



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

WILLIAM T FUJIOKA  
Chief Executive Officer

**DATE:** November 21, 2013  
**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 – Santos H. Kreimann
  - A) **Board Letter – APPROVAL OF AN AMENDMENT TO AGREEMENT WITH CERNER CORPORATION AND DELEGATION OF AUTHORITY TO AMEND AGREEMENTS WITH CERNER AND OTHER CONTRACTORS**  
DHS/CIO – Mitchell H. Katz and Richard Sanchez or designee(s)
  - B) **Board Memo – ADVANCE NOTIFICATION - INTENT TO NEGOTIATE WITH VENDOR AND FILE A REQUEST TO AWARD AN AGREEMENT FOR TRAFFIC CONTROL SYSTEM ENHANCEMENT AND CONTINUED MAINTENANCE**  
DPW/CIO – Gail Farber and Richard Sanchez or designee(s)
  - C) **Board Letter – APPROVAL OF AMENDMENT NO. 2 TO COUNTY AGREEMENT NO. 77676 WITH NETSMART TECHNOLOGIES, INC. FOR FY 2013-14**  
DMH/CIO – Marvin J. Southard and Richard Sanchez or designee(s)
  - D) **Board Letter – REQUEST FOR APPROVAL OF AMENDMENT NO. 1 WITH 21<sup>ST</sup> CENTURY COMMUNICATIONS, INC.**  
CIO – Richard Sanchez or designee
2. Public Comment

**NOTICE OF CLOSED SESSION**

**CS-1 Proposed Settlement of PDQ Lawsuit**

3. Adjournment

December 3, 2013

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:

**APPROVAL OF AN AMENDMENT TO AGREEMENT WITH CERNER CORPORATION AND  
DELEGATION OF AUTHORITY TO AMEND AGREEMENTS WITH CERNER AND OTHER  
CONTRACTORS  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

CIO RECOMMENDATION: APPROVE [ X ] APPROVE WITH MODIFICATION [ ]  
DISAPPROVE [ ]

**SUBJECT**

Approval of (i) an amendment to the Agreement with Cerner Corporation for the provision of an Electronic Health Record System, known as the Online Realtime Centralized Health Information Database, for the Department of Health Services, (ii) delegation of authority to the Director of Health Services to further amend the Agreement with Cerner, and (iii) delegation of authority to the Director to amend other current agreements that are impacted by the implementation of the Online Realtime Centralized Health Information Database.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Delegate authority to the Director of Health Services (Director) or his designee to execute Amendment Number 1 to Agreement H-705407 with Cerner Corporation (Cerner) with no change to the Maximum Contract Sum, effective on execution, to (i) expend Pool Dollars in the amount of \$6,828,885.36 in one time fees and \$11,331,699.68 in annual recurring fees over the 15 year Term of the Agreement for the acquisition, implementation, hosting, and support of the Cerner's cardiology licensed software as part of the Optional Work under the Agreement, prior to Go-Live and based on the financial terms set forth in the Agreement; (ii) execute Change Orders prior to the completion of Go-Live for expenditure of Pool Dollars up to \$6,624,715 for the acquisition of additional end-user training Professional Services as part of Optional Work under the Agreement; (iii) revise the date of the system validation session and the dates of any dependent tasks, including the cluster Go-Live dates; and (iv) add language to allow the Director to amend the Agreement to revise the order of cluster implementation and revise the Go-Live date of any cluster and

any subsequent dependent cluster Go-Live date, task deliverable or event by up to 120 days in order to account for any unexpected delays to the project schedule.

