



## County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI  
Chief Executive Officer

**DATE:** March 17, 2016  
**TIME:** 1:00 p.m.  
**LOCATION:** Kenneth Hahn Hall of Administration, Room 830

### AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.  
Three (3) minutes are allowed for each item.

1. Call to order – James Blunt / Gevork Simdjian
  
- A) **Board Notification – INTENT TO EXTEND SOLE SOURCE AGREEMENT WITH PARATA SYSTEMS, LLC FOR ONGOING MAINTENANCE SERVICES OF THE AUTOMATED PHARMACY OUTPATIENT DISPENSING SYSTEM (APODS)**  
DHS – Mitchell Katz or designee
  
- B) **Board Letter – APPROVAL OF REVISED BOARD POLICY NUMBER 3.060 – NON-DISCRIMINATION ON THE BASIS OF DISABILITY**  
CEO – Steve Robles or designee  
DHR – Lisa Garrett or designee
  
- C) **Board Letter – LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION LEASE REVENUE NOTE PROGRAM PER**  
TTC – Joseph Kelly or designee
  
- D) **Board Letter – RECOMMENDATION TO AMEND AND RESTATE THE MASTER AGREEMENT FOR AS-NEEDED STRATEGIC PLANNING AND RELATED SERVICES**  
CEO – Charlene Abe or designee
  
- E) **CHIEF EXECUTIVE OFFICE ORGANIZATION REDESIGN**  
CEO – Sachi Hamai or designee
  
2. Public Comment
3. Adjournment



**Los Angeles County  
Board of Supervisors**

**Hilda L. Solis**  
First District

**Mark Ridley-Thomas**  
Second District

**Sheila Kuehl**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

**Mitchell H. Katz, M.D.**  
Director

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

**Christina R. Ghaly, M.D.**  
Deputy Director, Strategy and Operations

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

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

*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.*

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



**TO:** Supervisor Hilda Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

**FROM:** Mitchell H. Katz, M.D.  
Director

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO EXTEND  
SOLE SOURCE AGREEMENT NO. H-702976 WITH  
PARATA SYSTEMS, LLC.**

This is to advise the Board that within the next six months, the Department of Health Services (DHS or Department) intends to return to the Board to request approval of an extension to the existing Sole Source Agreement No. H-702976 (Agreement) with Parata Systems, LLC (Parata) for the ongoing provision of Preventive Maintenance and Repair Services (maintenance services) of the Automated Pharmacy Outpatient Dispensing System (APODS) at DHS' outpatient facilities. Parata is the Original Equipment Manufacturer (OEM) of APODS.

Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for extension of a Board-approved Agreement at least six months prior to the Agreement's expiration date. The Parata Agreement will expire on August 31, 2016.

**Background**

DHS outpatient pharmacies fill approximately three million prescriptions annually. The Parata automated cabinets allow for bar-coded dispensing of solid oral tablets and capsules into patient-labeled containers, increasing the safety and efficiency of outpatient pharmacy operations.

Since 2006, the Department has been in the process of standardizing APODS at thirteen high-volume DHS outpatient pharmacies including LAC+USC Medical Center, El Monte Comprehensive Health Center, Hudson Comprehensive Health Center, Roybal Comprehensive Health Center, Harbor-UCLA Medical Center, Long Beach Comprehensive Health Center, Martin Luther King, Jr. Outpatient Center, Humphrey Comprehensive

Health Center, Rancho Los Amigos National Rehabilitation Center, Olive View-UCLA Medical Center, Mid-Valley Comprehensive Health Center, and High Desert Regional Health Center. APODS originally included components for automated workflow software and dispensing system. However, after installation of the new Cerner Retail-Etreby Pharmacy Information System (Cerner), the use of Parata technology was reduced to the automated dispensing system only, as the Cerner system replaced the previous Parata workflow software.

This Agreement for APODS maintenance services enables DHS to address preventive maintenance and repair services issues as the APODS equipment comes off warranty. When properly serviced and maintained in accordance with OEM recommended maintenance schedules, the APODS increases accuracy of the dispensing process, enhances DHS' ability to provide critical safety checks by providing correct type and dosage of medications for DHS patients, and provides a risk management benefit to the County by reducing opportunities for human error in dispensing.

