



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE  
OPERATIONS CLUSTER**

SACHI A. HAMAI  
Chief Executive Officer

**DATE:** November 5, 2015  
**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 – Gevork Simdjian
  - A) **Board Letter – PURCHASE OF VIRTUAL DESKTOP INFRASTRUCTURE (VDI) HARDWARE AND SOFTWARE FOR DHS DATA CENTERS PROJECT PHASE 2-DHS**  
DHS/CIO – Mitchell H. Katz, M.D. and Richard Sanchez or designee(s)
  - B) **Board Letter – AMENDMENT NO. 9 WITH HEALTH MANAGEMENT SYSTEMS, INC.**  
DHS – Mitchell H. Katz, M.D. or designee
  - C) **Board Letter – AMENDMENT NO. 5 WITH GLOBAL HEALTHCARE EXCHANGE LLC FOR PROCUREMENT AND DATA MANAGEMENT SERVICES**  
DHS – Mitchell H. Katz, M.D. or designee
  - D) **Board Letter – AMENDMENT NO. 9 BETWEEN COUNTY AND XEROX BUSINESS SERVICES (FN/N/A AFFILIATED COMPUTER SERVICES) AND BUCK CONSULTANTS, LLC FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON CAFETERIA BENEFIT PLANS AND ABSENCE MANAGEMENT SERVICES**  
DHR – Lisa Garrett or designee
  - E) **Board Letter – SOLE SOURCE CONTRACT WITH EMPHASYS COMPUTER SOLUTIONS FOR CONTINUED OPERATION OF THE LA COUNTY HOUSING RESOURCE CENTER WEBSITE AND CALL CENTER and (jointly)**  
**Board Letter – APPROVAL OF HOMELESS PREVENTION INITIATIVE (HPI) FUNDS FOR CONTINUED OPERATION OF THE INTERNET-BASED LA COUNTY HOUSING RESOURCE CENTER**  
CDC - Sean Rogan or designee

**NOTICE OF CLOSED SESSION**

**1. CS-1 CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION –  
(Subdivision (d)of subdivision (d) of Government Code Section 54956.9)**

**SimplexGrinnell LP v. County of Los Angeles, et al.  
Los Angeles Superior Court Case No.: BC 565974**

2. Public Comment
3. Adjournment

November 17, 2015

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:

**AUTHORIZE THE ACQUISITION OF VIRTUAL DESKTOP INFRASTRUCTURE  
HARDWARE AND SOFTWARE FOR THE DEPARTMENT OF HEALTH SERVICES  
DATA CENTERS  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X)**

**SUBJECT**

Authorize the acquisition of Virtual Desktop Infrastructure hardware and software for an additional 3,000 desktop users across the Department of Health Services.

**IT IS RECOMMENDED THAT THE BOARD:**

Authorize the Internal Services Department (ISD), as the County's Purchasing Agent, to proceed with the acquisition of Virtual Desktop Infrastructure (VDI) hardware, software, and professional services for all Department of Health Services (DHS) Data Centers, with a total cost of \$3,460,998.00, as this purchase will exceed the \$250,000 capital asset threshold established by the Board.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of this action will allow for the acquisition of additional VDI hardware, software, and professional services for two DHS Sites and includes support, configuration, installation, testing, three years of maintenance, and a three year warranty. On February 4, 2014, the Board approved the initial acquisition of VDI hardware and software for the first phase of this ongoing project, for 3,000 desktop users and continuation. This acquisition is the second phase in DHS' ongoing project to expand VDI to support an additional 3,000 desktop users. This effort is part of DHS' various systems consolidation strategies and also supports the Electronic Health Record System known as the Online Real-Time Centralized Health Information Database (ORCHID). The VDI hardware and software is needed to: 1) centralize user and desktop management within each local DHS Data Center to provide user desktop

access, while reducing the ongoing operating costs of managing, maintaining, and servicing an additional 3,000 users and their desktops across all DHS facilities; 2) enable the use of lower cost zero-client terminals in the place of desktop personal computers for access by users; 3) provide enhanced security by centralizing administration of approved user desktop applications, user access permissions, and enabling single user sign on through a badge-based Radio Frequency Identification System; and 4) as needs increase, provide for future growth as the hardware will include sufficient data and computing capacity to meet DHS' current needs.

In addition, replace its current clinical information system – the QuadraMed Affinity suite – with ORCHID requires virtual hardware (desktop) upgrades to support ORCHID. As a result, some of the current hardware (legacy desktops) will be replaced with new virtual hardware. These efforts are part of DHS' goal of standardizing desktop images across DHS facilities.

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

The recommended action will support Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The total one-time estimated net cost of the hardware and software is \$3,460,998.00 for this phase 2 acquisition and includes professional services, three years maintenance, and a three year warranty. The details comprising the estimated total costs are shown in Attachment II.

Funding is included in DHS' Fiscal Year (FY) 2015-16 Final Budget.

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

On October 16, 2001, the Board approved the classification categories for fixed assets and new requirements for major fixed assets (now referred to as capital assets) purchases requiring County departments to obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater prior to submitting their requisition to ISD.

The County's Chief Information Officer recommends approval of this purchase and that Office's Analysis is attached (Attachment I).

**CONTRACTING PROCESS**

This is a commodity purchase under the statutory authority of the County's Purchasing Agent. This acquisition will be competitively bid by the County's Purchasing Agent in accordance with County Purchasing Policies and Procedures established by ISD.

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

Approval of the recommendation will enable continued implementation of DHS' various systems consolidation strategies and also supports ORCHID.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.  
Director

Richard Sanchez  
Chief Information Officer

MHK:RS:mm

Enclosures (2)

c: Chief Executive Office  
Interim County Counsel  
Executive Office, Board of Supervisors  
Internal Services Department

## ATTACHMENT II

<b>Description</b>	<b>One Time Cost</b>
Hardware Subtotal	\$ 1,513,762.10
Software Subtotal	\$ 770,047.32
Maintenance and Support	\$ 353,751.18
Services + Training	\$ 679,630.00
Sales Tax	\$ 143,807.40
<b>Grand Total</b>	<b>\$ 3,460,998.00</b>



RICHARD SANCHEZ  
CHIEF INFORMATION OFFICER

# DRAFT

Attachment I

## Office of the CIO CIO Analysis

NUMBER: <b>CA15-19</b>	DATE: 10/19/2015
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SUBJECT:

### **AUTHORIZE THE ACQUISITION OF VIRTUAL DESKTOP INFRASTRUCTURE (VDI) HARDWARE AND SOFTWARE FOR THE DEPARTMENT OF HEALTH SERVICES DATA CENTERS**

RECOMMENDATION:

Approve                       Approve with Modification                       Disapprove

CONTRACT TYPE:

New Contract     Sole Source  
 Amendment to Agreement     Other:

CONTRACT COMPONENTS:

Software     Hardware  
 Telecommunications     Professional Services

SUMMARY:

Department Executive Sponsor: Mitchell H. Katz, M.D., Director, Department of Health Services

Description: Authorize the Internal Services Department (ISD), as the County’s Purchasing Agent, to proceed with the acquisition of Virtual Desktop Infrastructure (VDI) hardware, software, and professional services for two Department of Health Services (DHS) Primary Data Centers, with a total cost of \$3,460,998, as this purchase will exceed the \$250,000 capital asset threshold established by the Board.

Contract Amount: \$3,460,998 (Phase 2)                      Funding Source: Fiscal Year 2015-16 Final Budget

Legislative or Regulatory Mandate                       Subvened/Grant Funded: Enter %

### **Strategic and Business Analysis**

PROJECT GOALS AND OBJECTIVES:

The new VDI hardware and software is needed to:

1. Centralize user desktop access while reducing the ongoing operating costs of managing, maintaining, and servicing of virtual desktops across all six (6) DHS facilities;
2. Enable the use of lower cost zero-client terminals instead of desktop personal computers for access by users;
3. Provide enhanced security (using dual factor authentication as needed) by centralizing administration of approved user desktop applications, user access permissions, and enabling single user sign-on through badge-based Radio Frequency Identification (RFID) System; and
4. Provide for future growth as the hardware will include sufficient data and computing capacity to meet DHS’ current needs and also allow for future expansion as needs increase.

**BUSINESS DRIVERS:**

This effort is part of DHS' various systems consolidation strategies and also supports the Electronic Health Record (EHR) System known as the Online Real-Time Centralized Health Information Database (ORCHID). This Virtual desktop initiative will continue to help streamline management of desktops and also give the flexibility of users to access information seamlessly from anywhere.

In addition, DHS completed a technical readiness assessment and determined that ORCHID requires hardware (desktop) upgrades to support the ORCHID software and it has been determined that Virtual desktop is a more efficient implementation.

**PROJECT ORGANIZATION:**

The project will be managed by Enrique Garcia, Associate Chief Information Systems and Brenny Ortega, Information Technology Manager II. A team of six members, one from each facility has been formed to lead this effort throughout DHS. A detailed project structure that includes DHS and vendor resources is in place. An estimated 25-member team between DHS and vendors will continue to be committed to ensure successful implementation of this project. The Project Phase 0 and 1 have been successfully completed.

**PERFORMANCE METRICS:**

This project will continue to be measured on the following success criteria:

First time login is approximately 18 seconds versus 40 seconds in a desktop. After that, it takes approximately six seconds to login in a "follow me" session. There is no degradation of response time from applications and there may be a better response time due to improved optimization because of AppSense.

**STRATEGIC AND BUSINESS ALIGNMENT:**

VDI supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

**PROJECT APPROACH:**

DHS completed a comparative and ROI/TCO analysis between Citrix and VMware products, consulted Gartner for recommendations, and determined VMware as the preferred solution. This was completed by December of 2012. DHS then completed a proof of concept phase followed by a pilot phase with more than 300 desktops across the DHS facilities. This led to the preliminary production design document. The phased implementation is as follows:

**Phase 0:** December 2013 - April 2014

Completed review and validation of the initial design for each of the two deployment approaches (centralize vs. hub and spoke) and got a total buy-in from all the facilities.

**Phase 1: April 2014 - June 2015**

Completed build and deployment of (2) VBlocks 340 with EMC VNX 7600 SAN for Martin Luther King, Jr. Outpatient Center (MLK OC); Olive View Medical Center (OVMC), MLK Multi-Services Ambulatory Care Center (MLK MACC), Health Services Administration (HSA), and LAC+USC; and four VBlocks 340 with EMC VNX 5400 SAN for Rancho Los Amigos National Rehabilitation Center (RLA), Harbor UCLA (HUCLA), OVMC, and High Desert (HD). 90 percent of the 3,000 desktops were deployed and 3,000 licenses of Appsense were deployed and configured. 1250 Imprivata card readers were installed. 500 remote desktops installed to access critical systems including ORCHID.

**Phase 2: September 2015 - June 2016**

Purchase and implementation of additional computer and storage to support 1000 remote desktops hosted at the MLK’s Data Center Vblock, and 2,000 desktops for DHS ACN Clinical Facilities hosted at the LAC+USC’s Data Center Vblock. This is a changed strategy - rather than focusing on all six facilities, DHS’ ITLC and HIT Committees decided to focus on the Providers and Clinics. Remote VDI sessions will be hosted from the MLK Data Center and LAC+USC’s Data Center. This strategy has also yielded some savings.

**Future Phases (3, 4, and 5, respectively): July 2016, 2017, & 2018**

Additional compute and storage to support 500 desktops for LAC+USC, OVMC, and HUCLA, 1,000 desktops for MLK, 250 desktops RLA, and HD.

