



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

October 20, 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. 3

(ALL DISTRICTS AFFECTED) (3 VOTES)

SUBJECT

Based on Board direction from your meeting of June 16, 2009, this letter includes the third set of recommended contract amendments offering term extensions in consideration for immediate cost reductions.

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 IX 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

"To Enrich Lives Through Effective And Caring Service"

*Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only*

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:

- **Child Support Services** - One (1) Contract Amendment, 2009-10 savings of \$515,000 - (Attachment I).
- **County Counsel** - One (1) Contract Amendment, 2009-10 savings of \$4,558 - (Attachment II).
- **Human Resources** - One (1) Contract Amendment, 2009-10 savings of \$14,926 - (Attachment III).
- **Health Services** – Six (6) Contract Amendments, 2009-10 savings of \$269,451- (Attachment IV). *Please note: The Department is recommending approval of two contracts (75938 – AMR and 701585 Philips) beyond the two-year extension period and one contract (207974 Superior Scientific) below the 5 percent threshold identified by your Board for this initiative. Justification for these variances has been provided in the attached memo to this Office.*
- **Internal Services** - One (1) Contract Amendment, 2009-10 savings of \$58,707 - (Attachment V).
- **Probation** – Eighteen (18) Contract Amendments, 2009-10 savings of \$299,165 and revenue of \$15,705 - (Attachment VI).
- **Public Library** – Four (4) Contract Amendments, 2009-10 savings of \$11,207 - (Attachment VII).
- **Public Works** - One (1) Contract Amendment, 2009-10 savings of \$39,133 - (Attachment VIII).
- **Sheriff's Department** – Six (6) Contract Amendments, 2009-10 savings of \$101,060 and revenue of \$120,000 - (Attachment IX).

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 39 contract amendments that, if approved, would result in an estimated total annual savings of \$1,313,207 which includes NCC savings of \$478,416 for 2009-10. Included in this submittal are two revenue contracts that will increase revenue by \$135,705.

In conjunction with the first two letters approved by your Board on September 8 and 15, 2009, entitled Contract Extensions/Cost Reductions Recommendations Board Letter No. 1 and No. 2, respectively, the cumulative projected total savings/revenue of amendments approved through this initiative is \$6,714,575 which includes NCC savings of \$2,252,887 and a revenue increase of \$135,705 for 2009-10.

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.

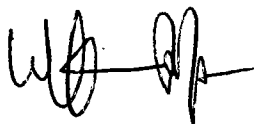
IMPACT ON CURRENT SERVICES (OR PROJECTS)

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



COUNTY OF LOS ANGELES

Child Support Services Department



STEVEN J. GOLIGHTLY
Director

August 20, 2009

To: William T Fujioka
Chief Executive Officer

From: Steven J. Golightly, Director
Child Support Services Department

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 amendment to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

EXECUTIVE OFFICES
5770 South Eastern Avenue, Commerce, CA 90040 • (323) 889-3400

"To Enrich Lives Through Effective And Caring Service"

William T. Fujioka
August 20, 2009
Page 2

Contract #76187 Electronic Document Processing, Inc., (dba EDP Legal Services)

Background

On June 19, 2007, the Board of Supervisors authorized the Child Support Services Department (CSSD) to enter into an agreement with EDP Legal Services to perform service of legal process for the CSSD. The Agreement was funded for an initial period of twenty-four (24) months beginning August 29, 2007 through August 28, 2009. Compensation for the services shall not exceed \$1.5 million annually, for the term of the Agreement. The cost associated with this service is subvned at a rate of 100 percent by the State and federal government. Upon mutual agreement of both parties, the Agreement would be renewed automatically for two additional twelve (12) month periods. The termination date of the current Agreement is August 29, 2011. There is no net County Cost.

Recommended Amendment/Fiscal Impact

Please see the following Attachments

- EDP Legal Services Contract Amendment.
- Contract Extension/Cost Reduction Price Schedule, Attachment A

There is no net County Cost.

Justification

CSSD has completed its review and analysis of the proposed contract extension and cost reduction proposal submitted by EDP Legal Services. Our Department has concluded that the pricing schedule contained in the current contract with EDP provided an accurate representation of savings and is within the industry standards for service of legal process.

The proposal submitted by EDP provides a 35% cost reduction to the maximum contact sum and restructures the payment methodology which allows for an increase in services with no increase in cost. The terms of this Agreement represents additional cost savings and will not compromise the quality of services provided under the Agreement.

Please let me know if you have any questions, or your staff may contact Elisha Gardner, Contract Management at (323) 889-3414 or email egardner@cssd.lacounty.gov.

