



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR



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December 27, 2006

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO ENTER INTO
DISCUSSIONS WITH OPEX CORPORATION FOR CONTINUED
MAINTENANCE AND SUPPORT OF THE COUNTY OWNED OPEX
MAIL PROCESSING EQUIPMENT**

In accordance with Board policy requiring advance notification of prospective sole source agreements, this letter is to advise you that the Treasurer and Tax Collector (TTC) intends to enter into contract discussions with OPEX Corporation (OPEX) for the provision of on-going maintenance and support services for the existing County-owned OPEX high speed mail processing equipment utilized in conjunction with TTC's Remittance Processing and Document Management System. Following the conclusion of discussions, a maintenance Contract for the existing hardware will be submitted to your Board for approval.

BACKGROUND

TTC's acquisition of automated mail processing equipment has been a part of the Department's on-going plan to migrate from tasks performed manually to more efficient automated operations, especially in the handling and processing of approximately eight (8) million documents and pieces of mail received each year as part of the remittance processing operations for property tax payments. To accomplish this automation, TTC has purchased from OPEX the specific high speed mail processing equipment necessary to open, weigh, extract, separate, sort, and image documents as they pass through the equipment. The OPEX equipment has been integrated as the mechanical backbone of the Remittance Processing and Document Management System (System) which was acquired through a Board approved agreement with Wausau Financial Systems, Inc. (WAUSAU). Upon completion of the mechanical processes, the

equipment electronically captures the transaction data and an image of the documents, which are then electronically passed to the WAUSAU software for further processing, e.g., automated generation of deposits and creation of internal workflow documents for taxpayer research.

Due to the proprietary and exclusive nature of OPEX, maintenance for the OPEX equipment, by necessity, has, in the past, been procured independent of the agreement with WAUSAU through the purchasing authority of the Internal Services Department (ISD). In accordance with ISD purchasing policy, once a service agreement reaches an aggregate of \$100,000, departments are required to seek the Board's approval for a new service contract. TTC's maintenance services procured through ISD are now approaching the aggregate limit of \$100,000. As prescribed by this purchasing policy, TTC is seeking to enter into discussions leading to a Board-approved maintenance service contract with OPEX.

JUSTIFICATION

The OPEX equipment is a vital component of TTC's current remittance processing System and OPEX is the only source that can provide comprehensive maintenance and support services for their equipment. Without this maintenance and support, the remittance processing System would face natural degradation and possible failure, negatively impacting the successful automated remittance processing.

If TTC were to seek a replacement for comparable equipment, an agreement award to a different contractor would be cost prohibitive and require a considerable amount of analysis and development time to identify and replicate the current System's functionality, ensuring the necessary compatibility with the WAUSAU software. Additionally, a new contractor, unfamiliar with TTC's business operations and requirements, would experience an extensive learning curve with the setup and integration into the current System, while compromising TTC's current successful operation.

NOTIFICATION TIMELINE

Unless otherwise directed by your Board, we will proceed with sole source contract discussions.

If you have any questions or need additional information, please contact Henry Román, Assistant Treasurer and Tax Collector, at (213) 974- 0703.

MJS:jab

Sole Source Ltr of Intent 12-27-06 final

c: David E. Janssen
County Counsel