County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 15, 2009

The Honorable Board of Supervisors
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CONTRACT EXTENSIONS/COST REDUCTIONS RECOMMENDATIONS: BOARD LETTER NO. 2

(ALL DISTRICTS AFFECTED) (3 VOTES)

SUBJECT

Based on Board direction from your meeting of June 16, 2009, this letter includes the second set of recommended contract amendments offering term extensions in consideration for immediate cost reductions. This, and subsequent Board letters recommending contract amendments pursuant to this initiative, will identify projected savings for 2009-10 (as well as future years as applicable); savings will be incorporated into Supplemental Changes for the 2009-10 Budget or subsequent budget recommendations to your Board.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and delegate authority to the affected department heads to execute contract amendments described in Attachments I through X, as recommended by the Chief Executive Officer and approved as to form by County Counsel, to extend terms and reduce the annual contract amount under your Board's contract cost reduction initiative effective for 2009-10.

2. Instruct the affected department heads to notify your Board and the Chief Executive Office, in writing, within ten business days after execution of such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 16, 2009, your Board directed the Chief Executive Officer, working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments, as needed, to develop the parameters for a contract cost savings initiative for existing contractors. Your Board also directed the Chief Executive Officer to provide all departments with a "model" letter to send to contractors by early July, requesting that contractors reduce their rates in exchange for term extensions without competitive bidding.

On June 25, 2009, this Office provided instructions to departments, establishing the criteria pertaining to these contracts and a timeline for reporting back on those contracts recommended for extension/cost reduction. Departments subsequently canvassed their contracts and solicited offers from contractors which met the appropriate criteria, requesting price reductions in exchange for one-year and/or two-year extensions. Contractors responded with varying degrees of price reductions, and upon consideration and further negotiations by departments, contract amendments for the following departments are recommended:

- **Chief Executive Office** – Ten (10) Contract Amendments, 2009-10 savings of $940,730 - (Attachment I).
- **Auditor-Controller** – One (1) Contract Amendment, 2009-10 savings of $34,322 - (Attachment II).
- **County Counsel** - One (1) Contract Amendment, 2009-10 savings of $2,514 - (Attachment III).
- **Fire Department** - Three (3) Contract Amendments, 2009-10 savings of $41,255 - (Attachment IV).
- **Department of Human Resources** - One (1) Contract Amendment, 2009-10 savings of $2,300 - (Attachment V).
- **Internal Services Department** - Four (4) Contract Amendments, 2009-10 savings of $639,000 - (Attachment VI).
- **Parks and Recreation** – Twenty-Six (26) Contract Amendments, 2009-10 savings of $142,854 - (Attachment VII).
- **Probation Department** – Five (5) Contract Amendments, 2009-10 savings of $ 74,165 - (Attachment VIII).
- **Public Works** - Two (2) Contract Amendments, 2009-10 savings of $23,563 - (Attachment IX).
- **Registrar-Recorder/County Clerk** - Five (5) Contract Amendments, 2009-10 savings of $137,319 - (Attachment X).

As referenced above, attached to this letter are memoranda from the affected departments, each providing:

- Background on the subject contract(s);
- Identification of the proposed cost reduction/extension and the related fiscal impact; and
- A discussion of the analysis and due diligence conducted by the department to justify the recommended amendment(s).

Upon your Board's authorization, affected department heads will execute the contract amendments to effect the changes described in their memoranda.

FISCAL IMPACT/FINANCING

This transmittal references 58 contract amendments that, if approved, would result in an estimated total annual savings of $2,038,022 which includes net County cost (NCC) savings of $1,140,304 for 2009-10.

In conjunction with the first letter to your Board entitled Contract Extensions/Cost Reductions Recommendations Board Letter No. 1, dated September 1, 2009, the cumulative projected total

savings of this initiative is $5,977,774 which includes NCC savings of $1,871,867 for 2009-10. The projected savings will be included in Supplemental Changes to the 2009-10 Budget. Departments have prioritized affected contracts on the basis of potential NCC savings.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This effort pertains to current contracts which were planned to be competitively rebid upon expiration and for which a competitive solicitation process was not already underway. The cost reductions would need to be implemented for 2009-10 and throughout the extended period. Living Wage rates will not be reduced as part of this effort.

Departments were directed to exclude from consideration contracts for which:

- A more favorable cost may be obtained via a competitive bid process;
- Departments have identified contractor performance issues with the current contractor;
- Departments are uncertain if the services will be needed for the extended term; and
- Reductions have already been imposed as part of the 2008-09 or 2009-10 County budgets.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This effort is intended to produce immediate cost savings in light of the fiscal challenges faced by the County. The proposed contract amendments should not have a negative impact on the level or quality of service provided to the County by the affected contractors.

CONCLUSION

This Office will continue to package and forward additional contract amendments consistent with this effort, for Board approval, as they become available.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:ES:MKZ
FC:JH:pg

Attachments

c: All Department Heads
Administrative Deputies
Contract Managers' Network

CHIEF EXECUTIVE OFFICE CONTRACT AMENDMENTS

The Chief Executive Officer recommends the following proposed contract amendments which would generate net County cost (NCC) savings of **$213,902** and overall savings of **$940,730** during Fiscal Year 2009-2010, with additional future year savings as noted.

Contract No. 75382 – Third Party Workers' Compensation Claims Administration

Background

Contract No. 75382 was awarded to Acclamation Insurance Management Services, Inc. (AIMS) to provide third party workers' compensation claims administration, effective January 1, 2006. The contract term is five years. The contract is currently in its fourth year and will expire on December 31, 2010. The annual cost of this contract is $6,386,751.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, AIMS is offering an immediate 5% reduction beginning on the effective date of the amendment. Additionally, they have offered to forfeit any future cost of living increase. The projected savings have been approximated as follows:

2 YEAR EXTENSION: 5%	GROSS	NCC**
2009-10 Savings:	$159,667	$79,833
2010-11 Savings:	$319,334	$159,667
2011-12 Savings:	$319,334	$159,667
2012-13 Savings:	$159,667	$79,833
TOTAL	**$958,002**	**$479,001**

** NCC savings based on historical subvention rates and may be subject to change.

Justification

Workers' compensation claims administration services are required to provide claims management for existing and newly reported workers compensation claims. In addition, such services are required to maintain compliance with California labor code and regulatory requirements.

An analysis was performed by Chief Executive Office – Risk Management Branch (CEO-RMB) and concluded that recommending this contract extension is economically advantageous to the County because it will result in approximately $958,002 in total savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure workers' compensation claims administration services stability. AIMS has proven to be a responsive contractor.

Contract No. 75928 – Medical Malpractice, Hospital Liability Claims Administration and Legal Defense Management

Background

Contract No. 75928 was awarded to Sedgwick Claims Management Services, Inc. (Sedgwick) to provide medical malpractice, hospital liability claims administration and legal defense management services, effective January 1, 2007. The contract term is one year with four one-year renewal options. The contract is currently in its fourth option year. The contract will expire on December 31, 2011. The annual cost of this contract is $2,933,815.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Carl Warren is offering an immediate 5% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

2 YEAR EXTENSION: 5%	GROSS	NCC**
2009-10 Savings:	$73,345	$36,673
2010-11 Savings:	$146,690	$73,345
2011-12 Savings:	$146,690	$73,345
2012-13 Savings:	$146,690	$73,345
2013-14 Savings:	$73,345	$36,673
TOTAL	**$586,760**	**$293,381**

** NCC savings based on historical subvention rates and may be subject to change.

Justification

The County utilizes a third party administrator to provide claims administration and legal defense management services for its medical malpractice and hospital liability self-insurance program. These services are needed to control the County's liability costs through early investigation and quick resolution of claims and lawsuits filed against the County and to ensure a continuation of quality service to the Chief Executive Office and to the Departments of Coroner, County Counsel, Fire, Health Services, Mental Health, and Sheriff.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result in approximately $586,760 in total savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure medical malpractice, hospital liability claims administration and legal defense management services stability. Sedgwick has proven to be a responsive contractor.

Lease Contract No. 72440 – Assessor ten–year lease at 6120 Bristol Parkway, Culver City

Background

The lease provides 30,507 square feet of office space for the Assessor's West District. Lease contract No. 72440 was approved on April 17, 2000 and will expire on April 16, 2010. The landlord has offered to reduce the rental rate by $1.56 per square foot per year in exchange for a two-year extension. The landlord's proposal would reduce the annual rental rate from approximately $21.10 to $19.54, which equates to a 7.4% reduction. The current annual lease cost is $643,563, and it would be reduced to $595,972.

Recommended Amendment/Fiscal Impact

CEO recommends amending this lease contract by adding two additional years to the lease term. The projected fiscal year savings have been approximated as follows:

2 YEAR EXTENSION: 7.4%	GROSS	NCC
2009-10 Savings: (9 months)	$35,693	$24,985
2010-11 Savings: (12 months)	$47,591	$33,314
TOTAL	**$83,284**	**$58,299**

Justification

An analysis performed by Chief Executive Office – Real Estate Division (CEO-RED) shows a lease contract extension is economically advantageous to the County because it will provide approximately $83,284 in savings, or $58,299 NCC savings based on a 70% NCC.

Lease Contract No. 72222 – Department of Children and Family Services (DCFS) five –year lease at 5100-5110 Goldleaf Circle, Los Angeles

Background

The lease provides 52,370 square feet of office space for DCFS Region II Program. Lease contract No. 72222, was approved on February 1, 2000 and will expire on January 31, 2010. The landlord has offered to reduce the rental rate by $1.56 per square foot per year in exchange for a two-year extension. The landlord's proposal would reduce the annual rental rate from approximately $31.28 to $29.72, which equates to a 5% reduction. The current annual lease cost is $1,638,451, and it would be reduced to $1,556,528.

