



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

WILLIAM T FUJIOKA  
Chief Executive Officer

**DATE:** January 5, 2012  
**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
- A) **Board Letter – RECOMMENDATION TO AWARD CONTRACTS FOR DELINQUENT ACCOUNT COLLECTION SERVICES FOR HEALTH SERVICES AND OTHER DEPARTMENTS**  
TTC – Mark Saladino or designee
- B) **Senior Executive Management Succession Planning**  
DHR – Lisa Garrett or designee
- C) **Upcoming IT items**  
CIO – Rich Sanchez or designee
- D) **eCAPS/eHR Update**  
Auditor-Controller – Wendy Watanabe or designee
2. Public Comment
3. Adjournment



**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 437  
LOS ANGELES, CALIFORNIA 90012



January 17, 2012

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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:

**RECOMMENDATION TO AWARD CONTRACTS FOR  
DELINQUENT ACCOUNT COLLECTION SERVICES  
(ALL DISTRICTS) (4 VOTES)**

**SUBJECT**

The County of Los Angeles Treasurer and Tax (TTC) and Department of Health Services (DHS) are requesting delegated authority to execute Contracts with Linebarger Goggan Blair & Sampson, LLP (Linebarger) for tertiary collection services for the provision of Delinquent Account Collection Services (DACS).

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the attached Contract (Exhibit I) in substantially similar form for the provision of tertiary DACS and authorize the DHS Director, or his designee, to execute such Contract with Linebarger Goggan Blair & Sampson, LLP (Linebarger) at a contingency fee of 33% on Gross Collections, commencing February 1, 2012, for a two (2) year and eleven (11) month term through December 31, 2014.
2. Approve the attached Contract (Exhibit II) in substantially similar form for the provision of tertiary DACS and authorize the TTC to execute such Contract with Linebarger at a contingency fee of 33% on Gross Collections, commencing February 1, 2012, for a two (2) year and eleven (11) month term through December 31, 2014.

3. Delegate authority to the TTC and DHS, respectively, to execute future options to extend the Contract for a maximum of two (2) one-year renewals and six (6) month-to-month extensions at the option of the TTC and DHS in accordance with the Term provision of the Contracts.
4. Delegate authority to the TTC and DHS, respectively, to execute future amendments to modify the terms of the Statement of Work that do not materially alter the Contracts, and/or to add or modify certain terms and conditions in the Contracts as required by the Board of Supervisors or Chief Executive Officer, provided County Counsel approval is obtained prior to execution of such amendments.
5. Delegate authority to the TTC and DHS, respectively, to approve if necessary, any assignment and delegation of services performed by Linebarger in order to ensure continuation of DACS needs to meet TTC's and/or DHS' mandated operations provided that County Counsel approval is obtained prior to such assignment.
6. Delegate authority to the TTC and DHS to make amendments to the Statement of Work for any augmentation to collection efforts and/or any new collection methodologies as may be mandatory or deemed in the best interest of the County and negotiate a supplemental commission rate not greater than the Contract Commission Rate.
7. Delegate authority to the TTC and DHS to execute substantially similar Contracts with the proposer who submitted the next highest ranked tertiary collection services proposal identified in this Request for Proposals (RFP) process if TTC and DHS are unable to negotiate a contract with Linebarger, provided County Counsel concurrence is obtained prior to execution of a new Contract.

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

On November 29, 2011, your Board approved two Contracts with True North AR, LLC dba California Service Bureau (CSB) to provide tertiary collection services to the TTC and DHS commencing January 1, 2012. Subsequently, CSB rescinded their intent to enter into both collection services Contracts. Pursuant to the RFP process, the Proposer who submitted the next highest ranked proposal for tertiary collection services is recommended for award of the Contracts. That proposer is Linebarger.

In accordance with County Code provisions, the TTC and DHS each has delegated authority to provide collection services. The TTC provides centralized collection services for delinquent accounts receivable to all County departments with the exception of departments that have distinct ordinance authority to collect on delinquent accounts such as DHS and the Probation Department. DHS provides collection services for delinquent accounts receivable arising from the provision of medical care in County health facilities. The TTC and DHS currently contract for DACS under separate agreements for each

department. The recommended firm will provide DACS tertiary collection services to supplement the TTC's and DHS' current in-house collection efforts.

#### Implementation of Strategic Plan Goals

The recommended actions support Goals 1 and 4, Operational Effectiveness and Health and Mental Health, respectively, of the County's Strategic Plan.

#### **FISCAL IMPACT/FINANCING**

The County benefits from collection revenue received from contracted collection services that might not be fully realized without the tertiary collection services Contracts. Linebarger shall be compensated with a contingency fee of 33% of actual Gross Collections for both the TTC and DHS tertiary collection services. There will be no cost to the County since DACS are based on a commission of actual collections with net collections being forwarded to the County.

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

The Contracts contain all Board mandated provisions. The Contractor is in compliance with all Board, Chief Executive Office, and County Counsel requirements. Linebarger will not be requested to perform services that exceed the commission rate, scope of work, or term of the Contracts. The Contracts expressly provide that the County has no obligation to pay for services by Linebarger that exceed the commission rates. Additionally, the Contracts contain performance standards, including liquidated damages for substandard and/or non-performance, and provisions, whereby, County may terminate the Contracts for convenience upon prior written notice. The attached Contracts with Linebarger for tertiary collection services have been reviewed and approved as to form by County Counsel.

The TTC and DHS have determined that the provisions of the Living Wage Program (County Code Chapter 2.201) do not apply to these Contracts, since the services are provided on an as-needed basis, and not subject to Proposition A. There are no provisions for Cost of Living adjustments in the Contracts. Account referrals made to the contractor fluctuate, and there are no referral guarantees made by the County.

California Government Code Section 26220 requires a four-fifths vote of your Board in order to assign delinquent County accounts to a collection agency and Section 31000 of the Government Code allows your Board to contract for these services.

#### **CONTRACTING PROCESS**

The TTC and DHS previously conducted a competitive RFP solicitation process for DACS and made Contract award recommendations to your Board with the highest ranking proposals for secondary (USCB, Inc.) and tertiary (CSB) DACS that were approved on November 29, 2011. Linebarger submitted the second highest ranking proposal for tertiary collection services after CSB and, in accordance with the RFP, the next highest ranking proposal is eligible for award following CSB's rescission. Linebarger previously provided these services to the TTC under a Contract that expired December 31, 2011, at a contingency fee of 40%.

### **IMPACT ON CURRENT SERVICES**

Due to CSB rescinding their intent to enter into the tertiary collection services Contracts with the TTC and DHS, there will be a thirty (30) day or more lapse in tertiary collection services. It is anticipated that this will only create a minor delay in the transitioning of accounts to the new Contractor.

### **CONCLUSION**

The recommended Contracts with Linebarger will provide for continuation of tertiary DACS.

Respectfully submitted,

*Electronic signature will be applied upon filing.*

Mark J. Saladino  
Treasurer and Tax Collector

Mitchell H. Katz, M.D.  
Director of Health Services

MHK:skd  
MJS:WMH:EVT:lc  
Enclosures (2)

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