2. Delegate authority to the Director, or designee, to amend the Cerner Agreement to: (i) revise the order of cluster implementation in the event there is an implementation delay on the infrastructure project at Harbor-UCLA Medical Center (Harbor); and (ii) revise the Go-Live date of any cluster and any subsequent dependent cluster Go-Live date, task deliverable or event by up to 120 days in order to account for any unexpected delays to the project schedule or if it is otherwise determined by the Director, to be in the best interest of the ORCHID Project and the County, subject to review and approval by County Counsel and the Chief Information Office (CIO), and with notification to the Board and Chief Executive Office (CEO).
3. Delegate authority to the Director, or his designee, to amend equipment maintenance and information technology (IT) agreements to facilitate successful and timely implementation of ORCHID, including but not limited to: acquisition of interfaces and related services; procurement of professional services; migration/archiving of data and related professional services; extension of the term of agreements; increase of maximum agreement sums to effectuate the required aforementioned changes based on industry standard rates; and termination of such agreements in whole or in part in accordance with terms of each agreement, with all actions subject to review and approval by County Counsel and the CIO (if applicable) with notification to the Board and the CEO.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Agreement with Cerner for the Department of Health Services' (DHS) Electronic Health Record, known as the Online Realtime Centralized Health Information Database (ORCHID) was approved by the Board on November 27, 2012, and the funding was approved on January 22, 2013.

#### **Recommendations One and Two**

Approval of the first recommendation will allow execution of an Amendment to the Agreement with Cerner to enable DHS to effectuate several actions with no change to the Maximum Contract Sum previously approved by the Board.

The Agreement's Contract Sum includes Pool Dollars, which are available for Optional Work that can be procured after final cluster Go-Live 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 a

cardiovascular information system, which the County may purchase through a Board approved Amendment to the Agreement.

Pool Dollars for Optional Work are currently restricted for use after Go-Live. These funds are needed before Go-Live to enable Cerner to provide additional training to DHS staff in advance of ORCHID's first Go-Live date and to exercise the County's option to include Cerner's cardiology software as part of the Licensed Software in this implementation. This action will not increase funding in the contract. It will simply remove the restriction on using funds that are currently allocated in the contract for Professional Services and New Software in advance of Go-Live. When the Cerner Agreement was initially negotiated, the cardiology software was a fairly new offering from Cerner and there was not sufficient time to fully evaluate the solution before the Agreement was finalized and approved. However, DHS decided at the time to leverage the ability to include locked in pricing for the solution in the Agreement with an option to purchase it through the use of Pool Dollars. Subsequently, DHS and Cerner completed an assessment of DHS current state and the proposed solution.

DHS determined that implementation of the Cerner cardiology software will deliver a cardiovascular reporting solution across DHS and will be fully integrated into ORCHID. It will replace a variety of disparate and paper based systems. In most cases, the current DHS clinical imaging and reporting systems are at maximum capacity in terms of licensing and end-of-life from a support perspective. Accessing cardiovascular images and results across the DHS enterprise is varied with respect to the particular systems and workflows in use at each facility. Cerner's software supports the ability to order, schedule, read and report CATH, ECHO and Vascular studies from one application suite and simultaneously provide ubiquitous access to these studies and reports from ORCHID.

Recommendation two enables the Director to specifically exercise the delegated authority to amend the Agreement to change Go-Live dates, subject to review and approval of County Counsel and the CIO with notice to the Board and CEO.

By way of background, DHS must reschedule the third of three trips that staff must take to Kansas City to build ORCHID. The Agreement requires 90 DHS employees to travel three times to Kansas City for ORCHID's build. The first trip for "System Review" took place the week of July 7, through 12, 2013, and resulted in a 10% overall build. The second trip for "System Design" took place September 30, through October 4, 2013, and resulted in a 50% build.

The third trip for "System Validation" is scheduled December 9-15, 2013, and will result in a 90% build. However, because this trip occurs during the holidays, and may impinge staff's family commitments and travel plans, with potential, adverse impact on attendance, DHS will be moving that trip to January 6-10, 2014. This change also will give DHS additional time to mature the build effort after the second trip along with providing a fresh start to the New Year.

No additional funding is needed; however, this change will result in the Go-Live date for the ORCHID System being moved back 27 days from \_\_\_\_\_ to \_\_\_\_\_.