**ALTERNATIVES ANALYZED:**

This is a commodity purchase under the statutory authority of the County’s Purchasing Agent. DHS intends to proceed with the existing technology vendors, this being a Phase 2 of an already vetted out technology. This acquisition will be competitively bid by the County’s Purchasing Agent in accordance with County Purchasing Policies and Procedures established by ISD for the implementation vendor.

**Technical Analysis**

Analysis of proposed IT solution

This Phase 2 VDI hardware and software will provide virtual desktop access for an additional set of 3,000 between DHS ACN Clinical facilities and remote VDI clinical providers. VDI will enable centralization of users management and desktops within two DHS Data Centers (LAC+USC and MLK), thereby reducing ongoing operating costs (Opex); it will enable the use of lower cost zero-client terminals for end-user access to desktops and improve security of user desktops by centralizing management of approved desktop applications, user permissions, and enabling RFID badge based authentication.

The following is a partial list of the hardware, software technology stack that will be used for DHS’ virtual deployment:

**Hardware:**

Additional compute and storage for (2) VCE VBlock 340 systems with VNX 7600 storage arrays in core data centers (MLK & LAC+USC) to support the additional 3,000 virtual desktops.

**Solution components:**

Infrastructure Management Software: Cisco UCS Director.

User virtualization and profile management: AppSense.

Server storage performance management Software: Pernix.

**Backup Solution:**

Avamar and Data Domain.

**Financial Analysis**

BUDGET: GOT TO BREAK DOWN BY YEARS....

**Costs:**

**Past Proposal (Phase 1 – FY 2013-1014)**

Hardware Subtotal.....	\$ 2,052,460
Software Subtotal.....	\$ 2,093,737
Maintenance and Support Subtotal.....	\$ 1,314,084
Services.....	\$ 1,920,119
Sales Tax.....	\$ 178,894

**Total: \$ 7,559,294**

**This Proposal (Phase 2 – FY 2015-1016)**

Hardware Subtotal.....	\$ 1,513,762
Software Subtotal.....	\$ 770,047
Maintenance and Support Subtotal.....	\$ 353,751
Services and Training.....	\$ 679,630
Sales Tax.....	\$ 143,808

**Total: \$ 3,460,998**

**Future Phases (Phases 3 -5 – FY 2016-19)**

**Estimated Total for Phases 3-5: \$10,740,000**

**Total Anticipated Project Costs (Approx.): \$21,760,292**

<b><i>Risk Analysis</i></b>	<p>RISK MITIGATION:</p> <p>CIO does not see any significant risks in this project.</p> <p>The different issues like response time due to suboptimal bandwidth, and applications not aligned with single sign on, have been resolved.</p> <p>The Chief Information Security Officer (CISO) reviewed the request and has suggested a dual factor authentication for access from outside the firewall. Other than this, CISO did not identify any other IT security or privacy related issues.</p>
<b><i>CIO Approval</i></b>	<p>PREPARED BY:</p> <p>_____</p> <p>Sanmay Mukhopadhyay, Sr. Associate CIO <span style="float: right;">_____</span> Date</p> <hr/> <p>APPROVED:</p> <p>_____</p> <p>Richard Sanchez, County Chief Information Officer <span style="float: right;">_____</span> Date</p>

Please contact the Office of the CIO (213.253.5600 or [info@cio.lacounty.gov](mailto:info@cio.lacounty.gov)) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

December 1, 2015

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 AMENDMENT TO AGREEMENT WITH HEALTH MANAGEMENT  
SYSTEMS, INC.  
(ALL SUPERVISORIAL DISTRICTS)  
(3 Votes)**

CIO RECOMMENDATION: APPROVE  APPROVE WITH MODIFICATION   
DISAPPROVE

**SUBJECT**

Request approval of an Amendment to extend the term of an agreement with Health Management Systems, Inc. for proprietary Patient Management Systems software for the Department of Health Services, and Health Center Operations system software for the Department of Public Health and increase the maximum Contract Sum.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 9 to Agreement No. H-211033 (Agreement) with Health Management Systems, Inc. (HMS), to extend the Agreement term for the period December 31, 2015 through December 31, 2016, for the continued provision of computer system software and application maintenance, support, and training for the Patient Management Systems (PMS) software for the Department of Health Services (DHS), and Health Center Operations (HCO) system software for the Department of Public Health (DPH) and increase the Agreement's Contract Sum by \$2,978,958 for DHS and by \$229,605 for DPH for a total increase of \$3,208,563.
2. Delegate authority to the Directors of DHS and DPH, or their respective designees, with mutual written consent of HMS, to execute future amendments to exercise an additional one-year extension option through December 31, 2017 and increase the Agreement's Contract Sum by \$1,310,460 for DHS and by \$197,841 for DPH for a total of \$1,508,301, subject to review and approval of County Counsel.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

Under the current Agreement, HMS provides PMS to DHS, and HCO to DPH. PMS provides eligibility verification, authorizations, and claims processing functionality for members and participants assigned to DHS facilities and providers for the Medi-Cal Managed Care Program, In-Home Supportive Services Provider Plan, My Health LA Program, and the General Relief Health Care Program. PMS is also a critical component of the patient-centered medical home (PCMH) process as the primary source for storing DHS patient-to-primary care provider empanelment information. The system also serves as a repository to capture encounter codes for the purposes of billing Medi-Cal and tracking clinical workload. DPH utilizes HCO to support the public health centers' information management needs for each facility's patient registration and scheduling.

Approval of the first recommendation will allow the Director to execute an Amendment to the HMS Agreement, substantially similar to Exhibit I, to ensure the uninterrupted day-to-day operations and continued maintenance, support, and training for the proprietary PMS software for DHS, and HCO software for DPH for the period January 1, 2016 through December 31, 2016. The current Agreement expires December 30, 2015.

Approval of the second recommendation will delegate authority to the Directors of DHS and DPH, to exercise a one-year extension option through December 31, 2017. The recommended term extensions will ensure that both DHS and DPH can effectively transition and migrate to the respective successor systems.

DHS is transforming from an episodic, hospital-focused system into an integrated ambulatory and managed care delivery system. The transformation includes the implementation of the electronic health record system called the Online Real-time Centralized Health Information Database (ORCHID); the restructuring of the Office of Managed Care and Office of Ambulatory Care into Managed Care Services; the transition of the Community Health Plan (CHP) members to L.A. Care Health Plan; and the establishment of patient-centered medical home (PCMH) teams at the ambulatory care facilities. As a result, DHS released the Managed Care Core System (MCCS) RFP to replace the PMS in the Fall of 2014. The Department received four proposals and is currently negotiating agreement terms and conditions with the two highest ranked proposers. DHS intends to conclude negotiations and request Board approval of a new Agreement in the first quarter of 2016.

DPH's strategic direction is to migrate HCO system functions to DHS' ORCHID for patient registration, scheduling, and other functionality.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

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

## **FISCAL IMPACT/FINANCING**

The total maximum Contract Sum of the Agreement will be increased by \$3,208,563 from \$34,710,741 to \$37,919,304 for the extension period ending on December 31, 2016, with an increase by an additional \$1,508,301 to \$39,427,605 if the Agreement is extended for the final year through December 31, 2017.

Amendment No. 9 includes a rate reduction for DHS of \$4,341,146 and DPH of \$31,733 for a total reduction of \$4,372,879. Attachment A delineates the areas impacted by the rate reduction.

Funding for the first year of the extended term is included in the Fiscal Year 2015-16 Final Budgets for both DHS and DPH and will be requested in future fiscal years as necessary.

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

The Board originally approved the current Agreement No. H-211033 with HMS for the continued provision of ongoing software system maintenance services for the proprietary PMS and HCO systems in December 1999. Subsequent amendments have extended the term through December 30, 2015.

The Agreement may be terminated for convenience by the County upon 90 calendar days prior written notice to ensure there is ample time for DHS and DPH to effectively transition and migrate to the respective successor systems.

The Agreement includes all Board of Supervisors' required provisions, including the most recent provision – Time off for Voting.

County Counsel has approved Exhibit I as to form. The Chief Information Officer has reviewed this item and is recommending approval. This action merely extends an existing previously Board-approved Agreement and does not introduce any new technology-related issues. As a result, no formal CIO Analysis is included herewith.

The HMS Agreement is not a Proposition A Agreement since the services are of an extraordinary, professional nature, and therefore, not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

**CONTRACTING PROCESS**

This is an Amendment to an existing Board-approved agreement.

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

Approval of this recommended extension will ensure the continued provision of computer system software and application maintenance, support and training for PMS until the successor MCCS is implemented and concurrently will provide uninterrupted operations and support for HCO until DPH migrates to ORCHID.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.  
Director

Richard Sanchez  
Chief Information Officer

MHK:RS:lr

Enclosures (2)

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

December 1, 2015

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

Dear Supervisors:

**APPROVAL OF AMENDMENT FIVE TO AGREEMENT WITH GLOBAL  
HEALTHCARE EXCHANGE LLC FOR SUPPLY CHAIN PROCUREMENT AND DATA  
MANAGEMENT SERVICES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

CIO RECOMMENDATION: APPROVE []

**SUBJECT**

Request approval of an Amendment to the existing Agreement with Global Healthcare Exchange LLC for supply chain procurement and data management services at Department of Health Services (DHS or Department) facilities to extend the term, amend the statement of work, and to increase the maximum agreement sum by \$3,112,390.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 5 to Agreement No. H-704447 with Global Healthcare Exchange LLC (GHX), to: (1) extend the Agreement term for a maximum of five (5) additional one-year periods through December 31, 2020, for the continued use of supply chain procurement and data management software and services, with an increase of \$3,112,390, which includes \$1,470,410 in pool dollars, to the maximum agreement sum for the extended term; (2) expand the statement of work for additional software modules and services and acquire optional work deliverables and services in the form of additional software, professional services, and training, as needed.
2. Delegate authority to the Director, or his designee, to authorize the Director, or his designee, to effectuate actions related to renewal terms, and to execute future amendments and change notices to: (1) add, delete and/or change non-substantive terms and conditions in the Agreement, and/or make any necessary changes as required by applicable laws; (2) modify the statement of work to reflect County standards and needs, reduce scope, and add/remove County facilities; (3) approve additional operational and administrative workflow changes,

including modifications to DHS protocols and policies reflected in the Agreement and scope of work; and (4) expend pool dollars for optional work as described in the Agreement, with all actions subject to the review and approval of County Counsel.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

### Background

GHX is a business exchange consisting of healthcare providers and healthcare product vendors. GHX's core members include members of the University HealthSystem Consortium (UHC), one of which is DHS. GHX provides health care supply chain automation solutions that maintain updated procurement data on medical supplies, assist members with developing and maintaining a standardized and efficient supply formulary for medical supplies, ensure controls to ensure compliance with these formularies, reconcile and cleanse purchasing data for consistency and completeness, and host established vendor agreements and pricing to automate the reconciliation of purchases to the GPO contract catalog.

The Board authorized DHS to join UHC, a not-for-profit member alliance of approximately 120 academic health centers, and its GPO, Novation, on November 18, 1997. Through its UHC membership, DHS can access UHC agreements as an alternative to conducting County solicitations. Furthermore, as a UHC member, the Department benefits from economies of scale realized from group discounts for all medical supplies covered under UHC-established vendor contracts.

### Current Agreement

Under the current Agreement, GHX has implemented the following proprietary solutions to manage, streamline and maximize efficiency and automation of supply chain transactions throughout the DHS enterprise for the purchase of medical commodities critical to timely patient care: a requisitioning module (Procurement Suite), data cleansing module (NuVia), purchasing contract management module (Contract Center) and its business exchange module to electronically send purchase orders and receive purchase order status (MyExchange). In addition, GHX's software suite interfaces with the County's eCAPS eProcurement and eInventory modules. The interface substantially reduces purchase order processing times by prepopulating eCAPS with 95% of the required data fields.

