



TOM TINDALL
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

November 30, 2010

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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 November 30, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**REQUEST FOR APPROVAL
TO PURCHASE COMPUTER EQUIPMENT
(ALL DISTRICTS - 3 VOTES)**

CIO RECOMMENDATION:

APPROVE () APPROVE WITH MODIFICATION () DISAPPROVE

SUBJECT

Request approval to purchase computer equipment with a unit cost greater than \$250,000 to meet the needs of County departments.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Internal Services Department (ISD) to purchase computer equipment for a total expenditure of \$1,318,682, which includes a combination of financed and one-time purchases, to support the growth in the County-wide automated applications.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On an ongoing basis, ISD acquires data processing equipment to meet the computer application needs of County departments. Pursuant to County Policy, Board approval is required when individual components of this equipment exceed \$250,000. This request is for approval to purchase midrange server equipment for ISD at a total acquisition cost including financing of \$1,318,682 as follows:

- Purchase one (1) new IBM p770 midrange server to provide the required processing capacity for the DPSS Systematic Measurement, Accountability and Reporting Tool (SMART) Phase II and Phase III implementations for a total capital asset cost of \$340,000. SMART provides DPSS managers with timely information to improve quality and service delivery throughout DPSS.

- Purchase two (2) large capacity IBM p770 midrange servers to provide ISD's customers with a new consolidated Unix hosting solution. The acquisition of the three servers will be financed through the Los Angeles County Capital Asset Leasing (LAC-CAL) program and repaid over five years. The total financed cost of these servers is \$978,682. This equipment was included in the list of LAC-CAL equipment acquisitions for Fiscal Year 2010-11 authorized by your Board on June 7, 2010. Initial systems to be consolidated onto these servers include: Superior Court's Juvenile Automated Data Enhancement (JADE) system, Auditor Controller's WebFocus reporting application and various e-CAPS systems (e.g. Financials, Budget Prep, Time Collection). This new solution will:
 - Avoid significant up-front costs for departments for replacement or new servers.
 - Allow the consolidation of multiple applications onto one larger server, thereby improving management, saving floor space and reducing power consumption costs.
 - Provide replacement for several existing servers that have reached serviceable end-of-life.

Implementation of Strategic Plan Goals

The purchase of this computer equipment is necessary to meet the information technology requirements of the departments served by ISD and supports the County strategic goal for Operational Effectiveness.

FISCAL IMPACT/FINANCING

Equipment acquisitions will be a combination of financed and one-time purchases as follows:

Equipment	Cost	Total Costs	Fiscal Year 10-11 Costs	Future Fiscal Year Costs	Term
IBM midrange DPSS server	\$340,000	\$340,000	\$340,000		
IBM midrange large capacity servers (2)	\$813,271	\$978,682	\$97,868	\$880,814	5 Years
Total	\$1,153,271	\$1,318,682	\$437,868	\$880,814	

The IBM midrange DPSS server will be purchased using Capital Assets – Equipment appropriation included in ISD's Fiscal Year (FY) 2010-11 adopted budget. The cost of this equipment will be billed to DPSS during this fiscal year.

The two IBM midrange ISD servers will be financed through LAC-CAL over five years. ISD has sufficient appropriation in its FY 2010-11 Other Charges budget for the first

year equipment leasing costs, and will request adequate funding in future fiscal years' budget requests. ISD will recoup the annual lease costs through usage-based charges to client departments. No additional NCC is required for these purchases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This request complies with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater. The Chief Information Office concurs with this recommendation (CIO Analysis attached).

CONTRACTING PROCESS

These equipment items are a commodity purchase under the statutory authority of the County Purchasing Agent. The purchases will be competitively bid by the Purchasing Agent in accordance with the standard County Purchasing policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your approval will ensure that ISD can acquire the resources necessary to operate County computer systems managed by the Department.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return one stamped copy of the approved Board letter to the Director, ISD.