SJG:RF:EG

Attachments

c: County Counsel

Contract Extension/Cost Reduction Price Schedule

Total Reduction of Budgeted Revenue Four Year Contract (two year extension)

<u>Contract Year</u>	<u>Maximum Annual Contract Sum</u>			<u>Savings</u>	<u>Cost Reduction</u>
	<u>Current</u>	<u>Amended*</u>	<u>Monthly*</u>		
2009-2010 (existing Contract)	\$1,500,000	\$ 984,900	\$ 82,075	\$ 515,500	35%
2010-2011 (existing Contract)	\$1,500,000	\$ 984,900	\$ 82,075	\$ 515,500	35%
2011-2012 (two year extension)	\$1,500,000	\$ 984,900	\$ 82,075	\$ 515,500	35%
2012-2013 (two year extension)	\$1,500,000	\$ 984,900	\$ 82,075	\$ 515,500	35%
Total	\$6,000,000	\$3,939,600		\$2,062,000	

* Fixed Rate



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

September 21, 2009

TELEPHONE
(213) 974-1801
FACSIMILE
(213) 626-7446
TDD
(213) 633-0901
E-MAIL
bkalunian@counsel.lacounty.gov

TO: WILLIAM T FUJIOKA
Chief Executive Officer

FROM: ROBERT E. KALUNIAN 
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 to reduce costs and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 75739 - Unlimited Reprographics

Background

Unlimited Reprographics (Unlimited) provides photocopying, scanning, digital imaging and media duplication, subpoena preparation, and related services upon request from County Counsel's 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 (2010-2011) for a 5 percent cost reduction proposed by Unlimited. According to the expenditures for fiscal year 08/09 which are based on usage, we anticipate a cost reduction of approximately \$4,558.

Justification for Contract Amendments

The Department informed each of the above 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, Unlimited Reprographics offered the percentage contract cost reduction stated above 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 the contractor, and eliminate the need to competitively solicit for these services reducing 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



**COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES**


HEADQUARTERS
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-2406 FAX (213) 621-0387

BRANCH OFFICE
3333 WILSHIRE BOULEVARD • LOS ANGELES, CALIFORNIA 90010
(213) 738-2222 FAX (213) 637-0820

LISA M. GARRETT
ACTING DIRECTOR OF PERSONNEL

October 2, 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 (California Litho-Arts)

Background

The Department of Human Resources (DHR) has contracted with California Litho-Arts for over 10 years. California Litho-Arts provides printing services for the Los Angeles County Digest for an annual cost of approximately \$200,000.

To Enrich Lives Through Effective and Caring Service

William T Fujioka
October 2, 2009
Page 2

\$200,000 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 was recently sent out to bid with California Litho-Arts being the only vendor to respond with a 9.5% reduction in their current rates. The estimated savings for FY 2009-10, which began September 1, 2009, would be approximately \$14,926 and for FY 2010-11 would be \$17,911. 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 9.5% reduction for FY 2009-10. In addition, we recommend extending for one additional year at the reduced rate offered by California Litho-Arts and authorized by the Board initiative.

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



Health Services
LOS ANGELES COUNTY

Los Angeles County
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 29, 2009

TO: William T Fujioka
Chief Executive Officer

FROM: John F. Schunhoff, Ph.D. 
Interim Director

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

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax: 213-481-0503

www.dhs.lacounty.gov

*To improve health
through leadership,
service and education*

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 to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 75938 – American Medical Response of Southern California (AMR)

Background

Contract No. 75938 was awarded to AMR effective December 1, 2006 through November 30, 2009. The annual estimated maximum obligation is \$675,000.

www.dhs.lacounty.gov



Recommended Amendment/Fiscal Impact

DHS recommends extending this contract for three years for a total term of six years. In exchange, AMR is offering an 8% cost reduction to be effective after Board approval of the extension. The projected gross savings will be \$23,625 for 2009-10.

Justification

AMR provides advanced life support and critical care ambulance transportation services from the Martin Luther King, Jr.-Multi-Service Ambulatory Care Center to County and private sector hospitals. The primary purpose of this Contract was to decompress inpatient beds at MLK-Harbor Hospital (MLK-H), on a temporary basis as part of the MetroCare Plan. Since closure in August 2007 of MLK-H and the emergency room, the need for these services has diminished, and hours and costs have been adjusted accordingly. However, DHS anticipates the need for these services will continue and a contract extension is more cost effective than conducting a solicitation. Although the three year recommended extension is beyond the two years targeted with this initiative, the extension would provide services until the targeted opening of Martin Luther King, Jr. Hospital. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. In addition, the recommended contract amendment will ensure the continuation of these necessary ambulance transportation services to DHS. AMR has been a responsive contractor.