### Recommendations

The first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, with GHX to extend the current Agreement that will expire on December 31, 2015, for the continued use of supply chain procurement and data management software and services.

Moreover, approval of the first recommendation will expand the statement of work to allow the County to implement additional software modules and services and acquire optional work deliverables and services, including but not limited to additional software, professional services such as consulting, and training, as needed. The additional software modules and servers would further integrate with the existing GHX platforms and leverage existing technology to streamline labor-intensive processes such as vendor management and vendor credentialing functions. Other modules include OnDemand AP, which increases accounts payable efficiency by reducing invoice discrepancies, matches purchase orders to invoices and increases touchless invoice processing; Provider Intelligence, which is a web based reporting application that will allow DHS to review key performance indicators (“KPIs”) based on purchase order transaction data; and Compliance Document Manager, which is a cloud based service platform that collects, screens, and monitors the characteristics of the compliance relationship between DHS and its vendors. The Amendment will also allow DHS to obtain additional consulting services in a timely manner to identify and leverage operational efficiencies alongside the implementations of the aforementioned modules.

Approval of the second recommendation will allow the Director, or his designee, to amend the Agreement to implement modifications to the Agreement and statement of work in accordance with the Agreement’s terms and conditions, to expend pool dollars to obtain optional work in the form of professional services and training, and to perform administrative contractual changes to the Agreement as required by applicable law, and as required by the Board or Chief Executive Office. The second recommendation will also delegate authority to the Director or his designee to authorize actions related to renewal terms, including the transmittal of written notice to GHX of the County’s intent not to exercise renewal terms as described in the Agreement.

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

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

### **FISCAL IMPACT/FINANCING**

The total maximum agreement sum to GHX under the Agreement will be increased by \$3,112,390 from \$2,243,815 to \$5,356,205 for the agreement period ending on December 31, 2020.

Funding is included in the DHS Fiscal Year (FY) 2015-16 Final Budget, and will be requested in future fiscal years.

The Agreement’s costs will be entirely offset by Patron Equity Credits (PECs). Whenever the Department purchases commodities through its UHC group purchasing agreements, it accrues PECs which can be utilized to purchase additional services from

UHC and GHX. Some of these additional services include Safety Intelligence, UHC's patient safety system and GHX's software solutions.

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

On September 21, 2010, the Board approved a sole source Agreement with GHX for supply chain procurement and data management services for an initial term through June 30, 2013. The Agreement included GHX's boilerplate user agreement, concurrently approved by the Board, which encompasses key information technology terms and conditions such as licensing, intellectual property considerations, and security and confidentiality. GHX's services maximize DHS' supply chain results with the following: development of a standardized supply formulary; implementation of controls to ensure compliance with the established formulary; reconciliation and cleansing of purchasing data for consistency and completeness; and hosting of established UHC supplier agreements. Subsequent amendments extended the Agreement term to December 31, 2015.

During the negotiation process, GHX requested several modifications to the Agreement, including removal of the County's right to terminate for convenience and revision of the County's acceptance parameters for deliverables and services, toward a vendor-driven acceptance process. These constitute the Amendment's most consequential revisions.

County Counsel has reviewed and approved the Amendment (Exhibit I) as to form. The Chief Information Officer concurs with the Department's recommendation and the CIO Analysis is attached as Attachment A.

### **CONTRACTING PROCESS**

UHC initially selected GHX as its vendor for supply chain management services through its competitive bid process. Consequently, GHX is the only such firm to be integrated with UHC's GPO, Novation. The Board approved a sole source Agreement with GHX on September 21, 2010. Under the current Agreement, GHX implemented its proprietary supply chain procurement and data management software and services. Subsequent amendments expanded the statement of work for additional services, and extended the Agreement term.

On September 28, 2015, the Department advised the Board of its intent to extend this sole source Agreement, in accordance with the revised Board Policy No. 5.100, Sole Source Contracts.

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

Approval of the recommendations will enable the Department to continue supply chain automation at all DHS facilities.

Respectfully submitted,

Reviewed by:

Mitchell H. Katz, M.D.  
Director

Richard Sanchez  
Chief Information Officer

MHK:RS:jl

Enclosures (2)

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

DRAFT



**COUNTY OF LOS ANGELES  
DEPARTMENT OF HUMAN RESOURCES**

HEADQUARTERS  
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
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**LISA M. GARRETT**  
DIRECTOR OF PERSONNEL

November 17, 2015

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

Dear Supervisors:

**AMENDMENT NUMBER NINE TO CONTRACT NO. 74576 BETWEEN  
THE COUNTY OF LOS ANGELES AND XEROX BUSINESS SERVICES, LLC (F/K/A  
AFFILIATED COMPUTER SERVICES, INC.) AND BUCK CONSULTANTS, LLC  
FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS AND ABSENCE MANAGEMENT SERVICES  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

Request approval of Amendment Number Nine to County Contract No. 74576 with Xerox Business Services, LLC (f/k/a Affiliated Computer Services, Inc.) and Buck Consultants, LLC (Buck) for Administrative Services for Cafeteria and Non-Cafeteria Benefit Plans and the Absence Management System to add services required for the County of Los Angeles (County) to comply with the Affordable Care Act Employer Mandate.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority to the Director of Personnel, or her designee, to finalize and execute an amendment, substantially similar to the attached Amendment Number Nine (Attachment I), to Contract Number 74576 (Contract) with Xerox and Buck (cumulatively, Buck), effective upon execution of the amendment through the expiration of the Contract on December 31, 2016 to: (1) add administrative services mandated by the Affordable Care Act (ACA) Employer Mandate, including but not limited to the creation and filing of reports with the Internal Revenue Service (IRS) and the creation and provision of new tax forms to County employees, (2) establish a contingency allowance to be utilized, if needed, for additional work that may be required due to any substantial changes that may be made to the ACA Employer Mandate, and (3) increase the maximum Contract sum accordingly by

\$424,330, including \$383,300 for ACA Employer Mandate services and \$41,030 for the contingency allowance.

2. Delegate authority to the Director of Personnel, or her designee, to amend the Contract as appropriate to acquire other additional services related to the ACA Employer Mandate, with a maximum cost up to the contingency allowance amount of \$41,030.

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

### **Purpose**

Under the ACA Employer Mandate, beginning in 2015, large employers, including the County, must offer adequate and affordable medical insurance coverage to all full time employees (FTEs) as defined by the ACA. New IRS reporting rules and deadlines to demonstrate compliance with the ACA Employer Mandate are effective in January 2016, for medical insurance coverage provided in 2015. Buck will provide administrative services to support the County's timely compliance with the new ACA Employer Mandate reporting rules.

### **Justification**

As the County's current third party administrator (TPA) of the County's medical benefit plans, under the Contract, Buck already maintains most of the employee data needed to comply with the ACA Employer Mandate. For compliance purposes, the County will require Buck to determine the FTE status of individual County employees by tracking each employee's hours worked and medical benefit plan enrollment on a monthly basis. Using Buck's existing TPA database and additional payroll data from the County's Auditor-Controller, Buck will produce and deliver the mandated new IRS forms in January 2016 and IRS transmittal forms in March 2016.

By engaging Buck to perform these services, the County will not incur costs and avoid delays in obtaining services resulting from the time necessary to complete a solicitation and review process. Any delays in obtaining services may subject the County to substantial risk of federal tax assessments or penalties if the County is not in a position to demonstrate plan year 2015 compliance with IRS Code Sections 6055 and 6056 by January 31, 2016.

The Department of Human Resources (DHR/Department), in consultation with the Chief Executive Office (CEO) and Office of the Auditor-Controller, concluded that the County did not have the resources or expertise in-house to fulfill the new IRS reporting requirements, and that the services should be performed by Buck.

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

The services provided under this amendment support the County's Strategic Plan, Goal 1, Operational Effectiveness/Fiscal Sustainability by enabling the County to timely comply with the ACA Employer Mandate and avoid potentially significant federal tax penalties.

### **FISCAL IMPACT/FINANCING**

Buck will provide ACA Employer Mandate services for a total sum of \$451,330, which is comprised of (i) \$410,300 allocated for ACA Employer Mandate start-up services and ACA Employer Mandate administrative services under this Amendment Number Nine; and (ii) a 10% contingency allowance of \$41,030. These costs are being incurred under two separate contracts.

Pursuant to a delegated authority under professional services Contract Number 77474, Buck has provided start-up ACA Employer Mandate services for \$27,000. With the approval of this Amendment Number Nine to the Contract, Buck will provide ACA Employer Mandate services for \$383,300 as described herein.

Funding for the services provided during Fiscal Year (FY) 2015-16 are included in DHR's FY 2015-16 Adopted Budget. DHR will include funding for services to be provided through the remaining term of this contract and the contingency allowance during the FY 2016-17 budget process.

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

In August 2003, following a competitive bid process, the Department contracted with Buck for TPA services. Your Board approved subsequent amendments to the Contract between December 2003 and March 2011 that included extending the Contract term through December 2011 with two one-year option extensions through December 2013. The first year optional extension was exercised extending the Contract term through December 2012. In June 2011, your Board approved an amended and restated Contract to add a Countywide Absence Management System (AMS) and extended the Contract term through its current December 31, 2016 termination date.

Approval to amend the Contract to include the ACA compliance services will ensure that IRS reporting requirements are met for the 2015 plan year and that compliance will be tracked during the 2016 plan year.

Buck is in compliance with all Board and CEO requirements.

The department has evaluated and determined that the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended Agreement.

County Counsel has approved this Amendment Number Nine (Attachment I) as to form.

## **CONTRACTING PROCESS**

In accordance with your Board's contracting policy requirements for sole source contracts, DHR notified your Board on March 2, 2015 of its intent to enter into sole source negotiations with Buck for the implementation of the ACA Employer Mandate Services. Attached is a copy of the March 2, 2015 notification to your Board of DHR's intent to enter into sole source contract negotiations with Buck (Attachment II) and a sole source contract checklist (Attachment III), approved by the CEO on February 27, 2015, which describes in detail the justification for sole source contracting with Buck for the ACA Employer Mandate Services.

Due to the urgency of this regulatory compliance project, DHR recommends your Board amend the existing Contract with Buck for Administrative Services and Absence Management Services to include the ACA Employer Mandate Services.

Since February 2015, DHR, in consultation with County Counsel and the Chief Executive Office - Risk Management Branch, has been involved in lengthy negotiations with Buck with respect to this Amendment Number Nine to Contract Number 74576 and its associated Statement of Work. In July 2015, DHR determined it was in the best interest of the County to authorize Buck to begin certain necessary implementation and start-up services for the project in order to ensure that the County is in compliance with IRS regulations beginning in January 2016. These services were performed under Work Order Number 2, under Contract Number 77474, which authorizes the Director of Personnel to commission compensation and benefit consulting services with Buck for "special project consulting on various employee benefit issues," including advice and commentary on regulatory changes, on short notice, if necessary, with quick turnaround. In addition, the amounts spent under that Work Order are included in the referenced Total Contract Sum of this Amendment Number Nine to the Contract.

There were protracted negotiations regarding the indemnification provisions of the Contract. The indemnification provision has been amended to add indemnification of the County by Buck for the ACA Employer Mandate Services, which clarifies that any IRS penalties for failure to comply with the ACA Employer Mandate reporting requirements, other than those resulting solely from the County's decisions or direction, will be considered direct damages subject to Buck's indemnification obligations under the Contract for up to an amount equal to two (2) times the amount of the Maximum Contract Sum of \$26,354,300 payable for the period from July 1, 2011 through December 31, 2016. DHR believes that as a result of IRS non-compliance penalties triggering Buck's indemnification obligations under the Contract, the County is sufficiently indemnified against any such potential IRS-imposed assessments resulting from Buck's failure to meet its contractual obligations.