As recently as 2014, DHS invested in upgrading APODS by replacing outdated dispensing cabinets with a new technology called Mini/Max cabinets (Mini/Max). These automated cabinets store pharmaceuticals until an electronic message regarding the type and quantity of pharmaceuticals to be dispensed is received from the outpatient pharmacy dispensing application, Cerner. When a message is received from Cerner, the automated Mini/Max counts the pharmaceutical product for the pharmacy staff, who then prepare the prescription for the patient. The Mini/Max provides nearly 100 percent accuracy in automated drug and dosage dispensing.

#### Justification

The APODS has been standardized at DHS for over eight years, and recently a direct interface between APODS and Cerner has been established to seamlessly communicate information between the two systems. Therefore, DHS is recommending an extension to the APODS maintenance services agreement in order to continue to meet the automated pharmaceutical dispensing needs of DHS outpatient pharmacies.

With the extension of this Agreement, staff will have access to APODS routine preventive maintenance services, at least four times annually, as well as, OEM system updates, all dispensing machine parts, telephone support for fifteen hours per day, and a service technician within four and one-half hours of logging in a repair ticket.

As technology becomes more advanced, and medical equipment incorporates firmware/software in addition to proprietary technology, DHS remains mindful that the OEM is often better able to ensure equipment performance in accordance with manufacturer specification and better able to comply with all accrediting and licensing agencies' requirements, including The Joint Commission on the Accreditation of

Each Supervisor  
(Date)  
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Health Care Organizations (The Joint Commission). OEMs use proprietary technology in their equipment to ensure that their competitors cannot service the equipment or limit the availability of parts to the third party. In addition, patches, firmware revisions and software upgrades can only be worked on by the OEM.

The extension of the agreement with Parata for maintenance services of APODS will:

- Enhance patient safety by ensuring the efficiency and accuracy of the medication dispensing process;
- Maximize productivity of DHS outpatient pharmacies in automating the medication dispensing process;
- Aid in the Department's goal of improving ambulatory care pharmacy services;
- Enable DHS' efforts to continue working towards system standardization and maintenance goals.

Without this extension to Parata's Agreement, DHS would not have the ability to maintain the current standardized pharmacy automation.

DHS will continue to proceed with the sole source negotiations on the Agreement extension with Parata within two weeks from the date of this memo unless the Department is instructed otherwise by the Board.

If you have any questions, please let me know.

MHK:al

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

REVIEWED BY:

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Richard Sanchez  
Chief Information Officer

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Date



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>

SACHI A. HAMAI  
Chief Executive Officer

**DRAFT**

April 12, 2016

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

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**APPROVAL OF REVISED BOARD POLICY NUMBER 3.060 –  
NON-DISCRIMINATION ON THE BASIS OF DISABILITY  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

The Chief Executive Office (CEO) and Department of Human Resources seek the Board's approval for revisions made to Board Policy 3.060: Non-Discrimination on the Basis of Disability.

**IT IS RECOMMENDED THAT THE BOARD:**

Approve the recommended revisions to Board Policy 3.060: Non-Discrimination on the Basis of Disability (Policy). Copy enclosed.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The revised Policy was approved by the Audit Committee on February 18, 2016, and language was deleted, added, or modified to accomplish the following:

- Emphasize that the Policy is the County's policy of non-discrimination on the basis of disability relative to access to County services, programs, and activities in accordance with Title II of the Americans with Disabilities Act (ADA) of 1990, as amended in the ADA Amendments of 2008.

*"To Enrich Lives Through Effective And Caring Service"*

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

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

The County Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operation to support timely delivery of customer-oriented and efficient public services. The Board's adoption of the revised Policy is consistent with this goal.

### **FISCAL IMPACT/FINANCING**

No fiscal impact.

