,829,099 over 36 months. The equipment will be a financed acquisition.

Background:

The existing mainframes are architecturally obsolete since they do not support current 64 bit architectures. As a result, the current IBM mainframes cannot run the latest version of the IBM z/OS operating system (version 1.7) that requires the 64 bit architecture. The current z/OS version (1.4) in use will not be supported by IBM after March 2007. Sufficient time is needed to upgrade all operational systems to the new 64 bit hardware architecture, and then upgrade to z/OS 1.7 before support ends for z/OS 1.4. Also, episodes of capacity exhaustion have been observed on both of the current platforms. Utilization for both platforms continues to increase gradually. The new mainframes will provide a modest increase in computing capacity to relieve this problem. Furthermore, the new mainframe hardware will provide a separate computing facility designed to support virtualized Linux servers currently targeted to host the County web sites in an industrial-strength, high availability production environment.

Project Justification/Benefits:

Upgrading ISD's existing mainframes is essential due to the expanding computing requirements for the Downey IBM Data Center's classic z/OS workload and the new zLinux WebSphere initiative, and the need for continued operating system software support. The proposed mainframes will include 64 bit architecture and the integrated facility for Linux (IFL) virtual server support. The ability to base our IBM software license charges on capacity actually used instead of the maximum machine capacity will provide a reduction in software license costs.

Project Metrics

This IBM mainframe upgrade will be considered complete when the new hardware has been installed and all operational systems have been verified for production release.

Impact On Service Delivery Or Department Operations, if Proposal Is Not Approved

If the IBM mainframes are not upgraded as proposed, support for the operating system software would be withdrawn in March 2007, the planned support for the WebSphere zLinux environment would not become available, and software license charges would continue to run about $30,000 a month more than with the proposed upgrade.

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 the IBM mainframes are not upgraded as proposed, or the schedule is significantly delayed, the County risks running mission critical systems on unsupported operating system software, adversely impacting the WebSphere zLinux Project, and incurring approximately $30,000 a month in software license charges.

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:

The IBM mainframes will be financed on a 36-month basis.

CIO Concerns:

None

CIO Recommendations:

Recommend Board approval of the proposed acquisition.

CIO APPROVAL

Date Received: February 2, 2006

Prepared by: Al Brusewitz

Date: February 8, 2006

Approved: Jonathan E. Williams

Date: 02/08/2006