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June 04, 2014

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

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO THREE EXISTING AGREEMENTS AND
APPROVAL OF TWO SUCCESSOR EQUIPMENT MAINTENANCE AND
REPAIR SERVICE AGREEMENTS
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of Amendments to two equipment maintenance and repair service Agreements, an Amendment to blood recovery services Agreement, and two successor Agreements for equipment maintenance and repair services at various Department of Health Services' facilities; and request for delegated authority to execute as needed future amendments to these Agreements.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute an Amendment to Agreement No. H-700773 with International Line Builders (International), effective upon execution, to extend the term of the Agreement for one year commencing July 1, 2014 through June 30, 2015, with an automatic extension for one additional year through June 30, 2016, unless DHS gives prior notice to not extend, for the continued provision of preventative maintenance and repair services of high voltage electrical systems at DHS facilities listed on Attachment A, for a total annual amount of \$650,000.
2. Authorize the Director, or his designee, to execute an Amendment to Agreement H-702930 with nSpire Health, Inc. (nSpire), effective upon execution to extend the term of the Agreement for one year commencing on

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

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

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patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*



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August 1, 2014 through July 30, 2015, for the continued provision of equipment maintenance and repair services of pulmonary systems at LAC+USC Medical Center (LAC+USC MC), for a total annual amount of \$38,000.

3. Authorize the Director, or his designee, to execute an Amendment to Agreement H-700743 with Cardiovascular Plus, Inc. (Cardiovascular Plus) for blood recovery services at Olive View-UCLA Medical Center (OV-UCLA MC), effective upon execution to increase the annual amount from \$35,000 to \$95,000 for the current term and the subsequent final contract term, due to increased use of blood recovery services.

4. Authorize the Director, or his designee, to execute a successor Agreement with Hill-Rom Company, Inc. (Hill-Rom), effective upon execution for a period of five years, commencing on July 1, 2014 through June 30, 2019, for the continued provision of hospital bed maintenance and repair services at DHS facilities listed on Attachment A, for a total annual amount of \$542,538.

5. Authorize the Director, or his designee, to execute a successor Agreement with Simplex Grinnell (Simplex), effective upon execution for a period of five years commencing July 1, 2014 through June 30, 2019 with an automatic extension for three one-year extension terms through June 30, 2022, unless DHS gives prior notice not to extend, for the continued provision of emergency repair services of fire detection and alarm systems at DHS facilities listed in Attachment A, for a total annual amount of \$1,029,791 for Fiscal Year (FY) 2014-2015.

6. Delegate authority to the Director, or his designee, to execute amendments to the above mentioned Agreements to: (a) implement modifications in accordance with the Agreements' terms and conditions; and (b) incorporate administrative changes to the Agreements, including but not limited to the addition, modification, or removal of any relevant terms and conditions, to clarify terms and conditions and otherwise comply with changes in applicable law.

7. Delegate authority to the Director, or his designee, to amend the above-mentioned five Agreements to increase the total annual amount of each Agreement annually by no more than 40 percent above the total annual amount for the: (a) first year of the extended terms for International and nSpire; (b) current term for Cardiovascular Plus; and (c) first year of the successor Agreement period for Hill-Rom and Simplex for a combined total possible annual increase of \$942,131 to: add equipment coming off warranty, to provide for out-of-scope repairs or maintenance for equipment that is excluded under each Agreement's basic maintenance services, to add equipment/services to additional locations; provide professional services; and cover emergency or unforeseen as-needed equipment maintenance, repair, and support services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

International

Approval of the first recommendation will allow the Director, or his designee, to execute an

Amendment to the Agreement with International, for the continued provision of equipment maintenance and repair services of high-voltage electrical systems. The current Agreement expires on June 30, 2014. Reliable, high-quality maintenance and repair services of the medical centers' electrical systems are of utmost importance to facility operations and critical to patient care. The Contractor has agreed to not increase its preventative maintenance rates for the extension period; however the hourly rates for as-needed repair and emergency services has increased to match current union pay rates for electricians who are unionized. DHS plans to conduct a competitive solicitation for these services during the extension period.

nSpire

Approval of the second recommendation will allow the Director, or his designee, to execute an Amendment to the Agreement with nSpire, for the continued provision of equipment maintenance and repair services for pulmonary system equipment at LAC+USC MC for a one-year period. The current Agreement expires July 31, 2014. DHS is requesting this one-year extension to allow time to find an enterprise wide solution for maintenance of pulmonary system equipment. The Contractor has agreed not to increase prices for this one year extension. Additionally, nSpire will provide LAC +USC MC with loaner equipment, at no cost to County, in the event that the equipment breaks down and is un-repairable during this extension period.

