Health Services
LOS ANGELES COUNTY

March 27, 2007

Los Angeles County
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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:

AGREEMENT AMENDMENT FOR PROPOSITION A DIETARY SERVICES AT MARTIN LUTHER KING, JR.-HARBOR HOSPITAL
(2nd District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Proposition A Amendment No. 7 to Agreement Number 70294 (Exhibit I) with Morrison Management Specialists Inc., dba Morrison Health Care Inc., (Morrison) for the continued provision of dietary services at Martin Luther King, Jr.-Harbor Hospital, on a month-to-month basis, effective April 1, 2007 through June 30, 2007, at a monthly cost of $125,000, for a three month cost of $375,000 for acute inpatient dietary services; and at a monthly cost of $70,000 for a three month cost of $210,000 under the current terms and conditions for other dietary services needs. The total estimated contract cost is $585,000.

2. Delegate authority to the Director of Health Services to increase the contract amount for acute inpatient dietary services up to 15% for additional services as necessary.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

Approval of the recommended actions will allow for the continuation of dietary services at Martin Luther King, Jr.-Harbor Hospital (MLK-Harbor) pending resolution of a protest filed by Sodexho Operations, LLC (Sodexho) on the proposed award from a Request for Proposals (RFP) conducted by the Department of Health Services (DHS or Department). The Department anticipates that Sodexho's protest will be concluded by

June, 2007, at which time DHS will return to your Board with a contract recommendation for MLK-Harbor.

In addition to the acute care inpatients, Morrison also provides meals to the 21-bed psychiatric inpatient facility, faculty, other physicians, ophthalmology and pediatric outpatient residents, and psychiatric inpatient residents, and volunteers. The current contract with Morrison provides that a credit on the Basic Monthly Charge is given to the County to adjust for the actual services ensuring that County only pays for the meals actually provided.

DHS has been contracting for dietary services under provisions of County Code 2.121.250 et seq., "Contracting with Private Businesses" (Proposition A), since October 1984. Dietary services are an integral part of the legitimate activities which must be provided by a hospital to perform its health care functions.

The delegated authority will allow for potential fluctuations in the need for dietary services at MLK-Harbor.

FISCAL IMPACT/FINANCING:

The estimated monthly cost for acute care dietary services is $125,000, for a three-month cost of $375,000. The estimated monthly cost for other dietary service needs is $70,000, for a three-month cost of $210,000. The total estimated contract cost for the period April 1, 2007 through June 30, 2007 is $585,000. The delegated authority will allow for an increase up to 15% per month equaling $18,750, for a total potential increase of $56,250 and would increase the total estimated contract cost to $641,250.

DHS will pay Morrison a Basic Monthly Charge of $195,000 for the provision of approximately 11,700 meals monthly. In the event that the facility does not need the number of meals covered under this Basic Monthly Charge, the contract requires Morrison to credit the County for each meal not provided. Therefore, the County will not pay Morrison for more meals than are actually needed at the facility. In addition to the credit per meal, Morrison will share 75% of any cost savings with the County. Cost savings will be determined based on an accounting of actual costs at the end of the contract period.

Funding is included in MLK-Harbor's Fiscal Year 2006-07 Final Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The agreement with Morrison has been in existence since September 3, 1996. DHS is recommending an extension of this agreement pending resolution of a protest filed by Sodexho.

The approximate number of meals to be served at MLK-Harbor for the extension period is 35,100 or 11,700 meals per month. The contract extension will be month-to-month through June 30, 2007.

It has been determined that dietary services fall within Prop. A guidelines. Morrison will continue to be subject to the County's Living Wage Program.

Contract monitoring functions will continue to be provided by administrative staff at MLK-Harbor.

County Counsel has approved the attached amendment, Exhibit I, as to form.

CONTRACTING PROCESS:

On February 23, 2005, the Department released an RFP for Dietary and Concession Cafeteria Services at Harbor-UCLA, Rancho Los Amigos National Rehabilitation Center (Rancho) and Olive View-UCLA Medical Center (OVMC) and for dietary services only at MLK-Harbor.

Integrated Support Solutions Inc. (ISSI) submitted a proposal for OVMC and Rancho. Morrison and Sodexho submitted proposals for the four facilities. Morrison received the highest total score for each of the four facilities and was to be the recommended service provider at all facilities.

ISSI is protesting the award to Morrison at OVMC. Sodexho, the current contractor at Rancho, is protesting the award to Morrison at all four facilities. On March 20, 2007, in light of these protests, the Department recommended the continuation of all existing agreements with Morrison and Sodexho pending resolution of these protests.

Accordingly, on March 20, 2007, your Board approved the extension of existing agreements with Morrison for Harbor and OVMC and Sodexho for Rancho, on a month-to-month basis, effective April 1, 2007 through June 30, 2007, but continued the item for the recommended extension of Morrison's contract for MLK-Harbor with a request for adjust the maximum monthly cost.

IMPACT ON CURRENT SERVICES OR PROJECTS

Board approval of the extension amendment will avoid the disruption of dietary services at MLK-Harbor pending resolution of the solicitation protests.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ds
BOARD LETTERDietaryKing.wpd

Attachments (2)

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

ATTACHMENT A

SUMMARY OF AMENDMENT

1. TYPE OF SERVICES:

   Dietary Services at MLK-Harbor.

2. AGENCY ADDRESS AND CONTACT PERSON:

   Morrison Management Specialists, Inc.
   dba Morrison Health Care, Inc.
   1727 Axenty Way
   Redondo Beach, CA 90278
   Attention: Edward M. Clark
   Telephone: (310) 798-4017

3. TERM:

   Effective April 1, 2007, month-to-month through June 30, 2007.

4. FINANCIAL INFORMATION:

   The estimated monthly cost for acute care dietary services is $125,000, for a three-month cost of $375,000. The estimated monthly cost for other dietary service needs is $70,000, for a three-month cost of $210,000. The total estimated contract cost for the period April 1, 2007 through June 30, 2007 is $585,000. The delegated authority will allow for an increase up to 15% per month equaling $18,750, for a total potential increase of $56,250 and would increase the total estimated contract cost to $641,250.

   Funding is included in MLK-Harbor's Fiscal Year 2006-07 Final Budget.

5. PERSON ACCOUNTABLE FOR PROGRAM MONITORING:

   Administration.

6. GEOGRAPHIC AREA SERVED:

   2nd District.

7. APPROVALS:

Chief Deputy:	John R. Cochran III
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	Sharon A. Reichman, Principal Deputy