An Amendment to the Agreement is needed to move the Go-Live date. Given the criticality of the decision to go live, DHS is requesting delegated authority to change that date within a 90-120 day window; based on a balancing of the readiness of the system and testing results and the need to address unforeseen issues with the need for a timely implementation. In looking at recent electronic health record implementations in health systems of a similar complexity and size, these implementations consistently hit their Go-Live targets anywhere from 90 to 120 days beyond the dates initially targeted. Because changes to the contract's Go-Live dates require a formal Amendment, DHS has included Amendment language to delegate authority to the Director of DHS to adjust the contract's Go-Live dates by up to 120 days for each cluster. These changes will not require additional funding.

### Recommendation Three

Approval of the third recommendation will delegate authority to amend or terminate equipment and Information Technology (IT) agreements impacted by ORCHID'S implementation. DHS has determined there is a number of existing clinical IT application and equipment maintenance agreements that will be retained and software and/or equipment will need to interface with ORCHID. There are also other clinical IT applications that may be discontinued and others that may be phased out requiring associated archival and data migration professional services. Extension of terms for agreements are required to be aligned with ORCHID's staggered implementation and may require increase the agreements' maximum sum to continue the service until the successful replacement or implementation of interface has been completed and validated and on-going maintenance for the interfaces initiated. Certain agreements may need to be terminated because functionality will be replaced by ORCHID.

Agreement maximum sums may need to be increased to effectuate these changes. DHS will use the following industry standard rates to procure the various services:

- Estimated cost of interfaces is \$7,500 for one-direction per application; some of the interfaces may need two direction interfaces. Most applications have more than one interface and involve multiple DHS facilities.
- Ongoing maintenance fees for the new interfaces may be needed and are estimated to be approximately 18% of the total interface cost.
- Average hourly rate of professional services is \$175.

DHS is identifying the contracts that will require modification and believe that a sizeable number will be affected. Therefore, rather than file an individual Board letter for each contract, the delegation will allow DHS to amend or terminate agreements as needed over the course of ORCHID's implementation. DHS will keep Board informed of what actions DHS takes with regard to each contract, and DHS will work closely with County Counsel, and the CIO if appropriate, to effectuate the necessary amendments and provide notice to the Board and CEO.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 1- Operation Effectiveness; Goal 2 – Fiscal Sustainability; and Goal 3 – Integrated Services Delivery of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

Cerner

In the event that existing clinical IT application and equipment maintenance agreements are amended to increase maximum contract obligations, the increases are expected to be included in the DHS Adopted Budget and will be requested in future years as necessary.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Because of the importance of this project to DHS, DHS continued to retain Foley & Lardner, in conjunction with County Counsel, to advise on implementation. Foley & Lardner prepared Exhibit 1, which County Counsel has approved as to form. The CIO concurs with the Department's recommendation and that office's analysis is attached as Attachment A.

### **CONTRACTING PROCESS**

The requested actions include amending the current Cerner Agreement that was originally awarded as a result of a Request for Proposals process. Acquisition of the Cerner cardiology software and the Professional Services for training is permissible through an Agreement Amendment as there are Pool Dollars specifically identified in the Agreement to do so. The delegation of authority to amend equipment maintenance and clinical IT agreements is necessary as only current contractors can provide interfaces and/or professional services with regard to their equipment and software.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The Honorable Board of Supervisors  
December 3, 2013  
Page 6

Approval of the recommendations will enable DHS to implement a centralized, standardized, enterprise-wide EHR System which will ensure that patients who seek services at any location within DHS will receive consistent care, supported by the same EHR across the entire care continuum.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.  
Director

Richard Sanchez  
Chief Information Officer

MHK:KH:kh

Enclosures

cc: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

DRAFT



GAIL FARBER, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

November \_\_, 2013

IN REPLY PLEASE  
REFER TO FILE: T-6

TO: Each Supervisor  
FROM: Gail Farber  
Director of Public Works

### **ADVANCE NOTIFICATION - INTENT TO NEGOTIATE WITH VENDOR AND FILE A REQUEST TO AWARD AN AGREEMENT FOR TRAFFIC CONTROL SYSTEM ENHANCEMENT AND CONTINUED MAINTENANCE**