Contract No. H-702891 – Gyrus ACMI

Background

Contract No. H-702891 was awarded to Gyrus ACMI to provide medical equipment maintenance and repair services effective August 1, 2008 for two years through July 31, 2010. The contract maximum obligation is \$318,000 (\$153,000 for the first year and \$165,000 for the second year).

Recommended Amendment/Fiscal Impact

DHS recommends amending this contract by adding two years for a total of four years. In exchange, Gyrus ACMI is offering a 7% cost reduction to be effective after Board approval of the extension. The projected gross savings will be \$8,033 in 2009-10.

Justification

Gyrus ACMI manufactures the endoscopes that are widely used in patient care diagnosis. Gyrus ACMI provides all-inclusive, unlimited repair services which are cost effective for the facilities. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. In addition, the recommended contract amendment will ensure a continuation of quality equipment maintenance and repair services to DHS. Gyrus ACMI has been a responsive contractor.

Contract No. H-700772 – Johnson Controls, Inc.

Background

Contract No. H-700772 was awarded to Johnson Controls, Inc. (JCI) effective July 1, 2006 for five years through June 30, 2011. The maximum obligation is \$60,800 (\$12,160 per year).

Recommended Amendment/Fiscal Impact

DHS recommends extending this contract for two years for a total term of seven years. In exchange, JCI is offering a 10% cost reduction to be effective after Board approval of the extension. The projected gross savings will be \$912 in 2009-10.

Justification

JCI provides equipment maintenance and repair services for Rancho Los Amigos National Rehabilitation Center's chillers. Rancho does not have the staff to be able to maintain this technical equipment that serves multiple cooling needs including high heat specialized equipment such as MRI and laser equipment. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. In addition, the recommended contract amendment will ensure a continuation of vital services to DHS. JCI has been a responsive contractor.

Contract No. H-702788 – Merry X-Ray Chemical Corporation

Background

Contract No. H-702788 was awarded to Merry X-Ray effective July 1, 2007 through March 31, 2010. The estimated annual cost is \$185,000 for DHS.

Recommended Amendment/Fiscal Impact

DHS recommends extending this contract for two years for a total term of 5 years. In exchange, Merry X-Ray is offering a 7% cost reduction to be effective after Board approval of the extension. The projected gross savings will be \$9,713 for 2009-10.

Justification

Merry X-Ray provides maintenance and repair services for mammography film processors, other medical x-ray film processors and Water Saver Plus units, as well as the collection and disposal of medical x-ray chemicals for several DHS facilities. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. In addition, the recommended contract amendment will ensure the continuation of these necessary equipment maintenance and repair services to DHS. Merry X-Ray has been a responsive contractor.

Contract No. H-207974 – Superior Scientific

Background

Contract No. H-207974 was awarded to Superior Scientific effective January 1, 2008 through December 31, 2010. The annual maximum obligation is \$439,740.

Recommended Amendment/Fiscal Impact

DHS recommends extending this contract for two years for a total term of five years. In exchange, Superior Scientific is offering a 2.5% cost reduction to be effective after Board approval of the extension. The projected gross savings will be \$10,993 for 2009-10.

Justification

Superior Scientific provides maintenance and repair services for a variety of laboratory equipment at several DHS facilities. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. Although the 2.5% is below the cost reduction threshold for this initiative, we believe based on the nature of the services provided and past bidding history for these services, it is advantageous to extend this contract to ensure the continuation of these necessary medical equipment maintenance and repair services to DHS. Superior Scientific has been a responsive contractor.

William T Fujioka
September 29, 2009
Page 5

Contract No. H-701585 – Philips

Background

Contract No. H-701585 was awarded to Philips effective July 1, 2005 through June 30, 2010. The annual maximum is \$4,323,539.

Recommended Amendment/Fiscal Impact

DHS recommends extending this contract for five years for a total term of ten years. In exchange, Philips is offering a 10% cost reduction to be effective January 1, 2010. The discount also applies to LAC+USC Medical Center, which already received a 15% discount for its equipment purchased for the Replacement Facility. The projected gross savings will be \$216,175 for 2009-10.

Justification

Philips provides maintenance and repair services for a variety of patient monitoring and diagnostic imaging equipment at over a dozens of DHS facilities. Although the five year recommended extension is beyond the two years targeted with this initiative, it is worthwhile to obtain the significant cost savings that can be achieved through this longer term extension. An analysis was performed by DHS and concluded that the recommended contract amendment is economically advantageous to the County as it will delay a possible cost increase. In addition, the recommended contract amendment will ensure the continuation of these necessary equipment maintenance and repair services to DHS. Philips has been a responsive contractor.

Please let me know if you have any questions, or your staff may contact Kathy Hanks, Director of Contract Administration and Monitoring at (213) 240-7819 or khanks@dhs.lacounty.gov.