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

Approval of the recommended actions will allow the County to timely comply with the ACA

Employer Mandate and associated new reporting requirements of the IRS.

Respectfully submitted,

LISA M. GARRETT  
Director of Personnel

LMG: EP: PAM  
EMC:RU:ss

Attachments (3)

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

DRAFT

**AMENDMENT NUMBER NINE**

**TO**

**CONTRACT NUMBER 74576**

**BETWEEN COUNTY OF LOS ANGELES AND**

**BUCK CONSULTANTS, LLC**

**FOR**

**ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS AND ABSENCE MANAGEMENT SERVICES**

**THIS AMENDMENT NUMBER NINE** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2015 by and between the County of Los Angeles, a political subdivision of the State of California (hereinafter referred to as "County"), and Xerox Business Services, LLC (f/k/a Affiliated Computer Services, Inc. ("ACS")) and Buck Consultants, LLC (cumulatively, and jointly and severally, "Contractor") and amends that certain Contract Number 74576, dated August 12, 2003, for administrative services for cafeteria and non-cafeteria benefit plans ("Benefit Plan Services"), as modified by all Amendments and Change Notices thereto, including without limitation by this Amendment Number Nine (hereinafter "Contract").

**WHEREAS**, on August 12, 2003, County and Contractor entered into the Contract for the provision of Benefit Plan Services; and

**WHEREAS**, on December 16, 2003, County and Contractor amended the Contract for Contractor to provide additional recordkeeping services ("Amendment One"); and

**WHEREAS**, on April 18, 2004, County and Contractor amended the Contract to comply with the Security Rule of the Health Insurance Portability and Accountability Act of 1996 ("Amendment Two"); and

**WHEREAS**, on February 5, 2007 County and Contractor amended the Contract for Contractor to provide additional recordkeeping services ("Amendment Three"); and

**WHEREAS**, on May 6, 2008, County and Contractor amended the Contract to extend the Contract term through December 31, 2011 with the option to extend the Contract term for two additional one-year periods for a maximum total extension through December 31, 2013 ("Amendment Four"); and

**WHEREAS**, Xerox Business Services, LLC (f/k/a Affiliated Computer Services, Inc.) ("ACS") and its subsidiaries, including Buck Consultants LLC (Buck) were acquired by Xerox Corporation on February 8, 2010; and

**WHEREAS**, on June 4, 2010, County and Contractor amended the Contract to comply with the requirements of the Health Information Technology for Economic and Clinical Health Act ("Amendment Five"); and

**WHEREAS**, on December 22, 2010, County and Contractor amended the Contract to exercise their option to extend the Contract term for one (1) additional year,

through December 31, 2012 ("Amendment Six"); and

**WHEREAS**, on March 16, 2011, County and Contractor amended the Contract to allow Contractor to provide additional administrative and recordkeeping services ("Amendment Seven"); and

**WHEREAS**, on June 28, 2011, County and Contractor amended and restated the Contract to add a new web-based Countywide absence management system ("Absence Management Services") and extend the Contract term for a period of three (3) years from January 1, 2014 through December 31, 2016; and

**WHEREAS**, on October 17, 2013, County and Contractor amended the Contract to comply with the requirements of the final regulations pertaining to Privacy, Security, Breach Notification, and Enforcement under the Health Insurance Portability and Accountability Act of 1996 ("Amendment Eight"); and

**WHEREAS**, on August 28, 2015, Work Order # 2 was issued under Contract # 77474 between the Contractor and the County for Affordable Care Act ("ACA") Employer Mandate Tracking and Reporting start-up services, and shall be included as part of this Amendment Nine for all purposes; and

**WHEREAS**, County now desires to comply with the new Federal reporting rules, beginning in January 2016, under the employer and employee mandates of the ACA and associated sections of the Internal Revenue Code ("IRC"); and

**WHEREAS**, Contractor in its administration of Benefit Plan Services and Absence Management Services has demonstrated the capability and capacity to administer such employer mandate tracking and reporting services; and

**WHEREAS**, County and Contractor desire to amend the Contract to add ACA employer mandate tracking and reporting services ("ACA Employer Mandate Tracking and Reporting Services"), to increase the Contract Sum accordingly, and to update and add to the Contract the most current County required and other applicable provisions; and

**WHEREAS**, Subparagraphs 4.1, 4.3, and 4.4 of Paragraph 4.0 (Changes and Amendments) of the Contract provide that for such changes, an amendment to the Contract shall be prepared and executed by the County and Contractor; and

**NOW THEREFORE**, in consideration of the foregoing, mutual promises, covenants and conditions set forth herein, and pursuant to Paragraph 4.0 (Change Notices and Amendments) of the Contract, County and Contractor hereby agree to amend the Contract as follows:

- I. **Pursuant to Paragraph 4.0 (Changes and Amendments), Subparagraphs 4.1 and 4.4 of the Contract shall be amended to read as follows:**
  - A. **Commencing upon the effective date of this Amendment Number Nine, "Contractor" for purposes of the Contract shall be Xerox Business Services, LLC and Buck Consultants, LLC.**

**B. The cross references to Exhibits A and B in Paragraph 1.0 (Applicable Documents) shall be amended to read as follows:**

**1.0 APPLICABLE DOCUMENTS**

- Exhibit A shall include Exhibits A.1, A.2, and A.3 as follows:
  - Exhibit A.1 – Statement of Work (Benefit Plan Services)
  - Exhibit A.2 – Statement of Work (Absence Management Services)
  - Exhibit A.3 – Statement of Work (ACA Employer Mandate Tracking and Reporting Services)
- Exhibit B Fee Schedule for Benefit Plan Services, Absence Management Services, and ACA Employer Mandate Tracking and Reporting Services
- Exhibit J – Information Security Requirements

**C. Section 2.0 – Definitions, Subsections 2.14 and 2.16 of the Contract shall be amended to read as follows, and new Sections 2.17 and 2.18 shall be inserted as follows:**

- 2.14 “Security Guidelines” shall mean all applicable County information technology and information technology security policies included in Chapter 3 (including County policy 3.040) and Chapter 6 of County’s Policy Manual, which can be accessed at <http://countypolicy.co.la.ca.us/>, and in Exhibit J (Information Security Requirements).
- 2.16 “Total Services” shall mean collectively the Benefit Plan Services, the Absence Management Services, and the Affordable Care Act Employer Mandate Tracking and Reporting Services.
- 2.17 “Statement of Work” (“SOW”) shall refer to the tasks, deliverables, services, and other work required under this Contract, as set forth in Exhibit A.1 Statement of Work (Benefit Plan Services), Exhibit A.2 Statement of Work (Absence Management Services), and Exhibit A.3 Statement of Work (ACA Employer Mandate Tracking and Reporting Services).
- 2.18 The Affordable Care Act (“ACA”) refers to the Patient Protection and Affordable Care Act of 2010.

**D. Paragraph 3.0 (Work) of the Contract shall be amended to read as follows:**

**3.0 WORK**

- 3.1 Pursuant to the provisions of this Contract, Contractor shall fully perform, complete and deliver on time, all tasks, deliverables,

services and other work as set forth in the Statement of Work, as it may be amended from time to time in accordance with Paragraph 4.0 (Changes and Amendments).

- 3.2 All such tasks, deliverables, services and other work required under this Contract, as set forth in the Statement of Work, shall be approved in writing by County's Project Manager prior to any submission of an invoice or payment therefor. County's Project Manager shall endeavor to approve or disapprove, or request from Contractor supplemental information, in accordance with the timelines set forth in the Statement of Work, which unless specified therein shall not be longer than fifteen (15) days. Any disapproval shall include reasonable detail regarding necessary corrective action.
- 3.3 Contractor agrees that the performance of work and services pursuant to the requirements of this Contract shall conform to high professional standards as exist in Contractor's profession or field of practice.

**E. Subparagraph 4.2 of Paragraph 4.0 (Changes and Amendments) of the Contract shall be amended and replaced to read as follows:**

4.2 For any change which does not affect the scope of work, term, Contract Payment, or any term or condition included under this Contract, a Change Notice shall be prepared and executed by County's Contract Administrator (CCA) and Contractor; except that:

4.2.1 Subject to Subparagraph 4.3 below, DOP is expressly authorized to change the specific conditions as set forth in the Statement of Work via a Change Notice.

**F. Subparagraph 8.1 of Paragraph 8.0 (Contract Sum) of the Contract shall be amended and replaced to read as follows:**

8.1 The Maximum Contract Sum under the term of this Contract shall be the total monetary amount payable by County to Contractor for provision of services specified herein in accordance with Exhibit B (Fee Schedule), and shall not exceed \$49,434,200 for the term of the Contract, including an estimated 3% Cost of Living Adjustment (COLA) for each year for the Benefit Plan Services. In addition, Contractor acknowledges that the amounts payable by County to Contractor on a monthly basis for the Benefit Plan Services are based on County's actual number of users in the Benefit Plan Services in the applicable month multiplied by the applicable unit rates as set forth on Exhibit B (Fee Schedule) for the applicable Contract Year. Contractor expressly acknowledges and agrees, however, that, in no event is County obligated to pay any amount in excess of the Maximum Contract Sum per Contract Year for the Benefit Plan Services, Absence Management

Services, and ACA Employer Mandate Tracking and Reporting Services respectively, as set forth on Exhibit B (Fee Schedule).

**G. Subparagraphs 8.5.1 and 8.5.3 of Paragraph 8.5 (Invoices and Payments) of the Contract shall be amended and replaced to read as follows:**

8.5.1 Contractor shall invoice County only for providing the tasks, deliverables, goods, services, and other work specified in the Statement of Work and elsewhere hereunder. Contractor shall prepare invoices, which shall include the charges owed to Contractor by County under the terms of this Contract. Contractor's payments shall be as provided in Exhibit B (Fee Schedule).

8.5.3 Contractor's invoices shall contain the information set forth in the Statement of Work, describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.

**H. Paragraph 10.0 (Gratuitous Work) of the Contract shall be amended and replaced to read as follows:**

Contractor agrees that should work or services, other than the Total Services set forth in the Statement of Work, be performed without the prior written modification of this Contract in accordance with Paragraph 4.0 (Changes and Amendments), they are deemed gratuitous and Contractor shall have no claim therefore.

**I. Subparagraphs 27.1.1 and 27.1.2 of Paragraph 27.0 (Warranties, Indemnification, Limitation of Liability) of the Contract shall be amended and replaced to read as follows:**

27.1.1 Contractor represents and warrants that (a) Contractor has the full power and authority to grant the License (as defined in Paragraph 45.1) and all other rights granted by the Contract to County, (b) no consent of any other person or entity is required by Contractor to grant such rights other than consents that have been obtained and are in effect, (c) County is entitled to use and access the services provided hereunder without interruption of system use, except as for permitted downtime for maintenance services as set forth in the Statement of Work, (d) the Contract and the intellectual property rights licensed herein, are neither subject to any liens, encumbrances, or pledges nor subordinate to any right or claim of any third party, including Contractor's creditors, (e) during the Term, Contractor shall not subordinate the Contract or any of its rights hereunder to any third party without the prior written consent of County, and without providing in such subordination instrument for non-disturbance of County's use and access of all the

services provided hereunder, and (f) neither the performance of the Contract by Contractor, nor the license to, and use by, County and its users of the system and services provided hereunder in accordance with the Contract will in any way violate any non-disclosure agreement, nor, to the best of Contractor's knowledge, constitute any infringement or other violation of any copyright, trade secret, trademark, service mark, proprietary information, or other intellectual property rights (excluding patent) of any third party.

