


0150-09325-0001

TRANSMITTAL

TO City Council	DATE 3/29/19	COUNCIL FILE NO. 13-0777
FROM The Mayor		COUNCIL DISTRICT All

Proposed Fifth Restated (Amendment No. 19) Professional Services Agreement between the Information Technology Agency and Hess & Associates, Inc. for Support to the City's Legacy Payroll System

Transmitted for your consideration. The Council has 60 days from the date of receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See City Administrative Officer report attached.


MAYOR (Ana Guerrero) for

RHL:KDU:11190055

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)


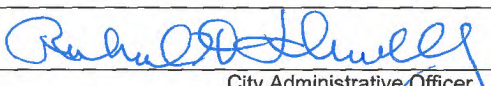
To: The Mayor	Date: 3/22/19	C.D. No. All	CAO File No.: 0150-09325-0001				
Contracting Department/Bureau: Information Technology Agency (ITA)		Contact: Laura Ito 213/978-3322					
Reference: ITA transmittal dated January 11, 2019; additional information received through March 21, 2019.							
Purpose of Contract: This Fifth Restated Personal Services Agreement (Amendment No. 19) provides for consulting services to recommend a new payroll strategy, support and help replace the legacy payroll system, and provide enhancements to a new payroll system.							
Type of Contract: () New contract (x) Amendment, Contract No. C-105458		Contract Term Dates: The proposed Fifth Restated Agreement will potentially extend the term an additional five years and one month (three years and one month with two one-year options to renew) for a total contract term of 20 years and five months (August 1, 2003 – December 31, 2023)					
Contract/Amendment Amount: \$2,625,000							
Proposed amount \$ 2,625,000+ Prior award(s) \$ 14,297,500= Total \$ 16,922,500							
Source of funds: Budgeted funds in the ITA Contractual Services Account							
Name of Contractor: Hess & Associates, Inc.							
Address: 17853 Santiago Blvd #107-506, Villa Park, CA 92861							
	Yes	No	N/A	Contractor has complied with:	Yes	No	N/A
1. Council has approved the purpose	x			8. Business Inclusion Program			x
2. Appropriated funds are available	x			9. Equal Benefits & First Source Hiring Ordinances	x		
3. Charter Section 1022 findings completed	x			10. Contractor Responsibility Ordinance	x		
4. Proposals have been requested			x	11. Slavery & Border Wall Disclosure Ordinances	x		
5. Risk Management review completed	x			12. Bidder Certification CEC Form 50	x		
6. Standard Provisions for City Contracts included	x			13. Prohibited Contributors (Bidders) CEC Form 55	x		
7. Workforce that resides in the City: 20%				14. California Iran Contracting Act of 2010	x		

RECOMMENDATION

That the Council approve, and authorize the General Manager of the Information Technology Agency to execute, the Fifth Restated Professional Services Agreement No. C-105458 (Amendment No. 19) with Hess & Associates, Inc. to increase funding by \$2,625,000, for a total contract amount not-to-exceed \$16,922,500, and extend the term of the agreement by up to five years and one month (three years and one month with two one-year options to renew), through December 31, 2023, for continued support of the Payroll System Replacement (PaySR), subject to the review and approval of the City Attorney as to form.

SUMMARY

The Information Technology Agency (ITA) requests to amend the City's professional services agreement with Hess & Associates, Inc. (Contractor) to continue support of the City's payroll system (PaySR). The Fifth Restated Contract (Amendment No. 19/Contract) with the Contractor will increase the contract spending authority by \$2,625,000 for a new contract compensation limit of \$16,922,500. Amendment No. 19 also increases the term by three years for a total term of 18 years and five months, and provides two additional one-year options to renew for a total potential term of up to 20 years and five months.

			
KDU	Analyst	0150-09325-0001	City Administrative Officer

The proposed amendment continues a change in philosophy in the City's approach to managing the programming, development, and maintenance of the City's payroll system. Previously, it had been presumed that City staff would take over from the Contractor the task of maintaining and enhancing PaySR. Experience has shown, however, that this assumption is unrealistic for a variety of reasons including the inability to retain trained and experienced programming and technical City staff on the PaySR project. While the custom programming approach of PaySR has worked well in accommodating the complex payroll structures of the City, modifying the software has required a software developer's level of expertise. Amendment No. 19 adds three years to the term of the agreement to continue the Baseline Project, now called PaySR Risk Mitigation, and to provide support during the implementation of the Human Resources Payroll Replacement

Project (HRP) that is anticipated to be implemented during 2019-20 and 2020-21. The proposed scope of work includes that the Contractor provide the following:

- PaySR production program fixes and modifications to PaySR modules;
- On-call support for production problems;
- Training for the Controller's Office and ITA staff along with code delivery, system and technical documentation, technical support, code remediation, and assistance with production implementation;
- Technical assistance to the City during the HRP implementation relative to PaySR data and functionality;
- Consulting services relative to functional and business documents required for the configuration of the new HRP;
- Data cleansing, migration, conversion, verification, and validation testing during the PaySR to HRP transition; and,
- Support during the HRP testing phase.

Additionally, the Contract provides a new payment schedule that changes the primary contractor employee's payment from a flat monthly rate of \$15,000 per month to an hourly rate of \$135. All other rate ranges pertaining to associate developers remain the same as those delineated in the 18th Amendment/Fourth Restated Contract. The new Contract also adds a special provision that does not allow any work under the Fifth Restated Contract to be performed by subcontractors. ITA indicates that additional funds to support the Contract have been requested in their 2019-20 Budget Proposal.

The PaySR Risk Mitigation Project will ensure that mandatory legal and City compliance items are completed as well as necessary modifications to stabilize the system sufficient to transition the City's payroll system to the HRP will be implemented. The tasks planned for the remaining term of the Contract are described in Attachment 1. ITA, in consultation with the Controller and the Personnel Department, may direct the Contractor to perform work not included in Attachment 1 if there is a significant system issue that would result in the system's inability to process payroll and/or the revision to the list of tasks would not impact the completion of the PaySR Risk Mitigation project. It is anticipated that such work is subject to the review of the PaySR Governance Committee, comprised of representatives from ITA, the Controller's Office, the Personnel Department, and the Employee Relations Division of the City Administrative Officer (C.F. 17-0075). Any significant change to the proposed scope of work or increase in the amount of funds needed would also require approval from the Mayor and Council.

It is anticipated that following this Contract, the HRP system will be fully implemented and no additional maintenance services provided by the Contractor will be required. While the City Attorney previously advised ITA that any subsequent contract for maintenance services beyond the Fourth Restated Contract would require a new contract (C.F. 13-0777), the City Attorney now advises that the nature of the work to be performed in the subject Contract is sufficiently similar to that proposed under the previous restated contract and that an additional restated contract is acceptable. ITA indicates that the PaySR Governance Committee will review the proposed Contract at its meeting during the week of March 25, 2019.

Pursuant to Charter Section 1022, the Personnel Department determined that City employees do not have the expertise to perform the work proposed to be contracted. In accordance with Los Angeles Administrative Code Section 10.5(b) 2, City Council approval of the proposed amendment is required because the overall term exceeds three years and annual compensation exceeds \$154,925.

FISCAL IMPACT STATEMENT

Funding for this agreement is provided in the Information Technology Agency's Contractual Services account and there is no additional impact to the General Fund. The recommendations in this report comply with the City's Financial Policies in that budgeted funds are available in the current fiscal year for anticipated contract expenditures and future expenditures are limited to the appropriation of funds in the budget.

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