Cardiovascular

Approval of the third recommendation will allow the Director, or his designee, to execute an Amendment to the Agreement with Cardiovascular Plus, for blood recovery services used in the Operating Rooms, Labor and Delivery, Cardiology and Surgery Departments at OV-UCLA MC to increase the total annual amount of the Agreement. Cardiovascular Plus provides blood recovery services during scheduled or emergency surgical procedure to recover, process, and re-infuse back into the patient. This service is only utilized when significant blood loss is expected during a surgical procedure and the patient indicates prior to surgery that he/she refuses to accept the banked blood. This is a fee-for-service contract that is patient driven. The number of patients requiring these services per year is unpredictable. Due to the recent addition of percutaneous coronary intervention (PCI) at OV-UCLA, the volume of patients has increased requiring an increase in the annual amount of the Agreement. The rates will remain the same as the current Agreement. These services are not elective and proper maintenance and repair of the equipment by Cardiovascular Plus's technician is required or patient care will suffer.

Hill-Rom

Approval of the fourth recommendation will allow the Director, or his designee, to execute a successor Agreement with Hill-Rom, to replace the current Agreement for maintenance and repair services of Hill-Rom state-of-the-art hospital beds with proprietary software. The current Agreement expires on June 30, 2014. Hill-Rom currently services over 1700 Hill-Rom hospital beds and lifts that are vital to Intensive Care Unit (ICU), medical-surgical nursing, labor and delivery in DHS facilities. The Beds covered under this Agreement include a majority of high performance and intelligent bed systems that improve the quality of patient care and safety with features such as rotation, percussion and vibration, turn assist, and full chair position. Some of these beds have features to provide benefits in high level wound care treatment, prevention for patients at risk of severe pressure ulcer, bed exit alarms, weight scales, height setting, and nurse call. Hill-Rom is the Original Equipment Manufacturer (OEM) and their hospital beds require that only Hill-Rom certified technicians provide the necessary preventative maintenance and repair services to meet The Joint Commission on the Accreditation of Healthcare Organizations (The Joint Commission) requirements.

DHS has negotiated a five year successor term with a five percent (5%) flat increase for the entire term. Hill-Rom provides County with thirty-five percent (35%) discount on prices and has had no rate increase since 2010.

Simplex

Approval of the fifth recommendation will allow the Director, or his designee, to execute a successor Agreement with Simplex, to replace the current Agreement for the provision of testing, inspection, preventative maintenance and repair services of fire detection, fire sprinkler, and alarm systems for LAC+USC MC, Harbor-UCLA Medical Center (H-UCLA MC), Rancho Los Amigos National Rehabilitation Center (RLANRC), Martin Luther King Jr., Multi-Service Ambulatory Care Center (MLK-MACC) and Hubert H. Humphrey Comprehensive Health Center (HHHCHC). Simplex is the OEM and their services are critical to fire protection. The current Agreement expires on June 30, 2014.

DHS has negotiated a 5 year successor term with three automatic one-year renewals, with no increase in cost for the existing services at H-UCLA MC, MLK-MACC, RLANRC, during the first 5 years and a two percent (2%) flat increase for existing services at LAC+USC MC for the first 4 years. The increase in cost is due to the Contractor's projected rising cost of providing services. H-UCLA MC and LAC+USC MC added additional fire alarm and sprinkler system testing and inspection to the existing service. Hubert H. Humphrey Comprehensive Health Center was added to the Agreement.

Delegated Authority

Approval of the sixth recommendation will authorize the Director to amend the five Agreements to add or remove equipment, implement modifications in accordance with the Agreements' terms and conditions, and perform any administrative contractual changes to the Agreements as required by changes in applicable law.

Approval of the seventh recommendation will allow the Director, or his designee, to increase the total annual amount of each of the aforementioned five Agreements up to 40 percent of the annual amounts indicated in Attachment A, to add equipment coming off warranty, professional services, emergency work, where applicable, out of scope repairs/support services, and/or additional locations.

The Joint Commission requires facilities to ensure routine preventative maintenance, timely repairs, and performance/safety testing of its medical and hospital equipment and to maintain patient safety. Therefore, this delegated authority is necessary to enable the Agreements to be amended timely to guarantee that the critical equipment is maintained appropriately and ensure the safety of patients and facility staff, as well as to meet the requirements of The Joint Commission. Board policy generally allows delegated authority to increase the total annual sum up to 10 percent. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase.

The facility will only request that equipment, locations, and/or support services be added if additional services are needed and funding is available in the facility's budget. In accordance with Board Policy 5.120, on April 22, 2014, DHS provided the Board, with a copy to The Chief Executive Office, the required two-week notice of intent to request a delegation of authority in excess of 10 percent.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total annual amount of the Amendments to the three existing Agreements and the two successor Agreements is \$2,355,329. The annual amounts by facility for the five Agreements are identified in Attachment A.

The total potential annual increase under the 40 percent delegated authority for the five Agreements is \$942,131 and would be funded using existing resources.