Recommendation Amendment / Fiscal Impact

CEO recommends amending this lease contract by adding two additional years to the lease term. The projected fiscal year savings have been approximated as follows:

2 YEAR EXTENSION: 5%	GROSS	NCC
2009-10 Savings: (9 months)	$61,446	$15,361
2010-11 Savings: (12 months)	$81,923	$20,481
TOTAL	**$143,369**	**$35,842**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $143,369 in savings, or $35,842 in NCC savings based on a 25% NCC.

Lease Contract No. 73637 – Community and Senior Services ten-year lease at 12700 Avalon Boulevard, Los Angeles

Background

The lease provides 24,706 square feet of office space for the Community Worksource Program. Lease contract No. 73637, was approved on September 1, 2001 and will expire on November 30, 2012. The landlord has offered to reduce the rental rate by $1.20 per square foot per year in exchange for a five-year extension. The landlord's proposal would reduce the annual rental rate from approximately $23.92 to $22.72, which equates to a 5% reduction. The current annual lease cost is $591,047, and it would be reduced to $561,495.

Recommendation Amendment / Fiscal Impact

CEO recommends amending this contract by adding five additional years to the lease term. The projected fiscal year savings have been approximated as follows:

5 YEAR EXTENSION: 5%	
2009-10 Savings: (9 months)	$22,164
2010-11 Savings: (12 months)	$29,552
2011-12 Savings: (12 months)	$29,552
2012-13 Savings: (12 months)	$29,552
2013-14 Savings: (12 months)	$29,552
TOTAL	**$140,372**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $140,372, in subvened savings. There are no NCC costs associated with this lease contract.

Lease Contract No. 75314 – Departments of Mental Health (DMH) and Community and Senior Services (DCSS) five-year lease at 14122 S. Kingsley Drive, Gardena

Background

The lease provides 16,180 square feet of office space for DMH and DCSS for a Mental Health and Asian Service Center. The lease term will expire on June 13, 2010. The landlord has offered to reduce the rental rate by $0.67 per square foot per year in exchange for a one-year extension. The landlord's proposal would reduce the annual rental rate from approximately $13.49 to $12.82, which equates to a 5% reduction. The current annual lease cost is $218,264, and it would be reduced to $207,350.

Recommended Amendment / Fiscal Impact

CEO recommends amending this contract by adding one additional year to the lease term. The projected fiscal year savings have been approximated as follows:

1 YEAR EXTENSION: 5%	**GROSS**	**NCC**
2009-10 Savings: (9 months)	$7,555	$3,777
2010-11 Savings: (12 months)	$10,913	$5,457
TOTAL	**$18,468**	**$9,234**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $18,468 in savings, or $9,234 in NCC savings based on a 50% NCC.

Lease Contract No. 72796 – Department of Public Social Services (DPSS) ten-year lease at 21415-21615 Plummer Street, Chatsworth

Background

Lease contract No. 72796 provides 164,500 square feet of office space for DPSS' In Home Supportive Services and CalWorks programs. The lease term will expire on November 30, 2010. The landlord has offered to reduce the rental rate by $1.17 per square foot per year and install new paint and carpet in exchange for a seven-year extension. The landlord's proposal would reduce the annual rental rate from approximately $23.43 to $22.26, which equates to a 5%

reduction. The current annual lease cost is $3,854,237, and it would be reduced to $3,661,525.

Recommendation Amendment/Fiscal Impact

CEO recommends amending this contract by extending the term seven years. The projected fiscal year savings have been approximated as follows:

7 YEAR EXTENSION: 5%	GROSS	NCC
2009-10 Savings: (9 months)	$144,534	$13,008
2010-11 Savings: (12 months)	$192,712	$17,344
2011-12 Savings: (12 months)	$192,712	$17,344
2012-13 Savings: (12 months)	$192,712	$17,344
2013-14 Savings: (12 months)	$192,712	$17,344
2014-15 Savings: (12 months)	$192,712	$17,344
TOTAL	**$1,108,094**	**$99,728**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $1,108,094 in savings, or $99,728 in NCC savings based on a 9% NCC.

Lease Contract No. 60549 – Department of Public Social Services (DPSS) ten-year lease at 17600 S. Santa Fe Avenue, Rancho Dominguez

Background

Lease contract No. 60549 provides 133,000 square feet of office space for DPSS South Family, South Special and South Region District Office. The ten-year lease was approved on April 5, 1990 and will expire on March 4, 2010. The landlord has offered to reduce the rental rate by $2.35 per square foot per year in exchange for a five-year extension. The landlord's proposal would reduce the annual rental rate from approximately $23.51 to $21.16, which equates to a 10% reduction. The current annual lease cost is $3,126,777, and it would be reduced to $2,814,099.

Recommendation Amendment / Fiscal Impact

CEO recommends amending this contract by extending the term five years. The projected fiscal year savings have been approximated as follows:

5 YEAR EXTENSION: 10%	GROSS	NCC
2009-10 Savings: (9 months)	$234,508	$21,106
2010-11 Savings: (12 months)	$312,678	$28,141
2011-12 Savings: (12 months)	$312,678	$28,141
2012-13 Savings: (12 months)	$312,678	$28,141
2013-14 Savings: (12 months)	$312,678	$28,141
TOTAL	**$1,485,220**	**$133,670**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $1,485,220 in savings, or $133,670 in NCC savings based on a 9% NCC.

Lease Contract No 71823 – Department of Public Social Services (DPSS) ten-year lease at 5200 W. Century Boulevard, Los Angeles

Background

Lease contract No. 71823 provides 50,147 square feet of office space for DPSS' GAIN Program. The lease term will expire on March 14, 2010. The landlord has offered to reduce the rental rate by $5.20 per square foot per year in exchange for a five-year extension. The landlord's proposal would reduce the annual rental rate from approximately $25.60 to $20.40, which equates to a 20% reduction. The current annual lease cost is $1,283,790, and it would be reduced to $1,022,999.

Recommendation Amendment / Fiscal Impact

CEO recommends amending this contract by extending the term five additional years. The projected savings have been approximated as follows:

5 YEAR EXTENSION: 20%	GROSS	NCC
2009-10 Savings: (9 months)	$195,593	$17,603
2010-11 Savings: (12 months)	$260,791	$23,471
2011-12 Savings: (12 months)	$260,791	$23,471
2012-13 Savings: (12 months)	$260,791	$23,471
2013-14 Savings: (12 months)	$260,791	$23,471
TOTAL	**$1,238,757**	**$111,487**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $1,238,757 in savings, or $111,487 in NCC savings based on a 9% NCC.

Lease Contract No. 73726 – Department of Children and Family Services (DCFS) five –year lease at 5035 West Slauson Avenue, Los Angeles

Background

The lease provides 5,788 square feet of office space for DCFS. The lease term will expire on June 23, 2010. The landlord has offered to reduce the rental rate by $1.43 per square foot per year in exchange for a five-year extension. The landlord's proposal would reduce the annual rental rate from approximately

$28.68 to $27.24, which equates to a 5% reduction. The current annual lease cost is $165,989, and it would be reduced to $157,689.

Recommendation Amendment/Fiscal Impact

CEO recommends amending this lease contract by adding five additional years to the lease term. The projected fiscal year savings have been approximated as follows:

5 YEAR EXTENSION: 5%	**GROSS**	**NCC**
2009-10 Savings: (9 months)	$6,225	$1,556
2010-11 Savings: (12 months)	$8,299	$2,075
TOTAL	**$14,524**	**$3,631**

Justification

An analysis performed by CEO-RED shows this contract extension is economically advantageous to the County because it will provide approximately $14,524 in savings, or $3,631 in NCC savings based on a 25% NCC.

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

August 27, 2009

TO: William T Fujioka
Chief Executive Officer

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CONTRACT EXTENSION AND COST REDUCTION APPROVAL REQUEST**

On June 16, 2009 the Board of Supervisors, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendment <u>to reduce cost and extend terms only</u> (amendments will be approved as to form by County Counsel):

Contract for Annual Financial Audits

<u>Background</u>

On June 7, 2007, the Board approved a three-year contract with Macias Gini & O'Connell LLP (MGO) to perform annual audits of the County's financial statements and

grants as required by the Federal Single Audit Act. The contract applies to the financial records for Fiscal Years' (FY) 2006-07, 2007-08, and 2008-09. Audit fees are budgeted in the General Fund's Nondepartmental Special Accounts in the same fiscal year that is subject to the audit. These expenditures are entirely net County cost.

At the Auditor-Controller's discretion, contract options are exercisable for audits of FY 2009-10 and 2010-11. We intend to exercise the first option year (FY 2009-10) upon the successful completion of the FY 2008-09 audits, which are anticipated in March 2010. The maximum fees for the FY 2009-10 and 2010-11 audits are $1,144,082 and $1,200,452, respectively. The maximum fees for the audit currently in progress for 2008-09 are $1,089,726.

Recommended Amendment/Fiscal Impact

MGO has offered a 2% discount in exchange for a one-year extension (FY 2011-12) or, a 3% discount in exchange for a two-year extension (FY 2011-12 and 2012-13). We recommend that the County accept MGO's proposal for a 3% discount in exchange for a two-year extension. This recommended amendment would reduce the cost of the FY 2009-10 and 2010-11 audits by $34,322 and $36,014, respectively, for a total savings of $70,336 over the remaining maximum contract period. Applying the 3% discount to the two-year contract extension period would provide additional savings of $72,028, based on the FY 2010-11 contract price. The full amount of savings achieved represents net County cost.

Justification

The County's audit contract fulfills a federal mandate (Single Audit Act) to have an annual independent audit of the County's federal financial assistance. The audit also covers the County's financial statements, which are relied upon by the bond rating agencies, the investment community, and the public.

The number of firms qualified and staffed to perform audits of this magnitude is limited. The most recent solicitation for the audits was sent to 24 firms in 2007. The County received two bids, one of which was submitted by MGO. The MGO bid was competitively priced and the firm has met or exceeded all performance expectations since the contract's inception.

MGO's proposal in 2007 was priced without knowledge of the severe economic downturn and the resultant federal stimulus package. Funds made available to the County pursuant to the American Recovery and Investment Act (ARRA) are subject to the Single Audit Act. ARRA funding is expected to significantly increase the amount and scope of federal funding that will require audit coverage by MGO. The not-to-exceed contract amounts negotiated with MGO do not provide additional funding for the unforeseen work effort that MGO will possibly incur. MGO estimates a 10% increase in

work effort (at an approximate billing cost of $100,000 per year) due to the effects of ARRA. MGO cited this as a factor in limiting their ability to offer a discount to the County beyond 3%. We agree with their observations and believe that the County will realize substantial savings beyond those specified in this reduction proposal by locking-in a reduced contract amount that includes the ARRA-related audit work.

Please call me if you have any questions, or your staff may contact John Naimo at (213) 974-8484.

WLW:JN

c: Robert E. Kalunian, Acting County Counsel

ATTACHMENT III

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

ROBERT E. KALUNIAN
Acting County Counsel

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August 27, 2009

TO: WILLIAM T FUJIOKA
Chief Executive Officer

FROM: ROBERT E. KALUNIAN REK
Acting County Counsel

RE: **Contract Extension/Reduction**

On June 16, 2009, the Board of Supervisors, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office ("CEO"), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendments <u>to reduce costs and extend terms only</u> (amendments will be approved as to form by County Counsel):

Background

Cal Serve provides As-needed Service of Process upon request from County Counsel's legal, paralegal, secretarial, administrative, and management personnel. This contract was entered into on July 1, 2006, and expires on June 30, 2010, with the option to extend the term of the Agreement to June 30, 2011. The contract cost for this agreement is based on usage and varies each month. Please note that all costs for our services contracts are billed to individual client departments, as a result, there is no net County cost for our department.

Recommended Amendment/Fiscal Impact

We recommend a one-year extension term (2009-2010) for an 8 percent cost reduction proposed by Cal Serve. According to the expenditures for fiscal year 08/09 which are based on usage, we anticipate a cost reduction of approximately $2,514.

Justification

The Department informed our services contract vendors that due to the significant budget challenges that the County of Los Angeles is facing, we are requesting that contractors consider reducing their rates in exchange for an extension of the contract term without any competitive bidding. As a result, Cal Serve offered a percentage contract cost reduction of 8 percent in exchange for a one-year extension. The proposed percentage reduction will extend the service agreement allowing for the continued provision of the services provided by Cal Serve, and eliminate the need to competitively solicit for these services as well as reduce County cost.

Please let me know if you have any questions, or your staff may contact Veritta Smith at (213) 974-0718, or by email at vsmith@counsel.lacounty.gov.

REK:vs

ATTACHMENT IV

COUNTY OF LOS ANGELES

FIRE DEPARTMENT

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294
(323) 881-2401

P. MICHAEL FREEMAN
FIRE CHIEF
FORESTER & FIRE WARDEN

August 27, 2009

TO: WILLIAM T FUJIOKA
CHIEF EXECUTIVE OFFICER

FROM: P. MICHAEL FREEMAN Daryl L. Osby for PMF

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

On June 16, 2009 the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendments to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 1 (Harbor-UCLA Medical Foundation Division of Cardiology)

Background

Harbor-UCLA Medical Foundation Division of Cardiology provides the district a cardiovascular evaluation program on a referral basis in order to evaluate potential clinically silent heart disease through a clear and expedient testing process for the District's safety personnel. The initial term of the contract is three (3) years which expires on April 30, 2010. This contract has two (2) one-

year extensions, and may include an additional six (6) month-to-month extensions. The total cost of this contract is $200,000 per fiscal year

Recommended Amendment/Fiscal Impact

Harbor-UCLA is offering a 15% saving for the first extension from May 1, 2010 - April 30, 2011 for a total of $30,000, which is a non-County Cost (NCC) saving and 25% saving for the second extension from May 1, 2011 - April 30, 2012, which totals $50,000 also a non-NCC.

Justification

This is a service that was established through a purchase order and has exceeded the procurement aggregated amount of $100,000, making it necessary to establish a contract in order to continue providing this service.

In 2007, The District issued a Request for Proposal (RFP) seeking vendors to provide a Cardiovascular Evaluation Program for the District's Safety Personnel. The responses were received from one (1) company. Because of this unique program and Harbor-UCLA's intimate knowledge of heart disease, soliciting proposals and qualification statement would not be cost-effective to the District.

Contract No. 2 (Alpha & Omega Respirator Fit Testing Service)

Background

The purpose of this contract is to enable the District to be in compliance with the mandated regulation from California Occupational Safety and Health. The California Code of Regulations, Title 8, Section 5144 Respirator Protective Equipment states that employees that are required to use a respirator in the performance of their duty shall:

- *Be tested for the proper fitting of a face piece prior to the initial use of a respirator.*
- *Be tested at least annually thereafter.*

The initial term of the contract is three (3) years which expires on February 11, 2010. This contract has two (2) one-year extensions, and may include an additional six (6) month-to-month extensions. The total cost of this contract is $170,000 per fiscal year.

Recommended Amendment/Fiscal Impact

Alpha & Omega is offering a 2% saving for the first extension from February 12, 2010 - February 11, 2011 for a total of $3,400, which is a non-County Cost (NCC) saving and a 5% saving for the second extension from February 11, 2011 - February 11, 2012, which totals $8,500 also a non-NCC.

Justification

This service is used to properly fit the face piece respirator. Due to the various schedules of firefighters, it is necessary to have a contractor that is local and can accommodate the schedule conflict. Other contractors were located, but they were out of state and would not be able to

accommodate the schedules. Based on the Cal-OSHA requirement that we must comply with, soliciting proposals and qualification statements would not be cost-effective to the District due to locations and scheduling problems with the contractors.

Contract No. 3 (Franklin D. Pratt, M.D., Inc)

Background

Franklin D. Pratt, M.D., Inc. provides EMS quality assurance expertise, design, implementation and supervision support services for the District. The District requires the continuation of Medical Director Services for emergency medical program quality assurance expertise, design and implementation support services and to ensure compliance with State Emergency Medical Authority regulations. Dr. Pratt provides the necessary experience and background to monitor the performance of EMS personnel to maintain a level of quality assurance, which will provide service to the public and limit the District's exposure to liability claims.

The initial term of the contract is three (3) years which expired on December 31, 2008. This contract is in its second one-year extension, and may include an additional twelve (12) month-to-month extensions. The total cost of this contract is $110,983.56 this fiscal year.

Recommended Amendment/Fiscal Impact

Franklin D. Pratt, M.D., Inc. is offering a 35% saving on reimbursable expenses for the second extension from January 1, 2010 - December 31, 2010 only, for a total of $7.855.16, which is a non-County Cost (NCC) saving.

Justification

This contract is a continuation of Medical Director Services provided to the District since 1988 and reviewed in January of 1998 and 2005. Because of this long-term relationship with the District and Dr. Pratt's intimate knowledge of the District's paramedic program, soliciting proposals and qualification statements would not be cost-effective to the District.

Please let me know if you have any questions, or your staff may contact James Ealey, Chief, Materials Management Division at 323-838-2270 or jealey@fire.lacounty.gov.

PMF:ll

c: County Counsel

COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES

HEADQUARTERS
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LISA M. GARRETT
ACTING DIRECTOR OF PERSONNEL

August 25, 2009

To: William T Fujioka
Chief Executive Officer

From: Lisa M. Garrett
Acting Director of Personnel

Subject: **CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST**

On June 16, 2009 the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, we are recommending that the CEO propose to the Board of Supervisors the following contract amendments to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 1 (Talx Corporation)

Background

The Department of Human Resources (DHR) has had a contract with Talx (formerly Employer's Unity, Inc) since October 2003. Talx provides administrative services for

unemployment insurance claims. Talx is currently in its first year of a two-year option extension period which began on February 1, 2009. If the second year of the two-year option is exercised the contract will expire on January 31, 2011. The annual cost of this contract is $25,072 and there is no net County cost (NCC) to DHR associated with this contract; however, there is a savings to other County departments since DHR will not bill them for these costs.

Recommended Amendment/Fiscal Impact

The contract is currently in its first year of a two-year option extension period which began February 1, 2009 and ends January 31, 2011. Talx has agreed to provide the County with a 12% reduction in rates through the end of the two-year extension period as well as the future two-year extension period provided for under this amendment. The estimated savings for FY 2009-10, which would begin October 1, 2009 if approved by the Board in September, would be $2,300 and for FY 2010-11 would be $2,500. There is no NCC savings to DHR; however, there is a savings to other County departments since DHR will not bill them for these costs.

Justification

We are recommending extending this contract at the 12% reduction per year for the remainder of this extension year and next as the current contract provides. In addition, we recommend extending for two additional years at the reduced rate offered by Talx and authorized by the Board initiative. During the last competitive bid process, Talx (formerly Employers Unity, Inc) was one of two bidders and the other bidder's rates were significantly higher.

Please contact me at (213) 974-2406 if you have any questions, or your staff may contact Elizabeth Maldonado of my staff at (213) 893-7817 or emaldonado@hr.lacounty.gov.

LMG:MLH
ADC:EM:tdb

c: County Counsel

ATTACHMENT VI

LOS ANGELES COUNTY ISD INTERNAL SERVICES

Tom Tindall
Director

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

To enrich lives through effective and caring service.

Telephone: (323) 267-3101
FAX: (323) 415-8664

August 31, 2009

To: William T Fujioka
Chief Executive Officer

From: Tom Tindall Tom Tindall
Director

Subject: **CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST**

On June 16, 2009 the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendments <u>to reduce cost and extend terms only</u> (amendments will be approved as to form by County Counsel):

Contract No. 1 - American Heritage Landscape LP for Landscape Services (Contract #75620)

Background

- The Board approved the current landscape services contract to American Heritage Landscape LP (American) on April 4, 2006.
- American provides landscaping services to County Departments at approximately 28 locations throughout the County.

- The term of the contract is for an initial three (3) year period with two (2) one-year renewal and six (6) month-to-month extension options. If all options are exercised, the contract term will extend through October 3, 2011.
- The contract is in the first one-year option period through April 3, 2010.
- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $364,584.

Recommended Amendment/Fiscal Impact

American has proposed a 10 percent reduction for a one year extension and a 15 percent reduction applied to a second year extension. The Internal Services Department (ISD) is recommending a two year extension beyond the remaining term identified above. As a result, the cost savings are estimated to be as follows: $27,000 for FY2009-10; $36,000 for FY2010-11 and $41,000 for FY2011-12.

Justification

ISD contacted American to discuss a potential contract cost reduction which could result in additional option years added to the current contract. American responded with a significant proposed cost reduction for a one and two year extension period (10% and 15% respectively). After a careful review of the services provided by American, ISD found that accepting this contractor's offer would be advantageous by obtaining a fixed reduced contract cost through 2013, reducing the resources required to solicit for the contracted services, and continuing services which have already been demonstrated to be cost effective.

Contract No. 2 - Premier Building Maintenance for Custodial Services (Contract #75322)

Background

- The Board approved the current custodial services contract to Premier Building Maintenance (Premier) on June 21, 2005.
- Premier provides custodial services to County Departments at approximately 47 locations throughout the County.
- The term of the contract is for an initial three (3) year period with two (2) one-year renewal and six (6) month-to-month extension options.
- The contract is in the last one-year option period through June 20, 2010.
- There are six (6) month-to-month extension options remaining through December 20, 2010.
- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $11,288,784.

Recommended Amendment/Fiscal Impact

Premier has proposed a five percent reduction for a two year contract extension. ISD is recommending a two year extension beyond the remaining term identified above. As a result, the cost savings are estimated to be as follows: $423,000 for FY2009-10; $564,000 for FY2010-11 and $564,000 for FY2011-12.

Justification for Contracts Number 2, 3 and 4

ISD contacted Premier, Reliable and KC Building to discuss a potential contract cost reduction which could result in additional option years added to the current contract. These contractors responded with a significant proposed cost reduction for a two year extension period. After a careful review of the services provided by these contractors, ISD found that accepting these offers would be advantageous by obtaining a fixed reduced contract cost through 2012, reducing the resources required to solicit for the contracted services, and continuing services which have already been demonstrated to be cost effective.

Contract No. 3 - Reliable Building Maintenance for Custodial Services (Contract #75321)

Background

- The Board approved the current custodial services contract to Reliable Building Maintenance (Reliable) on June 21, 2005.
- Reliable provides custodial services to County Departments at approximately 37 locations throughout the County.
- The term of the contract is for an initial three (3) year period with two (2) one-year renewal and six (6) month-to-month extension options.
- The contract is in the last one-year option period through June 20, 2010.
- There are six (6) month-to-month extension options remaining through December 20, 2010.
- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $1,563,333.

Recommended Amendment/Fiscal Impact

Reliable has proposed a six percent reduction for a two year contract extension. ISD is recommending a two year extension beyond the remaining term identified above. As a result, the cost savings are projected to be as follows: $70,000 for FY2009-10; $94,000 for FY2010-11 and $94,000 for FY2011-12.

Contract No. 4 – KC Building Maintenance for Custodial Services (Contract #75320)

Background

- The Board approved the current custodial services contract to KC Building Maintenance (KC Building) on June 21, 2005.
- KC Building provides custodial services to County Departments at approximately 17 locations throughout the County.
- The term of the contract is for an initial three (3) year period with two (2) one-year renewal and six (6) month-to-month extension options.
- The contract is in the last one-year option period through June 20, 2010.
- There are six (6) month-to-month extension options remaining through December 20, 2010.
- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $3,165,443.

Recommended Amendment/Fiscal Impact

KC Building has proposed a five percent reduction for a two year contract extension. ISD is recommending a two year extension beyond the remaining term identified above. As a result, the cost savings are estimated to be as follows: $119,000 for FY2009-10; $158,000 for FY2010-11 and $158,000 for FY2011-12.

If you require further information, your staff may contact Yolanda Young, Contracting Division Manager at (323) 267-3101 or yyoung@isd.lacounty.gov.

TT:YY:yy

c: County Counsel

ATTACHMENT VII

COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION
"Creating Community Through People, Parks and Programs"
Russ Guiney, Director

September 2, 2009

TO: William T Fujioka
Chief Executive Officer

FROM: Russ Guiney, Director,
Department of Parks and Recreation

SUBJECT: CONTRACT AND COST REDUCTION APPROVAL REQUEST

On June 16, 2009 the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

The Department of Parks and Recreation, in accordance with the CEO's instructions, performed its due diligence by notifying 41 Proposition A Contractors and successfully negotiated 25 contracts for a contract cost reduction ranging from three percent (3%) to seven percent (7%). The recommended contract amendments to reduce the contract cost and extend the contract term is economically advantageous to the County as compared to a new solicitation because: 1) the landscape maintenance industry costs are driven by increased labor, fuel and insurance costs resulting in increased costs over the past 10 years; 2) the contract term extension allows the County to capture its contract cost savings over a longer period of time by maintaining the current fixed cost for labor and fuel and avoid any increased cost spike relevant to the market trend for labor and fuel.

The economic advantage of these contract term extensions is that the Contract Development Staff can dedicate their time to developing revenue generating contracts that benefit the County by increasing revenues; furthermore, by allowing Contract Development Staff additional time to initiate re-negotiations with current Contractors to increase the Capital Improvements, in which the County will capitalize on, by requiring Contractors to improve; build; and add-on to various County facilities in exchange for a long term agreement. Such Capital Improvements include construction projects for pro-shops at the golf courses and tennis facilities, improvement of the swim parks, such as, Raging Waters, and improvements to the four equestrian facilities, which ultimately results in savings of net county cost (NCC) by reducing the County staff required to perform these services and decrease the likelihood of forgoing any improvements to worn, damaged and aged facilities, which ultimately benefits the County, by having an improved, safer and more enjoyment facility for the public and local communities.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendments, identified in Attachment I, <u>to reduce cost and extend terms only</u> (amendments will be approved as to form by County Counsel).

Upon receiving approval from the Board and further direction from the CEO, the Department will target to implement the amendments beginning October 1, 2009. The total contract savings through this initiative for Fiscal Year 2009-10 is $142,854, of which $104,782 is NCC and $38,072 is from assessments collected from homeowners under the Landscape and Lighting Act Districts (LLAD).

RG:CM:ee

Attachment

Agreement No. 75932

Background Information: On November 21, 2006, the Board approved a Prop A contract for Mowing Services at Whittier Narrows Recreation Area with Azteca Landscape Services, Agreement No. 75932 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 12/1/2011 the annual NCC cost is $227,349.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 7 percent annual cost reduction resulting in a NCC savings of $11,936 for FY 2009-10 and NCC savings of $15,914 for FY 2010-11.

- NCC for FY 2009-10 is $215,413
- NCC for FY 2010-11 is $211,434

Below is a five year projection of the NCC savings as a result of the recommended action.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
$11,936	$15,914	$15,914	$15,914	$15,914	$75,592

Agreement No. 76083

Background Information: On 5/1/07, the Board approved a Prop A contract for Park Maintenance Services at Schabarum Park with Azteca, Agreement No. 76083 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 5/31/12 the annual NCC cost is $32,297.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 7 percent annual cost reduction resulting in a NCC savings of $1,696 for FY 2009-10 and NCC savings of $2,261for FY 2010-11.

- NCC for FY 2009-10 is $30,601
- NCC for FY 2010-11 is $30,036

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
$1,696	2,262	2,262	2,262	2,262	$10,744

Agreement No. 75173

Background Information: On 1/11/05, the Board approved a Prop A contract for Tree Maintenance Services at Schabarum Park with Horio Landscape, Agreement No. 75173 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 1/10/2010 the annual NCC cost is $25,928.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $583 for FY 2009-10 and NCC savings of $778 for FY 2010-11.