27.1.2 Contractor shall, in the performance of all work strictly comply with the descriptions and representations (including documentation requirements, performance capabilities, accuracy, completeness, characteristics, specifications, configurations, standards, functions and requirements) as set forth in the Contract, including without limitation the Total Services set forth in the Statement of Work, and the systems and services provided hereunder shall perform in accordance with such descriptions and representations.

**J. Subparagraph 27.3.4 of Paragraph 27.0 (Warranties, Indemnification, Limitation of Liability) of the Contract shall be amended and replaced to read as follows:**

27.3.4 Damage Limitation. Except with respect to (a) claims arising from Contractor's, including without limitation its employees', directors', officers', agents', subsidiaries', and Subcontractors', willful misconduct, (b) third party claims subject to indemnification under this Contract, and (c) third party claims arising under Paragraph 46.0 (Patent, Copyright and Trade Secret Indemnification), in no case shall Contractor's liability under this Contract exceed an amount equal to two times the amount of the Maximum Contract Sum payable for the period from July 1, 2011 through December 31, 2016, as referenced in the summary of fees set forth on Exhibit B (Fee Schedule). The parties acknowledge that Contractor has set its prices and entered into this Contract in reliance upon the limitations of liability and disclaimer of warranties, and damages set forth in this Contract and that the same form an essential basis of the bargain between the parties. For the avoidance of doubt and purposes of this Contract, any IRS assessments against County for non-compliance with IRS requirements relating to Contractor's provision of work under Exhibit A.3 (Statement of Work – Affordable Care Act Employer Mandate Tracking and Reporting Services), other than those resulting solely from County's decisions or direction ("IRS Penalties"), shall be deemed "direct" damages and not "third party claims", and IRS Penalties will be subject to the limit of direct damages set forth in this Subparagraph 27.3.4 of the Contract. In the case of IRS Penalties, the PRS amounts set forth in Appendix 1 to Exhibit A.3 (Statement of Work – Affordable Care Act Employer

ATTACHMENT I

Mandate Tracking and Reporting Services) that coincide with potential IRS Penalties will represent the first recourse. Any amounts above the PRS limits with respect to IRS Penalties will be subject to this Subparagraph 27.3.4.

- K. Paragraph 29.0 (Insurance Coverage Requirements) of the Contract shall be amended to add the following Subparagraph:**

**29.6 Privacy/Network Security (Cyber) Insurance**

Insurance coverage providing protection against liability for: (1) privacy breach (liability arising from the loss or disclosure of confidential information); (2) system breach; (3) denial or loss of service; (4) introduction, implantation, or spread of malicious software code; and (5) unauthorized access to or use of computer systems, with limits of not less than ten million dollars (\$10,000,000). No exclusion/restriction for unencrypted portable devices/media may be on the policy.

- L. Paragraph 70.0 (Time Off for Voting) shall be added to the Contract to read as follows:**

**70.0 TIME OFF FOR VOTING**

Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

- M. Exhibit A.3 (Statement of Work for ACA Employer Mandate Tracking and Reporting Services) shall be added to the Contract as attached hereto.**
- N. Exhibit B (Fee Schedule) shall be deleted and replaced with the attached Exhibit B (Fee Schedule).**
- O. Exhibit J (Information Security Requirements) shall be added to the Contract as attached hereto.**

**II. Contractor represents and warrants that the person executing this Amendment Number Nine on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Number Nine.**

**III. Except as provided in this Amendment Number Nine, all other terms and conditions of the Contract shall remain unchanged and in full force in effect.**

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**IN WITNESS WHEREOF**, County and Contractor by their duly authorized signatures have caused this Amendment Number Nine to County Contract Number 74576 to be effective on the day, month and year first above written.

**COUNTY OF LOS ANGELES:  
DEPARTMENT OF HUMAN RESOURCES**

By \_\_\_\_\_  
Lisa M. Garrett  
Director of Personnel

**CONTRACTOR:  
Xerox Business Services, LLC  
Buck Consultants, LLC**

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

**APPROVED AS TO FORM:**

Mary C. Wickham  
Interim County Counsel

By \_\_\_\_\_  
Victoria Mansourian  
Principal Deputy County Counsel

## **EXHIBIT J**

# **INFORMATION SECURITY REQUIREMENTS**

## INFORMATION SECURITY REQUIREMENTS

This sets forth information security procedures to be established by Contractor before the effective date of the Contract and maintained throughout the term of the Contract. These procedures are in addition to the requirements of the Contract and the Business Associate Agreement between the Parties. They present a minimum standard only. However, it is Contractor's sole obligation to: (i) implement appropriate measures to secure its systems and data, including Personal Information, Protected Health Information, and County Confidential Information, against internal and external threats and risks; and (ii) continuously review and revise those measures to address ongoing threats and risks. Failure to comply with the minimum standards set forth in this Exhibit J (Information Security Requirements) will constitute a material, non-curable breach of the Contract by Contractor, entitling County, in addition to and cumulative of all other remedies available to it at law, in equity, or under the Contract, to immediately terminate the Contract. Unless specifically defined in this Exhibit, capitalized terms shall have the meanings set forth in the Contract.

1. **Security Policy.** Contractor shall establish and maintain a formal, documented, mandated, company-wide information security program, including security policies, standards and procedures (collectively "**Information Security Policy**"). The Information Security Policy will be communicated to all Contractor personnel in a relevant, accessible, and understandable form and will be regularly reviewed and evaluated to ensure its operational effectiveness, compliance with all applicable laws and regulations, and to address new threats and risks.
2. **Personnel and Contractor Protections.** Contractor shall screen and conduct background checks on all Contractor personnel contacting County Confidential Information, including Personally Identifiable Information and Protected Health Information, for potential security risks and require all employees and contractors to sign an appropriate written confidentiality/non-disclosure agreement. All agreements with third-parties involving access to Contractor's systems and data, including all outsourcing arrangements and maintenance and support agreements (including facilities maintenance), shall specifically address security risks, controls, and procedures for information systems. Contractor shall supply each of its Contractor personnel with appropriate, ongoing training regarding information security procedures, risks, and threats. Contractor shall have an established set of procedures to ensure Contractor personnel promptly report actual and/or suspected breaches of security.
3. **Removable Media.** Except in the context of Contractor's routine back-ups or as otherwise specifically authorized by County in writing, Contractor shall institute strict security controls, including encryption of Removable Media (as defined below), to prevent transfer of Personally Identifiable Information and Protected Health Information to any form of Removable Media. For purposes of this Exhibit J (Information Security Requirements), "**Removable Media**" means portable or removable hard disks, floppy disks, USB memory drives, zip disks, optical disks, CDs, DVDs, digital film, digital cameras, memory cards (e.g., Secure Digital (SD), Memory Sticks (MS), CompactFlash (CF), SmartMedia (SM), MultiMediaCard (MMC), and xD-Picture Card (xD)), magnetic tape, and all other removable data storage media.
4. **Storage, Transmission, and Destruction of Protected Health Information.** All Protected Health Information shall be rendered unusable, unreadable, or indecipherable to unauthorized individuals in accordance with HIPAA, as amended and supplemented by the HITECH Act.

Without limiting the generality of the foregoing, Contractor will encrypt all workstations and portable devices (e.g., mobile, wearables, tablets, thumb drives, external hard drives) that store County Confidential Information (including Protected Health Information) in accordance with Federal Information Processing Standard (FIPS) 140-2. Contractor will encrypt County Confidential Information transmitted on networks outside of Contractor's control with Secure Socket Layer (SSL or TLS) at a minimum cipher strength of 128 bit. If County Confidential Information is no longer required to be retained by Contractor under the Contract and applicable law, Contractor shall destroy such information by: (a) shredding or otherwise destroying paper, film, or other hard copy media so that the information cannot be read or otherwise cannot be reconstructed; and (b) clearing, purging, or destroying electronic media containing Protected Health Information consistent with NIST Special Publication 800-88, Guidelines for Media Sanitization such that the Protected Health Information cannot be retrieved.

5. **Data Control; Media Disposal and Servicing.** Subject to and without limiting the requirements under Section 4 (Storage, Transmission and Destruction of Protected Health Information), Personally Identifiable Information, Protected Health Information, and County Confidential Information: (i) may only be made available and accessible to those parties explicitly authorized under the Contract or otherwise expressly Approved by County in writing; (ii) if transferred across the Internet, any wireless network (e.g., cellular, 802.11x, or similar technology), or other public or shared networks, must be protected using appropriate encryption technology as designated or Approved by County in writing; and (iii) if transferred using Removable Media (as defined above) must be sent via a bonded courier or protected using encryption technology designated by Contractor and Approved by County in writing. The foregoing requirements shall apply to back-up data stored by Contractor at off-site facilities. In the event any hardware, storage media, or Removable Media must be disposed of or sent off-site for servicing, Contractor shall ensure all County Confidential Information, including Personally Identifiable Information and Protected Health Information, has been cleared, purged, or scrubbed from such hardware and/or media using industry best practices (e.g., NIST Special Publication 800-88, Guidelines for Media Sanitization).
6. **Hardware Return.** Upon termination or expiration of the Contract or at any time upon County's request, Contractor will return all hardware, if any, provided by County containing Personally Identifiable Information, Protected Health Information, or County Confidential Information to County. The Personally Identifiable Information, Protected Health Information, and County Confidential Information shall not be removed or altered in any way. The hardware should be physically sealed and returned via a bonded courier or as otherwise directed by County. In the event the hardware containing County Confidential Information or Personally Identifiable Information is owned by Contractor or a third-party, a notarized statement, detailing the destruction method used and the data sets involved, the date of destruction, and the company or individual who performed the destruction will be sent to a designated County security representative within fifteen (15) days of termination or expiration of the Contract or at any time upon County's request. Contractor's destruction or erasure of Personal Information and Protected Health Information pursuant to this Section shall be in compliance with industry Best Practices (e.g., NIST Special Publication 800-88, Guidelines for Media Sanitization).
7. **Physical and Environmental Security.** Contractor facilities that process Personally Identifiable Information, Protected Health Information, or County Confidential Information will be housed in secure areas and protected by perimeter security such as barrier access controls

(e.g., the use of guards and entry badges) that provide a physically secure environment from unauthorized access, damage, and interference.

8. **Communications and Operational Management.** Contractor shall: (i) monitor and manage all of its information processing facilities, including, without limitation, implementing operational procedures, change management and incident response procedures; and (ii) deploy adequate anti-viral software and adequate back-up facilities to ensure essential business information can be promptly recovered in the event of a disaster or media failure; and (iii) ensure its operating procedures will be adequately documented and designed to protect information, computer media, and data from theft and unauthorized access.
9. **Access Control.** Contractor shall implement formal procedures to control access to its systems, services, and data, including, but not limited to, user account management procedures and the following controls:
  - a. Network access to both internal and external networked services shall be controlled, including, but not limited to, the use of properly configured firewalls;
  - b. Operating systems will be used to enforce access controls to computer resources including, but not limited to, authentication, authorization, and event logging;
  - c. Applications will include access control to limit user access to information and application system functions; and
  - d. All systems will be monitored to detect deviation from access control policies and identify suspicious activity. Contractor shall record, review and act upon all events in accordance with incident response policies set forth below.
10. **Security Incident.** A "Security Incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification or interference with system operations in an information system, as such term is defined in 45 C.F.R. § 164.304.
  - a. Contractor will promptly notify (but in no event more than twenty-four (24) hours after the detection of a Security Incident) the designated County security contact by telephone and subsequently via written letter of any potential or actual security attacks or Security Incidents.
  - b. The notice shall include the approximate date and time of the occurrence and a summary of the relevant facts, including a description of measures being taken to address the occurrence. A Security Incident includes instances in which internal personnel access systems in excess of their user rights or use the systems inappropriately.
  - c. Contractor will provide a monthly report of all Security Incidents noting the actions taken. This will be provided via a written letter to the County security representative on or before the first (1st) week of each calendar month. County or its third-party designee may, but is not obligated, perform audits and security tests of Contractor's environment that may include, but are not limited to, interviews of relevant personnel, review of documentation, or technical inspection of systems, as they relate to the receipt,

maintenance, use, retention, and authorized destruction of Personally Identifiable Information, Protected Health Information, and County Confidential Information.