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

Emphasize the Policy's purpose of ensuring compliance with Title II of the ADA of 1990, as amended in terms of admission and access to County programs, activities, and services;

Remove the Department of Human Resources as one of the Responsible Departments and any references to employment relative to ADA from the Policy. The CEO has oversight of Title II of the ADA relative to accessibility of County programs, activities, and services;

The revision clarifies that Equal access to employment as relative to ADA is covered by Board Policy 9.010 — Equal Employment Opportunity Non-Discrimination Policy Statement and Poster; and

Include links in the Reference Section of the updated "Informal Complaint Form," and "Non-Discrimination Policy Statement and Poster" (Copies enclosed).

County Counsel reviewed the revised Policy and concurs with these changes.

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

Approval of the revised Policy will clearly and concisely communicate to all the Board's commitment to non-discrimination on the basis of disability in admission and access to County programs, activities, and services.

The Honorable Board of Supervisors  
April 12, 2016  
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***DRAFT***

**CONCLUSION**

Upon Board approval, please return three adopted stamped copies of the Board letter to Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, and Bradford Bolger, Capital Projects Senior Manager, and Michael Lynd, Assistant Director, Department of Human Resources.

Respectfully submitted,

SACHI A. HAMAI  
Chief Executive Officer

LISA M. GARRETT  
Director of Personnel

SAH:JJ:LMG:EP:MAL  
STR:BB:MS:AD:sg

Enclosures

c: Executive Officer, Board of Supervisors  
Auditor-Controller  
County Counsel



Los Angeles County  
**BOARD OF SUPERVISORS POLICY MANUAL**

ENCLOSURE I

Policy #:	Title:	Effective Date:
<b>3.060</b>	<b>Non-Discrimination On The Basis Of Disability</b>	<b>01/04/94</b>

(See also [9.010](#))

### PURPOSE

Establishes a County policy of non-discrimination on the basis of disability in accordance with the Americans with Disabilities Act (ADA) of 1990 and the ADA Amendments Act of 2008. Clearly and concisely communicates to all County employees and the community the Board's commitment to non-discrimination on the basis of disability ~~in employment and~~ in admission and access to County services, programs and activities. This policy further recognizes ~~the Department of Human Resources (DHR) as the entity having oversight for County enforcement of the ADA relative to employment and~~ the Chief Executive Office (CEO) as the entity having oversight for County enforcement of [Title II of the](#) ADA relative to access to County services, programs and activities.

### REFERENCE

January 4, 1994, Board Order [Synopsis 67](#)

[February 8, 1994](#), Executive Office/ADA Steering Committee memo "Board Policy – Americans with Disabilities Act (ADA)"

[Americans with Disabilities Act of 1990 \(42 USC 12101 Title II et seq.\)](#)

[ADA Amendments Act of 2008 Public Law 110-325 September 25, 2008](#)

[Informal Complaint Form](#)

[Non-Discrimination Policy Statement and Poster](#)

### POLICY

The policy requires the County to comply with the Americans with Disabilities Act (ADA) of 1990 and all applicable laws, statutes, regulations and policies relating to the protection of persons with disabilities and to not discriminate on the basis of disability ~~in employment or~~ in admission and access to its services, programs or activities. Each County Department is to designate an ADA Coordinator to carry out the Department's compliance with the non-discrimination provisions of the ADA. Each Department is to implement the Board-approved Informal Complaint Procedure and to post the County Policy of Non-Discrimination in conspicuous places frequented by the public. The document serves as a

declaration of the Board's intention to hold all employees responsible for creating a non-discriminatory work environment and equality of service commitment to people with disabilities. The document provides employees and members of the public with a list of appropriate contacts to resolve problems in the area of discrimination based on disability in admission and access to services, programs and activities.

## RESPONSIBLE DEPARTMENT

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~~Department of Human Resources and~~ Chief Executive Office

## DATE ISSUED/SUNSET DATE

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**Issue Date: January 4, 1994**  
**Review Date: January 16, 2003**  
**Review Date: January 18, 2007**  
**Review Date: February 17, 2011**  
**Review Date: October 21, 2011**  
**Review Date: February 17, 2016**

**Sunset Review Date: January 4, 2003**  
**Sunset Review Date: January 16, 2007**  
**Sunset Review Date: January 16, 2011**  
**Sunset Review Date: February 17, 2012**  
**Sunset Review Date: February ~~74~~17, 2016**  
**Sunset Review Date: February 17, 2020**



# COUNTY OF LOS ANGELES

## Policy of Non-Discrimination on the Basis of Disability

The County of Los Angeles Department of \_\_\_\_\_ does not discriminate on the basis of disability in the admission and access to its services, programs or activities.

Pursuant to the Americans with Disabilities Act (ADA) the Department has designated an ADA Coordinator to carry out its compliance with the non-discrimination requirements of the ADA. Information concerning the provisions of the ADA and this Department's compliance are available from the Department's ADA Coordinator who may be contacted by asking to speak with the ADA Coordinator at:

\_\_\_\_\_  
(Department)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Telephone Number – Voice)

\_\_\_\_\_  
(Telephone Number – TTY)



**COUNTY OF LOS ANGELES  
AMERICANS WITH DISABILITIES ACT (ADA)  
PROGRAM COMPLAINT FORM**

Person completing form (**check one**):  Complainant  Authorized Representative

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

**ALLEGED VIOLATIONS**

Describe how the County of Los Angeles has not complied with ADA. Provide sufficient detail to make your complaint clear (attach additional pages if necessary).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**REQUESTED ACTION**

What actions do you request the County take to correct the alleged ADA non-compliance or discrimination?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**COUNTY OF LOS ANGELES  
AMERICANS WITH DISABILITIES ACT (ADA)  
PROGRAM COMPLAINT FORM**

**Instructions**

The County of Los Angeles has adopted an informal complaint procedure for the resolution of complaints alleging Americans with Disabilities Act (ADA) non-compliance by the County of Los Angeles.

**Complaint Procedure**

1. Complaint shall be filed in writing. The complaint must contain the name, address, and telephone number of complainant and a brief description of the alleged County violation(s).
2. Requested corrective action to resolve the alleged violation(s) should be included.
3. All complaints must be signed by the complainant.
4. Complaints should be addressed to the Departmental ADA Coordinator.
5. An informal meeting with the ADA Coordinator may be arranged to answer any questions, upon your request.
6. The department will respond in writing within sixty (60) days from the date the complaint was filed.

Using this informal complaint procedure is not a requirement under federal regulations nor does it prevent you from filing a complaint with the appropriate federal enforcement agency. Any retaliation, coercion, intimidation, threat, interference, or harassment for filing of a complaint is prohibited and should be reported immediately to the Departmental ADA Coordinator or to the County's CEO Disability Civil Rights section.

***If you are a current County employee and you have an employment-related ADA complaint, you should file a discrimination complaint using your Department's existing employee complaint procedure. For further information, refer to the Departmental Affirmative Action Coordinator.***

**This form is available in alternate format from the  
Departmental ADA Coordinator upon request**

March 29, 2016

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:

**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION  
LEASE REVENUE NOTE PROGRAM  
(ALL DISTRICTS – 4 VOTES)**

**SUBJECT**

Since its inception in 1997, the Los Angeles County Capital Asset Leasing Corporation (LACCAL) Lease Revenue Note Program (the “Note Program”) has provided a cost-effective and flexible funding mechanism for the County to finance the initial stages of its capital construction projects through the periodic issuance of variable rate short-term notes. With the current Note Program set to expire on April 13, 2016, we are requesting that your Board approve a restructuring of the Note Program, which will include a new three-bank consortium comprised of two direct-pay Letters of Credit (LOCs) supporting a maximum principal amount of \$300,000,000, and one revolving credit facility supporting a maximum principal amount of \$200,000,000. The aggregate principal amount of short-term notes authorized for the restructured Note Program will be \$500,000,000, which is a \$100,000,000 reduction from the current Note Program.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the execution and delivery of various legal documents related to the restructuring of the LACCAL Note Program in order to provide for the issuance of lease-revenue note obligations (the “Notes”) in an aggregate principal amount not to exceed \$500,000,000, and approving additional actions with respect thereto.