JFS:ds

c: Acting County Counsel



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

September 21, 2009

To: William T Fujioka
Chief Executive Officer

From: Tom Tindall *TAM Tindall*
Internal Services Department

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 Fiscal Year (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 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 to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 1 – Come Land Maintenance Company (Contract #75325)

Background

- The Board approved the current custodial services contract to Come Land Maintenance Company (Come Land) on June 21, 2005.
- Come Land provides custodial services to County Departments at approximately 44 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 \$1,761,199.

Recommended Amendment/Fiscal Impact

Come Land 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: \$58,707 for FY 2009-10; \$88,060 for FY 2010-11 and \$88,060 for FY 2011-12.

Justification

ISD contacted Come Land to discuss a potential contract cost reduction which could result in additional option years added to the current contract. This contractor responded with a significant proposed cost reduction for a two year extension period. After a careful review of the services provided by this contractor, ISD found that accepting this offer 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.

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

TT:JS:YY

c: County Counsel

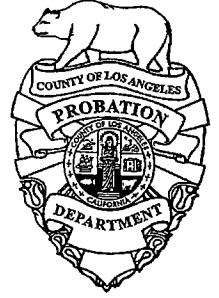


ROBERT B. TAYLOR
Chief Probation Officer

COUNTY OF LOS ANGELES PROBATION DEPARTMENT

9150 EAST IMPERIAL HIGHWAY — DOWNEY, CALIFORNIA 90242

(562) 940-2501



September 1, 2009

To: William T Fujioka
Chief Executive Officer

From: Robert B. Taylor
Chief Probation Officer

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 to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

1. **Contract No. 76930 – Name of Contractor:** Interquest Detection Canines

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Narcotics detection services	\$100,000 annually	4 one-year options remaining/ 2/28/10

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:

1 year extension: 5% per year

- 2009-10 Savings: \$3,750 NCC- based on 10/01/09 start date
- 2010-11 Savings: \$3,333 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. Since this is a new service to the department, a historical review of contractor's costs of providing this service could not be performed. However, data from other services, suggests that, on average, when re-soliciting for any services, 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. 75157 - Name of Contractor: Select Staffing**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Clerical Services- Area Offices	\$1,996,800 annually	1/19/10

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: \$119,808 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$159,744 NCC
- 2011-12 Savings: \$93,184 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. 75187 - Name of Contractor: Lee's Maintenance**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Custodial – Los Padrinos Juvenile Hall	\$222,108 annually	2/28/10

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 for and applicable Net County Cost /Non-Net County Cost savings:

1 year extension: 5% per year

- 2009-10 Savings: \$8,329 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$7,404 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. 75199 - Name of Contractor:** Lee's Maintenance

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Custodial services – six sites	\$257,521 annually	3/31/10

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:

1 year extension: 5% per year

- 2009-10 Savings: \$6,438 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$9,657 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. 75335 - Name of Contractor: G4S Justice Systems**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Juvenile Electronic Monitoring	\$657,730 annually	1 one-year option remaining/ 8/31/09

Recommended Amendment/Fiscal Impact

This contract is based on a sliding scale 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: \$39,464 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$52,618 NCC
- 2011-12 Savings: \$ 8,769 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.

6. **Contract No. 75631 - Name of Contractor: Sentinel Offender Services**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Adult electronic monitoring	Revenue	1 one-year option remaining/ 5/31/09

Recommended Amendment/Fiscal Impact

This contract is revenue generating. Revenue is generated based on the number of individuals referred to the program. Actual revenue may be more or less than reflected amount as determined by actual use.

The following are the recommended extension terms, percentage of dollar cost revenue increases;

2 year extension: 8%

- 2009-10 Revenue:: \$15,705 -based on 10/01/09 start date
- 2010-11 Revenue: \$20,940

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:

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.

7. **Contract No. 76708 - Name of Contractor: Sentinel Offender Services**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Electronic monitoring via global positioning satellites	\$100,000 annually	4 one-year options remaining/ 10/31/09

Recommended Amendment/Fiscal Impact

This contract is based on a sliding scale 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%

- 2009-10 Savings: \$6,000 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$8,000 NCC
- 2011-12 Savings: \$2,667 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.

8. Contract No. 64007120 - Name of Contractor: Soledad Enrichment Action, Inc.

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 1 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: \$12,000 NCC-based on 10/01/09 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.

9. **Contract No. 64007121 - Name of Contractor: Asian Youth Center**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 1 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: 8% per year

- 2009-10 Savings: \$12,000 NCC-based on 10/01/09 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.

10. **Contract No. 64007125 - Name of Contractor:** Inter-Agency Drug Abuse Recovery Program Inc.

