



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

WILLIAM T FUJIOKA
Chief Executive Officer

DATE: February 16, 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 – Ellen Sandt
 - A) **Strategic Planning Update**
CEO – Martin Zimmerman or designee
 - B) **Briefing on DHS Email Migration to Central Services**
CIO/DHS/ISD – Richard Sanchez/Kevin Lynch/Tom Tindall or designees
 - C) **Board Policy to Establish Information Management Program**
CIO – Richard Sanchez or designee
 - D) **Claims Administration Sole Source Recommendation Discussion**
CEO Risk Management – Laurie Milhiser or designee
2. Public Comment

NOTICE OF CLOSED SESSION

CS-1 Exposure to Litigation (Treasurer and Tax Collector)
County Counsel – Judy Whitehurst or designee

3. Adjournment

February 28, 2012

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:

**COUNTY OF LOS ANGELES STRATEGIC PLAN UPDATE - 2012
(ALL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

Proposed update to the 2012 County Strategic Plan, including a status report and new updated action plans for Countywide Goal 1 (Operational Effectiveness), and two new Programmatic Goals to replace current Goals 2 through 5. The two new Programmatic Goals mirror the new structure for Goal 1 approved by your Board in 2011 and focus on a limited number of key programmatic initiatives critical to ensuring the County's mission of providing quality and efficient services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the updated County Strategic Plan and related structure, which:
 - a. Continues focus on Goal 1 (Operational Effectiveness), which includes a limited number of critical countywide initiatives impacting all departments, employees, and operations; and
 - b. Replaces the current four programmatic goals with two new goals: one addressing Fiscal Sustainability to ensure a countywide emphasis on fiscal strength and stability; and the other goal focusing on Integrated Services to emphasize the need for integrated services across all health, human, and public safety service delivery systems.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The initial County Strategic Plan was adopted by your Board in November 1999, and has been updated by your Board six times. The Strategic Plan has evolved over the years to reflect the

changing environment and new challenges, and to build on prior Strategic Plan successes.

Most recently, your Board approved an update in June 2011 that identified four countywide Strategic Initiatives under Goal 1, Operational Effectiveness: Human Resources, Risk Management, Fiscal Management, and Communication (note that we are recommending changing the name of the Fiscal Management Initiative to Budget Management). Included under each Strategic Initiative are several Priority Focus areas that include long-term outcome statements, detailed annual action plans, and metrics that allow for measuring and reporting on performance. This structural approach of centering the County's collective strategic focus on key, high-impact priorities has placed the County in a better position to meet some of the current pressing challenges.

Due to the successful strategic approach of Goal 1, this Office, along with Board offices, department heads, and department chief deputies, have worked to identify a limited number of key programmatic priorities and initiatives. In an effort to focus attention on the County's highest-impact programmatic priorities while continuing to recognize and track important County department strategies, we are recommending replacing the Strategic Plan's current four Programmatic Goals (Children, Family and Adult Well-Being; Community and Municipal Services; Health and Mental Health; and Public Safety) with the two new Programmatic Goals of Fiscal Sustainability (Goal 2) and Integrated Services Delivery (Goal 3). We believe these changes:

- Make the County's Strategic Plan more responsive to the dynamic environment in which the County of Los Angeles operates;
- Clearly identify and focus on the highest-impact strategic priorities, reflecting a limited set of priority issues and opportunities identified jointly with your Board; and
- Recognize the uniqueness of individual department goals and ensure that these equally important priorities are addressed effectively and timely through department strategic planning and operations.

FISCAL IMPACT/FINANCING

There is no direct or immediate fiscal impact related to adoption of the updated County Strategic Plan. Some initiatives may require commitment of resources which will be addressed through the budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Strategic Plan Status Report for Goal 1

As noted above, your Board recently approved four new Strategic Initiatives under Goal 1, Operational Effectiveness (Human Resources, Risk Management, Fiscal [Budget] Management, and Communication), with Priority Focus areas. Each Priority Focus includes a long-term outcome statement (three- to five-year period) and a one-year action plan that reflects a year of activities toward achievement of the long-term outcome. Attachment I provides a status report

of the annual action plans for the Priority Focus areas under the four Goal 1 Strategic Initiatives. Highlights include:

- Development of a comprehensive classification and compensation training program, and training of 60 administrative professionals in central and line departments.
- Completion of a Return-to-Work Desk Reference Manual, which is available countywide on the CEO website. The manual promotes consistency throughout the County in establishing protocols for assisting injured/ill employees in returning to work.
- Implementation of a workers' compensation pharmacy benefit management network to improve the delivery of appropriate medication to injured workers while reducing costs.
- Developed and provided training on eHR Position Control to County departments via the following three courses:
 - POS105 – Position Control Overview (Webinar);
 - POS 402 Position Control Departmental Users (Computer Based Training); and
 - SPC702 Budget Prep Integration with eHR Position Control (Instructor Lead Training).
- Training of over 350 County managers in media and internal communications.
- Increased participation rate of County departments to over 75 percent in the use of one or more new media and social media outlets.
- Earning an Emmy Award for the County Channel.

Proposed Strategic Planning Updates

Attachment II includes an updated Strategic Plan for 2012 with the following components:

1. Continuance of Countywide Goal 1 – Operational Effectiveness. The proposed update to Goal 1 continues with the same four Strategic Initiatives and Priority Focus areas approved by your Board in June 2011, but offers updated action plans for each Priority Focus for 2012.
2. Replacement of the four current Programmatic Goals with two new goals. The four programmatic goals of 1) Children, Family and Adult Well-Being, 2) Community and Municipal Services, 3) Health and Mental Health, and 4) Public Safety are proposed to be replaced with the following two Goals:
 - Goal 2: Fiscal Sustainability: *Strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.*
 - Goal 3: Integrated Services Delivery: *Maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services.*

Similar to the Goal 1 structure, Goals 2 and 3 includes several key, high impact strategic initiatives, each including a long-term outcome statement (three- to five-years), and one-year action plan, which reflects a year of activities toward achievement of the long-term outcome

sought under each Strategic Initiative. A difference between the Goal 1 structure and the proposed Goal 2 and 3 structure is that the latter does not include Priority Focus areas, but rather several Strategic Initiatives under each Goal. As the Initiatives in Goals 2 and 3 are more defined than the broader Initiatives in Goal 1, we believe the Priority Focus areas are not necessary.

Consistent with past Strategic Plans and the Goal 1 structure, it is recommended that your Board approve the major elements of the Strategic Plan, down to the level of the Strategic Initiatives and long-term outcome. However, the specific action plan steps are provided for information, as some flexibility may be required in actual implementation.

Close-out of Programmatic Goals 2 through 5

In June 2011, your Board was presented with a status report of Programmatic Goals 2 through 5, with 50 percent of Objectives identified as "incomplete and should be continued." In order to close-out the current programmatic goals and transition to the new programmatic goal structure, Attachment III provides a close-out report for each Objective identified as "incomplete and should be continued" in June 2011. Each Objective is identified as either 1) completed, 2) incomplete and should be discontinued (with a justification), 3) included as a department head's or other executive's MAPP goal, 4) transferred to a department's strategic plan, or 5) addressed in the proposed Strategic Plan update.

Continued Focus on Developing Departmental Strategic Plans

In conjunction with the proposed changes to the County's Strategic Plan, we are urging increased focus on departmental strategic plans which reflect the unique role of each department, and the specific services each department provides to County residents. Each department is expected to work with your Board to develop and annually review and update, as necessary, a departmental strategic plan. This Office will provide guidelines to encourage a common framework and consistent elements in each plan, such as:

- The department's role and support for the three countywide goals of Operational Effectiveness, Integrated Service Delivery, and Fiscal Sustainability;
- Linkage to the department management team's MAPP goals; and
- Emerging legal, regulatory, and demographic challenges facing the department and associated opportunities.

Each department would submit a one-page summary of its departmental strategic plan to your Board on an annual basis.

Strategic Plan Leadership

In order to collaboratively address the County's Strategic Plan's direction, as well as provide support for the development and implementation of departmental strategic plans, a voluntary leadership group has been established. The Strategic Leadership Council (SLC) is comprised

of Board Deputies, Chief Executive Office staff, and volunteer department heads and/or chief deputies. The SLC will meet bi-monthly and is expected to provide direction on strategic planning, receive updates on implementation, trouble shoot challenges, share best practices, recommend effective reporting and communication strategies, and monitor overall Strategic Plan progress. The SLC will be report relevant recommendations at the monthly department head meetings and/or semi-annual Executive Strategic Planning Conferences.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed changes to the Strategic Plan validate the Plan as a “living document” that adjusts to a changing environment and County demands. The new Plan will demonstrate the ability to focus on key priority, countywide strategic initiatives that will have a direct positive impact on current County services, programs, and projects.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:EFS:MKZ
FC:JR

Attachments (3)

- c: All Department Heads
- Departmental Chief Deputies
- Administrative Deputies
- Chair, Quality and Productivity Commission
- Chair, Economy and Efficiency Commission
- Department Strategic Planning Contacts

COUNTY OF LOS ANGELES STRATEGIC PLAN 2012 Proposed Update

GOAL 1: OPERATIONAL EFFECTIVENESS:

Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services.

Strategic Initiative 1: HUMAN RESOURCES MANAGEMENT

Priority Focus 1: Human Resource Architecture

Long-Term Outcome Statement: To implement recommended new Human Resources (HR) Architecture to best accomplish the County's long-term HR strategic goals by eliminating redundant functions and improving quality of HR services countywide (within 2-5 years).

2012 Action Plan

- Action Step 1: By June 30, 2012, present to the HR Executive Advisory Subcommittee the key areas identified by the Department of Human Resources (DHR) and addressed by the HR Council to advance the phased plan to implement the proposed HR business model.
- Action Step 2: By June 30, 2012, in partnership with the departmental management, develop a shared services model that will deliver high quality human resource services that support business needs and goals; assess feasibility and funding impact of funding.
- Action Step 3: By June 30, 2012, pilot the new shared services model in one County department.

Priority Focus 2: Classification/Compensation

Long-Term Outcome Statement: Transform and improve the Classification/Compensation function for the County by consolidating classifications based on a new competency-based model for Human Resources; providing classification and compensation technical training for line and HR staff; and developing and implementing a formal "Multi-Purpose Job Analysis" process that will facilitate the integration of the new competency-based HR model with the major HR functions: classification and compensation, selection, and training.

2012 Action Plan

- Action Step 1: By June 30, 2012, complete preliminary analysis of 303 non-represented, administrative professional classes to identify which of these classes can be considered for consolidation into the broader, core, generic ASM series.
- Action Step 2: By June 30, 2012, provide core technical training in Classification and Compensation to all County employees assigned to this functional area

(approximately 75 staff). The training will cover the first four of eight modules of our new Classification and Compensation Training Program.

Action Step 3: By June 30, 2012, work collaboratively with DHR to develop and implement a formal Multi-Purpose Job Analysis process. This includes finalizing the methodologies and tools (i.e., forms, systems, inter-departmental organization structure, staffing, policies and procedures), and actual completion of formal job analyses for two managerial classes.

Priority Focus 3: Performance Management and Discipline

Long-Term Outcome Statement: Promote a more effective Performance Management and Discipline Program by improving countywide consistency in the application of disciplinary actions and policies.

2012 Action Plan

Action Step 1: By June 30, 2012, considering feedback received from the pilot department and the HR Executive Advisory Subcommittee, assess the feasibility and impact of funding the Countywide Discipline Management System and finalize any enhancements that are required prior to countywide implementation.

Action Step 2: Implement a pilot of the Civil Service Appeal Database in the DHR Civil Service Advocacy Division and, by June 30, 2012, based on the outcome of the pilot, implement the collection of and reporting of this data for all non-safety related County departments.

Action Step 3: Implement the Performance Net System to effectively manage performance evaluations consistently throughout the County. By December 31, 2012, complete the work plans for 10 departments including consultation with unions and training of the users. Workplans will be uploaded and made accessible to the users in the Performance Net System.

Strategic Initiative 2: RISK MANAGEMENT

Priority Focus 1: Workers' compensation cost reduction (including Risk Exposure Cost Avoidance Plan [RECAP] and safety issues)

Long-Term Outcome Statement: Reduce frequency of claims and return more employees to work following accidents.

2012 Action Plan

Action Step 1: By July 31, 2012, implement the countywide leave and absence management system and provide training for departments.

Action Step 2: By December 31, 2012, provide customized training and support to departments related to the management of employees either on Long-Term Leave or those that are currently on a temporary Conditional Assignment and need to be permanently placed, retired, or medically separated from County service.

- Action Step 3: By December 31, 2012, expand return-to-work options for employees with temporary work restrictions which cannot be accommodated within their unit of assignment, and assist DHR in evaluating placement options for employees with permanent work restrictions which cannot be accommodated within their department.
- Action Step 4: By July 31, 2012, improve distribution of workers' compensation and liability data through Cognos or other data aggregation method.
- Action Step 5: By December 31, 2012, compare last and recent fiscal year data for identified loss cost drivers to measure the effects of training and other loss control efforts. Where necessary, consider and implement more effective strategies for controlling identified cost drivers.
- Action Step 6: By December 31, 2012, identify successful, measurable solutions that impacted cost reduction and loss control for some departments and consider for implementation in other departments

Priority Focus 2: Vehicle usage and liability

Long-Term Outcome Statement: Reduce accidents and related expenses involving County drivers and their vehicles, and expenses related to third-party damages.

2012 Action Plan

- Action Step 1: By June 30, 2012, complete the development of the Motor Vehicle Safety Program template.
- Action Step 2: By December 31, 2012, identify available resources, and develop a formal Motor Vehicle Safety Training Program that can be leveraged by all County Departments.
- Action Step 3: By December 31, 2012, obtain clarification - and if possible - expand the reach of the County's Employer Pull Notice Program to include all permittee drivers.
- Action Step 4: By June 30, 2012, where none exists and where sufficient vehicle accidents occur, establish departmental Vehicle Accident Review Committees to meet, as necessary, to track frequency, severity and root causes of all work-related vehicle accidents.

Priority Focus 3: Employment practices

Long-Term Outcome Statement: Reduce litigation expenses and claim frequency related to employment practices liability.

2012 Action Plan

- Action Step 1: Continue LERC sub-committee and Strike Teams. The LERC sub-committee has reconstituted its Wage and Hour Strike Team to allow for the review of overtime policies for various County departments. In addition, a Strike Team has been created to focus on the trends in discrimination, harassment and

retaliation litigation that is intended to allow for a "lessons learned" approach to mitigating claims. **December 2012**

- Action Step 2: Continue involvement with the Countywide Equity Oversight Panel and the investigations and recommendations that it makes. The Office of County Counsel and the LERC sub-committee will continue to monitor, review and report on the implementation of the new Policy on Equity and its impact on claims and litigation. **December 2012**
- Action Step 3: Evaluate department overtime policies to identify problematic issues and develop and provide training to minimize the impact of any issues discovered with regard to particular County departments or job functions. **July 2012**
- Action Step 4: Explore legislation as a possible means to reduce litigation exposure. **March 2012**
- Action Step 5: Jointly, with DHR, develop and distribute a periodic bulletin to address employment issues and communicate lessons learned. **March 2012**
- Action Step 6: Conduct trend analyses seek proactive measures. Determine what, if any, training, policy changes or operational changes should be recommended to minimize litigation exposure by using current and historical case information. **September 2012**
- Action Step 7: Continue the early investigation and resolution of complaints and claims in an effort to reduce litigation. By assigning County Counsel attorneys to both department specific and/or subject matter specific areas, it is easier for County departments to seek advice and review of issues at an earlier stage of the process. That early intervention should assist in reducing the number of issues that ultimately reach a litigation phase. **Ongoing**
- Action Step 8: Coordinate with DHR and existing committees, as requested, in an effort to provide early advice or review of legal issues. **Ongoing**

Strategic Initiative 3: Budget Management

Priority Focus 1: Contracting

Long-Term Outcome Statement: Streamline and standardize contracts and the contracting process.

2012 Action Plan

- Action Step 1: By June 30, 2012, the Internal Services Department (ISD) will continue contracts training for 33% (180 staff) of the current department-identified target population of approximately 550 employees. ISD will work with departments to prioritize the trainee listings to ensure that employees with more significant contracts duties are trained earlier.
- Action Step 2: By June 30, 2012, the working group and supporting departments will implement two master agreement pilot areas to pool similar services among

various departments, either by leveraging existing departments' master agreements or by initiating new master agreements.

- Action Step 3: By June 2012, ISD will review the departments that attend the Countywide Contracting Network meetings, and reach out to departments that do not regularly participate.
- Action Step 4: By June 30, 2015, the working group will measure changes in the number of departments using core master agreements, and identify efficiencies or impacts on staff time, contract pricing, etc.
- Action Step 5: By June 30, 2015, ISD will schedule contracts training for the remainder of the current department-identified target population, with a goal to reduce or eliminate contracts training waitlists.

Priority Focus 2: Budget Process and Administration

Long-Term Outcome Statement: Ensure a balanced budget and streamline and improve communication and transparency in the budget process.

2012 Action Plan

- Action Step 1: By January 31, 2012, implement a more comprehensive report, updated monthly, for analysis of the County's fiscal status base. Relying on the updated department monthly variance reports, prepare a comprehensive report on the County's fiscal position and present recommendations and impact analysis to the County Board of Supervisors on a quarterly basis.
- Action Step 2: By April 15, 2012, implement two key budget process improvements: 1) analyze and update salary savings calculations for all departments to reflect four years of budget curtailments and realistic hiring plans; and 2) accelerate the Classification/Compensation and Chief Information Officer (CIO) budget analysis of position changes and information technology requests to include their findings in the Recommended stage of the budget process.
- Action Step 3: By March 31, 2012, working with the Executive Office of the Board of Supervisors, design and implement the Integrated Chief Executive Office (CEO) Budget Module, a new computer system which centralizes and tracks recommendations on budget packages for use in developing the Recommended, Final Changes and Supplemental stages of the budget, to make the budget development process easier and more transparent for Board Budget Deputies.

Priority Focus 3: Item Control

Long-Term Outcome Statement: Implement the eHR Position Control system to enable the County to track positions in accordance with authorized appropriations and provide increased budgetary control.

2012 Action Plan

- Action Step 1: By April 30, 2012, continue training on eHR Position Control and the new payroll system prior to implementation.

Action Step 2: By April 30, 2012, provide on-going support and guidance to departments to implement the eHR position control system and new payroll system.

Action Step 3: Throughout 2012, work with departments on any reconciliation issues, reorganizations and reclassifications necessary to bring their items into compliance with countywide policies enforced in the new system.

Strategic Initiative 4: COMMUNICATIONS

Priority Focus 1: Continuing Media Relations and Social Media Development

Long-Term Outcome Statement: Continue to provide timely and accurate communication to internal and external audiences, leveraging the Internet and social media.

2012 Action Plan

Action Step 1: By June 30, 2012, expand the social media access pilot project by proposing a revised set of policies to the Board of Supervisors regarding social media usage.

Action Step 2: By June 30, 2012, continue regularly scheduled training sessions to County leaders on interacting with the media, and specialized communications training sessions and forums.

Action Step 3: By June 30, 2012, achieve a 100% participation rate by County departments for having some form of presence on social media sites.

Action Step 4: By June 30, 2012, launch robust monitoring system for traditional media, broadcast, print, and social media coverage of the County and its agencies

Priority Focus 2: Reporting County Results

Long-Term Outcome Statement: Continue to reengineer and strengthen existing communications tools in order to more effectively share County's results and progress with our customers.

2012 Action Plan

Action Step 1: By May 31, 2012, continue development of County Channel programming, including expansion and solidifying distribution venues for the Channel.

Action Step 2: By May 31, 2012, successfully launch the new multimedia County Annual Report, including widespread promotion of the new report, with goal of increasing viewership and participation by a minimum of 25% compared to previous hard copy edition.

Action Step 3: By May 31, 2012, provide training sessions for County managers and communicators on successful use of social media, including Twitter, as a primary vehicle for instantly sharing County results with the community.

Action Step 4: By May 31, 2012, leverage soon-to-be-launched media monitoring system to provide County leaders for the first time with quantifiable data about County's relevance in media mentions, including monetary value of this publicity and total viewers and readers of information about the County.

Priority Focus 3: Mobile Applications

Long-Term Outcome Statement: Continue advising in the development of mobile applications to meet customer needs and increase access to County services.

2012 Action Plan

- Action Step 1: By December 31, 2012, continue to identify services that would better meet customer needs through a mobile application.
- Action Step 2: By December 31, 2012, continue partnership between County Counsel, CEO, CIO, and ISD in identifying and solving routine technical and legal issues related to developments and changes in mobile application landscape.
- Action Step 3: By December 31, 2012, measure effectiveness of existing mobile applications that have already been launched, and continue promotion and messaging about these resources to County customers.

GOAL 2: FISCAL SUSTAINABILITY:
Strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.

Strategic Initiative 1: **PROBATION'S BALANCED BUDGET**

Long-Term Outcome Statement: Deliver probation services that meet clients' needs and that are provided within budget each year.

2012 Action Plan

Balanced Budget

Action Step 1: By June 30, 2012, the Probation Department will operate within the Board-approved budget

Action Step 2: By April 2012, the Probation Department will strengthen its management of Item Control and related salary savings to achieve 100% accuracy.

Action Step 3: By June 30, 2012, the Probation Department will explore, analyze, and develop options for the use of additional revenue sources.

Employees

Action Step 1: By June 30, 2012, the Probation Department will continue to reduce its labor costs by improving attendance, minimizing safety risks, and reducing over time of its 6,000 employees. To do this, the Probation Department will:

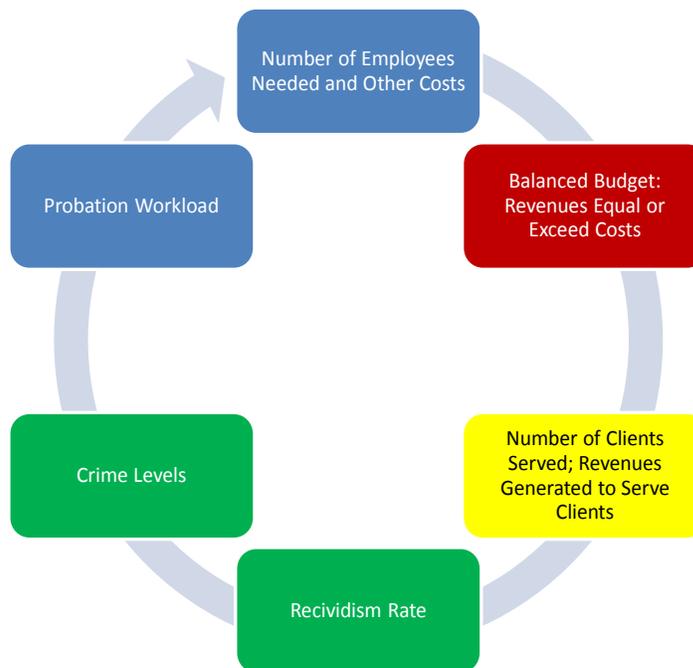
- By June 30, 2012, manage its over-time budget and reduce the over-time hours and costs overall.
- By June 30, 2012, reduce absenteeism rates, particularly at the halls, camps, and field operations, from 19.6% in FY 2010-2011 to 14.0%, which is based on the Auditor-Controller's Productive Hourly Rate (PHR). (Note: Probation's absentee rates have been lower: 12.7% in FY 2008-2009 and 13.1% in FY 2009-2010.)
- By June 30, 2012, implement an enhanced Return-to-Work Program, based on the Sheriff's Department model and anticipated additional resources, which will reduce these overall costs by 5%.
- By October 31, 2012, design and implement an enhanced risk management and safety program, based on anticipated additional resources, focusing on a safe work environment and reducing industrial accidents to determine if a reduction in industrial accidents is achievable.
- By October 31, 2013, reduce the cost of employees on 4850 benefits by 10%. (Note: Probation currently has 119 employees on 4850 benefits, which represent 18% of all absent employees.)

Reduced Demand for Services

Action Step 1: By January 31, 2012, the Probation Department will explore other budgeting models that are based on “numbers served” versus “capacity to serve” to avoid historic problems of overstaffing during fluctuations in numbers served.

Action Step 2: By June 2014, the Probation Department will decrease recidivism of its clients served by 5%.

**Cause-Effect Relationships:
Crime, Workload, and Budget**



On a simplistic level, reductions in crime and recidivism rates, reduces the number of clients served, which in turn reduces Probation’s workload and staffing requirements. Reduced crime results in a safer County.

Strategic Initiative 2: TITLE IV-E WAIVER IMPLEMENTATION AND RENEWAL

Long-Term Outcome Statement: Complete implementation of the current Title IV-E Waiver to improve outcomes for children and families served and to ensure fewer children and youth are in foster care and for a shorter length of stay, and support the State’s effort in securing a five-year Title-IV E Waiver renewal to support ongoing reforms to the County’s child welfare system in the areas of child safety, permanency and self-sufficiency.

2012 Action Plan

Action Step 1: By June 30, 2012, the Department of Children and Family Services (DCFS) will implement the following strategies utilizing reinvestment savings that have resulted from the current Title IV-E Waiver:

- **Child safety:** Reduce entry into out-of-home care and abuse in out-of-home care through investment in the following programs: Prevention Initiative Demonstration Project (PIDP); Time Limited Family Reunification (TLFR); Adoption Promotion and Support Services (APSS); Child Abuse Prevention, Intervention and Treatment (CAPIT); HUBs to provide comprehensive medical evaluations; Public Health Nurses (PHNs); Parents in Partnership (PIP); and Emergency Response (ER) caseload sustainability.
- **Permanency:** Improve reunification within 12 months and increase adoption rate within 24 months and improve placement stability through investment in the following programs: Enhanced Specialized Foster Care with Department of Mental Health (DMH) and Upfront Permanency Partners Program (P-3).
- **Self Sufficiency:** Improve social and emotional well-being and educational attainment of children served by investing in Youth Development Services (YDS), Independent Living Planning Services (ILP), and Countywide Foster Youth Education Program.

Action Step 2: By June 30, 2012, DCFS and Probation will fully participate in the State's final evaluation of the current Title IV-E Waiver which will assess cost-neutrality, utilization of reinvestment funds for FYs 2010-11 and 2011-12, Probation Department's access and use of Child Welfare Services-Case Management System (CWS-CMS), and overall progress towards meeting goals.

Action Step 3: By December 31, 2012, the CEO, DCFS and Probation will develop an education and advocacy program for California's State and Federal legislative delegations on Los Angeles County's achievements under the current Title IV-E Waiver and the benefits to the County's children and families of extending the Waiver for five additional years.