- NCC for FY 2009-10 is $25,345
- NCC for FY 2010-11 is $25,150

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
583	778	778	778	778	$3,695

Agreement No. 76369

Background Information: On 11/01/07, the Board approved a Prop A contract for Mowing Services at Santa Clarita Valley Area Parks with Rich Meier's Landscape, Agreement No. 76369 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 10/31/12 the annual NCC cost is $94,889.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $2,135 for FY 2009-10 and NCC savings of $2,847 for FY 2010-11.

- NCC for FY 2009-10 is $92,754
- NCC for FY 2010-11 is $92,042

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
2,135	2,847	2,847	2,847	2,847	$13,523

Agreement No. 76379

Background Information: On 12/01/07, the Board approved a Prop A contract for Landscape Services at Veterans Memorial Park with Rich Meier's Landscape, Agreement No. 76379 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 11/30/12 the annual NCC cost is $ 165,476.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $3,723 for FY 2009-10 and NCC savings of $4,964 for FY 2010-11.

- NCC for FY 2009-10 is $161,753,
- NCC for FY 2010-11 is $160,512

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
3,723	4,964	4,964	4,964	4,964	$23,579

Agreement No. 76380

Background Information: On 12/01/07, the Board approved a Prop A contract for Landscape Services at El Cariso Park with Rich Meier's Landscape, Agreement No. 76380 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 11/30/12 the annual NCC cost is $196,809.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $4,428 for FY 2009-10 and NCC savings of $5,904 for FY 2010-11.

- NCC for FY 2009-10 is $192,381
- NCC for FY 2010-11 is $190,90

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
4,428	5,904	5,904	5,904	5,904	$28,044

Agreement No. 76386

Background Information: On 12/01/07, the Board approved a Prop A contract for Mowing Services at Antelope Valley Area Parks with Rich Meier's Landscape, Agreement No. 76386 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 11/30/12 the annual NCC cost is $ 56,330.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $1,267 for FY 2009-10 and NCC savings of $1,690 for FY 2010-11.

- NCC for FY 2009-10 is $55,063
- NCC for FY 2010-11 is $54,640

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
1,267	1,690	1,690	1,690	1,690	$8,027

Agreement No. 76459

Background Information: On 1/15/08, the Board approved a Prop A contract for Landscape Services at Castaic Lake Recreation Area with Rich Meier's Landscape, Agreement No. 76459 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 1/31/13 the annual NCC cost is $464,029.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $10,441 for FY 2009-10 and NCC savings of $13,921 for FY 2010-11.

- NCC for FY 2009-10 is $453,588
- NCC for FY 2010-11 is $450,108

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
10,441	13,921	13,921	13,921	13,921	$66,125

Agreement No. 75863

Background Information: On 8/29/06, the Board approved a Prop A contract for Landscape Services at Arcadia Area Parks with TruGreen LandCare, and assigned to Service Scape on X March 2009, Agreement No. 75863 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $ 207,981.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $4,680 for FY 2009-10 and NCC savings of $6,239 for FY 2010-11.

- NCC for FY 2009-10 is $203,301
- NCC for FY 2010-11 is $201,741

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
4,680	6,239	6,239	6,239	6,239	$29,636

Agreement No. 75902

Background Information: On 10/17/06, the Board approved a Prop A contract for Landscape Services at Foothill Community Parks with TruGreen LandCare and assigned to Service Scape on ____, Agreement No. 75902 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 11/30/11 the annual NCC cost is $ 265,867.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $5,982 for FY 2009-10 and NCC savings of $7,976 for FY 2010-11.

- NCC for FY 2009-10 is $259,885
- NCC for FY 2010-11 is $257,891

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
5,982	7,986	7,986	7,986	7,986	$37,926

Agreement No. 76081

Background Information: On 5/01/07, the Board approved a Prop A contract for Mowing Services at East Los Angeles Area Parks with Toribio Landscape, Inc., Agreement No. 76081 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 5/31/12 the annual NCC cost is $ 21,308.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $479 for FY 2009-10 and NCC savings of $639 for FY 2010-11.

- NCC for FY 2009-10 is $20,828
- NCC for FY 2010-11 is $20,669

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
479	639	639	639	639	$3,035

Agreement No. 76458

Background Information: On 1/15/08, the Board approved a Prop A contract for Landscape Services at South Agency Area Parks with Toribio Landscape, Inc., Agreement No. 76458 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 1/31/13 the annual NCC cost is $ 134,736.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 3 percent annual cost reduction resulting in a NCC savings of $3,032 for FY 2009-10 and NCC savings of $4,042 for FY 2010-11.

- NCC for FY 2009-10 is $131,704
- NCC for FY 2010-11 is $130,694

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
3,032	4,042	4,042	4,042	4,042	$19,200

Agreement No. 10266

Background Information: On 9/26/06, the Board approved a Prop A contract for Landscape Services at Belvedere Area Parks with TruGreen LandCare # 6245, Landscape Services, Inc. Agreement No.10266 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 9/30/11 the annual NCC cost is $ 221,012.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $8,288 for FY 2009-10 and NCC savings of $11,051 for FY 2010-11.

- NCC for FY 2009-10 is $212,724
- NCC for FY 2010-11 is $209,961

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
8,288	11,051	11,051	11,051	11,051	$52,492

Agreement No. 75857

Background Information: On 8/26/06, the Board approved a Prop A contract for Landscape Services at Ladera Area Parks with TruGreen LandCare # 6245, Agreement No. 75857 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $ 97,751.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $3,666 for FY 2009-10 and NCC savings of $4,888 for FY 2010-11.

- NCC for FY 2009-10 is $94,085
- NCC for FY 2010-11 is $92,863

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
3,666	4,888	4,888	4,888	4,888	$23,218

Agreement No. 75858

Background Information: On 8/29/06, the Board approved a Prop A contract for Mowing Services at Alondra Park with TruGreen LandCare # 6245, Agreement No. 75858 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $31,519.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $1,182 for FY 2009-10 and NCC savings of $1,576 for FY 2010-11.

- NCC for FY 2009-10 is $30,337
- NCC for FY 2010-11 is $29,943

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
1,182	1,576	1,576	1,576	1,576	$7,486

Agreement No. 75859

Background Information: On 8/29/06, the Board approved a Prop A contract for Mowing Services at Kenneth Hahn with TruGreen LandCare #6245, Agreement No. 75859 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $ 63,428.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $2,379 for FY 2009-10 and NCC savings of $3,171 for FY 2010-11.

- NCC for FY 2009-10 is $61,049
- NCC for FY 2010-11 is $60,257

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
2,379	3,171	3,171	3,171	3,171	$15,063

Agreement No. 75860

Background Information: On 8/29/06, the Board approved a Prop A contract for Mowing Services at Magic Johnson Park with TruGreen LandCare # 6245, Agreement No. 75860 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $55,849.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $2,094 for FY 2009-10 and NCC savings of $2,792 for FY 2010-11.

- NCC for FY 2009-10 is $53,755
- NCC for FY 2010-11 is $53,057

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
2,094	2,792	2,792	2,792	2,792	$13,262

Agreement No. 75861

Background Information: On 8/29/06, the Board approved a Prop A contract for Landscape Services at Cerritos Community Park with TruGreen LandCare #6245, Agreement No. 75861 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $ 225,457.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $8,455 for FY 2009-10 and NCC savings of $11,273 for FY 2010-11.

- NCC for FY 2009-10 is $217,002
- NCC for FY 2010-11 is $214,184

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
8,455	11,273	11,273	11,273	11,273	$53,547

Agreement No. 75862

Background Information: On 8/29/06, the Board approved a Prop A contract for Landscape Services at La Mirada Regional Park with TruGreen LandCare, Agreement No. 75862 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 8/31/11 the annual NCC cost is $ 157,004.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $5,925 for FY 2009-10 and NCC savings of $7,900 for FY 2010-11.

- NCC for FY 2009-10 is $152,069
- NCC for FY 2010-11 is $150,094

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
5,925	7,900	7,900	7,900	7,900	$37,525

Agreement No. 75904

Background Information: On 10/17/06, the Board approved a Prop A contract for Landscape Services at Hacienda Heights Community Parks with TruGreen LandCare #6245, Agreement No. 75904 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 10/31/11 the annual NCC cost is $228,205.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $ 8,558 for FY 2009-10 and NCC savings of $11,410 for FY 2010-11.

- NCC for FY 2009-10 is $219,648
- NCC for FY 2010-11 is $216,795

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
8,558	11,410	11,410	11,410	11,410	$54,198

Agreement No. 75929

Background Information: On 6/4/08, the Board approved a Prop A contract for Landscape Services at Adventure Park with TruGreen LandCare, Agreement No. 75929 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 12/31/13 the annual NCC cost is $ 79,235.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $2,971 for FY 2009-10 and NCC savings of $3,962 for FY 2010-11.

- NCC for FY 2009-10 is $76,264
- NCC for FY 2010-11 is $75,274

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
2,971	3,962	3,962	3,962	3,962	$18,819

Agreement No. 76001

Background Information: On 1/16/07, the Board approved a Prop A contract for Landscape Services at South Whittier Area Parks with TruGreen LandCare, Agreement No. 76001 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 2/1/12 the annual NCC cost is $ 215,360.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $8,076 for FY 2009-10 and NCC savings of $10,768 for FY 2010-11.

- NCC for FY 2009-10 is $207,284
- NCC for FY 2010-11 is $204,592

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
8,076	10,768	10,768	10,768	10,768	$51,148

Agreement No. 76367

Background Information: On 76367, the Board approved a Prop A contract for Landscape Services at Amigo Park with TruGreen LandCare, Agreement No. 76367 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 10/31/12 the annual NCC cost is $74,830.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5 percent annual cost reduction resulting in a NCC savings of $2,806 for FY 2009-10 and NCC savings of $3,742 for FY 2010-11.

