

October 20, 2015

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93003

Subject:

Approval of and Authorization for the Health Care Agency Director or Designee to Execute a Contract with Crothall Laundry Services, Inc., to Provide Linen Services for Ventura County Medical Center, Santa Paula Hospital, Ventura County Medical Center In-Patient Psychiatric Unit (IPU), Academic Family Medicine Center, Academic Family Medicine Center Urgent Care, Healthcare for the Homeless/Transitions One Stop Clinic, Employee Health Services, Ventura County Medical Center Therapy Services, and Ventura County Animal Services Department Effective November 1, 2015 Through October 31, 2020, up to a Total Amount of \$3,559,131.

Recommendations:

1. Approval of and authorization for the Health Care Agency Director or designee to execute the contract with Crothall Laundry Services, Inc. (Crothall) (Exhibit 1) to provide linen services for Ventura County Medical Center (VCMC), Santa Paula Hospital (SPH), Ventura County Medical Center In-Patient Psychiatric Unit (IPU), Academic Family Medicine Center (AFMC), Academic Family Medicine Center Urgent Care, Healthcare for the Homeless/Transitions One Stop Clinic, Employee Health Services, Ventura County Medical Center Therapy Services, and Ventura County Animal Services Department effective November 1, 2015.
2. Authorization for the Health Care Agency Director or designee to approve payments on the contract with Crothall up to \$674,504 per year in the first two years of the agreement, with annual increases equal to the annual increase in the Consumer Price Index as specified in the contract in subsequent years, up to a maximum not-to-exceed amount of \$3,559,131 through October 31, 2020.
3. Authorization for the Health Care Agency Director or designee to increase the annual amount of the contract with Crothall by up to \$45,000, as needed for increased laundry services volume, provided that all other contract terms are

unchanged and payments do not exceed the amounts set forth in recommendation No. 2.

Fiscal Impact:

Mandatory: No
Source of Funding: VCMC operating revenues/Collections/General Fund
Funding Match Required: None
Impact on Other Departments: N/A

Summary of Annual Revenues and Costs under these agreements:

	<u>FY 2015-16</u>	<u>FY 2016 -17</u>
REVENUE:	\$0	\$0
DIRECT COSTS:	<\$449,669>	<\$674,504>
INDIRECT COSTS:	Minor	Minor
Net Revenue <cost>	\$449,669	\$674,504

CURRENT FISCAL YEAR (PROJECTED) BUDGET

Current FY 2015-16 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated (Savings/Deficit)
Expenditures	\$419,743,006	\$419,743,006	\$419,743,006	\$ -0-
Revenue	\$428,561,333	\$428,561,333	\$428,561,333	\$ -0-
Operational Income/(Loss)	\$8,818,327	\$8,818,327	\$8,818,327	\$ -0-

Sufficient revenue and appropriations are available in the Adopted Budget
The operational income includes "Operating Transfers In" that is primarily attributed to County contributions.

Discussion:

GSA conducted an open request for proposal process to provide linen services for the Health Care Agency (HCA). This bid request was necessary because the current laundry equipment is 26 years old and has reached its end-of-life. Equipment replacement cost and construction plus retrofit of the pads was estimated at \$1,680,000. It was determined during a cost comparison analysis that the County would save an estimated \$2,400,000 over 5 years if the linen services were outsourced for the 1,150,000 pounds of laundry required each year.

After the open bid request analysis, it has been determined the estimated savings to the County for outsourcing the linen services to Crothall, the leader in hospital laundry processing for healthcare facilities, processing over 750 million pounds of laundry throughout North America annually, is a projected savings of \$3,616,391 over 5 years, with no reduction in permanent positions. These savings are realized by the elimination of energy and water costs, maintenance labor and vendor repair costs, purchasing of supplies, and the use of two rental vehicles. In addition to the projected savings the

County will also benefit by a reduction in injured workers. This will allow HCA to focus on its core business of providing health care services to the residents of Ventura County.

The outsourcing of the linen services will allow for current laundry staff to fulfill vacant positions in the Environmental Services Department. We will continue to have a laundry liaison in place to maintain the laundry program. The staffing plan was coordinated with Labor Relations, the County General Services Agency/Procurement Services, and the County Human Resources Department, and agreed upon by Laundry Department staff and Service Employee International Union (SEIU Local 721).

This letter has been reviewed by the County Executive Office, County Counsel, and the Auditor-Controller's office. If you have any questions regarding this item, please call Kim Milstien at (805) 652-6058.


Catherine Rodriguez
Interim Chief Financial Officer


Barry R. Fisher
Health Care Agency Director

Attachments:
Exhibit 1 – Crothall Laundry Services, Inc., Contract 7249