County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

November 13, 2012

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:

AUTHORIZATION TO EXTEND CONTRACT FOR THE RISK MANAGEMENT INFORMATION SYSTEM (ALL DISTRICTS – 3 VOTES)

CHIEF INFORMATION OFFICER RECOMMENDATION:

APPROVE (X) APPROVE WITH MODIFICATIONS ( ) DISAPPROVE ( )

SUBJECT

This recommendation by the Chief Executive Office (CEO) and County Counsel seeks the Board's approval of Amendment No. 4 to Contract No. 73275 with Risk Technologies, Inc. (RTI), for maintenance and repair services of the Risk Management Information System (RMIS), to extend the term of the Contract, effective December 7, 2012, for a base period of twelve (12) months through and including December 7, 2013, and an optional period of six (6) months for the period December 8, 2013 through June 8, 2014.

JOINT RECOMMENDATION WITH COUNTY COUNSEL THAT THE BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment to extend Contract No. 73275 with RTI for an additional base term of twelve (12) months beginning December 7, 2012, and continuing through December 7, 2013, at a base cost of $819,957 for maintenance, plus cost for any work orders.

2. Delegate authority to the Chief Executive Officer (CEO) and County Counsel, as joint Program Directors, to extend Contract No. 73275 for another six (6) months, if needed, for the period December 8, 2013 through June 8, 2014, at a cost of $409,979.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In approving the recommended actions, the County of Los Angeles (County) will continue to receive uninterrupted RMIS services for the period. Without the extensions, this Contract will expire on December 6, 2012.

In late 2011, County Counsel began implementation of an e-billing system, CT Tymetrix T360, which interfaces with RMIS to provide streamlined processing and enhanced cost-control tools for attorney billings.

The CT Tymetrix T360 Contract includes an option for "matter management" functionality, which appears to have the capacity to replace RMIS functionality. County Counsel and the CEO Risk Management Branch have exercised the "matter management" option in the CT Tymetrix T360 Contract, which, when implemented, will provide lower-cost services, and is a replacement for the current RMIS system. Extending the current Contract with RTI will allow the CEO and County Counsel to fully implement and test the CT Tymetrix T360 system, and to migrate RTI users. Once the new system is fully functional and the County accepts the CT Tymetrix T360 system, Contract No. 73275 will be terminated.

Implementation of Strategic Plan Goals

The services provided under this Contract support the County's Strategic Plan Goal One, Operational Effectiveness, by providing a centralized claim and litigation database that the CEO, County Counsel, County departments, and County third-party administrators utilize to improve the effectiveness of Countywide risk management and litigation activities.

FISCAL IMPACT/FINANCING

Funding for system upgrade projects and maintenance and support have been included in the Insurance Budget for Fiscal Year 2012-13 and will be included in the Proposed Budget for Fiscal Year 2013-14.

In Contract year 2011-12, the CEO expended $876,900 for maintenance and $132,308 for work orders.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

On March 6, 2001, the Board approved the Contract with RTI to procure and maintain RMIS and authorized the CEO to execute up to six (6) annual Contract renewal options. On March 1, 2005, the Board approved Amendment No. 2 to the Contract and instructed the CEO and County Counsel, as joint Program Directors, to seek the Board's approval before executing each annual renewal option for enhanced maintenance services, and to provide justification for the renewal, based upon outcome measurement methodology. On September 8, 2009, the Board authorized the CEO to execute Amendment No. 3, which added two (2) additional annual renewal options to the Contract as part of the contract extension/cost reduction initiative. The current term expires on December 6, 2012 and, upon the Board's approval of the Contract extension, the Contract will be extended from December 7, 2012 to December 7, 2013, with an option to extend for an additional six (6) months, December 8, 2013 through June 8, 2014.

In October 2009, the CEO and County Counsel worked together to successfully implement the departmental reporting functions of the Cognos-based Online Risk Business Intelligence Tool (ORBIT) to distribute claims-related reports to all County departments on a monthly basis. The CEO and County Counsel continue to work closely to report to the Board information concerning claims and litigation.