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 3 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: 8% per year

- 2009-10 Savings: \$12,000 NCC-based on 10/01/09 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.

11. Contract No. 64007126 - Name of Contractor: Helpline Youth Counseling

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 4 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: \$12,000 NCC-based on 10/01/09 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.

12. Contract No. 64007127 - Name of Contractor: Helpline Youth Counseling

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 4 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: 8% per year

- 2009-10 Savings: \$12,000 NCC-based on 10/01/09 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.

13. **Contract No. 64007128 - Name of Contractor: Asian Youth Center**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 5 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: \$12,000 NCC-based on 10/01/09 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.

14. Contract No. 64007129 - Name of Contractor: United Community Action Network, Inc.

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Gang Intervention – Cluster 5 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: 8% per year

- 2009-10 Savings: \$12,000 NCC-based on 10/01/09 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.

15. **Contract No. 64005144 - Name of Contractor: Chinatown Service Center**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Operation Read – Literacy program – Cluster 1	\$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: 8% per year

- 2009-10 Savings: \$7,844 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$10,512 NCC
- 2011-12 Savings: \$10,512 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.

16. Contract No. 64005143 - Name of Contractor: People Who Care Youth Center

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Operation Read – Literacy program – Cluster 2	\$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: 8% per year

- 2009-10 Savings: \$7,844 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$10,512 NCC
- 2011-12 Savings: \$10,512 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.

17. Contract No. 64005140 - Name of Contractor: New Directions for Youth

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Operation Read – Literacy program – Cluster 3	\$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: 8% per year

- 2009-10 Savings: \$7,844 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$10,512 NCC
- 2011-12 Savings: \$10,512 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.

18. **Contract No. 64005141 - Name of Contractor: Asian Youth Center**

Background

TYPE OF SERVICE	TOTAL AMOUNT OF CONTRACT AND NET COUNTY COST	CURRENT LENGTH OF CONTRACT/CONTRACT EXPIRATION DATE
Operation Read – Literacy program – Cluster 5	\$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: 8% per year

- 2009-10 Savings: \$7,844 NCC-based on 10/01/09 start date
- 2010-11 Savings: \$10,512 NCC
- 2011-12 Savings: \$10,512 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

L:\CONTRACTS\MISC\Contract Extension Reduction\CEO Response\Contract Extensions Cost Reductions - Revised 092209.doc



County of Los Angeles Public Library ■ www.colapublib.org
 7400 East Imperial Hwy., Downey, CA 90242 ■ (562) 940-8400



Margaret Donnellan Todd
 County Librarian

September 28, 2009

TO: William T Fujioka
 Chief Executive Officer

FROM: Margaret Donnellan Todd
 County Librarian

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 to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract No. 75269 - Landscape and Grounds Maintenance Services Area 3

Background

Contract No. 75269 was awarded to Sepco Earthscape, Inc. (Sepco) to provide landscape and grounds maintenance services in the Public Library's Area 3 effective June 1, 2005. The contract term is three years with two one-year renewal options. This contract is currently in the second option year which will

expire on May 31, 2010. The annual and monthly costs of this contract are \$52,191.12 and \$4,349.26, respectively.

Recommended Amendment/Fiscal Impact

The Public Library recommends amending this contract by adding two additional option years, for a total of four. In exchange, Sepco is offering a 5% reduction beginning on the monthly period immediately following the effective date of the amendment. The projected savings have been approximated as follows: \$1,522.22 on prior year commitments; \$2,609.52 in 2009-10; and \$2,609.52 in 2010-11.

Justification

Landscape and grounds maintenance services are essential to Public Library operations. The recommended contract extension is economically advantageous to the County because it will result in a total savings of \$6,741.26 through the extension period, and will delay the inevitable cost increase following a new solicitation. In addition, the contract extension will also defer the significant staff time required to solicit for a new contract in a fiscal year when the Department has many frozen administrative positions. The recommended contract extension will ensure the continuation of quality service to the Public Library because Sepco has demonstrated to be a knowledgeable and responsive contractor.

Contract No. 75463 - Landscape and Grounds Maintenance Services Area 4

Background

Contract No. 75463 was awarded to Sepco Earthscape, Inc. (Sepco) to provide landscape and grounds maintenance services in the Public Library's Area 4 effective January 1, 2006. The contract term is three years with two one-year renewal options. This contract is currently in the first option year. The second option year will expire on December 31, 2010. The annual and monthly costs of this contract are \$42,248.88 and \$3,520.74, respectively.