#### Notification

This is to notify the Board of Public Works' intent to commence contract negotiations with Kimley-Horn and Associates, Inc., for enhancements and continued maintenance of the Kimley-Horn Integrated Transportation System (KITS). KITS is the County's existing traffic control system for the unincorporated area of the County and participating cities. It is anticipated that the proposed agreement will be for an initial term of 4 years with one 2-year option and a not-to-exceed cost of \$2,700,000. Funds will be provided by the Los Angeles County Metropolitan Transportation Authority (LACMTA) grant funds and the County's Proposition C Local Return funds as the required match.

#### Purpose

On October 19, 2004, Agenda Item 39, the Board approved an agreement with Kimley-Horn, in the amount of \$2,072,250 for the procurement and maintenance of KITS. The initial term commenced on November 4, 2004, and continued until November 1, 2012. Supplemental Agreement 1, executed on October 11, 2011, under the Director's delegated authority, provided a no-cost revision to the payment schedule for additional enhancements and reduction in the training task for the system. On October 16, 2012, Agenda Item 19, the Board approved a supplemental agreement to exercise the first optional 2-year term and increase the maximum contract sum by \$155,000 to provide for continued maintenance of the system. Public Works is now seeking a new sole-source agreement with Kimley-Horn to provide enhancements and continued maintenance of the system.

The enhancements to the system will provide additional features for operating traffic signals, monitoring and managing traffic conditions, and build upon the benefits achieved by the existing system. They will further improve the staff's ability to remotely diagnose traffic signal malfunctions, resolve traffic problems, and implement solutions in real time, which increases productivity by expediting and reducing the time required to perform maintenance.

In addition, an essential component of the proposed agreement will provide for an interface with the County's Information Exchange Network, allowing for the exchange of arterial traffic data and information between this system and other cities. This information sharing will provide for implementation of arterial traffic management strategies and coordinated traffic signal operations, which will provide for improved travel times on a regional basis.

#### Justification for Sole-Source Agreement with Kimley-Horn

- 1) KITS currently involves more than 650 intersections and is operated from Public Works' Traffic Management Center in Alhambra. KITS is a proprietary system, owned by Kimley-Horn for which the County has been granted a perpetual and nonexclusive license. As a result, Kimley-Horn is the only firm that is able to perform revisions to the system. All other traffic control systems currently on the market are also proprietary and require all enhancements to be completed by the system's owners/licensors. Therefore, if the County pursued a competitive solicitation rather than this sole-source agreement, it would result in a need for another sole-source agreement in the future when that agreement's term expires or when the system requires enhancements.
- 2) A key component of the KITS is its interface with the County-owned traffic signal controller firmware (LACO-4E). This firmware resides at the traffic signal and works in conjunction with KITS to manage the traffic signals. Currently, there is only one other system that can interface with LACO-4E.

If Public Works were to drop the requirement to operate with LACO-4E, it would require a substantial amount of field work and significant additional costs to replace traffic signal controllers and/or firmware. The additional costs are estimated to be in the range of \$5,000,000. If Public Works were to replace the system in lieu of a sole-source agreement, we estimate the cost would be in the range of \$500,000 to \$3,000,000. In addition, all 650 intersections would have to be reconfigured under the new system, which would cost approximately \$650,000.

Each Supervisor  
November \_\_, 2013  
Page 3

- 3) Further justification is the key enhancement proposed to be included in the new agreement to report real-time traffic signal data. This reporting, called Historical Interval Timing, is unique to KITS and will provide the ability to quickly verify consistency and abnormalities in traffic signal operations and provide tools to generate and analyze performance metrics data. This data can be combined with travel time data from other field devices to provide substantially improved measures of effectiveness evaluation of the County's signal operations.

Public Works keeps current with industry trends in traffic management and control systems and, given the options provided above, believes that an enhanced KITS will not only keep pace with industry developments, but it will continue to be the best and the most cost-effective solution to meet our needs.

