



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

27 September 5, 2017

LORI GLASGOW  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

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September 05, 2017

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:

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina R. Ghaly, M.D.  
Chief Operations Officer

## APPROVAL TO EXTEND DIETARY AND CAFETERIA SERVICES AGREEMENTS (ALL SUPERVISORIAL DISTRICTS) (4 VOTES)

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Los Angeles, CA 90012

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

### SUBJECT

Request for delegated authority to amend five Agreements with Morrison Health Care, Inc., and one Agreement with Sodexo Operations, LLC. to extend the Agreements' terms for three months with an option to extend on a month-to-month basis thereafter, for the continued provision of Dietary and Cafeteria Services at various Department of Health Services (DHS) facilities, and to execute future amendments.

*To ensure access to high-quality, 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.*

### IT IS RECOMMENDED THAT THE BOARD:

1. Make a finding pursuant to Los Angeles County Code Section 2.121.420 that the continued provision of Dietary and Cafeteria Services, as described herein, may continue to be performed more economically by an independent contractor.
2. Delegate authority to the Director of Health Services or his designee (Director), to execute amendments effective upon execution, to the Proposition A (Prop A) Dietary and Cafeteria Services Agreements No. 74158, 70294, 70295 and 70694, with Morrison Health Care, Inc. (Morrison), and Agreement No. 68444 with Sodexo Operations, LLC (Sodexo), to extend the term of each Agreement for three months with an option to extend on a month-to-month basis until the Department returns to the Board with recommendations to award successor Agreements, to allow for services to continue at an estimated



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monthly net cost of \$2,378,300 for all Facilities as listed on Attachment A.

3. Delegate authority to the Director, to execute an amendment effective upon execution, to the Public Cafeteria Services Agreement No. H-211094, with Morrison, to extend the term of the Agreement for three months with the option to extend on a month-to-month basis until the Department returns to the Board with a recommendation to award a successor Agreement, to allow for services to continue at Harbor-UCLA Medical Center (H-UCLA MC), with estimated monthly revenue in the amount of \$17,000.

4. Delegate authority to the Director, to execute amendments to the Agreements identified in the second and third recommendations to: (a) exercise the month-to-month extension options (b) make necessary relevant changes to the scope of services, provided that such adjustments are based on the needs of DHS and adjust the cost accordingly for such changes, including adjustment to changes in Living Wage rates; and/or (c) add, delete and/or change certain terms and conditions in the Agreements as mandated by Federal or State law or regulation, County policy or the County Board of Supervisors (Board) and/or Chief Executive Office (CEO), subject to prior review and approval by County Counsel, and for actions taken pursuant to (a) with notice to the Board and CEO.

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

Approval of the first recommendation is necessary to comply with Los Angeles County Code Section 2.121.420, which requires that contracting under Prop A be cost-effective. DHS has determined that the Agreements continue to be cost effective.

Approval of recommendations two and three will allow for the continuous provision of essential patient meals and related services, including registered dietician services, as well as retail cafeteria services to staff and visitors at DHS facilities until DHS finalizes the Prop A compliant Request for Proposals (RFP) process and returns to the Board for award of successor agreements. The current agreements expire September 30, 2017.

DHS issued a RFP to solicit proposals for Dietary Services at DHS facilities. Morrison and Sodexo submitted proposals for all four facilities (LAC+USC Medical Center, H-UCLA MC, Rancho Los Amigos National Rehabilitation Center and Olive View-UCLA Medical Center). Based on the proposal submissions in response to the Dietary RFP, Morrison's proposals for all of the facilities were determined to be the highest ranked proposals. Negotiations have been concluded and the non-selected proposer, Sodexo is protesting the award to Morrison on all four facilities. Sodexo's protest is at the first level within the department pending final review by County Counsel. Sodexo will have the option to request a County Independent Review (CIR) within 2 weeks if they are not satisfied with the departmental response. If a CIR is requested, DHS will provide ISD with all pertinent documents and the CIR will be conducted. The review takes 2-4 weeks depending on the complexity of the protest and the availability of reviewers. Then the CIR report is issued back to DHS and after department review, the report is sent to Sodexo. Depending on the outcome, DHS would take corrective action within the RFP process or make recommendations to the Board for contract award.

Approval of recommendation four will authorize the Director to execute amendments to all Agreements identified in recommendations two and three to exercise the extension options, if needed, and make necessary changes to the scope of services and impacted cost, and make

necessary changes to certain terms and conditions mandated by law, regulation or County policy. Should the Department find it necessary to execute the optional month-to-month extensions, a notice to the Board will be provided, followed by quarterly status reports until the Department returns to the Board with recommendations for successor Agreements.

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

The recommended actions support Strategy I.1, Increase Our Focus on Prevention Initiatives, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The estimated monthly net County cost for the provision of Dietary and Cafeteria Services for these Facilities is \$2,378,300.

Funding is included in the DHS Fiscal Year (FY) 2017-18 Adopted Budget and will be requested in the future fiscal years as necessary.

The estimated monthly revenue from Public Cafeteria Services Agreement No. H-211094 at H-UCLA MC is \$17,000.

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

All Board of Supervisors' required provisions are included in the Agreements, including the updated Living Wage Ordinance (LWO) program. Currently, the LWO requires Contractors to pay employees an hourly rate of no less than \$14.25. Should it become necessary to execute the optional month-to-month extensions for the period beyond December 31, 2017, DHS will negotiate adjustments to the Contractors' budget schedules and ensure that all the employees performing services under each Agreement are paid no less than the mandated LWO rate of \$15.00 in effect at the time of such extension.

It has been determined that the provision of services by the Contractors under the Agreements are subject to the guidelines which include the Living Wage Program set forth in Los Angeles County Code Chapter 2.201. Contractors are in compliance with the Living Wage Program requirements.

The Agreements may be terminated for convenience by the County in its sole discretion, with no less than thirty (30) days written notice.

County Counsel will be requested to review and approve any resultant Amendments as to form.

### **CONTRACTING PROCESS**

These Agreements were initially awarded as a result of a competitive solicitation process. DHS solicited proposals for new Agreements and is finalizing all required processes to submit recommendations for award of new Dietary and Cafeteria Service Agreements.

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

Approval of the recommendations will ensure continued services of DHS patient meals and cafeteria services.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive style.

Mitchell H. Katz, M.D.

Director

MHK:kh:es

Enclosures

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

**DIETARY AND CAFETERIA SERVICES  
FOR THE PERIOD OCTOBER 1, 2017 - DECEMBER 31, 2017**

<b>CONTRACTOR: MORRISON HEALTH CARE, INC.</b>	
<b>FACILITY</b>	<b>ESTIMATED MONTHLY COST</b>
AGREEMENT NO. 74158 - LAC+USC MEDICAL CENTER	\$1,084,060
AGREEMENT NO. 70294 - MARTIN LUTHER KING JR OUTPATIENT CENTER	\$126,866
AGREEMENT NO. 70295 - HARBOR-UCLA MEDICAL CENTER	\$452,503
AGREEMENT NO. 70694 - OLIVE VIEW MEDICAL CENTER	\$393,763
<b>ESTIMATED TOTAL MONTHLY COST</b>	<b>\$2,057,192</b>

<b>CONTRACTOR: SODEXO OPERATIONS, LLC.</b>	
<b>FACILITY</b>	<b>MONTHLY COST</b>
AGREEMENT NO. 68444 - RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER	\$321,108
<b>ESTIMATED TOTAL MONTHLY COST</b>	<b>\$321,108</b>

<b>ALL FACILITIES ESTIMATED TOTAL MONTHLY COST</b>	<b>\$2,378,300</b>
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