- NCC for FY 2009-10 is $72,024
- NCC for FY 2010-11 is $71,089

Below is a five year projection of the savings as a result of this recommendation.

FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
2,806	3,742	3,742	3,742	3,742	$17,774

Special Districts
Landscape and Lighting Act District (LLAD)
NON-NCC

Agreement No. 76080

Background Information: On 5/01/07, the Board approved a Prop A contract with Oakridge Landscape, Inc. for Landscape and Ground Maintenance Services at 1) Zone 74 Tesoro Del Valle Area; 2) Zone 51 Valencia High School; 3) Zone 71 Haskell Canyon Ranch and 4) Zone 72 Copperhill 22, all for Agreement No. 76080 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 4/30/12 the annual cost for 1) Zone 74 -$226,510; 2) Zone 51 -$226,381; 3) Zone 71- $62,258 and 4) 72 - $9,164. The LLD contracts are funded through property tax assessments on approximately 25,000 parcels pursuant to Landscape and Lighting Act of 1972. The funding for each Zone is collected from the property tax bills to maintain the landscape and improvements. By law LLAD funds must only be used within the District and zones.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 6.5% percent annual cost reduction resulting in a savings.

Below is a five year projection of the savings as a result of this recommendation.

	FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
Zone 51	$ 11,036	$ 14,715	$ 14,715	$ 14,715	$ 14,715	$ 69,896
Zone 71	$ 3,035	$ 6,070	$ 6,070	$ 6,070	$ 6,070	$ 27,315
Zone 72	$ 447	$ 893	$ 893	$ 893	$ 893	$ 4,019
Zone 74	$ 11,042	$ 22,085	$ 22,085	$ 22,085	$ 22,085	$ 99,382
	$ 25,560	$ 43,763	$ 43,763	$ 43,763	$ 43,763	**$ 200,612**

Agreement No. 76113

Background Information: On 2/01/05, the Board approved a Prop A contract with Oakridge Landscape, Inc. for Landscape and Ground Maintenance Services at 1) Zone 73 Westridge 2) Zone 75 Westridge Area Wide; Agreement No. 76113 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 4/30/12 the annual cost for 1) Zone 73 -$247,834; 2) Zone 75 - $18,832 The LLD contracts are funded through property tax assessments on approximately 25,000 parcels pursuant to Landscape and Lighting Act of 1972. The funding for each Zone is collected from the property tax bills to maintain the landscape and improvements. By law LLAD funds must only be used within the District and zones.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 5% percent annual cost reduction resulting in a savings.

Below is a five year projection of the savings as a result of this recommendation.

	FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
Zone 73	$ 9,294	$ 18,588	$ 18,588	$ 18,588	$ 18,588	$ 83,646
Zone 75	$ 706	$ 1,412	$ 1,412	$ 1,412	$ 1,412	$ 6,354
	$ 10,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	**$ 90,000**

Agreement No. 76921

Background Information: On 2/01/05, the Board approved a Prop A contract with Oakridge Landscape, Inc. for Landscape and Ground Maintenance Services at 1) Zone 44 Bouquet Canyon; 2) Zone 48 Shadow Hills, Agreement No. 76921 for a term of 2 years with 3-one year contract renewal options for a total of five years. The contract expiration date is 2/01/14, the annual cost for 1) Zone 44 -$47,756; 2) Zone 48-$35,982. The LLD contracts are funded through property tax assessments on approximately 25,000 parcels pursuant to Landscape and Lighting Act of 1972. The funding for each Zone is collected from the property tax bills to maintain the landscape and improvements. By law LLAD funds must only be used within the District and zones.

Recommended Amendment/Fiscal Impact: Recommend 2 year extension and 4% percent annual cost reduction resulting in a savings.

Below is a five year projection of the savings as a result of this recommendation.

	FY 09-10	FY 10-11	FY11-12	FY12-13	FY13-14	Five Yr Savings
Zone 44	$ 1,433	$ 2,865	$ 2,865	$ 2,865	$ 2,865	$ 12,893
Zone 48	$ 1079	$ 2,159	$ 2,159	$ 2,159	$ 2,159	$ 9,715
	$ 2,512	$ 5,024	$ 5,024	$ 5,024	$ 5,024	**$ 22,608**

COUNTY OF LOS ANGELES
PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY — DOWNEY, CALIFORNIA 90242

(562) 940-2501

ROBERT B. TAYLOR
Chief Probation Officer

August 20, 2009

To: William T Fujioka
Chief Executive Officer

From: Robert B Taylor
Probation

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

On June 16, 2009 the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendments <u>to reduce cost and extend terms only</u> (amendments will be approved as to form by County Counsel):

1. **Contract No. 1 - Name of Contractor:** Corporate Business Services

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Custodial – Barry J. Nidorf Juvenile Hall	$210,883 annually	1/31/10

Recommended Amendment/Fiscal Impact

This contract is on a fee for service basis; savings are approximate based on current estimated contract amount utilized on an equal monthly basis. Actual savings may be more or less than reflected amount as determined by actual use.

The following are the recommended extension terms, percentage of dollar cost reduction and applicable Net County Cost /Non-Net County Cost savings:

2 year extension: 10% per year

- *2009-10 Savings: $8,787 NCC-based on 09/01/09 start date*
- *2010-11 Savings: $21,088 NCC*
- *2011-12 Savings: $21,088 NCC*

Justification

In order to conclude that this contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation the following analysis and due diligence were performed by Probation:

1. Our analysis involved a historical review of contractor's costs of providing this service. Several solicitation periods were reviewed in our analysis. The data suggests that, on average, when re-soliciting for this service, the contractor's costs have increased 2% to 10 % per year. If this trend continues, the data would suggest that, as a result of conducting a new solicitation, Probation will incur higher contractor's costs for providing this service.

2. Our analysis involved a breakdown of costs associated with conducting a new solicitation in comparison to a contract amendment. The following costs were considered in our comparison.

   a. Staff

      On average, when conducting a new solicitation, the process takes from 9 to 12 months from start to completion. In comparison, conducting a contract amendment takes 1 to 2 months. Given this information, the staff

costs associated with conducting a new solicitation in comparison to a contract amendment are significantly higher.

b. Associated costs with conducting a new solicitation, e.g. advertisement, printing, paper, etc.

When conducting a new solicitation there are unavoidable costs associated with advertisement, printing of RFPs and other supplies. In comparison, these costs are avoidable when conducting a contract amendment. As a result, Probation will have significant costs savings when conducting a contract amendment instead of new solicitation.

Based on the results of our analysis above, a contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

2. **Contract No. 2 - Name of Contractor:** Asian American Drug Abuse Program

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 2 Area 1	$200,000 annually	2 one-year options remaining/ 6/30/10

Recommended Amendment/Fiscal Impact

This contract is on a fee for service basis; savings are approximate based on current estimated contract amount utilized on an equal monthly basis. Actual savings may be more or less than reflected amount as determined by actual use.

The following are the recommended extension terms, percentage of dollar cost reduction, and applicable Net County Cost /Non-Net County Cost savings:

2 year extension: 12% per year

- *2009-10 Savings: $20,000 NCC-based on 09/01/09 start date*
- *2010-11 Savings: $24,000 NCC*
- *2011-12 Savings: $24,000 NCC*

Justification

In order to conclude that this contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation the following analysis and due diligence were performed by Probation:

1. Our analysis involved a historical review of contractor's costs of providing this service. Several solicitation periods were reviewed in our analysis. The data suggests that, on average, when re-soliciting for this service, the contractor's costs have increased 2% to 10 % per year. If this trend continues, the data would suggest that, as a result of conducting a new solicitation, Probation will incur higher contractor's costs for providing this service.

2. Our analysis involved a breakdown of costs associated with conducting a new solicitation in comparison to a contract amendment. The following costs were considered in our comparison:

   a. Staff

      On average, when conducting a new solicitation, the process takes from 9 to 12 months from start to completion. In comparison, conducting a contract amendment takes 1 to 2 months. Given this information, the staff costs associated with conducting a new solicitation in comparison to a contract amendment are significantly higher.

   b. Associated costs with conducting a new solicitation, e.g. advertisement, printing, paper, etc.

      When conducting a new solicitation there are unavoidable costs associated with advertisement, printing of RFPs and other supplies. In comparison, these costs are avoidable when conducting a contract amendment. As a result, Probation will have significant costs savings when conducting a contract amendment instead of new solicitation.

Based on the results of our analysis above, a contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

3. **Contract No. 3 - Name of Contractor:** Asian American Drug Abuse Program

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 2 Area 2	$200,000 annually	2 one-year options remaining/ 6/30/10

Recommended Amendment/Fiscal Impact

This contract is on a fee for service basis; savings are approximate based on current estimated contract amount utilized on an equal monthly basis. Actual savings may be more or less than reflected amount as determined by actual use.

The following are the recommended extension terms, percentage of dollar cost reduction, and applicable Net County Cost /Non-Net County Cost savings:

2 year extension: 12% per year

- *2009-10 Savings: $20,000 NCC-based on 09/01/09 start date*
- *2010-11 Savings: $24,000 NCC*
- *2011-12 Savings: $24,000 NCC*

Justification

In order to conclude that this contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation the following analysis and due diligence were performed by Probation:

1. Our analysis involved a historical review of contractor's costs of providing this service. Several solicitation periods were reviewed in our analysis. The data suggests that, on average, when re-soliciting for this service, the contractor's costs have increased 2% to 10 % per year. If this trend continues, the data would suggest that, as a result of conducting a new solicitation, Probation will incur higher contractor's costs for providing this service.