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

On June 24, 1997, your Board authorized the formation of the Note Program to replace an existing bond anticipation note financing program utilized by the County. The Note Program has been highly successful in providing a flexible and cost-effective short-term financing mechanism for the County to fund essential Board-approved capital facilities during the initial construction phase of the projects. The flexibility of the Note Program allows the County to avoid the cost of capitalized interest before a new project becomes fully operational, which can add up to 20% to the total cost of the project. Upon completion of a capital project initially financed through the Note Program, the County will issue long-term lease revenue bonds, with the proceeds from the sale of the bonds used to redeem the outstanding short-term Notes. This frees up capacity in the Note Program to finance new capital projects. Some of the County's most high-profile capital projects previously funded or currently being funded through the Note Program include the LAC+USC Medical Center, Harbor-UCLA Medical Center Surgery/Emergency Room, and the new Martin Luther King, Jr. Community Hospital.

There are currently \$116,540,000 of Notes outstanding that are expected to be re-issued under the restructured Note Program. With the lower \$500,000,000 capacity of the restructured Note Program, the County will have \$383,460,000 of available capacity to finance new capital projects.

The current \$600,000,000 Note Program, which is scheduled to terminate on April 13, 2016, was established through a Request for Proposals (RFP) process and approved by your Board in April 2013. The current Note Program is supported by three separate series of direct-pay LOCs issued by JP Morgan Chase (Series A - \$150,000,000), U.S. Bank (Series B - \$100,000,000), and Wells Fargo (Series C - \$200,000,000), and a direct placement revolving credit facility with Bank of America (Series D - \$150,000,000). In the event that your Board does not approve the restructured Note Program, the County will need to identify at least \$116,540,000 of General Fund resources to redeem the outstanding Notes by April 13, 2016.

On January 8, 2016, the Treasurer and Tax Collector issued an RFP to solicit proposals from qualified banks to provide direct-pay LOCs or other alternative products that would provide credit enhancement and liquidity support for the restructured Note Program. A total of seven bank proposals were received in response to the RFP. Based on the results of the RFP, the County has selected the following three banks to provide credit enhancement and liquidity support for the restructured Note Program:

- Bank of the West (Direct Pay LOC)                      \$100,000,000 (35 basis points fee)
- U.S. Bank (Direct Pay LOC)                                \$200,000,000 (43 basis points fee)
- Wells Fargo (Revolving Credit Facility)                \$200,000,000 (30 basis points fee)

U.S. Bank and Wells Fargo currently provide credit support for the existing Note Program, with Bank of the West selected as a new firm in the restructured Note Program. Bank of the West and U.S. Bank will issue separate series of traditional commercial paper Notes supported by their respective LOCs, with Wells Fargo issuing a third series of short-term Notes through a revolving credit facility that is similar to the credit facility currently provided by Bank of America in the existing Note Program.

As a result of the ongoing improvement in the stability of the bank LOC market since the economic downturn, the fee proposals from Bank of the West and U.S. Bank represent a significant reduction from the current 60 basis point LOC fee charged by U.S. Bank (Series B) and Wells Fargo (Series C) for the same type of LOC supporting the issuance of commercial paper Notes. The LOC fee is a fixed cost based on the maximum par amount of Notes supported by the LOC. The actual par amount of outstanding Notes issued under the LOC will not impact the LOC fee. The effective interest cost for commercial paper Notes issued through the Note Program includes the bank LOC fee plus the market interest rate on the date of issuance, and all subsequent rollover maturity dates. To illustrate the cost effectiveness of the direct-pay LOC, the average interest rate for the commercial paper Notes issued by the County in Fiscal Year 2015-16 is approximately 5 basis points. Assuming the continuation of historically low interest rates, the effective interest cost (LOC fees + market interest rate) of commercial paper Notes issued through the restructured Note Program would be in the approximate range of 40 to 48 basis points.

In contrast to the LOC fee charged by Bank of the West and U.S. Bank, the commitment fee assessed by Wells Fargo for their revolving credit facility is based on the amount of unutilized credit support. The commitment fee for Wells Fargo is 30 basis points for the unutilized portion of the facility, which is the same fee currently charged by Bank of America for the Series D revolving credit facility. Upon the issuance of revolving Notes through the Wells Fargo credit facility, the interest rate paid by the County will reflect market conditions based on a benchmark variable rate equivalent to 70% of the 1-month London Interbank Offered Rate (LIBOR) + 40 basis points, with the County no longer subject to the unutilized fee on the par amount of Notes issued. Based on the current 1-month LIBOR, the effective interest cost of the issued and outstanding Notes would approximate 70 basis points. Although the effective interest cost of revolving Notes issued through the Wells Fargo credit facility is expected to remain higher compared to the Notes supported by the bank LOCs, the County will be able to take advantage of the unutilized fee structure by issuing the first \$300,000,000 of Notes through the LOC banks. Given the uncertainty surrounding the timing of the County's various capital construction projects and related financing needs, the Wells Fargo credit facility provides the County with a flexible and cost effective option for the restructured Note Program.

