



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

WILLIAM T FUJIOKA
Chief Executive Officer

DATE: May 30, 2013
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 – Gevork Simdjian
 - A) **Board Letter – PROPERTY ASSESSED CLEAN ENERGY (PACE) FINANCING**
TTC – Mark Saladino or designee
 - B) **Board Letter – KEY DISPOSAL – TERMINATION**
ISD – Tom Tindall or designee
 - C) **Board Letter – RECOMMENDATION TO AUTHORIZE THE EXECUTION OF AMENDMENT NO. 15 TO THE LEADER SYSTEM INFORMATION TECHNOLOGY AGREEMENT WITH UNISYS CORPORATION**
DPSS/CIO – Sheryl Spiller and Richard Sanchez or designee(s)
2. Public Comment
3. Adjournment

June 11, 2013

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:

**LOS ANGELES COUNTY ENERGY PROGRAM
ISSUANCE OF CONTRACTUAL ASSESSMENT LIMITED OBLIGATION
IMPROVEMENT BONDS, SERIES 2013 C-1
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

The Treasurer and Tax Collector is requesting authorization to issue contractual assessment limited obligation bonds under the Los Angeles County Energy Program (LACEP), which was approved by your Board in May 2010. LACEP was established at the request of the Internal Services Department and Treasurer and Tax Collector to provide a financing mechanism for qualified property owners within the County of Los Angeles for the installation of energy and water efficiency improvements to their respective properties. Participating property owners will repay the cost of the improvements through an annual assessment levied against their property which is payable in semi-annual installments through the property tax system. The International Brotherhood of 848 TCWH has applied for financing through LACEP to fund the installation of such improvements to certain commercial property located in the City of Long Beach. The Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 issued on behalf of the property owner will be the first financing completed by the County under LACEP.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance of Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 on behalf of The International Brotherhood of 848 TCWH in an aggregate principal amount not to exceed \$[250,000].

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 21, 2008, the Governor signed California Assembly Bill 811 (AB 811) which, as amended, authorizes local governments to provide Property Assessed Clean Energy (PACE) financing programs, which enable property owners to voluntarily finance energy

and water efficiency improvements, and distributed generation renewable energy projects (collectively referred to as “Energy Improvements”) that are permanently fixed to residential, commercial, industrial, or other real property. LACEP will provide a financing mechanism for Energy Improvements through an assessment contract between the County and the property owner, pursuant to which the County will disburse a specified amount of funding in the form of a loan to the property owner. The property owner will repay this loan through annual contractual assessments to be included on the annual property tax bill. If the owner sells the subject property prior to full repayment of the loan, the obligation remains a lien on the subject property that is transferred to the new property owner. The County intends to provide the initial financing for Energy Improvements under LACEP by issuing PACE bonds payable from contractual assessment revenues and secured by assessment contracts with qualified property owners. Participation in this program is completely voluntary and property taxes for non-participating property owners will not be affected by the County's implementation of LACEP. In addition, the Energy Improvements will not generally be subject to reappraisal by the County Assessor unless they are included as part of a major remodeling or renovation that results in a structure substantially equivalent to new construction.

The implementation of Energy Improvements to existing properties in the County will help the State and County reduce greenhouse gas emissions, and enable property owners to save money through reductions in water and energy usage. PACE financings under AB 811 mitigate two key barriers that prevent property owners from implementing a greater number of Energy Improvements: 1) it eliminates the need for property owners to finance up-front costs for Energy Improvements out of pocket, and 2) it establishes a loan obligation that is attached to the property and not to the individual borrower. The issuance of the Contractual Assessment Limited Obligation Improvement Bonds, Series 2013 C-1 Bonds (the “Bonds”) on behalf of the International Brotherhood of 848 TCWH represents the first PACE financing completed under LACEP.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness, and Strategic Plan Goal #3: Integrated Services Delivery, by providing a financing program to property owners in the County, which will serve to promote energy and water conservation, and the reduction of greenhouse gas emissions.