Funding is included in DHS' FY 2014-15 Recommended Budget will be requested in future fiscal years as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

International

The Board initially approved an Agreement with Pouk & Steinle as a Purchase Order (PO) conversion, to provide critical facility maintenance and repair services of high voltage electrical systems at RLANRC. On May 28, 2010, DHS executed an amendment under delegated authority for the delegation and assignment of the Agreement to International, due to International's purchase of Pouk & Steinle. Subsequent amendments increased the annual maximum obligation and added additional DHS facilities. In order to determine if there were other firms who could provide the required services, DHS released a Request for Information in April 2010, and received three responses, including one from International. The other two firms did not meet all the required qualifications and DHS subsequently requested an extension of the Agreement term through June 30, 2014. DHS is requesting the current extension to conduct a competitive solicitation for these services as it appears there may now be firms able to handle the work.

nSpire

On August 1, 2007, DHS executed a sole source agreement with nSpire, who is the OEM, effective through July 31, 2008, under delegated authority authorized by the Board on June 7, 2006. Subsequent amendments extended the term of the Agreement through July 31, 2014.

Cardiovascular Plus

On June 29, 2004 the Board approved the current Agreement with Cardiovascular as a Purchase Order (PO) conversion, to provide blood recovery services after the PO reached the Purchasing Agent's maximum authority. Subsequent amendments extend the term through June 30, 2015.

Hill-Rom

On May 30, 2006, as a result of a Proposition A Invitation for Bids, the Board approved an Agreement with Hill-Rom through June 30, 2009. Subsequent amendments added RLANRC, increased the maximum obligation, and extended the term through June 30, 2014.

The Hill-Rom Successor Agreement is no longer designated as a Prop A Agreement for the following reasons: advances in technology resulted in dramatically different beds requiring specialized knowledge than what was needed when County employees used to provide hospital bed maintenance and services; Hill-Rom's proprietary components mandates Hill-Rom specialized trained technicians to service/update equipment; and Hill-Rom does not train anyone outside of their staff to service their equipment. Therefore, even with additional recruitment efforts by the County, the County would not be able to provide the services needed to properly maintain the Hill-Rom equipment. County Counsel approved the change in contract designation.

Simplex

On June 17, 2003, the Board approved a sole source Agreement with Simplex, who is the OEM, to continue the provision of testing, inspection, preventative maintenance and repair services of fire detection and alarm systems for H-UCLA MC and MLK-MACC. Subsequent amendments added RLANRC, Mid-Valley and fire alarm systems at LAC+USC MC to the Agreement and extended the term through June 30, 2014.

All Agreements

All Amendments and successor Agreements contain all of the latest Board-mandated provisions. These Agreements are not subject to Proposition A (Prop A) as the services are intermittent, highly specialized and cannot currently be provided by County staff, and are therefore not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

County Counsel will review and approve the Amendments and Successor Agreements prior to execution.

CONTRACTING PROCESS

Three of the contractors, nSpire, Hill-Rom and Simplex are OEM's. Companies often use proprietary technology in their equipment to ensure that their competitors cannot service the equipment or limit the availability of the parts to the third party. When the warranty expires, the best option is to contract with the OEM to ensure that the equipment is maintained in accordance with equipment specifications. Another benefit to contracting with the OEM is the guarantee of faster access to OEM parts when repair services, especially for emergencies, are needed.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will allow DHS to obtain ongoing critical equipment maintenance and repair services, hospital, and blood recovery services for facility operations.

The Honorable Board of Supervisors

6/4/2014

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

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Enclosures

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

DEPARTMENT OF HEALTH SERVICES
Equipment Maintenance & Repair Services and Hospital Services Agreements

International	Fiscal Year 2014-2015
LAC+USC Medical Center	\$50,000
Harbor-UCLA Medical Center	\$200,000
Rancho Los Amigos National Rehabilitation Center	\$200,000
Olive View-UCLA Medical Center	\$200,000
Total Annual Amount	\$650,000

nSpire	Annual Amount (period of August 1, 2014-July 31, 2015)
LAC+USC Medical Center	\$38,000
Total	\$38,000

Cardiovascular Plus	Fiscal Year 2013-14
Olive View-UCLA Medical Center	\$95,000
Total Annual Amount	\$95,000

Hill-Rom	Fiscal Year 2014-2015
LAC+USC Medical Center	\$271,435
Harbor-UCLA Medical Center	\$131,795
Rancho Los Amigos National Rehabilitation Center	\$81,589
Olive View-UCLA Medical Center	\$57,719
Total Annual Amount	\$542,538

Simplex Grinnell	Fiscal Year 2014-2015
LAC+USC Medical Center	\$757,396
Harbor-UCLA Medical Center	\$61,145
Martin Luther King, Jr. Multi-Service Ambulatory Center Center	\$145,760
Humphrey	\$5,490
Rancho Los Amigos National Rehabilitation Center	\$60,000
Total Annual Amount	\$1,029,791

Total Annual Amount	\$2,355,329
Total Potential annual increase under 40% delegated authority	\$942,131