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Submitted in HCEO Committee

Council File No: 11-1963

Item No.: 2

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER *Report from the CAO*

Date: January 24, 2012

CAO File No. 0220-00540-0976

Council File No. 11-1963

Council District:

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Transmittal from Los Angeles Housing Department dated November 9, 2011; referred by the Mayor and received by the CAO on November 18, 2011

Subject: **REQUEST FOR APPROVAL FOR THE LOS ANGELES HOUSING DEPARTMENT (LAHD) TO NEGOTIATE AND EXECUTE CONTRACTS WITH RYDEK COMPUTER PROFESSIONALS AND 3Di, INC. TO DEVELOP SYSTEMS FOR THE LAHD**

SUMMARY

The Los Angeles Housing Department (LAHD) requests approval to negotiate and execute on-call information technology (IT) professional services contracts with Rydek Computer Professionals and 3Di, Inc. to hire contract programmers to develop systems for the LAHD. The terms of the contracts will be one year from the date of execution with an option to extend the time for two additional one-year terms. The amount of each contract will not exceed \$900,000 for the first year for a total of \$1.8 million. If the Department opts to lengthen the terms of the contracts past the first year, the contract funding limit may also be increased.

BACKGROUND

Historically the LAHD has used contract programmers to supplement its IT staff in the development of the Department's business systems. Since the most recent contracts expired in December 2011, the LAHD chose to release a Request for Proposals (RFP) to establish new IT contracts. The Department states that the IT personal services contracts managed by the Information Technology Agency (ITA) are not practical for LAHD because those agreements are generally for time and materials programming tasks and not for fixed-price development projects.

The LAHD issued an RFP in August 2011 for individuals or companies to provide IT services to the Department. The RFP was advertised through the City's Business Assistance Virtual Network (BAVN), organizations serving minority communities, and the 15 Council offices. The Department received 11 proposals, of which eight were deemed responsive and were submitted to evaluators for scoring. The evaluation team consisted of three LAHD staff.

Each proposal was reviewed and scored based on: 1) quality and capability; 2) qualifications of

contractor staff; 3) breadth and depth of contractor experience; and 4) costs. Both Rydek Computer Professionals and 3Di, Inc. received the highest score of 93 out of 100 and were recommended by the evaluation team. The remaining applicants were notified that they were not selected. One company which was not chosen appealed the recommendation. A hearing was subsequently conducted by a review panel which concluded that there was not sufficient evidence to warrant a change in the evaluation team's original determination.

Rydek Computer Professionals and 3Di, Inc. provide temporary and permanent staffing options for application development and systems integration. Their headquarters are in Southern California and 3Di, Inc. also has offices in India.

Rydek Computer Professionals
898 N. Sepulveda Blvd., Suite 465
El Segundo, CA 90245

3Di, Inc.
3 Point Drive, Suit 307
Brea, CA 92821

To date, funding in the amount of \$1,047,271 has been set aside for the contracts during the first year through the LAHD Contractual Services account. The amount identified does not exceed the first-year limit of \$1.8 million and the Department states that additional funding sources may be identified during the first year and amended to the contracts. The sources are listed below:

2011-12 Budget

<u>Source (Fund)</u>	<u>Amount</u>
Municipal Housing Finance Fund (815)	\$102,611
HOME Investment Partnerships Program Fund (561)	102,260
Rent Stabilization Trust Fund (440)	239,200
Code Enforcement Trust Fund (41M)	<u>239,200</u>
Subtotal	\$683,271

2011-12 Special Fund

<u>Source (Authority)</u>	<u>Amount</u>
Foreclosure Registry System (C.F. 10-0600-S60)	\$120,000
Gateway to Green Program (C.F. 09-2841)	<u>244,000</u>
Subtotal	\$364,000
Total	\$1,047,271
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Over the last few years, LAHD has worked with contractors to develop the Housing Information Management System and the Code, Compliance and Rent Information Systems.