FISCAL IMPACT/FINANCING

There is no fiscal impact to the County budget. Repayment of the Bonds secured by the PACE assessment contract is the sole responsibility of the Property Owner. However, given the significant costs of issuance for the initial PACE financings under LACEP, and the County's intention to establish a viable PACE financing program for commercial and industrial properties, the Internal Services Department (ISD) will allocate certain

available grant funds to pay the costs of issuance on behalf of the Property Owner, which are currently estimated at \$[50,000]. Costs of issuance on future PACE financings are expected to be considerably lower as the legal documents become standardized for LACEP.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Legal Authority

LACEP was established in accordance with the provisions of Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (Act). Pursuant to the Improvement Bond Act of 1915 (the "1915 Bond Act") and Division 10 of the California Streets and Highways Code, local governments are authorized to issue bonds secured by the voluntary contractual assessments of property owners within their jurisdictions. In accordance with Section 5989.30 of the Act, as amended by AB 811, the levy and collection of assessments pursuant to Chapter 29 are valid under existing law and provide for the priority status of an AB 811 assessment lien. To facilitate the issuance of PACE bonds under LACEP, the County has relied upon the legal opinion of its bond counsel to confirm the validity of the PACE assessment and the priority status of contractual assessments liens.

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of AB 811. On May 25, 2010 a public hearing was held in which your Board approved the establishment and implementation of LACEP and authorized the issuance of PACE bonds to provide financing for Energy Improvements to participating property owners. Proceeds from the sale of the PACE Bonds will be used for the purpose of funding loans to property owners that have been approved for participation in LACEP.

PACE Bond Financing

LACEP was established with the primary and initial objective to provide a PACE financing program for both residential and commercial property owners. As of July 6, 2010, however, the County's residential PACE program was put on hold after the Federal Housing Finance Agency (FHFA) issued a statement that certain PACE programs present significant safety and soundness concerns to the mortgage portfolios held by Fannie Mae, Freddie Mac and the Federal Home Loan Banks (collectively the "Federal Mortgage Agencies") due to the priority lien status of PACE assessment contracts. The FHFA statement directed the Federal Mortgage Agencies to take a number of steps to protect their mortgage portfolios that have had a significant adverse impact on residential PACE programs throughout the nation. The FHFA statement effectively advised the Federal Mortgage Agencies to avoid buying mortgages with PACE assessments and implied that more drastic actions, such as finding PACE homeowners in default under their mortgages, could be forthcoming. Since the Federal

Mortgage Agencies dominate the secondary mortgage market, the FHFA action has largely prevented liens related to PACE assessment contracts from remaining with residential properties upon the sale or transfer to new owners, thus eliminating one of the primary benefits of residential PACE.

In response to the FHFA action, the County refocused LACEP toward establishing a commercial PACE program. The financing model for a commercial PACE program will be significantly different than the proposed model for the residential PACE program. In a commercial PACE financing transaction issued under LACEP, the County will utilize a private placement model in which the property owner will secure a private financing solution in the capital markets in accordance with the basic parameters of the 1915 Bond Act. The County will issue a single bond to the PACE investor, which will be secured by the annual revenues from the assessment contract between the County and the property owner. The proceeds from the sale of the bond to the PACE investor will be used to finance the Energy Improvements to the commercial property.

In the private placement model, the County is relying on the expertise of the financial markets to evaluate the creditworthiness of a property owner for participation in the commercial PACE program. However, the commercial property owner will be required to obtain lender consent if there is an existing mortgage lien on the property, and the County will agree to more restrictive foreclosure covenants. In the event that the property owner becomes delinquent on their annual property tax bill, the County will be required to immediately commence judicial foreclosure proceedings upon the request of the PACE investor. Furthermore, the final maturity of PACE bonds issued under LACEP will be limited to the estimated useful life of the Energy Improvements, which on average, is expected to be 15 - 20 years. Because the Energy Improvements would be installed on private property, LACEP does not currently have the ability to issue PACE bonds on a tax-exempt basis. The legal requirement to issue taxable bonds will significantly increase the interest cost to participating property owners. Neither the County's credit nor its credit ratings will in any way support or guarantee the repayment of PACE bonds issued in connection with LACEP.

International Brotherhood of 848 TCWH

Beginning in mid-2012, ISD has been utilizing California Public Utilities Commission Energy Efficiency Program funds to promote, educate and support the adoption of PACE financing for commercial building projects. To date, 33 commercial PACE project applications totaling approximately \$21 million have been received and are undergoing LACEP review.

The International Brotherhood of 848 TCWH (the "Property Owner") represents the first entity to participate in LACEP and to request your Board's approval of a PACE financing. The Property Owner for this project is the *Wholesale Delivery Drivers, General Truck Drivers, Chauffeurs, Warehouse, Sales, Industrial and Allied Workers*

Union, Teamsters Local 848, a local non-profit located in the City of Long Beach. The Energy Improvements will include installation of a 34.5 KW solar panel system that will produce 65% of the needed electricity to run the building, which will save the Property Owner approximately \$6,300 per month; and installation of an energy efficient cool roof, which will reduce roof temperatures by an average of 20 degrees, resulting in additional savings in energy costs. The Property Owner intends to utilize incentives provided through the utility companies valued at approximately \$32,000 to partially offset the cost of the Energy Improvements.

The PACE investor for this transaction is *Structured Finance Associates LLC* ("SFA"), a California-based company focused on providing PACE financing for energy efficiency and renewable energy generation products on commercial and industrial properties. SFA has been actively involved in PACE financing programs in various counties in California, as well as similar programs in Connecticut and New Jersey. The interest rate established between SFA and the Property Owner for this PACE financing is [7.0%] and the final maturity of the Bonds will be [20] years.

Hawkins Delafield & Wood, LLP will represent the County as bond counsel for this transaction and future commercial PACE financings. The Auditor-Controller will be the Fiscal Agent and the Treasurer and Tax Collector will serve as the initial Paying Agent for the Bonds. The Treasurer and Tax Collector is authorized to contract with a third-party to serve as Trustee and paying Agent for the Bonds and for future PACE financings.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact to current services or projects.

CONCLUSION

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

c: Chief Executive Officer
Internal Services Department
County Counsel
Auditor-Controller



TOM TINDALL
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

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FAX: (323) 264-7135

"To enrich lives through effective and caring service"

June 18, 2013

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:

TERMINATION OF FACILITY ANCILLARY SERVICES MASTER AGREEMENT FOR DEFAULT (ALL DISTRICTS – 3 VOTES)

SUBJECT

Termination of a facility ancillary services master agreement with Key Disposal, Inc., for default.

IT IS RECOMMENDED THAT YOUR BOARD:

Terminate the facility ancillary services master agreement (Agreement Number I104017) with Key Disposal, Inc., in whole, for default.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 3, 2009, your Board approved a Facility Ancillary Services Master Agreement (FASMA) which included Key Disposal, Inc. (Key) as a qualified vendor for waste hauling services. On February 21, 2012, ISD awarded a purchase order for waste hauling services to Key under its master agreement. Twenty three (23) of the waste hauling locations are located within the City of Los Angeles (City), and twenty eight (28) in other areas within the County of Los Angeles (Attachment 1).

On March 13, 2013, the City of Los Angeles Public Works Board approved the revocation of Key's waste hauling services permit effective April 13, 2013, due to Key's failure to comply with their contractual requirements, including but not limited to outstanding fees owed to the City. On April 4, 2013, the City notified ISD that Key's waste hauling services permit with the City was being revoked effective April 13, 2013, and that Key would no longer be allowed to provide services within the City limits.

On April 8, 2013, ISD sent written notification to Key of its intent to terminate Key's master agreement for default unless Key resolved the issue with the City. Key responded to the letter confirming that they would not be able to resolve the matter with the City by the April 13, 2013, deadline.

