

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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TO: Board of Supervisors

FROM: Thomas W. Sneddon, Jr.
District Attorney

STAFF CONTACT: Marnie Pinsker, Assistant Director, x2304
Sandy Simons, Family Support Division Chief, x2326

SUBJECT: Request for Waiver of Competition in the Purchase of an Automated Payment Imaging System for the District Attorney Family Support Division.

Recommendation(s):

That the Board of Supervisors:

- a) Authorize the Purchasing Agent to procure an automated payment imaging system from Data Image Systems Corporation, in the amount of \$198,000, for the District Attorney Family Support Division without being required to conduct a formal bid process, pursuant to County Code Section 2-39.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with the organizational value regarding economy in government.

Executive Summary and Discussion:

In order for the District Attorney's Family Support Division to comply with recently enacted federal child support enforcement and welfare reform legislative mandates, the Division must disburse all child support payments within two business days after receipt. Given the continuous increase in the level of collections and volume of payments received, it has become increasingly difficult to meet this standard, particularly during peak periods. For example, in the month of April the Division received nearly 12,000 payments, an 11% increase over last April. Eight accounting personnel, largely Account Clerk IIIs, staff the accounting unit. We have increasingly utilized extra-help staff and reassigned casework staff to meet the peak payment periods. Additional accounting positions were considered to address this growth.

The Family Support Division has identified an automated solution to meet this workload demand. After extensive review and analysis, installation of an imaging system that automates the collections posting process

is recommended to meet the federal time frames without adding accounting positions. A data imaging system will make it possible for family support payments to be processed within 1 - 2 days by substantially reducing many of the manual tasks that staff currently perform. The system will convert scanned checks and other supporting information received with the payment into digital images for processing by a payment database management system. Once indexed, the actual checks can be deposited while the images are routed for verification and posting. The database management system also displays prior payment distribution and disbursement information that is then imported into the current posting process, which expedites processing time. All information is then uploaded to the Division's automated case management system (STAR) for payment distribution and disbursement of child support payments.

Pursuant to County Code Section 2-39, we are requesting your Board to waive the requirement for a competitive bid to purchase the data imaging product developed by Data Image Systems Corporation (DISC), an out of county vendor. This is the only vendor that has developed and supports a child support imaging system with micr reader capability for checks and other payment documents. The DISC system is currently running effectively in District Attorney Family Support Divisions in ten California counties, including Fresno, Sacramento, Ventura, San Joaquin and Stanislaus, as well as the states of Washington and Idaho. Additionally, Riverside County - our sister consortia county - has installed the system and completed all of the programming necessary to upload the information to our STAR system. This will expedite the effort to install this application in Santa Barbara County.

Mandates and Service Levels:

Since October 1998, the revised federal performance standard to disburse payments within two working days has been in effect. The ability of this system to expedite payment processing is required to consistently meet this standard, particularly due to peak workload periods during the month and the continuous increase in the volume of checks received.

Fiscal and Facilities Impacts:

The cost for the DISC system is \$197,700, including \$116,800 for software products, \$43,200 for equipment, and \$37,700 for installation services. It will be fully financed with excess incentive revenues. Family Support earns incentive funds based on a percentage of our collections, currently set at 13.6%. The revenue earned in excess of our net annual expenditures is set aside in a designation account for reinvestment into the program. This revenue has been generated annually since 1995-96 and must be spent within two years of receipt. It has largely been utilized to finance investments in the automated system and related hardware.

The current year budget includes \$111,600 in excess incentive funds intended to finance software enhancements to the STAR automated case management system. Riverside County has taken the lead in completing the modifications, freeing up these funds for other uses. Use of the excess incentive funds currently budgeted will fulfill the two year spending requirement, and the balance is budgeted in the 1999-2000 budget.

Special Instructions: Please route a certified copy of the Minute Order to the Purchasing Agent.

Concurrence: County Administrative Office, General Services-Purchasing