2. Our analysis involved a breakdown of costs associated with conducting a new solicitation in comparison to a contract amendment. The following costs were considered in our comparison:

   a. Staff

      On average, when conducting a new solicitation, the process takes from 9 to 12 months from start to completion. In comparison, conducting a contract amendment takes 1 to 2 months. Given this information, the staff costs associated with conducting a new solicitation in comparison to a contract amendment are significantly higher.

   b. Associated costs with conducting a new solicitation, e.g. advertisement, printing, paper, etc.

      When conducting a new solicitation there are unavoidable costs associated with advertisement, printing of RFPs and other supplies. In comparison, these costs are avoidable when conducting a contract amendment. As a result, Probation will have significant costs savings when conducting a contract amendment instead of new solicitation.

Based on the results of our analysis above, a contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

4. **Contract No. 4 - Name of Contractor:** Aviva Family & Children Services

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 3 Area 1	$200,000 annually	2 one-year options remaining/ 6/30/10

Recommended Amendment/Fiscal Impact

This contract is on a fee for service basis; savings are approximate based on current estimated contract amount utilized on an equal monthly basis. Actual savings may be more or less than reflected amount as determined by actual use. The following are the recommended extension terms, percentage of dollar cost reduction, and applicable Net County Cost /Non-Net County Cost savings:

2 year extension: 8% per year

- *2009-10 Savings: $13,333 NCC-based on 09/01/09 start date*
- *2010-11 Savings: $16,000 NCC*
- *2011-12 Savings: $16,000 NCC*

Justification

In order to conclude that this contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation the following analysis and due diligence were performed by Probation:

1. Our analysis involved a historical review of contractor's costs of providing this service. Several solicitation periods were reviewed in our analysis. The data suggests that, on average, when re-soliciting for this service, the contractor's costs have increased 2% to 10 % per year. If this trend continues, the data would suggest that, as a result of conducting a new solicitation, Probation will incur higher contractor's costs for providing this service.

2. Our analysis involved a breakdown of costs associated with conducting a new solicitation in comparison to a contract amendment. The following costs were considered in our comparison:

   a. Staff

On average, when conducting a new solicitation, the process takes from 9 to 12 months from start to completion. In comparison, conducting a contract amendment takes 1 to 2 months. Given this information, the staff costs associated with conducting a new solicitation in comparison to a contract amendment are significantly higher.

b. Associated costs with conducting a new solicitation, e.g. advertisement, printing, paper, etc.

When conducting a new solicitation there are unavoidable costs associated with advertisement, printing of RFPs and other supplies. In comparison, these costs are avoidable when conducting a contract amendment. As a result, Probation will have significant costs savings when conducting a contract amendment instead of new solicitation.

Based on the results of our analysis above, a contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

5. **Contract No. 5 - Name of Contractor:** Long Beach BLAST

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Operation Read – Literacy program – Cluster 4	$131,400 annually	6/30/10

Recommended Amendment/Fiscal Impact

This contract is on a fee for service basis; savings are approximate based on current estimated contract amount utilized on an equal monthly basis. Actual savings may be more or less than reflected amount as determined by actual use.

The following are the recommended extension terms, percentage of dollar cost reduction, and applicable Net County Cost /Non-Net County Cost savings:

2 year extension: 11% per year

- *2009-10 Savings: $12,045 NCC-based on 09/01/09 start date*
- *2010-11 Savings: $14,454 NCC*
- *2011-12 Savings: $14,454 NCC*

Justification

In order to conclude that this contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation the following analysis and due diligence were performed by Probation:

1. Our analysis involved a historical review of contractor's costs of providing this service. Several solicitation periods were reviewed in our analysis. The data suggests that, on average, when re-soliciting for this service, the contractor's costs have increased 2% to 10 % per year. If this trend continues, the data would suggest that, as a result of conducting a new solicitation, Probation will incur higher contractor's costs for providing this service.

2. Our analysis involved a breakdown of costs associated with conducting a new solicitation in comparison to a contract amendment. The following costs were considered in our comparison:

   a. Staff

      On average, when conducting a new solicitation, the process takes from 9 to 12 months from start to completion. In comparison, conducting a contract amendment takes 1 to 2 months. Given this information, the staff costs associated with conducting a new solicitation in comparison to a contract amendment are significantly higher.

   b. Associated costs with conducting a new solicitation, e.g. advertisement, printing, paper, etc.

      When conducting a new solicitation there are unavoidable costs associated with advertisement, printing of RFPs and other supplies. In comparison, these costs are avoidable when conducting a contract amendment. As a result, Probation will have significant costs savings when conducting a contract amendment instead of new solicitation.

Based on the results of our analysis above, a contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

Please let me know if you have any questions, or your staff may contact Tasha Howard at 562-940-2615 or Latasha.Howard@probation.lacounty.gov.

c: County Counsel

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COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

GAIL FARBER, Director

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ALHAMBRA, CALIFORNIA 91803-1331
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P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

September 1, 2009

IN REPLY PLEASE
REFER TO FILE: AS-0

TO: William T Fujioka
Chief Executive Officer

FROM: Gail Farber
Director of Public Works

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

On June 16, 2009, the Board, on motion of Supervisor Mark Ridley-Thomas, instructed the Chief Executive Office (CEO), working with Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost-savings initiative by requesting that contractors reduce contract costs effective in Fiscal Year 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the Fiscal Year 2009-10 County budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in Fiscal Year 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts that met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board the following additional contract amendments listed in the attachment <u>to reduce cost and extend terms only</u> (amendments will be approved as to form by County Counsel):

Contract Information

Our attachment contains information on contract background, contract number, contractor, name of contract, contract start date, contract expiration date, total amount of contract, and Net County Cost (NCC). In addition, the attachment contains information on the recommended amendment/fiscal impact detailing the recommended extension term(s) and the percentage and dollar cost reduction for Fiscal Year 2009-10 (and Fiscal Year 2010-11 if applicable), distinguishing between NCC savings and non-NCC savings.

Justification

The attachment contains one or more justifications from the list below for each contract that supports the recommendation by the Department of Public Works concluding that the contract amendment (extension/cost reduction) is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

1. Extending the contract will lock in a lower price immediately and provide instant savings that can be utilized to provide services.

2. Extending the contract provides additional savings beyond the immediate cost reduction. There is value added by locking in old rates for future years. The Net Present Value of future savings is considered an added value because the contract has one or more years left in the contract, and the extension will provide cost savings for several years, in addition to the extension year(s). The cumulative cost savings is significant.

3. When comparing the current contract rate/cost to the rate/cost from the previous contract, the rate/cost is higher than the previous contract providing evidence that the cost of this service has increased over time and is expected to continue to increase.

4. During the last couple of solicitations for this service, Public Works experienced little interest from proposers and received few or no proposals. The work is highly specialized and very few, if any, proposers showed interest.

5. The contract costs consist mainly of wages, equipment, and fuel. None of these costs is likely to decrease during the life of any new contracts, and it is expected that over the span of a contract there will be significant increases in these costs that will be reflected in any new proposals. Accordingly, we expect the contract cost to increase when we re-bid.

6. Public Works will realize cost savings and increased efficiencies, without interrupting critical services, by eliminating the cost of conducting re-solicitations. These cost savings include the cost of advertising, reproducing and distributing RFP documents, County Counsel billing, postage, as well as freeing staff time that can be used on additional projects for classifications ranging from clerical to Deputy Director.

7. The contract is a prevailing wage contract with labor rates mandated by State or Federal agencies. Our experience has been that the mandated prevailing wages have increased over time and that it is highly likely that the new solicitation will result in a higher cost to the Public Works than existing contracts.

8. The contract is a Living Wage contract. The Living Wage mandates a minimum wage rate for contract labor. The Living Wage will not decrease; therefore the labor cost of such a contract will not be lowered through a re-solicitation since the contractor is obligated to continue to pay the Living Wage.

9. The contract is funded whole or in part through the Fiscal Year 2009-10 Road Fund and <u>any</u> savings realized is critical and imperative so that services can be continued to be provided. Due to the impact of the final State budget's deferral of revenue, the Road Fund is facing multiple negative budgetary cash flow impacts. Therefore, <u>any</u> savings through the recommended contract amendment (extension/cost reduction) to a contract paid by the Road Fund is economically advantageous to the County as compared to the potential results of conducting a new solicitation without the cost reduction offered by the contractor.

10. The contract is funded through a Public Works fund that will experience some negative cash flow impact during Fiscal Year 2009-10 due to the impact of the final State budget's shifting of property tax revenue. Therefore, <u>any</u> savings through the recommended contract amendment (extension/cost reduction) to a contract paid by any one of these impacted funds is critical and imperative so that services can be continued to be provided.

11. This contract has received a negative COLA during the current contract period. This negative COLA remains in effect even though prices for items such as fuel have increased substantially in the interim. The cost reduction would lock in these already lowered rates as well as provide for increased savings.

Please contact me if you have any questions, or your staff may contact Ghayane Zakarian, Administrative Services Division, at (626) 458-4078 or <u>gzakari@dpw.lacounty.gov</u>.