Recommended Amendment/Fiscal Impact

The Public Library recommends amending this contract by adding two additional option years, for a total of four. In exchange, Sepco is offering a 5% reduction beginning on the monthly period immediately following the effective date of the amendment. The projected savings have been approximated as follows: \$352.08 on prior year commitments; \$2,112.48 in 2009-10; \$2,112.48 in 2010-11; and \$2,112.48 in 2011-12.

Justification

Landscape and grounds maintenance services are essential to Public Library operations. The recommended contract extension is economically advantageous to the County because it will result in a total savings of \$6,689.52 through the extension period, and will delay the inevitable cost increase following a new solicitation. In addition, the contract extension will also defer the significant staff time required to solicit for a new contract in a fiscal year when the Department has many frozen administrative positions. The recommended contract extension will ensure the continuation of quality service to the Public Library because Sepco has demonstrated to be a knowledgeable and responsive contractor.

Contract No. 75369 - Landscape and Grounds Maintenance Services Area 5

Background

Contract No. 75369 was awarded to Sepco Earthscape, Inc. (Sepco) to provide landscape and grounds maintenance services in the Public Library's Area 5, effective September 15, 2005. The contract term is three years with two one-year renewal options. This contract is currently in the second option year which will expire on September 14, 2010. The annual and monthly costs of this contract are \$53,525.76 and \$4,460.48, respectively.

Recommended Amendment/Fiscal Impact

The Public Library recommends amending this contract by adding two additional option years, for a total of four. In exchange, Sepco is offering a 5% reduction beginning on the monthly period immediately following the effective date of the amendment. The projected savings have been approximated as follows: \$2,230.20 in 2009-10; \$2,676.24 in 2010-11; and \$2,676.24 in 2011-12.

Justification

Landscape and grounds maintenance services are essential to Public Library operations. The recommended contract extension is economically advantageous to the County because it will result in a total savings of \$7,582.68 through the extension period, and will delay the inevitable cost increase following a new solicitation. In addition, the contract extension will also defer the significant staff time required to solicit for a new contract in a fiscal year when the Department has many frozen administrative positions. The recommended contract extension will ensure the continuation of quality service to the Public Library because Sepco has demonstrated to be a knowledgeable and responsive contractor.

Contract No. 76752 - Landscape and Grounds Maintenance Services Area 6

Background

Contract No. 76752 was awarded to Sepco Earthscape, Inc. (Sepco) to provide landscape and grounds maintenance services in the Public Library's Area 6, effective December 1, 2008. The contract term is three years with two one-year renewal options. The second option year will expire on November 30, 2013. The annual and monthly costs of this contract are \$43,972.08 and \$3,664.34, respectively.

Recommended Amendment/Fiscal Impact

The Public Library recommends amending this contract by adding two additional option years, for a total of four. In exchange, Sepco is offering a 5% reduction beginning on the monthly period immediately following the effective date of the amendment. The projected savings have been approximated as follows: \$183.22 on prior year commitments; \$2,198.64 in 2009-10; \$2,198.64 in 2010-11; \$2,198.64 in 2011-12; \$2,198.64 in 2012-13; \$2,198.64 in 2013-14; and \$2,198.64 in 2014-15.

Justification

Landscape and grounds maintenance services are essential to Public Library operations. The recommended contract extension is economically advantageous to the County because it will result in a total savings of \$13,375.06 through the extension period, and will delay the inevitable cost increase following a new solicitation. In addition, the contract extension will also defer the significant staff time required to solicit for a new contract in a fiscal year when the Department has many frozen administrative positions. The recommended contract extension will ensure the continuation of quality service to the Public Library because Sepco has demonstrated to be a knowledgeable and responsive contractor.

Summary

The recommended contract amendments will result in a total savings of approximately \$34,388.52 through the recommended extension period. The annual savings are as follows:

William T Fujioka
September 28, 2009
Page 5

Fiscal Year	Annual Savings
Prior Year Commitments	\$2,057.52
2009-10	\$9,150.84
2010-11	\$9,596.88
2011-12	\$6,987.36
2012-13	\$2,198.64
2013-14	\$2,198.64
2014-15	\$2,198.64
TOTAL:	\$34,388.52

Please let me know if you have any questions, or your staff may contact Malou Rubio at (562) 940-8450 or mrubio@library.lacounty.gov.

MDT:TM:MR:gg

U:\Contracts\DEVELOPMENT\Contract Extension Reduction\Final Letter to CEO Re Reduction - gg- Final.doc

c: County Counsel



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

GAIL FARBER, Director

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

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

September 29, 2009

IN REPLY PLEASE
REFER TO FILE: AS-0

TO: William T Fujioka
Chief Executive Officer

FROM: Gail Farber *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 amendment listed in the attachment to reduce cost and extend terms only (amendment 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 are 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.

William T Fujioka
September 29, 2009
Page 3

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 any 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, any 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, any 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 gzakari@dpw.lacounty.gov.

JC:pl

P:\aspubl\CONTRACT\Jesus\Contract Cost Reduction Letters\Contract Extensions Cost Reductions - Dept. Memo (3rd batch).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	001825*	As Needed Underground And Aboveground Storage Tank Maintenance And Repair Services*	04/28/2008	04/27/2010	04/27/2012	Redwine-Manley Testing Services	\$460,385	\$0	\$0				\$39,133	1, 2, 6, 7, 11
								\$0	\$0		\$0		\$39,133	
								Total NCC Portion Savings	Contract \$ from NCC		Annual Savings for Contracts Receiving 1 yr		Total Annual Savings for Contracts Receiving 2 yr Extension	

Total annual NCC Savings: \$0

Total annual contract savings: \$39,133 (3)

Expiration of one year contract extensions reduces savings in FY

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 adjustments since the award of the contract such as Cost of Living, fuel, and/or tipping fees.
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.



County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



LEROY D. BACA, SHERIFF

September 30, 2009

Mr. William T Fujioka
Chief Executive Officer
713 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Mr. Fujioka:

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

As requested by the Board of Supervisors' motion on June 16, 2009, and at the direction of your staff, the Los Angeles County Sheriff's Department (Department) identified current contracts for which the affected contractors may agree to reduce contract costs in exchange for contract extensions without competitive bidding. Each identified contractor was sent a letter offering their firm a one or two-year extension of their contract upon agreement of a cost reduction (or revenue increase) based on the motion of the Board and upon approval by your office.

As a result of that effort, I am recommending that you propose to the Board the following contract amendments listed in the attachment to reduce cost/increase revenue and extend terms only (amendments will be approved as to form by County Counsel). During Fiscal Year 2009-10, the acceptance of these amendments will result in an estimated savings of \$101,000 and an increase in revenue of \$120,000.

Should you have any questions, please contact Director Teri Wilhelm, Fiscal Administration Bureau, at (323) 526-5205.

Sincerely,

A handwritten signature in cursive script that reads "Leroy D. Baca".

LEROY D. BACA
SHERIFF

A Tradition of Service

ATTACHMENT

Contract No. 76191 - Keefe

Background

A solicitation was posted on the County's and Department's Websites in 2006 for inmate commissary services, and two proposals were received. The term of the contract is for three years, with two one-year and one six-month options, effective July 29, 2007, and ending January 28, 2013, after all options. This is a revenue generating contract estimated at \$8 million annual revenue to the Inmate Welfare Fund with no net County cost.

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding two additional option years. In exchange, Keefe is offering a revenue increase effective January 1, 2010, following the effective date of the amendment. The projected revenue increase has been approximated as follows:

2 year extension (3 percent)	
2009-10 revenue increase	\$ 120,000
2010-11 revenue increase	\$ 240,000
2011-12 revenue increase	\$ 240,000
2012-13 revenue increase	\$ 240,000
2013-14 revenue increase	\$ 240,000
2014-15 revenue increase	\$ 120,000
	\$ 1,200,000

The current revenue rate is 51.5 percent and would increase to 53 percent effective January 1, 2010. The amendment will result in a contract term ending January 28, 2015.

Justification

Under this agreement, Keefe provides inmates with an opportunity to purchase a variety of commissary goods. Based on the previous solicitation, which resulted in only two proposals, a new solicitation may not result in an adequate number of respondents, as low a rate for the services nor as high a percentage of revenue sharing. Keefe has proven to be a responsive contractor.

Contract No. 75746 – Da Vita Healthcare

Background

A solicitation was posted on the County's and Department's Websites in 2005 for end-stage dialysis treatment services, and three proposals were received. The term of the contract is two years, with three one-year and one six-month options effective July 5, 2006, and ending January 4, 2012, after all options. The annual cost of this contract is \$1,040,000.

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding two additional option years. In exchange, Da Vita Healthcare is offering an immediate 7 percent reduction beginning October 1, 2009, the effective date of the amendment.

2 year extension (7 percent)	
2009-10 savings	\$ 52,000
2010-11 savings	\$ 73,000
2011-12 savings	\$ 73,000
2013-14 savings	\$ 73,000
2014-15 savings	\$ 36,500
	\$ 307,500

Justification

Da Vita Healthcare provides out patient end stage renal dialysis treatment services in compliance with the Federal End Stage Renal Dialysis (ESRD) Regulations and Interpretive Guidelines for inmates with chronic renal failure who are being held in Department detention facilities. Based on the previous solicitation results, a new solicitation may not result in an adequate number of respondents because the security requirements place a heavy burden on contractors that are not accustomed to providing these services to the incarcerated. Da Vita Healthcare has proven to be a responsive contractor.