Given Key's inability to provide the entirety of the contracted services, ISD proceeded with actions to minimize interruptions or gaps in the critical services. ISD reviewed the most recent bid for these services and immediately awarded waste hauling services to the second lowest bidder for each of the locations then under agreement with Key. This resulted in an overall annual increase of \$33,558 over Key's prices. ISD notified your Board of this action on April 17, 2013.

ISD recommends that your Board terminate the agreement with Key pursuant to Section 8.43, Termination for Default, for violating Agreement provisions, including but not limited to: (a) 3.0, Work, and (b) 8.5, Compliance with Applicable Laws. The termination will be effective the day following Board action.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Goal Number 1 (Operational Effectiveness) by ensuring the timely delivery of customer oriented and efficient public services.

FISCAL IMPACT/FINANCING

The facilities serviced by Key were added to several existing contractors under FASMA, at a higher cost to the County, resulting in an overall annual increase of \$33,558. As indicated in Attachment 1, the costs will be absorbed by the affected departments, including the Department of Public Social Services (15 sites), Department of Community and Senior Services (12 sites), the Department of Mental Health (5 sites), Department of Public Works (3 sites), and various other departments or court facilities. Based upon the dollars involved, it is not expected that the increased costs will have a material impact on departmental operating budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 3, 2009, your Board approved, and ISD executed, a master agreement for ancillary facility ancillary services with Key ("Key"), effective April 1, 2009, for three (3) years with three (3) two-year extension options.

The Honorable Board of Supervisors
June 18, 2013
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Due to Key's inability to continue to provide services under its FAMSA terms and conditions, ISD recommends that your Board terminate the agreement with Key pursuant to Section 8.43, Termination for Default, with a finding that Key has materially breached this agreement. The specific contractual provisions that were violated are identified in Attachment 2.

With the approval of the recommended actions by your Board, ISD intends to move forward with a debarment action against this contractor.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Termination of Key's master agreement will not have a negative impact on the current services.

Respectfully submitted,

TOM TINDALL
Director

TT:YY
Attachments (2)