Strategic Initiative 3: **CALIFORNIA'S SECTION 1115 MEDICAID WAIVER AND HEALTH CARE REFORM**

Long-Term Outcome Statement: To safeguard the Los Angeles health care safety net and provide access to a high-quality, patient-centered, cost-effective health care delivery system by taking full advantage of California's Medicaid Section 1115 Waiver, also known as "the California Bridge to Reform," achieving all Waiver requirements, and preparing Los Angeles County for the implementation of coverage aspects of the Patient Protection and Affordable Care Act in 2014.

2012 Action Plan

Action Step 1: Increase patient volume and levels of service to Department of Health Services (DHS) and DMH managed care populations.

- By June 30, 2012, enroll at least 125,000 total eligible patients into Healthy Way LA (HWLA) Program, which provides "bridge coverage" for those populations who will become eligible for traditional Medicaid in 2014.
- By June 30, 2012, empanel at least 30,000 seniors and persons with disabilities (SPD) and 60,000 HWLA patients into DHS primary care medical homes.

- By June 30, 2012, complete a detailed strategic and implementation plan for building DHS capabilities as a Medical Services Organization.
- By December 31, 2012, meet HWLA and SPD specialty care access standards for at least top-five medical/surgical specialties.

Action Step 2: By October 31, 2012, fully achieve milestones and funding for the Delivery System Reform Incentive Pool (DSRIP) Demonstration Year 7 component of the 1115 Waiver, which is designed to support public hospital systems in strengthening and improving safety net health care delivery systems.

Action Step 3: Build out key components of DHS information technology infrastructure to support clinical quality and care coordination, including:

- By December 31, 2012, implement i2i (Disease Management Registry) in >90% of DHS primary care clinics.
- By December 31, 2012, implement an electronic consultation system linking primary care providers and specialists across at least 10 specialties and >75% of all DHS primary care clinic sites.
- By December 31, 2012, complete RFP and contracting process and begin design/build of an Enterprise Electronic Health Record (EHR) capable of meeting “meaningful use” criteria as defined by the Medicare and Medicaid EHR Incentive Program.

Action Step 4: Enhance DHS’ ability to measure and improve outpatient patient satisfaction.

- By December 31, 2012, begin use of CG-CAHPS¹ outpatient satisfaction survey tool at all DHS primary care clinics.
- By June 30, 2012, complete redesign of customer service training curriculum and begin implementation of new program with outpatient front-line staff.

Action Step 5: By June 30, 2012, improve access and reduce per-visit costs by increasing the number of unique patients seen in DHS primary care and specialty care clinics in FY 2011-12 by 10% in comparison with FY 2010-11.

Action Step 6: Implement new models for the delivery of expanded integrated behavioral health care and primary care under the 1115 Waiver in preparation for health care reform.

- By June 30, 2012, establish co-located DMH programs within six DHS Health Centers.
- By June 30, 2012, enhance integrated behavioral health care and primary care through the establishment of mental health programs within Community Partner agencies by establishing contracts with 20 new providers and

¹ Clinician and Group Consumer Assessment of Healthcare Providers and Systems

implementing all systems required for delivery and claiming of mental health services.

- By June 30, 2012, implement three models of integrated community-based behavioral health care and primary care funded through the Mental Health Services Act Innovation Plan including: Integrated Mobile Health Teams, Integrated Clinic Model and Community-designed Integrated Service Management Model. .

Action Step 7: Develop the workforce necessary for health care reform expansion.

- By June 30, 2012, train at least 175 mental health practitioners in the Mental Health Integration Program, an evidence-based practice for the delivery of integrated care in primary care settings.
- By June 30, 2012, develop and implement three models for training of peer counselors in care coordination and care management.
- By June 30, 2012, develop and implement the team-based model of care within the majority of DHS primary care medical homes.

Strategic Initiative 4: COUNTY FISCAL AND INFORMATION TECHNOLOGY (IT), AND FISCAL MANAGEMENT

Long-Term Outcome Statement: Improve the County's long-term capacity to sustain critical County services within available resources through cost-efficiency savings, leveraging IT resources, improved fiscal forecasting, and diligent monitoring.

2012 Action Plan

Action Step 1: By February 29, 2012, begin a process to identify and implement strategies to achieve savings in the County's purchasing of information technology as part of the Board approved Business Automation Planning process in FY 2012-13 and beyond in hardware purchases and software licensing . On an ongoing basis, continue and expand efforts to provide one-time and ongoing savings in utilities, purchasing, and other operational costs. It is projected that combined savings from the implementation of the above strategies may be up to \$20 million over a multiple year period.

Action Step 1a: By March 31, 2012, complete the purchase and process to deploy the Enterprise License Agreement for Adobe Livecycle Reader Extensions Software countywide to permit the County to create intelligent forms to replace paper-based internal and external processes. Launch training sessions for departments on implementing the software.

Action Step 1b: By April 30, 2012, (CIO, in conjunction with ISD) develop and issue an RFP to establish a Managed Print Services (MPS) Master Services Agreement to optimize desktop printing, to consolidate purchasing and establish and monitor policies to maintain an optimal printing environmental with a goal of realizing potentially savings of \$9.7 million annually.

Action Step 1c: By May 31, 2012, implement and begin deployment of a shared Electronic Content Management Infrastructure that will enable consolidation of a stand-alone system infrastructure and provide for an alternative to departmental systems being deployed avoiding costly building, support and staffing expenditures while providing cost-effective disaster recovery to minimize data loss in case of a local power outage or other local event.

Action Step 1d: Throughout 2012, continue working with participating departments to implement enterprise license with IBM/VMware for virtual software and services enabling the County to consolidate multiple servers onto fewer servers with no impact to service or performance, reducing costs, electrical power and cooling requirements. It is projected that the County would save an estimated \$3.2 million over a three-year period.

Action Step 2: By February 29, 2012, prepare a "Revenue Book" for the major countywide discretionary revenues. Utilize the "Revenue Book" to improve revenue information provided to the Board and forecasting reliability for major countywide discretionary revenues, such as Property Taxes, Sales Taxes, Vehicle License Fees, Deed Transfer Taxes, Interest Earnings, etc.

Action Step 2a: By July 31, 2012, expand the "Revenue Book" to include major departmental revenues to provide a more comprehensive overview of all major County revenues. The Revenue Book will include historical information to support a consistent analytical approach to forecasting revenues and identify potential revenue issues that may impact more than one County department.

Action Step 3: By January 31, 2012, revise the Multi-Year Fiscal Forecast to be a more comprehensive strategic document by providing additional information on major potential issues, not only issues that have a high degree of certainty. This comprehensive outlook will allow management and policy makers to have a much greater perspective on the decisions they are required to make.

Action Step 3a: By November 30, 2012, continue to update the Multi-Year Fiscal Forecast for the next five-year period and reconcile assumptions from the previous forecast to actual events.

Strategic Initiative 5: **COLLECTIVE BARGAINING/EMPLOYEE BENEFITS AND RELATED COSTS**

Long-Term Outcome Statement: Reduce and contain current employment costs while promoting health and wellness for all County employees.

2012 Action Plan

Action Step 1: By February 29, 2012, fully prepare for the 2012 labor agreement negotiations including defining negotiation priorities, strategies and resources necessary to support successful negotiation.

Action Step 2: By March 31, 2012, in collaboration with collective bargaining partners, re-evaluate current processes for annual health plan rate renewals. Develop a new approach that separates the long term planning from the rate renewal process. By July 31, 2012, update all benchmark surveys in preparation of

2012 bargaining process and research feasibility of replacing current manual survey process with web-based application to provide a cooperative survey with surrounding agencies.

- Action Step 3: By June 30, 2012, determine if it is prudent to develop a written fiscal policy that support's the County's role as fiduciary of the plans to alleviate current inconsistencies in risk assumption, funding methodologies, reserve levels, subsidies between health plans and subsidies within rate tiers
- Action Step 4: By September 30, 2012, explore feasibility of offering County health facilities as eligible providers under County employee health programs.
- Action Step 5: Ongoing through 2018, proactively lead the planning to address the impacts of Health Care Reform on the County as an employer, including communication and education of County employees as consumers on benefits, and provisions for benefits exchange and tax implications.
- Action Step 6: By September 30, 2012, through partnership with Risk Management, evaluate County policies and administrative practices of the Short-Term and Long Term Disability plans, including Code compliance.

**GOAL 3: INTEGRATED SERVICES DELIVERY:
Maximize opportunities to measurably improve client and community
outcomes and leverage resources through the continuous integration of
health, community, and public safety services.**

Strategic Initiative 1: **KATIE A. EXIT CONDITIONS**

Long-Term Outcome Statement: To successfully fulfill the objectives identified in the Katie A. Settlement to: 1) provide stable placements for children under the supervision and care of child welfare, and 2) ensure these children receive care and services consistent with good child welfare and mental health practice and the requirements of law, and exit the Katie A. Settlement as expeditiously as possible.

2012 Action Plan

Action Step 1: By June 30, 2012, implement the Shared Practice Model and Coaching in the Department of Children and Family Services' (DCFS) Compton and Pomona regional offices with emphasis placed on utilizing a child and family team approach to achieve better outcomes for the children and families served.

- By March 31, 2012, all DCFS Supervising Children's Social Workers (SCSWs) in Compton will receive basic coaching training and ongoing mentoring.
- By June 30, 2012, 20 DMH staff co-located in the Compton regional office in Service Area (SA6) and 75% of the 16 DMH contracted provider agencies in SA 6 will have been coached to the key elements of Shared Practice Model.
- By June 30, 2012, complete an implementation evaluation of the Shared Practice Model and Coaching in Compton and rollout refined Prototype to Pomona. All remaining DCFS offices will implement the Shared Practice Model and Coaching no later than June 30, 2013.

Action Step 2: By December 15, 2012, DCFS and DMH will successfully complete Phase III Quality Services Review (QSR) baseline reviews and DCFS will issue a final baseline report.

Action Step 3: By September 30, 2012, DCFS will increase enrollment from 2,100 to 2,600 children in Wraparound services.

Strategic Initiative 2: **EXTENDED FOSTER CARE**

Long-Term Outcome Statement: Provide quality foster care for current or future eligible non-minor dependents or wards of the juvenile court, ages 19 through 21, through phased implementation of AB 12 (Fostering Connections to Success and Increasing Adoption Act), while exploring program alternatives to reduce future costs to the County.

2012 Action Plan

- Action Step 1: Beginning January 1, 2012, DCFS and Probation will begin enrolling in the first year of AB 12 all eligible youth who choose to remain in Extended Foster Care (EFC).
- Action Step 2: By February 15, 2012, DCFS will begin issuing regular program and fiscal reports on AB12/EFC, including net County cost neutrality analyses by closely monitoring AB 12 costs and caseloads, as well as impact of the Realignment Revenue.
- Action Step 3: By February 29, 2012, DCFS will issue all departmental policies involving the implementation of AB12/EFC.
- Action Step 4: By March 30, 2012, finalize DCFS' plans to implement the Transitional Housing Placement Plus-Foster Care (THP+FC) program for AB12/EFC participating youth, pending the State's issuance of an all County letter on the program to be issued in February 2012.
- Action Step 5: By December 15, 2012, DCFS will complete training of all ongoing service CSWs on AB12/EFC.

Strategic Initiative 3: U.S. Department of Justice Memorandum of Agreement (DOJ MOA) with the Probation Department

Long-Term Outcome Statement: Ensure the Probation Department's Compliance with the DOJ MOA regarding the camps and mitigate any issues to avoid DOJ MOAs in future years.

2012 Action Plan

- Action Step 1: By October 31, 2012, the Probation Department will successfully conclude the monitoring period for 35 DOJ MOA provisions.
- Action Step 2: The Probation Department and County Counsel will negotiate to either modify the terms or extend the compliance monitoring deadline for the remaining 6 DOJ MOA provisions. Subsequently, the Probation Department will execute the corresponding action plan to successfully implement the negotiated DOJ MOA provisions and compliance monitoring period. (Compliance deadline currently being negotiated)
- Action Step 3: The Probation Department will continue to provide regular status reports to the Board of Supervisors on the DOJ MOA until full compliance is achieved.
- Action Step 4: The Probation Department will sustain compliance with the DOJ MOA after the initial compliance.

Strategic Initiative 4: AB109/117 PUBLIC SAFETY REALIGNMENT

Long-Term Outcome Statement: Provide AB109 service requirements while meeting clients' needs within available fiscal resources and State funding.

2012 Action Plan

The following County departments and related agencies in the Public Safety and Health and Mental Health Cluster are affected by AB109/117: Probation; Sheriff; District Attorney; Public Defender; Alternate Public Defender; the Departments of Public Health, Health Services, Public Social Services, and Mental Health; and the Trial Courts.

Action Step 1: By June 30, 2012, the CEO's Intergovernmental and External Affairs Division, working with the Public Safety Cluster, will continue to pursue and obtain legislation with a constitutional guarantee for funding AB109.

Action Step 2: Through July 31, 2014, Public Safety Cluster departments will provide quarterly evaluations and assessments of AB109 workload impacts and take necessary actions to respond to additional workload.

- Public Safety Cluster departments will collect and analyze monthly data resulting from AB106 implementation, such as: clients served, risk and need levels, cost of services, State revenues received, fiscal balance, and workload impact.
- By July 31, 2012, Public Safety Cluster departments will analyze monthly data and revise the AB109 Implementation Plan, as necessary, to meet clients' needs.
- By July 31, 2013, Public Safety Cluster departments will analyze FY 2012-13 data and revise the AB109 Implementation Plan, as necessary to meet clients' needs.

Strategic Initiative 5: **CAPITAL PROJECTS COORDINATION**

Long Term Outcome: Efficiently deliver the County's capital projects management through coordinating stakeholders' participation on projects, identifying and implementing opportunities for streamlining, and continuously reviewing of project status. Identify and measure key components of managing countywide capital projects.

2012 Action Plan

Action Step 1: By March 31, 2012, conduct a survey of key departmental and Board staff to determine the perception of capital projects delivery process and to request ideas for solutions to deficiencies. .

Action Step 1a: By April 30, 2012, produce the results of the survey and begin the process of formalizing action steps and timelines toward improvements of the process and enhancement of procedures deemed acceptable. As applicable, convene meetings with stakeholders to clarify concerns and remedies so that steps implemented actually address the issues.

Action Step 2: By February 29, 2012, launch the Capital Projects Status Website that will provide real time status updates on all major capital projects. The system will provide key data such as location, cost, contractor, and timelines, as well as pictures showing progress.

Action Step 3: By June 30, 2012, implement performance goals in line with the survey results and reviews. Develop measures of effectiveness and specific timelines. Illustrate how these goals will provide increased efficiencies and delivery of projects.

Action Step 4: By September 30, 2012, identify the components that address effective management of countywide capital projects. Review of needs assessment, scope, financing, impacted departments, service provision, location and timeframes and how each of these are formulated and implemented and by whom.

DRAFT

COUNTY OF LOS ANGELES STRATEGIC PLAN 2011 Status Report

COUNTYWIDE GOAL 1: OPERATIONAL EFFECTIVENESS:
Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services.

Strategic Initiative 1: HUMAN RESOURCES MANAGEMENT

Priority Focus 1: Human Resource (HR) Architecture

Long-Term Outcome Statement: To implement recommended new HR Architecture to best accomplish the County's long-term HR strategic goals by eliminating redundant functions and improving quality of HR services countywide (within 2-5 years)

2011 Action Plan

- Action Step 1: By June 30, 2011, the HR Executive Advisory Subcommittee will complete the review and assessment of various human resources business models, and with input from the departments, recommend the desired HR Business Model to implement countywide.
STATUS: Various models have been reviewed and feedback has been provided by stakeholders. An HR Council has been formed that will address the key initiatives to support the County HR transformation.
- Action Step 2: By December 31, 2011, identify the HR processes to be revised and HR best practices to allow for the implementation of the recommended HR Business Model.
STATUS: The newly formed HR Council is chaired by the Director of Personnel and comprised of Department of Human Resources (DHR) senior managers and top HR professionals in County departments. The HR Council will create various work groups to examine HR processes and initiatives key to the HR transformation and the HR Business Model.
- Action Step 3: By June 30, 2012, based on availability of resources and funding, identify first phase of implementation of HR Business Model. Identify HR impacted staff and complete training and development for 25% of the total impacted staff.
STATUS: On schedule to be completed by due date.

Priority Focus 2: Classification/Compensation

Long-Term Outcome Statement: Transform and improve the Classification/Compensation function for the County: by consolidating classifications based on a new competency-based model for Human Resources; fully implementing the customized Job Evaluation System (based on Federal Evaluation System) as a tool for measuring internal equity; and, providing classification and compensation technical training for central and line HR staff.

2011 Action Plan

- Action Step 1: By June 30, 2011, formulate a Classification Philosophy and a plan to streamline classification system for all non-represented administrative professional classes:
- By March 15, 2011, implement Countywide Contracting Occupational Study by reviewing 300 existing positions in 37 classifications for the purpose of consolidation into only 5 classifications;
 - By June 30, 2011, provide comprehensive plan to fold other non-represented administrative professional classes into the revised, broad-based Administrative Services Manager (ASM) series.
- STATUS: It has been determined that a Classification Philosophy does not need to be fully formulated until some work is done on implementation. The remaining sub-steps under this action step (the implementation of the Countywide Contracting Occupational Study, and the development of a comprehensive plan to fold other non-represented administrative professional classes into the revised, broad-based ASM series) have been completed.
- Action Step 2: By June 30, 2011, develop a comprehensive classification and compensation training program addressing all aspects of classification and compensation management including legal requirements, pay practices, classification study processes and service excellence.
- By June 30, 2011, develop training for eight 3-hour training modules.
 - By June 30, 2011, provide training for approximately 60 administrative professionals in central and line departments for the first two modules.
- STATUS: This action step has been completed.
- Action Step 3: By September 30, 2011, complete comprehensive implementation of the Federal Evaluation System.
- Automated customized system in place and operational;
 - Continue to evaluate 75 non-represented County classifications;
 - Integrate Job Evaluation Points and the various County salary plans.
- STATUS: This action step has been completed.
- Action Step 4: By December 31, 2011, complete Competency Pilot Project and, if appropriate, develop a plan to implement system-wide. This includes the completion of the evaluation of new and recommended concepts and processes, i.e., competency based testing.
- STATUS: A Board memo which will report and close the "pilot" project will be provided to the Board no later than March 31, 2012.

Priority Focus 3: Performance Management and Discipline

Long-Term Outcome Statement: Promote a more effective Performance Management and Discipline Program by improving countywide consistency in the application of disciplinary actions and policies.

2011 Action Plan

- Action Step 1: By June 30, 2011, finalize Performance Management/Discipline Database to maintain countywide sensitive personnel related data in the area of Performance Management. The database will allow for consistent recording,

assessment and reporting on key departmental outcome measures in the area of formal departmental administrative action (i.e., disciplinary actions for Warnings – Discharges).

STATUS: The Pilot version of the database was completed and deployed to Child Support Services Department.

- Action Step 2: By June 30, 2011, finalize Civil Service Appeal database that will maintain data in the area of Civil Service Commission case outcomes and begin piloting the database in Department of Human Resources Civil Service Advocacy.
STATUS: A separate database solution was identified in the Board of Supervisors (BOS), Executive Office. The functionalities of the existing database were reviewed by DHR and the BOS, Executive Office and meet the requirements initially identified. The BOS, Executive Office requested that an Memorandum Of Understanding (MOU) be executed to allow DHR to utilize the existing database framework. The MOU was signed on January 16, 2012 and DHR will be initiating a pilot of the database soon.
- Action Step 3: By August 30, 2011, implement the Performance Management/Discipline database in DHR as a pilot project to ensure effectiveness and accuracy prior to deployment to non-safety County departments.
STATUS: Due to lack of readily available data in DHR, the database was piloted in Child Support Services Department on July 7, 2011, ahead of schedule.
- Action Step 4: By September 30, 2011 provide all non-safety County departments with a functional copy of the Performance Management/Discipline database. Identify and complete training for 25% of all affected DHR Managers and performance management staff.
STATUS: A working group was formulated from multiple departments to review pilot functionalities and case studies. Additional functionalities were identified for a countywide implementation. Internal Services Department continues to review the functionalities needed for the County.
- Action Step 5: Based on outcome of the pilot, determine implementation of the Civil Service Appeal database for all non-safety related departments by no later than December 31, 2011.
STATUS: Target date was revised to June 30, 2012 based on the outcome of the pilot in DHR.
- Action Step 6: By December 31, 2011, publish a discipline manual/guide to be used by supervisors, managers and human resources professionals on how to navigate the discipline process and complete training on the guide of all the departmental human resources managers and performance management staff. The process includes fully vetting the manual with the unions prior to publishing.
STATUS: The discipline manual/guide was published on December 29, 2011.

Strategic Initiative 2: RISK MANAGEMENT

Priority Focus 1: Workers' compensation cost reduction (including Risk Exposure Cost Avoidance Plan [RECAP] and safety issues)

Long-Term Outcome Statement: Reduce frequency of claims and return more employees to work following accidents.

2011 Action Plan

Action Step 1: By June 30, 2011, develop baseline data report that will include:

- Total claims per month, and fiscal year to date (FYTD);
- Claims per employee per month, FYTD;
- Total cost per month per month, FYTD; and
- Cost per employee per month, FYTD.

STATUS: Loss Data:

In November 2010, the Workers' Compensation Third Party Administrators began issuing electronic Loss Run and State Rate Temporary Disability reports to County departments. The Loss Run Report contains approximately 30 descriptors that include: claimant name, date of injury, number of days between knowledge date and open date, total paid, total estimated future exposure, benefits paid in the most recent month, type of injury, nature of injury, and cause of injury. The State Rate Disability report lists all employees receiving state rate temporary disability and serves to identify employees on long-term leave.

Action Step 2: By July 2011, distribute report monthly to all departments; include all County data for comparison purposes.

STATUS: In June 2011, CEO/RMB and CEO/Information Technology Section developed a monthly workers' compensation RECAP report that provides departments with the number of opened claims, number of workers' compensation claims reported (month, YTD, annualized), Labor Code 4850 and salary continuation paid (month, Year-to-date [YTD], annualized), and benefit expenses paid by specific category (month, YTD, annualized). Departments will be able to review the workers' compensation RECAP reports at the CEO/RMB website.

Action Step 3: By August 2011 and annually thereafter, through the RECAP and Management Appraisal and Performance Plan (MAPP) process, identify loss cost drivers:

- Based upon cost drivers, identify training needs (October, 2011); and
- Conduct training based upon identified needs.

STATUS: Departments have completed the RECAP process and used the results of this evaluation to produce specific RECAP and MAPP goals and objectives. RECAP documents have been received from the departments. These reports include an evaluation of losses. Departments use loss data and risk exposure data to develop their goals and objectives. Training regarding risk areas is often included in the RECAP goals and objectives.

Action Step 4: By June 30, 2011, complete departmental audits of Return to Work program based upon Chief Executive Office (CEO)/Risk Management Branch (RMB) self-assessment.

STATUS: Departments conducted self-assessments of their respective Return-to-Work programs and developed action plans for improvement. CEO/RMB and DHR audited the effectiveness of each department's Return-to-Work program and provided findings and recommendations to each Department Head. With the continued guidance and assistance from CEO/RMB, departments were able to update their action plans and evaluate their progress compared to the plans originally submitted in 2010. CEO/RMB provided support to departments regarding their action plans and return-to-work efforts including, but not limited to, consultations, file reviews, and trainings as needed.

Much of the CEO/RMB Return-to-Work effort in 2011 involved supporting the Sheriff's Department and the Probation Department on the initiative to implement the Sheriff's protocols and practices within the Probation Department and on the development and implementation of the strategic case management, initiative. Both of these efforts may be used as models for implementation by other departments.

In addition to the items described above, CEO/RMB completed the following activities designed to help minimize future workers' compensation expenses:

- Provided ongoing training in the areas of workers' compensation, Return-to-Work/disability management, and long-term and short-term disability, through quarterly seminars as well as intensive classroom training. The quarterly Return-to-Work seminars were attended by a total of 412 County Return-to-Work coordinators, managers, and human resources personnel and the classroom training was attended by 134 participants.
- Completed a Return-to-Work Desk Reference Manual and made it available countywide on the CEO/RMB website. The manual promotes consistency throughout the County establishing protocols for assisting injured/ill employees in returning to work.
- Implemented a workers' compensation pharmacy benefit management network to improve the delivery of appropriate medication to injured workers and reduce costs.

Priority Focus 2: Vehicle usage and liability

Long-Term Outcome Statement: Reduce accidents and related expenses involving County drivers and their vehicles, and expenses related to third-party damages.

2011 Action Plan

Action Step 1: Establish Legal Exposure Reduction Committee (LERC) sub-committee on Vehicle Liability – January, 2011

STATUS: A LERC Vehicle Liability Subcommittee was established on April 5, 2011, and is chaired by the Department of Health Services.

- Action Step 2: Establish baseline data for vehicle accidents and third party liability – April, 2011
STATUS: Baseline data was mined through a combination of the risk management annual report and through other reports generated by the Department of Auditor-Controller.
- Action Step 3: Develop Best Practices and recommend standard procedures including such items as better driver screening and monitoring, driver training, and disciplinary action – January, 2012
STATUS: The Subcommittee developed a vehicle liability control best management practice matrix by department and has shared its contents with all members of the group. It should be further noted that the Subcommittee has been actively engaged in the development of a Motor Vehicle Safety Program template, which expands upon the requirements/guidance of County Vehicle Policy. Highlights of the new management system include a motor vehicle related disciplinary matrix guide and provisions for the establishment of driver selection criteria.
- Action Step 4: Evaluate Permittee Driver program practices and procedures – January, 2012
STATUS: The Subcommittee has performed a review of the Permittee Driver Program and has engaged County Counsel in discussions of proposed improvements/modifications. Two central points of discussion are: 1) determination as to whether the County can move away from the primary insurance coverage model; and 2) establishing whether County departments can move to mandate that “all” permittee drivers submit to the provisions of the Pull Notice Program.

Priority Focus 3: Employment practices

Long-Term Outcome Statement: Reduce litigation expenses and claim frequency related to employment practices liability.

2011 Action Plan

- Action Step 1: Continue LERC sub-committee and Task Forces – January, 2011
- Action Step 2: Review all Priority Focus1 Liability lawsuits for countywide implications – February, 2011
- Action Step 3: Focus on basic issues such as hiring, retention, performance management, supervisor training
- Action Step 4: Identify cost drivers
- Action Step 5: Develop training programs (classroom and online training)
- Action Step 6: Conduct trend analyses and distribute “lessons learned”
- Action Step 7: Focus on prevention and take proactive measures

Action Step 8: Early resolution of complaints

Action Step 9: Coordinate with Human Resources and existing committees

Action Step 10: Be strategic about where to focus

STATUS: During 2011, through continued participation in the LERC Employment Practices subcommittee and continued interaction with the Department of Human Resources and various County Departments, we continued to support the early resolution and investigation of complaints in an effort to reduce litigation. County Counsel worked successfully to assist in the development of the Policy on Equity and establishment of the County Equity Oversight Panel, the development of its protocol and processes and providing training to affected County managers and employees.

