



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

SACHI A. HAMAI
Interim Chief Executive Officer

DATE: September 17, 2015
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Three (3) minutes are allowed for each item.

1. Call to order – Gevork Simdjian
 - A) **Board Letter – AMENDMENT TO ORCHID AGREEMENT WITH CERNER TO PROVIDE HOSTING OF THE ETREBY OUTPATIENT PHARMACY SOLUTION**
DHS – Mitchell H. Katz, M.D. or designee
 - B) **Update on Analysis Of The Applicability Of The County’s Business License Ordinance To Peer-To-Peer Vehicle Rentals**
TTC – Joseph Kelly or designee
 - C) **Update on Review Of The County’s Business License Ordinances**
TTC – Joseph Kelly or designee
2. Public Comment
3. Adjournment

October 6, 2015

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:

**REQUEST APPROVAL TO DELEGATE AUTHORITY TO AMEND AGREEMENT
WITH CERNER CORPORATION
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE [x]

SUBJECT

Request Board approval to delegate authority to the Director of Health Services to amend the Agreement with Cerner Corporation for the provision of an Electronic Health Record System for the Department of Health Services

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of Health Services (Director), or his designee, to execute an Amendment to Agreement H-705407 (Agreement) with Cerner Corporation (Cerner) for the provision of an Electronic Health Record System, also known as the Online Realtime Centralized Health Information Database (ORCHID), with no change to the Maximum Contract Sum, effective upon execution, to expend Pool Dollars in the amount of approximately \$5.1 million in one-time and recurring fees over the remainder of the 15 year Agreement term for the hosting of Cerner's Etreby Outpatient Pharmacy Information System (OPIS) and associated Professional Services to move the OPIS from County hosted to Cerner hosted as part of Optional Work under this Agreement, subject to review and approval by County Counsel and the Chief Information Office (CIO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

OPIS is part of the overall Central Fill Pharmacy and Automation System (CFPAS) enterprise solution that not only provides outpatient pharmacy system functionality for DHS, but also streamlines the method of accurately transferring DHS pharmacy refills prescription information efficiently to the Central Refill Pharmacy operated by Cardinal Health Pharmacy Services, LLC (Cardinal) for the DHS Outpatient Pharmacies. DHS has a Board approved agreement with Cerner Healthcare Solutions LLC solely for the implementation and

maintenance of the OPIS software. At the time that agreement was approved, the plan was to host OPIS at the Internal Services Department (ISD), with consideration to moving OPIS to Cerner hosting after ORCHID was implemented. OPIS is currently hosted at ISD.

When Agreement No. H-705407 with Cerner for ORCHID was originally negotiated, it included future integration of OPIS with ORCHID. DHS decided at the time to leverage the ability to include locked in pricing for OPIS hosting in the Agreement, with an option to purchase it through the use of Pool Dollars. The Agreement's Maximum Contract Sum specifically includes Pool Dollars, which are available for Optional Work that can be procured including: (i) additional professional services and the purchase of new software licenses, the pricing of which was negotiated as part of the Agreement with expenditures authorized by the Director through the issuance of Change Orders; and (ii) Additional Electronic Health Record (EHR) Capabilities, including purchase of hosting services for OPIS which the County may purchase through a Board approved Amendment to the Agreement.

Recommendation

Approval of the recommendation will enable the Director to amend the Agreement to transition OPIS from ISD hosting to Cerner hosting. Operationally, it will be more efficient for Cerner to manage the hosting services for both ORCHID and the integrated OPIS under the ORCHID contract. With more than 75% of DHS providers on ORCHID and the rest of DHS transitioning to ORCHID in the near future, it is appropriate to move to Cerner hosting. There is no change in the Maximum Contract Sum initially approved by the Board on November 27, 2012.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1 - Operation Effectiveness/Fiscal Sustainability; and Goal 3 – Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Funding for the recommended actions is included in the Fiscal Year (FY) 2015-16 Final Budget and will be requested in future fiscal years as needed, funded out of existing resources.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Cerner Agreement for ORCHID

The Cerner Agreement was initially approved by the Board on November 27, 2012 and has been amended three times with no change to the Maximum Contract Sum.

Use of Outside Counsel

Because of the importance of this project, DHS continues to retain Foley & Lardner, LLP in conjunction with County Counsel, to advise on implementation and contract issues.

The CIO concurs with the Department's recommendation.