c: Chief Executive Officer
County Counsel
Auditor-Controller

Department/Facility	Address	City	City of Los Angeles Y/N	Previous Cost (Key)	Current Cost
1 AGRICULTURAL COMMISSIONER	11012 Garfield Ave. "A"	South Gate	N	\$ 75.00	\$ 116.91
AGRICULTURAL COMMISSIONER Subtotal				\$ 75.00	\$ 116.91
2 ANIMAL CARE & CONTROL	5898 Cherry Ave.	Long Beach	N	\$ 95.00	\$ 155.88
ANIMAL CARE & CONTROL Subtotal				\$ 95.00	\$ 155.88
3 ASSESSOR'S OFFICE	24320 Narbonne Ave.	Lomita	N	\$ 110.00	\$ 155.88
ASSESSOR'S OFFICE Subtotal				\$ 110.00	\$ 155.88
4 BOS	4801 E. Third St.	E. Los Angeles	N	\$ 155.88	\$ 180.00
BOS Subtotal				\$ 155.88	\$ 180.00
5 BOS/REG. RECORDER	14340 E. Sylvan Ave.	Van Nuys	N	\$ 110.00	\$ 244.00
BOS/REG. RECORDER Subtotal				\$ 110.00	\$ 244.00
6 COURTS	23519-25 W. Civic Center Way	Malibu	N	\$ 220.00	\$ 389.70
7 COURTS	1427 West Covina Parkway	West Covina	N	\$ 110.00	\$ 195.00
8 COURTS	1601 Eastlake Ave.	Los Angeles	Y	\$ 330.00	\$ 389.70
9 COURTS	429 Bauchet St.	Los Angeles	Y	\$ 285.78	\$ 260.00
10 COURTS	5301 E. 3rd St	East Los Angeles	N	\$ 77.94	\$ 90.00
11 COURTS	7625 S. Central Ave.	Los Angeles	Y	\$ 55.00	\$ 95.00
COURTS Subtotal				\$ 1,078.72	\$ 1,419.40
12 CSS	7555 Van Nuys Blvd.	Van Nuys	N	\$ 40.00	\$ 62.00
13 CSS	133 No. Sunol Dr.	Los Angeles	Y	\$ 285.78	\$ 260.00
14 CSS	769 W. 3rd St.	San Pedro	N	\$ 55.00	\$ 97.00
15 CSS	3175 W. 6th St.	Los Angeles	Y	\$ 110.00	\$ 155.88
16 CSS	12915 Jarvis Ave.	Los Angeles	Y	\$ 80.00	\$ 97.00
17 CSS	730 E. Altadena Dr.	Altadena	N	\$ 51.96	\$ 70.00
18 CSS	560 Mariposa	Altadena	N	\$ 103.92	\$ 140.00
19 CSS	7807 S. Compton Ave.	Los Angeles	Y	\$ 95.00	\$ 155.88
20 CSS	4716 Cesar Chavez	Los Angeles	Y	\$ 142.89	\$ 130.00
21 CSS	4513 E. Compton Blvd.	Compton	N	\$ 40.00	\$ 62.00
22 CSS	11640 E. Slauson Ave.	Whittier	N	\$ 40.00	\$ 49.00
23 CSS	1441 Santa Anita Ave.	South El Monte	N	\$ 40.00	\$ 62.00
CSS Subtotal				\$ 1,084.55	\$ 1,340.76
24 DHS	5564 North Figueroa	Los Angeles	Y	\$ 28.57	\$ 100.00
DHS Subtotal				\$ 28.57	\$ 100.00
25 DPSS	2707 S. Grand Ave.	Los Angeles	Y	\$ 220.00	\$ 389.70
26 DPSS	2040 W. Holt Ave.	Pomona	N	\$ 75.00	\$ 146.00
27 DPSS	416 N. Garey Ave.	Pomona	N	\$ 40.00	\$ 62.00
28 DPSS	8130 S Atlantic Ave.	Cudahy	N	\$ 110.00	\$ 194.85
29 DPSS	5445 E. Whittier Blvd.	East Los Angeles	N	\$ 110.00	\$ 194.85
30 DPSS	2200 Humbolt	Los Angeles	Y	\$ 114.30	\$ 140.00
31 DPSS	1740 E. Gage Ave.	Los Angeles	Y	\$ 150.00	\$ 233.82
32 DPSS	813 4th Place	Los Angeles	Y	\$ 142.89	\$ 130.00
33 DPSS	4077 Mission Road	Los Angeles	Y	\$ 171.46	\$ 180.00
34 DPSS	2855 E. Olympic Blvd.	Los Angeles	Y	\$ 150.00	\$ 233.82
35 DPSS	2601 Wilshire Blvd.	Los Angeles	Y	\$ 150.00	\$ 233.82
36 DPSS	955 No. Lake St.	Pasadena	N	\$ 129.90	\$ 130.00
37 DPSS	2615 S. Grand Ave.	Los Angeles	Y	\$ 440.00	\$ 779.40
38 DPSS	10728 S. Central Ave.	Los Angeles	Y	\$ 150.00	\$ 233.82
39 DPSS	923 E. Redondo Blvd.	Inglewood	N	\$ 40.00	\$ 130.00
DPSS Subtotal				\$ 2,193.55	\$ 3,412.08
40 DPW	16005 E. Central Ave.	La Puente	N	\$ 40.00	\$ 49.00
41 DPW	125 S. Baldwin Ave.	Arcadia	N	\$ 40.00	\$ 62.00
42 DPW	12015 Shoemaker Ave.	Santa Fe Springs	N	\$ 40.00	\$ 65.00
DPW Subtotal				\$ 120.00	\$ 176.00
43 ISD	8051 Arroyo	Montebello	N	\$ 45.20	\$ 75.00
ISD Subtotal				\$ 45.20	\$ 75.00
44 MENTAL HEALTH	5321 Via Marisol	Los Angeles	Y	\$ 28.57	\$ 50.00
45 MENTAL HEALTH	1975 Long Beach Blvd.	Long Beach	N	\$ 55.00	\$ 95.00
46 MENTAL HEALTH	17707 Studebaker Rd.	Cerritos	N	\$ 190.00	\$ 311.76
47 MENTAL HEALTH	550 S. Vermont Ave.	Los Angeles	Y	\$ 330.00	\$ 584.55
48 MENTAL HEALTH	11080 W. Olympic Blvd.	Los Angeles	Y	\$ 55.00	\$ 97.00
MENTAL HEALTH Subtotal				\$ 658.57	\$ 1,138.31
49 PROBATION/DPW	1320/1330 W. Imperial Highway	Los Angeles	Y	\$ 160.00	\$ 155.88
PROBATION/DPW Subtotal				\$ 160.00	\$ 155.88
50 PUBLIC HEALTH	10612 Shoemaker Ave	Santa Fe Springs	N	\$ 30.00	\$ 50.00
PUBLIC HEALTH Subtotal				\$ 30.00	\$ 50.00
51 SHERIFF'S/MENTAL HEALTH	1925 Daly Street	Los Angeles	Y	\$ 28.57	\$ 50.00
SHERIFF'S/MENTAL HEALTH Subtotal				\$ 28.57	\$ 50.00
TOTAL MONTHLY COST				\$ 5,973.61	\$ 8,770.10
TOTAL ANNUAL COST				\$ 71,683.32	\$ 105,241.20
DIFFERENCE IN COST				\$	\$ 33,557.88