We are working with County Counsel to negotiate with the vendor and will return to the Board for approval of a new agreement. If you have any questions, please call me or your staff may contact Patrick V. DeChellis, Deputy Director, at (626) 458-4004.

JJW:nh

P:\t\pub\WPFILES\FILES\TRA\Tcs\Contract et al\KITS\Phase 2\KITSAdvNotifyrev.docx

cc: Chief Executive Office (Rita Robinson)  
Chief Information Office  
County Counsel  
Executive Office

bc: Diane McGiffen  
Chief Information Office (Juarros)

MARVIN J. SOUTHARD, D.S.W.

*Director*  
**COUNTY OF LOS ANGELES**

ROBIN KAY, Ph.D.  
*Chief Deputy Director*

RODERICK SHANER, M.D.  
*Medical Director*



BOARD OF SUPERVISORS

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**DEPARTMENT OF MENTAL HEALTH**

<http://dmh.lacounty.gov>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601  
Fax: (213) 386-1297

**DRAFT - Version 5 – 11/04/13**

December 17, 2013

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:

**APPROVAL OF AMENDMENT NUMBER TWO TO COUNTY AGREEMENT NUMBER 77676  
WITH NETSMART TECHNOLOGIES, INC.  
FOR FISCAL YEAR 2013-14  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE ( ) APPROVE WITH MODIFICATION ( )  
DISAPPROVE ( )**

**SUBJECT**

Request approval of Amendment Number Two to County Agreement Number 77676 with Netsmart Technologies, Inc., (Netsmart) to add \$6,000,000 in Pool Dollars for Fiscal Year 2013-14 for County-requested Other Professional Services/Change Notices to complete the implementation of the Integrated Behavioral Health Information System (IBHIS) for the Department of Mental Health (DMH), and to make material changes to the Agreement.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and authorize the Director of Mental Health, or his designee, to prepare, sign, and execute Amendment Number Two (attached hereto as Attachment I), to the existing Department of Mental Health (DMH or Department) Integrated Behavioral Health Information System (IBHIS or System), County Agreement Number 77676 with Netsmart Technologies, Inc., (Netsmart) effective upon Board approval, to provide an additional \$6,000,000 in Pool Dollars for Other Professional Services/Change Notices; increase the Contract Sum by \$6,000,000 to a total of \$99,316,793, fully funded by Mental Health Services Act (MHSA) and Sales Realignment revenues; make material changes to the terms and conditions, Statement of Work and payment schedule of the Agreement; and add and revise certain other County-required provisions of the Agreement.

Approve and authorize the Director of Mental Health, or his designee, to make substantive changes to the Agreement to: 1) remove the 30 percent Holdback Amounts from the Price and Payment Schedule and remove associated Holdbacks provision; 2) redistribute

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\$1,800,000 into a new Deliverable (Pilot 1 Production Use), originally tied to Final System Acceptance; and 3) modify Maintenance and Support Services and Hosting Services provisions to reflect that such services shall commence upon Production Use of the System.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Board approval of the recommended actions will increase Pool Dollars from \$3,656,378 to \$9,656,378 for County-requested Other Professional Services/Change Notices that are needed to complete the implementation of the IBHIS. That is still less than 10 percent of the adjusted Contract Sum and well within what is usual for this type of Agreement. IBHIS is the Department's new Electronic Health Record (EHR) System that will enable the Department to meet the federal and state mandates associated with health care reform and to meet County's Strategic Plan goal of achieving a seamless electronic exchange of selected health and human services data across County Providers. Once IBHIS is operational, both the Integrated System (IS) and the legacy Mental Health Management Information System (MHMIS) will be retired. The MHMIS is DMH's legacy Health Insurance Portability and Accountability Act (HIPAA) non-compliant billing system that was augmented by the IS as a "wrapper" in February 2004 to achieve HIPAA compliance.