As noted earlier, the CEO and County Counsel agreed to implement the CT Tymetrix T360's "matter management" functions as a replacement for the current RMIS. The "matter management" option consists of various work orders, which are anticipated to be completed by the second quarter of Fiscal Year 2013-14. To provide adequate time to conclude work orders and fully migrate RMIS users and historical data to the CT Tymetrix T360 system, while providing uninterrupted services through the current RMIS system, the current RMIS agreement needs to be extended. The CEO and County Counsel anticipate that a period of twelve 12 months with an option to extend an additional six (6) months will be adequate for the County to implement, test, make further modifications, if necessary, and accept the expanded CT Tymetrix T360 system.

From March 6, 2001 through September 30, 2012, the CEO has spent a total of $12,305,324 on RMIS, including system startup, system implementation, maintenance and support, and upgrades and modifications. Total anticipated contract expenditures through December 6, 2012, including work orders in progress, is $12,710,594. The cost for this extension period will be $1,229,936 for maintenance and support plus the costs of any outstanding modifications/upgrades.

This Amendment updates the Contract to include Board mandated provisions for the Local Small Business Enterprise Preference Program and Contractor Alert Reporting Database (CARD).

IMPACT ON CURRENT SERVICES

There is no impact on current services. Extension of this contract will ensure uninterrupted continuation of critical services to the CEO, County Counsel, County departments, and County third party administrators, through June 8, 2014. The Chief Information Officer recommends approval of the actions. (Attachment I)

CONCLUSION

Upon approval by the Board, please return two signed originals of the Amendment and one adopted copy of this letter to the CEO Risk Management Branch, attention Steven E. NyBlom, Acting Risk Manager.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

(For)
JOHN F. KRATTLI
County Counsel

Reviewed by:

RICHARD SANCHEZ
Chief Information Officer

WTF:JFK:ES
SEN:LC:sg

Attachments (2)

c: Executive Office, Board of Supervisors
Auditor-Controller
Chief Information Office

RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO

CIO Analysis

NUMBER:	DATE:
CA 12-21	10/22/2012

SUBJECT:

AUTHORIZATION TO EXTEND CONTRACT FOR THE RISK MANAGEMENT INFORMATION SYSTEM

RECOMMENDATION:

☒ Approve ☐ Approve with modification ☐ Disapprove

CONTRACT TYPE:

☐ New contract ☐ Sole Source
☒ Amendment to Contract #: 73275 ☐ Other:

CONTRACT COMPONENTS:

☐ Software ☐ Hardware
☐ Telecommunications ☒ Professional Services

SUMMARY:

Department Executive Sponsor: William T Fujioka, Chief Executive Officer
John F. Krattli, County Counsel

Description: The Chief Executive Officer (CEO) is requesting the Board to: 1) Approve Amendment No. 4 to Contract No. 73275 with RTI for an additional 12 months beginning December 7, 2012; and 2) Delegate authority to CEO and County Counsel to extend the Contract another six months, if needed.

Contract Amendment Amount: $1,229,936 Funding Source: County Insurance Budget

☐ Legislative or Regulatory Mandate ☐ Subvened/Grant Funded

Strategic and business analysis

PROJECT GOALS AND OBJECTIVES:

To extend the Risk Management Information System (RMIS) contract and maintain system functionality until its replacement (currently in development by County Counsel) is developed, tested, and implemented.

BUSINESS DRIVERS:

The RMIS system, used by over 200 users, including County Counsel, CEO Risk Management Branch, and the County's third-party claim administrators for general and professional liability, is critical to the effective management of litigation and liability claims.

PROJECT ORGANIZATION:

The RMIS system has a formal governance structure composed of representatives from County Counsel and the CEO Risk Management Branch. The RMIS Contract is jointly managed by the CEO and County Counsel.