- d. County reserves the right to view, upon request, summary results (i.e., the number of high, medium and low vulnerabilities) and related corrective action schedule for which Contractor has undertaken on its behalf to assess Contractor's own network security. If requested, copies of these summary results and corrective action schedule will be sent to the County security contact.
11. **Contractor Self Audit.** Contractor will provide to County a summary of: (1) the results of any security audits, security reviews, or other relevant audits listed below, conducted by Contractor or a third-party; and (2) the corrective actions or modifications, if any, Contractor will implement in response to such audits.

Relevant audits conducted by Contractor as of the Effective Date include:

- a. ISO 27001:2013 (Information Security Management) or FDA's Quality System Regulation, etc. – Contractor-Wide. A full recertification is conducted every three (3) years with surveillance audits annually.
- (i) **External Audit** – Audit conducted by non-Contractor personnel, to assess Contractor's level of compliance to applicable regulations, standards, and contractual requirements.
  - (ii) **Internal Audit** – Audit conducted by qualified Contractor Personnel (or contracted designee) not responsible for the area of review, of Contractor organizations, operations, processes, and procedures, to assess compliance to and effectiveness of Contractor's Quality System ("CQS") in support of applicable regulations, standards, and requirements.
  - (iii) **Supplier Audit** – Quality audit conducted by qualified Contractor Personnel (or contracted designee) of product and service suppliers contracted by Contractor for internal or Contractor client use.
  - (iv) **Detailed findings** – are not published externally, but a summary of the report findings, and corrective actions, if any, will be made available to County as provided above and the ISO certificate is published on Buck Consultants LLC.
- b. SSAE-16 (formerly known as SAS -70 II) – As to the Hosting Services only:
- (i) Audit spans a full twelve (12) months of operation and is produced annually.
  - (ii) The resulting detailed report is available to County.  
Detailed findings are not published externally, but a summary of the report findings, and corrective actions, if any, will be made available to County as provided above.
12. **Security Audits.** In addition to the audits described in Section 11 (Contractor Self Audit), during the term of this Contract, County or its third-party designee may annually, or more frequently as agreed in writing by the Parties, request a security audit of Contractor's data center and systems. The audit will take place at a time mutually agreed to by the Parties, but in no event on a date more than ninety (90) days from the date of the request by County. County's request for security audit will specify the areas (e.g., Administrative, Physical and

Technical) that are subject to the audit and may include but not limited to physical controls inspection, process reviews, policy reviews evidence of external and internal vulnerability scans, penetration tests results, evidence of code reviews, and evidence of system configuration and audit log reviews. County shall pay for all third-party costs associated with the audit. It is understood that summary data of the results may filtered to remove the specific information of other Contractor customers such as IP address, server names, etc.. Contractor shall cooperate with County in the development of the scope and methodology for the audit, and the timing and implementation of the audit. Any of the County's regulators shall have the same right upon request, to request an audit as described above. Contractor agrees to comply with all reasonable recommendations that result from such inspections, tests, and audits within reasonable timeframes.

### 13. Confidentiality

- a. Contractor agrees that all information supplied by its affiliates and agents to the County including, without limitation, (a) any information relating to County's customers, patients, business partners, or personnel; (b) Personally Identifiable Information (as defined below); and (c) Protected Health Information, as specified in the Contract Paragraph 50.0 – Contractor's Obligation as a Business Associate under The Health Insurance Portability and Accountability Act of 1996 (HIPAA) and The Health Information Technology for Economic and Public Health Act (HITECH), will be deemed confidential and proprietary to the County, regardless of whether such information was disclosed intentionally or unintentionally or marked as "confidential" or "proprietary" ("Confidential Information"). To be deemed "Confidential Information", trade secrets and mask works must be plainly and prominently marked with restrictive legends.
- b. **County Data.** All of the County Confidential Information, data, records, and information of County to which Contractor has access, or otherwise provided to Contractor under this Purchase Order ("County Data"), shall be and remain the property of County and County shall retain exclusive rights and ownership thereto. The County Data shall not be used by Contractor for any purpose other than as required under this Contract, nor shall such data or any part of such data be disclosed, sold, assigned, leased, or otherwise disposed of to third-parties by Contractor or commercially exploited or otherwise used by or on behalf of Contractor, its officers, directors, employees, or agents.
- c. **Non-Exclusive Equitable Remedy.** Contractor acknowledges and agrees that due to the unique nature of Confidential Information there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach or threatened breach may result in irreparable harm to County, and therefore, that upon any such breach or any threat thereof, County will be entitled to appropriate equitable remedies, and may seek injunctive relief from a court of competent jurisdiction without the necessity of proving actual loss, in addition to whatever remedies either of them might have at law or equity. Any breach of this Section 13 (Confidentiality) shall constitute a material breach of this Contract and be grounds for immediate termination of this Contract in the exclusive discretion of the County.

- d. **Personally Identifiable Information.** “Personally Identifiable Information” shall mean any information that identifies a person, including, but not limited to, name, address, email address, passwords, account numbers, social security numbers, credit card information, personal financial or healthcare information, personal preferences, demographic data, marketing data, credit data, or any other identification data. For the avoidance of doubt, Personally Identifiable Information shall include, but not be limited to, all “nonpublic personal information,” as defined under the Gramm-Leach-Bliley Act (15 United States Code (“U.S.C.”) §6801 et seq.), Protected Health Information, and “Personally Identifiable Information” as that term is defined in EU Data Protection Directive (Directive 95/46/EEC) on the protection of individuals with regard to processing of personal data and the free movement of such data.
- i. **Personally Identifiable Information.** In connection with this Contract and performance of the services, Contractor may be provided or obtain, from County or otherwise, Personally Identifiable Information pertaining to County's current and prospective personnel, directors and officers, agents, investors, patients, and customers and may need to process such Personally Identifiable Information and/or transfer it, all subject to the restrictions set forth in this Contract and otherwise in compliance with all applicable foreign and domestic laws and regulations for the sole purpose of performing the services.
- ii. **Treatment of Personally Identifiable Information.** Without limiting any other warranty or obligations specified in this Contract, and in particular the confidential provisions of Subparagraph 6.5 (Confidentiality) of the body of the Contract, during the term of this Contract and thereafter in perpetuity, Contractor will not gather, store, log, archive, use, or otherwise retain any Personally Identifiable Information in any manner and will not disclose, distribute, sell, share, rent, or otherwise retain any Personally Identifiable Information to any third-party, except as expressly required to perform its obligations in this Contract or as Contractor may be expressly directed in advance in writing by County. Contractor represents and warrants that Contractor will use and process Personally Identifiable Information only in compliance with (a) this Contract, (b) County's then current privacy policy, and (c) all applicable local, state, and federal laws and regulations (including, but not limited to, current and future laws and regulations relating to spamming, privacy, confidentiality, data security, and consumer protection).
- iii. **Retention of Personally Identifiable Information.** Contractor will not retain any Personally Identifiable Information for any period longer than necessary for Contractor to fulfill its obligations under this Contract. As soon as Contractor no longer needs to retain such Personally Identifiable Information in order to perform its duties under this Contract, Contractor will promptly return or destroy or erase all originals and copies of such Personally Identifiable Information.
- e. **Return of Confidential Information.** On County's written request or upon expiration or termination of this Contract for any reason, Contractor will promptly: (a) return or destroy, at County's option, all originals and copies of all documents and materials it has received containing County's Confidential Information; (b) if return or destruction is not permissible under applicable law, continue to protect such information in

accordance with the terms of this Contract; and (c) deliver or destroy, at County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by Contractor, prepared under its direction, or at its request, from the documents and materials referred to in Subsection 13(a), and provide a notarized written statement to County certifying that all documents and materials referred to in Subsections 13(a) and (b) have been delivered to County or destroyed, as requested by County. On termination or expiration of this Contract, County shall return or destroy all Contractor Confidential Information (excluding items licensed to County hereunder or that are required for use of the Deliverables and/or the Licensed Software), at Contractor's option.



# COUNTY OF LOS ANGELES

## DEPARTMENT OF HUMAN RESOURCES

HEADQUARTERS  
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-2406 FAX (213) 621-0387

BRANCH OFFICE  
3333 WILSHIRE BOULEVARD • LOS ANGELES, CALIFORNIA 90010  
(213) 738-2211 FAX (213) 637-0820

**LISA M. GARRETT**  
DIRECTOR OF PERSONNEL

March 2, 2015

To: Each Supervisor

From: Lisa M. Garrett  
Director of Personnel

Subject: **ADVANCE NOTIFICATION OF SOLE SOURCE CONTRACT NEGOTIATIONS WITH BUCK CONSULTANTS**

In accordance with Board Policy 5.100, *Sole Source Contracts*, this is to notify you that the Department of Human Resources (DHR) intends to enter into sole source contract negotiations with Buck Consultants (Buck) to provide administrative services in compliance with the Affordable Care Act (ACA) to produce Internal Revenue Service (IRS) reports in January 2016 and determine full-time employee (FTE) status according to the provisions of the ACA.

In 2015, DHR will conduct a request for proposals (RFP) for the third-party administrative (TPA) services currently provided by Buck. These new services for FTE determination and IRS reporting services will be included in the solicitation for a contract effective by January 1, 2017.

In 2016 for calendar year 2015, the regulations under the ACA impose significant reporting requirements on employers with over 50 employees, and plan sponsors. Such entities are required to provide detailed statements to employees enrolled in and/or offered medical coverage by January 31, 2016. Detailed statements are due to the IRS by March 31, 2016, along with a transmittal of employer-provided health insurance. The reporting is intended to support the IRS enforcement of the ACA's individual insurance mandate. Failure to comply with this regulation will result in penalties of more than \$2 million.

To comply with the ACA regulations, the County will need the services of Buck to determine FTE status, track hours, measurement periods, administrative periods, stability periods, health benefits enrollments for each individual employee and for family members of employees enrolled in a self-insured plan, and produce the mandated IRS forms.

Each Supervisor  
March 2, 2015  
Page 2

Negotiating this contract with Buck will ensure the County complies timely with the new ACA requirements. We believe that it is in the best interest of the County to enter into the sole source negotiations with Buck to provide these services, with the understanding that in 2015, DHR will commence an RFP for the TPA and ACA services provided by Buck. Staff from the Chief Executive Office and Auditor-Controller agree that the County currently does not have the capacity to internally produce the required reports, and that Buck has the background and infrastructure to meet the County's needs.

We anticipate administrative cost savings and a more expeditious execution of services because the Buck system holds most of the benefits data required for the IRS reporting. Buck is also familiar with the existing system interfaces with the Auditor-Controller and the County benefits, payroll process, and systems through its existing TPA contract.

Attached is the justification for the sole source contracts. DHR will proceed with the sole source contract negotiations with Buck within two weeks unless instructed otherwise by your Board.

Should you have any questions, please contact me at (213) 974-2406 or Shawn Atin, Assistant Director, at (213) 974-2631.