Working with the CEO, DHR, the Auditor Controller and other impacted departments, County Counsel assisted in the development of multiple Countywide Corrective Action Plans addressing issues including wage and hour issues, administrative investigatory practices, and coordination of the efforts of multiple county departments on issues related to discipline issues and employment related complaints.

County Counsel assisted in coordinating countywide training on wage and hour issues in an effort to increase compliance with the overtime policies and reduce exposure to litigation.

In addition, County Counsel established a protocol for reviewing letters of intent to terminate and other disciplinary notifications related to specific types of suspensions or other adverse employment actions. They have also expanded their Claims Investigation pilot program which allowed for early intervention by County Counsel attorneys in the review of employment related lawsuits and claims conducted by the affected department to include working with departmental human resources personnel to assist in the early resolution of pre-claim or pre-litigation complaints in an effort to avoid further litigation.

Strategic Initiative 3: Budget Management

Priority Focus 1: Contracting

Long-Term Outcome Statement: Streamline and standardize contracts and the contracting process.

2011 Action Plan

Action Step 1: Mandate the 2-day contract training for all departmental contract staff.

- By March 15, 2011, the CEO will issue instructions to department heads to describe the training course curriculum, those mandated to attend, the enrollment process, etc.

STATUS: CEO issued Memo on 2-28-11

- By June 30, 2012, ISD will schedule contracts training for 33% (180 staff) of the current department-identified target population of approximately 550 employees. ISD will work with departments to prioritize the trainee listings to ensure that employees with more significant contracts duties are trained earlier.

STATUS: On-schedule

- By June 30, 2015, ISD will schedule contracts training for the remainder of the current department-identified target population, with a goal to reduce or eliminate contracts training waitlists.

STATUS: ISD completed initial survey, which identified that approx. 400 employees currently need training, and 203 have attended training. Based on the existing quarterly sessions of 30 people per session, 120 people can be trained annually. Training the entire 400 staff will require 3.33 years, not considering employee turnover. Through November 2011, approximately 117 employees received the 2.5 day contracts training class.

Action Step 2: Encourage participation in Countywide Contracting Network to improve access to information on existing county contracts.

- By March 15, 2011, the CEO will issue a memo to department heads to promote the value of the quarterly Countywide Contracting Network meetings and encourage attendance.

STATUS: CEO issued Memo on 2-28-11

- By June 2012, ISD will review the departments that attend the Countywide Contracting Network meetings, and reach out to departments that do not regularly participate.

STATUS: On-schedule

Action Step 3: Prioritize a phased process for developing master agreements and/or leverage existing department contracts to pool similar services.

- By February 28, 2011, the working group will identify contract efficiency priorities and prepare a work plan.

STATUS: Work group priorities, prepared a work plan, and completed a survey that identified the current and future master agreement needs and priorities of departments. In addition, the work group meeting discussed ways to streamline the contracting process. One discussion topic was the protest process, and delays resulting from inability to get qualified staff to serve on protest panels. As a result, on May 20, 2011, the CEO sent a memo to the Board discussing creating a pool of retirees to assist with protest panels. This process was implemented on June 1, 2011.

- By April 15, 2011, the working group will publish and complete a survey to identify departments' current and future master agreement needs and priorities.

STATUS: See status above

- By May 31, 2011, based on the survey results, the working group will identify two or more areas for pilot master agreements. Before implementing, the working group will prepare a list of issues to discuss with the CEO (e.g., potential savings, time frames, needed CEO and/or departmental support, contract service models, etc.).

STATUS: Met with DCEO - Operations to discuss pilot areas, department support (e.g., will dept's be required to use countywide master agreements, etc), and contract service models (e.g., full service including contract

monitoring, and/or other lesser service offerings), and next steps. The DCEO asked that the working group convene a group of interested stakeholders to identify and address any departmental issues or priorities.

- By June 30, 2012, the working group and supporting departments will implement two master agreement pilot areas to pool similar services among various departments, either by leveraging existing departments' master agreements or by initiating new master agreements.

STATUS: Two pilot master agreement areas were selected: Custodial (ISD lead) and Grounds Maintenance/Landscaping (Parks and Recreation lead). Meetings were held with departments that currently do their own contracting for one or both pilot areas to determine the departments' level of interest and any issues related to joining countywide master agreements. Departments included Beaches and Harbors, Coroner, Probation, Public Library, and Public Works. Based on the feedback, departments want to retain their own contracts for areas that they view as essential to their main mission (e.g., landscaping for DPW's Road Maintenance Division). However, departments are willing to explore using centralized master services agreements when the service is peripheral to their main mission.

- By June 30, 2015, the working group will measure changes in the number of departments using core master agreements, and identify efficiencies or impacts on staff time, contract pricing, etc.

STATUS: On-schedule

Priority Focus 2: Budget Process and Administration

Long-Term Outcome Statement: Ensure a balanced budget, and streamline and improve communication and transparency in the budget process.

2011 Action Plan

Action Step 1: By December 31, 2011, provide trends, targets and instructions to departments earlier in the budget process but no later than December 31, 2011(including global cost impacts):

- Review various options to enhance/improve the budget process including budget instructions for various phases of the budget process.

STATUS: Completed: Improved budget process by 1) providing FY 2012-13 Departmental Budget Instructions earlier from December 10, 2010 to November 15, 2011, eliminating "Performance Counts" information as a submission, but requiring departments to maintain the information to support operations, and 3) coordinating CEO Classification and CIO to interact with departments earlier in the process.

- Provide target numbers, including various employee benefits and debt service costs, as early as reasonably possible in the budget process for department Recommended Budget Requests.

STATUS: Completed with the FY 2012-13 Departmental Budget Instructions by providing preliminary figures to departments.

- Review potential to reduce the number of hard copies or electronically submit department Recommended Budget Requests to the CEO.
STATUS: Completed, by reviewing and requesting reductions from various areas, but unable to reduce further from the previous years' already reduced amounts.

Action Step 2: By December 31, 2011, improve communication with Board offices, CEO and departments to allow for better transparency:

- Beginning with fiscal year 2010-11 budget cycle, establish and distribute annual calendar to departments with tentative key due dates and board meetings dates for major assignments such as Budget Status Reports, countywide mid-year Budget Adjustment board letters, Recommended Budget Requests/Recommendations, Final Changes Requests/Deliberations, and Supplemental Changes Requests.
STATUS: Completed by distributing calendar in electronic version in February 2011.

- Continue to maintain weekly, monthly, or as appropriate meetings, such as CEO Cluster meetings with Board offices and/or departments; CEO meetings with department heads, chief deputies, and/or administrative deputies; and CEO meetings with Board chief deputies, Board budget deputies, and/or Board policy/program deputies.
STATUS: Continued to meet with all of the parties above either weekly or monthly, as appropriate.

- Develop a training/seminar program for CEO and department staff on target subject matters to inform, educate and enhance knowledge and skills in areas such as budget, capital projects, legislation, classification, and compensation. Begin training/seminar program with CEO budget analysts by December 31, 2011.
STATUS: Completed and on-going. Coordinated training for the County's FY 2010-11 Financial "closing" by the Auditor-Controller, conducted training for the Supplemental FY 2011-12 Supplemental Budget and for the FY 2012-13 Departmental Budget Instructions. In addition, more scheduled trainings are underway on other elements of the budget, legislation, and capital projects.

Priority Focus 3: Item Control

Long-term Outcome Statement: Implement the eHR Position Control system to enable the County to track positions in accordance with authorized appropriations and provide increased budgetary control.

2011 Action Plan

Action Step 1: Identify roles and responsibilities of CEO and departmental staff to address position control issues by November 30, 2011.
STATUS: Completed 20 departmental desk procedures that were published and posted to the eCAPS Project Website. Due to the rescheduling of the eHR implementation, the November 30, 2011 due date was extended to April 2012.

Action Step 2: Provide on-going support and guidance to departments to implement the eHR Position Control system in January 2012.

STATUS: Continued working with departments in preparation for the countywide eHR implementation now scheduled for April 2012. Completed a full-scale simulation and shared results with departments. Departments are continuing to “fine tune” their item controls in preparation for implementation.

Action Step 3: Provide training on eHR Position Control to approximately 5,000 employees prior to implementation (January 2012) through Computer Based Training, Webinars and Instructor Lead training.

STATUS: Provided training on eHR Position Control to departments from August to December 2011 via the following three courses: POS105 – Position Control Overview (Webinar); POS 402 Position Control Departmental Users (Computer Based Training); and SPC702 Budget Prep Integration with eHR Position Control (Instructor Lead Training). Departments can register as many employees as they wish to the Webinars and Computer Based Training, and employees may take the course multiple times if a “refresher” is needed. All training materials are also posted to the eCAPS Project Website.

Strategic Initiative 4: COMMUNICATIONS

Priority Focus 1: Media Relations and Social Media

Long Term Outcome Statement: Provide timely and accurate communication to internal and external audiences, leveraging the internet and social media.

2011 Action Plan

Action Step 1: Develop effective protocols and practices for providing timely alerts to Board offices on high profile issues.

STATUS: Completed in July 2011 with a new policy for departments related to strategic communications.

Action Step 2: Provide best practices training to County managers on interacting with the media and internal communications with the Board and the CEO.

STATUS: Completed and is ongoing – over 350 County managers have already received media and internal communications training, and additional training is forthcoming.

Action Step 3: Review existing County policies related to the internet and social media to identify potential gaps and outdated elements.

STATUS: Completed and CIO has expanded access to social media resources.

Action Step 4: Propose a revised set of policies to Board of Supervisors regarding social media and develop training programs to support effective implementation, including media communications.

STATUS: The Chief Information Officer has completed some internal expansion of policies related to social media access, and continues to work closely with the Chief Executive Office regarding updated policies to bring forward to the Board for consideration.

- Action Step 5: Achieve a 20% participation rate by applicable County departments in use of one or more new media and social media vehicles.
STATUS: Has been far exceeded, with over 75% of County departments participating in social media usage.

Priority Focus 2: Reporting County Results

Long Term Outcome Statement: Strengthen external communication tools to effectively share County's results and progress with the County's customers.

2011 Action Plan

- Action Step 1: Assess existing tools to communicate County's results to customers including the County Channel. Use communication channels to spotlight recognized Quality and Productivity initiatives and other headline key performance achievements.
STATUS: The County Channel continues to be a significant and expanding vehicle for communicating information about the County across multiple media platforms – including winning its first Emmy Award in 2011.
- Action Step 2: Develop new outlets to distribute and feature County results over a broad array of venues (internet, You Tube, County website, County Channel).
STATUS: CEO Public Affairs has completed a deep expansion into social media and new media venues – using these resources to communicate with County residents multiple times a day, and to directly engage journalists about County issues and stories.
- Action Step 3: Re-engineer the County annual report incorporating multi-media tools, and develop a new format and approach, increasing viewership by 10% compared with the previous hard copy edition.
STATUS: The multimedia annual report is substantially complete and will be unveiled by CEO early 2012.
- Action Step 4: Provide opportunities for training and mentoring of County Public Information Officers (PIOs) on issues such as media relations, crisis communications, and use of social media and other new media venues, to help PIOs achieve greater effectiveness in communicating with their customers and the media.
STATUS: Four separate formal training sessions have been hosted by CEO Public Affairs in recent months, and more are scheduled for early 2012. Additionally, numerous informal mentoring meetings have been provided by CEO to departmental PIOs.

Priority Focus 3: Mobile Applications

Long Term Outcome Statement: Develop mobile applications to meet customer needs and increase County customers' access to County services.

2011 Action Plan

- Action Step 1: Identify services that would better meet customer needs through a mobile application (e.g., reporting necessary infrastructure repairs and graffiti, accessing public library resources).
STATUS: Department of Public Works launched a mobile application in Fall 2011, which received substantial positive coverage by local media, as well as several hundred downloads within the first weeks of launch. The DPW app joins existing apps from the Los Angeles County Museum of Art and the Public Library. CEO continues to work with ISD and CIO on the development and roll-out of additional mobile applications, including the Office of Unincorporated Area Services on an app focused on resources for unincorporated residents.
- Action Step 2: Develop an implementation plan to include the technical and legal element requirements.
STATUS: Using the DPW app as a template, CIO, ISD, County Counsel, and CEO have successfully developed a process for addressing and satisfying technical and legal challenges that may arise during app development.
- Action Step 3: Launch pilot mobile application to distribute and measure the effectiveness.
STATUS: Effectiveness continues to be monitored throughout the ongoing promotion and roll-out of existing mobile apps.

Priority Focus 4: Policy Development and Implementation

Long Term Outcome Statement: Achieve improved Board, CEO and Department collaboration in policy development and implementation.

2011 Action Plan

- Action Step 1: Re-evaluate existing forums to support policy development and implementation, including cluster and Board meetings.
STATUS: See below.
- Action Step 2: Explore changes to the current Board/Board office communication processes to provide greater opportunities for engagement of the Board and Board offices with CEO and other County departments in policy development and implementation.
STATUS: See below.
- Action Step 3: Implement new structures and forums for policy development and communication based on Board approval, and survey Board, CEO and County departments on assessment of improvements.
STATUS: See below.

STATUS: On-Going. Progress ongoing on internal communications process with Board offices, with particular focus on frequent conversations with Board Chief Deputies, and in the area of budget instructions, development of an electronic budget transmittal process, and improved communication with Board budget and policy deputies. See "Strategic Initiative 2, Priority Focus 2: Budget Process and Administration" for more information.

COUNTY OF LOS ANGELES STRATEGIC PLAN 2011 Close-Out Report Programmatic Goals 2 to 5

GOAL 2: CHILDREN, FAMILY, AND ADULT WELL-BEING:

Enhance economic and social outcomes through integrated, cost-effective and client-centered supportive services.

Strategy 1: Client-Centered Integrated Services: Develop and implement client-centered approaches through integrated services and best practices.

<p>Objective 1: Service Integration: By June 30, 2010, pilot a client-centered referral and tracking system and develop a consent form to track client outcomes, including the service integration projects at Magnolia and the homeless families' centralized intake form.</p>	<p>Completed</p> <p>A consent form has been developed, and a referral and tracking system is currently in use. The Service Integration Branch (SIB), members of the Magnolia Place Community Initiative, and 211 have developed the technical specifications for a web-based system and will continue to finalize.</p>
<p>Objective 2: Katie A: By June 30, 2011, draft Katie A. exit conditions for exit from the Settlement Agreement & obtain Panel approval. By September 2011, complete implementation of Phase II Coordinated Services Action Team (CSAT) Katie A. Strategic Plan rollout in the following SPAs: 2, 3, 4, 5, and 8.</p>	<p>Completed</p> <p>The Katie A. Exit Conditions were approved by the Panel in the summer of 2011 and were discussed with the Board in Closed Session on October 25, 2011. The exit conditions have been filed with the Court.</p> <p>The Coordinated Services Action Team was rolled out to all of the Department of Children and Family Services (DECFS) area offices in August 2011.</p>
<p>Objective 3: East San Fernando Valley Family Support Center: By December 31, 2013, open the East San Fernando Valley Family Support Center.</p>	<p>Addressed in proposed update</p> <p>SIB, Asset Planning and Strategy, and Capital Projects are working with departments to explore impact that potential changes to space/program design will have on implementation. This Objective will be addressed in Goal 3, Strategic Initiative 5: Capital Projects Coordination. .</p>

Strategy 2: Information Sharing: Promote information sharing and strategic planning within and between clusters, departments, and agencies to create more accessible and cost effective service delivery.

<p>Objective 1: Family Children's Index (FCI): Implement the Board's recommendations from June 12, 2009. By December 31, 2009, complete the critical technical enhancements and finalize MOU among departments.</p>	<p>Completed</p> <p>Technical enhancements have been implemented, and upgrades will continue to be implemented as needed. For example, the Children and Budget deputies recently approved additional enhancements that include the participation of an additional 10 non-County law enforcement agencies in FCI.</p>
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<p>Objective 2: Gang Violence Reduction: By June 30, 2010, implement Phase 1 at 4 demonstration sites: Pacoima, Florence-Firestone, Monrovia-Duarte, and Harbor Gateway</p>	<p>Completed</p> <p>Phase 1 of the Gang Strategy has been implemented in the four demonstration sites. Efforts related to juvenile re-entry in the four demonstration areas has led to the initiation of a regional juvenile re-entry council that will have countywide implications.</p>
<p>Objective 3: LINKAGES: By June 30, 2010, implement LINKAGES Cohorts 5 and 6. By October 31, 2010, complete final evaluation report.</p>	<p>Completed</p> <p>The Final Linkages Evaluation Report was completed and submitted to the State in June 2011.</p>

Strategy 3: Cost Avoidance: Increase cost avoidance and improved service outcomes through improved administrative efficiency and management.

<p>Objective 1: By December 31, 2010, complete the transfer of the Department of Children and Family Service (DCFS) Information Technology (IT) function from DCFS to the Internal Services Department (ISD).</p>	<p>Completed</p> <p>The migration to ISD is complete, and minor Local Area Network (LAN) upgrades will continue.</p>
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Strategy 4: Partnerships: Strengthen partnerships with community based-organizations, foundations, and other governmental agencies to maximize effectiveness, funding sustainability and capacity building.

<p>Objective 1: Seamless Senior Services: By February 2011, using existing resources, implement some of the recommendations from the multi-year Seamless Senior Services plan with the Departments of Mental Health, Public Social Services and Military and Veterans' Affairs, and other stakeholders. At-Risk Seniors was Objective 6; combined with Strategy 2, Objective 4, Seamless Senior Services.</p>	<p>Completed</p> <p>Based on a collaboration of County partners and community stakeholders, 60 recommendations were proposed to be implemented over three years. Using existing resources, all Year 1 and 2 goals were implemented as of 6/30/11. As Year 3 goals require funding for implementation, they are not being pursued pending the identification of funding for them.</p>
<p>Objective 2: City/County Homeless Collaborations (Homeless Stakeholder Collaboration): By June 30, 2011, in partnership with stakeholders, develop specific recommendations to align housing development and supportive services by increasing joint City/County supported units by 20 percent.</p>	<p>Completed</p> <p>There are several partnerships in different phases of process that align City/County resources and greatly promote homeless collaborations. They are as follows:</p> <ol style="list-style-type: none"> 1. Department of Health Services (DHS) and the CEO Homeless Coordinator, along with support from Department of Mental Health (DMH) and Department of Public Health (DPH), have led an effort to implement housing for homeless individuals who remain in DHS hospitals for long periods of time due to issues related to homelessness. DHS will provide supportive service and operational resources to partner with the Los Angeles City Housing Department (LAHD) housing units and the Housing Authority of the City of LA (HACLA) rental subsidies. They intend to do an Request For Proposals (RFP) for a property management and services provider. This was approved in concept by the Health and Homeless deputies on October 19, 2011. The first project in this partnership will be for 44 housing units in South LA.

	<p>DHS will implement further partnerships with the City as resources become available.</p> <p>2. LAHD, HACLA, and County departments have begun to meet to discuss collaborative Notices of Funding (NOFAs) and how LAHD NOFAs can include a section which asks the proposer to describe a services plan utilizing existing and future service resources.</p> <p>3. HACLA and the CEO Homeless Coordinator have been in discussion to plan a joint RFP, which would offer Section 8 tenant-based housing vouchers so County funded service providers can provide an intensive services component to align with housing opportunities for their homeless clients.</p> <p>4. Los Angeles Homeless Services Agency (LAHSA), CEO have begun a planning process which includes a discussion with Los Angeles Housing Department, Housing Authority of the City of LA, Community Development Commission and Housing Authority of the County of LA that would result in targeting resources for specific homeless populations including chronically homeless individuals and families.</p> <p>5. The United Way has initiated a Funders Collaborative to better align public and private resources to implement supportive housing for chronically homeless and veterans. DHS, DMH, DPH and the CEO Homeless Coordinator will participate in this collaborative.</p> <p>6. The CEO Homeless Coordinator continues to work with various communities to provide technical assistance in building supportive service partnerships to be aligned with permanent housing opportunities.</p>
<p>Objective 3: Dental Services for Children: By March 2010, Children and Family Services working with Health Services will develop a proposal, which includes private funding/resources, for a public/private partnership to expand dental services to children involved in the child welfare system.</p>	<p>Completed</p> <p>DHS was awarded \$300,000 by First 5 LA in February 2010 for equipment and dental provider start-up costs to establish a pediatric dental clinic adjacent to the Medical Hub at the High Desert Multi-Service Ambulatory Care Center (MACC). The capital project is now complete. The current target date for the dental clinic opening is July 1, 2012. Through a review by DHS, CEO, and DCFS, it has been determined that the plan to implement a dental clinic at the HUBs be halted. Consideration has been given to the current usage of dental services at Martin Luther King, Jr. MCAA and Harbor-UCLA Medical Center HUBs.</p>

<p>Objective 4: Arts for All School Districts: By December 31, 2011, the Los Angeles County Arts Commission, working with the Los Angeles County Office of Education and other key stakeholders, will increase the number of school districts in LA County with an adopted arts education plan through the Arts for All initiative by six percent, to support the ultimate goal that every public school student in LA County will receive a high quality K-12 education.</p>	<p>Completed</p> <p>This objective was met by five school districts - Hermosa Beach, Los Nietos, Pomona, South Whittier and Temple City -- adopting an arts education plan.</p>
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Strategy 5: Maximize Resources: Maximize existing resources and program effectiveness through program evaluation and improved data management.

<p>Objective 1: Evaluate the Homeless Prevention Initiative (HPI): By June 30, 2011, complete an evaluation of the programmatic and cost avoidance savings of several HPI programs. The project will implement a record linkage methodology to integrate County databases containing information on services provided to homeless participants. Evaluation will be done in phases and will inform the new strategic plan. Up to five program evaluations will be completed during FY 2009-10.</p>	<p>Completed</p> <p>SIB/Research and Evaluation Services (RES) has completed a series of evaluations of the programmatic and cost avoidance savings of several HPI programs.</p>
<p>Objective 2: By June 30, 2011, evaluate the 10,000 Jobs Initiative funded by the American Recovery and Reinvestment Act of 2009 to track job retention and related outcomes.</p>	<p>Incomplete and should be discontinued (provide explanation)</p> <p>The initial plan was to conduct a formal evaluation of the Temporary Assistance for Needy Families (TANF), Emergency Contingency Fund (ECF), and 10,000 jobs program. However, after Los Angeles and several other California counties were successful in lobbying for new legislation that would broaden the scope of subsidized employment in California's welfare to work program, Department of Public Social Services (DPSS) decided not to pursue a formal evaluation of the 10,000 jobs program. The new legislation, SB 72, changed some of the fundamental aspects of the program design. Since the program design would change significantly for subsidized employment post SB 72, DPSS saw no reason to evaluate the previous design, but opted to modify the program and study the new design. The target date to complete the new evaluation of subsidized employment post SB 72 is December 31, 2013.</p>
<p>Objective 3: By March 2011, implement a Data Mining technology solution through competitive procurement to assist in the detection and prevention of fraudulent activities among individuals or groups participating in Stage 1 Child Care Program for CalWORKs participants.</p>	<p>Completed</p> <p>The Data Mining System (DMS) was implemented on May 9, 2011, and has proven to be an effective tool in improving the detection and prevention of fraudulent activities among individuals and groups participating in the CalWORKs Stage 1 Child Care Program.</p>

<p>Objective 4: By December 2011, utilizing the Service Integration Branch's (SIB's) integrated Data warehouse, expand the Advanced Linkages Project methodology to other County programs and provide web access to interested departments (dependent upon funding availability).</p>	<p>Completed The expansion of the Advanced Linkages Project methodology to other County programs and web access for departments have been developed. Full implementation will take place during early 2012.</p>
<p>Objective 5: By June 30, 2011, evaluate outcomes of transition age youth who received services from the County's foster care and probation systems during 2002-05. The project will integrate County and external databases containing information on programs and services provided to transition age youth. The evaluation will follow the youth to adulthood and track outcomes during 2005-09.</p>	<p>Completed An evaluation on the adult outcomes of youth who exited dependent care and probation supervision during 2002 and 2004 was completed in November 2011.</p>
<p>Objective 6: By June 30, 2011, conduct quantitative and qualitative analyses to evaluate the Mandated Substance Abuse and Recovery Program (MSARP) for General Relief participants receiving services from DPSS and the Department of Public Health.</p>	<p>Completed SIB/RES completed a final report of the MSARP program for comments by DPSS and DPH. A final draft has now been completed which incorporates comments from DPH and DPSS. The study has now been submitted to DPH and DPSS for final review. The study will be released during the first quarter of 2012.</p>
<p>Objective 7: By June 2012, complete evaluation and final report of the five critical success factors for a sound arts education infrastructure. The data from the gap analysis will inform the Los Angeles County Arts Commission's and Los Angeles County Office of Education's efforts to increase the number of school districts in LA County with an adopted arts education plan.</p>	<p>Transfer to department strategic plan, Transfer to the Arts Commission. Between February and March 2012, the Arts Commission will increase the response rate for school districts completing the survey. It is expected that the final report will be completed by June 2012.</p>

GOAL 3: COMMUNITY AND MUNICIPAL SERVICES:

Enrich the lives of Los Angeles County’s residents and visitors by providing access to cultural, recreational and lifelong learning facilities programs; ensure quality regional open space, recreational and public works infrastructure services for County residents; and deliver customer oriented municipal services to the County’s diverse unincorporated communities.

Strategy 1: Cultural and Recreational Enrichment: Increase accessibility to County cultural, recreational and lifelong learning facilities and programs.

