

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Recommendation to approve the licensing and implementation of the Workers' Compensation imaging module, annual Application Service Provider fee, and Electronic Data Interchange Fees with GenSource Corporation of Valencia, California.

Expenditure: \$177,058.00

RECOMMENDATION

The Information Technology Director and the Human Resources Director recommend that City Council approve:

- An expenditure of \$91,000 for licensing and implementing the Document Imaging Module (GenARS) of the Workers' Compensation GenSource System.
- An expenditure of \$78,000 for GenSource to host, maintain, and support the imaging and database system as an Application Service Provider (ASP).
- An expenditure of \$8,058 for the annual IBM Universe database licensing fee and the annual Electronic Data Interchange (EDI) transmission update fees.

Funding

Funding is available through the Capital Project Budget (FEAP 516) for fiscal year 2005-07 and the Self Insurance Fund budget .

BACKGROUND & ANALYSIS

On October 28, 1997, the City Council approved the procurement, implementation, and maintenance contracts (#C2002-244) with GenSource Corporation (formerly known as California Interactive Computing, Inc. and currently a subsidiary of StrataCare) for proprietary software to automate the City's "in-house" Workers' Compensation processes. GenSource's system provides automated functions to manage the day-to-day administration of the Workers' Compensation processes (such as handling claims, tracking medical costs, services, and vendors, calculating and administering indemnity benefits).

In 2004, the City Council approved an enhancement to the GenSource system by adding the risk analysis module, a new maintenance agreement that included updates with installation services, and the state-required Electronic Data Interchange (EDI) system.

Today, the Workers' Compensation staff needs to enhance the Claims Administration portion of the GenSource system by including document imaging and an interface to the City's Financial System. The document imaging enhancement provides for the capturing and storing of Workers' Compensation documents and records as digital images. The system links each claim record directly to all associated documents and records, thus making accessibility and retrieval more efficient. In addition, storage space currently used for storing paper documents and records will be reduced as both will be retained online. The interface to the financial system will reduce the current duplication of data entry efforts of entering the same data into two separate systems (GenSource System and Financial System).

The GenSource ASP includes the GenComp module for Workers' Compensation, the GenRisk module for risk management, and the GenARS for document imaging. The annual ASP cost includes software and hardware maintenance, support with fixes to errors, system updates, and software enhancements contained in new releases. All server hardware, software, and data will be located at GenSource with City staff having secure, encrypted access through the internet.

Due to the continuing need to further expand and enhance automation of the Workers' Compensation administration system and the limited staffing resources of the Communications and Information Technology (CIT) Department, GenSource's Application Service Provider (ASP) offering was the best solution to provide document imaging and automation functionality. The CIT staff will continue to process checks, provide local support for computers, and assist with report writing.

GenSource ASP services are crucial to keeping the Workers' Compensation system running smoothly with minimal downtime. The services provided under maintenance and support are proprietary to GenSource; therefore, the City cannot receive updates and enhancements from any other source. It is recommended that the City Council approve the expenditure to GenSource Corporation.

Respectfully submitted,



RICHARD SHIGAKI
Information Technology Director



ELAINE WINER
Human Resources Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachment A: GenSource ASP Proposal



GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

Proposal
to
City of Torrance

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gensourcecorp.com
http://www.gensourcecorp.com

for
ASP Installation of GenCOMP & GenARS

February 21, 2006

ASP START-UP COSTS	PRICE
ASP Program - 10 (Concurrent) Users-DUE UPON ACCEPTENCE	\$70,000
Includes:	
New Installation of GenARS Application	
Installation and Configuration of GenCOMP & GenRisk	
-Requirements Review for Upgrade Implementation	
-Review of "CONFIG" (table driven system options)	
-Set-up of Hosted Hardware, OS, and DBMS configuration	
Third Party Software Products	
-English Wizard Reporting Software	
-InfoMaker - Report Generator	
GenSource Hosted Hardware	
-Database Server and Application Server	
-Image Repository Server	
FROI catch up fees for historical transmissions- DUE UPON ACCEPTENCE	\$3,000
GenARS Training (1 day for up to 5 people)	\$2,000
SQL Data Warehouse Taining (3 days up to 5 people)	\$6,000
Custom Programming fees (\$225 per hour up to 44 hours)	\$10,000
TOTAL	\$91,000

Minimum term for ASP Program is three years beginning 30 days after installation in Model office or date of "live" production, whichever comes first.

Training covers up to 5 students. Additional students will be at an extra cost of \$400 per student per day.

All T&M labor will be performed at GenSource's then prevailing published labor rate.

Ad hoc reporting training is optional and available upon request.

Pricing shown is based on normal business working hours; after-hours or weekend work if/as requested by the client will be charged at a higher hourly rate.

Prices do not include freight, insurance and sales tax. All travel and "per diem" to be borne by the customer.

Prices of third party products are subject to change at any time without notice.

Training fees and custom programming will be invoiced in the month which they occur.

MONTHLY SERVICE FEES	PRICE
ASP Fee for GenCOMP, GenRISK & GenARS ¹	\$6,500 / mo.
IBM Universe Maintenance fees ²	\$1,050 / an.
FROI/SROI Transmission fees ³	\$584 / mo.
MONTHLY FEES	\$7,084

Monthly fees commence 30 days after Model office begins or upon "live" production processing of customer's transactions, whichever comes first.

Payment terms are 30 days net; late payments will be subject to a late fee equal to 1.5% per month, of the unpaid balance.

Proposal includes ASP access rights for 10 users. Additional users may be added for \$125 per user per month.

This proposal is valid through March 31, 2006.

¹ ASP Fees includes biannual upgrades and 2 days of training, travel included.

² IBM Universe Licenses(10) are owned by the City and will be used in the ASP Center. Annual Maintenance fees on the 10 licenses will be the responsibility of the City. Any additional licenses purchased will be owned and paid for by Gensource and rented to the City.

³ FROI/SROI transmission fees are based on the number of annual submissions and will be reviewed retrospectively on an annual basis and adjustment will be made as necessary.

Payment of the ASP and FROI/SROI catch up fees are due upon acceptance of this proposal.



to

City of Torrance

for

ASP Installation of GenCOMP & GenARS

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GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gensourcecorp.com
<http://www.gensourcecorp.com>

By signing below, we hereby authorize the above work and agree to the terms stated above.

CITY OF TORRANCE a
Municipal Corporation

GenSource, a division of Stratacare, Inc.

Dan Walker, Mayor

By: _____
Gregory Fisher
President/COO

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____