The restructured Note Program will continue to issue the vast majority of the Notes on a tax-exempt basis. However, the financing documents for the restructured Note Program

will provide the authority to issue separate series of taxable Notes as part of the \$500,000,000 maximum principal authorization. A taxable series of Notes will provide added flexibility to fund certain capital expenditures, such as expenditures that might be used to finance private or non-governmental activities at County facilities that are not eligible to be funded through tax-exempt financing.

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

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness/Fiscal Sustainability by providing a flexible and cost-effective source of financing to fund the capital construction needs of the County.

### **FISCAL IMPACT/FINANCING**

The Note Program has provided the County with a highly flexible and cost-effective funding source to finance the early phases of capital construction projects.

As a reflection of the improved stability in the financial markets and more favorable conditions in the bank LOC market, the fees to provide credit enhancement and liquidity support for the restructured Note Program will be significantly lower than the fees charged for the current Note Program. With the \$100,000,000 reduction in the maximum principal amount of Notes authorized for the restructured Note Program, and the lower LOC fees, the County will save more than \$3.8 million over the term of the restructured Note Program. All of the other administrative costs required to manage the restructured Note Program are expected to remain relatively unchanged from the current Note Program. In addition to the LOC and bank facility fees, and the ongoing administrative costs over the three-year term of the restructured Note Program, the County will incur one-time start-up costs in the estimated amount of \$650,000 for legal and financial advisory services, title insurance and rating agency fees.

Since all of the Notes issued through the Note Program are short-term variable rate debt instruments, the interest rate on the Notes will reflect the market conditions at the time of issuance. To account for the possibility of an increase in short-term rates, the Chief Executive Office conservatively estimates the interest cost for the Note Program in the County budget, and will continue to appropriate sufficient funds on an annual basis to cover all administrative and interest costs for the restructured Note Program.

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

The basic legal and operating structure of the restructured Note Program will remain unchanged from the existing Note Program. The short-term debt instruments originated through the restructured Note Program are issued by LACCAL, a non-profit public benefit corporation created by your Board in 1983 to assist the County in financing the purchase of necessary equipment and the acquisition, purchase and construction of

County buildings and facilities. The restructured Note Program will continue to be secured by a lease-revenue financing structure involving a Site Lease and Sublease by and between the County and LACCAL, and will require a restated Site Lease, Sublease, Trust Agreement and Issuing and Paying Agent Agreement, as well as various other documents identified below. The restructured Note Program was approved by the LACCAL Board of Directors on March 15, 2016.

As part of the authorization to establish the restructured Note Program, your Board is requested to approve the “form of” the following financing documents, which are provided as Exhibits to the Resolution:

- Third Amended and Restated Site Lease
- Third Amended and Restated Sublease
- Third Amended and Restated Trust Agreement
- Third Amended and Restated Issuing and Paying Agent Agreement
- Memorandum of Assignment
- Bank of the West Letter of Credit and Reimbursement Agreement
- U.S. Bank Letter of Credit and Reimbursement Agreement
- Wells Fargo Revolving Credit Agreement
- Dealer Agreements
- Offering Memorandum

The restructured Note Program will consist of three separate bank credit agreements authorizing the issuance of separate series of Notes by each bank up to a maximum aggregate principal amount of \$500,000,000. The maximum principal amount and the type of Notes issued will be allocated among the three bank providers as follows:

- |   |               |
|---|---------------|
| • Bank of the West (Commercial Paper Notes) | \$100,000,000 |
| • U.S. Bank (Commercial Paper Notes)        | \$200,000,000 |
| • Wells Fargo (Revolving Notes)             | \$200,000,000 |