	PERFORMANCE METRICS: The RMIS system has no significant performance issues, and in the period preceding the Contract extension, existing work orders will be closed out. For the Contract extension period beginning 12/7/2012, the only work orders anticipated are those necessary for data migration and transition to the new system. System performance is anticipated to remain stable through the Contract extension period.
	STRATEGIC AND BUSINESS ALIGNMENT: This project is consistent with the County's Strategic Plan goals and Strategic Technology Directions for fiscal stewardship and maximizing effectiveness of the County's operations. It supports the continued delivery of efficient claims and litigation management during the transition period to a more robust and cost-effective solution.
	PROJECT APPROACH: County Counsel leveraged its contract with TyMetrix for matter management and e-billing of attorney expenses by including an option to replicate the functionality of the RMIS system at a low cost. This approach will provide cost-savings and efficiencies due to the advanced features and flexibility of the TyMetrix platform. The TyMetrix platform is a commercial off-the-shelf system, reducing the County customization expenditures for new functionality.
	ALTERNATIVES ANALYZED: The CEO documented RMIS system requirements in preparation of issuing an RFP to replace the current system. The CEO and County Counsel jointly evaluated alternatives, and after discussing system requirements, business needs, and cost the decision was made to extend the RMIS Contract until County Counsel could develop and implement the RMIS replacement within the TyMetrix system.
Technical analysis	ANALYSIS OF PROPOSED IT SOLUTION: The TyMetrix system meets all County Counsel and Auditor-Controller security and confidentiality requirements, including server location, configuration, and highly customizable user access settings. The TyMetrix system is a "Software as a Service" platform which will improve efficiency by eliminating the hardware, software, maintenance fees, and dedicated County resources that are currently needed to support the RMIS system.

Financial analysis

BUDGET:

Contract costs

One-time costs:

Hardware.....	$0
Software.....	$0
Services	$0
Sub-total one-time costs:	**$0**

Ongoing costs (FY12/13 thru13/14):

Hardware.....	$0
Software.....	$0
Services	$1,229,936
Sub-total ongoing costs :	**$0**
Pool Dollars:	**$0**

Total Contract costs: **$1,229,936 (excluding work order costs)**

Other County costs (Approximate Projections):

One-time costs:

Hardware	$0
Software.....	$0
Services (ISD)	$0
County staff (existing).....	$0
County staff (net new).....	$0
Sub-total one-time County costs:	**$0**

Ongoing costs (FY12/13 thru FY15/16):

Hardware.....	$0
Software.....	$0
Services (ISD).....	$0
Services (Contractor)	$0
County staff (existing).....	$0
County staff (net new).....	$0
Sub-total ongoing County costs:	**$0**

Total Other County Costs: **$0**

The maximum Contract amount is $15,000,000. Projected total Contract expenditures through December 6, 2012, including work order costs, are $12,710,594 for a balance of $2,289,406. Assuming all 18 months requested are exercised, the additional maintenance cost will total $1,229,936. The remaining amount of $1,059,470 will be used to fund the migration of RMIS data to TyMetrix.

Risk analysis	RISK MITIGATION: 1. CEO and County Counsel are jointly managing the development of the RMIS replacement, soliciting input from all stakeholders to assure that system functionality will equal and/or surpass current systems. 2. A project steering committee meets biweekly to monitor progress, assign additional tasks to subcommittees, and communicate progress to executive management. 3. In the event that the TyMetrix system development encounters any internal or external issues that cannot be resolved within RMIS Contract extension expiration, CEO is prepared to issue an RFP to replace the RMIS system, assuring continuity of services. 4. The Chief Information Security Officer reviewed the Amendment and did not identify any security risks or issues. 5. The Contract clearly identifies the service levels and system performance metrics to be provided by RTI.
CIO Approval	PREPARED BY: James R. Hall — 10/30/2012 James Hall, Sr. Associate CIO — Date APPROVED: Richard Sanchez — 10-30-12 Richard Sanchez, County CIO — Date

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at http://ciointranet.lacounty.gov/

RISK MANAGEMENT INFORMATION SYSTEM (RMIS) CONTRACT AGREEMENT NO. 73275

AMENDMENT NO. 4

This Amendment No. 4 ("Amendment No. 4") is entered into by and between the County of Los Angeles ("COUNTY") and Risk Technologies, Inc. ("CONTRACTOR") and amends that certain County Agreement number 73275, dated March. 6, 2001 for a Risk Management and Claims Information System, as amended by that certain Amendment No. 1, dated as of July 16, 2002, and that certain Amendment No. 2, dated as of December 14, 2004, and that certain Amendment No. 3 dated January 14, 2010.

WHEREAS, COUNTY and CONTRACTOR mutually agree it is in their interests to extend the term of this Agreement by an additional Renewal Term(s) of twelve (12) months with a six (6) month option; and

WHEREAS, COUNTY and CONTRACTOR mutually agree that it is beneficial to reduce the annual fee for maintenance and repair services and adjust the number of analysts needed for the Onsite Help Desk; and

WHEREAS, COUNTY and CONTRACTOR agree to add new County mandated provisions regarding the County's Local Small Business Enterprise (SBE) Preference Program and Contractor Alert Reporting Database (CARD).