- a. **Promote County programs offering opportunities for cultural, recreational and lifelong learning and expand on enhancing program opportunities between multiple County departments that share services.**

<p>Objective 1: In order to reduce costs and enhance available programming for the residents of Los Angeles County, by March 30, 2010, identify a list of cultural, recreational and lifelong learning programs that could be cosponsored by County departments; By June 30, 2010, develop an implementation plan for introduction of selected programs.</p>	<p>Incomplete and should be discontinued</p> <p>A committee representing each department met and a list of possible collaborations was established. An implementation plan was developed for one collaborative project to take place in FY 2010-11 "Mysteries of Life on Earth." However, due to the impact of budget reductions, this has been placed on hold. With the continued budget uncertainty, this objective should be discontinued.</p>
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- b. **Develop a long-range plan so that all residents of Los Angeles County, regardless of age, have access to quality, affordable cultural, recreational and lifelong learning services.**

<p>Objective 1: By December 31, 2010, create a model joint use agreement between Department of Parks and Recreation and LAUSD for the shared use of facilities such as gyms or playing fields.</p>	<p>Transfer to department strategic plan</p> <p>This objective should be transferred to the Department of Public Health’s Strategic Plan.</p> <p>Parks and Recreation completed the Policy and Procedure for Joint use.</p> <p>In March 2010, Parks and Recreation joined efforts with the RENEW Community Coalition spearheaded by the Department of Public Health who was awarded \$16 million from the Center of Disease Control for Communities Putting Prevention to Work initiatives. Joint Use is one of the Coalition's initiatives.</p>
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<p>Objective 2: By December 31, 2011, support the implementation of the Emerald Necklace plan, educational programming and recreational uses.</p>	<p>Completed</p> <p>This objective is completed and on-going.</p> <p>January 2011: Peck Park along the Emerald Necklace Phase 1 and 2 park improvements were completed to increase the appeal of its recreational uses. Improvements included removal of cement footings to allow for new landscaping and trees, as well as pedestrian bridges and park benches. A Phase 3 planning document was completed; however funding is needed for implementation.</p> <p>January 2012: Planning efforts continued at Peck Park to improve the facilities. A plan was developed for a new entrance, walking paths, new restroom and landscaping. A new volunteer group began working at Peck Park to maintain native plants and remove noxious weeds. Funding still remains an issue in moving the plan forward.</p>
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Strategy 2: Public Works Infrastructure: Provide quality public works infrastructure and land development services to our communities.

- a. **Provide a system of regional public works infrastructure and services that proactively complies with or exceeds all environmental quality regulations in the areas of storm water and urban runoff, solid waste, drinking water and wastewater, thereby improving the quality of life for all of the residents of cities and unincorporated communities.**

<p>Objective 1: By March 31, 2011, secure reliable funding for Los Angeles County Flood Control District to financially support compliance with the National Pollution Discharge Elimination System (NPDES) permit, Total Maximum Daily Load (TMDL) and other stormwater quality programs through development of a proposed Water Quality Funding Initiative consisting of surveys, focus groups, revenue and rate structure, a program of improvement projects, public outreach and education, hearings before the Board of Supervisors, and a ballot measure benefiting property owners.</p>	<p>Transfer to department strategic plan.</p> <p>Will be part of Department of Public Work's Strategic Plan.</p> <p>Based on two-year concerted stakeholder outreach program in collaboration with cities and Board Offices, a parcel based fee will be proposed for Board consideration in March or April of 2012, with a proposed election date of May 2013. If passed, the measure would generate approximately \$270,000,000 to be spent on local and regional water quality projects and programs.</p>
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<p>Objective 2: By June 30, 2011, ensure reliable water supplies in County Waterworks Districts that meet or exceed State and Federal drinking water standards by collaborating with stakeholders and partner agencies to promote and implement initiatives for water conservation, water banking, water recycling, and pooling of water supply resources.</p>	<p>Completed</p> <p>The following actions were accomplished to meet this goal:</p> <ul style="list-style-type: none"> - Banked 10,000 acre-feet of State Water Project water for use during dry periods. - Completed 80 percent design for nine miles of pipeline, a tank and booster pump station for the Antelope Valley Recycled Backbone System in partnership with the City of Palmdale. - Constructed approximately 4.5 miles of pipe for Antelope Valley Recycled Water System in partnership with the City of Lancaster. - Implemented a water conservation program that includes tiered-water rate structures, rebate programs for efficient water use appliances, free water use surveys and an educational campaign to encourage water conservation. - Awarded a contract for construction of a new turnout from the Metropolitan Water District's system for Waterworks District No. 29, Malibu, and the Marina del Rey Water System. - Completed construction of approximately 70 percent of the Marina del Rey Phase 2 Backbone System.

b. Enhance service to all customers and stakeholders in land development and building permitting functions while protecting the interests of County residents in communities where development occurs by providing prompt, accurate, and coordinated business processes and monitoring of projects.

<p>Objective 1: By June 30, 2010, with the assistance of a consultant, develop a Feasibility and Requirements Study (FRS) to define the strategy and tactics for Permit and Land Management Solutions (PALMS) to improve the land related permitting systems and processes; and develop a timeline and budget to implement the recommended automation and streamlined business processes which will provide a coordinated system for monitoring and meeting conditions of approval and mitigation measures which will expand collaboration among departments and improve customer service.</p> <ol style="list-style-type: none"> 1. By April 2010, complete feasibility study. 2. By July 2010, evaluate recommendations and select suitable alternatives; and develop a timeline and budget to implement the recommended alternatives. 3. By August 2010, pending completion of item 2 above and contingent upon funding, work with the Chief Executive Officer and the Chief 	<p>Include in Management Appraisal and Performance Plan (MAPP)</p> <p>This objective will in the MAPP goals for the Director of Regional Planning.</p> <p>DRP, in conjunction with DPW, Parks, Public Health and Fire Department, continues to advance the PALMS project in phases. The existing phase is scheduled for completion by June 30, 2012 and entails system improvements that will facilitate the permitting process. Future phases will be programmed as additional funding is identified.</p>
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<p>Information Officer and participating departments to initiate the implementation plan for the recommended alternatives.</p> <p>4. In the event the PALMS initiative is placed on hold due to funding constraints, institute coordination and collaboration efforts between Departments of Public Works and Regional Planning by September 2010.</p>	
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Strategy 4: Housing Opportunities: Promote a wide range of housing opportunities to meet the needs of persons of all income levels and those with special needs.

<p>Objective 1: By June 30, 2014, complete the implementation of the Housing Element.</p>	<p>Include in MAPP</p> <p>This objective will in the MAPP goals for the Director of Regional Planning.</p>
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GOAL 4: HEALTH AND MENTAL HEALTH:

Improve health and mental health outcomes within available fiscal and other resources, by promoting proven service models and prevention principles that are population-based, client-centered and family-focused.

Strategy 1: Integrated Healthcare Delivery Systems: Improve regional integration and coordination of care between County directly operated programs and private providers, by improving access to specialty care, increasing coordination of services and enhancing communication across levels of care.

<p>Objective 1: By March 31, 2010, complete an initial strategic planning process involving the public and private sectors to develop integrated and coordinated healthcare delivery systems in Los Angeles County, including integration of mental health services, where appropriate, at health facilities, both public and private. By June 30, 2010, develop timeline and milestones for implementation, which will be incorporated into this objective and will continue into subsequent years. <i>Note: this timeline and plan will likely be affected by current discussions regarding renewal of California's Medicaid Section 1115 Waiver.</i></p>	<p>Addressed in proposed update</p> <p>The implementation work related to this Objective is reflected in Goal 2: Fiscal Sustainability, Strategic Initiative 3: California's Section 1115 Medicaid Waiver and Health Care Reform.</p>
<p>Objective 2: By June 15, 2011 complete the plan for developing integrated school health centers (ISHC), leveraging opportunities provided by the Department of Health Services (DHS) Clinic Capacity Expansion Project and the Los Angeles Unified School District's Joint Use Health Facilities projects. The plan will include a timeline for implementation of these ISHCs, which will be incorporated into this objective and will continue into subsequent years.</p>	<p>Completed</p> <p>Final report completed in July 2011. Implementation is proceeding with DHS, DMH, DPH and external stakeholders, including L.A. Unified School District and Los Angeles County Office of Education (LACOE) Education Fund led by CEO.</p>
<p>Objective 3: By June 1, 2010, identify opportunities to leverage program funding between County Departments and other entities involved in efforts to ensure integration of services to meet the health and human services needs of County residents.</p>	<p>Addressed in proposed update</p> <p>The implementation work related to this Objective is reflected in Goal 2: Fiscal Sustainability, Strategic Initiative 3: California's Section 1115 Medicaid Waiver and Health Care Reform.</p>

Strategy 2: High Risk/High Cost Populations: Develop multi-departmental integrated approaches for individuals with multiple problems to more effectively address substance abuse, mental health, health, housing and related issues, including proposals to increase or make better use of available revenue sources.

<p>Objective 1: By December 31, 2010, complete implementation of remaining mental health services elements of the Katie A. Strategic Plan.</p>	<p>Addressed in proposed update</p> <p>The implementation work related to this Objective is reflected in Goal 3: Integrated Services Delivery, Strategic Initiative 1: Katie A. Exit Conditions.</p>
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<p>Objective 2: By October 31, 2011, develop and begin implementation of a plan for a special intervention program for women with co-occurring disorders and their children, including evidence-based programs. This program is intended to be delivered at the Antelope Valley Rehabilitation Center (AVRC), and will be partially funded by the DMH PEI component of MHSA.</p>	<p>Completed Implementation is proceeding.</p>
<p>Objective 3: By September 30, 2011, improve services to individuals diagnosed as having substance abuse problems at the Antelope Valley Rehabilitation Center (AVRC) by implementing the recommendations from the assessment of the facility, implementing an integrated approach to assessing and treating co-occurring disorders, identifying a funding strategy for an integrated program, and addressing information-sharing issues that may arise in relation to referrals to the program and coordination.</p>	<p>Transfer to department strategic plan Implementation will be led by the Department of Public Health, subject to availability of funding.</p>

Strategy 4: Data Sharing:

b. Technology Exchange: Establish the information systems foundation for future electronic exchange and begin routine electronic exchange of selected health and human services data among County departments serving the same individuals.

<p>Objective 1: By August 2010, complete the system requirements, high-level system architecture design, and Agreement documentation package to acquire an Enterprise Master Person Index (EMPI) system to link Health Services, Mental Health, and Children and Family Services records. Submit to the Board for approval in September 2010.</p>	<p>Include in MAPP CEO is leading this initiative and will be included in the Health and Mental Health Cluster's MAPP Goal. The project charter has been updated, and County is currently conducting sole source negotiations with IBM and Western Health Information Network to explore and identify options for contracting, designing, developing, implementing, hosting and maintaining the County EMPI system. Agreements will be submitted for Board approval in late summer 2012.</p>
<p>Objective 2: By June 2011, complete implementation of an Enterprise Master Person Index (EMPI) to establish linkage of patient records across Health Services.</p>	<p>Transfer to department strategic plan Department of Health Services is currently conducting efforts to eliminate duplication of records at the facility level as it is imperative to be ready for EMPI. DHS EMPI will be part of the scope of the County EMPI system. The creation of DHS EMPI will start with DHS participation in LANES by Summer 2012.</p>
<p>Objective 3: By December 2012, complete Enterprise Master Person Index (EMPI) implementation to link Health Services, Mental Health and Children and Family Services records.</p>	<p>Include in MAPP CEO is leading this initiative CEO is leading this initiative and will be included in the Health and Mental Health Cluster's MAPP Goal.. Implementation of County EMPI system is scheduled to start in Winter 2012 and to last approximately 12 months.</p>

c. Measures: Promote collaboration between County departments by developing and implementing a comprehensive set of outcome measures that include specific benchmarks for cost-effectiveness and quality in services to County clients.

<p>Objective 1: By December 31, 2010, develop and finalize specifications for a set of outcome measures that include standards and monitoring procedures and tools for Health Services, Mental Health, and Children and Family Services that will assess performance regarding cost effectiveness and quality of services.</p>	<p>Addressed in proposed update</p> <p>The implementation work for this Objective is related to Goal 3: Integrated Services Delivery, Strategic Initiative 1: Katie A. Exit Conditions.</p>
<p>Objective 2: By December 31, 2013, implement a regularly reviewed, information based collection and analysis of joint outcome measures for Health Services (DHS), Mental Health (DMH), and Children and Family Services (DCFS) that reflect the performance goals in the areas of cost-effectiveness and quality of services.</p>	<p>Addressed in proposed update</p> <p>The implementation work for this Objective is related to Goal 3: Integrated Services Delivery, Strategic Initiative 1: Katie A. Exit Conditions.</p>

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GOAL 5: PUBLIC SAFETY:

Ensure that the committed efforts of the public safety partners continue to maintain and improve to the highest level of safety and security standards for the people of Los Angeles County.

Strategy 1: Public Safety Accountability: Establish the ability for public agencies to measure and compare the outcomes of public safety programs to ensure that funding priorities generate the intended outcomes.

Objective 1: By June 30, 2011, identify and begin collecting and reporting recidivism data for in-custody juvenile and adult offenders. By June 30, 2011, use the data to evaluate the effectiveness of juvenile justice and criminal justice programs.	Addressed in proposed update This Objective will be transferred to Goal 3: Integrated Services Delivery, Strategic Initiative 4: AB109/117 Public Safety Realignment."
Objective 2: By June 30, 2011, identify gaps in existing recidivism data and design a plan for collecting and reporting additional data. By June 30, 2011, accomplish components identified for implementation.	Addressed in proposed update This Objective will be transferred to Goal 3: Integrated Services Delivery, Strategic Initiative 4: AB109/117 Public Safety Realignment."

Strategy 2: Disaster Planning: Evaluate and refine a coordinated countywide catastrophic disaster plan to ensure workforce and resident readiness and preparedness in the event of a large-scale emergency.

Objective 1: By June 30, 2010, enhance outreach by developing a workforce and resident preparedness guide and an outreach plan for unincorporated areas. By June 30, 2011, disseminate English and non-English language core emergency preparedness documents and materials.	Completed Project completed in April 2011
Objective 2: By June 30, 2010, strengthen catastrophic planning by developing a Regional Southern California Catastrophic Earthquake Plan. By June 30, 2011 finalize the Regional Earthquake Plan and update the County's Hazard Mitigation Plan.	Completed Plan finalized in June 2011

Strategy 3: Custodial Overcrowding: Eliminate ineffective policies and inefficient procedures that lead to the systemic causes of custodial overcrowding and develop and institute countywide policies to reduce custodial overcrowding.

Objective 1: By June 30, 2010, identify savings associated with specific jail overcrowding initiatives. By June 30, 2011, achieve identified savings.	Addressed in proposed update This Objective will be transferred to Goal 3: Integrated Services Delivery, Strategic Initiative 4: AB109/117 Public Safety Realignment."
Objective 2: By March 31, 2010, present to the Board of Supervisors a Jail Master Plan to proceed with design. By September 30, 2010, present to the Board a plan for financing. By June 30, 2011, award a design-build contract for Men's Central Jail and Pitchess Detention Center.	Addressed in proposed update This Objective will be transferred to Goal 3: Integrated Services Delivery, Strategic Initiative 4: AB109/117 Public Safety Realignment."

Strategy 4: Communications Interoperability: Implement practices and policies to improve communications interoperability between public safety agencies and improve service delivery to the community through partnerships, legislative, and technological efforts.

<p>Objective 1: By June 30, 2010, develop funding strategies for LA -RICS. By June 30, 2011, secure funding for the County's participation in LA-RICS.</p>	<p>Transfer to department strategic plan</p> <p>Objective will be incorporated in the Sheriff and Fire Departments' Strategic Plans.</p>
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Strategy 5: Crime Prevention: Initiate and implement violence reduction initiatives to provide a safer environment for residents through collaborative efforts across County clusters and with our community partners.

<p>Objective 1: By June 30, 2010, develop an information-sharing framework that will increase the ability of County and non-County agencies to coordinate and integrate services aimed at crime and violence suppression, prevention, and intervention. Include legislative strategies if needed to overcome obstacles to information sharing. By September 30, 2011, evaluate the success of the information-sharing framework to increase the ability of County and non-County agencies to coordinate and integrate services aimed at crime and violence suppression, prevention, and intervention.</p>	<p>Completed</p> <p>This Objective was incorporated in Goal 2, Strategy 2, Objective 2 and completed.</p>
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County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

DRAFT

February 28, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**RECOMMENDATION TO APPROVE A SOLE SOURCE CONTRACT
FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION
SYSTEM MAINTENANCE AND HOSTING SERVICES
(ALL DISTRICTS – 3 VOTES)**

CHIEF INFORMATION OFFICER RECOMMENDATION:

APPROVE (X) APPROVE WITH MODIFICATIONS () DISAPPROVE ()

SUBJECT

This letter seeks your Board's approval for a sole source Contract with P&C Claims, Incorporated (P&C), for maintenance and hosting services to support the workers' compensation claims administration system and to upgrade the system and convert the files from the 27-year-old database to a modern database, for a base term of three years, with three, one-year options to extend the contract, effective March 1, 2012, at a maximum contract cost of \$2,885,232 including extensions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to execute the attached sole source contract with P&C for application hosting and maintenance services to support the Workers' Compensation Claims Administration System (System), upgrade the system and correct the database. The base contract will be effective for three years, commencing March 1, 2012, with a maximum contract sum not to exceed \$1,519,684, and includes an option to extend services up to three additional one-year terms.
2. Delegate authority to the CEO to execute the software agreement pursuant to the provisions of this contract.
3. Direct the CEO to immediately initiate the Request for Proposals (RFP) process for a workers' compensation claims administration system.

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4. Direct the CEO to report back in July 2012, and every six months thereafter, on the status of the RFP development and the conversion of the current workers' compensation system to a modern database system.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The contractor, P&C, is the successor company to GenSource, which was the original contractor that provided, installed, custom designed, maintained, and hosted the System. Currently, 300 users, including the County of Los Angeles (County) workers' compensation third party administrators (TPAs), medical management and cost containment contractors, short-term and long-term disability benefit administrator, CEO Risk Management Branch, County Counsel, and other County departments, depend on the System's applications to manage the County's workers' compensation claims administration program, process indemnity payments to injured employees, issue medical payments to healthcare and ancillary service providers, generate State-mandated benefit notices, and issue reports required by State and Federal entities. Failure to issue timely payments will subject the County to costly penalties and potential loss of its certificate to self-insure. The proposed contract maintains the current system, while providing a significant system upgrade and conversion to a modern database system at a very cost-effective price.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Strategic Plan Goal 1, Operational Effectiveness, by ensuring continuous and effective service delivery systems. The contract and system are in accordance with the current CEO Business Automation Plan (BAP).

FISCAL IMPACT/FINANCING

The maximum base term contract cost will be \$1,519,684, which is itemized as follows:

- A maximum \$749,184 total for system maintenance and support, including software upgrades to support 300 users;
- A maximum \$310,500 (\$103,500 per year) for State of California-mandated electronic transfer of workers' compensation claims data from the System to the California Department of Industrial Relations (DIR). The contract assigns responsibility to P&C for ensuring the information collected by the County's TPAs is transferred to DIR;
- A maximum \$60,000 (\$20,000 per year) for user training, as may be required by the County;
- A maximum of \$300,000 to upgrade the GenIris system to ClaimsVision; and
- A maximum of \$100,000 in funding for system customization, including the eCAPS interface.

In the event the County elects to extend the contract for services beyond the base term, the maximum cost will not exceed \$2,885,232, which will be the total for six years. The cost for each extension is as follows:

First Year Extension	\$ 483,288
Second Year Extension	\$ 438,484
Third Year Extension	\$ 443,776
Total	\$ 1,365,548

The base term and any contract extension costs will be paid out of the Workers' Compensation Trust Fund.

Expenditures for the Fiscal Year 2010-11 contract year were \$356,932. This included costs for the following:

- \$ 240,000 (\$20,000 per month) for system maintenance;
- \$103,500 for electronic transfer of workers' compensation claims data to the DIR; and
- \$13,432 for optional work/customization.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 1, 2007, your Board approved a sole source contract with GenSource, a Division of StrataCare Inc. Effective December 31, 2009, all assets of GenSource were assigned to P&C.

The contractor, P&C, is a recognized leader in the workers' compensation information system industry. The firm has an extensive knowledge of the County's workers' compensation program and has provided and continues to provide software modifications and upgrades at minimal expense. All users agree that while the existing system is not state-of-the-art, it has continued to deliver consistent and reliable performance since 1985. P&C has developed an upgrade to their Genlris claims administration system which is being marketed under the name ClaimsVision. They are offering this product to existing users at a reduced rate if the upgrade is purchase in 2012. P&C states the reduced rate of \$300,000 is less than half of the cost of the ClaimsVision system to new clients.

By comparison, we have identified costs for other agencies who have or are planning to upgrade to modern workers' compensation data base systems:

Business/Organization	Migration Date	New/Upgraded System Cost	5-Year Maintenance fees
City of Los Angeles	March, 2012 (planned)	\$2.85M	\$1.5M
San Bernardino County	2007-2008	\$1.3M	\$375,000
Keenan & Associates (TPA) approx 75% the size of L. A. County	2007	Approximately \$2M	Approximately \$1M (includes liability and disability systems)
County of Los Angeles	2012 (proposed)	\$300,000 - \$400,000	\$1.9M

The CEO recommends allowing P&C to implement their ClaimsVision system now for the following reasons:

- Pricing of the upgrade is reasonable compared to other options;
- P&C would be responsible for the migration and reconciliation of data between their two systems. If we were to migrate to a different vendor, neither P&C nor the new vendor would be obligated to support this transition. Having the same vendor handle both sides of the migration eliminates conflicts between vendors and results in substantial savings in both work hours and conversion costs for the County;
- There is a backup system (GenIris) built in, with full support from P&C, while the County makes the transition; and
- ClaimsVision is a modern database that would pave the way for an easier transition and attract more competitive bids from other vendor systems in the future.

The CEO Risk Management Branch intends to begin the RFP process for a new system immediately. Attached is a timeline showing the projected schedule for the RFP and also for the ClaimsVision conversion (Attachment I). The timeline runs the RFP development and the data system upgrade and conversion process concurrently, which will be challenging given limited CEO staff resources, but should be doable. The extension proposed at this time will allow P&C to complete the conversion of the current system to the upgraded ClaimsVision and the continuation of services under this system if, and until, a replacement system is implemented. Once ClaimsVision goes live, any final modifications needed to the RFP will be made and the RFP released immediately afterwards.

The CEO will report back to your Board in July 2012, and every six months thereafter, on the status of the RFP and data conversion process.

The attached contract has been approved as to form by County Counsel and reviewed by the Chief Information Officer (CIO Analysis Attached). Both concur with the CEO's recommendations.

CONTRACTING PROCESS

On December 8, 2011, we notified your Board of our intent to negotiate a sole source contract with P&C (Attachment II). The system software is proprietary to P&C; therefore, no other vendor can provide the necessary maintenance and support.

IMPACT ON CURRENT SERVICES

Continuation of this system is essential to ensure timely and accurate issuance of County workers' compensation benefits and payments, and to avoid potential imposition of State penalties for late benefit payments. It will allow the Department to issue an RFP and provide time for system upgrade and date conversion before a replacement workers' compensation claims administration system is implemented.

The Honorable Board of Supervisors
February 28, 2012
Page 5

DRAFT

CONCLUSION

Upon approval by your Board, please return two signed originals of the Contract and one adopted copy of the letter to the CEO Risk Management Branch, attention Laurie Milhiser, County Risk Manager.

Respectfully submitted,

Reviewed by:

WILLIAM T FUJIOKA
Chief Executive Officer

RICHARD SANCHEZ
Chief Information Officer

WTF:ES:RS
LM:RC:KF:tv

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Chief Information Officer

Request For Proposal									
Project Task	Project Begin	Project End	Project Task	Project Begin	Project End				
RFQ Select Consultant									
Conduct Kick-off Meeting	3/1/2012	3/28/2012	System Evaluation						
Phase 1 Milestone	4/2/2012	4/2/2012	California Compliance	4/3/2012	5/1/2012				
	4/2/2012	4/2/2012	Business Rules Development	4/3/2012	5/1/2012				
Needs Assessment			User Technical Requirements	4/3/2012	5/1/2012				
Security and System Parameters	4/3/2012	5/1/2012	Security/Authorization Levels	4/3/2012	5/1/2012				
Application Menu			Create Project Plan						
Examiner Menus	4/3/2012	6/29/2012		5/2/2012	5/7/2012				
Benefit Notice Menu	4/3/2012	4/30/2012	Conversion Migration Customization						
Payment Configuration	5/1/2012	5/15/2012	Interface & Production Testing	5/8/2012	2/6/2014				
Vendor Table Configuration	5/1/2012	5/31/2012	Demo & Training	12/2/2013	2/19/2014				
Document Generation Requirements	4/3/2012	4/30/2012		12/2/2013	2/19/2014				
Document Storage Requirements	4/3/2012	4/30/2012	Go Live						
Disability Management	4/3/2012	4/30/2012		3/3/2014	3/3/2014				
Master Coding									
Cause, Nature, Body Part	4/3/2012	4/30/2012							
ICD 9+ Coding	4/3/2012	4/30/2012							
NCCI Injury Coding	4/3/2012	4/30/2012							
Organization + Sub-Organizations	4/3/2012	4/30/2012							
Occupation/Item	4/3/2012	4/30/2012							
Status - Sub-Status	4/3/2012	4/30/2012							
System Reporting									
Search Capability	5/1/2012	5/29/2012							
Standard Reporting	5/1/2012	5/29/2012							
Production Reporting	5/1/2012	5/29/2012							
Ad-Hoc Reporting	5/1/2012	5/29/2012							
Report Migration	5/1/2012	5/29/2012							
MMSEA	5/1/2012	5/29/2012							
FROI/SROI	5/1/2012	5/29/2012							
WCIS	5/1/2012	5/29/2012							
Interface Capability/Functionality									
Bill Review	6/1/2012	6/29/2012							
Utilization Review	6/1/2012	6/29/2012							
Payroll	6/1/2012	6/29/2012							
eCAPS	6/1/2012	6/29/2012							
Other County Systems	6/1/2012	6/29/2012							

Data Transfer + Warehouse	6/1/2012	6/29/2012		
<i>Business Rules</i>				
Authority Levels	4/3/2012	6/29/2012		
Exception Notification	4/3/2012	6/29/2012		
Case Closure Parameters	4/3/2012	6/29/2012		
Mandatory Screens	4/3/2012	6/29/2012		
Printing	6/1/2012	6/29/2012		
Blocking Capability	4/3/2012	6/29/2012		
Phase 2 Milestone	6/29/2012	6/29/2012		
<i>RFP Document</i>				
RFP & SOW Draft	7/2/2012	7/15/2012		
County Counsel Review	7/16/2012	7/30/2012		
CIO Review	7/16/2012	7/30/2012		
Evaluation Tool	7/2/2012	7/30/2012		
RFP & SOW Ready for Release	8/3/2012	8/3/2012		
Phase 3 Milestone	8/3/2012	8/3/2012		
<i>RFP Process</i>				
Any final RFP update based on ClaimsVision implementation				
RFP Release*	3/4/2014	4/4/2014		
Proposers' Conference	4/8/2014	4/8/2014		
Proposals Due	5/8/2014	5/8/2014		
Evaluation Process	7/17/2014	7/17/2014		
Selection/Notification	7/21/2014	9/22/2014		
Debriefing	9/26/2014	9/26/2014		
Time allotted for Protests	9/29/2014	10/3/2014		
Recommendation to BOS	10/6/2014	12/5/2014		
Phase 4 Milestone	12/23/2014	12/13/2014		
			Conversion + Migration (New Vendor)	1/6/2015 12/22/2016
			Interface & Production Testing	12/6/2016 2/24/2017
			Demo & Training	12/6/2016 2/24/2017
			Go Live	3/1/2017 3/1/2017
			Phase 5 Milestone	3/1/2017 3/1/2017

*Recommend release after ClaimsVision goes live.

Potential Conversion to New Vendor



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

December 8, 2011

To: Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

NOTICE OF INTENT TO NEGOTIATE A SOLE SOURCE CONTRACT FOR AUTOMATED WORKERS' COMPENSATION SYSTEM

In accordance with your Board Policy number 5.100 regarding sole source contracts; this is to inform you that the Chief Executive Office (CEO) intends to negotiate a sole source contract with P&C Claims, Inc., (P&C) for the continued provision of an automated workers' compensation claims administration system. A copy of the original contract is attached for your reference.

The workers' compensation claims administration and information system (System) software, licenses, and system maintenance services has been provided by P&C (previously GenSource) since 1985, initially through purchase orders and eventually via the current sole source agreement, which will terminate on February 29, 2012. Nearly 300 users, including workers' compensation third party administrators (TPAs), medical management cost containment contractors, CEO, County Counsel, and other County staff depend upon the System's applications to manage the County's self-insured workers' compensation program. The System provides benefit delivery and reporting applications that allow the County to comply with State and Federal mandates. For information purposes, we have attached a copy of our last contract with P&C.

The CEO is actively undergoing a comprehensive assessment of its various automated claims administration systems (as well as its internal procedures) for processing workers' compensation, automobile and general liability, and medical malpractice/hospital liability claims. In order to allow sufficient time to accurately assess the County's needs and to survey the trends in the marketplace, we plan to continue with a sole source agreement with P&C to ensure that these crucial System functions continue without interruption until such time that an appropriate solicitation can be conducted.

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Each Supervisor
December 8, 2011
Page 2

Unless otherwise instructed by your Board within two weeks, we will proceed with negotiating the sole source contract.

If you have any questions, please have your staff contact Ellen Sandt at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:ES
LM:KR:KF:tv

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Chief Information Officer



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 13, 2007

19

FEB 13 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**RECOMMENDATION TO APPROVE A SOLE SOURCE CONTRACT
WITH GENSOURCE, A DIVISION OF STRATACARE CORPORATION,
FOR A WORKERS' COMPENSATION CLAIM ADMINISTRATION SYSTEM
(ALL DISTRICTS – 3 VOTES)**

CHIEF INFORMATION OFFICER RECOMMENDATION:

APPROVE (X) APPROVE WITH MODIFICATIONS () DISAPPROVE ()

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to execute the attached sole source Contract with GenSource, A Division of StrataCare Inc., (GenSource), for application hosting and professional services to support the workers' compensation claim administration and information system (System). This Contract will be effective for a three (3) year term, commencing March 1, 2007, with a maximum contract sum not to exceed \$1,544,500, and includes an option to extend maintenance services for up to two (2) additional one (1) year terms, at a total cost of \$927,000, subject to adjustment in electronic data transfer costs which may be incurred to comply with State of California workers' compensation reporting requirements.
2. Delegate authority to the County of Los Angeles (County) Chief Administrative Officer (CAO), or his designee, to approve and execute extensions and change notices, and purchase additional user software licenses, pursuant to the provisions of the Contract.

3. Delegate authority to the CAO to execute the software escrow agreement pursuant to the provisions of the Contract.
4. Instruct the Auditor-Controller to make payments for System costs, as invoiced and validated by the CAO.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this recommendation will ensure uninterrupted availability of this critical System. Workers' compensation claim administration and information system software licenses and system maintenance services have been provided by GenSource since 1985. Nearly 300 users, including the County's workers' compensation third party claim administration firms (TPAs), CAO, County Counsel, and other County staff depend upon the System applications to manage the County's workers' compensation claim administration program, process indemnity payments to injured workers, and issue medical payments to healthcare and other service providers.

Presently, GenSource software licenses and software maintenance are obtained through purchase orders processed under the authority of the Internal Services Department (ISD). Future System costs for hosting, maintenance, and support services will exceed ISD's purchasing authority, thereby prohibiting the CAO from securing the desired services through the purchase order process. We are therefore requesting your Board's approval of this Contract to ensure these crucial System functions continue without interruption.

Approval of this Contract will also enable the County to implement a major upgrade of the System software, as well as enhance the technical architecture and system environment to a network-based model, to enable the County to fully utilize the latest System capabilities. These capabilities include enhanced workers' compensation claim administration and management tools, expanded reporting capabilities, and improved communication of claim information between TPAs and client County departments.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Strategic Plan Goal Three, Organizational Effectiveness, by ensuring that service delivery systems are efficient, effective, and goal oriented; and Goal Four, Fiscal Responsibility, by strengthening the County's fiscal capabilities by providing critical data for financial decision making. The Contract and System are also in accordance with the CAO Business Automation Plan (BAP), as it meets the CAO's long-term strategies to upgrade mission-critical applications.

FISCAL IMPACT/FINANCING

These services will be provided for the initial three (3) year term at a cost of \$1,544,500, itemized as follows:

- A one-time charge of \$154,000 for the first year start-up, migration and implementation of the upgrade from the current GenSource Legacy System utilized by the County to the latest System application, GenComp for Windows (GCFW), which includes the perpetual GCFW software license;
- A maximum \$720,000 (\$240,000 per year) for System maintenance and support, including software upgrades to support 300 users;
- A maximum \$310,500 (\$103,500 per year) for State of California-mandated electronic transfer (ET) of workers' compensation claim data from the System to the California Department of Industrial Relations (DIR). The Contract assigns responsibility to GenSource for ensuring that information collected by the County's TPAs is transferred to DIR. DIR utilizes this data to assist in its oversight of the California workers' compensation system, and obtain statistical information for research purposes;
- A maximum \$60,000 (\$20,000 per year) for user training, as may be required by the County; and
- A maximum \$300,000 (\$100,000 per year) in funding for customization costs, should changes in System programming be necessary to address unanticipated County service needs, such as DIR-mandated changes in reporting requirements, increased maintenance and support service costs, should the number of County System users exceed 300, and for software escrow fees.

If the County elects to extend the GenSource contract for System maintenance services through years four and five, the costs will be:

- A maximum \$240,000 per year for maintenance and support, including software upgrades to support 300 users;
- A charge of not less than \$103,500 per year for ET of workers' compensation claim data from the System to the State. This ET cost may increase should new vendor programming be required to comply with changes in reporting and/or electronic billing requirements as mandated by the State;
- A maximum \$20,000 per year to pay for user training, as may be required by the County; and

- A maximum \$100,000 per year for customization costs, should changes in System programming be necessary to address unanticipated County service needs, such as DIR-mandated changes in reporting requirements, increased maintenance and support service costs, should the number of County System users exceed 300, and for software escrow fees.

Funding is available in the Workers' Compensation Trust Fund to pay for these costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

GenSource is a recognized leader in the workers' compensation information system industry, and provides services to many large public and private sector clients, including the State of California, County of San Bernardino, the Walt Disney Company, and Blue Cross of California. They have extensive knowledge of the County's workers' compensation program, and have accommodated previous County requests for software modifications and upgrades at minimal expense, or at no additional cost to County by incorporating them within their base application releases. GenSource's successful processing of millions of transactions over the past 20 years has demonstrated their ability to deliver consistent and reliable performance.

Approval of this Contract will enable County TPAs to upgrade to the latest GCFW software release. The Contract also provides for GenSource to host the County's data on its database and application servers. County data are presently hosted on servers maintained by ISD; however, GenSource can provide hosting services at a substantially lower cost. GenSource hosting will also enable the County to receive a data warehouse with related maintenance at no additional cost, as well as automatic global System updates, eliminating the County administrative cost associated with loading of such software releases onto the County servers and individual user computers.

The GenSource database server is exclusively dedicated to the County's data only, and is located in a secure area of GenSource's internal network. The Chief Information Officer (CIO) concurs that these security measures are appropriate. The Contract also requires that GenSource place the GCFW System source code in an escrow account to ensure the County's access, should circumstances arise that would prevent GenSource from continuing to provide the System maintenance services.

The attached Contract was approved as to form by County Counsel, and reviewed by the CIO; they concur with these recommendations. This is not a "Proposition A" contract, and, therefore, not subject to the Living Wage Program (*Los Angeles County Code Chapter 2.201*).

CONTRACTING PROCESS

On February 23, 2006, we notified your Board of our intent to negotiate a sole source Contract with GenSource. Because the System software is proprietary to GenSource, neither the County's liability Risk Management Information System (RMIS) vendor, nor any other alternative vendor, can provide the necessary product maintenance; therefore, a sole source Contract is needed.

In addition to ensuring the State-mandated workers' compensation claim services continue, the Contract will also provide the County with the time needed to assess System-user needs to determine if future changes in the System and/or vendor are desirable, and if a competitive solicitation process should be initiated. This assessment will include evaluation of the feasibility of consolidating these System functions with those of RMIS.

The following are areas within the negotiated Contract that depart from the County's standard terms and conditions. The CAO believes these negotiated changes are commercially reasonable and do not pose undue risk or burden to the County. County Counsel and CIO have reviewed these issues and concur with these changes:

Assignment and Delegation - The Contract includes this provision requiring that GenSource obtain the County's written consent to an assignment. GenSource has insisted upon including an exception that a merger or the sale of all, or substantially all of, GenSource's assets shall not constitute an assignment, but rather be considered a permitted transfer. However, GenSource is obligated to require that any successor Contractor shall be explicitly bound by the terms and conditions of this Contract.

Indemnification - A statement has been added to the County's standard Indemnification provision specifying that GenSource shall not be obligated to indemnify the County for liability arising from the County's sole negligence due to its acts or omissions relating to this Contract.

Limited Warranty/Disclaimer and Limitation of Liability - The negotiated Contract limits GenSource's liability for damages sustained by County, and County's exclusive remedy in such an event, to the refund of all license fees paid to date, or the sum of \$20,000, whichever amount is greater, should the System fail to meet the specifications. GenSource will not be liable for any incidental, indirect, special, or consequential damages that may result from the use or inability to use the System. However, GenSource remains obligated to indemnify any third parties seeking damages, and to assume any loss which would be claimable under the commercial insurance policies, which GenSource is required to maintain pursuant to the Contract.

Honorable Board of Supervisors

February 13, 2007

Page 6

Most Favoured Public Entity - GenSource would not agree to this provision.

Termination for Convenience - The standard provision enables the County to terminate the Contract at its sole discretion at any time when it is deemed to be in its best interest. Under the negotiated alternative language, the Contract can be terminated for convenience following the third anniversary of the effective date, to enable GenSource to recover the costs it is investing in the upgrades and preparation for hosting the County's data. This three-year (3) period will also allow the County to find and transition to a new service provider, should this be found necessary. All other standard County termination provisions remain unchanged and are included within the Contract.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Continuation of this System is essential to ensure timely and accurate issuance of County workers' compensation benefits and payments, and to avoid potential imposition of State penalties for late benefit payments. Approval of the Contract will also ensure the County's continued compliance with mandatory California workers' compensation claim information reporting requirements, and with the CAO's long-term strategy to upgrade mission-critical applications.

CONCLUSION

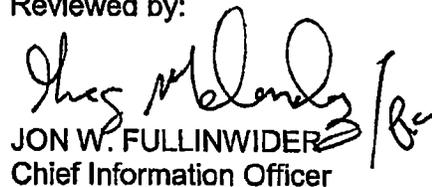
Upon approval by your Board, please return two signed originals of the contract and one adopted-stamped copy of the letter to the CAO Risk Management Branch, attention Rocky A. Armfield, County Risk Manager.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

Reviewed by:



JON W. FULLINWIDER
Chief Information Officer

DEJ:RAA
DU:DS:sg

Attachment

c: Executive Officer, Board of Supervisors
Chief Information Officer
County Counsel

CIO ANALYSIS

SOLE SOURCE CONTRACT WITH GENSOURCE FOR SOFTWARE MAINTENANCE AND APPLICATION HOSTING SERVICES FOR A WORKERS' COMPENSATION CLAIMS ADMINISTRATION SYSTEM
(All Districts – 3 Votes)

CIO RECOMMENDATION: APPROVE APPROVE WITH MODIFICATION
 DISAPPROVE

Contract Type:

New Contract Contract Amendment Contract Extension
 Sole Source Contract Hardware Acquisition Other

New/Revised Contract Term: **Base Term:** Three Yrs **# of Option Yrs:** Two 1-year terms

Contract Components:

Software Hardware Telecommunications
 Professional Services

Project Executive Sponsor: Alex Rossi, Chief Program Specialist, CAO Risk Management Branch

Budget Information :

Y-T-D Contract Expenditures	\$ 0
Requested Contract Amount	\$ 2,471,500
Aggregate Contract Amount	\$ 2,471,500

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved? The System is currently being used by CAO and County Counsel staff, as well as County's workers' compensation third party administrators.

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

This sole source contract with GenSource will allow the Chief Administrative Officer's (CAO) Risk Management Branch to upgrade its Workers' Compensation Claims Administration System (System) to the latest web-enabled version, provide expanded reporting capabilities, and provide for application hosting services, at a lower cost than ISD. The term of the contract is three years at a total cost of \$1,544,500 with an option to extend the hosting and maintenance services for two one-year terms at a cost of \$463,500 per year.

Background:

The System software was originally purchased using an ISD Purchase Order and has been operating out of the ISD Data Center by the Risk Management Branch since 1985 with technical support from GenSource. The System is currently used by approximately 300 users including the County's workers' compensation third-party administrators, CAO and County Counsel as part of the County's workers' compensation claims administration program. The workers' compensation claims administration program processes indemnity payments to injured workers, issues medical payments to healthcare and other service providers, and provides State mandated claims data.

An advance Board notification to file a sole source contract with GenSource was filed on February 23, 2006. The Chief Information Office and County Counsel have reviewed and approved this contract.

Project Justification/Benefits:

GenSource is a recognized leader in the workers' compensation information system industry and provides services to other public entities including the State of California and the County of San Bernardino. GenSource also has extensive experience and knowledge about the County's workers' compensation program and services based on their experience working with the County to maintain and operate the System over the past 20 years.

Project Metrics:

This is a fixed price deliverables-based contract. As such, the Statement of Work and its Payment Schedule specifies the services that will be provided.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

The System is currently used to provide timely and accurate issuance of the County's workers' compensation benefits and payments, as well as comply with State mandated reporting requirements. Approval of the Contract will ensure continued and uninterrupted administration and processing of the County's workers' compensation benefits and payments and allows the CAO to utilize the latest supported version of the System.

Alternatives Considered:

The System proprietary software is developed and maintained by GenSource. Software customizations have been made to the baseline software over the years to support the County's workers' compensation program requirements. GenSource is the only vendor that can modify the latest version of the System to retrofit the County's software customizations. As such, the CAO did not consider other alternatives.

Project Risks:

Key project risks include ensuring that:

- GenSource provides an adequate level of service for the hosted System to support the County's workers' compensation program administration requirements; and
- County maintains ownership of all workers' compensation claims data and has access to the System software at contract expiration or termination.

Risk Mitigation Measures:

The following risk mitigation measures are in place to address the key project risks:

- A comprehensive Service Level Agreement (SLA) and Performance Standards Requirements (with associated penalties) are included in the Contract. GenSource is also required to provide a technical architecture that meets predefined system performance requirements.
- Specific data ownership and transition terms have been included in the Contract Statement of Work to ensure that the County owns all claims data and that GenSource is required to provide the data to the County upon contract expiration or termination. Additionally, GenSource will be required to escrow a version of the System software that includes the County's software customizations.

Financial Analysis:

The total cost of the Contract is \$2,471,500 as follows:

1. A cost of \$1,544,500 for a three year base contract term comprised of:
 - a. A one time charge of \$154,000 for system upgrade and to transition to the hosting environment.

- b. A maximum of \$720,000 (\$240,000 per year) for system maintenance and application hosting services.
 - c. A maximum of \$310,500 (\$103,500 per year) for State mandated electronic transfer of workers' compensation claims data.
 - d. A maximum of \$300,000 (\$100,000 per year) as contingency funding to accommodate unanticipated System software changes resulting from required software customizations or enhancements, new or revised State requirements and/or increased number of users resulting from program expansion.
 - e. A maximum of \$60,000 (\$20,000 per year) for additional training, as required by County to support program expansion.
2. A cost of \$927,000 for two optional one year terms comprised of:
- a. A maximum of \$480,000 (\$240,000 per year) for system maintenance and application hosting services.
 - b. An estimate of \$207,000 (\$103,500 per year) for State mandated electronic transfer of workers' compensation claims data.
 - c. A maximum of \$40,000 (\$20,000 per year) for additional training, as required by County to support program expansion.
 - d. A maximum of \$200,000 (\$100,000 per year) as contingency funding to accommodate unanticipated System software changes resulting from required software customizations or enhancements, new or revised State requirements and/or increased number of users resulting from program expansion.

Funding for this contract is provided by the Workers' Compensation Trust Fund.

CIO Concerns:

None.

CIO Recommendations:

My Office supports this contract and recommends approval by the Board.

CIO APPROVAL:

Date Received: 1/29/2007

Prepared by: Pedro

Date: 1/30/2007

Approved: [Signature]

Date: 1/30/2007

76027

CHIEF ADMINISTRATIVE OFFICE



CONTRACT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

GENSOURCE CORPORATION

FOR

SOFTWARE MAINTENANCE AND
APPLICATION HOSTING SERVICES

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**CONTRACT FOR
SOFTWARE MAINTENANCE AND APPLICATION HOSTING SERVICES**

THIS CONTRACT (together with the preamble, recitals and Exhibits hereto, the "Contract") is made and entered into as of the Effective Date by and between the County of Los Angeles, a political subdivision of the State of California ("County") and GenSource, a division of StrataCare, Inc., a Delaware corporation ("Contractor").

RECITALS

WHEREAS, County has a license for an automated workers' compensation claims administration system (the "System") for processing of Workers' Compensation claims which was acquired pursuant to that certain County Internal Services Purchase Order No. 31082350 dated April 25, 2006 by and between County and Contractor (the "Purchase Order");

WHEREAS, County desires to contract for the provision of software maintenance and application hosting services (collectively, the "Services") in connection with the System;

WHEREAS, County has determined that the Services are of a technical nature and is unable to recruit qualified personnel with the requisite training, knowledge, or experience to perform the Services;

WHEREAS, this Contract is therefore authorized under California Government Code Section 31000, which authorizes the Board of Supervisors to contract for special services;

WHEREAS, Contractor is a private firm specializing in providing software maintenance and application hosting services and possesses the competence, expertise, and personnel necessary to provide the Services upon the terms and conditions described hereunder;

WHEREAS, Contractor has previously provided County with software maintenance services with respect to the System under the Purchase Order, and is willing to provide the Services to County under this Contract;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, I and J are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract and then to the Exhibits according to the following priority.

- EXHIBIT A - Statement of Work
- EXHIBIT B - Pricing Schedule
- EXHIBIT C - Contractor's EEO Certification
- EXHIBIT D - County's Administration
- EXHIBIT E - Contractor's Administration

- EXHIBIT F - Contractor Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement
- EXHIBIT G - Jury Service Ordinance
- EXHIBIT H - Escrow Agreement
- EXHIBIT I - Safely Surrendered Baby Law
- EXHIBIT J - Contractor's Obligations as a "Business Associate" Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA)

This Contract and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Section 8.4 (Change Notices and Amendments) and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1 Acceptance: "Acceptance" shall mean County's written approval of any tasks, subtasks, deliverables, goods, services or other work provided by Contractor to County, consistent with the requirements of *Exhibit A - Statement of Work*.
- 2.2 Contract: "Contract" shall have the meaning set forth in the preamble.
- 2.3 Contractor: "Contractor" shall have the meaning set forth in the preamble.
- 2.4 Contractor's Project Manager: "Contractor's Project Manager" shall have the meaning specified in Section 7.1 (Contractor's Project Manager).
- 2.5 County's Contract Administrator: "County's Contract Administrator" shall have the meaning specified in Section 6.1 (County Contract Administrator).
- 2.6 County's Project Director: "County's Project Director" shall have the meaning specified in Section 6.2 (County Project Director)
- 2.7 County's Project Manager: "County's Project Manager" shall have the meaning specified in Section 6.3 (County Project Manager).
- 2.8 Day(s): "Day(s)" shall mean calendar day(s) unless otherwise specified.
- 2.9 Deficiency(ies): "Deficiency(ies)" shall mean and include defect(s) in design, development, programming, implementation, materials, or workmanship; error(s); omission(s); deviation(s) from published or mutually agreed upon standards, from any of the Specifications, or from any County-approved Deliverables; or other problem(s) which result in the System not performing in accordance with the provisions of this Contract, including, without limitation, the Specifications.
- 2.10 Department Head: "Department Head" shall mean the Chief Administrative Officer of the County of Los Angeles.

CONTRACT FOR SOFTWARE MAINTENANCE AND APPLICATION HOSTING SERVICES

- 2.11 Deliverable(s): "Deliverable(s)" shall mean any task, subtask, item, and/or a service or other consideration to be provided by Contractor under this Contract.
- 2.12 Effective Date: "Effective Date" shall mean March 1, 2007 or the date the Contract is executed by the County of Los Angeles Board of Supervisors, whichever is later.
- 2.13 Fiscal Year: "Fiscal Year" shall mean the twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.14 Source Code: "Source Code" shall have the meaning set forth in Subsection 3.15 of *Exhibit A - Statement of Work*.
- 2.15 Specifications: "Specifications" shall mean the functional application program specifications set forth in *Exhibit A - Statement of Work*.
- 2.16 System: "System" shall mean all Software, Hardware, third party software, conversion, interfaces, databases and services described in this Contract and as otherwise agreed to in writing by Contractor and County pursuant to Section 8.4 (Change Notices and Amendments) collectively comprising the Workers' Compensation Claims Administration System. Reference to the System may include one or more components or modules thereof or the entire System.
- 2.17 User: "User" shall mean any person or entity authorized by County to access or use the System or a System component.
- 2.18 Weekday Minimum Maintenance Period: The "Weekday Minimum Maintenance Period" shall mean the period between the hours of 8:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday, excluding the following holidays observed by Contractor: New Year's Day, Martin Luther King Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day, and Day after Christmas.

3.0 WORK

- 3.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, goods, services and other work as set forth in *Exhibit A - Statement of Work*.
- 3.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

4.0 TERM OF CONTRACT

- 4.1 The term of this Contract shall commence on the Effective Date and shall expire three (3) years thereafter, unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2 The County shall have the sole option to extend the Contract term for up to two (2) additional one-year periods, for a maximum total Contract term of five (5) years. Each such option to extend shall be exercised at the sole discretion of the Chief Administrative

CONTRACT FOR SOFTWARE MAINTENANCE AND APPLICATION HOSTING SERVICES

Officer ("CAO") or his or her designee, subject to Section 8.4 (Change Notices And Amendments) of this Contract.

4.3 Contractor shall notify the County when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, Contractor shall send written notification to the County at the address provided in *Exhibit D - County's Administration*.

5.0 CONTRACT SUM

5.1 The maximum Contract sum under the terms of this Contract shall be the total monetary amount payable by County to Contractor for provision of the Services specified herein in accordance with *Exhibit B - Pricing Schedule*, of this Contract. For the first year of the term of the Contract, the maximum Contract sum shall be Six Hundred Seventeen Thousand Five Hundred Dollars (\$617,500). For subsequent years during the term of the Contract, the Contract sum shall be as set forth in *Exhibit B - Pricing Schedule*, of this Contract.

5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein.

5.3 Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor or its affiliates, whether through assignment, subcontract, delegation, or any other mechanism (but excluding a merger or sale of all or substantially all of Contractor's assets), with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval.

5.4 Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the total Contract authorization under this Contract. Upon occurrence of this event, Contractor shall send written notification to the County at the address herein provided in *Exhibit D - County's Administration*.

5.5 Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Contract. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Contract.

5.6 Invoices and Payments:

5.6.1 Contractor shall invoice County only for providing the tasks, deliverables, goods, services, and other work specified in *Exhibit A - Statement of Work* and elsewhere hereunder. Contractor shall prepare invoices, which shall include the charges owed to Contractor by County under the terms of this Contract. Contractor's payments shall be as provided in *Exhibit B - Pricing Schedule*, and Contractor shall be paid only for the tasks, deliverables, goods, services, and other work approved

in writing by County. If County does not approve work in writing, no work will be performed and no payment shall be due to Contractor for that work.

- 5.6.2 Contractor's invoices shall be priced in accordance with *Exhibit B - Pricing Schedule*.
 - 5.6.3 Contractor's invoices shall contain the information set forth in *Exhibit A - Statement of Work* describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.
 - 5.6.4 Contractor shall submit the monthly invoices to County by the fifteenth (15th) calendar day of the month following the month of service.
 - 5.6.5 All invoices under this Contract shall be submitted to the County's Project Director and the County's Project Manager.
 - 5.6.6 All invoices submitted by Contractor for payment must have the written approval of County's Project Director prior to any payment thereof. In no event shall County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, and in no instance will such approval take more than thirty (30) days from receipt of properly prepared invoices by County.
 - 5.6.7 If this Contract is terminated by County for default pursuant to Section 8.43 (Termination for Default), then, without excusing such default, and without prejudice to any other rights of County in this Contract or as provided by law, Contractor shall be entitled to receive payment for all work performed prior to the termination date and approved by County.
 - 5.6.8 If termination by County for default is a result of failure by Contractor to achieve Deliverables as thereafter determined by County, as set forth in *Exhibit A - Statement of Work*, and such failure is not caused by an unreasonable delay or unreasonable lack of cooperation by County, then County shall be obligated to Contractor for the sums related to work performed and approved by County. The County's license to use the System shall remain in effect following the termination of this Contract.
- 5.7 Notwithstanding any other provision of this Contract, and in addition to the provisions of Section 5.6 (Invoices and Payments) and Attachment I (Performance Standards and Service Level Agreement) of *Exhibit A - Statement of Work*, and to any rights of County given by law or provided in this Contract, County may upon written notice to Contractor withhold payment for any Deliverable or other services while Contractor is in default hereunder, or at any time that Contractor has not provided a County-approved Deliverable which, under the approved Implementation Package as described within Section 3.12 of the Statement of Work, is identified as dependent on and is scheduled to be delivered prior to or concurrently with the Deliverables. This provision shall not be deemed to impair any claims that Contractor may have against County or Contractor's rights to assert such claims pursuant to Section 8.17 (Dispute Resolution Procedure), provided that such default or non-delivery is not caused by an unreasonable delay or unreasonable lack of cooperation by County.

6.0 ADMINISTRATION OF CONTRACT - COUNTY

A listing of all County Administration referenced herein is shown in *Exhibit D - County's Administration*. County shall notify Contractor in writing of any change in the names or addresses shown.

6.1 County's Contract Administrator: Responsibilities of the County's Contract Administrator shall include:

6.1.1 Making changes in the terms and conditions of this Contract in accordance with Section 8.4 (Change Notices and Amendments); and

6.1.2 Providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

6.2 County's Project Director: Responsibilities of the County's Project Director shall include:

6.2.1 Authorizing and approving any and all Work Orders and invoices and ensuring that all required components are delivered by Contractor;

6.2.2 Providing direction to Contractor on all business assessment needs; and

6.2.3 Ensuring that the objectives of this Contract are met.

The County's Project Director is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever.

6.3 County's Project Manager: Responsibilities of the County's Project Manager shall include:

6.3.1 Overseeing the day-to-day administration of this Contract;

6.3.2 Meeting with Contractor's Project Manager on a regular basis;

6.3.3 Inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of Contractor.

The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever.

7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Contractor's Project Manager

7.1.1 Contractor's Project Manager is designated in *Exhibit E - Contractor's Administration*. Contractor shall notify County in writing (which may be in the form of email) of any change in the name or address of Contractor's Project Manager.

7.1.2 Contractor's Project Manager shall be responsible for Contractor's day-to-day activities as related to this Contract and shall coordinate with County's Project Manager on a regular basis.

7.2 Background and Security Investigations

7.2.1 Contractor staff performing work under this Contract shall undergo and pass Contractor's background investigation, as a condition of beginning and continuing to work under this Contract. The fees associated with obtaining the background information shall be at the expense of Contractor, regardless if Contractor's staff passes or fails the background clearance investigation. No person employed by the Contractor and assigned to the County shall have a high-grade misdemeanor and/or misdemeanor theft conviction or any felony convictions. Contractor shall be under a continuing obligation to disclose any subsequent criminal record information to the County and to remove an employee who in future incurs such record from performing work under this Agreement at County's request.

7.2.2 County retains the right to conduct its own background investigation of Contractor staff performing work under this Agreement at County's sole cost. County will not provide to Contractor or to Contractor's staff any information obtained through any County conducted background clearance.

7.2.3 Removal of any Contractor staff pursuant to this Section 7.2 shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.3 Confidentiality

Each party shall maintain the confidentiality of all records obtained from the other party under this Contract in material compliance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality. Each party shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract. Contractor shall cause each employee performing services covered by this Contract to sign and adhere to *Exhibit F - Contractor Acknowledgment and Confidentiality Agreement*).

8.0 STANDARD TERMS AND CONDITIONS

8.1 ASSIGNMENT AND DELEGATION

8.1.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, either in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. Notwithstanding the foregoing, a merger by Contractor with or the sale of all or substantially all of Contractor's assets to a third party shall not constitute an assignment, provided that the third party agrees in writing that it shall be bound by all of the terms and conditions of this Contract (a "Permitted Transfer"). For purposes of this Section 8.1, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at the County's sole discretion, against the claims, which the Contractor may have against the County.

- 8.1.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interests they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract, except that this provision shall not apply to a Permitted Transfer.
- 8.1.3 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract, except that this provision shall not apply to a Permitted Transfer. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.2 AUTHORIZATION WARRANTY

Each party represents and warrants that the person executing this Contract on its behalf is an authorized agent who has actual authority to bind such party to each and every term, condition, and obligation of this Contract and that all requirements of such party have been fulfilled to provide such actual authority.

8.3 BUDGET REDUCTIONS

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under the Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. The Contractor shall have thirty (30) calendar days after receipt of such notice within which to terminate this Contract and receive payment for all work performed by Contractor and approved by County prior to the termination date. If Contractor does not exercise its right to terminate this Contract, Contractor shall continue to provide all of the services set forth in the Contract.

8.4 CHANGE NOTICES AND AMENDMENTS

- 8.4.1 The County reserves the right to initiate Change Notices that do not materially affect the scope, term, Contract Sum or payments. All such changes must be approved in advance by the parties and shall be accomplished with an executed Change Notice signed by the Contractor and by the County's Contract Administrator.

- 8.4.2 For any change which materially affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract, a negotiated written Amendment to this Contract shall be prepared and approved by the County's Board of Supervisors and executed by an authorized representative of County and Contractor.
- 8.4.3 The County's Board of Supervisors or CAO, or designee, may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County shall notify Contractor of such proposed addition and/or change, If such modifications or related changes are accepted by Contractor, an Amendment to the Contract shall be prepared and executed by the Contractor and by the CAO, or designee.

8.5 COMPLAINTS

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints about the System and/or the services to be provided pursuant to this Contract.

- 8.5.1 Within ten (10) business days after Contract Effective Date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.
- 8.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.
- 8.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days.
- 8.5.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.
- 8.5.5 The Contractor shall preliminarily investigate all complaints and notify the County's Project Manager and County's Project Director of the status of the investigation within five (5) business days of receiving the complaint.
- 8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.7 Copies of all written responses shall be sent to the County's Project Manager and County's Project Director within three (3) business days of mailing to the complainant.

8.6 COMPLIANCE WITH APPLICABLE LAW

- 8.6.1 The Contractor shall comply in all material respects with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

8.6.2 The Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any material violation on the part of the Contractor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with *Exhibit C - Contractor's EEO Certification*.

8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

8.8.1 Jury Service Program:

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as *Exhibit G* and incorporated by reference into and made a part of this Contract.

8.8.2 Written Employee Jury Service Policy:

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If

Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Subsection. The provisions of this Subsection shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this Subsection of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 CONFLICT OF INTEREST

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- 8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that are reasonably expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Subsection shall be a material breach of this Contract.

8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the Effective Date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS

8.11.1 Should the Contractor require additional or replacement personnel after the Effective Date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT

8.12.1 Responsible Contractor:

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

8.12.2 Chapter 2.202 of the County Code:

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County, provided that the County shall make all payments for work performed and approved by County prior to the termination date.

8.12.3 Non-responsible Contractor:

The County may debar a Contractor if the Board of Supervisors finds, in its reasonable discretion, that the Contractor has done any of the following: (1) violated a material term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects

on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board:

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will

provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board

8.12.5 Subcontractors of Contractor:

These terms shall also apply to subcontractors of County Contractors.

8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate the Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract, provided that the County shall make all payments for work performed by Contractor and approved by County prior to the termination date.

8.16 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS

8.16.1 Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by Contractor or employees or agents of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.16.2 If Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by Contractor by cash payment upon demand.

8.17 DISPUTE RESOLUTION PROCEDURE

8.17.1 Contractor and County agree to act promptly and diligently to mutually resolve any disputes which may arise with respect to this Contract. All such disputes shall be subject to the provisions of this Section 8.17.

8.17.2 Contractor and County agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance which County, in its sole discretion, determines should be delayed as a result of such dispute or if Contractor has a reasonable basis for not performing. County shall continue to pay sums not in dispute during any such period of continued performance.

8.17.3 If Contractor fails (without a reasonable basis) to continue without delay its performance hereunder which County, in its sole discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by Contractor or County as a result of Contractor's failure to continue to so perform shall be borne by Contractor, and Contractor shall make no claim whatsoever against County for such costs. Contractor shall promptly reimburse County for such County costs, as determined by County, or County may deduct all such additional costs from any amounts due to Contractor from County, whether under this Contract or otherwise.

8.17.4 If County fails to continue without delay to perform its responsibilities under this Contract which County, in its sole discretion, determined should not be delayed as a result of such dispute, then any additional costs incurred by the Contractor or County as a result of County's failure to continue to so perform shall be borne by

County, and County shall make no claim whatsoever against Contractor for such costs. County shall promptly reimburse Contractor for all such additional Contractor costs subject to the written approval of such costs by County.

- 8.17.5 In the event of any dispute between the parties with respect to this Contract, Contractor and County shall submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute.
- 8.17.6 In the event that the Project Managers are unable to resolve the dispute within a reasonable time not to exceed five (5) days from the date of submission of the dispute to them, then the matter shall be immediately submitted to the parties' respective Contract Administrators for further consideration and discussion to attempt to resolve the dispute.
- 8.17.7 In the event that the Contract Administrators are unable to resolve the dispute within a reasonable time not to exceed five (5) days from the date of submission of the dispute to them, then the matter shall immediately be submitted to Contractor's President and County's Assistant Administrative Officer for further consideration and discussion to attempt to resolve the dispute.
- 8.17.8 In the event that the Contractor's President and County's Assistant Administrative Officer are unable to resolve the dispute within a reasonable time not to exceed ten (10) days from the date of submission of the dispute to them, then each party may assert its other rights and remedies as provided by law.
- 8.17.9 All disputes utilizing this dispute resolution procedure shall be documented in writing by each party and shall state the specifics of each alleged dispute and all actions taken. The parties shall act in good faith to resolve all disputes. At all levels described in this Section 8.17, the efforts to resolve a dispute shall be undertaken by conference between the parties' respective representatives, either orally, by face-to-face meeting or by telephone, or in writing by exchange of correspondence.
- 8.17.10 Notwithstanding any other provision of the Contract, County's right to terminate this Contract pursuant to Section 8.42 (Termination for Convenience), Section 8.43 (Termination for Default), Section 8.45 (Termination for Insolvency), or any other termination provision hereunder, and County's right to seek injunctive relief to enforce the provisions of Section 7.4 (Confidentiality), Section 9.4 (Proprietary Considerations) and Section 9.8 (Confidentiality of County Records), shall not be subject to this Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of County's rights, and shall not be deemed to impair any claims that Contractor may have against County or Contractor's rights to assert such claims after any such termination or such injunctive relief has been obtained.

8.18 EMPLOYMENT ELIGIBILITY VERIFICATION

- 8.18.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by

Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.18.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.19 FACSIMILE REPRESENTATIONS

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party (or other representations by electronic means such as email), when appearing in appropriate places on the Change Notices and Amendments prepared pursuant to Section 8.4, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices and Amendments to this Contract, such that the parties need not follow up facsimile (or other electronic) transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.20 FAIR LABOR STANDARDS

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.21 GOVERNING LAW, JURISDICTION, AND VENUE

This Contract shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.22 INDEPENDENT CONTRACTOR STATUS

8.22.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.22.2 Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.22.3 Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.

8.22.4 Contractor shall adhere to the provisions stated in Section 7.4 (Confidentiality).

8.23 INDEMNIFICATION

Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Contract. Contractor shall not be obligated to indemnify for County's sole negligence.

8.24 GENERAL INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the County and during the term of this Contract, the Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at the Contractor's own expense.

8.24.1 Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to the County Project Manager prior to commencing services under this Contract. Such certificates or other evidence shall:

- Specifically identify this Contract;
- Clearly evidence all coverages required in this Contract;
- Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;
- Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Contract; and
- Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or,

require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.24.2 Insurer Financial Ratings: Insurance is to be provided by an insurance company reasonably acceptable to the County with an A.M. Best rating of not less than A:VII unless otherwise approved by the County.

8.24.3 Failure to Maintain Coverage: Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and with notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

8.24.4 Notification of Incidents, Claims or Suits: Contractor shall report to the County:

- Any accident or incident relating to services performed under this Contract which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence.
- Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Contract.
- Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to the County Contract Manager.
- Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to the Contractor under the terms of this Contract.

8.24.5 Compensation for County Costs: In the event that the Contractor fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

8.24.6 Insurance Coverage Requirements for Subcontractors: The Contractor shall ensure any and all subcontractors performing services under this Contract meet the insurance requirements of this Contract by either:

- The Contractor providing evidence of insurance covering the activities of subcontractors, or
- The Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

8.25 INSURANCE COVERAGE REQUIREMENTS

8.25.1 General Liability insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following. County will accept Contractor use of excess liability coverage to satisfy the required limits.

General Aggregate:	\$4million
Products/Completed Operations Aggregate:	\$4million
Personal and Advertising Injury:	\$2million
Each Occurrence:	\$2million

8.25.2 Automobile Liability written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

8.25.3 Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which the Contractor is responsible. If the Contractor's employees will be engaged in maritime employment, coverage shall provide workers' compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which the Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

8.25.4 Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$2 million per occurrence. Such insurance shall include coverage for any actual or alleged infringement of any patent, copyright or other rights of any third party, or any actual or alleged trade secret disclosure or misappropriation. The coverage also shall provide an extended two (2) year reporting period commencing upon termination or cancellation of this Contract.

8.25.5 Crime Coverage: Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Contract, and naming the County as loss payee.

Employee Dishonesty:	\$500,000
Computer Fraud:	\$500,000

8.26 NONDISCRIMINATION AND AFFIRMATIVE ACTION

8.26.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or

mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

- 8.26.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit C - Contractor's EEO Certification*.
- 8.26.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.26.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 8.26.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.26.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Section 8.28 when so requested by the County.
- 8.26.7 If the County finds that any provisions of this Section 8.28 have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.
- 8.26.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.27 NON EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This Contract shall not restrict the CAO from acquiring similar, equal or like goods and/or services from other entities or sources.

8.28 NOTICE OF DELAYS

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.29 NOTICE OF DISPUTES

The Contractor shall bring to the attention of the County Project Manager, County Project Director and/or County Contract Administrator any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County Project Manager, County Project Director or County Contract Administrator is not able to resolve the dispute, the CAO, or designee, shall resolve it.

8.30 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.31 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in *Exhibit I* of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

8.32 NOTICES

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in *Exhibit D - County's Administration* and *Exhibit E - Contractor's Administration*. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Department Head or his /her designee shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.33 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.34 PUBLIC RECORDS ACT

8.34.1 Any documents submitted by Contractor; all information obtained in connection with the County's right to audit and inspect Contractor's documents, books, and

accounting records pursuant to Section 8.38 (Record Retention and Inspection/Audit Settlement), of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary": The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction, provided that the County will endeavor to provide Contractor with prompt notice of any such required disclosure so that Contractor may seek to prevent or limit the scope of such disclosure.

8.34.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.35 PUBLICITY

8.35.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself and expand its business opportunities, the County shall not inhibit the Contractor from disclosing this Contract under customary confidentiality arrangements to its prospective business partners or otherwise publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity or other disclosure material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Contract Administrator. The County shall not unreasonably withhold written consent.

8.35.2 The Contractor may, without the prior written consent of County, indicate in its proposals to customers and business partners and in its sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Section 8.37 shall apply.

8.36 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Contract. The Contractor agrees that, upon reasonable prior notice to Contractor and no more than once per calendar year, the

County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or records relating to this Contract during regular business hours. All such material, including, but not limited to, all financial records, timecards and other employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in either Los Angeles or Orange County, and if any such material is located outside Los Angeles County, the Contractor shall deliver such materials to the County at a location in Los Angeles County.

8.36.1 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. The County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.36.2 Failure on the part of the Contractor to comply with any of the provisions of this Section 8.38 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.36.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County may conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

8.37 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.38 SUBCONTRACTING

8.38.1 The requirements of this Contract may not be subcontracted by the Contractor without the advance approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

- 8.38.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:
- A description of the work to be performed by the subcontractor;
 - A draft copy of the proposed subcontract; and
 - Other pertinent information and/or certifications requested by the County.
- 8.38.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were Contractor employees.
- 8.38.4 The Contractor shall remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.
- 8.38.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its subcontractors of this County right.
- 8.38.6 The County's Contract Administrator is authorized to act for and on behalf of the County with respect to approval of any subcontract and subcontractor employees.
- 8.38.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.38.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. The Contractor shall ensure delivery of all such documents to the County Contract Administrator before any subcontractor employee may perform any work hereunder.

8.39 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in Section 8.14 (Contractor's Warranty of Adherence to County's Child Support Compliance Program), shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of Contractor to cure such default within 90 calendar days of within notice shall be grounds upon which County may terminate this Contract pursuant to Section 8.41 (Termination for Default), and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

8.40 TERMINATION FOR CONVENIENCE

8.40.1 Following the third anniversary of the Effective Date, this Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to Contractor specifying the extent to which performance of work is terminated and the date upon which such

termination becomes effective. The date upon which such termination becomes effective shall be no less than ninety (90) days after the notice is sent.

8.40.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Contract on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.40.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract shall be maintained by the Contractor in accordance with Section 8.38 (Record Retention & Inspection/Audit Settlement).

8.41 TERMINATION FOR DEFAULT

8.41.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the reasonable judgment of County's Contract Administrator:

- Contractor has materially breached this Contract;
- Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required under this Contract; or
- Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within 15 (fifteen) days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.41.2 In the event that this Contract is terminated in whole or in part as provided in Subsection 8.41.1, (i) the County shall pay Contractor for all work performed and approved by County prior to the termination date, and (ii) if the County has terminated the Contract, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this Subsection.

8.41.3 Except with respect to defaults of any subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Subsection 8.41.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the

Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this Subsection 8.41.3, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

8.41.4 If, after the County has given notice of termination under the provisions of this Section 8.41, it is determined by the County that the Contractor was not in default under the provisions of this Section 8.41, or that the default was excusable under the provisions of Subsection 8.41.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 8.40 (Termination for Convenience).

8.41.5 In the event the County terminates this Contract in its entirety due to the Contractor's default as provided in Subsection 8.41.1, the Contractor and the County agree that the County will have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred due to delays in procuring such services. Therefore, the Contractor and the County agree that the County shall, at its sole option and in lieu of the provisions of Subsection 8.41.2, be entitled to liquidated damages from the Contractor, pursuant to California Civil Code Section 1671, in the amount of Five Thousand Dollars (\$5,000) or five percent (5%) of the applicable year's Contract sum, whichever is less, as equitable compensation to the County for such actual damages. This amount of liquidated damages shall be either paid by the Contractor to the County by cash payment upon demand or, at the sole discretion of the CAO, or designee, deducted from any amounts due to the Contractor by the County, whether under this Contract or otherwise. These liquidated damages shall be in addition to any credits, which the County is otherwise entitled to under this Contract, and the Contractor's payment of these liquidated damages shall not in any way change, or affect the provisions of Section 8.23 - Indemnification

8.41.6 The rights and remedies of the parties provided in this Section 8.43 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.41.7 Contractor may, by written notice to County, terminate the whole or any part of this Contract, if County has materially breached this Contract and has not cured such material breach within sixty (60) days of receiving notice of such breach.

8.42 TERMINATION FOR IMPROPER CONSIDERATION

8.42.1 County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to Contractor's performance pursuant to this Contract. In the event of such

termination, County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by Contractor.

8.42.2 Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

8.42.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

8.43 TERMINATION FOR INSOLVENCY

8.43.1 County may terminate this Contract forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for Contractor; or
- The execution by Contractor of a general assignment for the benefit of creditors.

8.43.2 The rights and remedies of County provided in this Section 8.43 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.44 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by Contractor, shall fully comply with County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of Contractor or any County Lobbyist or County Lobbying firm retained by Contractor to fully comply with County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which County may in its sole discretion, immediately terminate or suspend this Contract.

8.45 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Contract, County shall not be obligated for Contractor's performance hereunder or by any provision of this Contract during any of County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in County's Budget for each such future fiscal year, provided that Contractor shall have the right to stop its performance hereunder as of the first day of a fiscal year, without any liability whatsoever to the County, until funds for this Contract are appropriated for such fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for

which funds were appropriated. County shall notify Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.46 VALIDITY

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

8.47 WAIVER

No waiver by either party of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of a party to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this Section 8.47 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.48 WARRANTY AGAINST CONTINGENT FEES

8.48.1 Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.48.2 For breach of this warranty, County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

9.0 UNIQUE TERMS AND CONDITIONS

9.1 OWNERSHIP OF COUNTY DATA

9.1.1 County shall be the sole owner of all right, title and interest, including copyright, in and to all of County's data on the System.

9.1.2 County will use reasonable means to ensure that Contractor's proprietary and/or confidential items are safeguarded and held in confidence. County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of Contractor.

9.1.3 All the rights and obligations of this Subsection 9.1 shall survive the expiration or termination of this Contract.

9.2 OWNERSHIP OF THE SYSTEM AND LICENSE

Contractor will retain all right, title and interest, including copyright, in and to the Source Code and all intellectual property embodied in and associated with the System modules, and the County shall have a perpetual license to use the System.

Contractor hereby grants to County a non-exclusive, perpetual, world-wide license to copy, disclose, maintain and, for up to three hundred (300) concurrent and up to six hundred thirty one (631) remote Users, use the System, and any other tools, procedures or know-how that become inextricably embodied in the System. Contractor hereby grants an option to County, exercisable at County's sole and absolute discretion, to purchase from Contractor additional concurrent User licenses and additional remote User licenses, at the prices set forth in *Exhibit B - Pricing Schedule*.

9.2.1 Escrow

The Contractor shall enter into its customary agreement (the "Escrow Agreement") with an outside third party to escrow the Source Code, programming information and Documentation for the Application Software modules version licensed by the County (including all modules, database tables and definitions, files, customizations, data conversion programs and interfaces) and any and all Updates or version changes provided to the County at the inception of this Contract and thereafter. The County shall pay all the costs associated with such escrow arrangement, including, without limitation, the fees of the escrow agent. At the conclusion of the development, programming, construction and customization of the County's Application Software modules, the customized version will replace the Source Code in escrow, and the Escrow Agreement shall be amended to reflect the County's customized Application Software modules and the revised escrow arrangements. Contractor shall, on a yearly basis, at the County's cost, arrange for an independent audit of this escrow to confirm the availability and completeness of the information and that the most current version of the System is in escrow.

9.3 PATENT, COPYRIGHT AND TRADE SECRET INDEMNIFICATION

9.3.1 The Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, but not limited to, defense costs and legal, accounting and other expert, consulting or professional fees, as such are incurred, for or by reason of any actual or alleged infringement of any patent or copyright, or other rights of any third party, or any actual or alleged trade secret disclosure or misappropriation, arising from or related to the System or the operation and utilization of Contractor's work under this Contract (hereinafter collectively referred to as "Infringement Claim(s)"). Contractor shall have no obligation to County under this Section 9.3 if any Infringement Claim is caused by use by County of the System other than in accordance with the Specifications and other applicable Documentation, as initially determined by County's Contract Administrator but subject to Section 8.17 (Dispute Resolution Procedure). Any legal defense pursuant to Contractor's indemnification obligations under this Section 9.3 shall be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County shall have the

right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as required by law and this Contract, County shall be entitled to reimbursement for all such costs and expenses.

9.3.2 Without limiting the foregoing, in the event County's Contract Administrator becomes aware that ongoing use of the System, or any part thereof, is the subject of any Infringement Claim that might preclude or impair County's use of the System or any portion thereof (e.g. injunctive relief), or that County's continued use of the System or a portion thereof may subject it to punitive damages or statutory penalties or other costs or expenses, County shall give written notice to Contractor of such fact(s). Upon notice of such facts, Contractor shall, at no cost to County, either (1) procure the right, by license or otherwise, for County to continue to use the System or affected part(s) thereof to the same extent of County's license under this Contract, or (2) to the extent Contractor is unable to procure such right, replace or modify the System or the affected part(s) with another part or component of equivalent quality and performance capabilities, in County's determination, to become non-infringing, non-misappropriating and/or non-disclosing.

9.3.3 If Contractor fails to complete the remedial acts set forth above within ninety (90) days after the date of the written notice from County, County shall have the right to take such remedial acts it determines to be reasonable to mitigate any impairment of its use of the System or the affected part(s) thereof or damages or other costs or expenses (hereafter referred to as "County's Remedial Acts"). Contractor shall indemnify County for all amounts paid and all direct and indirect costs associated with County's Remedial Acts. Failure by Contractor to pay such amounts and costs within ten (10) days after receiving an invoice from County shall, in addition to, and cumulative to all other remedies entitle County to immediately withhold payments due to Contractor up to the total of the amounts and costs paid in connection with County's Remedial Acts.

9.4 LIMITED WARRANTY - DISCLAIMER AND LIMITATION OF LIABILITY

9.4.1 **Limited Warranty.** Should the System fail to meet its Specifications, County shall notify Contractor in writing no later than 30 days after initial installation. Notwithstanding anything to the contrary in this Contract, Contractor's entire liability and County's exclusive remedy in such an event shall be the refund of all license fees paid to date, or the sum of \$20,000, whichever amount shall be greater. **Except for the foregoing, the System is provided "as is," without additional warranty of any kind, and Contractor expressly disclaims all other warranties, express or, including, but not limited to, the implied warranties of design, merchantability, fitness for a particular purpose, any warranties arising from a course of dealing, usage, or trade practice.** Contractor does not warrant that the functions contained in the System will meet County's requirements, or that the operation of the System will be uninterrupted or error-free, or that defects in the System will be corrected. Furthermore, Contractor does not warrant or make any representations regarding the use or the results of the use of the System in terms of its correctness, accuracy, reliability, or otherwise. No oral or written information or advice given by Contractor or Contractor's representatives shall create any warranty with regard to the System or in any way increase the scope of this warranty.

- 9.4.2 **Limitation of Liability.** Under no circumstances, including negligence, shall Contractor be liable for any lost revenue or profits or any incidental, indirect, special, or consequential damages that result from the use or inability to use the System, even if Contractor or Contractor's authorized representative has been advised of the possibility of such damages. In no event shall Contractor's total liability to County for all damages, losses, and causes of action, whether in Contract, tort (including negligence) or otherwise, exceed a sum equal to ninety (90) days service fees paid by County to Contractor under this Contract. In addition, Contractor will not be liable for any claims of any party arising out of any alleged or actual infringement by the System of any intellectual property rights of any third party. This limitation of liability provision, however, shall not relieve Contractor's indemnification obligations to third parties pursuant to Section 8.23 (Indemnification), of this Contract nor shall it apply to any loss or related expense which is actually covered under any of the commercial insurance policies required to be maintained by Contractor pursuant to this Contract.
- 9.4.3 **Limitations Concerning Third Party Material.** Contractor shall have no responsibility under any condition for performance of any hardware or programs licensed by it from third parties, and County shall rely solely on the manufacturers' warranty (if any).
- 9.4.4 **Exclusions.** Contractor shall not be responsible to the extent any failure to perform in accordance with the foregoing warranties is caused by (a) County's failure to use the System in accordance with instructions included in the Documentation provided to County by Contractor, (b) the modification of the System by any person other than Contractor, its employees, agents, affiliates or subcontractors (unless such modification was authorized or approved by any of the foregoing), or (c) problems caused by the Server's connectivity to County's network. If Contractor is requested by County to service such matters, County shall pay Contractor an additional fee for such support services.
- 9.4.5 **Risks Considered.** Contractor's pricing reflects the allocation of risks and limitation of liability in this Contract.

9.5 WARRANTIES

- 9.5.1 Contractor shall perform warranty services as set forth in this Contract.
1. The System shall be in substantial compliance with the Specifications and with the descriptions and representations (including, but not limited to, Deliverable documentation, performance capabilities, accuracy, completeness, characteristics, specifications, configuration, standards, functions and requirements applicable to professional software design meeting industry standards) set forth in *Exhibit A - Statement of Work* and its Attachments.
 2. All tasks, subtasks, Deliverables, goods, services, and other work shall be performed in a timely and professional manner by qualified personnel.
 3. All tasks, subtasks, Deliverables, good, services, and other work shall be completed in accordance with this Contract, Deliverable documentation and manufacturer's specifications.