In the current Note Program, the County has pledged twenty real estate assets (the “Properties”) with an aggregate market value of approximately \$660,490,000, as collateral to secure the repayment of the outstanding Notes. With the reduction in the aggregate principal amount of the Note Program from \$600,000,000 to \$500,000,000, four of the assets with an estimated market value of \$86,590,000 will be released as collateral from the current portfolio of Properties pledged as security for the Note Program. The remaining aggregate market value of the sixteen leased properties is estimated at \$573,900,000, which is well above the \$500,000,000 capacity of the restructured Note Program. The County will continue to have the flexibility to substitute and/or remove real estate assets into and out of the lease structure to accommodate the County’s capital financing needs.

Montague DeRose and Associates, LLC was selected as the Financial Advisor to assist the County with the RFP process and the restructuring of the Note Program. Hawkins, Delafield & Wood LLP was selected by County Counsel to serve as Note Counsel. Based on information provided through the RFP process and their previous experience with the Note Program, Chapman & Cutler LLC was appointed by the successful respondent banks to serve as Note Counsel. U.S. Bank is the Trustee for the Note Program.

The Resolution provides the authority to add, replace or terminate broker-dealers at the discretion of the Treasurer and Tax Collector to facilitate the successful operation of the restructured Note Program. The commercial paper Notes issued through the restructured Note Program are currently offered to the capital markets through five broker-dealer firms, including Barclays, J.P. Morgan, Morgan Stanley, U.S. Bank and Wells Fargo. Based on the performance of the broker-dealers over the term of the current Note Program, and with a reduction in the maximum aggregate principal amount of the LOCs supporting the issuance of commercial paper from \$450,000,000 to \$300,000,000, Barclays, Morgan Stanley and U.S. Bank will continue to serve as the broker-dealers for the restructured Note Program.

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

Approval of the restructured Note Program will provide the County with a highly flexible and cost-effective financing mechanism for the capital construction program. In the event the restructured Note Program is not approved by your Board, the County will need to fund the redemption of approximately \$116,540,000 of maturing commercial paper Notes upon the termination of current Note Program, and future capital project expenditures will need to be funded with available cash resources, or through other potentially higher-cost sources of financing.

#### **CONCLUSION**

Upon approval of the Resolution, it is requested that the Executive Officer of the Board of Supervisors return two originally executed copies of the adopted Resolution to the office of the Treasurer and Tax Collector.

Respectfully submitted,

JOSEPH KELLY  
Treasurer and Tax Collector

JK:JP:pab

Attachments

- c: Chief Executive Officer
- Auditor-Controller
- County Counsel
- Executive Officer, Board of Supervisors

DRAFT



SACHI A. HAMAII  
Chief Executive Officer

## 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>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

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Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

March 29, 2016

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:

**RECOMMENDATION TO AMEND AND RESTATE THE MASTER AGREEMENT FOR  
AS-NEEDED STRATEGIC PLANNING AND RELATED SERVICES  
(ALL DISTRICTS AFFECTED)  
(3 VOTES)**

**SUBJECT**

Board approval is requested to execute Amended and Restated Master Agreements with each of the contractors listed on the Master Agreement for Strategic Planning and Related Services extending the Agreement through June 30, 2017.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Chief Executive Officer, or her designee, to execute Amended and Restated Master Agreements with each of the contractors on the Master Agreement for Strategic Planning and Related Services list extending the term of the Agreement through June 30, 2017. The attached Agreement was approved as to form by County Counsel.
2. Authorize the Chief Executive Officer, or her designee, to execute Master Agreements with additional contractors during the 14 month extension period that meet all minimum requirements and qualifications as outlined in the initial Request for Proposals, issued on January 4, 2001.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Board initially approved the County's Strategic Plan on November 16, 1999, and most recently

updated in June of 2014. The Master Agreement for Strategic Planning and Related Services provides County departments with a list of qualified vendors to provide strategic planning consulting services, including performance measurement and customer service planning/training, as-needed by individual departments to develop and/or update their departmental strategic plans to remain consistent with the County's Strategic Plan. The Master Agreement vendors may also assist implementing and achieving both departmental and County's Strategic Plan goals and objectives.