LMG:EP:SA  
EMC:bc

Attachment

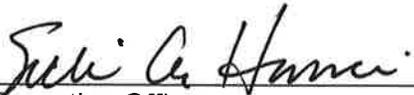
c: Sachi A. Hamai, Interim Chief Executive Officer

S:\BR1SEC\Employee Benefits\LMG to BOS Re. Sole Source with Buck for ACA.docx

## SOLE SOURCE CHECKLIST

### Buck Consultants

Check (√)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS
	<p>Identify applicable justification and provide documentation for each checked item.</p> <ul style="list-style-type: none"> <li>➤ Only one bona fide source for the service exists; performance and price competition are not available.</li> </ul>
√	<ul style="list-style-type: none"> <li>➤ Quick action is required (emergency situation).</li> </ul> <p>The Buck Consultant (Buck) contract will provide administrative services for ACA Compliance. The services are required immediately in order to comply with the Affordable Care Act (ACA) requirements on large employers to determine full-time employee (FTE) status; and issue individual Internal Revenue Service (IRS) forms to employees. Reporting requirements are effective for medical coverage provided on or after January 1, 2015. IRS forms must be delivered to employees by January 31, 2016; and to the IRS by March 31, 2016.</p> <p>In 2014, the Department of Human Resources (DHR) asked Buck to provide a review of its medical plans for the ACA plan mandates and insurance market reforms, and assist the County in developing its strategy for complying with the ACA regulations that became final in August 2014. As soon as Buck completed its analysis in December 2014, DHR, in consultation with the Chief Executive Office and the Office of the Auditor-Controller, concluded that the County did not have the resources or expertise to meet the ACA mandates that require the County to compile detailed, month-by-month information beginning January 2015, and fulfill the IRS reporting requirements.</p>
	<ul style="list-style-type: none"> <li>➤ Proposals have been solicited, but no satisfactory proposals were received.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Maintenance service agreements exist on equipment which must be services by the authorized manufacturer's service representatives.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ It is most cost-efficient to obtain services by exercising an option under an existing contract.</li> </ul>
√	<ul style="list-style-type: none"> <li>➤ It is in the best interest of the County, e.g. administrative cost savings, excessive learning curve for a new service provider, etc.</li> </ul> <p>Buck will provide services to assist the County with the ACA FTE determination and IRS reporting. Buck is the selected administrator for this service for reasons that include:</p>

	<ol style="list-style-type: none"> <li>1. Buck currently has a contract with the County to administer health benefits for County employees and to maintain a majority of the data needed to comply with the new ACA and IRS requirements.</li> <li>2. Buck currently receives daily electronic updates for all County employees through a secure data exchange that allows Buck to update the employee benefit database that includes demographic and payroll information.</li> <li>3. The County will not be required to coordinate data records and program updates across different vendors, which will minimize inconsistencies in data records.</li> <li>4. Buck will have a minimal learning curve about the County's benefits programs and complexities as they currently maintain health plan eligibility rules for full-time, temporary and part-time employees.</li> <li>5. The County will not incur costs or have a need to invest time and resources to go through a solicitation and review process.</li> </ol>
<p>√</p>	<p>➤ Other reason. Please explain:</p> <p>The County will pay a penalty of up to \$1.5 million if it fails to issue IRS Employee Statements to County employees by January 31, 2016 (Internal Revenue Code section 6721); in addition, the County will pay up to \$700,000, if it fails to issue IRS Individual Statements to County employees enrolled in a self-insured plan by January 31, 2016 (Internal Revenue Code Section 6722).</p>
<p>  <span style="float: right;">2-27-15</span> </p> <p> <span style="float: left;">Chief Executive Office</span> <span style="float: right;">Date</span> </p>	

December 1, 2015

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL OF SOLE SOURCE CONTRACT BETWEEN THE COMMISSION AND  
EMPHASYS COMPUTER SOLUTIONS, INC. FOR THE CONTINUED OPERATION  
OF THE LOS ANGELES COUNTY HOUSING RESOURCE CENTER WEBSITE AND  
CALL CENTER  
(ALL DISTRICTS) (3 VOTE)**

**CIO RECOMMENDATION: (X) APPROVE**

**SUBJECT**

This letter recommends approval of a Sole Source Contract between the Commission and Emphasys Computer Solutions, Inc. (Emphasys) for the continuing operation of the Los Angeles County Housing Resource Center Housing Locator website and Call Center services (Housing Resource Center). This letter relates to an item on the agenda of the Board of Supervisors for approval of three years of continued Homeless Prevention Initiative (HPI) funding from the County.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Executive Director to accept a total amount of up to \$666,000 in HPI funds for the continuing operation of the Housing Resource Center Housing Locator website and Call Center to be jointly operated by Emphasys and Non-Profit Industries DBA Socialserve.com (Socialserve).
2. Authorize the Executive Director to execute a three year sole source contract between the Commission and Emphasys for a maximum total three year amount of \$784,133 using ongoing HPI funds, CEO Information Technology Funds, and Website Partnership fees for the

purposes described above, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Executive Director to retain and utilize up to \$98,185 of currently approved and budgeted CEO Information Technology Funds for completion of planned website enhancements to the Housing Resource Center that will be carried over into the new contract and Statement of Work between the Commission and Emphasys.
4. Authorize the Executive Director to amend the Contract to increase the compensation amount by up to 10% above the total, and further expand or amend the scope of services and deliverables in keeping with the purpose of the Contract in order to, among other things, improve website awareness and/or functionality, to be effective following approval as to form by County Counsel, review and approval by the Chief Information Officer, and execution by all parties.
5. Authorize the Executive Director to amend the Contract to increase the compensation amount by up to 50% above the total, and to extend the contract by up to one year, in the event of a disaster or emergency situation in which the contractor's internet and Call Center disaster recovery services are required for emergency housing relocation, subject to funding availability, and following approval as to form by County Counsel and review and approval of the Los Angeles County Office of Emergency Management.
6. Authorize the Executive Director to negotiate, execute, amend, and, if necessary, terminate Cooperation Agreements and Partnership Agreements with non-profit agencies, housing authorities, and cities within Los Angeles County to allow for shared housing resources across multiple web-based platforms.
7. Authorize the Executive Director to accept and incorporate into the Commission's budget additional funds as they become available for the Housing Resource Center, including administrative fees generated by Cooperation Agreements, Partnership Agreements, or other funding sources.
8. Find that approval of the Contract is not subject to the provisions of the California Environmental Quality Act (CEQA) because the

proposed activity is not defined as a project under CEQA and will not have the potential for causing a significant effect on the environment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The purpose of the recommended actions is to approve a new sole source contract with Emphasys, in order to continue uninterrupted operation of the Housing Resource Center and existing partner websites.

### **FISCAL IMPACT/FINANCING**

The HPI was created in April, 2006 using ongoing County General funds, and included an ongoing funding approval in the amount of \$202,000 per year for the Housing Resource Center. The proposed request for three years of continued HPI funding includes a ten percent (10%) increase of \$20,000 to raise the ongoing HPI funding total to \$222,000. These funds will be used to fund the annual fee for operation of the Housing Resource Center in an annual amount of \$222,000. Funds for each year's allocation will be included in the Commission's annual budget approval process.

The CEO Information Technology Fund awarded \$938,826 to the Commission in 2009 for website enhancements, marketing and administration of the Housing Resource Center. The Commission has included \$112,000 in the FY2015-2016 Annual Budget for remaining funds and requests the authority to retain the unspent funds and interest, in the amount of \$98,185, in order to complete work items and administrative costs that were delayed due to the change in the contractor ownership structure.

The Partnership and Cooperation Agreements contain provisions for the payment, by partner cities or agencies, of up to 10% of costs as administrative fees to the Commission. These fees will be included in the Commission's annual budget approval process.

The attached three-year budget includes approximately \$41,000 of unidentified sources in Year Three. It is expected that new partnerships with cities or agencies would generate additional fees that could be utilized at that time, or that carryover savings from projected marketing costs would cover the deficit. The attached contract does include a provision that allows for the contract to be terminated if full funding amounts are not available.

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

On April 4, 2006, the Board of Supervisors approved an HPI recommendation to establish a housing search and listing database website for Los Angeles County. On December

19, 2006, the Board of Supervisors approved a joint recommendation submitted by the CEO and the Commission, delegating authority to the CEO to execute a sole source agreement with Socialserve to create a website called the Los Angeles County Housing Resource Center. The website, with Call Center support, was subsequently launched in June, 2007.

The primary purpose of the Housing Resource Center is to provide free listing services of residential rental properties in Los Angeles County, to keep the listings updated, and to make the rental listings available at no cost to individuals, families and housing caseworkers in the County via the internet or toll-free call. The search filters allow for listings of landlords who accept tenants with Section 8 Housing Choice Vouchers and Veterans Affairs Supportive Housing (VASH) Vouchers. The website also has additional information on special needs rental units to assist caseworkers, and ADA-compliant accessible units to assist persons with disabilities. The Housing Resource Center has proven to be very successful, and there are currently over 11,500 landlords registered and approximately 2,000 units currently available or with an open waiting list.

In 2009, the contract administration for the Housing Resource Center was transferred from the CEO to the Commission. Commission staff manages the workflow of website changes, coordinates among stakeholder agencies, develops marketing material, manages passwords, and provides training on the website. The Commission also requires that all affordable and special needs housing units that are funded under Commission programs are registered on the website.

Following the County's receipt of federal stimulus and recovery funds for housing in 2009 and 2010, the Housing Resource Center was used to provide screening and mapping functions to assist users in evaluating program eligibility for the Homelessness Prevention and Rapid Re-housing Program (HPRP), and the Neighborhood Stabilization Program (NSP). Since 2013, the Housing Resource Center has also been used to provide housing locator and rent comparability tools to caseworkers working within the County's Family Solutions System.

The most recent accomplishment of the Housing Resource Center website and call center function was the creation of a separate listing platform for affordable rental units that have accessible features for persons with mobility or sensory disabilities. This feature has allowed for increased affirmative marketing of affordable rental units that comply with federal accessibility standards. In addition, the website meets Website Content Accessibility Guidelines (WCAC) 2.0, which means that the information is accessible to persons who rely on screen readers, helmet pointers, and other assistive technologies, as required by current ADA Title II standards. The Socialserve Call Center similarly supports relay systems for persons who are deaf or hearing impaired.

Primarily due to the website's accessible unit marketing features, the City of Los Angeles Housing and Community Investment Department (HCIDLA) entered into a Cooperation Agreement with Socialserve and the Commission in June, 2015, to form a partner website called the City of Los Angeles Housing Resource Center ([www.housing.lacity.org](http://www.housing.lacity.org)). Partner websites, authorized by your Board, have allowed for inter-jurisdictional sharing and leveraging of information and resources to provide listing information and a "no wrong door" search function for housing locators. The City of Pasadena established a partner website called Pasadena Housing Search.org, and the non-profit Affordable Living for the Aging (ALA) established one called ALA Senior Housing Connections that helps people search the shared database for affordable senior housing.

The current sole source contract with the Socialserve was executed March 31, 2009, and was expected to end on March 31, 2015. Prior to the expiration of the contract, the Commission requested permission to extend the contract to December 31, 2015 in order to prepare a new sole source contract and statement of work. This contract extension was approved by your Board on November 14, 2014.

In the spring of 2015, Socialserve informed the Commission that they were in negotiations with Emphasys that could lead to a change in business structure through an acquisition or merger. The two entities entered into an agreement on August 7, 2015 whereby Emphasys acquired the technology assets of Socialserve and became their parent company. Socialserve still operates as non-profit partner and affiliate of Emphasys. The continuity of operations has been seamless because key Socialserve staff involved with the Housing Resource Center transferred to Emphasys and the Housing Resource Center Call Center continues to be maintained and operated by Socialserve.

Due to the time spent by Socialserve in completing the business transaction with Emphasys, several website deliverables and work items being funded by the CEO Information Technology Fund were delayed. These funds were awarded in 2009 and have been used to implement website enhancements with the oversight of the County Chief Information Office (CIO). This Board letter requests approval to carry over the balance of remaining CEO Information Technology Funds to the new contract in order to complete the remaining website enhancements.