JC:pl
P:\aspub\CONTRACT\Jesus\Contract Cost Reduction Letters\Contract Extensions Cost Reductions - Dept Memo Template 1 (2).doc

Attach.

cc: County Counsel

CONTRACTOR EXTENSION/COST REDUCTION

ATTACHMENT

No.	Contract No.	Contract Name	Contract Start Date	Current Term Exp. Date	Final Option Yr. Exp. Date(1)	Contractor Name	Contract Amount (2)	NCC Portion Savings	Contract $ from NCC	1 Year Extend Reduction	1 Year Reduction Savings	2 Year Extend Reduction	2 Year Reduction Savings	Justification(s)
1	76407	Graffiti Removal At South Area Flood Control Facilities	01/01/2008	12/31/2009	12/31/2012	Harbor Area Gang Alternatives Program	$371,250	$0	$0			5.00%	$18,563	1, 2, 3, 5, 6, 8, 9
2	PW12972	As-needed Building and Safety Plan Check and Related Services	01/08/2007	01/08/2010	01/08/2010	Harris & Associates	$3,750,000	$0	$0			10.00%	$5,000	1,2,6
								$0	$0		$0		$23,563	
								Total NCC Portion Savings	Contract $ from NCC		Annual Savings for Contracts Receiving 1 yr Extension		Total Annual Savings for Contracts Receiving 2 yr Extension	

Total annual NCC Savings: **$0**

Total annual contract savings: **$23,563** (3)

Expiration of one year contract extensions reduces savings in

1. The final contract termination date includes all option years if exercised.
2. The contract amounts are the contract amounts the Board approved excluding any contingencies and any subsequent

3. Amount of savings in 09/10 will be prorated

* Potential Cost Savings since these contracts are as-needed contracts and the full contract amount may not be utilized.

** Programs - These contract consist of several contractors under one contract program.

***Savings on professional service contracts based on remaining balance of contract maximum sum.

ATTACHMENT X

COUNTY OF LOS ANGELES
REGISTRAR-RECORDER/COUNTY CLERK
12400 IMPERIAL HWY. – P.O. BOX 1024, NORWALK, CALIFORNIA 90651-1024 - www.lavote.net

DEAN C. LOGAN
Registrar-Recorder/County Clerk

August 27, 2009

To: William T Fujioka
Chief Executive Officer

From: Dean C. Logan
Registrar-Recorder/County Clerk

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

On June 16, 2009, the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in FY 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the FY 2009-10 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in FY 2009-10, in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendment <u>to reduce cost and extend the term only.</u> The amendment will be approved as to form by County Counsel prior to execution:

William T Fujioka
Chief Executive Officer
August 27, 2009

Contract No. 76358 – Data Trace Information Services, LLC

Background

The contract provides real estate fraud notification services that are required by law and County is authorized by the State statute to charge customers a transaction fee of $4.00 to cover the cost of performing the services. The Board adopted the contract with Data Trace Information Services on October 2, 2007. The contract's initial term expires October 24, 2010. The contract includes three optional one-year extensions ending on October 24, 2013. The contract is funded through the statutory surcharge of $4.00 on each recorded deed, quitclaim deed, and deed of trust. There is no net County cost impact.

Recommended Amendment/Fiscal Impact

The Contractor's current fee is $3.39 per recorded deed to perform the real estate fraud notification services as required by law. Data Trace has agreed to a 5% reduction or $3.22 in the first year and a 10% reduction or $3.05 in the second year. Based on the $4.00 surcharge on each real property recording, the Department estimates a savings of approximately $187,000 in the following two-year period. There is no net County cost.

Justification

The Department is recommending extending the Agreement with Data Trace to implement immediate cost savings beginning with FY 2009-10. The initial term of the Data Trace Agreement expires October 24, 2010; therefore, the County could not realize possible savings until FY 2010-11. In addition, the services provided by Data Trace are specialized with a limited vendor pool. Data Trace is an industry leader in this field. Due to the contractor's experience and efficiency, they have been the lowest price proposal in the previous solicitations for fraud notification services. In addition, Data Trace has demonstrated strong performance and reliability, and is responsive to County's needs. Extending the Agreement with Data Trace for two years at a lower cost will allow County to fulfill its legal real estate fraud notification obligations and save money.

Contract No. 76484 - IKON Office Solutions

Background

The Agreement with IKON Office Solutions, Inc. was approved by the Board on March 4, 2008. The Agreement provides maintenance and support services to the Department's digital/network color copier/printers and print controllers for an initial term of three years which would expire March 3, 2011, plus two one-year

options, ending on March 3, 2013 if all option years are exercised at a current net County cost of $367,200.

Recommended Amendment/Fiscal Impact

In return for a two year extension to the Agreement, IKON has agreed to reduce its annual maintenance fee by 5% for year one and 10% for year two. This will result in a saving of $3,060 in FY 2009-10 and $6,120 in FY 2010-11 for a total of $9,180 in net County cost savings.

Justification

The Department is recommending the cost reduction/term extension for the IKON Agreement because IKON has demonstrated that they are responsive and responsible, provided a net County cost saving of $9,180 to the County, and based on the recent solicitation process, the Department does not anticipate a better outcome in 2011.

Contract No. 76676 – LR Computers

Background

The Board approved the contract with LR Computers on September 9, 2008 to provide maintenance and support services to 40 election ballot card readers for an initial term of two years which would expire September 30, 2010 with five one-year options ending September 30, 2015 if all option years are exercised for a net County cost of $460,000.

Recommended Amendment/Fiscal Impact

In return for a two-year extension to the initial term of the Agreement, LR Computers has agreed to maintain its current maintenance fee for two years. This equates to a 5.6% savings for year one and an 8.5% savings for year two. The cost reduction will result in a savings of $3,000 in FY 2009-10 and $4,350 in FY 2010-11, for a total net County cost savings of $7,350.

Justification

The Department is recommending extending the Agreement with LR Computers to effect immediate cost savings beginning with FY 2009-10. The initial term of the LR Computers Agreement expires September 30, 2010; therefore, the County could not realize possible savings until FY 2010-11. In addition, LR Computers manufactured the ballot card readers and the services they provide are so highly specialized, that the contractor was the only proposal received in

the recent solicitation process. LR Computers has demonstrated strong performance and reliability, and is responsive to the Department's election preparation and operation needs. Extending the Agreement with LR Computers for two years at a lower cost, will ensure the County is ready to conduct critical election activities, comply with State and Federal election laws and save money.

Contract No. 76485 – Robis Elections, Inc.

Background

The Agreement with Robis Elections, Inc. was adopted by the Board on March 4, 2008 to provide an Election Help Desk System and maintenance and support services. The agreement has an initial four-year term which would end March 3, 2012, plus two one-year extensions ending on March 3, 2014 if all option years are exercised. The contract amount of $2,947,538 is net County cost.

Recommended Amendment/Fiscal Impact

In return for a two-year extension to the Agreement, Robis has agreed to reduce its annual maintenance fee by 10% for the next four years. This will result in an annual saving of $18,998 beginning with FY 2009-10 for a total savings of $75,992 in net County cost.

Justification

The contract extension/cost reduction is economically advantageous to the County as it would produce immediate cost savings and provide continued use of the Election Help Desk Support System which is critical to election operations. The initial term of the Robis Agreement expires March 3, 2012; therefore, the County could not realize any possible cost savings until FY 2011-12. The Robis Election Help Desk Support System has been installed and used in several elections. County staff is familiar with the system which helps expedite responses to questions from the public and requests for information from news media organizations and other government offices. Robis has also demonstrated satisfactory work performance and reliability, and is responsive to the County's needs. The system and services provided by Robis are so highly specialized that only two vendors submitted proposals in the recent solicitation. Extending the Agreement with Robis for two years will allow the County to continue using the system to provide Election Help Desk services to the public, media services, and other government offices at a significant cost savings to the County.

William T Fujioka
Chief Executive Officer
August 27, 2009

Contract No. 73635 – Premier Election Solutions

Background

The Agreement with Premier Election Solutions, Inc. (formerly Diebold Election Systems, Inc) was adopted by the Board on September 4, 2001 and extended by the Board on July 31, 2007 to provide automated vote by mail ballot processing services. In addition to the services, the agreement also provided the acquisition of enhanced scanning and mail inserting equipment to comply with AB 2770, the State's new requirement to sort vote by mail ballots by precinct. The extension term is effective September 1, 2007 through August 31, 2010, with two one-year extension options ending on August 31, 2012 if all options years are exercised. The total Contract amount is $3,864,000 which is net County cost.

Recommended Amendment/Fiscal Impact

Premier has agreed to provide a 6% cost reduction for the following two years in return for a two-year extension to the contract. Based on anticipated elections, the projected savings are estimated at $44,261 in FY 2009-10 and $87,499 in FY 2010-11 for a two year estimated savings of $131,760 in net County cost.

Justification

The Department is recommending the contract cost reduction and extension to effect immediate cost savings in FY 2009-10 which would otherwise not be possible until the initial term of the current contract expires on August 31, 2010. In addition to the Primary and General Elections, the Department has been inundated in the last 12-months with a growing number of smaller elections and voter tendency to utilize the vote by mail option in these low profile elections. The cost reduction offered by Premier is economically advantageous to the County in that the Department can continue to perform critical election operations without interruption and at a lower cost. Premier has demonstrated strong work performance and reliability, and is responsive to the County's needs. Also, the services provided by Premier, an industry leader in the election operations field, are highly specialized with a limited vendor pool. The Department does not anticipate a better outcome by going out to bid in 2010.

Please let me know if you have any questions, or your staff may contact Erika Bonilla at (562) 462-2666 or ebonilla@rrcc.lacounty.gov. Thank you.

c: County Counsel