CONTRACTUAL VIOLATIONS

3.0 WORK

- 3.1 Pursuant to the provisions of this Master Agreement, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth herein.
- 3.2 Each Purchase Order shall include a Statement of Work, which shall describe in detail the particular project and the work required for the performance thereof. Payment for all work shall be on a time and materials basis, subject to the Total Maximum Amount specified on each individual Purchase Order.
- 3.3 If Contractor provides any task, deliverable, service, or other work to County that utilizes other than approved Contractor Personnel, and/or that goes beyond the Purchase Order expiration date, and/or that exceeds the Total Maximum Amount as specified in the Purchase Order as originally written or modified in accordance with sub-paragraph 8.1, Amendments, these shall be gratuitous efforts on the part of Contractor for which Contractor shall have no claim whatsoever against County.
- 3.4 County procedures for issuing and executing Purchase Orders are as set forth in this sub-paragraph 3.4. Upon determination by County to issue a Purchase Order solicitation, County shall issue a Purchase Order solicitation containing a Statement of Work to all Master Agreement Qualified Contractors. Each interested Qualified Contractor contacted shall submit a bid to the County address and within the timeframe specified in the solicitation. Failure of Contractor to provide a bid within the specified timeframe may disqualify Contractor for that particular Purchase Order.
- 3.5 Upon completion of evaluations, County shall execute the Purchase Order by and through the Internal Services Department staff with the lowest cost Qualified Contractor unless the Purchase Order solicitation specifies bid evaluation criteria other than lowest cost. It is understood by Contractor that County's competitive bidding procedure may have the effect that no Purchase Orders are awarded to some Master Agreement Qualified Contractors. Purchase Orders are usually issued for periods not extending past the end of County's current fiscal year (June

30th) with the exception of Purchase Orders for as needed services on a time and material basis, which may be issued to correspond with the term of the Master Agreement. However, at such time the Purchase Order is only extended through the end of the fiscal year, County may either rebid the Purchase Order tasks or extend the Purchase Order if technical or cost circumstances require it.

