COUNTY OF LOS ANGELES
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May 10, 2012

TO: Each Supervisor

FROM: for Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

SUBJECT: **NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE AGREEMENTS AND REQUEST DELEGATED AUTHORITY TO APPROVE INCREASES OR DECREASES OF GREATER THAN 10 PERCENT OF THE TOTAL CONTRACT AMOUNT**

This is to notify you that the Department of Public Health (DPH) intends to request delegated authority to execute three sole source agreements with the City of Pasadena (COP) to provide non-medical case management services, mental health psychotherapy services, and case management/home-based services. Two of these agreements, non-medical case management services and mental health psychotherapy services, are over $250,000 and require advance notice to the Board. DPH also intends to request delegated authority to approve increases or decreases in funding up to 25 percent above or below each contract's annual base maximum obligation. In accordance with Board of Supervisor's Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

Background

On February 7, 2012, AIDS Service Center (ASC) notified DPH of its intent to terminate these services and assign the contracts to the City of Pasadena Department of Public Health, effective July 1, 2012. ASC has shifted its mission and priorities to focus more broadly on prevention strategies and efforts. ASC consulted with stakeholders in the San Gabriel Valley community to identify a prospective provider to assume its DPH-funded contracts and ensure continuity of services, as well as ensure support for the delegation of its service agreements to the recommended provider. Since ACS's inception, the COP has been working with ASC and has established a strong collaborative partnership to serve ASC's current client caseload. For the last 20 years, the COP has received funding from DPH to provide the following services in Service Planning Area (SPA) 3: HIV medical outpatient, medical and non-medical case management, and mental health services. Most recently, the COP was approved by your Board on May 1, 2012 to provide oral health care services to the residents in SPA 3.

Justification to Enter into Sole Source Agreements

The sole source agreements will ensure that clients and their families residing within and surrounding SPA 3 will have uninterrupted and continued access to HIV/AIDS non-medical case management services and mental health psychotherapy services at the COP's Andrew Escajeda Clinic.

DPH initially prepared a delegated authority memo was that would have assigned all three contracts to COP using the delegated authority granted to DPH in the July 1, 2008, Board motion, which allows the delegation of contracts due to mergers, acquisitions, or change in ownership. However, upon review by the Chief Executive Office and County Counsel, it was agreed that DPH does not have the delegated authority to assign the contracts to COP based on the decision to change its mission). Therefore, it was recommended that DPH request three sole source agreements for Board approval.

DPH has conducted a thorough review of the impact of the assignment of the rights, and the delegation of the duties to transfer the contractual interests, including the right to monies due or to become due therein under the above referenced contract to the COP. The COP is an established DPH service provider in good standing with all current and active business, legal, state of incorporation and organizational structural documents on file with our office. Based on prior experience, DPH is confident that the COP will continue to provide a satisfactory level of service and continue to meet performance expectations.

Justification to Increase or Decrease Greater Than 10 Percent of the Total Contract Amount

A 25 percent delegated authority will enable DPH to amend these agreements to allow for the provision of additional units of funded services that are above the service level identified in the current agreement and/or the inclusion of unreimbursed eligible costs, based on the availability of grant funds and grant funder approval. While Los Angeles County is under no obligation to pay a contractor beyond what is identified in the original executed agreement, Los Angeles County may determine that the contractor has provided evidence of eligible costs for qualifying contracted services and that it is in Los Angeles County's best interest to increase the maximum contract obligation as a result of receipt of additional grant funds or a determination that funds should be reallocated.

On March 28, 2012, DPH notified your Board of our intent to request delegated authority on Six Home-Based Case Management Agreements (HBCM), which included one HBCM agreement that will be assigned to the COP. However, that memo did not include the two additional agreements referenced-above that are also being assigned to the COP. Given the transition of contracts to the COP and the ability to meet client demand, a 10% delegated authority provision may not be sufficient.

This recommendation has no impact on net County cost.

Notification Timeline

The Board letter to request the sole source agreements and the delegated authority to increase or decrease the total contract amount by 25 percent is projected for the Board meeting taking place on May 29, 2012. To allow time for your review and comments, we will not enter into negotiations until ten business days following the date of this memorandum.

If you have any questions or would like additional information, please let me know.

JEF:mc

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors