

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



ITEM
3.23
(ID # 4020)

MEETING DATE:

Tuesday, May 9, 2017

FROM : RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS):

SUBJECT: RUHS - MEDICAL CENTER: Ratify and Execute the 3rd Amendment to the Agreement with TEK Systems Inc. for onsite IT Support and Post EPIC Implementation Support Utilizing Novation/GPO pricing and Increase the Total Contract Amount by \$1,373,982 for Five Years from \$3,888,600 to \$5,262,582; District 5. [\$1,373,982; Hospital Enterprise Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and execute the Third Amendment to the Agreement with TEK Systems, Inc. for onsite IT Support and Post EPIC Implementation Support utilizing Novation/GPO pricing and increase the total contract amount by \$1,373,982 from \$3,888,600 to \$5,262,582 in aggregate for five years; and,
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to: sign amendments that do not change the substantive terms of the Agreement; and sign amendments to the compensation provision that do not exceed 10% annually.

ACTION: Policy

Zareh Sacrafian, Chief Executive Officer - Health System 4/17/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: May 9, 2017
xc: RUHS-Medical Center, Purchasing

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 1,373,982	\$ 0	\$ 1,373,982	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Medical Center Enterprise Fund 40050			Budget Adjustment:	NO
			For Fiscal Year:	16/17

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

The recommended action today would add \$1.4 million of additional funding to an existing Medical Center contract that provides temporary information technology staff. The number of major IT projects completed during FY 16/17 has left management scrambling to plan, lead existing staff, and fill vacant needs. The additional contracted work was done in support of these critical new systems as described below. The Technology Standards and Oversight Committee (TSOC) reviewed and voted against this request, recommending that the Board not approve this amendment - attached is a copy of the committee's action.

Since 2014, Riverside University Health Systems-Medical Center (RUHS-MC) has used TEK Systems, Inc. to provide additional temporary staffing necessary to support hospital and clinic operations of technology systems including desktop support staff, and special projects. The TEK Systems contract is budgeted and funded from RUHS operations and the Epic project budget.

With the approval of the Fiscal Year 2016-2017 Budget, all Information Technology staff supporting RUHS were consolidated into a shared services model under RUHS. Information Services staff supporting Behavioral Health, Public Health and Correctional Health were transferred from RCIT to RUHS. During that same time period, RUHS Medical Center and Clinics were finalizing the design and implementation phases of the Epic to ensure the County was in compliance with the Affordable Care Act requirement to implement an electronic health record. While we could have ideally added additional full-time positions in the budget, RUHS decided to utilize the temporary resources available through TEK Systems and evaluate ongoing staffing needs after implementing Epic, KRONOS, and other IT projects.

In addition to implementing the Epic electronic health record, RUHS Information Services has supported the effort to implement KRONOS (timekeeping, analytics, and scheduling modules). These, and other transformative projects planned over the next two years, will improve service delivery and require the augmentation of regular IT staff. RUHS has been able to evaluate staffing needs more thoughtfully after the implementation of Epic and with implementation of KRONOS well under way. RUHS anticipated the need to add regular staff and budgeted for the increased salary and benefits costs in the current budget. Sufficient funds are budgeted to

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cover the cost increase of today's recommended Board action as well as the hiring of regular employees to meet ongoing IT needs.

It should be noted that RUHS completed the Epic electronic health record implementation approximately \$10M below the Board-approved \$53M budget. Due to the variable nature of the labor requirements for the project from month to month, the project utilized the TEKSystems contract at a faster rate than anticipated, resulting in the current contract overspend.

The current contract amount, in aggregate is \$3,888,600 with a 10% contingency. Because of the additional consumption of contract labor to support both hospital operations and the Epic implementation, invoices totaling \$4,521,008 have been paid for services through December 31, 2016. The actual expenditures as of 12/31/16 exceeded the contracted amount by \$632,408.

To prevent future overspending, RUHS Information Services has now implemented manual controls to record and track invoices and "estimates to complete" as part of project/contract management processes, in addition to business as usual controls from Finance and Purchasing. All expenditures will be tracked monthly.

RUHS recommends replacing operational support from TEKSystems with employed staff members based upon the steady state analysis. The contract with TEKSystems can then be ended. Future temporary staff needs will be provided by County TAP services. The time that the County FTE's can be created, recruited, and hired is currently estimated on or before May 30, 2017, and at which time, the TEKSystems contract will be terminated.

Impact on Residents and Businesses

This contract does not have a direct effect on residents and citizens - it is used to support IT operations, particularly system administration, interface development and support, desktop support and Epic installation. It has therefore helped the Medical Center to put into place its new state-of-the-art Epic medical records system on time and under budget.