- Housing Information Management System (HIMS). This suite of web-based applications supports the Department's Housing Development operations, which manages a portfolio of 5,000 loans with more than \$1 billion and tracks the development of hundreds of projects.
- Code, Compliance and Rent Information Systems (CCRIS). The set of web-based applications supports the operation of the Systematic Code Enforcement Program (SCEP) and the Rent Stabilization Ordinance (RSO). The CCRIS manages code enforcement inspections of approximately 750,000 rental units and tracks Rent Stabilization cases for 500,000 units in the City. This system is also responsible for the billing and collections of more than \$40 million annually in SCEP and RSO fees.

The Department has identified modules in HIMS and CCRIS to be updated or developed by the two proposed firms. In addition, LAHD anticipates using the contractors to create a disaster recovery and business continuity plan. The contractors will be managed by LAHD systems employees. Once the new modules are in operation, maintenance will be transferred to City staff as possible. The Department states that due to budget constraints, some system maintenance may be provided by contractors.

After the contracts are executed, LAHD will prepare a statement of work (SOW) for each module or project. The two firms will submit bids to the City indicating the cost, schedule and deliverables to complete the SOW. The LAHD will then select the company with the most responsive and most cost-effective bid to perform the work.

The Personnel Department conducted a Charter Section 1022 review and Office of the City Administrative Officer (CAO) concurred that LAHD could contract for IT professional services because the requested services would be performed more feasibly by contract than by City employees due to the temporary nature of the projects and because the LAHD does not have sufficient in-house staff to perform the required work.

The proposed contracts comply with City Financial Policies in that identified special funds and grants will support the project.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Los Angeles Housing Department (LAHD), or designee, to execute on-call personal services contracts with Rydek Computer Professionals and 3Di, Inc. to perform information technology services. The term of each contract is for one year from the date of execution, with the option to extend the time for two additional one-year terms. The amount for each contract will not exceed \$900,000 for the first year for a total of \$1.8 million. The contracts would be subject to review and approval by the City Attorney as to form and compliance with the City's contracting requirements.

2. Authorize the Controller to take the following actions:

- A. Establish a new appropriation account within Fund No. 41M, Systematic Code Enforcement Fee, Department 43 as follows:

<u>Account No.</u>	<u>Account Name</u>
43H400	Foreclosure Registry System – Contractual Svcs

- B. Transfer appropriations within Fund No. 41M, Systematic Code Enforcement Fee, Department 43 as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43H411	Unallocated	\$145,000

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43H400	Foreclosure Registry System	
	Contractual Svcs	\$120,000
43H410	Miscellaneous	25,000

- C. Transfer Appropriations within Fund No. 44, Rent Stabilization Trust, Department 43 as follows:

From:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43H411	Unallocated	\$25,000

To:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
43H412	Service Delivery	\$25,000

- D. Expend funds not to exceed \$1,047,271 for 2011-12 for contract programmers to develop the Code, Compliance and Rent Information System (CCRIS) and the Housing Information Management System (HIMS) upon proper written demand of the General Manager, or designee, on an as-needed basis. The fund expenditures are to be allocated from the following funds and accounts:

<u>Fund/Dept. No.</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
815/43	43H412	Service Delivery	\$102,260
561/43	43H412	Service Delivery	102,611

41M/43	43H410	Miscellaneous	239,200
440/43	43H412	Service Delivery	239,200
41M/43	43H400	Foreclosure Registry System –	
		Contractual Svcs	120,000
52P/43	43G255	Professional Services Contractor	244,000

3. Authorize the General Manager, LAHD, or designee, to prepare Controller instructions and make necessary technical adjustments consistent with the Mayor and Council action in this matter, subject to the approval of the CAO, and request the Controller to implement these instructions and adjustments.

FISCAL IMPACT STATEMENT

There is no additional impact to the General Fund if the amount expended does not exceed the \$1,047,271 that is available in the 2011-12 budget through grants and fees for the first year of the proposed contracts. The recommendations in this report comply with City Financial Policies in that special funds and grants will support the recommended projects.

MAS:MMR:02120081C