Contract No. 75747 - Daniel Levitan, MD, Inc.

Background

A solicitation was posted for end stage dialysis treatment services in 2005, which resulted in the Da Vita Healthcare contract and selection of Daniel Levitan, MD, Inc. as a professional service provider to Da Vita Healthcare. The term of the contract is two years, with three one-year and one six-month options effective July 5, 2006, and

expiring January 4, 2012, after all options. The annual cost of this contract is approximately \$40,000.

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding one additional option year. In exchange, Daniel Levitan, MD, Inc. is offering an immediate 10 percent reduction beginning on the effective date of the amendment. Contractor did not offer a two-year extension reduction. The projected savings have been approximated as follows:

1 year extension (10 percent)	
2009-10 revenue increase	\$ 3,000
2010-11 revenue increase	\$ 4,000
2011-12 revenue increase	\$ 4,000
2012-13 revenue increase	\$ 2,000
	\$ 13,000

Justification

Based on the previous solicitation results, a new solicitation may not result in an adequate number of respondents because the security requirements place a heavy burden on contractors that are not accustomed to providing these services to the incarcerated. Daniel Levitan, MD, Inc. has proven to be a responsive contractor.

Contract No. 76389 – Fuji Film Medical Systems

Background

A solicitation was posted on the County's and Department's Websites in 2007 for digital X-ray equipment maintenance and repair services, and two bids were received. The term of the contract is three years, with two one-year and one six-month options, effective November 20, 2007, and expiring May 19, 2013. The annual cost of this contract is \$155,000.

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding two additional option years. In exchange, Fuji Film Medical Systems is offering an immediate 10 percent reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

2 year extension (10 percent)	
2009-10 revenue increase	\$ 11,500
2010-11 revenue increase	\$ 15,500
2011-12 revenue increase	\$ 15,500
2012-13 revenue increase	\$ 15,500
2013-14 revenue increase	\$ 15,500
2014-15 revenue increase	\$ 14,000
	\$ 87,500

Justification

Fuji Film Medical Systems provides on-site, hospital environment maintenance (diagnostics) and repair services to Fuji™ hardware, software (maintenance and upgrades), and related components. Based on the previous solicitation, which resulted in only two bids, a new solicitation may not result in an adequate number of respondents or a more favorable rate. Fuji Film Medical Systems has proven to be a responsive contractor.

Contract No. 75360 - Johnson Controls, Inc.

Background

A solicitation was posted on the County and Department's Website in 2008 for chiller equipment maintenance and repair services, and only one bid was received. The awarded contractor, York International, later assigned this contract (with County approval) to Johnson Controls, Inc. The term of the contract is one year, with four one-year options effective August 30, 2005, and expiring August 29, 2010. The annual cost of this contract is \$84,000.

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding two additional option years. In exchange, Johnson Controls, Inc. is offering an immediate 12 percent reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

2 year extension (12 percent)	
2009-10 revenue increase	\$ 7,560
2010-11 revenue increase	\$ 10,080
2011-12 revenue increase	\$ 10,080
2012-13 revenue increase	\$ 1,680
	\$ 29,400

Justification

Johnson Controls, Inc. provides maintenance and repair services for three 850-ton York ice-producing rotary screw chillers and three 1,220-ton York rotary screw chillers. Based on the past solicitation, which resulted in only one bid, a new solicitation may not result in an adequate number of respondents or a more favorable rate. Johnson Controls, Inc. has proven to be a responsive contractor.

Contract No. 75485 - Western State Design

Background

A solicitation was posted on the County's and Department's Websites in 2005 for laundry equipment maintenance, and only one contractor responded. The term of the contract is three years, with two one-year and one six-month options, effective December 20, 2005, and expiring June 19, 2011. The annual cost of this contract is \$1,071,000 (increasing to \$1,121,980).

Recommended Amendment/Fiscal Impact

I recommend amending this contract by adding two additional option years. In exchange, Western State Design is offering to waive the 4.76 percent escalation provision that is scheduled to go into effect on December 19, 2009, with no further escalations through the end of the contract, including the extension periods. The projected savings have been approximated as follows:

2 year extension (4.76 percent)	
2009-10 revenue increase	\$ 27,000
2010-11 revenue increase	\$ 51,000
2011-12 revenue increase	\$ 51,000
2012-13 revenue increase	\$ 51,000
	\$ 180,000

Justification

Western States Design provides maintenance on the Department's laundry equipment servicing the entire jail population. Based on the previous solicitation, which resulted in only one bid, a new solicitation may not result in an adequate number of respondents or a more favorable rate. Western States Design has proven to be a responsive contractor.