

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Agreement (Agreement) with Capita for the provision of a CAMS for TTC and other Los Angeles County (County) departments required to utilize CAMS. The Agreement term shall commence upon the date of Board approval and continue through application software development, testing and implementation (projected at three (3) years) and expire three (3) years from the end of the six-month Warranty Period, with an optional extension of up to three (3) years, at County's sole option. The total maximum County obligation is \$12,462,120. This includes ten percent (10%) of the price of the application software development, testing, implementation, maintenance and support, allocated as pool dollars for post-implementation work, including additional application software, programming modifications and professional services;
2. Delegate authority to the Treasurer and Tax Collector to execute future change notices to modify the Agreement that either (a) do not affect the scope of work, term, or maximum contract sum under the Agreement or (b) use the pool dollars available under the Agreement for additional application software, programming modifications (e.g., new programming for user departments to meet legislative and/or other mandates) and professional services;
3. Delegate authority to the Treasurer and Tax Collector to execute future amendments to add or change certain terms and conditions in the Agreement as required by the Board of Supervisors or Chief Executive Officer (CEO).
4. Approve the attached Appropriation Adjustment in the amount of six million thirteen thousand dollars (\$6,013,000) to transfer appropriation authority from the Information Technology Infrastructure Fund and Designation for TTC LAPIS to TTC Services and Supplies which will fund CAMS partway through 2010-11.
5. Direct the CEO to work with TTC to identify \$6,449,120 to fund the balance of the CAMS project through future budgets by FY 2010-11.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

LAPIS is a customized application, developed by a County contractor and owned by the County, that is currently running on a Windows 2003 server using IBM's UniVerse software. From 1990 until 2006, LAPIS was operated and maintained under a contract with CompuTrust Software Corporation (CSC), the successor to the LAPIS software developer. Currently, TTC Systems staff, with assistance from a consultant hired

The Honorable Board of Supervisors
April 1, 2008
Page 3

through an Information Technology Support Services Master Agreement (ITSSMA) Work Order, maintain more than 500 computer programs that make up the system.

The LAPIS functionalities are limited, outdated and no longer meet the requirements of the County. For example, the system lacks remote data entry, document management, workflow and automated interfacing with other systems. TTC and DMH, as the primary users of LAPIS, considered acquiring commercial-off-the-shelf software, but no such software met the requirements of the County. As a result, and with the concurrence of the Chief Information Officer (CIO), TTC and DMH initiated the first RFP to identify a potential vendor to provide (whether through custom development or license), implement, maintain and support an updated, fully integrated, state-of-the-art, web-enabled client and asset management system to replace LAPIS.

CSC was the only vendor that responded to this first RFP, and TTC and CSC commenced negotiations. An agreement satisfactory to TTC could not be reached with CSC, resulting in the termination of the negotiations, termination by CSC of its contract for maintenance, and TTC's engagement of the ITSSMA vendor to assist the County in the maintenance of LAPIS on a time-and-materials-basis. TTC then promptly released the second RFP, which contained the sample agreement leading to the recommended Agreement.

Upon successful release of the second RFP and vendor selection, TTC reached an agreement with Capita. Capita will provide the County with a fully integrated, state-of-the-art, web-enabled system known as the Client and Asset Management System (CAMS) that will be utilized by several County departments (Coroner, County Counsel, DMH Public Guardian, and Public Administrator) and interface with existing County systems.

Under the Agreement, Capita will custom-develop the CAMS application software to meet the County's functional requirements, perform data conversions and develop interfaces for data transmission with other County systems. The County, at its own expense, will provide all hardware and operating software (e.g., Windows 2003, Vista, and Oracle) in accordance with Capita-certified specifications to be used as part of CAMS. Capita will be solely and completely responsible for the development, testing, implementation, on-going maintenance and support of CAMS application software, which will be owned by the County with the exception of any County-approved licensed third party software provided by Capita to meet CAMS requirements. As part of maintenance and support under the Agreement, Capita will also be the initial point of contact for all CAMS problems, including those related to County-provided hardware and/or operating software. Problems (determined by Capita and the County) caused by County-provided hardware and/or operating software will be corrected by the County's

hardware and/or operating software maintenance and support provider(s), who will also be responsible for ongoing maintenance of such hardware and operating software.

Implementation of Strategic Plan Goals

The recommended action is consistent with TTC's approved Business Automation Plan. Successful implementation of CAMS will provide for state-of-the-art technology, data security and system connectivity in furtherance of the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence.