SUPPLEMENTAL:

Additional Fiscal Information

Summary of Funding Allocation Requested:

January – June 30, 2017

Overage as of 12/31/2016	\$ 632,408
Operational Support and Post EPIC costs	\$ 741,574
TOTAL of Request	\$1,373,982

Contract History and Price Reasonableness

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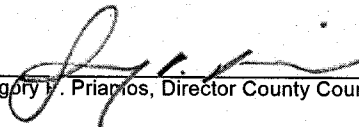
The original TEKSystems contract was approved by the Board of Supervisors on September 23, 2014. The contract was to provide supplemental staffing for new projects and assist with help desk services. The awarded amount was \$300K per year with options to renew for 4 years.

On June 16, 2015 the contract was amended and increased to \$2,313,600 to cover staffing shortages for daily operations during RUHS's Information Technology merger with RCIT.

On November 3, 2015, the contract was once again amended and increased by \$1,575,000 to cover resources needed for the EPIC Hospital Information System implementation. The amount requested was based on an assumption that the contracted operational staff would be converted to full-time equivalents within 6 months allowing the additional funds to cover the resources needed for EPIC and other projects over the 5 year term.

On this agenda, RUHS requests approval of Amendment No. 3, which will add funding for operational support staff and post-EPIC implementation support.

The rates have been extended from the Novation/GPO contract (SV0832) which was competitively bid (RFP #MCARC-231). TEKSystems, Inc. was found to offer the best pricing, best coverage, and most comprehensive value added solution. The rates within the proposed contract range from \$26.00 to \$149.00 per hour/per position and were found to be reasonable when compared to the County's other IT consultant contracts. The use of the extended rates will qualify RUHS to obtain an accumulative rebate ranging from 1% to 3% returned from the Novation/GPO contract.



Gregory F. Priamos, Director County Counsel 4/26/2017



RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM

H11 Number:	PR2017-05269		
Requested Purchase:	Professional Services (TEK Systems Contractors)		
Department/Agency:	RUHS		
Primary Contact/Phone:	MARYGRACE HEDGE/64747	Alternate Contact/Phone:	Jennifer Sandoval/
Purchase Request Type:			

Describe Requested Purchase: Additional funding to cover expected services and invoices through June 30, 2017 for operation support, post-EPIC go-live support, and Report Writers for EPIC; Annual Special Projects budget.

HR and RUHS are actively working to hire the County staff for the operational work performed by contract staff. The plan is to complete the recruitments by May 30, 2017. We have modified the request accordingly. The modifications result in a decrease of the funding request from \$2,133,663 to \$1,373,982. This amount will cover the current coverage and operational resources through May 30, 2017. NOTE: Attachments have been provided to RCIT under separate cover as we are unable to attach documents to the H-11.

(The original TEK Systems contract was approved by the BOS on September 23, 2014 and was amended on June 16, 2015 and on November 3, 2015).

Terms:

Is this a Multi Year Contract?: True

Length of Contract: 4

Start Date: 7/1/2016

End Date: 6/30/2020 12:00:00 AM

Special Terms and Conditions:

Business Needs Addressed: We are working to replace operational staff with County FTE's. We will not have resources to support normal business operations until the vacancies can be filled.

Are there other county systems that provide the same functionality? No

Business Criticality: Run the Business

Business Impact: Support Current Operations

Current Cost Itemization (Include all the year 1 cost)

Item Description	Purchase Type	Vendor	Quantity	Unit Cost	Sub Total	Item Tax	Total Cost
Additional professional services (TEK Systems) contractors	Professional Services	TEK Systems	1	\$1,373,982.00	\$1,373,982.00	0.0000	\$1,373,982.00

Annual Costs

Item Description	Payment Type	Terms (in Years)	Payment amount	Total Annual Payments
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Accounting String

To be completed for pass-thru purchases that will be processed by RCIT Only

%Billed	Accounts (6 digits)	Dept.ID (6-10 digits)	Program (5 digits)	Class (5 digits)	Grant (9 digits)	Customer Project Code (10 digits)
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Department Head Signature: Shirton Simmons (or Authorized designee) **Date:** 3/28/2017 3:12 PM

RCIT Review (Standard purchases and renewals < \$25000) - Administrative Review Status

Recommended: By: _____ Date: _____

Denial Explanation:



RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM

ACIO Review (Non standard purchases and renewals between \$0K and \$100K) - ACIO Review Status		
Recommended:	By:	Date:
Denial Explanation:		
CIO Review (Purchases and renewals >\$100K) CIO Review Status		
Recommended:	By:	Date:
Denial Explanation:		
TSOC Review (Purchases and renewals >\$100K) TSOC Review Status		
Recommended: NO	By: <i>[Signature]</i>	Date: 4/17/17
Denial Explanation: <i>Mismanagement of contract over budget dollars</i>		