

May 21, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Subject:

Approval of, and Authorization for the Purchasing Agent or Designee to Execute, Restated Cerner Business Agreement CPQ-3198766 with Cerner Corporation (Cerner) for Software and Support Services, Effective May 31, 2024, Through June 30, 2029; Sales Order OPT-0268513, Cerner System Schedule No. 100-Consolidated FTF Extension with Cerner, Combining Various Sales Orders for a Total Cost of \$41,124,186; Authorization for the Auditor-Controller to Process Invoices Submitted by Oracle America, Inc., as Ordering and Invoicing Agent for Cerner; Authorization for Waiver of County Administrative Manual Policy No. Chapter VI-1 Prohibiting the Inclusion of Provisions for Interest.

Recommendation:

1. That your Board approve, and authorize the Purchasing Agent or designee to sign, Restated Cerner Business Agreement CPQ-3198766 with Cerner Corporation (Cerner) for software and support services, effective May 31, 2024 through June 30, 2029.
2. That your Board approve, and authorize the Purchasing Agent or designee to sign sales order OPT-0268513, Cerner System Schedule No. 100-Consolidated FTF Extension (CSS 100) with Cerner, combining various sales orders, effective May 31, 2024 through June 30, 2029 for a total cost of \$41,124,186.
3. That your Board authorize the Auditor-Controller to process invoices submitted by Oracle America, Inc., as ordering and invoicing agent for Cerner.
4. That your Board authorizes waiver of County Administrative Manual Policy No. Chapter VI-1 prohibiting the inclusion of provisions for interest.

Fiscal Impact:

Mandatory:	No
Source of Funding:	VCMC Operating Revenues

Funding Match Required: No
Impact on Other Departments N/A

Summary of Annual Revenues and Costs Under these Agreements:

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenue:	\$0	\$9,064,938
Direct Cost:	\$0	\$9,064,938
Indirect Cost:	\$0	\$0
Net County Cost	\$0	\$0

Current Fiscal Year Budget Projections:

Current FY 2023-24 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated (Savings/Deficit)
Expenditures	\$673,790,899	\$712,998,636	\$677,942,647	\$35,055,989
Revenue	\$665,452,626	\$672,888,408	\$674,242,404	\$1,353,996
Operational Income/(Loss)	(\$8,338,273)	(\$40,110,228)	(\$3,700,243)	\$36,409,985

Adopted Budget includes sufficient Revenues and Expenditures.

The operational income includes "Operating Transfers In" that is primarily attributed to County contributions.

Strategic Plan Priority:

The item presented in this Board letter supports the Reliable Infrastructure and Sustainability, and the Healthy, Safe, and Resilient Communities strategic priorities of the County Strategic Plan as it is designed to provide robust infrastructure and technology to serve the needs of our communities, and to meet the goal of providing access to quality healthcare required for our community to thrive.

Discussion:

Restated Cerner Business Agreement CPQ-3198766 (Exhibit 1)

Cerner provides software and support services essential for operation of the Health Care Agency's (HCA) electronic health record system. The current Business Agreement with Cerner provides that new software and support services may be added by sales orders agreed to by the parties, subject to the general terms of the Business Agreement. However, over a period of years, various sales orders have been erroneously attached to

the Business Agreement as amendments. Most recently, on June 18, 2019, your Board approved an extension of existing sales orders under Amendment No. 4 to the Business Agreement. Also other sales orders were added to the original Cerner Business Agreement in the form of Exhibit F. The proposed Restated Cerner Business Agreement removes these amendments and restores the agreement to its original terms. The current sales orders continuing under the Restated Cerner Business Agreement are consolidated in a single combined sales order, CSS 100.

Restated Cerner Business Agreement CPQ-3198766 is effective May 31, 2024 through June 30, 2029.

Sales Order OPT-0268513 Cerner System Schedule No. 100-Consolidated FTF Extension (CSS 100) (Exhibit 2):

Processing the various Cerner sales orders is a significant effort for HCA, the Auditor-Controller's Office and the General Services Agency. CSS 100 combines all the sales orders under a single quarterly Fixed Technology Fee (FTF).

CSS 100 includes the previous sales orders from Amendment 4 as well as 16 additional sales orders while some current sales orders are removed. Also, the 2024 Scope of Use (SOU) audit expansion including one-time fees has been included in the FTF.

HCA renegotiated the terms of the current FTF with Cerner to reduce costs, and Cerner offered incentives to the County to enter into CSS 100 prior to May 31, 2024. The following are the total savings over the term of the contract:

- The annual increase is reduced from 5% to 4% resulting in \$728,774 savings.
- The monthly SOU audit expansion fee is reduced from \$145,794 to \$90,055.82 and the one-time fee is reduced by \$100,000 to \$599,999 resulting in \$2,724,292 savings.
- The services and the monthly fee for Application Managed Services and Millenium Service Desk are reduced by 25% resulting in \$302,772 savings.

The estimated savings to HCA over the new term is \$3,755,838.

Sales Order OPT-0268513 is effective May 31, 2024 through June 30, 2029, with a total cost of \$41,124,186.

Contract Interest

The department requests waiver of County Administrative Manual Policy No. Chapter VI-1 prohibiting the inclusion of provisions for interest because this provision was in the original Amendment 4 agreement and purpose of the Restated Cerner Business Agreement to restate the agreement on its original terms.

This letter has been reviewed by the County Executive Office, County Counsel, Auditor-Controller's Office, IT Services and General Services Agency Procurement Services. If you have any questions regarding these recommendations, please contact Bach Nguyen, HCA Chief Information Officer, at 805-652-5762.



Barry L. Zimmerman
Health Care Agency Director

Exhibit 1 - Restated Cerner Business Agreement CPQ-3198766

Exhibit 2 - Cerner Corporation Sales Order No. OPT-0268513