NOW, THEREFORE, in consideration of the mutual benefits derived there from, it is agreed between COUNTY and CONTRACTOR that Agreement No. 73275 shall be amended as follows:

1. This Amendment No. 4 shall come into full force and effect on December 7, 2012 ("Amendment No. 4 Effective Date").

2. Section 4.4, Maintenance and Repair Services, Subsection 4.4.1, Term, is hereby deleted in its entirety and replaced with the following:

   "4.4.1 Term

   COUNTY and CONTRACTOR acknowledge that as of the Amendment No. 4 .Effective Date, COUNTY has extended the term of this Agreement to add the Renewal Term of December 7, 2012 to and including December 7, 2013, to allow for continuing maintenance and repair services; and that the COUNTY may, through its Program Directors, exercise an additional option Renewal Term of six (6) months from December 8, 2013 through June 8, 2014 by providing written notice to CONTRACTOR within sixty (60) days prior to the expiration of the then-current term."

3. Section 4.4.2.2, Help Desk Services, Subsection 4.4.2.2 is hereby deleted in its entirety and replaced with the following:

"4.4.2.2 "Help Desk" services or "Support" shall be provided by CONTRACTOR with "Dedicated" staff during the Initial Term and the Renewal Terms. Dedicated Help Desk staff shall consist of at least one (1) full-time CONTRACTOR personnel dedicated to provide Support for COUNTY only."

4. Section 4.4, Maintenance and Repair Services, Subsection 4.4.4.2 is hereby deleted in its entirety and replaced with the following:

"4.4.4.2 COUNTY and CONTRACTOR acknowledge that, during the Renewal Term of December 7, 2012 to and including December 7, 2013; COUNTY shall pay CONTRACTOR a not to exceed amount of Eight Hundred Nineteen Thousand, Nine Hundred Fifty Seven Dollars ($819, 957.00). Should the additional option Renewal Term of six (6) months from December 8, 2013 through June 8, 2014 be exercised by the COUNTY, CONTRACTOR shall be paid a not to exceed amount of Four Hundred Nine Thousand, Nine Hundred Seventy-Nine Dollars ($409,979.00).

Upon the Amendment No. 4 Effective Date, COUNTY will pay CONTRACTOR, in arrears, monthly installments of Sixty Eight Thousand, Three Hundred Twenty Nine Dollars and Sixty-Nine Cents ($68,329.69) for the remainder of any such Renewal Term and option Renewal Term, if exercised by the COUNTY.

Following each month for which maintenance and repair services are rendered, CONTRACTOR shall submit an invoice to COUNTY, in accordance with Section 8.2 (Payments for Other Services), which qualitatively identifies those maintenance and repair services provided during the month for which the invoice is submitted. Upon receipt of each monthly invoice, COUNTY will institute a ten percent (10%) payment withhold, pending confirmation by COUNTY that those services described in each invoice were satisfactorily provided.

During any month of any Renewal Term, in lieu of the monthly installments for maintenance and repair services set forth above, COUNTY may elect to receive maintenance and repair services on a time-and-materials basis, at the hourly rates set forth in Exhibit E, Maintenance Fee Schedule, up to the installment amount described above for that month."

5. Section 5.0, TERM, Subsection 5.1, paragraph one (1), is hereby deleted in its entirety and replaced with the following:

"5.0 TERM

5.1 The term of this Agreement shall commence upon the Effective Date and shall extend to and including December 7, 2013, unless sooner terminated or later extended, in whole or in part; as provided in this Agreement, and shall consist of the following time intervals:"

6. Section 7.0, CONTRACT SUM, Subsection 7.2 is hereby deleted in its entirety and replaced with the following:

"7.2 Notwithstanding any provision to the contrary, expressly or by implication, the Contract Sum for this Agreement authorized by COUNTY hereunder, including, without limitation, all applicable taxes, shall not exceed Fifteen Million Dollars ($15,000,000.00) and will be comprised of the amounts set forth below. The parties acknowledge that, as of the Amendment No. 4 Effective Date, approximately Twelve Million, Seven Hundred Ten Thousand, Five Hundred Ninety-Four Dollars ($12,710,594) has been earned and paid under this Agreement, and the remainder of Two Million, Two Hundred Eighty Nine Thousand, Four Hundred Six Dollars ($2,289,406.00) is hereby authorized as set forth below.