Key reasons for the increase in Pool Dollars are as follows:

- DMH's preparations for the implementation of the Affordable Care Act (ACA) in 2014 have introduced requirements not anticipated when the IBHIS Request for Proposals (RFP) was prepared in 2009. As a result, DMH has requested software modifications to Netsmart's Avatar solution, upon which IBHIS is based, in order to be ready in 2014;
- Due to the scope of the project and the size of the County's client and provider populations, custom modifications to the Avatar Application Software have been and will continue to be required to address needs unique to Los Angeles County;
- The combination of maintaining current business operations while simultaneously implementing ACA-related business operation changes and IBHIS has placed a demand on DMH that cannot be met with existing resources. DMH has acquired Other Professional Services under the IBHIS Agreement in order to complete the necessary System configuration, integration, Custom Programming Modifications, data Conversion, procurement and implementation of additional Application Software modules necessary to meet DMH's requirements, provide assistance to Contract Providers for the transition to Electronic Data Interchange (EDI) transactions, and provide additional support for System roll-out activities;
- Acquiring resources under Other Professional Services to provide leadership, operational, and compliance oversight for the startup, transition to, and operation of a Central Billing Office (CBO). The purpose of the CBO is to optimize revenue and streamline adjudication processes. The CBO is a new organizational unit within DMH that is being established to centralize and consolidate the billing activities and functions that are currently fragmented and inefficient. Early in the implementation, the CBO was identified as an essential organizational component for the successful implementations of ACA and IBHIS; and
- Acquiring resources under Other Professional Services to provide guidance and operational support for a Provider Services Organization (PSO). The purpose of the PSO is to facilitate more efficient and effective coordination of effort with Contract Providers through a single

point of contact for contracting, claiming, and authorization issues. This is a set of functions that were previously performed by various units within DMH; with ACA and IBHIS, the DMH will need to establish PSO as an expanded and centralized functional unit.

The proposed Amendment will also allow the Department to make substantive changes which will materially affect the terms and conditions of the Agreement, the Statement of Work, and the payment schedule in order to recognize revenue for Deliverables for which Netsmart has already been paid in Calendar Year (CY) 2013 without increasing the risk to the County. Netsmart and DMH anticipated a 24-month implementation, but the implementation of the ACA in 2014 introduced requirements not anticipated when the IBHIS RFP was prepared in 2009. As a result, DMH requested software modifications to Netsmart's Avatar solution, upon which IBHIS is based, in order to be ACA ready by 2014. The delay of the IBHIS implementation has created an issue for Netsmart's auditors. The Netsmart Agreement contains a 30 percent Holdback Amount on project Deliverable payments to be released upon Final System Acceptance. DMH has paid for many Deliverables, but Netsmart's auditor has refused to allow Netsmart to recognize the revenue because they view the payments as contingent, which they are not. There is no provision in the Agreement for recovering payments already made if Final System Acceptance is either delayed or even denied entirely, but the Netsmart auditor remains set in their position that the Deliverable payments are contingent.

It was never the intent of the Holdbacks to prevent Netsmart from recognizing revenue from Deliverables accepted and paid for in their accounting until Final System Acceptance. The proposed solution changes language in the Agreement to solve Netsmart's problem without increasing risk to the County.

Because of the much longer implementation time for this project as the result of ACA requirements and the need to establish new business units during the implementation process, Final System Acceptance will be nearly a year later than originally planned. Netsmart has been and remains a willing and effective partner in this process, despite a very much delayed payment schedule. DMH believes that, because of the effective partnership in working with Netsmart in this project, it is reasonable to split the payment that was originally established based on Final System Acceptance to allow a \$1,800,000 payment upon first Production Use, with the remainder of the original Holdback Amount paid at Final System Acceptance. To that end, a new Deliverable, Pilot 1 Production Use, has been created. Pilot 1 Production Use marks a point at which the System has been thoroughly tested and the Department is convinced that the risk of implementing IBHIS has been substantially reduced. There would still be a substantial payment of nearly 20 percent of the original Contract Sum due at Final System Acceptance.