- 3.6 County estimates that selection of any Contractor shall occur within five (5) business days of completion of the evaluations of the particular Purchase Order bids. Following selection, all Contractors selected must be available to meet with County on the starting date specified in the Purchase Order. Inability of Contractor to comply with such commencement date may be cause for disqualification of Contractor from the particular Purchase Order as determined in the sole discretion of County's Project Director.
- 3.7 In the event Contractor defaults three times under sub-paragraph 3.6 within any 12-month period, then County may terminate this Master Agreement pursuant to Sub-paragraph 8.43, Termination For Default.
- 3.8 Contractor shall be responsible for monitoring and controlling the number of hours worked, and more particularly the resulting dollar value of chargeable services performed by Contractor personnel assigned to individual time and material Purchase Orders. Contractor shall be solely responsible for payments to Contractor personnel for excess hours worked resulting in charges exceeding any total maximum amounts stated on the face of a Purchase Order.

8.5 COMPLIANCE WITH APPLICABLE LAW

- 8.5.1 In the performance of this Contract, Contractor shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.5.2 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,

ATTACHMENT 2

without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 8.6 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. 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 determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

12860 CROSSROADS PARKWAY SOUTH • CITY OF INDUSTRY, CALIFORNIA 91746
Tel (562) 908-8400 • Fax (562) 695-4801



SHERYL L. SPILLER
Director

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

June 18, 2013

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

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE EXECUTION OF AMENDMENT
NUMBER FIFTEEN TO THE LOS ANGELES ELIGIBILITY, AUTOMATION
DETERMINATION, EVALUATION AND REPORTING SYSTEM INFORMATION
TECHNOLOGY AGREEMENT WITH UNISYS CORPORATION
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

This is a joint recommendation by the Department of Public Social Services (DPSS) and the Chief Information Officer (CIO) that the Board approve Amendment Number 15 to the Los Angeles Eligibility, Automation Determination, Evaluation and Reporting (LEADER) System Agreement (County Agreement Number 68587) to increase the Total Maximum Contract Sum for the Second Extended Option Term by \$12,201,811 to provide funds for development and implementation of a LEADER interface with the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS). The costs associated with this work will be fully subvented by State and Federal revenue and there is no additional net County cost (NCC).

IT IS RECOMMENDED THAT THE BOARD:

Approve and instruct the Chairman to sign Amendment Number 15 (Attachment I) to County Agreement Number 68587 with Unisys Corporation which will:

Add the obligation to perform work related to development and implementation of CalHEERS interface to the LEADER Agreement and increase the Total Maximum Contract Sum for the Second Extended Option Term from \$113,674,095 to \$125,875,906, and the aggregate total Maximum Contract Sum from \$455,176,732 to \$467,378,543.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

CalHEERS

In March 2010, the Patient Protection and Affordable Care Act of 2010 (ACA) was passed by Congress and signed by the President. The ACA calls for the establishment of Health Benefit Exchanges in every state. The state Exchanges are intended to provide access to health care subsidies designed to reduce the cost of health coverage. In addition, the ACA expands Medi-Cal eligibility to childless adults with incomes up to 138% of the Federal poverty level. These Exchanges are intended to provide US citizens and legal residents with access to affordable health coverage; allow individuals, families, and small employers to evaluate their health plan options; help people apply for publicly-subsidized health coverage programs; and facilitate enrollment in health coverage that best meets the needs.

The State of California has elected to develop and deploy its own centralized system to support its Exchange, called CalHEERS, which will provide Californians with access to the health coverage opportunities that will be available under the ACA. The system will include an internet portal where individuals and small employers can sign up for health coverage for themselves or their employees, and identify what subsidies are available. The system will allow enrollees to shop for and compare plans based on price, benefits, out-of-pocket costs, and plan quality measures. The State of California requires the Statewide Automated Welfare Systems (SAWS), such as the LEADER system, to interface with CalHEERS to share information on the ACA-related eligibility results and case data. DPSS anticipates completing the design, development, testing, and full implementation of the CalHEERS interface by late December 2013.