(A) One Million, Fifty-Nine Thousand, Four Hundred Seventy One Dollars ($1,059,471.00) payable in accordance with Work Orders for data conversion work, modifications, integration, system migration and enhancements requests, if any, for the System at a blended rate of $175/hour.

(B) One Million Two Hundred Twenty Nine Thousand, Nine Hundred Thirty Five Dollars ($1,229,935.00), payable as set forth in Section 4.4, Maintenance and Repair Services, Subsection 4.4.4.2."

7. Section 35.0, <u>TERMINATION FOR CONVENIENCE</u>, Subsection 35.1, is hereby deleted in its entirety and replaced with the following:

"35.1 This Agreement may be terminated, in whole or in part, from time to time, when such action is deemed by COUNTY, in its sole and absolute discretion, to be in its best interest. Termination of work hereunder shall be effected by delivery to CONTRACTOR of a notice of termination specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than sixty (60) days after the notice is sent,

provided that in event COUNTY has purported to terminate this Agreement for default by notice pursuant to Section 34.0 (Termination for Default) and it has later been determined that CONTRACTOR was not in default, no additional notice shall be required upon such determination."

8. Exhibit E, MAINTENANCE FEE SCHEDULE, is hereby is hereby deleted in its entirety and replaced with the attached Exhibit E, Maintenance Fee Schedule.

9. Exhibit J, ADDITIONAL MANDATORY TERMS, is hereby amended to include the attached Section 71.0 Local Small Business Enterprise (SBE) Preference Program and Section 72.0 Contractor Alert Reporting Database (CARD).

10. The "Whereas" clauses in this Amendment No. 4 are hereby incorporated into this Amendment No. 4 as though fully set forth hereat.

11. CONTRACTOR hereby represents and warrants that the person executing this Amendment No 4 for CONTRACTOR is an authorized agent who has actual authority to bind CONTRACTOR to each and every term, condition, and obligation of this Amendment No. 4 and that all requirements of CONTRACTOR have been fulfilled to provide such actual authority.

12. This Amendment No. 4 is the product of arm's length negotiation between CONTRACTOR and COUNTY. Each party has had at all times the opportunity to receive advice from independent counsel of its own choosing. This Amendment No. 4 is to be interpreted fairly as between the parties, and not strictly construed as against either party as drafter or creator.

13. Except for the changes set forth herein above, this Agreement shall not be changed in any respect by this Amendment No. 4.

IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 4, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has cause this Amendment No. 4 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

RISK TECHNOLOGIES, INC.

By: _____
Signature

Name: Chuck Allen

Title: President

Date: 10-25-12

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: _____

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Truc L. Moore
Senior Deputy County Counsel

EXHIBIT E

MAINTENANCE FEE SCHEDULE

Maintenance and Repair Services:

For the annual Renewal Term December 7, 2012 through and including December 7, 2013:

$819,957 per year, to be paid in monthly increments of $68,329.69 each in arrears.

For the annual Renewal Term December 8, 2013 through and including June 8, 2014:

$409,979 for six months, to be paid in monthly increments of $68,329.69 each in arrears.

Time and Materials:

TITLE	HOURLY RATE
Senior Project Executive	$185
Project Director	$162
Project Manager	$162
Lead Developer	$139
Database Administrator	$139
Developer	$139
Business Analyst	$70

Other Work

Data conversion work, modifications, integration, system migration and enhancements requests, if any, for the System, will be performed at a blended rate of $175/hour.

EXHIBIT J

ADDITIONAL MANDATORY TERMS

71.0 LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM

The Agreement is subject to the provisions of County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the County Code.

71.1 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

71.2 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

71.3 If Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded the Agreement to which it would not otherwise have been entitled, shall:

A. Pay to County any difference between the contract amount and what the County's costs would have been if the Agreement had been properly awarded;

B. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the Agreement; and

C. Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

71.4 The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and County's Office of Affirmative Action Compliance of this information prior to responding to a solicitation or accepting a contract award.

72.0 CONTRACTOR ALERT REPORTING DATABASE (CARD)

The COUNTY maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.