In the existing Agreement, 24 months of Netsmart Hosting Services were provided with a transition to continuing Hosting Services and maintenance payments upon Final System Acceptance. With the implementation extended beyond 24 months, Netsmart would receive no further payments for hosting until Final System Acceptance, now planned for May 2014, because such payments expired effective October 2013. Therefore, in consideration of the extended implementation of IBHIS and in recognition of Netsmart's associated costs, revisions were made to the ongoing Maintenance and Support Services and Hosting Services provisions in order that such services shall commence upon Production Use of the System.

#### **Implementation of Strategic Plan Goals**

The recommended actions are consistent with County Strategic Plan Goal 4, Health and Mental Health.

### **FISCAL IMPACT/FINANCING**

There is no increase in net County cost.

The Amendment increases the Contract Sum by a maximum of \$6,000,000 for a revised total Contract Sum of \$99,316,793 for the full term of the Agreement. This includes additional Pool Dollars for Other Professional Services/Change Notices in the amount of \$6,000,000.

The increase in the Contract Sum for FY 2013-14 is fully funded by DMH's FY 2013-14 Budget. Funding for future years will be requested by DMH as part of the annual budget process. Funding will come from MHSA and Sales Tax Realignment revenues.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On October 18, 2011, your Board approved County Agreement Number 77676 with Netsmart to provide DMH with an IBHIS, as well as ongoing Maintenance and Support Services, Hosting Services, application management, and other related services for an eleven-year term and a total Contract Sum of \$93,316,793. IBHIS provides clinical, administrative, financial, and data sharing functionality to support the State of California Department of Mental Health (SDMH) Medi-Cal and federal Medicare programs.

On September 23, 2013, your Board approved Amendment Number One to revise standard County language regarding Contractor's Obligations as a Business Associate under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

The proposed Amendment addresses changes to software in the form of Change Notices, and supplemental resources to timely fill gaps in DMH resources so as to keep the project moving forward without further delay.

This Amendment also includes the addition of and/or updates to certain County standard terms and conditions: Contractor Alert Reporting Database (CARD), Background and Security Investigations, and Local Small Business Enterprise Preference Program. New and updated County standard terms and conditions have been accepted by Netsmart.

The Amendment has been reviewed and approved as to form by County Counsel. In addition, in accordance with your Board's policy, outside counsel (Hanson Bridgett, LLP) assisted in the review and finalization of the Amendment, and recommends Board approval of the Amendment.

The Chief Information Officer recommends approval of the actions (CIO Analysis attached). The Chief Executive Office has been advised of the recommended actions.

Except as expressly provided in the Amendment, all other provisions and conditions of the Agreement will remain the same and in full force and effect.

**CONTRACTING PROCESS**

On November 18, 2009, DMH issued a Request for Proposals (RFP) to solicit proposals from qualified vendors to acquire, install, configure, implement, maintain, and host the IBHIS, under which Netsmart was the selected vendor. The resultant County Agreement Number 77676 was approved by your Board on October 18, 2011, for an eleven-year term to provide an EHR system consistent with the Department's requirements under MESA that will support multiple simultaneous Users and Interface with several existing and planned County information systems.

**IMPACT ON CURRENT SERVICES**

The Board's approval of the recommended Amendment will allow DMH to continue the implementation of the IBHIS and ensure that a smooth transition from the IS to IBHIS occurs. Failure to approve this Amendment will mean that IBHIS implementation will be further and substantially delayed and that some essential changes may have to be deferred.

Respectfully submitted,

Reviewed by:

Marvin J. Southard, D.S.W  
Director of Mental Health

Richard Sanchez  
Chief Information Officer

MJS:MM:RK:RG

Attachments

c: Chief Executive Officer  
County Counsel  
Chief Information Officer  
Executive Officer, Board of Supervisors  
Chairperson, Mental Health Commission



# COUNTY OF LOS ANGELES

## CHIEF INFORMATION OFFICE

Los Angeles World Trade Center  
350 South Figueroa Street, Suite 188  
Los Angeles, CA 90071