4. The System components shall be capable of interconnecting and/or interfacing with each other, when taken together, shall be capable of delivering all of the functionality as set forth in this Contract (including, without limitation, the Specifications and *Exhibit A - Statement of Work* and Attachments thereto).
5. Contractor shall not knowingly cause any unplanned interruption of the operations of, or accessibility to the System or any System component through any device, method or means including, without limitation, the user of any "virus," "lockup," "time bomb," or "key lock," "worm," device or program, or disabling code, which has the potential or capability of compromising the security of County's confidential or proprietary information or of causing any unplanned interruption of the operations of, or accessibility of the System or any System component to County or any User or which could alter, destroy, or inhibit the User of the System, any System component, or the data contained therein (collectively referred to for purposes of this Subsection as "Disabling Device(s)" which could block access to or prevent the use of the System or any System component by County or Users. Contractor represents, warrants and agrees that it has not purposely placed, nor is it aware of, any Disability Device on any System component provided to County under this Contract, nor shall Contractor knowingly permit any subsequently delivered System component to contain any Disabling Device, other than lock-offs contained on the delivered media which only prevents user of software contained on such media other than System components.
6. The System shall be in substantial compliance with the performance standards set forth in Attachment I (Performance Standards Requirements) of *Exhibit A - Statement of Work*.
7. Provided that County is paying the fee listed in *Exhibit B - Pricing Schedule* for services pursuant to Subsection 5.2 (Basic Monthly Maintenance and Support) of *Exhibit A - Statement of Work*, then all Updates, enhancements, improvements, releases or version of the System, or any component or module of the System (other than Customization), and all available Documentation related thereto, shall be provided to County, at no additional cost over and above the sums otherwise payable by County.
8. Contractor shall use its best efforts to prevent viruses from being incorporated or introduced into the System, or Updates or enhancements thereto prior to delivery thereof to County, and shall utilize its best efforts to prevent any viruses being incorporated or introduced in the process of Contractor's loading of the System, Updates and enhancements thereto, or being introduced in the process of Contractor's performance of online support.

9.5.2 Additional Warranties

Contractor further represents, warrants, covenants and agrees throughout the term of this Agreement to all of the following in providing the System, conversions, and services of Contractor described herein:

1. County shall be entitled to use the System and all System components subject only to County's obligation to make the required payments under this Contract. Contractor represents and warrants that this Contract is neither subject nor subordinate to any right or claim of any third party, including, without limitation, Contractor's creditors. Further, Contractor represents and warrants that during the term of this Contract, it shall not subordinate this Contract or any of its rights hereunder to any third party without the prior written consent of County, and without providing in such subordination instrument for non-disturbance of County's use of the System and System components in accordance with this Contract.
2. Contractor shall escrow the Source Code for the account of the County, subject to the provisions of Section 9.2.1 (Escrow).
3. Contractor is duly authorized to grant to County all rights, including, but not limited to, license rights, granted by this Contract with respect to all Application Software.

9.5.3 Continuous Product Support

If Contractor assigns this Contract, is acquired, becomes otherwise controlled by another individual or entity, or sells, assigns, or transfers more than fifty percent (50%) of its interest in the System (generically referred to as a "Successor Event"), such successor shall assume in writing all of the obligations of Contractor under this Contract.

9.5.4 Third Party Software

Certain Application Software (herein "Third Party Software"), is owned by third parties. Contractor hereby represents and warrants that none of the System other than the Third Party Software is owned by third parties.

1. Modification

Contractor represents and warrants that it has not modified and shall not modify, nor does Contractor have any need to modify, Third Party Software in order for the System to fully perform in accordance with warrants that it does not have any license or other right to modify Third Party Software and that Third Party Software shall be provided to County in the same unmodified form as received by Contractor from the applicable third party. Contractor represents and warrants that Third Party Software shall, together with the remainder of the System, fully satisfy all requirements of the Contract without the need for any modification of Third Party Software by Contractor or otherwise.

2. License Agreement

County acknowledges that it may have to execute certain third party license agreements in respect to third party software. To the extent that any such third party license agreement conflicts with this Contract as it applies to County's right to use or modify the System, Contractor shall

take all necessary action and pay all sums required to provide County with all the rights to use and modify the System afforded by this Contract. Contractor warrants that whether or not such third party license agreements are required of County, County shall receive perpetual licenses of all third party software that shall allow use of the System in accordance with all of the terms of this Contract, providing County pays any required maintenance fees.

3. In the event it nonetheless becomes necessary to modify third party software to satisfy any of the requirements of this Contract, Contractor shall promptly, at no cost to County, either : (1) obtain a license from the appropriate third party which shall enable Contractor to modify such third party software, and Contractor shall provide all necessary modifications or (2) provide an upgrade or alternative solution, which is functionally equivalent, in County's Contract Administrator's reasonable determination, in lieu of modifying such third party software. If County exercises its option to terminate this Contract for convenience pursuant to Section 8.42 (Termination for Convenience), the obligations of Contractor as set forth in this Subsection shall be null and void. Nothing herein shall require Contractor to pay for a new release, version, or revision of third party software, which is not otherwise provided under maintenance and support.

9.6 TIME IS OF THE ESSENCE

Time is of the essence for Contractor under performance of this Contract.

9.7 CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER THE HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT OF 1996 (HIPAA)

County is subject to the administrative simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under this Contract, Contractor provides services to County and Contractor receives, has access to, and/or creates Protected Health Information as defined in *Exhibit I - Contractor's Obligations as a "Business Associate" Under Health Insurance Portability & Accountability Act of 1996 (HIPAA)* in order to provide those services. County and the Contractor therefore agree to the terms of *Exhibit J*.

9.8 CONFIDENTIALITY OF COUNTY RECORDS

- 9.8.1 Contractor shall maintain the confidentiality of all records and information, including, but not limited to, billings, County records, claimant/plaintiff records and similar information, in accordance with all applicable Federal, State and local laws, regulations, ordinances, guidelines and directives relating to confidentiality. Contractor shall inform all of its officers, employees and agents providing services hereunder of the confidentiality provisions of this Contract. Contractor shall provide to County an executed *Exhibit F - Contractor Acknowledgement and Confidentiality Agreement* for each of its employees performing work under this Contract in accordance with Section 8.22 (Independent Contractor Status). Contractor shall indemnify and hold harmless County, its officers, employees, and agents, from and against any and all loss, damage, liability, and expense, including, but not limited to, defense costs and legal, accounting and other

expert, consulting or professional fees, arising from any disclosure of such records and information by Contractor, its officers, employees, or agents, except for any disclosure authorized by this Section 9.8.

- 9.8.2 With respect to any identifiable information concerning any claimant/plaintiff that is obtained by Contractor, Contractor shall: (1) not use any such information for any purpose whatsoever other than carrying out the express terms of this Contract; (2) promptly transmit to County all requests for disclosure of any such information; (3) not disclose, except as otherwise specifically permitted by this Contract, any such information to any person or organization other than County without County's prior written authorization that the information is releasable; and (4) at the expiration or termination of this Contract, return all such information to County or maintain such information according to the written procedures sent to Contractor by County for this purpose.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Mayor of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

COUNTY OF LOS ANGELES

CONTRACTOR

By *Ben Yarselamy*
Chair, Board of Supervisors

By *Gregory Fisher*
Gregory Fisher, President
GENSOURCE



By *Gregory Fisher*
Gregory Fisher, President
STRATACARE, INC.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By *Y. Silva*
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By *Jose Silva*
Jose Silva
Principal Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

19 FEB 13 2007

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

STATEMENT OF WORK**1.0 BACKGROUND**

COUNTY has a license for an automated Workers' Compensation (WC) Claims Administration System from GenSource Corporation.

COUNTY contracts with WC third party administrators (WC TPAs) to provide claims administration. Along with the WC TPAs, the WC Claims Administration System is used by over 300 end users to process, monitor, and report on COUNTY workers' compensation claims. System maintenance is required to ensure timely and accurate administration and processing of these claims.

2.0 SCOPE

This Exhibit A - Statement of Work (SOW) defines the services which CONTRACTOR shall provide to COUNTY on a fixed-price deliverable base which shall include: 1) upgrade to the new CONTRACTOR-based GenIRIS ASP; 2) Basic Monthly Maintenance and Support, and 3) customizations to CONTRACTOR'S identified software package (Software), as defined in Subparagraph 3.10, below.

3.0 DEFINITIONS**3.1 Acceptance; Accepted**

"Acceptance" or "Accepted" shall mean COUNTY'S written approval of any task, subtask, deliverable, good, services or other work provided by CONTRACTOR to COUNTY, consistent with the requirements in Subparagraph 4.1.4, herein.

3.2 COUNTY Fiscal Year

As used herein, COUNTY Fiscal Year (FY) shall mean the twelve (12) month period beginning July 1st and ending June 30th.

3.3 Customization(s)

Customizations shall mean any change(s) to the System not covered under the Basic Monthly Maintenance and Support and pursuant to Subparagraph 5.1, GenIRIS ASP Implementation herein.

3.4 Deficiency(ies)

Deficiency(ies) shall mean and include defect(s) in design, development, programming, implementation, materials, or workmanship; error(s); omission(s); deviation(s) from published or mutually agreed upon standards, or from any of the Specifications, or from any COUNTY-approved Deliverables; or other problem(s) which result in the System not performing in accordance with the provisions of the Contract, including, without limitation, the Specifications.

3.5 Deliverable(s)

Deliverable(s) shall mean any task, subtask, item, and/or a service or other consideration to be provided by CONTRACTOR under the Contract.

3.6 Final Acceptance

Final Acceptance shall mean COUNTY'S sole and absolute discretion to approve in writing the work performed.

- 3.7 FROI-SROI – EDI
FROI-SROI – EDI shall mean First Report of Injury-Subsequent Report of Injury – Electronic Data Interface. COUNTY is required by the State of California (State) to report all injuries to the State.
- 3.8 GenIRIS ASP
GenIRIS ASP shall mean the web enabled version of the GenIRIS application; a graphics based version of the GenCOMP software.
- 3.9 GenSource Hardware (Hardware)
Hardware shall mean but is not limited to all equipment purchased by CONTRACTOR necessary to operate COUNTY'S WC Claims Administration system, including equipment purchased by any of CONTRACTOR'S Subcontractor(s).
- 3.10 GenSource Identified Software Package (Software)
Software shall mean all GenSource applications necessary to successfully run COUNTY'S WC Claims Administration System as established by COUNTY. Software shall also mean third party software as described in Subparagraph 3.19, below. Software shall include but is not limited to:
- ◆ GENCOMP – a character based application running on a legacy system that provides claims administration functions.
 - ◆ GENLEGAL – a GenComp sub-system (an application running within the GenComp environment) that provides additional functions for the administration of litigated claims.
 - ◆ Data Warehouse – Data store capturing data from the claims database for simple and efficient reporting.
- 3.11 Hosting Services
Hosting Services shall mean the secure environment set-up and maintained by CONTRACTOR at CONTRACTOR'S facility, in which COUNTY data is retained.
- 3.12 Implementation Package
Implementation Package shall mean the documents listed below that describe the procedures to design and implement a project for requested and/or required changes to COUNTY'S WC Claims Administration System. The documents listed below should include, without limitation, a detailed work plan, work breakdown structure, beginning and completion dates of phases, Gantt chart, staffing resources and organization. The Implementation Packages submitted pursuant to this SOW, shall automatically become a part of the Contract immediately upon COUNTY'S approval following their delivery. Implementation Packages are subject to final approval by COUNTY and may be requested at the sole discretion of COUNTY. Implementation Packages will include at minimum:
- a. Hardware and Communications Requirements Document
 - b. Requirements Package
 - c. Requirements Document
 - d. UniVerse Descriptors
 - e. ASP Connection Documentation
 - f. Training Materials (electronic)
 - g. Final Implementation Procedures

- 3.13 Maintenance Schedule
Maintenance Schedule shall mean the time allotted for CONTRACTOR to run daily, normal, routine maintenance, as approved by COUNTY.
- 3.14 Phase(s)
Phase(s) shall mean the organization of work to be executed and delivered in the Implementation Package as defined in Subparagraph 3.12, above.
- 3.15 Software License
Authorized use of CONTRACTOR'S Software as listed in Subparagraph 3.10, above, the payment for which is included in the Basic Monthly Maintenance and Support fee.
- 3.16 Source Code
Source Code shall mean:
- 3.16.1 one printed copy of a listing of the source language code (human-readable and maintainable program instructions) for the System;
 - 3.16.2 one copy on magnetic medium of the source language code for the System;
 - 3.16.3 one copy on magnetic medium of all control files, CONTRACTOR provided tables and job control language;
 - 3.16.4 all documentation provided by CONTRACTOR; and
 - 3.16.5 all maintenance tools (test programs and program specifications), descriptions of proprietary or third-party system utilities (including compilers, library packages, linkers or assemblers), with instructions for compiling and linking the source code into executable forms, a description of the system/program generation procedure, and a list, including detailed descriptions and names and addresses, of the owners of software, firmware, licenses or other third-party proprietary interests necessary or desirable to enable COUNTY to use or support the System.
- 3.17 Specifications
Specifications as used herein shall mean the functional and operational requirements/features as set forth in this SOW and Attachment I.
- 3.18 System
System shall mean all Software, Hardware, third party software, customizations, conversion, interfaces, databases and services described in this Contract and as otherwise agreed to in writing by CONTRACTOR and COUNTY pursuant to Subsection 8.4 (Change Notices and Amendments), of the Contract, collectively comprising the Workers' Compensation Claims Administration System. Reference to the System may include one or more components or modules thereof or the entire System.
- 3.19 Third Party Administrators
Third Party Administrators shall mean the identified, contracted organizations that handle workers' compensation claims administration for COUNTY.

3.20 Third Party Software

Third Party Software shall mean application software owned by third parties which COUNTY may or may not have a license to use, but is necessary to run COUNTY'S WC Claims Administration System. If COUNTY does not have a license to use the necessary third party software, CONTRACTOR shall purchase a license for use at no additional charge to COUNTY. Third party software shall include but is not limited to:

- ◆ Citrix Software – Software used for application publishing and for providing a secure gateway for client access to GenSource applications.
- ◆ Microsoft Software – Operation system and various other software used throughout the ASP environment.
- ◆ AIX – Operating system for the database server.
- ◆ SQL Server 2005 – Database software used for the Data Warehouse.
- ◆ WIntegrate – Report generator.
- ◆ English Wizard – Query and reporting tool used to ask “English” questions to query against the database.
- ◆ UniVerse – Database software.

3.21 User

User shall mean any person or entity authorized by COUNTY to access or use the WC Claims Administration System or a System Component.

3.22 Work Order(s)

Work Order(s) shall mean a fully executed project ordering document for customizations to be provided by CONTRACTOR upon COUNTY'S request and approval in accordance with the Contract. Each Work Order executed under the Contract shall adhere to the format described in Exhibit A, Attachment II.

4.0 RESPONSIBILITIES

COUNTY'S and CONTRACTOR'S responsibilities are as follows:

4.1 COUNTY'S RESPONSIBILITIES

COUNTY will administer the Contract according to Section 6.0 (Administration of Contract – COUNTY) of the Contract. Specific duties will include:

- 4.1.1 Monitor CONTRACTOR'S performance in the daily operation of the Contract.
- 4.1.2 Provide direction to CONTRACTOR in areas relating to policy, information and procedural requirements.
- 4.1.3 Prepare Change Notices in accordance with Subsection 8.4 (Change Notices and Amendments), of the Contract.
- 4.1.4 Approval and Disapproval of Work
COUNTY shall have the right to approve or disapprove of any work, task, deliverable, work order, goods, services and other work provided by CONTRACTOR.

In the event COUNTY disapproves of any work, task, deliverable, work order, goods, services and other work provided by CONTRACTOR, CONTRACTOR shall have ten (10) days from CONTRACTOR'S receipt of written notice of disapproval to correct, modify, supplement or otherwise remedy such disapproved matter and resubmit it to COUNTY for approval. In the event of a subsequent disapproval, COUNTY may request subsequent resubmissions, enter into the Dispute Resolution Process, or declare the Contract in breach.

Unless expressly provided otherwise, any and all approval or acceptance by COUNTY under the Contract may be given, withheld, or denied in COUNTY'S sole and absolute discretion.

4.2 CONTRACTOR'S RESPONSIBILITIES

- 4.2.1 CONTRACTOR shall designate a Project Manager who shall be a full-time employee of CONTRACTOR.
- 4.2.2 The Project Manager shall be the central point of contact for COUNTY and shall act as a liaison for CONTRACTOR in coordinating the performance under the Contract.
- 4.2.3 The Project Manager shall have the authority to act for CONTRACTOR on all matters relating to the daily operation of the Contract. The Project Manager or alternate shall be able to effectively communicate, in English, both orally and in writing.
- 4.2.4 CONTRACTOR'S Project Manager or alternate shall attend meetings as requested by COUNTY.
- 4.2.5 Other CONTRACTOR Personnel
 - 4.2.5.1 CONTRACTOR shall assign a sufficient number of employees to perform the required work under the Contract and to complete all services in a timely manner.
 - 4.2.5.2 All personnel providing services in conjunction with the Contract will be required to sign an Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement, as set forth in Subsection 7.4 of the Contract. During the term of the Contract, CONTRACTOR shall maintain an updated file of the signed forms and shall forward copies of all signed forms to COUNTY'S Project Manager.
 - 4.2.5.3 CONTRACTOR shall, to the maximum extent possible, maintain a constant level of staffing for COUNTY'S Contract. CONTRACTOR shall promptly fill any staff vacancy with employees having qualifications at least equivalent to those of the staff being replaced.

4.2.6 CONTRACTOR Employee Acceptability

- 4.2.6.1 CONTRACTOR shall provide COUNTY with the names of its staff assigned to work on COUNTY'S contract.
- 4.2.6.2 CONTRACTOR shall not subcontract with any personnel for performance of services hereunder unless the provisions in Subsection 8.38 (Subcontracting) of the Contract are met.

4.2.7 Materials and Equipment

CONTRACTOR shall be responsible for the purchase of all hardware, software and all other materials/equipment necessary to provide these Contract services. CONTRACTOR shall use materials that are safe for the environment and safe for use by the employee.

4.2.8 CONTRACTOR'S Office and Hours of Operation

- 4.2.8.1 CONTRACTOR shall maintain an office with a telephone in the company's name where CONTRACTOR conducts business. The office shall be staffed during the hours of 8:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday, excluding holidays observed by CONTRACTOR, by at least one employee who can appropriately respond to the priority level of an issue, any service requests and complaints which may be received about CONTRACTOR'S performance of the Contract. CONTRACTOR will provide COUNTY with a phone number to call when the office is closed.

- 4.2.8.2 Emergency Notifications

CONTRACTOR'S and COUNTY'S Project Managers, or their respective designees, shall be accessible twenty-four (24) hours a day, seven (7) days per week to each other and/or other COUNTY staff for emergency reporting or consultation. CONTRACTOR shall provide an emergency telephone number where CONTRACTOR'S Project Manager, or designee, may be reached on a twenty-four (24) hour per day basis.

5.0 SPECIFIC WORK REQUIREMENTS

It is COUNTY'S expectation that CONTRACTOR will complete the tasks described below in a manner which will contribute to and result in completion of the deliverables outlined herein. CONTRACTOR shall be responsible for any penalty incurred due to the failure of CONTRACTOR'S hardware, software, or hosting services as defined in this Statement of Work, providing such failure is not caused by an unreasonable delay or unreasonable lack of cooperation by COUNTY.

5.1 GENIRIS ASP IMPLEMENTATION

Upon Contract execution, CONTRACTOR shall be responsible for 1) initial migration of COUNTY'S WC Administration database from COUNTY'S hosted

server to CONTRACTOR'S hosted server; and 2) converting COUNTY'S WC claims data into a format appropriate for the new GenIRIS ASP; and 3) implementing the GenIRIS ASP for all current Users on the COUNTY'S hosted server. The GenIRIS ASP Implementation shall be deemed completed upon written acceptance and approval by COUNTY. CONTRACTOR shall:

5.1.1 Task #1 – GenIRIS Configuration and Data Migration

Deliverable: Implementation Package

CONTRACTOR shall deliver to COUNTY an Implementation Package no later than five (5) days after the Effective Date of the Contract. CONTRACTOR and COUNTY shall review and revise all documents provided in the Implementation Package as necessary. CONTRACTOR shall submit the final Implementation Package within twenty (20) days following the Effective Date. All documents provided in the Implementation Package shall be comprehensive in scope and breadth and set forth in detail the work plan proposed by CONTRACTOR and COUNTY to install, configure and make operational, directly or through subcontractors, the System. The Implementation Package in whole and in part is subject to final COUNTY approval. Documents to be provided by CONTRACTOR for this specific Task #1 shall be:

- a. Hardware and Communications Requirements Document
- b. Requirements Package
- c. Requirements Document
- d. UniVerse Descriptors
- e. ASP Connection Documentation
- f. Training Materials (electronic)
- g. Final Implementation Procedures

These documents shall fully describe the expectations and requirements of the WC Claims Administration System including, but not limited to:

- a. Software customizations, interfaces, and reports that will be required;
- b. Impacts to current business processes;
- c. Overall approach/strategy for **migrating the data of the WC Claims Administration System** to CONTRACTOR'S hosted server, data conversion, software and performance testing, training, and implementation of the GenIRIS ASP;
- d. Technical architecture
 - Technical schematic and topology of hardware, software and network;
 - Technical specifications of servers;
 - System Performance assumptions (number of concurrent users, volume of transactions and target system response times).

5.1.2 Task #2 – Implementation

Deliverable: Final Acceptance

CONTRACTOR shall perform the following implementation tasks necessary to successfully migrate COUNTY'S WC Administration database from COUNTY'S hosted server to CONTRACTOR'S hosted servers:

- Install and configure the GenIRIS application in CONTRACTOR'S hosted servers based on the Implementation Package;
- Convert all workers' compensation data in accordance with new application specifications, and demonstration that the data is accessible via the new System without VPN access;
- Provide current disaster recovery plan to clearly demonstrate precautions CONTRACTOR shall take to ensure all data and records are migrated successfully to CONTRACTOR'S hosted server, and to specify the length of time the recovery will require;
- Satisfactorily QA test and demonstrate required System capabilities based on COUNTY's requirements and configuration for all processes and procedures described herein, to ensure System can accept any input and output in order to meet all service requirements.
- Satisfactorily test and demonstrate required online inquiry and report generation capabilities of GenIRIS utilizing COUNTY worker's compensation data;
- Support COUNTY in its User Testing Acceptance by providing technical operations support, as well as reviewing and resolving reported test incidents;
- Support COUNTY planning and execution of a Performance Test by monitoring System performance during test execution, recording performance test results, as well as identifying and implementing hardware, software and database tuning recommendations;
- Provide seven days of training comprised of:
 - 2 days of trainer training for up to 15 students using the new System using non-COUNTY data;
 - 3 days of trainer training for up to 15 students using the new System and COUNTY-specific workers' compensation data; and
 - 2 days of system administration and data mart training utilizing COUNTY'S workers' compensation data.
- Conduct production cutover to include:
 - Converting all data required for COUNTY operations;
 - Performing all configuration required for COUNTY operations; and

- Completing all preparations for COUNTY operations utilizing the System.

Minimum requirements for Final Acceptance include but are not limited to:

- COUNTY'S written verification of converted data for production operations;
- Successful completion of COUNTY'S User Acceptance Test;
- CONTRACTOR'S successful completion of its quality assurance evaluation, including identification and correction of any noted deficiencies;
- Completion of all user training; and
- Completion of production cutover activities.

5.2 BASIC MONTHLY MAINTENANCE AND SUPPORT

CONTRACTOR shall maintain all Software and Hardware necessary to successfully operate the System, including third party software, in reliable and fully operational condition.

Basic Monthly Maintenance and Support shall include but is not limited to: maintenance and support, Software updates, data processing support and maintenance, hosting services, and FROI/SROI-EDI support.

Upon receiving notification by COUNTY of any deficiency or repair found in any of the tasks listed in this Subparagraph 5.2, CONTRACTOR shall take Corrective Actions, as prescribed in the Service Level Agreement, Attachment II of this SOW.

CONTRACTOR shall provide the following:

5.2.1. Task #3 – Maintenance and Support Services

Deliverable: Services performed as prescribed in the Service Level Agreement

Maintenance and support services shall include but are not limited to any repair or maintenance required to the existing Software, Software licenses, and/or Hardware provided by the CONTRACTOR, and to third party software. Services shall also include assistance for inquiries and troubleshooting related to the CONTRACTOR'S Software and/or Hardware and third party software. CONTRACTOR shall:

- Assist Users with any technical issues;
- Perform routine system maintenance as defined in Paragraph 6.0, Maintenance Schedule;
- Increase Software Licenses upon written request from COUNTY;
- Diligently monitor CONTRACTOR'S Software, Hardware and third party software;

- Correct, issue and/or install Software and/or Hardware, such as security patches, whether or not defects have been reported to CONTRACTOR by COUNTY;
- Provide all technical personnel, equipment and tools sufficient to perform timely, effective repairs;
- Diagnose the reported problem and advise COUNTY of the estimated time to repair;
- Repair the reported problem, provide a procedure to work around the problem, or substantiate the determination that no repair is necessary;
- Test all repairs to ensure that the repair was successful and that the operation is defect-free;
- Coordinate all technical support services with COUNTY;
- Fully document any and all repair work provided to COUNTY; and
- Respond to any questions.

5.2.1.1 Software Licenses

Additional Software Licenses requested by COUNTY shall be billed separately and in accordance with Subsection 5.6 (Invoices and Payments) of the Contract.

5.2.1.2 Software Updates

Provided that the Contract is still in effect at the end of the second anniversary of the Contract date, and every two years thereafter, CONTRACTOR will make an Upgrade to the Software available to COUNTY. "Upgrade" means a routinely-issued revision of the Software, generally issued for the purpose of correcting discovered errors, improving efficiency or overall performance and incorporating enhancements or statutory changes that CONTRACTOR makes generally available to its customers of the Software but does not include customizations that include departures from the standard specifications with regard to functionality or enhancements or added features or functions. There shall be no installation charge for any Upgrade which can be installed remotely without customization. COUNTY will cooperate as necessary to allow installation of any Upgrade and understands that its failure to do so may, in CONTRACTOR'S sole discretion, relieve CONTRACTOR of any subsequent obligation under this provision. All Upgrades shall be delivered to COUNTY electronically via CONTRACTOR'S host server.

