

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

913



FROM: Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
3/13/07

SUBJECT: Ratify the Fifth Amendment to the Master Agreement with Cerner Corporation for Operational Management Services.

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Pursuant to applicable California Code, ratify the Amendment to the Agreement with Cerner Corporation and RCRMC, effective April 1, 2006, without securing competitive bids, in accordance with Ordinance 459.4;
- 2) Authorize the Chairman to execute the Amendment;
- 3) Authorize the Purchasing Agent to renew the Agreement annually on behalf of the County for up to one (1) additional one year period, not to exceed \$378,000.00 annually.

BACKGROUND: On April 1, 1997, Agenda Item 3.38, the Board approved Cerner Corporation as the awarded contractor to provide RCRMC with the automated Laboratory, Radiology and Pharmacy In-patient applications. The applications provide critical functionality to clinicians and providers and on April 25, 2000, Agenda Item 3.13, the Board approved an amendment to include Cerner's Operational Management Services (OMS).

Douglas D. Bagley
Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 472,500.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	06-07

SOURCE OF FUNDS: RCRMC Enterprise Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature *Delia Counger*

Purchasing: *[Signature]* Assistant Director
 Dept'l Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

SUBJECT:

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BACKGROUND (Continued):

Cerner's OMS was continued for an additional period with an amendment approved by the Board May 4, 2004 Agenda Item 3.21, and extended again with an amendment approved by the Board on June 7, 2005, Agenda Item 3.37.

This Amendment continues Cerner's OMS for an additional period commencing April 1, 2006. Cerner Corporation is the owner and developer of the automated system and no other contractor has the background, or ability to perform these management services insuring the necessary support to maintain adequate availability for the critical applications.

JUSTIFICATION FOR DELAY:

RCRMC and Cerner Corporation have negotiated extensively on the condition of the current system and the upgrade needed to provide quality patient care. The Board approved the proposed upgrade of the system on October 3, 2006, Agenda Item 3.23, and the majority of the upgrade was implemented February 2, 2007. Cerner Corporation has continued to provide these Management Services while negotiations were taking place.

PRICE REASONABLENESS:

Cerner's OMS for all applications are offered at the same price in this amendment, as the previous period.

A comparison of the cost for this service was made with current County Contracted Consultants. Cerner Corporation provides the necessary Database Administrators, System/Application programmers, and Systems Managers with the detailed operational management experience with their product, in a 24 hour, 7 day a week operation. The County Contractor's consulting cost would be substantially higher comparing an average rate for the same 24 hour, 7 day a week operation. Finding and retaining skilled consultants with the Cerner System would represent additional challenges and risks in reliability and availability of the Cerner System.

FINANCIAL IMPACT:

Current Fiscal Year Cost is in the amount of \$472,500.00 for 15 months of service commencing April 1, 2006.

Subsequent costs are not to exceed \$378,000.00 annually.



Memorandum

March 13, 2007

To: Riverside County Board of Supervisors

From: Douglas D. Bagley, Chief Executive Officer
Riverside County Regional Medical Center

Via: Riverside County Purchasing Agent

Subject: **Sole Source Procurement: Request for the Fifth Amendment to the Agreement between Cerner Corporation and Riverside County Regional Medical Center.**

The below information is provided in support of my Department requesting approval for a sole source. Please note that outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

Supply/Service being requested: **Cerner System Operational Management Services**

Supplier being requested: **Cerner Corporation**

Alternative suppliers that can or might be able to provide supply/service: **None with the experience, background and ability.**

Extent of market search conducted: **The research and advisory firm Gartner was consulted to identify any alternative.**

Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide: **Contractor is the developer and owner of the automated system for laboratory, radiology, inpatient and pharmacy applications. Because of this no other contractor has the background or ability to perform services.**

Reasons why my department requires these unique features and what benefit will accrue to the county: **Bringing the services in house would require significant additional staff and training to manage it 24 hours a day, 7 days per week and based on hourly rates for the appropriate technical skill level, would be more costly than outsourcing to Cerner.**

Price Reasonableness: **The original selection of Cerner was through a bid process with costs for each module and subsequent maintenance fees for the modules. Those fees have remained constant for each module and have increased only as a new module was added. The Cerner OMS is the same cost as the prior period.**

Does moving forward on this product or service further obligate the county to future similar contractual arrangements? **No**



Department Head Signature
Purchasing Department Comments:

3/15/07

Date

Approve

Approve with Condition/s

Disapprove



Purchasing Agent

3-20-07

Date