On April 10, 2001, the Board approved and authorized the Chief Executive Officer (CEO), or her designee to sign a nonexclusive Master Agreement with each of the 12 contractors deemed qualified based on the evaluation criteria contained in the Request for Proposals (RFP) issued on January 4, 2001, to provide consulting services in the areas of strategic planning, performance measurement, and/or customer service. In addition, the Board authorized the CEO or her designee to sign a Master Agreement with additional contractors during the ensuing three-year period and the two optional one-year extension periods that met all minimum requirements and qualifications as outlined on the initial RFP.

On February 28, 2006, the Board authorized the CEO to extend the term of the Master Agreement through April 7, 2016. During the extended term, the CEO added 68 contractors for the current total of 80 contractors. All of the currently approved contractors have been contacted, and 47 have indicated an interest to extend the term of their respective Master Agreements. The County's Purchasing Agent was also authorized by the Board to execute Purchase Orders (POs) for services from Master Agreement contractors, as requested, and appropriately documented by individual County departments, up to the amount budgeted by the requesting department for such services. For POs exceeding \$300,000, the contracting department must provide written notice to the Board.

Strategic Planning continues to be an ongoing management goal and maintenance of the Master Agreement list serves as a valuable resource to the departments. During this extension period, the CEO will develop a new Request for Statement of Qualifications to replace the current RFP solicitation process. The requested action is necessary to continue to provide departments with professional consultation, expertise and guidance in their strategic planning efforts.

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

The continued presence of the Master Agreement list of vendors eliminates the need for an individual department to complete a formal solicitation process for similar professional services. This streamlined approach supports the County's Strategic Plan Goal 1, Operational Effectiveness/Fiscal Sustainability.

### **FISCAL IMPACT/FINANCING**

The Master Agreement does not include any appropriation. Departments will fund any services acquired from Master Agreement contractors from funds within their department's approved budget.

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

The Master Agreement for Strategic Planning and Related Services provides a nonexclusive list of pre-qualified contractors that have demonstrated relevant experience and staff capacity to provide the requested services. The Master Agreement list of contractors (Attachment I) is a valuable resource to departments and thereby streamlines their process for selecting consulting services, as needed, to assist with updating their respective department's strategic plans and with other related

consulting efforts.

Departments interested in contracting with Master Agreement vendors are required to issue a Request for Services (RFS) to at least three Master Agreement vendors. The RFS describes the specific departmental project in detail, sets forth the submission requirements and proposal evaluation criteria. Departments evaluate the responses and select the most appropriate firm for the respective department's needs. A minimum of work is not guaranteed to any Master Agreement contractor based on the award of a Master Agreement.

The CEO is designated as the County's Master Agreement Program Administrator. The Master Agreement Program Administrator provides overall direction for the Program, and is responsible for ensuring that the objectives of the Master Agreement are met. The CEO maintains the Strategic Plan website containing links to copies of the proposals submitted by Master Agreement contractors for departmental staff to review, and to assist them in the RFS solicitation process. In addition, the CEO continues to accept and evaluate qualification from additional contractors that request inclusion on the list of approved contractors. Such contractors may be added to the Master Agreement list if they meet the minimum requirements of the RFP initiated by this office on January 4, 2001.

This Amended and Restated Master Agreement (Attachment II) updates the provisions, mandates, and contract language approved by the Board. Contractors on the Master Agreement list will be required to adhere to any additional contract requirements imposed by the Board. The County will maintain the ability to terminate the Agreement for convenience, or in the best interest of the County, with any contractor participating in the Master Agreement in the event that a contractor on the Master Agreement list does not agree to adhere to the new requirements.

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

The continued viability of the Master Agreement list of pre-qualified contractors to provide as-needed Strategic Planning and Related Services simplifies the solicitation and contracting process for those departments that choose to utilize consultant services to develop or update departmental strategic plans, and provides assistance with other related strategic planning efforts.

The Honorable Board of Supervisors

3/29/2016

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Respectfully submitted,

SAH:JJ:AC

CA:TW:tlh

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Consumer and Business Affairs

Draft