FISCAL IMPACT/FINANCING

The maximum County obligation (Contract Sum) over the term of the Agreement, including all optional extensions, is \$12,462,120, which includes, as illustrated in the Funding Requirements for CAMS Table (Attachment I): (a) \$8,829,200 for application software development, testing and implementation, (b) \$2,500,000 for system maintenance and support over the six-year period following the end of the six-month Warranty Period, and (c) an allocation of \$1,132,920 in pool dollars (approximately 10% of the price of application software development, testing, implementation, maintenance and support) for any post-implementation work which County may request that Capita provide during the term of the Agreement, including professional services, additional application software and programming modifications.

Professional services and programming modifications will be provided at fixed rates, while prices for additional application software will be negotiated at the time of acquisition. Payments will be made to Capita upon successful completion of specified key deliverables over the course of application software development and implementation through the County's Final Acceptance of the system. Funding for system development is included in the CIO's FY 2007-08 Information Technology Fund, earmarked for CAMS, and TTC's Designation for TTC LAPIS (now CAMS) for a total of \$6,013,000 million as reflected in the attached Appropriation adjustment. The current funding is sufficient for development into FY 2010-11. Funding for the remaining term of the Agreement will be appropriated and committed in future years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The initial term of the recommended Agreement will commence upon Board approval, continue through application software development, testing and implementation (projected at three (3) years), followed by a six-month Warranty Period that begins no sooner than ninety (90) days after County's Final Acceptance of the system, and expires three (3) years from the end of the Warranty Period. At the end of the initial term, at the County's sole option, the Agreement may be extended for up to three (3) years.

The Honorable Board of Supervisors
April 1, 2008
Page 5

The Agreement contains all the latest Board required provisions, such as the Federal Earned Income Tax Credit, Consideration of GAIN/GROW Program Participants for Employment, Compliance with Jury Service Program, Safely Surrendered Baby Law, the County's Quality Assurance Plan, Assignment and Delegation and the County's Child Support Compliance Program. In addition, Capita is required to notify the County when the Agreement term is within six-months from expiration and when it has reached seventy-five percent (75%) of the authorized Contract Sum.

The Agreement also contains certain information technology provisions to protect the County in the event of Capita's deficient performance and/or breach of warranties, for example, warranties, intellectual property indemnification, credit assessment for contractor's failure to timely deliver work or correct deficiencies, and deliverable payment withholds.

In order to reach an agreement with Capita, certain concessions were necessary on behalf of the County. In particular, the RFP sample agreement required a contractor to furnish performance security (e.g., a performance bond) and provided for a withhold of twenty percent (20%) on all deliverable payments until Final Acceptance of the system. Capita, in its proposal, took exception to both provisions. As part of the negotiations, Capita agreed to withdraw its objection to the RFP-specified twenty percent (20%) withhold on all deliverable payments until system Final Acceptance in return for the County's agreement not to require Capita to furnish performance security, a compromise which received concurrence from the CEO's Risk Management Branch. TTC's agreement not to require Capita to provide performance security was based on Capita's concerns regarding the cost of such performance security and its impact on Capita's cash flow. Capita has also agreed to all of the County-required insurance and indemnification terms, including unlimited contractor liability.

The CIO concurs with TTC's recommendation (see attached CIO Analysis). Bryan Cave LLP, outside counsel, has reviewed and assisted in the negotiation of the attached Agreement and recommends Board approval. The Agreement has also been reviewed and approved as to form by County Counsel. The CEO's Risk Management Branch has reviewed and approved the Agreement provisions relating to insurance and indemnification.

CONTRACTING PROCESS

TTC released the CAMS RFP on December 8, 2006 and emailed it to one hundred ninety-nine (199) prospective bidders on a list compiled from TTC's bidders' list and vendors from the Los Angeles County WebVen (Attachment II). In addition, the RFP was posted on the Los Angeles County Bid Website and TTC's

Website (Attachment III). A two (2) day Mandatory Proposers' Conference (Conference) was held on January 24 and January 25, 2007, with thirteen (13) firms being represented during both days of the Conference, as required by the RFP for submitting a proposal. Two (2) firms submitted proposals by the due date of April 25, 2007, namely, Capita and Panoramic Software, Inc. (Panoramic). The proposals from both firms met all of the mandatory minimum requirements and were found to be responsive to the RFP.