CONTRACTING PROCESS

The requested actions include amending the current Cerner ORCHID agreement that was originally awarded as a result of a Request for Proposals process. Acquisition of the Cerner hosting services for OPIS and the related Professional Services is permissible through an Agreement Amendment as there are Pool Dollars specifically identified in the Agreement to do so.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendation will enable DHS to obtain hosting services from a single vendor for both ORCHID and OPIS.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.
Director

Richard Sanchez
Chief Information Officer

MHK:kh

Enclosure

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Internal Services Department



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
225 NORTH HILL STREET, ROOM 100
LOS ANGELES, CA 90012

TELEPHONE: (213) 974-2077 FAX: (213) 680-3633



JOSEPH KELLY
TREASURER AND TAX COLLECTOR

HOME PAGE
TTC.LACOUNTY.GOV

PROPERTY TAX PORTAL
LACOUNTYPROPERTYTAX.COM

[DATE]

TO: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: Joseph Kelly
Treasurer and Tax Collector

SUBJECT: **ANALYSIS OF THE APPLICABILITY OF THE COUNTY'S BUSINESS
LICENSE ORDINANCE TO PEER-TO-PEER VEHICLE RENTALS**

This report documents our review of the applicability of the County's Business License Ordinance (Title 7) to peer-to-peer vehicle rentals and presents your Board with two options in establishing a regulatory framework for this business model.

Background

The peer-to-peer business model utilizes an internet website (website) and/or a smartphone application (app) to connect individuals desiring a service with those offering that service. In 2013, my office worked collaboratively with the Agricultural Commissioner/Weights and Measures in evaluating the applicability of the County's Business License Ordinance to the then-developing peer-to-peer or car for hire ridesharing services. In our report to your Board, we discussed Sidecar, Uber, and Lyft, which connect passengers with private owners of vehicles for transportation purposes. At that time, the County took no action to regulate this business, as the California Public Utilities Commission (PUC) had begun to take steps to regulate these businesses as "Transportation Network Companies" ("TNCs").

Recently, my office became aware of a new peer-to-peer business model operating within Los Angeles County. This new model, Personal Vehicle Sharing Program

(PVSP), allows a car owner (Owner) to register with the PVSP and rent his/her privately owned vehicle to another driver (Renter). There are a number of companies currently operating under this model, including RelayRides, Getaround, and JustShareIt. My staff reviewed the website and app for RelayRides. The website and app provide information, such as the vehicle make and model, the general location of the vehicle (city and zip code), and the rental rate. Once a Renter finds his or her desired vehicle, he or she can reserve the vehicle and pay the rental fee through RelayRides' website or app. Renters can arrange to pick up the car at a specific location or, in some cases, have the car delivered.

Personal Vehicle Sharing Program

Assembly Bill (AB) No. 1871, which was chaptered by the Secretary of State on September 9, 2010, established the framework for peer-to-peer car rentals. This legislation added Insurance Code §11580.24, which defines a PVSP as a "legal entity qualified to do business in the State of California engaged in the business of facilitating the sharing of private passenger vehicles for noncommercial use by individuals within the state." Several noteworthy features of this bill follow:

- The use of a private passenger vehicle through a PVSP does not classify the vehicle as a commercial vehicle for insurance purposes.
- Insurance companies may not cancel or refuse to renew insurance policies simply because the Owner is making his/her vehicle available for rent through a PVSP.
- The revenue generated by the Owner through a PVSP cannot exceed the annual expenses of owning and operating the vehicle. The Legislative analysis suggests that this limitation was based on a concern that if the Owner accepted compensation of a greater amount an insurer could reclassify the vehicle as a commercial vehicle, and increase insurance premiums. The intent was for the owner not to be disadvantaged by renting their vehicle through a PVSP. Conversely, this limitation prevents Owners of true commercial vehicles from skirting the requirement to register and insure their vehicle as such.
- The PVSP must provide insurance coverage for the Owner's vehicle and the Renter during the time the vehicle is engaged in personal vehicle sharing.
- The PVSP shall have the duty to defend and indemnify the Owner, if the Owner is named as a defendant in a civil action related to a loss or injury that occurs while the vehicle is under the control of a Renter.

- The PVSP is required to maintain an electronic record for each rental transaction that includes the date, time, initial and final locations of the vehicle, and miles driven. The PVSP must make these records available to governmental agencies as required by law.

Regulatory Framework

Regarding PVSPs, there is no regulatory framework in place other than the requirements imposed by Insurance Code §11580.24. PVSPs do not fall under the regulatory scope of the PUC. The PUC regulates, among other things, "passenger carriers" (e.g., limos and shuttles), in which drivers transport passengers and TNCs that provide prearranged transportation services for compensation, using an online-enabled platform or app to connect drivers using their personal vehicles with passengers. PVSPs do not fit into the passenger carrier or TNC model, as no driver is involved. The Renter is renting the motor vehicle without a driver.