Of the key program enhancements that would be completed is a Disaster Recovery module that would bring additional capacity and protocols to allow the County or Commission to utilize the Housing Resource Center as a housing locator tool in the event of disaster. The CEO Technology Funds would cover the cost of a basic module that would lay out the communication protocols within the Los Angeles emergency networks in order to alert them to the availability of the Housing Resource Center for informational posting and Call Center services. These services have been implemented by Socialserve in over 70 disasters of scale (over 150 people displaced), including Hurricane Katrina,

Hurricane Sandy, and the recent flooding in South Carolina. In the event that a disaster struck Los Angeles County, the disaster recovery services could be quickly added as an amendment to this contract under authority granted to the Commission's Executive Director.

The Chief Information Office reviewed this Board letter and recommends approval. The CIO determined this recommended action contains no new Information Technology (IT) matters requiring an analysis.

### **ENVIRONMENTAL DOCUMENTATION**

The approval of the Contract between the Commission and Emphasys for the continuation of the Housing Resource Center Project is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

### **IMPACT ON CURRENT PROJECTS**

Approval of the recommended actions will enhance the ability of the Commission to do affirmative marketing of all Commission and County-funded affordable housing units. The uninterrupted operation and additional services approved through this new contract will provide benefits to residents of Los Angeles County, including landlords and tenants, as well as housing locators, persons with disabilities, veterans, and other providers of affordable, special needs, supportive, transitional and emergency housing.

Respectfully Submitted,

Reviewed by:

SEAN ROGAN  
Executive Director

RICHARD SANCHEZ  
Chief Information Officer

SR:CC:In

Enclosures

**ATTACHMENT #1**  
**Los Angeles County Housing Resource Center Projected Budget**

**2016**

Project Expense		Funding Sources	
Emphasys Annual Fee	\$222,000	HPI Ongoing Funding	\$222,000
CEO-IT Fund programming tasks	\$21,848	CEO IT Fund Carryover*	\$67,595
Website updates	\$8,000	CEO IT Fund Carryover (Admin)	\$30,590
Subtotal	\$251,848		
CDC Project Management	\$47,075		
Marketing /Graphics	\$6,000		
	<hr/>		
Project Cost	\$304,923	Project Sources	\$320,185
		2017 Carryover balance	\$15,262

(\*CEO IT Fund Carryover is estimated)

**2017**

Project Expense		Funding Sources	
Emphasys Annual Fee	\$222,000	HPI Ongoing Funding	\$222,000
		CEO IT Fund Carryover	\$15,262
Website updates/	\$3,000	Partnership fees	\$39,324
Subtotal	\$225,000		
CDC Admin Cost	\$48,017		
CDC Marketing	\$3,000		
	<hr/>		
Project Cost	\$276,017	Project Sources	\$276,586
		2017 Carryover balance	\$569

**2018**

Project Expense		Funding Sources	
Emphasys Annual Fee	\$222,000	HPI Ongoing Funding	\$222,000
		Carryover balance	\$569
Website updates/	\$2,500	Partnership fees	\$12,225
Subtotal	\$224,500		
CDC Admin Cost	\$ 48,997	Unidentified sources	\$41,203
CDC Marketing	\$2,500		
	<hr/>		
Project Cost	\$275,997	Project Sources	\$275,997

## Los Angeles County Housing Resource Center Projected Budget

### Maximum Contract Authority Calculation

Note: The requested maximum contract authority is higher than the initial proposed contract amount, but includes contingency projections that would allow for authorized contract increases in the event special program information or new housing or disaster recovery resources became available and were funded to be incorporated on the LAC-HRC website.

This calculation presumes the Contractor incurs design and marketing expenses at the fully budgeted amount. In some cases, the Community Development Commission pays for graphics, printing, and marketing costs. These design, printing, and marketing decisions are made on case-by-case basis to match the needs of the marketing event

#### Year One

Website Deliverables and Marketing -	\$257,848
10% Contingency	<u>\$25,785</u>
	\$283,633

#### Year Two

Website Deliverables and Marketing -	\$228,000
10% Contingency	<u>\$22,800</u>
	\$250,800

#### Year Three

Website Deliverables and Marketing -	\$227,000
10% Contingency	<u>\$22,700</u>
	\$249,700

Three year maximum - \$784,133

December 1, 2015

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 HOMELESS PREVENTION INITIATIVE FUNDS FOR  
CONTINUED OPERATION OF THE INTERNET-BASED LOS ANGELES  
COUNTY HOUSING RESOURCE CENTER  
(ALL DISTRICTS) (3 VOTE)**

**CIO RECOMMENDATION: (X) APPROVE**

**SUBJECT**

This letter requests approval of three years of continued Homeless Prevention Initiative (HPI) funding for the uninterrupted operation of the Los Angeles County Housing Resource Center (Housing Resource Center) database website and associated housing locator services. This letter relates to an item on the agenda of the Board of Commissioners of the Community Development Commission (Commission) for approval of the related contract.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve an additional three years of HPI funding, at \$222,000 per year, to the Commission for the continued operation of the Housing Resource Center through a contract with Emphasys Computer Solutions (Emphasys).
2. Find that this approval of HPI funding is not subject to the provisions of the California Environmental Quality Act (CEQA) because the proposed activity is not defined as a project under CEQA and will not have the potential for causing a significant effect on the environment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The purpose of the recommended actions is to approve the transfer of funding to continue uninterrupted operation of the Housing Resource Center website and call center.

### **FISCAL IMPACT/FINANCING**

The HPI ongoing funding in the amount of \$202,000 for the Housing Resource Center was approved by your Board in April 2006 using County of Los Angeles (County) General funds. This request increases the annual HPI funding amount by 10% to adjust for cost increases in the project operation, resulting in an annual request of \$222,000 and a total three year request of \$666,000.

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

On April 4, 2006, your Board approved an HPI recommendation to establish a housing search and listing database website for the County. On December 19, 2006, your Board approved a joint recommendation submitted by the Chief Executive Office and the Commission, delegating authority to the CEO to execute a sole source agreement with Socialserve.com (Socialserve) to create a website called the Los Angeles County Housing Resource Center. The website was subsequently launched in June 2007.

The primary purpose of the Housing Resource Center website and call center support is to provide free listing services of residential rental properties in the County, to keep the listings updated, and to make the rental listings available at no cost for individuals, families and housing caseworkers in the County via the internet or toll-free phone call. The listing information includes data on landlords who accept tenants with Section 8 Housing Choice Vouchers and Veterans Affairs Supportive Housing (VASH) Vouchers. The website also has additional information on special needs rental units to assist County departments and approved agencies with housing placement. The Housing Resource Center has proven to be very successful, and there are currently over 11,500 landlords registered and approximately 930 units currently available or with an open waiting list.

In 2009, the contract administration for the Housing Resource Center was transferred from the CEO to the Commission and the Commission oversight continued the expansion of the current database and website with further development of the system. Commission staff manages the workflow of website changes, coordinates among stakeholder agencies, develops marketing material, manages passwords, and provides training on the website.

Following the County's receipt of Federal stimulus and recovery funds for housing in 2009 and 2010, the Housing Resource Center was used to provide screening and mapping

functions to assist users in evaluating eligibility for the Homelessness Prevention and Rapid Re-housing Program (HPRP), and the Neighborhood Stabilization Program (NSP). Beginning in 2013, the Housing Resource Center has been used by agencies who are administering rapid rehousing assistance under the First 5 Supportive Housing for Families Fund.

Other notable improvements in the services and function of the website include registration of all CDC-funded affordable rental projects, with additional features to allow affirmative marketing of CDC-funded units with accessibility features for persons with physical or sensory disabilities. The Housing Resource Center is also designed to fully comply with federal accessibility standards for websites. This marketing of publicly-funded accessible units is a key component of compliance requirements for Title II of the Americans with Disabilities Act (ADA).

Because Socialserve's data and support system covered all of Los Angeles County, your Board previously authorized the execution of partnership agreements with other Los Angeles County municipalities in order to allow for shared postings of rental projects. The City of Pasadena has successfully maintained a partner website that is administered by Socialserve.com under a Participation Agreement with the Commission. Earlier this year, the Housing and Community Investment Department of the City of Los Angeles (HCIDLA) entered into a similar Cooperation agreement and launched a website called [www.Housing.LACity.org](http://www.Housing.LACity.org), that is primarily being used to register HCIDLA's funded multi-family rental projects. HCIDLA choose to partner with the Housing Resource Center primarily due to the website's ability to screen units for accessibility features. This partnership will significantly increase the number of rental listings on the Housing Resource Center and provide information and benefits to all County residents, as well as caseworkers and housing locators working for County programs or departments.

In November, 2014, your Board approved an additional nine (9) month extension of the HPI funds in order to continue funding for the the Housing Resource Center through the contract expiration of date of December 31, 2015. The Commission requested additional time to evaluate the website's performance and to produce justification for a new sole source contract with Socialserve.com.

In the spring of 2015, Socialserve informed the Commission that they were in negotiations with Emphasys that could lead to a change in business structure through an acquisition or merger. The two entities entered into an agreement on August 7, 2015 whereby Emphasys acquired the technology assets of Socialserve and became their parent company. Socialserve still operates as non-profit partner and affiliate of Emphasys. The continuity of operations has been seamless because key Socialserve staff involved with the Housing Resource Center transferred to Emphasys and the Housing Resource Center Call Center continues to be maintained and operated by Socialserve. A related item presented concurrently to the Board of Commissioners of the Community Development

Commission recommends approval of a three (3) year sole source contract with Emphasys that would also include Socialserve to remain as a required subcontractor.

Because the Housing Resource Center has been marketed to Los Angeles County landlords and property owners since 2007, the number of property listings has greatly exceeded the volume caps included in the Service Level Agreement attached to the current, expiring, contract that was executed in 2009. The current annual fee of \$202,000 was based off a maximum number of 18,000 (rental property) listings, with an allowance of 110% overage equal to 19,800 listings. Currently, the Housing Resource Center database contains over 29,000 listings, which equates to 160% of the approved volume cap. In order to accommodate the additional volume of property data generated by Los Angeles County, Emphasys has requested a 10% increase in the annual fee, which would raise the cost from \$202,000 to \$222,000 per year. Although there were short term fee increases in 2009 – 2011 to accommodate the workload generated by the federal stimulus programs, this is the first general fee increase that has been requested, and the Commission believes it is a reasonable and justifiable increase.

The Commission believes that the Housing Resource Center project could continue to provide cost-effective benefits and services to County residents for several years to come. The recommended length of the new contract, and related HPI funding, is three (3) years, which would allow for sufficient time to evaluate the performance of Emphasys and the impact of the partnership with HCIDLA.

Contingent upon approval of the new contract with Emphasys, the HPI funds requested herein will continue to provide the annual fee-for-service to Emphasys for the maintenance and support of the website service. Approval of the recommended actions would extend the operation of the Housing Resource Center through 2018.

The Chief Information Office reviewed this Board letter and recommends approval. The CIO determined this recommended action contains no new Information Technology (IT) matters requiring an analysis.

### **ENVIRONMENTAL DOCUMENTATION**

The proposed transfer of funds is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT PROJECTS**

Approval of the recommended actions will enable the uninterrupted operation of the Housing Resource Center website and call center and enhance the ability of the Commission to provide housing information and referral services and benefits to residents of Los Angeles County, including landlords and tenants, as well as housing locators, lending institutions, real estate professionals, veterans, and other providers of affordable, special needs, supportive, transitional and emergency housing.

Respectfully submitted,

Reviewed by:

SEAN ROGAN  
Executive Director

RICHARD SANCHEZ  
Chief Information Officer

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