Implementation of Strategic Plan Goals

These recommendations are consistent with the principles of the Countywide Strategic Plan, Goal 1: Operational Effectiveness: Maximize the effectiveness of processes, structure and operations to support timely delivery of customer-oriented and efficient public services.

FISCAL IMPACT/FINANCING

Amendment Number 15 increases the aggregate total Maximum Contract Sum from \$455,176,732 to \$467,378,543.

Costs for Fiscal Year (FY) 2013-14

The total estimated costs for Amendment Number 15 in FY 2013-14 are \$12,201,811. These costs will be fully subvented by State and Federal revenue and there is no additional NCC. Sufficient funding will be included in the Department's FY 2013-14 final changes.

FACTS AND PROVISION/LEGAL REQUIREMENTS

The Statement of Work (Exhibit A) for this Amendment contains the deliverables, activities and work products that support the design, development, testing and implementation of the CalHEERS interface with the LEADER system, as well as a breakdown of the associated costs. Payment to Unisys for the work and services performed/delivered for the CalHEERS interface will be made upon completion and acceptance of each deliverable at the price defined for each deliverable, less a 15 percent withhold. All withholds will be paid after County approval of all deliverables and subdeliverables of new Task 16.0 which addresses the CalHEERS interface, and after all software modifications have performed in substantial compliance with County-approved specifications for a period of thirty (30) consecutive days following installation of the software modifications in the LEADER System production environment.

This Board Letter and associated Amendment were reviewed and approved by the Chief Executive Office and as to form by County Counsel. As with the existing LEADER System Agreement and its previous amendments and modification notices, outside counsel, Mitchell, Silberberg & Knupp LLP, also reviewed and commented on the Board Letter and Amendment in accordance with the Board's policy regarding technology contracts.

All terms and conditions, including information technology provisions which are part of the current Agreement, will continue to apply to the Agreement following execution of the proposed Amendment Number 15.

This is not a Prop A contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

State and Federal Approval

The funding approval for Amendment Number 15 has been received from the requisite State and Federal agencies.

CONTRACTING PROCESS

Unisys was selected via a competitive solicitation. On September 12, 1995, the Board awarded a seven years and six months contract (with the option for two additional years) to Unisys to provide an automated welfare system. Amendment Number Three and Amendment Number Four approved by the Board extended the seven years and six months contract term by two years to April 30, 2005, making the Initial Term of the LEADER Agreement nine years and six months. On March 15, 2005, the Board approved Amendment Number Ten to extend the contract term for the optional two years, from May 1, 2005 through April 30, 2007. Amendment Number 12, approved by the Board on January 30, 2007, extended the LEADER Agreement for four years

through April 20, 2011, with four optional one-year extensions that could extend the LEADER Agreement through April 30, 2015.

On March 15, 2011, the Board approved the County's option to exercise the first two-years of County's Second Extended Option Term, from May 1, 2011 to April 30, 2013, under the LEADER Agreement. On April 9, 2013, the Board approved the County's option to exercise the last two years of County's Second Extended Option Term, from May 1, 2013 to April 30, 2015, under the LEADER Agreement. The Agreement is scheduled to expire on April 30, 2015, unless further extended by the County and Unisys. Any future recommendation to extend the LEADER Agreement beyond April 30, 2015 will be submitted for the Board's consideration and approval in a separate Board Letter.

IMPACT ON CURRENT SERVICES

The execution of Amendment Number 15 augments the LEADER System by complying with new State and Federal regulations and enhancing services to the participant population.

CONCLUSION

Upon the Board's approval, the Executive Officer, Board of Supervisors is requested to return three (3) original signed copies of the Amendment and one adopted stamped Board letter to the Director of DPSS.

Respectfully submitted,

SHERYL L. SPILLER
Director

RICHARD SANCHEZ
Chief Information Officer

SLS:RS:ph

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Chair, Information Systems Commission