5.2.1.3 Date Processing Support and Maintenance

CONTRACTOR shall provide biennial Upgrades and identify all date processing routines that will be affected by data entered for the current Fiscal Year (FY). CONTRACTOR shall determine the required changes to each date processing routine to ensure the current FY will be correctly processed.

For date processing routines that require changes, CONTRACTOR shall:

- Identify all date processing routines and the changes required to handle current FY data input or output. This shall include data acceptance and Internal calculations of dates up to and beyond the current FY.
- Submit a list of routines to be corrected to COUNTY;
- Make corrections to program code and test;
- Provide COUNTY with documentation of processing changes and data entry requirements for entering the current FY in date formats;
- Assist COUNTY as required in testing the date entry of the current FY;
- Upon successful completion of COUNTY'S testing of data routines, install the defect-free replacement of relevant application code on the COUNTY data server.

5.2.1.4 Hosting Services

Hosting Services shall be CONTRACTOR'S responsibility to provide a secure and efficient environment to house COUNTY'S WC Administration application and database. CONTRACTOR shall:

- Provide dedicated database server(s) for COUNTY use only, not shared with other CONTRACTOR clients; and
- Provide adequate data storage to accommodate COUNTY'S current and future needs.

The Service Level Agreement requirements are listed in Attachment I of the SOW.

5.3 FROI/SROI – EDI EXPORT FORMAT SERVICES

CONTRACTOR shall provide the functionality to allow COUNTY to:

- Provide claims data in readable formats to supply to the agreed upon EDI Exporter responsible for exporting data to the State;
- Provide the functionality to ensure that all claims that have been acknowledged by the State are documented as such, whether approved or denied; and
- Provide the functionality to allow COUNTY to furnish reports to TPAs listing claims that require correction as directed by the State.

5.3.1 **Task #4: FROI/SROI – EDI Export Format Services**

Deliverable: Compliant FROI/SROI Reporting

The acceptance criteria for the Task #4 Deliverable - Compliant FROI/SROI Reporting, shall provide the functionality to allow COUNTY to:

- Report successfully and timely to the State within the mandated deadlines, namely provision of correctly formatted claims data ready for export with the frequency established by COUNTY;
- Capture all acknowledgements from State;
- Provide accurate reporting back to TPAs of acknowledgements;

In the event COUNTY determines it is in its best interest to change the agreed upon EDI Exporter, CONTRACTOR shall continue to be responsible for all duties listed in this Subparagraph 5.3.1 and in the Contract in whole.

The Software will provide the means by which COUNTY may run data routines and report data to the EDI Exporter and the State. Under no circumstance shall the CONTRACTOR be responsible for any penalties applied from the State caused by any action or deficiency by COUNTY or the EDI Exporter in running routines or reporting data.

5.4. CUSTOMIZATIONS

CONTRACTOR shall make customizations during the life of the Contract as requested, approved and accepted by COUNTY. COUNTY shall pay a minimum of two hours at the rates listed in *Exhibit B - Pricing Schedule*, Customization Costs (Hourly Rate), for CONTRACTOR to examine the feasibility of and to develop preliminary specifications for the requested customization. The estimate shall be priced on a time and materials basis and shall be capped at the number of hours agreed upon to execute the customization. The estimate submitted by CONTRACTOR as stated on the Authorization for Billable Services form shall be valid for 60 days from the date submitted. All completed customizations shall be subject to final COUNTY approval and shall automatically become a part of the Contract. Should CONTRACTOR find that a customization to an upgraded and/or updated application is not feasible, CONTRACTOR shall provide its written justification to COUNTY within seven (7) business days upon reaching such finding. CONTRACTOR shall provide the following:

5.4.1 Task #5- General Customizations

Deliverable: Software Customization

COUNTY shall submit the RFE form, as provided in *Exhibit L*, to initiate customization requests.

6.0 MAINTENANCE SCHEDULE

To mitigate delays in System performance, CONTRACTOR shall provide all daily, routine and normal system maintenance between the hours of 10:00 p.m. through 6:00 a.m. Pacific Time, seven (7) days per week. Should CONTRACTOR find that an unexpected irregular maintenance service needs to be performed outside of the Maintenance Schedule, CONTRACTOR shall attempt to provide COUNTY with 48 hours notice of such maintenance. COUNTY and CONTRACTOR may request to change the Maintenance Schedule pursuant to Subsection 8.4 (Change Notices and Amendments) of the Contract, however, COUNTY shall have the right to final acceptance and approval of any such change.

7.0 DATA STORAGE

All COUNTY data shall be stored on CONTRACTOR'S equipment at CONTRACTOR'S place of business listed in *Exhibit E – CONTRACTOR'S Administration*. In the event CONTRACTOR should find that COUNTY data in whole or in part must be transferred to another location within the continental U.S., CONTRACTOR must notify COUNTY prior to such transfer. If CONTRACTOR should find that COUNTY data in whole or in part must be transferred to a location outside the continental United States, CONTRACTOR must obtain COUNTY'S approval prior to such transfer. CONTRACTOR will provide such transfer at its own expense, and COUNTY shall not be responsible for any related interruptions or impairments of the Hosting Services, as described herein.

CONTRACTOR shall provide COUNTY with at least 60 days notice of its intent to transfer COUNTY data to any other location. CONTRACTOR shall include the following detailed information at minimum:

- Purpose for transferring the data;
- Address of the new location;
- Transfer timeline;

COUNTY, at its discretion, may require an Implementation Package to be provided for this transfer, as defined in Subparagraph 3.12, of this SOW.

8.0 SECURITY

CONTRACTOR shall provide COUNTY with documented proof of the program measures taken to safeguard COUNTY data housed by CONTRACTOR, including the security of the environment in which COUNTY data is imported and exported to and from CONTRACTOR. The proof document must include the architectural design of the security program pursuant to the requirements of the Contract.

9.0 OWNERSHIP AND TRANSITION

All computerized claim data and computerized claim files shall be the property of COUNTY and shall be returned to COUNTY or delivered to a new service provider, as designated by COUNTY. It is understood that the information described above is the property of COUNTY and not CONTRACTOR.

Upon expiration or termination of the Contract or in the event that COUNTY elects not to renew the Contract at the end of its term, or otherwise terminates the Contract for default, convenience or insolvency, CONTRACTOR shall fully cooperate with COUNTY to provide for the transition to whatever service replacement method COUNTY determines to be in its best interest.

10.0 TRAINING

In the event COUNTY should require training for services not listed in Subparagraph 5.2, herein, CONTRACTOR shall provide training at the rates listed in *Exhibit B – Pricing Schedule*. CONTRACTOR shall recommend training curriculum and provide a qualified instructor, related training materials and a training facility.

10.1 Instructor's Travel and Lodging Expenses

Travel and lodging expenses of CONTRACTOR'S instructors providing training under the Contract shall be billed separately. The invoices for such expenses shall be prepared and submitted in accordance with Subsection 5.6 (Invoices and Payments), of the Contract.

11.0 MINIMUM REQUIREMENTS FOR USERS

CONTRACTOR shall provide COUNTY with a list of minimum requirements needed for all System Users (including, but not limited to, CAO, County Counsel, client County departments and WC TPAs) to utilize the System. The list of minimum requirements shall include, at minimum, connectivity requirements, hardware equipment and software applications. CONTRACTOR shall contact Users for requirements information, as instructed by COUNTY.

12.0 REPORT DESIGN

CONTRACTOR shall continue to provide and/or make available, with the same frequency and distribution, all reports currently being received and/or accessed by COUNTY.

13.0 QUALITY ASSURANCE PLAN

COUNTY shall evaluate CONTRACTOR'S performance under the Contract using the quality assurance procedures, as defined in Subsection 8.15 (COUNTY'S Quality Assurance Plan), of the Contract.

14.0 BUSINESS CONTINUITY PLAN

CONTRACTOR shall, within thirty (30) days of Contract implementation, provide to COUNTY a written business continuity plan describing a structured and integrated process that ensures uninterrupted provision of critical services related to the Contract following any event which could interrupt these business operations. The plan shall include, but not be limited to, the following:

- CONTRACTOR policies and procedures to assure COUNTY'S continued operation following an event;
- A description of COUNTY critical services and business processes prioritized in their importance;
- Establish viable recovery time frames relative to its impact to COUNTY'S operation;
- Address, computer, telephone, facsimile, key contact and all other critical information concerning alternative business processes and/or location(s) following an event.

CONTRACTOR shall provide COUNTY with annual plan updates, due on the anniversary of the Contract.

This plan is subject to the approval of COUNTY. COUNTY shall not be required to identify deficiencies in CONTRACTOR'S Business Continuity Plan. COUNTY shall neither assume responsibility nor liability for CONTRACTOR'S Business Continuity Plan.

15.0 PERFORMANCE STANDARDS REQUIREMENTS (PSR) AND SERVICE LEVEL AGREEMENT (SLA)

The PSRs and the SLAs (SOW, Attachment I) are intended to be completely consistent with the Contract and the SOW, and are not meant in any case to create, extend, revise, or expand any obligation of CONTRACTOR beyond that which is defined in the Contract and the SOW. In any case of apparent inconsistency between services as stated in the Contract, the SOW, the PSR, and the SLAs, the meaning apparent in the Contract and SOW will prevail. If any service seems to be created in the PSR or the SLA which is not clearly and forthrightly set forth in the Contract and the SOW, that apparent service will be null and void and place no requirement on CONTRACTOR.

PERFORMANCE STANDARDS REQUIREMENTS CHART

When CONTRACTOR'S performance does not conform to the requirements of the Contract or if CONTRACTOR does not meet or maintain the agreed upon service levels, the COUNTY will have the option to apply the following remedies providing such failure is not caused by an unreasonable delay or unreasonable lack of cooperation by COUNTY:

STANDARD	PENALTY
1. Deliverables for Task #1: Implementation Package	Failure to meet the expectations of any part of this Deliverable may result in a penalty of up to 10% of the Implementation Costs listed in <i>Exhibit B – Pricing Schedule</i> .
2. Deliverables for Task #2: Final Acceptance	Failure to meet the expectations of any part of this Deliverable may result in a penalty of up to 15% of the Implementation Costs listed in <i>Exhibit B – Pricing Schedule</i> .
3. Deliverables for Task #3: Maintenance and Support Services	Failure to meet any part of this Deliverable may result in a penalty of up to 10% for each failed Deliverable but no more than 50% of the Basic Monthly Maintenance and Support Services costs listed in <i>Exhibit B – Pricing Schedule</i> . Penalties shall be determined by COUNTY and may be ongoing until deliverables are completed to COUNTY'S satisfaction.
4. Deliverables for Task #4: Compliant FROI/SROI Reporting	Failure to meet the terms of this Deliverable as a result of CONTRACTOR'S negligence may result in a penalty of up to 15% of the FROI/SROI State Reporting annual costs listed in <i>Exhibit B – Pricing Schedule</i> . Penalties shall be determined by COUNTY and may be ongoing until deliverable is completed to COUNTY satisfaction. Under no circumstance shall the COUNTY be responsible for any penalties applied by the State due to any action or deficiency for which CONTRACTOR or Subcontractor is responsible.

SERVICE LEVEL AGREEMENT (SLA)

I. Maintenance and Support Services

A. Technical Support

1. CONTRACTOR shall provide Help Desk support via phone, facsimile and/or email. The COUNTY has and will continue to have a dedicated support representative along with backup representatives in the event its dedicated representative is unavailable.
2. CONTRACTOR and COUNTY shall jointly prioritize all issues, defects and other errors according to the following schedule.

PRIORITY	DEFINITION
1	A problem causing critical impact to COUNTY'S operation and no acceptable workaround is immediately available. CONTRACTOR shall respond to COUNTY within two hours. After normal business hours, including weekends, CONTRACTOR shall respond to notifications made by COUNTY's Project Manager or his or her designee within two hours of such notification. Work begins as soon as possible after notification and continues until problem is resolved or a workaround is available. If resolution requires a software correction, it is delivered to COUNTY as soon as the correction is available.
2	A problem causing significant (but not critical) impact to COUNTY'S operation and no acceptable workaround is immediately available. Work begins after COUNTY'S priority 1 issues are resolved per definition 1 above, and continues until the problem is resolved or a workaround is available. If resolution requires a software correction, it is delivered to COUNTY as soon as the correction is available.
3	A problem that impairs functionality or performance, but COUNTY can work around it without undue effort. CONTRACTOR will investigate the problem, decide if workaround is acceptable and if resolution requires a software correction. If a software correction is required CONTRACTOR may schedule the correction for a future release and/or provide patch as soon as possible.
4	A request for information or assistance that is not of a serious nature, but that cannot be handled immediately over the phone. A software error or defect exists but does not impede any functionality or performance. CONTRACTOR will suggest a workaround to COUNTY. If a software correction is required CONTRACTOR may schedule the correction for a future release and/or provide a patch as soon as possible.

B. Hardware Maintenance

All servers are constantly monitored and updated with the latest patches and releases from each respective vendor. Microsoft security patches are maintained using WSUS (Windows Security Update Server). These patches are downloaded and installed automatically upon authorization of the network administrator. WSUS polls for updates on an hourly basis and alerts the administrator as soon as patches are available. Service Packs are downloaded as soon as they are available. They are installed on test servers, and then on corporate production servers. Once they have been verified for internal production, then they are scheduled for installation on the ASP environment.

**EXHIBIT A
Attachment I**

1. Upon release of a new version of the operating system or database version, CONTRACTOR will schedule a certifications test. COUNTY will receive regular updates to the application software. As part of the application upgrade, CONTRACTOR will review the operating system and database versions running on the database server. If there is a new version of either that has been certified by CONTRACTOR, it will be installed along with the new version of the application.
2. In addition, as part of the application upgrade, any microcode or firmware updates available for the database server are installed as well. In the event that a maintenance level update for the operating system is determined to be of a critical nature that cannot wait for an application upgrade, it will be scheduled and installed along with any microcode or firmware updates as soon as possible.
3. During each application upgrade, all hardware is reviewed. Any hardware not meeting all functional and security requirements is replaced. The average tenure for servers in the ASP environment is 3 – 5 years.

C. System Operations

1. CONTRACTOR ensures system operation service levels as follows:
 - a. 24x7x365 real-time monitoring and alerting of every element of the ASP environment is conducted to track the overall health of systems and proactively address any possible problematic areas.
 - b. Fault-tolerant, redundant and failover systems are in place to ensure high availability, data integrity and that no single points of failure exist for the maximum possible up-time.
 - c. Occasionally the internet service provider that services the GenSource ASP datacenter will perform regularly scheduled maintenance which could affect internet communications to the datacenter. The scheduled maintenance is performed after-hours or on weekends and will be communicated to COUNTY as soon as CONTRACTOR is aware of the planned maintenance which usually ranges from 15 minutes to 1 hour in duration.

D. Back-up and Discovery Recovery

1. CONTRACTOR'S back up and recovery services currently in place are:
 - a. Full backups are performed on all production servers nightly. In addition, server images are taken prior to any updates
 - b. Backup tapes are sent to an off-site data storage site each weeknight. The monthly backup set is saved permanently at the site.
 - c. Restore time is dependent on the amount of data needed, the type of restore (software or data) and the date the restore is from. If the required tape is off-site, it can be retrieved in less than 2 hours. The time for a restore could be anywhere from 30 minutes to 4 hours.

**EXHIBIT A
Attachment I**

- d. All servers and communication equipment are connected to an Uninterrupted Power Supply. CONTRACTOR'S current backup site is its Irvine office. CONTRACTOR plans to have its hot-site setup in a hardened data center by Q3 of next year
2. The current data center will be equipped with Halon fire extinguishers. The new hot-site will have an early warning smoke detection system that will automatically drop the temperature, as well as smoke detectors that release dry flame retardant. The current data center is accessible only via key cards, which are held by a limited number of personnel.

E. Software Licenses

See item B above for operating system updates.

Notifications are immediately provided by each respective software vendor upon the release of any new hot fix or service pack. All hot fixes and service packs are installed and tested in a test environment. Upon successful completion of the test, they are scheduled for installation in production.

As for the claims management applications, a new release will be installed every two years. In the interim, any fixes or enhancements done for the COUNTY or any critical fixes will be installed as soon as they have tested.

F. Software Updates

Once a patch has successfully completed CONTRACTOR'S internal quality assurance process, it is installed in a test environment on the COUNTY'S servers. Once CONTRACTOR'S internal QA team has tested it there, the COUNTY will be given the opportunity to test it. Once the COUNTY has given its approval, the changes are moved into the production environment.

Enhancements are normally included in the new version of the software, released each year. The COUNTY'S maintenance plans provides for the installation of a new release every other year. If an enhancement is deemed critical such that it cannot wait for a next version of the software, it would be installed as described above for software patches.

New releases are created once a year. Every other year, the new release will be installed on the COUNTY'S servers. A project manager will be assigned to oversee the installation of the new release and a project plan will be provided to the COUNTY for the installation. A requirements session, training and user acceptance testing will all be included in the plan.

Upon release of any new third party software that integrates with GenIRIS, it is scheduled for compatibility testing. Once tested, the new versions will be installed along with the next application upgrade. If the third party software is shared across the client base, then the new version will be installed for all clients upon the next client upgrade. All clients will be contacted in advance of the change and provided ample time for testing in the test environment.

GenSource

***Request for Customization, Billable Services and
Authorization Procedures***

Updated: 11/08/2006

J.Kubota

This is an overview of the GenSource Client Support procedures for processing Request for Estimates and the Authorization for Billable Services.

Request for Estimate

1. Client completes and sends a Request for Estimate (RFE), copy attached, to their GenSource Client Support Representative.
2. Support Rep saves an electronic copy of the RFE in the online Client Support files.
3. Support Rep opens a tracking database case. This database is used for internal work assignments and recording status.
4. Support Rep forwards RFE to upper management for work approval.
5. If approved, support Rep opens a project in a database used for timekeeping and billing purposes.
6. Support Rep sends approval or rejection notice to the client.
7. Support Rep distributes the approved RFE to consulting and the product manager for analysis and design of the project, in order to determine the estimate of work.
8. Support Rep assigns the work in the tracking database to the product manager or consulting.

AUTHORIZATION FOR BILLABLE SERVICES

1. Estimator performs the analysis of the project.
2. Estimator gives the estimate to the Support Rep and assigns track back to the Rep for communicating an Authorization of Billable Services to the client.
3. Rep coordinates and collects the estimated hours for completion of the request from all departments.
4. Rep assembles the quote on an Authorization form, copy attached, and emails the quoted Authorization for Billable Services to the client.
 - Rep saves a copy of the Authorization in the online Client Support files.
 - Rep updates the tracking database with the quoted hours and client communication information.
5. The client either:
 - Accepts, signs and returns the Authorization for Billable Services to the Rep, or
 - Rejects the Authorization for Billable Services.
6. If authorization is rejected the project is cancelled in the database and the track is closed.
7. If authorization is accepted, the Rep:
 - Updates the online Client Support files, tracking and project databases;
 - Assigns the work to the product or operations manager; and
 - Distributes the Authorization to appropriate internal department personnel.
8. Monthly hours are invoiced to the client based on actual work completed on the project in the previous month. Invoicing continues through project completion.
9. Upon project completion and internal QA, a service patch is generated and installed on the client's test environment for client testing.
10. The client tests and informs their Rep that the change is approved for production use.
11. The Rep schedules a time for programming to install the program changes into the production accounts.
12. The changes are moved into Live production.

**EXHIBIT A
Attachment II**



Date:	Pages: 1
To:	From:
Co:	Co: GenSource
Fax:	Fax:

REQUEST FOR ESTIMATE

GS Product(s) involved: _____

Description of Request:

Additional Information Attached? Yes / No
 Completion Date? _____ (Required)

Desired Project

By signing below, you hereby agree to pay GS for up to 16 hours (2 hours minimum) to examine the feasibility of, and to develop preliminary specifications for the Project outlined above on a time and materials basis capped at the agreed upon number of hours. The 2 hour minimum is due even if you or we determine that the Project is not feasible or is not cost effective. However, GS will only proceed with the Project itself upon execution of a signed Authorization For Billable Services based on an estimated budget and completion date provided by GS.

Name: _____ Signature: _____

Company: _____ Telephone: _____ Date: / /2007

FOR INTERNAL GS USE ONLY

GS Case# _____ Trac#: _____ Date Acknowledged: / /2007 Date Distributed: / /2007 Sent to: _____

A 2-hour minimum charge applies to each request for an estimate.

**EXHIBIT A
Attachment II**



	Date:	Pages: 1
To:	From:	
Co:	Co: GenSource	
Fax:	Fax: (661) 294-1310	

AUTHORIZATION FOR BILLABLE SERVICES

GS Product involved: _____ **Case#:** _____ **Track#:** _____ **Project#:** _____
Description of Project: _____

Additional Information Attached? Yes / No Quote prepared by: _____

Estimated Hours: _____ Estimated Completion Date: _____

Required Deposit: _____

AUTHORIZATION. You hereby agree to pay GS to proceed with the Project outlined above on a time and materials basis up to the amount of the budget set forth above (or any increase approved by you). GS will promptly notify you if it believes that this Project will not be completed within the estimated time or budget. You may terminate the Project at any time by written notice to GS, and will be liable only for the costs incurred to that date or reasonably necessary to terminate this Project.

PAYMENT TERMS: GS time on this Project will be billed at the contractual rate. Payment of all bills (generally monthly) not covered by a deposit is due within 30 days after the invoice date. GS may require payment of third party costs before ordering third party materials or services.

OWNERSHIP. In order to reduce customization costs, GS uses good faith efforts to use its existing software to complete this Project. Accordingly, GS must own all rights to all of the results, products and proceeds of this Project. You will have a license to any software incorporated into your system on the same terms as the underlying GS product, and will treat all GS software in accordance with its status as proprietary copyrighted material.

SOFTWARE RISKS. GS will use its professional efforts in this Project, but does not warrant that its software (including as modified in this Project) will meet your requirements or that the operation of its software will be uninterrupted or error-free.

**EXHIBIT A
Attachment II**

EXCEPT FOR ANY EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN A WRITTEN AGREEMENT SIGNED BY GS, ALL SOFTWARE IS PROVIDED BY GS "AS IS," WITHOUT ADDITIONAL WARRANTY OF ANY KIND, AND EXCEPT AS NOTED HEREIN, GS EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE. No oral or written information or advice given by GS or its representatives shall create any warranty with regard to any software or in any way increase the scope of this warranty.

GENERAL. This Authorization is valid for 60 days and constitutes the entire agreement between the parties with respect to the Project and supersedes all prior or contemporaneous understandings, written or oral, and any contrary terms in any related purchase order. This Authorization shall be governed by California laws, without giving effect to choice of law rules and may only be modified in a written document signed by the parties. Any proceeding related to the Project must be brought in courts located in Orange COUNTY, California. The prevailing party in any dispute shall be entitled to its court costs and reasonable attorneys' fees.

In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract and then to the Exhibits.

By signing below, you hereby authorize the above work and indicate your agreement to the terms stated above.

Name: _____ Signature: _____

Company: _____ Telephone: _____ Date: __/__/2007

Request cancelled by: _____ Date: __/__/2007

Final COUNTY Acceptance: _____ Date: _____

PRICING SCHEDULE

GCFW (GENRIS-ASP IMPLEMENTATION COSTS)	\$154,000 One Time Cost
<p>GCFW – Workers’ Compensation Information Systems Services ASP Installation – 300 Users</p> <p>Installation and Configuration of GCFW</p> <ul style="list-style-type: none"> • Requirements Analysis for Initial Implementation • Set-up of “CONFIG” (table driven system options) • Set-up of Hosted Hardware, OS, and DBMS configuration • Set-up of Bill Review Interface (BRVI) • Client enhancement and interfaces will be configured in ASP set up • GenRate.net integration <p>Third Party Products</p> <ul style="list-style-type: none"> • English Wizard Reporting Software • InfoMaker – Report Generator • IBM Database • SQL Server 2005 <p>GenSource Hosted Hardware (Configuration, Migration and Upload)</p> <ul style="list-style-type: none"> • Database Server and Application Server <p>GCFW Windows Training (5 days)</p> <ul style="list-style-type: none"> • Additional training will be at \$400 inclusive per day. <p>Data Warehouse Training (2 days)</p>	
BASIC MONTHLY MAINTENANCE AND SUPPORT	\$240,000/Year
<p>ASP Subscription Fee – GCFW</p> <ul style="list-style-type: none"> • Fees subsidize numerous ongoing costs including Software Licenses, administrative support services, third party maintenance costs, bi-annual upgrades of the database and application software, and computer hardware and overhead costs. • Monthly maintenance fees begin the first of the month after going “live”. <p>Additional Software Licenses</p> <ul style="list-style-type: none"> • Additional users may be added at the costs of \$100 per user per month added to the existing monthly ASP subscription fee. • If exceed 700 user accounts, then an additional charge of \$6.80 per user per month shall be applied for Microsoft SPLA. 	
ELECTRONIC TRANSFER (PRO/SRO STATE REPORTING)	\$103,500/YEAR
<p>Subcontractor: HealthTech EDI Software and GenSource Interface Transaction and Maintenance Fees for all States mandating electronic data submission:</p> <ul style="list-style-type: none"> • EDI to and from the jurisdiction • First Report of Injury and/or Subsequent Reports of Injury (e.g., ANSI 148 & 149) • Acknowledgement (e.g., ANSI 824) and Error Reporting <p>Annual volume of expected transmissions: >150,000</p> <p>Rate guaranteed not to exceed \$103,500 annually for contract years 1 through 3 unless statutory reporting requirements are changed; for option years 4 and 5, rate will be subject to mutually agreeable inflation adjustments or upon changes in statutory reporting requirements</p>	

USER TRAINING

\$20,000/YEAR

- Travel Costs shall not exceed the actual cost of transportation by public carrier. Lodging costs shall not exceed \$174.00 per night, unless authorized by COUNTY.
- CONTRACTOR shall charge no more than \$2000.00 inclusive per day for up to five (5) students per training provided pursuant to Section 12.0 of the Statement of Work.

EXHIBIT B

CUSTOMIZATION COSTS (HOURLY RATE)										
Service	March 1, 2007 through June 30, 2008		July 1, 2008 through June 30, 2009		July 1, 2009 through June 30, 2010		July 1, 2010 through June 30, 2011		July 1, 2011 through June 30, 2012	
	Regular	Rush/ Offshift	Regular	Rush/ Offshift	Regular	Rush/ Offshift	Regular	Rush/ Offshift	Regular	Rush/ Offshift
Application Services										
Consulting	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
Training (over the phone)	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
Documentation	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
Programming Services										
Analysis	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
New Product Installation	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
Customization	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75
Data Recovery Services	\$225.00	\$500.00	\$236.25	\$525.00	\$248.06	\$551.25	\$260.46	\$578.81	\$273.48	\$607.75