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March 3, 2009

TO: Each Supervisor

FROM: Philip L. Browning, Director

Richard Sanchez
Acting Chief Information Officer

SUBJECT: STATUS REPORT ON THE LEADER REPLACEMENT SYSTEM (BOARD ORDER #18 – JULY 15, 2008)

This is to provide your Board with a status report on the progress of the LEADER Replacement System (LRS). The following activities have taken place since our last status report.

PROCUREMENT EFFORT

On August 4, 2008, the LRS Evaluation Committee completed individual assessments of all four proposals.

On August 15, 2008, Addendum Number Eight to the LRS Request for Proposal (RFP) was released to request additional information on proposed staffing levels in order to fortify the evaluation process.

By October 14, 2008, each bidder completed a one-day oral presentation of their business, management, and technical proposals. All members of the LRS Evaluation Committee were in attendance, along with representatives from the State's Office of Systems Integration (OSI), the Chief Information Office (CIO), and DPSS executives.

On November 6, 2008, the LRS Evaluation Committee completed consensus scoring of the management/technical proposals.

On January 8, 2009, in light of the budgetary shortfall, the severe economic downturn and the need for pricing clarifications, Addendum Number Nine was released to:

- Require resubmission of pricing schedules and certification of compliance by February 9, 2009.
- Extend the firm and irrevocable offer period through February 2011 to cover the anticipated contract effective date of July 1, 2010 and provide contingency time for possible delays in funding or award approvals.

Note: In order to preserve the quality of the solution(s) being proposed, other sections of their proposals, including the management and technical solutions, shall stand as originally submitted, and are not subject to change.

We expect to finalize the evaluation and selection process, notify your Board of the recommended LRS vendor, and commence with negotiations by April 2009.

FUNDING AND BUDGET PLANNING

The LRS Project Team continues to work closely with the State's OSI to secure funding for the LRS. In August 2008, under the guidance of State agencies and with the support of CIO and ISD, DPSS prepared and submitted an Implementation Advance Planning Document (IAPD) to secure appropriations for the projected cost of LRS design, development, implementation, maintenance, and operations in the Governor's budget.

In September 2008, OSI Statewide Automated Welfare System Consortia Management team briefed the California Department of Social Services, the Department of Health Care Services, and OSI executives on the LRS IAPD.

In September 2008, OSI submitted the IAPD to the California Health and Human Services Agency for review and approval.

In October 2008, OSI submitted the IAPD to the State's Office of the Chief Information Officer and the Department of Finance (DOF).

In November 2008, the Legislative Analyst Office (LAO) submitted a recommendation to the legislature to delay the LRS for two years as a potential budget reduction to generate a State General Fund savings of approximately $14.6 M in Fiscal Year (FY) 2009-10.

In December 2008, a Senate Budget and Fiscal Subcommittee hearing was held to review potential budget reductions, including LAO's recommendation to delay the LRS Project two years, originally scheduled to commence in January 2010. At this hearing, DOF expressed concerns that a two year delay would derail the LRS Project and recommended instead a six-month delay to achieve the same level of savings in FY 2009-10.

In January 2009, the FY 2009-10 Governor's Budget reflected a six-month delay to the LRS Project.

The following schedule below now reflects a six-month delay to the LRS Project, as recently noted in the Governor's budget.

HIGH-LEVEL SCHEDULE

Event	Begin Date	End Date
Proposal Evaluation and Vendor Selection	MAY 2008	MAR 2009
Negotiate with Selected Vendor	APR 2009	SEPT 2009
County, State, and Federal Approvals	OCT 2009	MAR 2010
Preparation for Design, Development, and Implementation	APR 2010	JUN 2010
Design, Development, and Implementation (4 Years)	**JUL 2010**	**JUN 2014**
Existing LEADER and GEARS systems will be shut down, and respective contracts will be terminated	JUN 2014	JUN 2014
Maintenance and Operations (7 Years)	**JUL 2014**	**JUN 2021**
Option Years for Maintenance and Operations (3 Years)	**JUL 2021**	**JUN 2024**

The LRS is a critical project for the strategic long-term vision of the State and County, which must be executed timely and successfully. DPSS and the CIO are dedicated to continuing our close work with the State to bring an LRS vendor aboard as soon as possible. Representatives from DPSS and CIO participate in bi-weekly conference calls with State representatives (OSI) to ensure that the LRS is implemented within the established guidelines, timeframes and budget, as well as to ensure the appropriate level of resources are allocated to the project. These discussions continue to be extremely helpful in maintaining open lines of communication between the County and State, and have facilitated effective issues resolution and ensured alignment of County and State objectives and direction during these difficult fiscal times.

We will provide your Board with the next LRS status report in April 2009.

PLB:RS:MS:vo

c: Chief Executive Officer
Deputy Chief Executive Officer
Auditor-Controller
County Counsel
Executive Officer, Board of Supervisors
Internal Services Department
Chair, Information Systems Commission