Respectfully submitted,



TOM TINDALL
Director

Reviewed by:



RICHARD SANCHEZ
Chief Information Officer

DC:AB:SD:sg
Attachments

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors

CIO ANALYSIS

REQUEST FOR APPROVAL TO PURCHASE COMPUTER EQUIPMENT

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: N/A

Contract Components:

Software Hardware Telecommunications
 Professional Services

Project Executive Sponsor: Tom Tindall, Director, ISD

Budget Information :

Y-T-D Contract Expenditures	\$0
Requested Contract Amount	\$1,318,682
Aggregate Contract Amount	\$1,318,682

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved. The equipment will be used by ISD to provide computing services to all departments.

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

In compliance with Board policy, Internal Services Department (ISD) is requesting authorization to procure computer equipment for a total of \$1,318,682, which includes a combination of financed and one-time purchases. The equipment will add one midrange server for DPSS, and add two new midrange servers for consolidation of obsolete servers.

Background:

ISD's computer purchase involves two components:

1. Expansion of midrange servers for DPSS SMART project

The purchase of an IBM Power 7 p770 midrange server for the Downey Data Center will provide additional server capacity to support the growth of the DPSS Systematic Measurement, Accountability, and Reporting Tools (SMART) system. The production system workload will be migrated to this newer and faster server with the existing server repurposed for development and testing. The one-time purchase cost is estimated to be \$340,000.

2. Consolidation of midrange servers

The purchase of two IBM Power 7 p770 servers will consolidate existing departmental system workloads running on old IBM and HP midrange servers. The new servers use the latest operating system software that enables a higher level of server virtualization and break the traditional model of needing separate physical servers for every customer. The annual cost of the lease is \$196,000 and the purchase is estimated to provide savings of \$34,000 yearly compared to keeping the existing servers under maintenance.

Project Justification/Benefits:

Performance testing of DPSS SMART Phase II activity has saturated the existing server resources and additional capacity is required before Phase II can be implemented into production. Two options were considered, doubling the capacity of an existing IBM Power 6 server or buying a new IBM Power 7 server. The Power 7 server was chosen because it offers 59% better performance than the existing Power 6 servers and is more energy efficient, using 25% less power.

For the server consolidation effort, ISD has also chosen to use more energy efficient IBM Power 7 servers to replace a very large 64-processor IBM Power 5 server used by eCAPS and eHR along with two HP servers. In comparison with only the IBM servers, the two new Power 7 servers will provide over double the performance and use 72% less power. ISD's new hosting model for midrange servers, which is in line with the hosting models for mainframe and Windows servers, eliminates the need for customers to separately budget for initial procurement of servers. Monthly hosting costs will rise slightly, but is offset by server virtualization savings and the elimination of hardware refresh costs.

Project Metrics:

The midrange computer server projects will be considered complete when the new hardware has been installed and all operational systems have been verified for production release in the ISD data centers.

Impact on Service Delivery or Department Operations, if Proposal is Not Approved:

The ability to acquire hardware with supported maintenance is critical to the County in order to provide reliable and accessible data. Without the purchase of a new midrange server, the DPSS SMART project will result in project delays until sufficient computing power becomes available to implement SMART Phase II.

Also, not purchasing the two midrange servers for consolidation will cost the County \$64,000 annually in potential savings. Replacing the existing servers will save \$34,000 annually in higher maintenance costs and saves another \$30,000 annually due to reduced power usage.

Alternatives Considered:

Different IBM midrange server upgrade alternatives have been reviewed in detail to determine the most cost-effective purchase options. The requested computer equipment is available from numerous original equipment manufacturers and distributors and the purchases will be competitively bid.

Project Risks:

Minimal risks exist for the installation of new servers because they are compatible with the existing servers and infrastructure. The Chief Information Security Officer (CISO) has reviewed the request and did not identify any security risks or issues.

Risk Mitigation Measures:

Proper planning and careful implementation activities will be established to minimize risk. In addition, a performance validation will be conducted to ensure that County applications can be supported.

Financial Analysis:

There is no additional Net County Cost associated with this request. All costs are offset by billing to County Departments through composite billing rates of computer utilization.

CIO Concerns:

None.

Recommendations:

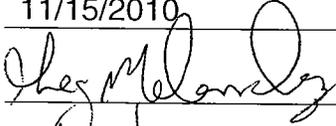
Recommend Board authorization of the proposed procurements.

CIO APPROVAL

Date Received: 11/12/2010

Prepared by: Tom Travis

Date: 11/15/2010

Approved: 

Date: 11/17/2010