Based upon findings of the Evaluation Committee, which consisted of representatives from the Coroner, DMH Public Guardian, Public Administrator and TTC Systems, Capita had the highest score of the two. While Panoramic was the lowest priced bidder (at approximately \$4.3 million), with the exception of the price, Capita significantly exceeded Panoramic in all other individual scoring areas, especially in the ability to deliver a robust enough application software to meet the County's complex requirements. Panoramic's proposed application appeared to be small-scaled, with limited functionalities and difficult to modify. It was also based on Panoramic's proprietary technology, and Panoramic was not willing to grant ownership rights of the software to the County, as preferred by TTC. The composition of Panoramic's proposed development team was limited both in size and experience. Based on the proposal, Panoramic also lacked experience with system interfaces, which is a major CAMS requirement. Panoramic's proposed application, including system design and limited functionalities, its unwillingness to grant the County software ownership, and the proposed development team's lack of experience posed a much higher risk of not achieving a successful implementation. Also, Orange County terminated a contract with Panoramic for similar work and is currently evaluating a new contractor.

The proposal of Capita, the highest ranked bidder, described an application based on a modular system architecture with defined application layers to allow for maximum flexibility in design while maintaining a common database structure. This modular system architecture uses in part the design and software code developed by Capita for the County under prior and current County contracts (e.g., the Probation Department's Probation Case Management System (PCMS), and Information Systems Advisory Body's Consolidated Criminal History Reporting System (CCHRS) upgrade). Capita's proposed team experience is extensive both in various areas of expertise as well as in successfully implementing large-scale, multiple client systems for customers, including the County. Capita also demonstrated that it possesses extensive experience in building multiple system interfaces. Capita's proposal to build an application based upon the proven modular system architecture and the experience of the development and implementation team provide TTC with a high degree of confidence for a successful project.

The negotiations with Capita revolved around a small number of exceptions to the RFP sample agreement identified by Capita in its response to the RFP. These included the County's standard contract provision requiring a contractor to maintain a performance bond, or other form of performance security acceptable to the County, and a deliverable payment withhold of twenty percent (20%) until system Final Acceptance. Capita's proposed bid of more than \$12.3 million (exclusive of pool dollars for post-implementation work) was based on the County's acceptance of Capita's exceptions both to the performance security requirement and the twenty percent (20%) deliverable payment withhold. In particular, Capita stated that the cost of furnishing performance security would unduly burden its cash flow. In an effort to address Capita's concerns regarding the impact of obtaining such performance security on its cash flow, TTC agreed not to require Capita to provide performance security in return for Capita's agreement to withdraw its objection to the twenty percent (20%) deliverable payment withhold, a compromise which received concurrence from the CEO's Risk Management Branch. Capita also agreed to lower its price for application software development, testing, implementation, maintenance and support by \$1.0 million. TTC was advised by the CEO's Risk Management Branch, County Counsel and outside counsel of the potential risks associated with not requiring Capita to provide performance security, but has decided that the negotiated alternative is commercially reasonable and does not pose any unacceptable risks or burdens on the County, in light of the performance security's high cost, the agreed upon deliverable payment withhold percentage (20% for all deliverables), and the additional contract price reductions agreed to by Capita. This holds particularly true given the circumstances, namely, the need to replace the outdated, LAPIS system coupled with the lack of suitable alternative vendors.

Minority, Women, Disadvantaged or Disabled Veteran Business Enterprise statistical information for the two responding firms are shown in Attachment IV. Upon final analysis and consideration of award, Capita was selected without regard to race, gender, color or creed.

IMPACT ON CURRENT SERVICES

The Board's approval will provide for the replacement of a system that is no longer meeting the County requirements with a custom developed, web-enabled system that will meet the current and future requirements of the County. Such approval will also eliminate the need to engage the vendor currently assisting TTC in maintaining LAPIS under ITSSMA. Approval of the Agreement will provide for consolidated and efficient asset management by the County.

The Honorable Board of Supervisors
April 1, 2008
Page 8

CONCLUSION

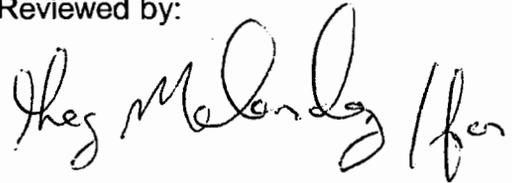
When approved, please instruct the Executive Officer-Clerk of the Board to return two (2) signed originals of the Agreement and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

Reviewed by:



JON W. FULLINWIDER
Chief Information Officer

WTF:lso

Attachments

c: Chief Information Officer
County Counsel
Auditor-Controller
Treasurer and Tax Collector