Business License Ordinance

The Los Angeles County Business License Ordinance regulates vehicle rentals. Specifically, Title 7, Section 7.88.010 – Vehicle Rentals, states, "Every person conducting, managing, or carrying on the business of renting motor vehicles without drivers shall first procure a license." Therefore, any individual or company engaging in this activity within the County's jurisdiction, which includes the unincorporated area of the County and the three contracted cities of Malibu, Santa Clarita, and Westlake Village, even for one day, would be required to obtain a Los Angeles County Business License. This includes the rental of cars, heavy-duty trucks, moving vans, and buses.

Presently, the Treasurer and Tax Collector (TTC) has 35 active vehicle rental licenses in the County's jurisdiction. We have attached a detailed list of these businesses as Exhibit A. The initial application fee for a vehicle rental business license is \$201 and the annual renewal fee is \$131.

Other County departments involved in the approval of a business license for vehicle rentals are the Department of Regional Planning (DRP) and Fire Department (Fire). DRP reviews parcel-specific land use and zoning requirements to determine if the proposed business is an allowed use at the business situs address. Fire is responsible for performing safety inspections on the vehicle rental facility itself.

Findings and Recommendations

PVSPs do not own the rented vehicles; they only facilitate the rental transaction. Therefore, the PVSP itself is not subject to Title 7. However, any Owner registered with

a PVSP, who rents his/her vehicle within the County's jurisdiction even just once per year, is required to obtain a County Business License under Title 7.

This requirement poses several operational issues for the TTC. Consequently, my staff has evaluated possible policy stances regarding PVSPs for the Board's consideration, and we remain available to evaluate others as directed.

1. Revise Title 7 to require that PVSPs obtain a Business License and then, pursuant to Title 7, license each person who registers with any PVSP as an Owner.

The first challenge with licensing Owners is the identification of the Owner and his or her contact information.

- PVSPs do not provide contact information for their registered Owners on their website, although Renters receive contact information after they complete their rental transaction. RelayRides' website and app, for example, list the general location of the vehicle; however, they do not provide contact information for Owners. This creates a barrier to the enforcement of Title 7 as the TTC would have difficulty-identifying Owners and would have no mechanism to contact them.
- While Insurance Code §11580.24 requires PVSPs to make records available to governmental agencies as required by law, County Counsel advised that, as PVSPs are not subject to the requirements of Title 7, there is no legal authority for the TTC to require that PVSPs provide this data. Therefore, the TTC cannot leverage this provision of the Insurance Code to obtain names and contact information of Owners.

To assist with obtaining Owner information, the TTC would require that each PVSP obtain a County Business License. As a condition of this license, the TTC would require PVSPs to advise their registered Owners that they may need to obtain a County Business License. We would also require that PVSPs provide us with a data file containing information on all registered Owners and the transactions they conduct as required by Insurance Code §11580.24.

The second challenge with licensing Owners is jurisdiction. Renters can request to pick up the vehicle at any location or have the Owner deliver it to them. This complicates matters as to when the TTC should require an Owner to obtain a business license. To address this issue, we would suggest revising Title 7 to require that any Owner obtain a business license if they rent their vehicle through a PVSP and the registered address of their vehicle through the Department of Motor Vehicles is within the County's jurisdiction.

These steps would establish a mechanism through which we make each Owner aware of the requirement for a business license, and a mechanism through which the TTC could enforce the requirement, i.e. through the use of data from the PVSP. However, it is important to note that this enforcement will be retrospective in nature, which goes against the intended purpose of requiring businesses to obtain licenses, in advance, before they begin operations, In addition, as stated above, the Owner would need to obtain a business license even if they only rent their vehicle once.

2. Revise Title 7 to exempt Owners who rent their vehicles through a PVSP as defined in Insurance Code § 11580.24, from the requirements of Title 7.

Due to the above-described complexities with licensing Owners, the TTC is recommending this option. The TTC would continue to license the existing categories of vehicle rentals, which, as previously stated, include the rental of cars, heavy-duty trucks, moving vans, and buses. This would allow the County to coordinate the review of land use by the DRP and safety inspections by Fire, and if problems at these facilities do occur, the TTC can help address them through enforcement of Title 7. In addition, licensing these activity provides a central contact point for complaints.

Should you have any questions, please contact me directly or your staff may contact Kathy Gloster, Assistant Treasurer and Tax Collector, of my staff at (213) 974-2077 or kgloster@ttc.lacounty.gov.

JK:KK:KG:BR:apl

Attachment

c: Interim Chief Executive Officer
Acting Executive Officer
Interim County Counsel
Department of Consumer and Business Affairs
Fire Department
Department of Regional Planning
Business License Commission