RICHARD SANCHEZ  
CHIEF INFORMATION OFFICER

Telephone: (213) 253-5600  
Facsimile: (213) 633-4733

December 10, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST FOR APPROVAL OF AMENDMENT NUMBER No.1  
WITH 21<sup>st</sup> CENTURY COMMUNICATIONS, INC.**

**(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

The Los Angeles County Chief Information Office is seeking Board approval of Amendment Number one (No. 1) to Agreement Number 76945 with 21<sup>st</sup> Century Communications Inc. (21<sup>st</sup> Century), to extend the Agreement for an additional two years with one year optional renewal period through February 16, 2017, to continue providing Mass Notification System services to the County of Los Angeles (County) while the County's Chief Information Office (CIO) completes the solicitation process for a new Agreement.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and instruct the Chairman of the Board to sign the attached Amendment to the Agreement with 21<sup>st</sup> Century for the continued provision of Mass Notification System services at an annual maintenance fee of \$43,645. The Amendment extends the term of the Agreement for an additional two years, from February 17, 2014 through February 16, 2016 with one year optional renewal period.
2. Delegate authority to the Chief Information Officer or his designee to terminate the Agreement earlier, if necessary, with 30 days advance written notice once the CIO has completed the solicitation process for a new Agreement.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this action is to extend the Agreement with 21<sup>st</sup> Century for two years with an option to extend for an additional year. This is to ensure that there is no interruption of Mass Notification System services to the County, while the CIO completes the Request for Proposals (RFP) solicitation process for a new agreement.

During the period of this contract extension, the Office of Emergency Management (OEM) will be adding additional program management capability which will enable them to assume administrative management of the Alert LA public notification program. Assuming this responsibility is consistent with OEM's emergency preparedness mission. The Los Angeles County Sheriff's Department will continue their role unchanged as the 24/7 operator of the system."

In February 2009, your Board approved the Agreement with 21<sup>st</sup> Century to provide Mass Notification System services to the County. The Agreement with 21<sup>st</sup> Century will expire on February 16, 2014, with no optional renewal years. The Mass Notification System has been dubbed internally as "Alert LA County" or "Alert LA".

Alert LA is administered by the Los Angeles County Sheriff's Department in coordination with the County's Emergency Operations Center, the County Fire District, and the City of Los Angeles. Alert LA is designed to notify County residents and businesses of emergencies and provide information regarding necessary actions, such as evacuations.

Alert LA, which was implemented in May 2009, has been activated over 150 times to date, most notably for the Crescenta Valley "Station" fire. Alert LA provides for the timely dissemination of consistent emergency information via telephone calls, text messages, and/or e-mails.

#### Implementation of Strategic Plan Goals

The recommended service supports the County's Strategic Plan Goal 1, Operational Effectiveness. Specifically, the proposed Amendment will ensure that the citizens of the County receive effective mass notification services, in the event of a disaster.

#### FISCAL IMPACT/FINANCING

The maximum contract sum for the Agreement is \$1,535,000. A portion of that sum was used to purchase 1,000,000 minutes at 0.16 cents per call, and 1,000,000 text messages at 0.05 cents per text. There are approximately 500,000 un-used call minutes and 900,000 text messages remaining in the Agreement. There is approximately \$600,000 residual balance in the project. This Amendment will result in no increase in the contract sum.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CIO seeks delegated authority to terminate the Agreement earlier with 30 days

advance written notice once the CIO has completed the solicitation process for a new agreement. At the end of the initial two year period, either party has the right to terminate the contract upon providing 90 days written notice to the other party.

Pursuant to Board policy, CIO will engage in the solicitation process for a Mass Notification System and services.

There is a mutual indemnification in the amendment and that it was reviewed and approved by CEO Risk management as well as County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no negative impact on current County operations and services.

**CONCLUSION**

Upon approval by your Board, please return two adopted copies of this Board letter and two copies of the executed Amendment to the Chief Information Officer. Should additional information be requested, your staff may contact Fred Nazarbegian at (213) 253-5630.

Respectfully submitted,

RICHARD SANCHEZ  
Chief Information Officer

Enclosures ( )

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors