



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

WILLIAM T FUJIOKA
Chief Executive Officer

DATE: June 27, 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) **Risk Management Presentation**
CEO – William T Fujioka or designee
 - B) **Risk Management Presentation**
Assessor – Santos Kreimann or designee
 - C) **Board Letter – Real Estate Fraud Prevention (SB 62)**
DCA_RR/CC – Brian Stiger and Dean Logan or designee(s)
 - D) **Board Letter – RECOMMENDATION TO APPROVE THE FUND DISTRIBUTION AGENCIES ELIGIBLE TO PARTICIPATE IN THE ANNUAL COUNTY CHARITABLE GIVING CAMPAIGN**
CEO – Frank Cheng or designee
 - E) **Board Letter – APPROVAL OF CONTRACT FOR AUTOMOBILE AND GENERAL LIABILITY CLAIMS ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT SERVICES WITH CARL WARREN & CO.**
CEO Risk Mgmt. – Steve Robles or designee
2. Public Comment

NOTICE OF CLOSED SESSION

**CS-1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATIONS
(Paragraph (1) of Subdivision (d) of Government Code Section 54956.9)**

3. Adjournment

County of Los Angeles

CHIEF EXECUTIVE OFFICE

RISK MANAGEMENT OVERVIEW

June 12, 2013

Purpose

As directed by the Board of Supervisors on February 21, 2012, this Chief Executive Office Risk Management Overview was developed to describe risk issues, trends, and mitigation measures undertaken to address these risks.

This overview provides information about three risk issues in the Department, trends or other reasons the risk issues are important, and mitigation measures.

Department Overview

The Chief Executive Office (CEO) is responsible for assisting the Board of Supervisors in handling the mounting administrative details of the County. The CEO is also responsible for making recommendations to the Board that will result in cost-efficient programs that will better serve the public, the Board and County departments. The CEO provides supervision for 31 of the 37 county departments and work closely with the remaining 6 departments. The CEO also ensures Board policies and priorities are followed, monitor the departments' spending, and recommends to the Board what the department's budgets should be each year.

The CEO like other departments whose employees are primarily tasked with deskbound duties has low risk exposures (for example, Auditor-Controller, County Counsel and the Department of Human Resources). The department is committed to measurable risk reduction and reducing legal exposure by engaging in proactive efforts to mitigate potential exposure through a combination of policy, new programs, and employee education resulting in a comprehensive Risk Management program.

The majority of general liability claims charged to CEO are not relative to CEO operations, but are largely comprised of contractual disagreement or the public's use of County facilities. This overview includes issues relative to departmental operations as well as issues that impact multiple departments for which the CEO has led responsibility for oversight and coordination

Risk Management Coordinator Name:	Stacey M. Winters
Safety Officer/Coordinator Name:	Elyson Raudez
Return-to-Work Coordinator Name:	Vicki Hooks

Risk Issues, Trends, Mitigation Measures

RISK ISSUE #1
Issue: Emergency planning for people with disabilities during an emergency.
Trends: The County's emergency response plans included provisions for all people in the County

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regardless of physical capability but did not include comprehensive details regarding the unique needs of persons with disabilities or access and functional needs (AFN).

Mitigation Measures:

- **Hired an AFN coordinator** responsible for managing the County's emergency management functions with respect to the AFN population.
- **Engaged an expert in emergency management and disabilities** to assist the County and the Access and Functional Needs Coordinator with the implementation of the six year Settlement Agreement.
- **Enhanced the LA Alert system** to include TTY messages.
- **Developed the Specific Needs Awareness Planning (SNAP).** SNAP is a voluntary registry for County residents to identify needs for assistance in a disaster which is used by emergency planners and first responders.
- **Enhanced the County's Emergency Response Plan** (formally referred to as AFN Annex) to include specific provisions to address the needs of people with disabilities and the AFN community in emergencies.
- **Established an AFN committee of the Operational Area Advisory Board (OAAB).** This committee is a working group that supports the work of the AFN Coordinator by reviewing County emergency plans and advising the OAAB on disability and other access and functional needs as they pertain to the emergency planning.
- **Created and began implementation of a six-year plan** of inclusive emergency planning elements and deliverables (The Work Plan). The elements address inclusive emergency planning Countywide in the areas of plan adoption, mass care and shelter, network building, community education, communications, evacuation and transportation, drills and exercises, and recovery planning.

Results:

Adequate provisions for the AFN population in the County's emergency plans will mitigate potential liability due to discrimination under the ADA and other laws in the context of emergency planning.

RISK ISSUE #2

Issue:

Injury and illness claims due to Cumulative Trauma (CT) and Physical Injuries.

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Trends:

Ninety-six percent (96%) of Workers' Compensation costs are due to CT and Physical Injuries. The majority of CT claims are due to Carpal Tunnel Syndrome and physical injuries are a result of lifting.

Mitigation Measure:

The department has heightened its focus and efforts toward reducing WC claims which include:

- Posted the Joint labor Management Committee's ergonomic video on the department's intranet site.
- Implemented a Rapid Response Team to conduct ergonomic evaluations and to quickly adjust equipment and furniture to ensure workspace configuration is ergonomically sound.
- Promoting CEO Risk Management's safety bulletins as applicable which include practical tips to minimize injuries such as carpal tunnel and physical accidents.

Results:

Deliberate efforts to educate employees, and regular ergonomic evaluations will heighten employee safety awareness and is expected to reduce number of claims filed due to repetitive motion and physical injury.

RISK ISSUE #3

Issue:

Liability from the use of County owned vehicles and vehicles driven by Mileage Permittees.

Trends:

Eighty percent (80%) of vehicle liability is due to collisions involving Mileage Permittees and vehicle damage while parked in County owned parking lots.

Mitigation Measure:

- Implemented a Vehicle Damage Claim Taskforce. The Taskforce began its efforts by evaluating vehicle accident claims since 2008 and identified appropriate training needs based on trends.

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- Mandating defensive driver training for all Mileage Permittees and individuals assigned County vehicles.

Results:

An 86% reduction in costs from the prior year in total cost paid for damage involving Mileage Permittees.

Metrics

1. Liability Claim Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Total number of all claims. ¹	17	38	19
Number of General Liability claims.	17	29	20
Total paid ² for General Liability claims.	\$8,750	\$100,000	\$2,380,669
Number of Vehicle Liability claims.	0	9	4
Total paid ² for Vehicle Liability claims.	\$0	\$5,659	\$5,852
Number of Medical Malpractice claims.	0	0	0
Total paid ² for Medical Malpractice claims.	\$0	\$0	\$0

1. Number of claims is the total of all claims (including all suffixes) entered into the Risk Management Information System (RMIS) during the fiscal year.
2. Total paid is based on transaction dates within each fiscal year as listed in RMIS.

2. Workers' Compensation Claim Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of new Workers' Compensation claims filed during the period.	7	9	13
Total Workers' Compensation expense paid during the period.	\$348,429	\$324,847	\$339,216
Total paid for Salary Continuation/Labor Code 4850 during the period.	\$37,971	\$7,199	\$41,823
Number of employees ¹ as of June 30.	449	452	473
Workers' Compensation Claim Report Rate (number of claims reported per 100 employees) for the period.	1.56	1.99	2.54
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (all departments).	10.8	11.7	11.2
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (all departments, excluding Fire, Probation, Sheriff).	6.2	6.7	7.5
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (Fire, Probation, Sheriff only).	23.2	25.0	22.8
Workers' Compensation Expense Rate (expenses paid per	\$776	\$719	\$717

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current employee). ²			
Benchmark: Countywide Average Workers' Compensation Expense Rate (all departments).	\$3,027	\$3,266	\$3,505
Benchmark: Countywide Average Workers' Compensation Expense Rate (all departments, excluding Fire, Probation, Sheriff).	\$2,020	\$2,179	\$2,258
Benchmark: Countywide Average Workers' Compensation Expense Rate (Fire, Probation, Sheriff only).	\$5,725	\$6,167	\$6,822

1. Number of employees is the sum of currently filled full-time and part-time positions.
2. Workers' Compensation Expense Rate is amount paid in a given year divided by the current employee count. The amount paid includes payment for claims of current and former employees, including retirees.

3. Return-to-Work Performance (industrial and non-industrial cases)

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of active return-to-work cases as of June 30.	13	13	12
Number of cases closed in the prior year.	8	11	7
Number of employees on work hardening transitional assignment agreements as of June 30.	5	2	2
Number of employees on conditional assignment agreements as of June 30.	0	0	0

4. Vehicle and Fleet Safety Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of Department-owned vehicles.	17	21	14
Total number of vehicle accidents involving Department-owned (or leased) vehicles.	1	2	0
Total cost paid for damage involving Department-owned (or leased) vehicles (not including third party claim/damage cost).	\$0	\$0	\$0
Number of miles driven by Department-owned (or leased) vehicles.	12,652	13,200	10,700
Number of vehicle accident involving Department-owned (or leased) vehicles per 100,000 miles driven.	7.91	15.15	0.00
Number of Department permittee drivers as of June 30.	224	228	221
Total number of vehicle accidents involving permittee drivers.	2	2	1
Total cost paid for damage involving vehicles driven by permittee drivers (not including third party claim/damage cost).	\$3,045	\$5,906	\$3,182
Number of permittee miles driven during period.	107,418	108,611	105,105
Number of vehicle accidents involving permittee drivers per 100,000 miles driven.	1.86	1.84	0.95

County of Los Angeles
OFFICE OF THE ASSESSOR
RISK MANAGEMENT OVERVIEW
June 27, 2013

Purpose

As directed by the Board of Supervisors on February 21, 2012, this Office of the Assessor Overview was developed to describe risk issues, trends, and mitigation measures undertaken to address these risks.

This overview provides information about 3-5 risk issues in the department, trends or other reasons the risk issue is important, and mitigation measures.

Department Overview

The Office of the Assessor is responsible for setting assessed values, in the form of an annual assessment roll, on more than 2.4 million taxable residential and commercial real estate parcels and on nearly 308,000 unsecured properties. The roll is used to calculate property revenues for 88 cities, 102 school districts, hundreds of special districts, and for County government.

The department's risk management program consists of analyzing, overseeing and setting up measures to lessen risk and exposures. In recent years, the Department has taken measures to improve its Vehicle Safety Program and to reduce the number of preventable auto accidents by mileage permittees and related expenses. Measures were also taken to reduce work-related injuries and related cost.

Risk Management Coordinator Name:	Steven Hernandez
Safety Officer/Coordinator Name:	Arlene Santos
Return-to-Work Coordinator Name:	Geraldine Turner

Risk Issues, Trends, Mitigation Measures

RISK ISSUE #1
<u>Issue:</u> Enhancing the Department's Vehicle Safety Program and reducing expenses related to vehicle accidents involving permittee drivers
<u>Trends:</u> With increased effort, vehicle accidents and related cost could be further reduced
<u>Mitigation Measure:</u> <ul style="list-style-type: none">• The Department's Vehicle Safety Policy was updated to include more severe disciplinary action for employees who cause accidents due to their own negligence. The

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Department also continues to closely monitor car accident related expenses and liability and effects further improvements to the policy and procedures if necessary.

- Improved the process of handling mileage permittee property damage claims, including additional document submission requirements.

Results: The cost paid for damage involving permittee drivers has steadily gone down:

- FY2008-09 -- \$36,067,
- FY2009-10 -- \$22,682,
- FY2010-11 -- \$10,916,
- FY2011-12 -- \$5,453.

Also

- In FY2008-09, there were eight preventable accidents;
- FY2009-10, four;
- FY2010-11, two;
- FY2011-12, one.

RISK ISSUE #2

Issue: Reducing work-related injuries and related expenses as well as preventing future workers' compensation claims.

Trends: Worker's compensation claims were filed predominantly for cumulative trauma disorders (CTD) and injuries due to slips, trips, and falls.

Mitigation Measure:

- During 2012 and on-going,
 - The Department's Ergonomics Program was completely revised and improved
 - All employees received ergonomics training
 - Workstation evaluations were conducted for all employees who requested one and necessary changes were implemented to minimize the risk of injuries.
- At the beginning of 2013, the Department prepared and disseminated Work Place Injury Prevention Guidelines which cover: Slips, Trips, and Falls; Strains and Overexertion; Safe Lifting Technique; Striking Objects; Struck by Object; Caught in or Between Objects; Material Storage
- Continue to monitor and conduct workstation evaluations and implement necessary changes to minimize the risk of injuries.

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- In process of implementing the Ergonomics Product Standard List for the Department.

Results: Reduction in new workers' compensation claims from 36, 27, and 35 in, respectively FY 2009-10, FY 2010-11, and 2011-12 to nine in the current fiscal year. Similarly, total workers' compensation expenses went down from \$1,313,069 in FY 2009-10 to \$973,482 in FY2010-11 to \$847,609 in FY2011-12

Metrics

1. Liability Claim Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Total number of all claims. ¹	20	13	21
Number of General Liability claims.	18	11	16
Total paid ² for General Liability claims.	\$299,257	\$299,837	\$182,014
Number of Vehicle Liability claims.	2	2	5
Total paid ² for Vehicle Liability claims.	\$15,949	\$41,374	\$5,612
Number of Medical Malpractice claims.	n/a	n/a	n/a
Total paid ² for Medical Malpractice claims.	n/a	n/a	n/a

1. Number of claims is the total of all claims (including all suffixes) entered into the Risk Management Information System (RMIS) during the fiscal year.
2. Total paid is based on transaction dates within each fiscal year as listed in RMIS.

2. Workers' Compensation Claim Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of new Workers' Compensation claims filed during the period.	36	27	35
Total Workers' Compensation expense paid during the period.	\$1,313,069	\$973,482	\$847,609
Total paid for Salary Continuation/Labor Code 4850 during the period.	\$43,261	\$80,608	\$46,326
Number of employees ¹ as of June 30.	1,437	1,331	1,353
Workers' Compensation Claim Report Rate (number of claims reported per 100 employees) for the period.	2.51	2.03	2.59
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (all departments).	10.8	11.7	11.2
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (all departments, excluding Fire, Probation, Sheriff).	6.2	6.7	7.5
Benchmark: Countywide Average Workers' Compensation Claim Report Rate (Fire, Probation, Sheriff only).	23.2	25.0	22.8

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Workers' Compensation Expense Rate (expenses paid per current employee). ²	\$914	\$731	\$626
Benchmark: Countywide Average Workers' Compensation Expense Rate (all departments).	\$3,027	\$3,266	\$3,505
Benchmark: Countywide Average Workers' Compensation Expense Rate (all departments, excluding Fire, Probation, Sheriff).	\$2,020	\$2,179	\$2,258
Benchmark: Countywide Average Workers' Compensation Expense Rate (Fire, Probation, Sheriff only).	\$5,725	\$6,167	\$6,822

1. Number of employees is the sum of currently filled full-time and part-time positions.
2. Workers' Compensation Expense Rate is amount paid in a given year divided by the current employee count. The amount paid includes payment for claims of current and former employees, including retirees.

3. Return-to-Work Performance (industrial and non-industrial cases)

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of active return-to-work cases as of June 30.	36	27	29
Number of cases closed in the prior year.	3	10	20
Number of employees on work hardening transitional assignment agreements as of June 30.	1	6	0
Number of employees on conditional assignment agreements as of June 30.	0	0	0

4. Vehicle and Fleet Safety Performance

Measure	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12
Number of Department-owned vehicles.	8	8	8
Total number of vehicle accidents involving Department-owned (or leased) vehicles.	2	2	5
Total cost paid for damage involving Department-owned (or leased) vehicles (not including third party claim/damage cost).	\$0	\$0	\$0
Number of miles driven by Department-owned (or leased) vehicles.	75,905	74,320	75,777
Number of vehicle accident involving Department-owned (or leased) vehicles per 100,000 miles driven.	0.00	2.69	0.00
Number of Department permittee drivers as of June 30.	926	825	851
Total number of vehicle accidents involving permittee drivers.	10	13	6
Total cost paid for damage involving vehicles driven by permittee drivers (not including third party claim/damage cost).	\$22,682	\$10,916	\$5,435
Number of permittee miles driven during period.	2,006,838	1,780,006	1,916,227
Number of vehicle accidents involving permittee drivers per 100,000 miles driven.	0.50	0.73	0.31



DEAN C. LOGAN
Registrar-Recorder/County Clerk

July 16 or 30 2013

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

Dear Supervisors:

**AUTHORIZE ADDITIONAL NOTICES RELATING TO NOTICES OF DEFAULT OR SALE; INCREASE FRAUD NOTIFICATION FEE PURSUANT TO SENATE BILL 62; AMEND THE REAL ESTATE FRAUD NOTIFICATION SERVICES AGREEMENT; AND AUTHORIZE THE REGISTRAR-RECORDER/COUNTY CLERK TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE DEPARTMENT OF CONSUMER AFFAIRS
(All Supervisorial Districts) (3 Votes)**

SUBJECT:

The Registrar-Recorder/County Clerk (RR/CC), in accordance with Senate Bill 62 is requesting your Board adopt a resolution authorizing the RR/CC to provide fraud notice to parties subject to a notice of default or sale in addition to those executing deeds, quitclaim deeds, and deeds of trust under the current program. The RR/CC also requests that your Board increase the fraud notification fee which relates to the Fraud Notification Program. RR/CC proposes the current fee of four dollars (\$4.00) be increased by \$3.00 (not to exceed \$7.00) for the recording of deeds, quitclaim deeds, or deeds of trust and a new fee of \$7.00 for the recording of notices of default or sale. The \$3.00 increase will cover administrative fees incurred by the RR/CC and the actual cost to provide information, counseling, or assistance to recipients of the notices. The new fee of \$7.00 will cover the cost of mailing notifications of the notices of default and notices of sale, administrative costs, as well as the actual cost to provide information, counseling, or assistance to recipients.

JOINT RECOMMENDATION WITH DEPARTMENT OF CONSUMER AFFAIRS THAT YOUR BOARD:

1. Adopt a resolution authorizing additional notices be mailed to a party or parties subject to a notice of default or notice of sale within a specific timeframe.

2. Approve for introduction the accompanying ordinance amending Title 2— Administration of the Los Angeles County Code to add Section 2.32.091 which revises the fraud notification fee.
3. Instruct the Executive Officer of the Board of Supervisors to publish a notice and set for public hearing, pursuant to Government Code sections 66018 and 6062a, the consideration of a fraud notification fee increase.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

4. Adopt the ordinance (Attachment I) implementing a \$3.00 increase for the recording of deeds, quitclaim deeds, or deeds of trust (not to exceed \$7.00) and a new fee of \$7.00 for the recording of notices of default or sale.. The \$3.00 increase will cover administrative fees incurred by the RR/CC and the actual cost to provide information, counseling, or assistance to recipients of the notices. The new fee of \$7.00 will cover the cost of mailing notifications of the notices of default and notices of sale, administrative costs, as well as the actual cost to provide information, counseling, or assistance to recipients
5. Delegate authority to the RR/CC or designee to execute attached Amendment #6 (Attachment II) to Agreement # 76358 with Corelogic Information Solutions, Inc. (Corelogic) for Real Estate Fraud Notification Services to include mail notifications for recorded notices of default and notices of sale documents to the existing agreement in accordance with the enactment of Senate Bill 62.
6. Delegate authority to the RR/CC to enter into a Memorandum of Understanding with the Department of Consumer Affairs (DCA) in exchange for a portion of the fee (\$2.91) to provide information, counseling, or assistance to persons who receive mail notifications of recorded deed, quitclaim deed, deed of trust, notice of default, and notice of sale documents pursuant to Government Code sections 27297.6 and 27387.1.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Real estate and foreclosure fraud continues to be a major problem in Los Angeles County. With the economic downturn in 2008, the County experienced a dramatic rise in foreclosures. Notices of default topped 44,000 in 2012 and combined notices of default and notices of sale are projected to remain above 40,000 in 2013.

The dramatic rise in foreclosures saw the number of complaints to the DCA rise significantly. Complaints against fraudulent foreclosure consultants alone rose from only 44 in 2007 to more than 565 in 2009. Each year, the DCA receives more than 10,000 calls from homeowners on the existing Fraud Notification Program and conducts more than 500 case investigations.

Expansion of the Fraud Notification Program is critically needed. The cost of foreclosures, fueled by foreclosure fraud, to families, the County and lenders is significant. Many of the victims to foreclosure fraud are those most vulnerable including the elderly, the poor, and those less educated. Desperate to save their homes, they fall prey to real estate scammers who promise to save their home. Complaints received by DCA document that homeowners pay from \$5,000 to as much as \$25,000 or more to real estate scammers who promise to get funding or refinancing, but fail to do so. Many are defrauded more than once.

The purpose of the recommended action is to increase the fraud notification fee, in accordance with Government Code sections 27297.6 and 27387.1. The RR/CC proposes that the current fee of four dollars (\$4.00) be increased by \$3.00 for the recording of deeds, quitclaim deeds, or deeds of trust, and a new fee of \$7.00 be collected for the recording of notices of default or sale. The \$3.00 increase will cover administrative fees incurred by the RR/CC and the actual cost to provide information, counseling, or assistance to recipients of the notices. The new fee of \$7.00 will cover the reasonable cost of mailing notifications of the notices of default and notices of sale, administrative costs, as well as the actual cost to provide information, counseling, or assistance to recipients.

Senate Bill 62 which amended Government Code sections 27297.6 and 27387.1, until January 1, 2015, modifies the existing Fraud Notification Program to include recorded notices of default and notices of sale, and allows notices to be sent by mail to a party or parties subject to a notice of default or notice of sale, including the occupants of that property, within 5 days but in any event no more than 20 days, of recordation. The law regarding mailing notices of recorded deeds, quitclaim deeds, or deeds of trust within 30 days of their recordation to parties executing such documents remains unchanged. The authorized service to the recipients of these notices is also only effective until January 1, 2015, at which time it is repealed and the original law providing notice to parties executing deeds, quitclaim deeds, and deeds of trust becomes operative.. The County will continue to be authorized to contract for this service pursuant to Government Code section 27297.6(d).

The proposed fee reflects the cost for mailing notifications, administrative costs, and assistance and counseling services. Cost studies to determine the reasonable cost of the program and the related fee consisted of research, interviews and work observations of technical and support staff performing their duties to provide these services. The studies included applicable costs such as salaries, employee benefits, supplies, equipment and overhead. The proposed revisions of fees have been reviewed and approved by the Department of Auditor-Controller.

Implementation of Strategic Plan Goals:

This request supports the County strategic Plan as follows:

Goal No. 1: Service Excellence: Provide the public with easy access to quality information and services that are both beneficial and responsive. The Agreement will provide uninterrupted Real Estate Fraud Notification Services to Los Angeles County Real Property owners.

Goal No. 3: Organizational Effectiveness: Ensure that service delivery systems are efficient, effective, and goal-oriented. The Agreement will provide Real Property owners with an early notice of recordation of documents affecting their real property..

FISCAL IMPACT/FINANCING:

Approval of this recommendation will increase the current fee of four dollars (\$4.00) by \$3.00 (not to exceed \$7.00) for the recording of deeds, quitclaim deeds, or deeds of trust, and will create a new fee of \$7.00 to be collected for the recording of notices of default or sale. The \$3.00 increase will cover administrative fees incurred by the RR/CC and the actual cost to provide information, counseling, or assistance to recipients of the notices. The new fee of \$7.00 will cover the reasonable cost of mailing notifications of the notices of default and notices of sale, administrative costs, as well as the actual cost to provide information, counseling, or assistance to recipients. The fee will be distributed as follows: the contractor will continue to receive its unit price of \$3.39 for mailing notifications, the RR/CC will collect its authorized 10% administrative costs of \$0.70, and the remaining balance of \$2.91 will be allocated to the DCA to cover the cost of providing information, counseling, and assistance to owners or occupants who receive these notifications. There is no impact on the County General Fund or fiscal impact to RR/CC's budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Upon adoption of an authorizing resolution by your Board, RR/CC will be able to mail notices to parties subject to notices of default and sale, in addition to the existing notifications which are mailed for related real estate documents. Once the resolution is adopted, pursuant to Government Code section 27297.6(e) the County, shall, on or before January 1, 2014, submit a report to the Senate Committee on Judiciary and the Assembly Committee on Local Government which included the following information: (1) a copy of each type of notice mailed ; (2) the number of filed notices of default and notices of sale for which a fee is collected; (3) the amount of fees collected for the filing of notices of default and notices of sale; and (4) the amount of fees spent to provide housing information, counseling, and assistance.

Government Code section 27387.1 authorizes RR/CC to collect a fee not to exceed \$7.00 for recorded deeds, quitclaim deeds, deeds of trust, notices of default or notices of sale to cover mailing costs, administrative costs, and the actual cost of providing information, counseling, and assistance. .

Government Code Section 66018 requires a local agency to hold a public hearing at which oral or written presentations can be made. The Executive Office of the Board of Supervisors, in accordance with Government Code Section 6062a, will publish an official notice of the time and place of said meeting, including a general explanation of the fees to be revised. After the public hearing, RR/CC requests that your Board approve the attached ordinance in order to implement the proposed fee increase.

The fee study has been reviewed and approved by the Auditor-Controller's office while County Counsel has prepared the attached ordinance regarding the proposed fee increase and amendment.

Government Code section 27297.6 continues to allow the County to contract for mail notification services for these documents. Your Board's approval of the attached Amendment will allow RR/CC to expand the current Real Estate Fraud Notification Services by adding notices of default and sale

On May 24, 2007, a Request for Proposals (RFP) was issued to competitively bid for the Real Estate Fraud Notification Services. On October 2, 2007, your Board approved the Agreement with Corelogic, the current contractor, for the mailing of notifications. The initial term of the Agreement was effective October 25, 2007 through October 24, 2013 (the term includes the contract extension/cost reduction initiative) with three (3) optional one-year extensions. The Agreement is, currently, in the first-option year which will expire October 24, 2013.. The Agreement's final term will expire October 2015.

RR/CC is in compliance with all Board, Chief Executive Officer, and County Counsel requirements. The Chief Executive Office has reviewed and approved this Board letter. County Counsel has reviewed this Board letter and approved as to form the attached Agreement.

For purposes of providing information, assistance and counseling, RR/CC requests authority to enter into a Memorandum of Understanding with DCA. In exchange for providing these services, DCA will receive a portion of the fee in the amount of \$2.91, as specified under the section Fiscal Impact/Financing above.

Fraud Notification Program:

On December 10, 1991, on motion of Supervisor Antonovich, your Board instructed RR/CC to develop legislation to provide notices to homeowners when a document affecting ownership of their property was recorded. This legislation was needed to address the recording of fraudulent and forged deeds and to detect, deter and prevent real estate fraud.

Subsequently, in 1992 Senate Bill 1842 (Watson) was enacted, which authorized the RR/CC to charge a fee on certain documents to fund the Fraud Notification Program in order to notify parties when an instrument affecting their real property interest had been recorded.. The law became effective January 1, 1993, as a pilot program with a sunset clause of 1995. The pilot was an overwhelming success. More than 757,000 notifications including a survey postcard were mailed to property owners. More than 130,000 of the postcard surveys were returned. Over 96 percent of the respondents expressed support for the program. In 1996, Senate Bill 1631 (Watson) proposed the re-implementation of the Fraud Notification Program. Through its enactment, the program was effective with an indefinite term and continued to authorize the collection of a fee not to exceed seven dollars (\$7.00).

On January 13, 2009, Supervisor Mark Ridley-Thomas introduced a motion to address real estate fraud and foreclosures and directed the Chief Executive Office (CEO) to report back to the Board.

On March 17, 2009, the CEO filed a report with your Board entitled: *Report and Recommendations to Address Foreclosures and Real Estate Fraud*. One recommendation called for legislation to expand the existing Fraud Notification Program to include notices of default and notices of sale and to provide assistance to property owners subject to these documents.

Senate Bill 62 (Liu) enacted in August 2011, amended Government Code section 27297.6 to expand the existing Fraud Notification Program to include mailing notices for recorded notices of default and notices of sale within the specific timeframes. The existing statutory language which allowed a fee not to exceed seven dollars (\$7.00) was carried over into the amended code section on the recording of these additional documents to cover the cost of mailing notices to property owners, administrative costs, as well as providing information, counseling or assistance to persons receiving these notices. As of January 1, 2015, this amended section will sunset and mailed notifications for recorded notices of default and sale as well as related services will no longer be statutorily authorized.

As a result, RR/CC is partnering with the DCA to enhance the Fraud Notification Program. DCA will serve as the agency that will provide the services that are publicized in the notification materials mailed to the parties statutorily identified. The notification material will direct the recipient to call DCA at a toll-free telephone number to address issues relating to real estate fraud . DCA will provide information, counseling, or assistance to persons who receive a notice. DCA works closely with the District Attorney, police and other prosecuting agencies to coordinate activities and to refer cases of real estate fraud for prosecution.

PROPOSITION 26

Proposition 26 defines "tax" as a "levy, charge, or exaction of any kind" paid by taxpayers subject to seven exceptions. Local governments must show that a charge is reasonable and falls under a permissible exception. Such exceptions include, but are not limited to, charges for a specific benefit or privilege, a government service or product, or a regulatory charge. .

IMPACT ON CURRENT SERVICES:

The proposed fee increase will not impact current services provided by the RR/CC and DCA. The collected fee of seven (\$7.00) dollars will cover the reasonable cost of mailing the notification to property owners, administrative costs, and DCA's services of providing information, counseling, or assistance to recipients of the mailed notices for recorded deeds, quitclaim deeds, deeds of trust, notices of default, and notices of sale.

Approval of the recommended Amendment will allow the RR/CC to add the Real Estate Fraud Notification Services to include the statutorily specified recorded foreclosure documents and allow DCA Department of Consumer Affairs to continue to serve as the central point of contact as it has since your Board reestablished the Fraud Notification Program in 1997. Recipients of these notifications are able to call DCA for additional information, assistance, or counseling, if they believe they are the victims of fraud or foreclosure scams..

In December 1996, your Board ordered the DCA to create and operate a real estate fraud early warning program and designated DCA as the central reporting agency for real estate fraud. DCA established and publicized a toll-free telephone number to report real estate fraud, printed and distributed brochures, accepted and investigated homeowner complaints, made appropriate referrals to police and prosecuting agencies, participated in a real estate fraud task force, and developed partnerships with government, industry and community legal services agencies to protect residents from real estate fraud schemes. DCA continues to function in this capacity. Approval of the recommended Amendment will also allow DCA to continue to provide information through their real estate fraud early warning program by incorporating the toll free number on the notifications for the Fraud Notification Program.

Since your Board reestablished the Fraud Notification Program in 1997, DCA has served as the contact for property owners who receive a notification upon recording of a deed, quitclaim deed, or deed of trust. The materials mailed to homeowners instruct them to call DCA to address issues relating to real estate fraud. The notification helps homeowners identify forgery, fraud, changes after signing, transfer of title without homeowner consent, incorrect legal descriptions and refinancing schemes. DCA develops the text of letters and notifications to homeowners and other materials used in the Fraud Notification Program. They operate a special telephone number for homeowners to call, provide recorded information during non-business hours, provide counseling and mediation services to property owners concerning recorded documents, conduct investigations of real estate fraud and make appropriate referrals to law enforcement and prosecuting agencies.

The Fraud Notification Program continues to be a success with homeowners. More than 96 percent of homeowners responding to the postcard survey approve of the Fraud Notification Program. DCA currently handles more than 10,000 calls annually from homeowners on the existing Fraud Notification Program and conducts more than 500 case investigations. Expansion of notification to provide notice to homeowners on notices of default and sale will significantly increase the workload since DCA will be reaching those in the greatest need, families in foreclosure.

Real estate fraud complaints are complex and time consuming. Real estate cases are document intensive and often require extensive research and analysis. A single victim often leads to dozens more which makes the case larger and more complicated. As the market evolves so will the perpetrators who constantly adapt to changing times and configure new scams to defraud homeowners.

CONCLUSION

Upon approval by your Board, the Executive Officer is requested to return one (1) adopted copy of this letter to:

Department of Registrar-Recorder/County Clerk
Finance and Management Division
12400 Imperial Highway, Room 7211, Norwalk, CA 90650
Attention: Francisco E. Perez, Contract Section

And

Department of Consumer Affairs
500 W. Temple Street, Room B-96, Los Angeles, CA 90012
Attention: Wendy Myring

Respectfully submitted,

Respectfully submitted,

DEAN C. LOGAN
Registrar-Recorder/County Clerk

BRIAN J. STIGER
Department of Consumer Affairs

DCL:FP:PT:co

Attachments

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisor
Department of Consumer Affairs
Auditor-Controller



DEAN C. LOGAN
Registrar-Recorder/County Clerk

THE PROPERTY YOU OWN OR RENT IS IN FORECLOSURE

GET FREE HELP FROM CONSUMER AFFAIRS AT (800) 973-3370

Dear Property Owner or Renter,

We are contacting you to provide free help and keep you from becoming a victim of real estate or foreclosure fraud.

One of these documents was recently recorded on the property you own or rent:

- **Notice of Default:** This means that mortgage payments are delinquent and the lender or their servicer has started foreclosure.
- **Notice of Sale:** The property is in the final stages of foreclosure. An auction to sell the property will occur within 20 days.

Homeowners: Watch out! You will be approached by people who offer to “save” your home from foreclosure. ***They usually just take your money and do little or nothing to help you.*** They’ll tell you they can stop the foreclosure if you pay them a fee. They often promise a new loan, a loan modification, or say an investor will buy your home. Don’t get ripped off! Call Consumer Affairs at (800) 973-3370 for free help.

Renters: Beware! Someone may claim to be the new owner and demand rent. ***Don’t pay rent to anyone who cannot prove they are the new owner.*** Usually you are entitled to at least 90 days before the new owner can start an eviction. If you have a lease, the new property owner must honor it.

We strongly encourage you to contact Consumer Affairs at (800) 973-3370 for free help. Our trained and knowledgeable staff is here to help you and alert you to the most recent scams.

Sincerely,

DEAN C. LOGAN
Registrar-Recorder/County Clerk

BRIAN J. STIGER
Director of Consumer Affairs

Visit Consumer Affairs online for more information: dca.lacounty.gov

This notification is sent in compliance with Government Code Section 27297.6

Senate Bill No. 62

CHAPTER 141

An act to amend, repeal, and add Sections 27297.6 and 27387.1 of the Government Code, relating to local government.

[Approved by Governor August 1, 2011. Filed with Secretary of State August 1, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

SB 62, Liu. Local government: Los Angeles County: notice of recordation.

(1) Existing law authorizes the Los Angeles County Recorder, following the adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, to mail a notice of recordation to the party or parties executing a deed, quitclaim deed, or deed of trust within 30 days of the recording of one of those documents.

This bill, until January 1, 2015, would modify that authorization to additionally include notice of default or notice of sale, provided by mail by the recorder or a designee of the board, to a party or parties subject to a notice of default or notice of sale of a property, including the occupants of that property, within 5 days, but in any event no more than 20 days, of recordation. If the board of supervisors adopts an authorizing resolution, as specified, the bill would require the County of Los Angeles to submit a report with prescribed information to certain committees of the Legislature on or before January 1, 2014.

(2) Existing law also authorizes the Los Angeles County Recorder to collect a fee for mailing notice of recordation from any party filing a deed, quitclaim deed, or deed of trust, unless that party is a government entity. Existing law prohibits this fee from exceeding the cost of mailing the notice of recordation, not to exceed \$7.

This bill, until January 1, 2015, would additionally authorize the recorder to collect a fee for notice of recordation from any party other than a government entity that files a notice of default or notice of sale. The bill would also authorize the recorder to use a portion of the collected fee to pay the actual cost of providing information, counseling, and assistance to a person who receives the notice. The bill would authorize administrative costs incurred by the recorder to be included as a portion of the actual costs that comprise the fee, as specified.

(3) This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Los Angeles.

The people of the State of California do enact as follows:

SECTION 1. Section 27297.6 of the Government Code is amended to read:

27297.6. (a) (1) Following adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, the Los Angeles County Recorder, or a designee or designees authorized by the board of supervisors, may notify one or more of the following by mail:

(A) The party or parties executing a deed, quitclaim deed, or deed of trust, within 30 days of recordation.

(B) The party or parties subject to a notice of default or notice of sale, including the occupants of that property, within 5 days, but in any event no more than 20 days, of recordation.

(2) The recorder may require, as a condition of recording, that a deed, quitclaim deed, deed of trust, notice of default, or notice of sale indicate the assessor's identification number or numbers that fully contain all, or a portion of, the real property described in the legal description. If the description contains more than one assessor's parcel, all assessor's parcels shall be indicated. The form of the entry shall be substantially as follows:
Assessor's Identification Number ___-___-___.

(b) This section shall not apply to the recordation of any document where the federal government, or state, county, city, or any subdivision of the state acquires title.

(c) The failure of the county recorder to provide the notice as permitted by this section shall not result in any liability against the recorder or the county. In the event that the notice is returned to the recorder by the postal service as undeliverable, the recorder is not required to retain the returned notice.

(d) Where the county recorder contracts with any party or parties for the performance of the processing or the mailing of the notice, or both, as authorized by this section, the contract shall be awarded by competitive bid. The county recorder shall solicit written bids for the contract in a newspaper of general circulation in the county, and all bids received shall be publicly opened and the contract awarded to the lowest responsible bidder. If the county recorder or his or her designee deems the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected.

(e) If the board of supervisors adopts an authorizing resolution, pursuant to subdivision (a), that includes notification of the parties described in subparagraph (B) of paragraph (1) of subdivision (a), the County of Los Angeles shall, on or before January 1, 2014, submit a report to the Senate Committee on Judiciary and the Assembly Committee on Local Government that shall include, but not be limited to, the following information:

(1) A copy of each type of notice mailed pursuant to subparagraph (B) of paragraph (1) of subdivision (a).

(2) The number of filed notices of default and notices of sale for which a fee was collected pursuant to Section 27387.1.

(3) The amount of fees collected, pursuant to Section 27387.1, for the filing of notices of default and notices of sale.

(4) The amount of fees spent to provide housing information, counseling, and assistance, described in Section 27387.1.

(f) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 2. Section 27297.6 is added to the Government Code, to read:

27297.6. (a) Following adoption of an authorizing resolution by the Los Angeles County Board of Supervisors, the Los Angeles County Recorder may, within 30 days of recordation of a deed, quitclaim deed, or deed of trust, notify by mail the party or parties executing the document. The recorder may require, as a condition of recording, that a deed, quitclaim deed, or deed of trust indicate the assessor's identification number or numbers that fully contain all, or a portion of, the real property described in the legal description. If the description contains more than one assessor's parcel, all assessor's parcels shall be indicated. The form of the entry shall be substantially as follows: Assessor's Identification Number ____-____.

(b) This section shall not apply to the recordation of any document where the federal government, or state, county, city, or any subdivision of the state acquires title.

(c) The failure of the county recorder to provide the notice as permitted by this section shall not result in any liability against the recorder or the county. In the event that the notice is returned to the recorder by the postal service as undeliverable, the recorder is not required to retain the returned notice.

(d) Where the county recorder contracts with any party or parties for the performance of the processing or the mailing of the notice, or both, as authorized by this section, the contract shall be awarded by competitive bid. The county recorder shall solicit written bids for the contract in a newspaper of general circulation in the county, and all bids received shall be publicly opened and the contract awarded to the lowest responsible bidder. If the county recorder or his or her designee deems the acceptance of the lowest responsible bid is not in the best interest of the county, all bids may be rejected.

(e) This section shall become operative on January 1, 2015.

SEC. 3. Section 27387.1 of the Government Code is amended to read:

27387.1. (a) In addition to any other recording fee, the recorder, pursuant to Section 27297.6, may collect a fee from the party filing a deed, quitclaim deed, deed of trust, notice of default, or notice of sale, unless that party is a government entity. The fee shall not exceed the mailing cost of the notice specified in Section 27297.6 and the actual cost to provide information, counseling, or assistance to a person who receives the notice, not to exceed seven dollars (\$7).

(b) The actual costs comprising the fee described in subdivision (a) may include administrative costs incurred by the recorder in performing the actions described in that subdivision. However, the administrative costs shall not exceed 10 percent of the total fee collected pursuant to subdivision (a).

(c) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 4. Section 27387.1 is added to the Government Code, to read:

27387.1. (a) In addition to any other recording fee, the recorder may collect a fee from the party filing a deed, quitclaim deed, or deed of trust, other than a government entity, pursuant to Section 27297.6. The fee shall not exceed the mailing cost of the notice specified in Section 27297.6, not to exceed seven dollars (\$7).

(b) This section shall become operative on January 1, 2015.

SEC. 5. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because the County of Los Angeles is experiencing a foreclosure and real estate fraud crisis, as discussed in the county's "Report and Recommendations to Address Foreclosures and Real Estate Fraud" issued March 17, 2009, that necessitates additional authority for the county to provide notice of the recording of certain foreclosure-related real property transactions to interested parties.

Department of Consumer Affairs

Timeline of Supervisor Mark Ridley-Thomas Motion to Address Real Estate and Foreclosure Fraud

January 13, 2009: Supervisor Mark Ridley-Thomas introduces a motion to address real estate fraud and foreclosures. CEO directed to report back in 30 days.

March 17, 2009: CEO files report with the Board titled: *Report and Recommendations to Address Foreclosures and Real Estate Fraud*. One recommendation calls for new legislation to expand the existing homeowner notification to homeowners and renters subject to a notice of default and notice of sale. Also, permit revenue from recording fees to be used to assist homeowners in foreclose and provide outreach and education.

April – December: DCA crafts draft legislation. Meets with County Counsel, identifies supporters, and meets with possible opposition.

January 2010: SB 878 (Liu) introduced.

May 4, 2010: SB 878 heard in Senate Judiciary Committee. DCA representatives testify at committee hearing in Sacramento. The bill passes Committee 4-0.

June 1, 2010: SB 878 vote by the full Senate. Bill passes 25-7.

June 16, 2010: SB 878 heard in Assembly Local Government Committee. DCA representatives testify at committee hearing in Sacramento. The bill passes Committee 7-2.

June 24, 2010: SB 878 vote by the full Assembly. Bill passes 54-18.

July 15, 2010: SB 878 Vetoed by Governor. From the Governor's veto message it is clear that he does not understand the bill. Robert Oakes, Senator Liu's Chief of Staff states in the press that, "*We're deeply disappointed. The Governor didn't understand this was a consumer protection matter.*"

November 3, 2010: Proposition 26 approved by voters.

January 2011: SB 62 (Liu) introduced.

April 12, 2011: SB 62 heard in Senate Judiciary Committee. DCA representatives testify at committee hearing in Sacramento. The bill passes Committee 3-1.

May 5, 2011: SB 62 vote by the full Senate. Bill passes 28-11.

June 15, 2011: SB 62 heard in Assembly Local Government Committee. The bill passes Committee 8-1.

June 21, 2011: SB 62 heard in Assembly Judiciary Committee. DCA representatives testify at committee hearing in Sacramento. The bill passes Committee 7-3.

July 11, 2011: SB 62 vote by the full Assembly. Bill passes 53-22.

July 19, 2011: SB 62 enrolled with Governor.

July 20 – July 31, 2011: Numerous meetings and telephone calls with the Governor's legislative staff to explain the bill, answer questions, and provide additional information.

August 1, 2011: SB 62 Signed by Governor. Chapter 141 Statutes of 2011

January 1, 2012: SB 62 becomes law.

January 1, 2014: If the Board of Supervisors implements SB 62, report due to Senate Committee on Judiciary and Assembly Committee on Local Government with: 1) A copy of notice sent to homeowners, 2) Number of notices of default and sale for which fee collected, 3) Amount of fees collected, 4) Amount of fees spent.

January 1, 2015: SB 62 sunsets unless extended by an enacted statute.



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

July 9, 2013

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

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 APPROVE THE FUND DISTRIBUTION AGENCIES ELIGIBLE TO PARTICIPATE IN THE ANNUAL COUNTY CHARITABLE GIVING CAMPAIGN (ALL DISTRICTS) (3 VOTES)

SUBJECT

The recommended action will establish the Fund Distribution Agencies to participate in the Annual County Charitable Giving Campaign.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the following seven 501(c)(3) non-profit organizations as eligible Fund Distribution Agencies authorized to participate in the County's Annual Charitable Giving Campaign: a) Asian Pacific Community Fund; b) Brotherhood Crusade; c) Community Health Charities of California; d) EarthShare California; e) United Latino Fund; f) United Way of Greater Los Angeles; and g) Variety, the Children's Charity of Southern California;
2. Approve a two-year moratorium on the requirement for the Fund Distribution Agencies to raise a minimum of \$35,000 in a single County campaign in order to remain eligible to participate in future campaigns specified in Section II.E.1 of Board Policy Number 3.010; and
3. Delegate authority to the Chief Executive Office to execute the annual operating agreements with each of the seven Board-approved Fund Distribution Agencies authorizing participation in the Annual Charitable Giving Campaign.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

The Chief Executive Office (CEO), Office of Workplace Programs (WPP) administers the annual Charitable Giving Campaign (CGC) pursuant to Board Policy 3.010, Workplace Charitable Giving Standards (Policy). The Policy has been established since 1998 to support local nonprofit charitable organizations that provide a broad range of health and human care services to residents of Los Angeles County, reflecting the cultural and ethnic diversity of the region and the underserved areas impacting the status of men, women, and children. The CGC is a voluntary, cost-effective program that maximizes employee donor choices and maximizes dollar distribution to organizations providing direct services to local residents in Los Angeles County communities.

The CGC, which takes place each fall between September and December, includes payroll deductions and direct contributions. Options for contributing include a percentage of primary earnings or a fixed amount, and can be one-time or ongoing. County employees have been generous in supporting the CGC, donating more than \$1 million dollars annually through payroll deduction and one-time contributions.

Fund Distribution Agencies (FDAs) are 501(c)(3) non-profit organizations and the recipients of County employee donations raised during the CGC. The FDAs are required to distribute employee-donated dollars to a minimum of 15 local non-profit agencies serving Los Angeles County. Parent agencies, and not their affiliates, are counted in local agency totals. Branches, chapters or subunits of a parent agency are counted as a single unit within the membership structure of an FDA.

In addition, FDAs must be those whose principal function is to serve the culturally diverse residents of Los Angeles County. This criterion is intended to ensure that the widest and most diverse range of services possible is provided to the residents of Los Angeles County.

Charitable Giving Campaign Update Process

It is County practice to periodically open up its Charitable Giving Campaign to determine if other non-profit organizations are eligible to participate. The Charitable Giving Campaign Update Committee (CGCUC), consisting representatives from the Quality and Productivity Commission and four County departments, was formed to review the County's CGC process and solicit qualified FDAs. All previously-approved FDAs (Asian Pacific Community Fund, Brotherhood Crusade, EarthShare California, United Latino Fund, and United Way of Greater Los Angeles) re-applied to participate in the County's annual CGC and continue to meet the eligibility requirements established by the Workplace Charitable Giving Standards. In its May 14, 2013 letter to the CEO Office of Workplace Programs (attached), the CGCUC recommended to maintain the current five FDAs and include two additional agencies: Community Health Charities of California, and Variety, the Children's Charity of Southern California. Both agencies also met the eligibility requirements contained in the Workplace Charitable Giving Standards.

New Fund Distribution Agencies

The Community Health Charities of California was previously a partner in the County's CGC. Since 1971, this organization has supported vital research, community-based education programs, and member health agencies (Firefighters Burn Institute, City of Hope, American Lung Association, Sickle Cell Disease Foundation, etc.) that address a variety of chronic diseases and serve County residents.

Since 1928, Variety, the Children's Charity of Southern California, has provided lifesaving and enriching assistance to children with special needs, including adaptive bikes, walkers and strollers, and funded neo-natal intensive care equipment for hospitals in underserved communities.

This office concurs with the CGCUC to include the two new additional FDAs because they both provide services to County residents that are not currently provided by any of the existing FDAs. This would strengthen the CGC by expanding the reach of services offered throughout the County to those in need.

Moratorium on Minimum Fundraising Threshold

The Workplace Charitable Giving Standard requires FDAs to raise \$75,000 locally and at least \$35,000 (ongoing) through a combined effort of County employee cash contributions and County employee payroll deductions. FDAs must also raise at least \$35,000 in a single County employee campaign, to be achieved by the second year of campaign participation, or be deemed ineligible to participate in future County campaigns.

Due to a combination of factors, including the recent recession and the number of retirements in the County during the past several years, the overall revenue earned from the CGC has declined significantly over the last two years. The campaign raised a total of \$1.38 million in 2010, \$1.06 million in 2011, and \$1.05 in 2012. During this time period, two of the existing FDAs came close to not meeting the minimum fundraising threshold included in the updated policy. The CGCUC and this office are concerned that adding two new FDAs could potentially cause one or more of the seven FDAs to not meet the minimum requirements, as the total amount the CGC earns from fundraising may now have to be divided by seven instead of five agencies.

Therefore, the CGCUC and this office recommend that the Board approve a two-year moratorium on the requirement to meet the minimum fundraising threshold of \$35,000 in a single County employee campaign to remain eligible to participate in future campaigns. This would allow additional time for the new FDAs to gain exposure from the employees and the County to determine if the minimum fundraising threshold is still appropriate, based on the number of participating non-profit organizations and the state of the economy. The FDAs would be required to meet all other requirements specified in the Workplace

Charitable Giving Standards in order to remain eligible to participate in the County campaign.

Direct Designation Process

Through Direct Designation, employees wishing to donate to any 501(c)(3) non-profit organization in Los Angeles County may do so by filling out a Direct Designation form. Employees have the option to select either a one-time donation or payroll deduction to their designated agency, but it must be processed through an approved FDA.

Due to the multiple requests from other non-profit agencies, this office plans to expand the number of Direct Designation Days in the County for the 2013 CGC and future campaigns to allow additional opportunities for qualified organizations to promote their programs and activities to County employees. This will increase the opportunities for employees to donate to the agency of their choice.

Annual Operating Agreements

Each year, the authorized organization representative of each FDA is required to review and sign the annual operating agreement which authorizes the FDA to participate in the Annual Charitable Giving Campaign. The operating agreement outlines in detail the requirements the FDAs must adhere to in order to maintain compliance with the County's Workplace Charitable Giving Standards, including the: 1) minimum annual fund-raising levels from employee donations and overall campaign sources; 2) minimum number of local non-profit agencies to which funds are distributed; 3) maximum percentage allowed for administrative costs; 4) requirement to provide appropriate funding for campaign expenses including marketing materials; and 5) requirement to maintain an appropriate informational tracking system on employee direct designations and submit various reports to the CEO.

The recommendation to delegate authority to the CEO to execute the annual operating agreements with each of the seven recommended FDAs is consistent with past practice and will increase the operational efficiency of the campaign, since the CEO has responsibility for monitoring the FDA's compliance with the Workplace Charitable Giving Standards. The CEO-WPP will notify the Board promptly if any FDA is found to be non-compliant with the Workplace Charitable Giving Standards or the operating agreement.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services. The Board's adoption of the recommendation to authorize the seven FDAs to participate in the annual CGC is consistent with this Strategic Plan Goal.

FISCAL IMPACT/FINANCING

This action will have no measureable direct fiscal impact on the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized to raise funds for charitable organizations during work hours pursuant to Government Code Section 1157.2, as amended by Senate Bill 1256 (Watson) of 1991 as part of a specific workplace giving program. The opening up of the CGC was done to comply with government regulations that require the County to periodically open the campaign to determine if there are new non-profit agencies eligible to participate. This recommended action will ensure that the County is in compliance with the government regulations governing workplace giving campaigns.

CONTRACTING PROCESS

On February 1, 2013, the CGCUC issued a letter to 29 non-profit organizations across the County, inviting them to submit a proposal for consideration to become an FDA. In addition, CGCUC's public outreach included press releases, postings on the County website, and email messages sent directly to the organizations expressing an interest in the CGC. The five existing FDAs were also encouraged to notify non-profit organizations about the solicitation for proposals. A total of 19 proposals were received by the February 28, 2013 deadline, and on March 25, 2013, a public meeting was held at which 18 representatives from 14 organizations presented their programs and activities. The CGCUC evaluated all proposals and determined that seven proposals met the Workplace Charitable Giving Standards.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendation will not have a significant impact on current services or projects.

CONCLUSION

Upon approval of the recommendations, please forward an adopted copy of the Board Letter to the Chief Executive Office, Office of Workplace Programs.

Respectfully submitted,

WILLIAM T FUJIOKA

Honorable Board of Supervisors
July 9, 2013
Page 6

Chief Executive Officer

WTF:BC:FC
EW:mr

Attachment

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Fund Distribution Agencies

N:\Charitable Giving Campaign _ FDA Board Letter July 2013

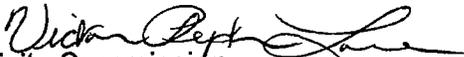
Draft

Attachment

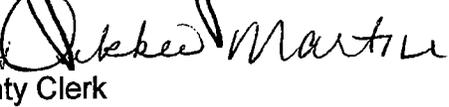
**CEO Office of Workplace Programs
Charitable Giving Campaign Update Committee
B-1, Kenneth Hahn Hall of Administration
Los Angeles, CA 90012**

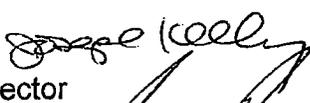
May 14, 2013

To: Eddie Washington, Acting Director
CEO – Office of Workplace Programs

From: Victoria Pipkin-Lane, Chair 
CEO – Quality and Productivity Commission

Jacob Aguilar, Member 
Department of Public Social Services

Debbie Martin, Member 
Registrar-Recorder/County Clerk

Joseph Kelly, Member 
Treasurer and Tax Collector

Rigoberto Reyes, Member 
Department of Consumer Affairs

Advisors: Stephen Morris
County Counsel

Susan Linschoten
Auditor-Controller

Subject: Final Report on the Review of the County's
Annual Charitable Giving Campaign

In early February the Charitable Giving Campaign Update Committee (CGCUC) began its review of the annual, voluntary fundraising effort spearheaded by County employees. The process started with a February 1, 2013 letter that was sent to nearly 30 non-profit organizations in the County, which in the past have expressed an interest in joining the Charitable Giving Campaign (CGC). The letter invited the organizations to submit proposals requesting consideration as a Fund Distribution Agency (FDA) with the annual CGC and included a copy of the eligibility criteria, the Workplace Charitable Giving Standards.

Background:

Government Code Section 1157.2 authorizes the County under such regulations as it may prescribe to allow employees to authorize deductions to be made from their salaries or wages for their payment of contributions of designated sums to charitable local organizations or to non-profit California corporations...and which do expend such sums solely by the making of contributions to charitable organizations qualified under Section 501(c)(3) of the U.S. Internal Revenue Code of 1971. The government code also requires the County to periodically review its Charitable Giving Campaign to consider organizations which may be eligible to participate, and update its Workplace Charitable Giving Standards.

The County of Los Angeles conducts a voluntary, employee-driven Charitable Giving Campaign to support local, non-profit organizations, which provide a broad range of health and human services to low-income men, women and children in under-served areas of the County. The campaign partners reflect the cultural and ethnic diversity of the County.

County employees are generous and dedicated individuals, who annually donate more than \$1 million dollars to the Charitable Giving Campaign through payroll deduction and one-time contributions. The Board of Supervisors has authorized the Chief Executive Office, Office of Workplace Programs to administer the annual campaign, which takes place in the fall between September and December.

Review Findings:

The County's Workplace Charitable Giving Standards define an FDA as a non-profit, California corporation, 501(c) (3), which distributes employee dollars raised to a minimum of 15 local, non-profit agencies which provide health and human care services to the residents of Los Angeles County, and reflect the cultural and ethnic diversity of the region..."

In accordance with government policy, the CGCUC conducted a review of the campaign. On February 1, 2013, a letter was sent out to 29 non-profit organizations across the County inviting them to submit a proposal for consideration to join the campaign. (See Attachment A) The deadline for submission of proposals was February 28, 2013. A total of 19 proposals were received. Of that number, seven (7) met the Workplace Charitable Giving Standards as approved by the Board last year. (See Attachment B)

The public outreach also included press releases, postings on the County website and e-mail messages sent directly to the organizations expressing an interest in the campaign. (See Attachment C)) The current, five Fund Distribution Agencies (FDA) also were encouraged to notify non-profit agencies about the solicitation for proposals. Several committee meetings and teleconferences were held to review the submissions.

On March 25, 2013, a public meeting was held at which 18 representatives from the agencies listed below spoke about their programs and activities.

The non-profits in attendance were:

- Asian Pacific Community Fund
- Brotherhood Crusade
- City of Hope
- Community Health Charities of California
- EarthShare California
- Girl Scouts of Greater Los Angeles
- Hispanic Scholarship Fund
- Justice, Unity, Generosity and Service, Inc.
- Learning for Life of San Gabriel Valley
- United Friends of the Children
- United Latino Fund
- United Negro College Fund
- United Way of Greater Los Angeles
- Variety, the Children's Charity of Southern California

It was clear from the remarks that the County campaign is an important fundraising drive and contributes to improving the quality of life of low-income men, women and children. Therefore, the CGCUC supports an ongoing, voluntary charitable giving campaign spearheaded by County employees.

The campaign's current list of Fund Distribution Agencies consists of:

- **Asian Pacific Community Fund** – Serving 250,000 Asians and Pacific Islanders in 27 Asian languages as well as English and Spanish for more than 20 years, with childcare/youth programs, healthcare, affordable housing, job training and placement, legal services, violence prevention
- **Brotherhood Crusade** – Grassroots, community-based organization founded in 1968 to offer youth development, health and wellness, economic development, arts, culture and social service programs for low-income, underserved and under-represented individuals in South Los Angeles
- **EarthShare California** – Created in 1982 to protect, support and improve California's air, water, wildlife and environment; and to bring the environment message to more than 1million people in diverse workplaces
- **United Latino Fund** – Since 1990, has supported the Latino community through a Community Grants Program (\$4,000 to \$10,000 each) to agencies providing health, education and mentoring services to low-income residents in Montebello, Pico-Union, Pacoima and Los Angeles

- **United Way of Greater Los Angeles** – Dedicated to improving the quality of life of millions of County residents by addressing three root causes of poverty: homelessness, lack of education and financial stability; funds more than 120 non-profit agencies aligned with United Way's core mission; partners with the County on programs such as 211 information line, Home for Good, the Greater L.A. Earned Income Tax Credit, and the Los Angeles Services Housing Authority's Homeless Count

After careful review, the Committee recommends that the charitable giving campaign be expanded to include two additional agencies:

- **Community Health Charities of California** – Previously a partner in the County campaign; since 1971 has supported vital research, community-based education programs, and member health agencies (Firefighters Burn Institute, City of Hope, American Lung Association, Sickle Cell Disease Foundation, etc.) that address a variety of chronic diseases and serve County residents, more than \$6 million allocated
- **Variety**, the Children's Charity of Southern California – Since 1928 has provided lifesaving and enriching assistance to children with special needs, including adaptive bikes, walkers and strollers; funded neo-natal intensive care equipment for hospitals in underserved communities; and awarded more than \$1.5 million in scholarships to more than 500 deserving teens

Other Issues:

During the course of our review, two issues came up that we would like to bring to your attention. One issue concerns the Direct Designation process. This is an opportunity for non-profit organizations, not affiliated with an FDA, to promote their programs and activities to County employees. Currently, two Direct Designation Days are held annually. However, the County may want to expand the Direct Designation opportunities 100 percent to four days annually.

The second issue concerns the minimum fundraising requirement for FDAs. Members of the Committee recognize that the local economy is struggling and with the addition of two agencies, proceeds raised from the campaign will be divided among seven instead of five groups. It is likely that the increase in participating agencies will decrease the amount of funds each FDA receives. To ensure that each FDA remains eligible to participate in the campaign, the Committee recommends that the CEO Office of Workplace Programs issue a two-year moratorium on the minimum fundraising requirement for all non-profit campaign partners.

In conclusion, the Committee thanks you for the opportunity to review the County's Charitable Giving Campaign and to offer our recommendations for enhancing the annual fundraising effort.

VPL:vp

Attachments



WILLIAM T FUJIOKA
Chief Executive Officer

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>

February 1, 2013

Mr. Marcus Mack
Boys Scouts of America/Southern Cal
Smiser Scout Center
3450 East Sierra Madre Boulevard
Pasadena, CA 91107

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 Mr. Mack,

The County of Los Angeles conducts a voluntary, employee-driven Charitable Giving Campaign to support local, non-profit organizations, which provide a broad range of health and human services to the residents of Los Angeles County. The overall goal is to reflect the cultural and ethnic diversity of the County and provide assistance to men, women and children in under-served areas.

County employees are generous and dedicated individuals, who annually donate more than \$1 million dollars to the Charitable Giving Campaign through payroll deduction and one-time contributions. The Board of Supervisors has authorized the Chief Executive Office, Office of Workplace Programs to administer the annual fall campaign.

Government Code Section 1157.2 permits the County to authorize employees to contribute to charitable organizations or non-profit corporations qualified under Section 501(c)(3) of the U.S. Internal Revenue Code through payroll deductions. The government code also requires the County to periodically review its Charitable Giving Campaign to consider organizations which may be eligible to participate, and update its Workplace Charitable Giving Standards (See Attachment A, Workplace Standards).

In accordance with government policy, the County of Los Angeles is currently reviewing its annual Charitable Giving Campaign. As part of this procedure, local non-profit organizations are invited to submit a letter along with supporting documentation requesting consideration as a potential fund distribution agency within the Charitable Giving Campaign (See Attachment B, Timeline).

The aforementioned Workplace Charitable Giving Standards contain eligibility requirements and required documentation, including independent financial reports for calendar years 2010 and 2011, which must be submitted with your request letter for inclusion in the County campaign.

"To Enrich Lives Through Effective And Caring Service"

Mr. Marcus Mack
February 1, 2013
Page 2

The deadline to submit all information is Thursday, February 28, 2013. Please mail or deliver your package of documents to:

**CEO Office of Workplace Programs
500 West Temple Street, Room B-1
Los Angeles, CA 90012**

Attn: Marina Rosas

In addition, please mark your calendar for Monday, March 25, 2013 when the Charitable Giving Campaign Update Committee will meet to discuss the campaign. The meeting will be open to the public although the exact location and time will be determined at a later date. A flyer with meeting details and location will be sent to you and placed on the County website.

If you need additional information concerning the campaign review process, please contact Committee Chair Victoria Pipkin-Lane at (213) 974-1361 or vpipkin@ceo.lacounty.gov.

Thank you for your interest in the County's Charitable Giving Campaign.

Sincerely,



EDDIE WASHINGTON
Acting Director
Chief Executive Office
Office of Workplace Programs

EW:mr

Attachments

**CEO Office of Workplace Programs
Charitable Giving Campaign Update Committee
Timeline - 2013 Campaign Update**

<u>DATE</u>	<u>TASK</u>
February 1	Letter to non-profits mailed
February 4	Press Release Sent Out
February 13 or 14, March 13 or 14, April 17 or 18	Teleconference Meeting
February 28	Submission Deadline for Letters from Non-Profits
March 25	CGC Update Committee Public Meeting
March 26 – April 19	Documents Reviewed
April 30	Memo to the Board
May – June	Board Review, Edits & Final Changes
July 9	Board Motion Re: 2013 Charitable Giving Campaign & FDAs

Attachment A

**CEO Office of Workplace Programs
Charitable Giving Campaign Update Committee**

List of Non-profit Agencies Invited to Submit a Proposal

American Heart Association
America's Charities
Asian Pacific Community Fund
Avenues Supported Living Services
Best Friends Animal Society (Utah)
Boy Scouts of America/Southern California
Brotherhood Crusade
Center for Non-Profit Management
City of Hope
College of the Canyons Foundation
Community Health Charities of California
DCFS – Children's Trust Fund
DCFS – Youth Development Division (YOU Board)
Department of Mental Health – Charitable Giving
EarthShare California
Foundation for Greater Opportunities in Learning
Girl Scouts of Greater Los Angeles
Goodwill Southern California
Habitat for Humanity/SF, SCV
Hispanic Scholarship Foundation
LAC Animal Care Foundation
LA County Library Foundation
LAC Parks Foundation
Sheriff's Youth Foundation
United Friends of the Children
United Latino Fund
United Negro College Fund
United Way of Greater Los Angeles
Variety, the Children's Charity of Southern California

PAGE < HOME ⬆ PAGE >



Los Angeles County
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
3.010	Workplace Charitable Giving Standard	06/02/98

PURPOSE

Establishes the Workplace Giving Program Standards for Charitable Giving by County employees through Payroll Deductions and the fundraising threshold for participating Fund Distribution and Direct Designation agencies.

REFERENCE

April 23, 1996 Board Order, Synopsis 61

June 2, 1998 Board Order, Synopsis 78

Government Code 1157.2 *

Section §501(c)(3) Internal Revenue Code

Senate Bill 1256 (Chapter 452, Statutes of 1991)

January 19, 2007, the Chief Administrative Officer's Memo "Update on Workplace Giving Policy and Standards"

POLICY

To support local nonprofit charitable organizations which provide a broad range of health and human care services to the residents of Los Angeles County which reflect the cultural and ethnic diversity and the under-served areas impacting the status of men, women and children.

This policy sets forth participating agency standards, reporting requirements for audit purposes, campaign requirements to comply with all laws covering qualified tax-exempt organizations, payroll deductions for both flat and percentage deductions, and periodic

review by the Auditor-Controller and Chief Executive Officer.

COUNTY OF LOS ANGELES

WORKPLACE GIVING PROGRAM STANDARDS

I. Authorization and Policies Approved by the Board of Supervisors

A. Authorize use of County funds and property by County departments, within each department's approved budget allocation, in connection with the County's Workplace Giving Program and campaigns.

B. Authorize, as part of the Workplace Giving Program, direct solicitation of employees, on a voluntary basis, by County and/or representatives of Fund Distribution Agencies during working hours, before or after official working hours, during breaks or lunch hours and during other non-working hours, as determined by each department.

C. Authorize the assignment of County officers and employees, on a voluntary basis, to attend or assist in the administration of program activities during working hours.

D. Reaffirm the policy that all employee participation in the program and/or program activities shall be on a strictly voluntary basis. An employee's decision on whether to participate shall not be a basis, directly or indirectly, for any adverse employment action.

E. Direct that employees be notified, in writing, of the opportunity to participate in charitable giving activities through the Workplace Giving Program and of the Board's policy that all participation in the program is strictly voluntary and has significant and broad union and community support.

F. Authorize the Chief Executive Office - Office of Workplace Programs, to recommend County campaign time frames and strategies and to develop general campaign program guidelines to assist County department heads and departmental coordinators.

G. Authorize department heads to implement Workplace Giving Program campaigns as determined by each department.

II. County Campaign and Payroll Deductions

A. Authority

Government Code Section 1157.2 enables the Los Angeles County Board of Supervisors, under such regulations as it may prescribe, to allow employees to authorize deductions to be made from their salaries or wages for their payment of contributions of designated

sums to charitable local organizations or to non-profit California corporations which are compelled by their laws to make and which do expend such sums solely by the making of contributions to charitable organizations qualified under Section 501 (c)(3) of the U. S. Internal Revenue Code of 1974; Senate Bill 1256 (Watson) (Chapter 452, Statutes of 1991) amending Government Code Section 26227 (which) allows a County Board of Supervisors to authorize work time activities related to Workplace Giving Programs and charitable giving activities; and the Los Angeles County Board of Supervisors approved County Workplace Giving Program Standards contained herein.

B. Program Mission

To support local nonprofit charitable organizations which provide a broad range of health and human care services to the residents of Los Angeles County which reflect the cultural and ethnic diversity of the region, and the underserved areas impacting the status of men, women, and children.

To administer a voluntary, cost-effective program that maximizes employee donor choices and maximizes dollar distribution to agencies providing direct services to local residents in Los Angeles County communities.

C. Workplace Giving Campaign Action Plans

The Chief Executive Office - Office of Workplace Programs will advise the Board of Supervisors on County Workplace Giving Campaign policies and campaign action plans.

D. Definitions

1. County Campaign – Fund Distribution Agency

The term "Fund Distribution Agency" (FDA) means a non-profit California corporation, 501 (c)(3) which distributes funds to member agencies who provide health and human care services to the residents of Los Angeles County, reflecting the cultural and ethnic diversity of the region and the underserved areas impacting the status of men, women, and children.

Fund Distribution Agencies shall distribute employee dollars raised to a minimum of 15 local non-profit agencies serving Los Angeles County. Parent agencies and not their affiliates will be counted in local agency totals. Branches, chapters or such subunits of a parent agency will be counted as a single unit within the membership structure of a Fund Distribution Agency.

Fund Distribution Agencies must be those whose principle service function is provided to the culturally diverse residents of Los Angeles County. This criterion intended to ensure that the widest and most diverse range of services possible is provided to the residents of Los Angeles County.

2. County Campaign – Direct Designation Agencies

The term "Direct Designation Agency" means a non-profit California corporation, 501 (c)(3) which raised \$15,000 locally and provides services to local and diverse communities in Los Angeles County: These agencies (donor direct designated agencies) would receive 90 percent of the employee direct designation dollar (processed through the County FDA payroll deduction process) with 10 percent representing a processing fee required by the Fund Distribution Agency.

E. Fund Distribution Agency Campaign Standards

1. Record of Fund-Raising

Fund Distribution Agencies must have raised \$75,000 locally and must raise at least \$35,000 (ongoing) through a combined effort of County employee cash contributions and County employee payroll deductions. Fund Distribution Agencies must also raise at least \$35,000 in a single County employee campaign, to be achieved by the second year of campaign participation, or be deemed ineligible to participate in future County campaigns.

2. Administrative Costs

The Fund Distribution Agency's administrative/marketing/campaign costs may not exceed 20 percent of the County's employee donor dollars. Therefore, Fund Distribution Agencies are required to distribute not less than 80 percent of the dollars received from the County Employee Charitable Giving Campaign to local non-profit agencies which meet the County Workplace Giving Program criteria and mission.

The County requires a maximum of 10 percent administrative costs related to County employee direct designations (Direct Designation Agencies), or a requirement that no less than 90 percent of the dollars received from the County Employee Campaign for direct designations (through Direct Designation Agencies) be distributed directly to the designated non-profit agency through the selected host Fund Distribution Agency.

These administrative costs requirements will provide for the maximum dollar distribution to agencies providing direct community service.

3. Fund Distribution Agency Report Requirements

The Fund Distribution Agency is required to provide the following to the Chief Executive Office-Office of Workplace Programs:

- copies of its Annual Reports and audited financial statements from the previous five-year period;
- a document copy of the organization's 501 (c)(3) non-profit status;
- a copy of the prior year's IRS Form 990, completed and signed;
- a listing of the organization's Board of Directors and Officers;

- a detailed report on the allocation approvals for designated and undesignated dollars; and
- any changes to the above reporting and campaign requirements, in writing, within 30 days of the change.

4. Fund Distribution Agency Campaign Requirements (Other)

Fund Distribution Agency shall comply with the following County campaign policies and procedures:

- Transmit donor dollars, as designated by County employees, to organizations qualified as tax-exempt organizations under Section 501 (c)(3) of the U.S. Internal Revenue Code of 1974, on a monthly basis or an authorized allocation process;
- Provide campaign educational/informational material for the County's campaign, as requested by the Chief Executive Office – Office of Workplace Programs;
- Provide appropriate funding for related County Campaign expenses, as deemed necessary and appropriate by the Chief Executive Office – Office of Workplace Programs; and
- Comply with all other provisions deemed necessary by the Los Angeles County Board of Supervisors, Chief Executive Officer, County Counsel, and the County Auditor-Controller.

F. Employee Payroll Deduction

1. Payroll Deduction Authorizations

Any County officer or employee may authorize payroll deductions from his/her wages for payment of charitable contributions to eligible non-profit agencies, as approved by the Board of Supervisors. Payroll deductions for such contributions shall include the following:

- Written authorization from employee upon the form prescribed by the County Auditor-Controller; and
- Written authorization from employee of the payroll deduction at such percentage of salary per pay period as printed on the prescribed form.

2. Effective Date

In addition, an authorization or cancellation shall be effective for that payroll period for which it is received by the Auditor-Controller. Adequate time for processing a new deduction or cancellation must be provided.

G. Employee Direct Designations

1. Employee Direct Designations

Employees may make direct designations to any eligible non-profit organization of their choice by submitting the prescribed "direct designation form" to their departmental coordinators or a host Fund Distribution Agency:

- **Required Payroll Deduction Authority:** Employees will submit payroll deduction cards (identifying the deduction amount/percentage) and direct designation forms (identifying the selected agency/agencies and direct designation amounts) to their departmental coordinators; and
- **One-Time Cash/Check Donation:** Employees will submit a check/cash to their Departmental Campaign Coordinator identifying the Fund Distribution Agency and designated agency and amount(s) selected.

2. Fund Distribution Agencies Requirements

Fund Distribution Agencies will maintain an informational system on employee direct designations and prepare a County Direct Designation Report, annually. FDAs will retain only 10 percent of the employee donation for administrative handling fees and will forward 90 percent to the designated agency.

H. Fund Distribution Agency Periodic Review

Payroll deduction privileges shall be reviewed annually by the Chief Executive Office to determine continued compliance with program standards and requirements.

I. Fund Distribution Agency Terms For Campaign Ineligibility

Fund Distribution Agencies shall be deemed ineligible for continued campaign participation as a result of any of the following conditions:

- If administrative, marketing and campaign funding requirement exceeds the 20 percent requirement;
- If it is determined that they have less than 15 local member agencies; or
- If less than \$75,000 is raised locally (and ongoing) and less than \$35,000 is raised during the previous County Employee campaign, through a combined fundraising effort of cash contributions and County employee payroll donations.

J. Direct Designation Ineligibility

Direct Designation Agencies, selected by employees, shall be deemed ineligible for direct designation status through an approved Fund Distribution Agency as a result of any of the following conditions:

- Direct Designation Agency exceeds as 20 percent administrative, marketing and

campaign funding level; or

- Direct Designation Agency raises less than \$15,000 during the previous local campaign.

RESPONSIBLE DEPARTMENT

Chief Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: June 2, 1998
Review Date: January 16, 2003
Review Date: August 16, 2007
Review Date: October 20, 2011
Review Date: October 25, 2012

Sunset Date: July 2, 2002
Sunset date: January 16, 2007
Sunset Date: January 16, 2012
Sunset Date: January 16, 2013
Sunset Date: January 16, 2018



3
3



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NEWS RELEASE

COUNTY OF LOS ANGELES

Contact: Victoria Pipkin-Lane (213) 974-1361, vpipkin@ceo.lacounty.gov

February 4, 2013

County Conducts Review of Workplace Giving Campaign

Local Non-Profit Organizations Invited to Apply for Inclusion in the Annual Fundraising Campaign

LOS ANGELES – The County of Los Angeles is conducting a review of its annual Workplace Giving Campaign, which enables employees to support various non-profit organizations through payroll deductions. These not for profit groups provide a wide range of health and human services to residents of the County in under-served areas.

In accordance with government regulations, the County is conducting the review to consider non-profit organizations, which may be eligible to participate in the annual fundraising drive. (A copy of the Workplace Giving Program Standards, adopted by the Board of Supervisors last year, is attached.)

Agencies which identify as a 501(c)(3) non-profit, according to the U.S. Internal Revenue Service, are invited to submit a letter along with supporting documentation requesting consideration as a fund distribution agency within the Workplace Giving Campaign. Submissions must include a copy of the agency's independent financial reports for the 2010 and 2011 calendar years.

County employees donate more than \$1 million dollars each year to the Workplace Giving Campaign through payroll deduction and one-time contributions.

Entries may be submitted to CEO Office of Workplace Programs, 500 W. Temple St., Room B-1, Los Angeles, CA 90012, Attn: Marina Rosas.

For additional information on the review process, contact Victoria Pipkin-Lane at (213) 974-1361, vpipkin@ceo.lacounty.gov.

###



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

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

News Advisory

March 20, 2013

**PUBLIC HEARING SCHEDULED BY COUNTY CHARITABLE GIVING
CAMPAIGN UPDATE COMMITTEE (CGCUC) – MARCH 25, 2013**

- WHO: County of Los Angeles
Charitable Giving Campaign
Update Committee (CGCUC)
- WHAT: Public Meeting
- WHEN: Monday, March 25, 2013
2:00 p.m. to 4:00 p.m.
- WHERE: Kenneth Hahn Hall of Administration
Board Hearing Room 381 – B
500 W. Temple St., downtown L.A.
- WHY: Government regulations require a periodic review of the voluntary fundraising campaign, spearheaded by County employees. Non-profit agencies that meet the eligibility criteria will be considered for entry into the annual campaign.

For more information, contact Victoria Pipkin-Lane, CGCUC Chair, at (213) 974-1361 or vpipkin@ceo.lacounty.gov.

Headline: County Conducts Review of Workplace Giving Campaign

Date: 2/5/2013 3:09:19 PM

Media Contact:

Media Outlet: County of Los Angeles

Local Non-Profit Organizations Invited to Apply for Inclusion in the Annual Fundraising Campaign

LOS ANGELES – The County of Los Angeles is conducting a review of its annual Workplace Giving Campaign, which enables employees to support various non-profit organizations through payroll deductions. These not for profit groups provide a wide range of health and human services to residents of the County in under-served areas.

In accordance with government regulations, the County is conducting the review to consider non-profit organizations, which may be eligible to participate in the annual fundraising drive. (A copy of the Workplace Giving Program Standards, adopted by the Board of Supervisors last year, is attached.)

Agencies which identify as a 501(c)(3) non-profit, according to the U.S. Internal Revenue Service, are invited to submit a letter along with supporting documentation requesting consideration as a fund distribution agency within the Workplace Giving Campaign. Submissions must include a copy of the agency's independent financial reports for the 2010 and 2011 calendar years.

County employees donate more than \$1 million dollars each year to the Workplace Giving Campaign through payroll deduction and one-time contributions.

Entries may be submitted to CEO Office of Workplace Programs, 500 W. Temple St., Room B-1, Los Angeles, CA 90012, Attn: Marina Rosas.

For additional information on the review process, contact Victoria Pipkin-Lane at (213) 974-1361, vpipkin@ceo.lacounty.gov.

#

County Invites Non-Profits To Join Workplace Giving Campaign

Tue, 02/05/2013 - 11:24am | Kevin Kelton

Category:

Santa Clarita News

Tweet 0

Recommend 2

0

The County of Los Angeles is inviting local non-profit organizations to apply to be part of the Workplace Giving fundraising campaign.

A Workplace Giving Campaign is an employer-provided program that allows employees to make regular donations to eligible charities through the company's payroll system. Not-for-profit groups provide a wide range of health and human services to residents of the county in underserved areas.

Don't miss a thing. Get breaking Santa Clarita news alerts delivered right to your inbox.

Agencies which identify as a 501(c)(3) non-profit, according to the U.S. Internal Revenue Service, are invited to submit a letter along with supporting documentation requesting consideration to be part of the Workplace Giving Campaign. Submissions must include a copy of the agency's independent financial reports for the 2010 and 2011 calendar years.

Every year, county employees donate more than \$1 million to the Workplace Giving Campaign through payroll deductions and one-time contributions.

Non-profits that want to apply for the program should send submissions to the CEO Office of Workplace Programs, 500 W. Temple St., Room B-1, Los Angeles, CA 90012, Attn: Marina Rosas.

For more information, contact Victoria Pipkin-Lane at vpipkin@ceo.lacounty.gov.

Article: County Invites Non-Profits To Join Workplace Giving Campaign
Source: Santa Clarita News
Author: Kevin Kelton

Do you have a news tip? Call us at (661) 298-1220, Or drop us a line at community@hometownstation.com

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Printer-friendly version

Tags: SCV, Workplace Giving Campaign, charities, donations, non-profit organizations, I.R.S., health and human services.



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

July 23, 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:

**APPROVAL OF CONTRACT FOR AUTOMOBILE AND GENERAL LIABILITY
CLAIMS ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT SERVICES
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

This recommendation by the Chief Executive Officer (CEO) seeks the Board's approval to enter into a contract with Carl Warren and Company (Carl Warren) for automobile and general liability claims administration and legal defense management services, for a base term of five years, at an annual cost of \$1,727,328, with an option to extend the contract up to six months, in any increment, on a prorated cost basis (Attachment I).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that these services can be more economically performed by an independent contractor than by County of Los Angeles (County) employees.
2. Approve and instruct the Chairman to sign the attached contract with Carl Warren for a five-year term, commencing on August 15, 2013, at an annual cost of \$1,727,328, with the option to extend the contract for six months in any increment.
3. Authorize the CEO or his designee to approve and execute all extension options and change notices pursuant to the provisions of the contract.

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

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommendation is to replace the existing contract with Carl Warren, which expires on August 14, 2013. The County has utilized a third-party administrator since 1983 to provide claims administration and legal defense management services for its automobile and general liability self-insurance program. This contract will provide continued services to the CEO, County Counsel, and other County departments.

Implementation of Strategic Plan Goals

This recommendation supports the County's Strategic Plan Goal 1, Operational Effectiveness; and Goal 2, Fiscal Responsibility, allowing continuous cost-effective and high-level service to the County.

FISCAL IMPACT/FINANCING

On July 12, 2012, the Board approved an extension of the existing contract, which was due to expire on August 14, 2012, for a period of one year, at a reduced rate. The new rate, a 4 percent reduction of the then existing annual rate of \$1,799,303, was to be effective for the period of August 1, 2012 through August 14, 2013. On a straight 12-month basis, this reduction was equal to \$72,075, at a cost of \$1,727,328.

Under this new contract, Carl Warren will be paid a flat annual fee of \$1,727,328 for each year of the base term to provide all contract services to resolve approximately 1,650 pending claims and incidents, as well as administer all new cases. This annual fee is based on an annual maximum limit of 2,100 new non-employee liability cases and 150 new employee liability cases. The new contract cost is the same as the current rate being paid under the existing contract. There will be no fee or cost-of-living increases for the term of the contract.

The contract provides for a fee of \$700 for each additional new non-employee case exceeding the maximum limit of 2,100 new cases, and \$1,400 for each additional new employment liability case exceeding the maximum limit of 150 new cases. In the last five years, the number of new cases has not exceeded the maximum limits, nor do we anticipate exceeding the maximum annual new case limits and incurring the additional per-case fees under this contract.

The first year of funding for this contract has been included in the CEO Fiscal Year 2013-14 budget. The CEO will continue to include funding for this contract in future years.

The total paid to Carl Warren for Fiscal Year 2011-12 was \$1,799,303. This rate reflects the period before the 4 percent reduction was effective.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CEO has been contracting third-party administration services for automobile and general liability claims and legal management services since 1987.

The services being provided under this contract will be at the direction of CEO and County Counsel. These services include, but are not limited to, the following:

1. Third-party administration services for incidents, claims, and lawsuits, for automobile, employment, and general liability matters. These include entering and updating incident, claim and lawsuit activities, reserves, expenses, and other data in County Counsel's matter management database and County's claim information system; conducting investigations, as required; providing reports; and identifying, pursuing, and collecting subrogation recovery for damages to County property.
2. Litigation management support services for the Department of Children and Family Services and employment matters. These include tracking litigation costs and expenses, participating in roundtable meetings, and attending and monitoring legal proceedings.
3. Financial and administrative services, such as retention and storage of incidents, claims and case records; arranging and purchasing annuity policies for structured settlements; and payment of authorized indemnity, legal defense fees, and expenses.

County Counsel determined that this contract falls under the "Proposition A" requirements, and therefore includes Living Wage requirements.

The contract includes all required Board provisions and has been approved as to form by County Counsel.

CONTRACTING PROCESS

On March 27, 2012, the CEO sent a Notice of Intent to release a Request for Proposals (RFP) for automobile and general liability claims administration and legal defense management services to 47 firms who provide those services. At that time, we intended to release the RFP in April 2012.

However, it took CEO, working with County Counsel, longer than anticipated to define the Scope of Work. The RFP was released on June 29, 2012, and posted on the County's website and advertised in the Los Angeles Times, Los Angeles Sentinel, La Opinion, Los Angeles Daily News, San Gabriel Valley Tribune, and the Press Telegram.

On July 12, 2012, the Board approved an extension of the existing contract, which was due to expire on August 14, 2012, for one year in order to complete the solicitation for this new contract, and to allow for full testing of County Counsel's matter management database (Attachment II).

On July 31, 2012, two vendors attended the Mandatory Proposers Conference.

Two proposers submitted proposals on or before August 28, 2012. Both proposals met minimum requirements and were subsequently reviewed and evaluated by representatives of the CEO, Internal Services Department, Department of Health Services, and Department of Public Works.

The proposal submitted by Carl Warren was rated the highest, even though its proposed pricing was not the lowest. The CEO recommends awarding the contract to Carl Warren, as it is highly qualified to provide the services.

The CEO had one debriefing with the other proposer on its proposal ratings, and there were no protests filed.

The "Proposition A" cost analysis (Attachment III) demonstrates an estimated annual cost savings of \$140,478. The Auditor-Controller has reviewed the cost comparison and concurs that the contract is cost-effective.

Carl Warren will fully comply with the Living Wage Program and agrees to pay a living wage to their employees providing County services.

IMPACT ON CURRENT SERVICES

Approval of this contract will enable the County to continue to receive high-level services in the administration of its self-funded liability program.

Implementation of this contract will have no impact on services being provided by County employees.

The Honorable Board of Supervisors
July 23, 2013
Page 5

DRAFT

CONCLUSION

Upon approval by the Board, please return one adopted copy of the letter and two signed originals of the contract to the CEO Risk Management Branch, attention Steven T. Robles, County Risk Manager.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC
STR:RLC:KF:tv

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

DRAFT



CONTRACT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

CARL WARREN AND COMPANY

FOR

**AUTOMOBILE AND GENERAL LIABILITY CLAIMS
ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT
SERVICES**

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**CONTRACT BETWEEN
COUNTY OF LOS ANGELES
AND
CARL WARREN AND COMPANY
FOR
AUTOMOBILE AND GENERAL LIABILITY CLAIMS
ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT
SERVICES**

This Contract and Exhibits made and entered into this ____ day of _____, 20__ by and between the County of Los Angeles, hereinafter referred to as County and Carl Warren and Company, hereinafter referred to as Contractor. Contractor is located at 500 North Central Avenue, Fourth Floor, Glendale, CA 91203.

RECITALS

WHEREAS, County is responsible for responding to and processing automobile liability and selected categories of general liability claims filed against the County; and

WHEREAS, County does not have the personnel or expertise to provide automobile and general liability claims administration services; and

WHEREAS, the County desires to contract for automobile liability and selected categories of general liability claims administration and legal defense management services; and

WHEREAS, the Contractor is duly licensed and certified under the laws of the State of California to engage in the business of providing Third Party Automobile and General Liability Claims Administration and Legal Defense Management Services as described hereunder and possesses the competence, expertise and personnel required to provide such services; and

WHEREAS, the County has determined that it is legal, feasible and cost effective to contract for automobile and general liability claims administration and legal defense management services; and

WHEREAS, this Contract is therefore authorized under Section 44.7 of the Los Angeles County Charter and Los Angeles County Code Section 2.121.250.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, I, J, K, L, M and N 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.

- 1.1 EXHIBIT A - Statement of Work
- 1.2 EXHIBIT B - Price Schedule
- 1.3 EXHIBIT D - Contractor's EEO Certification
- 1.4 EXHIBIT E - County's Administration
- 1.5 EXHIBIT F - Contractor's Administration
- 1.6 EXHIBIT G - Forms Required at the Time of Contract Execution
- 1.7 EXHIBIT H - Jury Service Ordinance
- 1.8 EXHIBIT I - Safely Surrendered Baby Law
- 1.9 EXHIBIT J - Living Wage Ordinance
- 1.10 EXHIBIT K - Monthly Certification for Applicable Health Benefit Payments
- 1.11 EXHIBIT L - Payroll Statement of Compliance
- 1.12 EXHIBIT M - Intentionally Omitted
- 1.13 EXHIBIT N - Contractor's Obligations as a "Business Associate" Under the Health Insurance Portability AND Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH)

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 Subparagraph 8.1 (Amendments and Change Notices) 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 **Board of Supervisors (Board):** The Board of Supervisors of the County of Los Angeles.
- 2.2 **Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of the Statement of Work, Exhibit A.
- 2.3 **Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Statement of Work.
- 2.4 **Contractor Claims Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.
- 2.5 **County Project Manager:** The individual responsible for the overall administration of this Contract.
- 2.6 **County Contract Monitor:** The individual(s) with responsibility to oversee the day to day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.
- 2.7 **Day(s):** Calendar day(s) unless otherwise specified.
- 2.8 **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.

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, services and other work as set forth in herein.
- 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 be five (5) years commencing after execution by County's Board of Supervisors, unless sooner terminated or extended, in whole or in part, as provided in this Contract. Contractor's delivery of services hereunder shall commence on a date mutually agreeable to the parties.
- 4.2 The County shall have the sole option to extend this Contract term for up to six (6) months, in any increment, for a maximum total Contract term of five (5) years and six (6) months. Each such option and extension shall be exercised at the sole discretion of the Chief Executive Officer (CEO) or designee.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a Contract term extension option.

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

5.0 CONTRACT SUM

- 5.1 Contractor shall be paid as set forth in Exhibit B, Price Schedule. For the Annual Fixed Fee, Contractor shall provide all services required by the Contract on all existing case files and up to and including 2,100 new non-employee liability cases and 150 new employee liability cases. The Annual Fixed Fee shall remain firm throughout the term of the Contract.

Should the number of new case files exceed 2,100 for non-employee liability cases and 150 for employee liability cases, Fixed-Case Fees will be paid for each new case above the specified limits.

- 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. Assumption or takeover of any of the Contractor's duties, responsibilities, or 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, shall occur only with the County's express prior written approval.

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

5.4 No Payment for Services Provided Following Expiration/Termination of Contract

The Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. Should the 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 the Contractor. This provision shall survive the expiration or other termination of this Contract.

5.5 Invoices and Payments

- 5.5.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit A (Statement of Work) and elsewhere hereunder. The Contractor shall prepare invoices, which shall include the charges owed to the Contractor by the County under the terms of this Contract. The Contractor's payments shall be as provided in Exhibit B (Price Schedule), and the Contractor shall be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment shall be due to the Contractor for that work.

- 5.5.2 The Contractor's invoices shall be priced in accordance with Exhibit B (Price Schedule).

- 5.5.3 Payment to Contractor shall be made monthly in arrears.

- 5.5.3 The Contractor's invoices shall contain at a minimum, the following:

1. Contract name and number;
2. Description of tasks, subtasks, deliverables, goods and services including the number of new claims filed during the previous month, the number of cases/claims closed during the previous month, and total active claims to date;
3. The fixed fee for providing services, as provided in Exhibit B (Price Schedule);
4. Description of tasks, subtasks, deliverables, goods and services, including number of new claims exceeding the level provided for in the Annual fixed fee as specified in Exhibit B (Price Schedule), if applicable;
5. The unit price for excess claims, if applicable;
6. The total price for excess claims, if applicable;
7. Any applicable credits or applicable withhold;
8. Total cost for billing period; and
9. Any other information required by the County Project Director.

Prop A – Living Wage Program:

No invoice will be approved for payment unless the following is included:

10. Monthly Certification for Applicable Health Benefit Payments (Exhibit K); and
 11. Payroll Statement of Compliance (Exhibit L)
- 5.5.4 The Contractor shall submit the monthly invoices to the County by the 15th calendar day of the month following the month of service.
- 5.5.5 All invoices under this Contract shall be submitted in two (2) copies to the following address:

Third Party Automobile and General Liability Claims
Administration Services
County Contract Administrator
Chief Executive Office

Risk Management Branch
3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010

5.5.6 County Approval of Invoices

All invoices submitted by the Contractor for payment must have the written approval of the County's Project Manager prior to any payment thereof. In no event shall the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld

6.0 ADMINISTRATION OF CONTRACT - COUNTY

COUNTY ADMINISTRATION

A listing of all County Administration referenced in the following subparagraphs are designated in Exhibit E - County's Administration. The County shall notify the Contractor in writing of any change in the names or addresses shown.

6.1 County Contract Administrator (CCA)

The responsibilities of the County Contract Administrator include:

- Ensuring that the objectives of this Contract are met;
- Providing direction to Contractor in areas relating to County policy, information requirements, and procedural requirements;
- Making changes in the terms and conditions of this Contract in accordance with Subparagraph 8.1 (Amendments and Change Notices);

The CCA 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 except as provided in Subparagraph 8.1 (Amendments and Change Notices).

6.2 County Contract Manager

The responsibilities of the County Contract Manager include:

- Meeting with the Contractor's Claims Manager on a regular basis; and

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

The County Contract Manager is not authorized to make any changes in any of the terms and conditions of this Contract.

6.3 County Contract Monitor

The County Contract Monitor is responsible for overseeing the day-to-day administration of this Contract. The Contract Monitor reports to the County Contract Manager.

7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Claims Manager

7.1.1 The Claims Manager is designated in Exhibit F (Contractor's Administration). The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Claims Manager.

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

7.2 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Claims Manager.

7.3 Background and Security Investigations

7.3.1 Each of Contractor's staff performing services under this Contract who is in a designated sensitive position, as determined by County in County's sole discretion, shall undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform services under this Contract. Such background investigation may include, but shall not be limited to, criminal conviction information obtained through fingerprints submitted to the California Department of Justice. The fees associated with the background

investigation shall be at the expense of Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.

- 7.3.2 If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be immediately removed from performing services under the Contract at any time during the term of the Contract. County will not provide to Contractor or to Contractor's staff any information obtained through the County's background investigation.
- 7.3.3 County, in its sole discretion, may immediately deny or terminate facility access to any member of Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.3.4 Disqualification of any member of Contractor's staff pursuant to this Subparagraph 7.3 shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.4 Confidentiality

- 7.4.1 Contractor shall maintain the confidentiality of all records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.
- 7.4.2 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, 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 this Subparagraph 7.4, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Subparagraph 7.4 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 make any admission, in each case, on behalf of County without County's prior written approval.

- 7.4.3 Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.
- 7.4.4 Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the provisions of the "Contractor Employee Acknowledgment and Confidentiality Agreement", Exhibit G1.
- 7.4.5 Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the provisions of the "Contractor Non-Employee Acknowledgment and Confidentiality Agreement", Exhibit G2.

8.0 STANDARD TERMS AND CONDITIONS

8.1 Amendments and Change Notices

- 8.1.1 County reserves the right to initiate Change Notices that do not affect the scope, term, contract sum or payments. A change in performance standards specified in Exhibit A (Statement of Work) may be made by Change Notice. All such changes shall be accomplished with an executed Change Notice signed by the Contractor and CCA. The CCA is authorized to enter into and execute such Change Notices.
- 8.1.2 For any change which affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and by the Board.

- 8.1.3 The County Board of Supervisors or Chief Executive Officer 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 reserves the right to add and/or change such provisions as required by the Board or CEO. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by the County Contract Administrator.
- 8.1.4 The CEO, may at his sole discretion, authorize extensions of time as defined in Paragraph 4.0 (Term of Contract). The Contractor agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the Contractor and by the CEO.

8.2 Assignment and Delegation

- 8.2.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether 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. For purposes of this Subparagraph, 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 County's sole discretion, against the claims, which the Contractor may have against the County.
- 8.2.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest 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.
- 8.2.3 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 County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. 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.

8.3 Authorization Warranty

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

8.4 Budget Reductions

In the event that the Board 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 under this Contract 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 this 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. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Contract.

8.5 Complaints

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.5.1 Within thirty (30) 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 for County approval.
- 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 CCA 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 CCA within three (3) business days of mailing to the complainant.

8.6 Compliance with Applicable Law

- 8.6.1 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.
- 8.6.2 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, 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 Subparagraph 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.

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 D (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 H and incorporated by reference into and made a part of this Contract.

8.8.2 Written Employee Jury Service Policy

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the 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 Subparagraph, "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 the 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 the Contractor uses any Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.
3. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the 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 the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Subparagraph 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 the 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 might reasonably be 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 Subparagraph 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.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a 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 the 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 or impose other penalties as specified in this Contract.

8.16 Damage to County Facilities, Buildings or Grounds

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

8.16.2 If the 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 the Contractor by cash payment upon demand.

8.17 Employment Eligibility Verification

8.17.1 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.

8.17.2 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.

8.18 Facsimile Representations

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments and Change Notices prepared pursuant to Subparagraph 8.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments and Change Notices to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.19 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.

8.20 Force Majeure

8.20.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this Subparagraph as "force majeure events").

- 8.20.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable 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 Contractor to meet the required performance schedule. As used in this Subparagraph, the term “subcontractor” and “subcontractors” mean subcontractors at any tier.
- 8.20.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

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 The 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 The 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 The Contractor shall adhere to the provisions stated in Subparagraph 7.5 (Confidentiality).

8.23 Indemnification

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees") 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 the Contractor's acts and/or omissions arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees.

8.24 General Provisions for All Insurance Coverage

Without limiting Contractor's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Subparagraphs 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

8.24.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be

delivered to County at the address shown below and provided prior to commencing services under this Contract.

- Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Contract. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Chief Executive Office
Risk Management Branch
3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
Attention: Risk Management Operations - Contracts

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities

entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against Contractor and/or County.

8.24.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.24.3 Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance of any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of County, upon which County may suspend or terminate this Contract.

8.24.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which

County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

8.24.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.24.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

8.24.7 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.24.8 Subcontractor Insurance Coverage Requirements

Contractor shall include all subcontractors as insureds under Contractor's own policies, or shall provide County with each subcontractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each subcontractor complies with the Required Insurance provisions herein, and shall require that each subcontractor name the County and Contractor as additional insureds on the subcontractor's General Liability policy. Contractor shall obtain County's prior review and approval of any subcontractor request for modification of the Required Insurance.

8.24.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.24.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Contract. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

8.24.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

8.24.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.24.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

8.24.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.25 Insurance Coverage

8.25.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate: \$2 million

Products/Completed Operations Aggregate: \$1million

Personal and Advertising Injury: \$1million

Each Occurrence: \$1 million

8.25.2 Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.25.3 Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

- 8.25.4 Professional Liability/Errors and Omissions insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than \$2 million per claim and \$4 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.
- 8.25.5 **Crime Coverage:** A Fidelity Bond or Crime Insurance policy with limits of not less than \$2 million per occurrence. Such coverage shall protect against all loss of money, securities, or other valuable property entrusted by County to Contractor, and apply to all of Contractor's directors, officers, agents and employees who regularly handle or have responsibility for such money, securities or property. The County and its Agents shall be named as an Additional Insured and Loss Payee as its interests may appear. This insurance shall include third party fidelity coverage, include coverage for loss due to theft, mysterious disappearance, and computer fraud/theft, and shall not contain a requirement for an arrest and/or conviction.

8.26 Liquidated Damages

- 8.26.1 If, in the judgment of the CEO, or his designee, the Contractor is deemed to be non-compliant with the terms and obligations of this Contract, the CEO, or his designee, at his option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the CEO or his designee, in a written notice describing the reasons for said action.
- 8.26.2 If the CEO, or his designee, determines that there are deficiencies in the performance of this Contract that the CEO, or his designee, deems are correctable by the Contractor over a certain time span, the CEO, or his designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the CEO, or his designee, may deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum. The parties hereby agree that

a reasonable estimate of damages is specified in the Performance Requirements Summary (PRS) Chart, as defined in Appendix C, Technical Exhibit 2, hereunder, and that the Contractor shall be liable to the County for liquidated damages in said amount. Said amount shall be deducted from the County's payment to the Contractor; and/or upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.

8.26.3 The action noted in Subparagraph 8.26.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.

8.26.4 This Subparagraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS or Subparagraph 8.26.2, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

8.27 Most Favored Public Entity

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

8.28 Nondiscrimination and Affirmative Action

8.28.1 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.

- 8.28.2 The Contractor shall certify to, and comply with, the provisions of Exhibit D (Contractor's EEO Certification).
- 8.28.3 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.
- 8.28.4 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, physical or mental disability, marital status, or political affiliation.
- 8.28.5 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.
- 8.28.6 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 Subparagraph 8.28 when so requested by the County.
- 8.28.7 If the County finds that any provisions of this Subparagraph 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 and Housing 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.

8.28.8 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.

8.29 Non Exclusivity

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

8.30 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) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.31 Notice of Disputes

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

8.32 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.

8.33 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.

8.34 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 Exhibits E (County's Administration) and F (Contractor's Administration). Addresses may be changed by either party giving ten (10) days prior written notice thereof to the other party. The CEO, or his designee shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.35 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.

8.36 Public Records Act

8.36.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Subparagraph 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.

8.36.2 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.

8.37 Publicity

8.37.1 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, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity 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 Project Director. The County shall not unreasonably withhold written consent.

8.37.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Sub-paragraph 8.37 shall apply.

8.38 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 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 record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and 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 Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

- 8.38.1 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. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 8.38.2 Failure on the part of the Contractor to comply with any of the provisions of this Subparagraph 8.38 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- 8.38.3 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 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.

- 8.38.4 In addition to the above, the Contractor agrees, should the County or its authorized representatives determine, in the County's sole discretion, that it is necessary or appropriate to review a broader scope of the Contractor's records (including, certain records related to non-County contracts) to enable the County to evaluate the Contractor's compliance with the County's Living Wage Program, that the Contractor shall promptly and without delay provide to the County, upon the written request of the County or its authorized representatives, access to and the right to examine, audit, excerpt, copy, or transcribe any and all transactions, activities, or records relating to any of its employees who have provided services to the County under this Contract, including, without limitation, records relating to work performed by said employees on the Contractor's non-County contracts. The Contractor further acknowledges that the foregoing requirement in this Subparagraph relative to Contractor's employees who have provided services to the County under this Contract is for the purpose of enabling the County in its discretion to verify the Contractor's full compliance with and adherence to California labor laws and the County's Living Wage Program. All such materials and information, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and 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 materials and information prior to such time. All such materials and information shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such materials and information is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such materials and information at such other location.

8.39 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.

8.40 Subcontracting

8.40.1 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.

8.40.2 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.

8.40.3 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 the Contractor employees.

8.40.4 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.

8.40.5 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.

8.40.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees. After approval

of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.

8.40.7 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.

8.40.8 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:

Chief Executive Office
Risk Management Branch
Risk Management Operations
3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010

before any Subcontractor employee may perform any work hereunder.

8.41 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 Subparagraph 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 the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Subparagraph 8.43 (Termination for Default) and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.42 Termination for Convenience

8.42.1 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 the 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 ten (10) days after the notice is sent.

8.42.2 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.

8.42.3 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 Subparagraph 8.38 (Record Retention and Inspect/Audit Settlement).

8.43 Termination for Default

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

- Contractor has materially breached this Contract; or
- Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either 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 five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.43.2 In the event that the County terminates this Contract in whole or in part as provided in Subparagraph 8.43.1, 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 be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the

performance of this Contract to the extent not terminated under the provisions of this Subparagraph.

8.43.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Subparagraph 8.43.2 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 sub-paragraph, the term "Subcontractor(s)" means Subcontractor(s) at any tier.

8.43.4 If, after the County has given notice of termination under the provisions of this Subparagraph 8.43, it is determined by the County that the Contractor was not in default under the provisions of this Subparagraph 8.43, or that the default was excusable under the provisions of Subparagraph 8.43.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Subparagraph 8.42 (Termination for Convenience).

8.43.5 The rights and remedies of the County provided in this Subparagraph 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 Improper Consideration

8.44.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any

form, was offered or given by the 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 the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.44.2 The 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.

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

8.45 Termination for Insolvency

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

- Insolvency of the Contractor. The 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 the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this Sub-paragraph 8.45 shall not be exclusive and are in addition to

any other rights and remedies provided by law or under this Contract.

8.46 Termination for Non-Adherence of County Lobbyist Ordinance

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

8.47 Termination for Non-Appropriation of Funds

Notwithstanding any other provision of this Contract, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future 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. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.48 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.

8.49 Waiver

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County 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 Sub-paragraph 8.49 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.50 Warranty Against Contingent Fees

- 8.50.1 The 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.
- 8.50.2 For breach of this warranty, the 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.

8.51 Warranty of Compliance with County's Defaulted Property Tax Reduction Program

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206.

8.52 Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program

Failure of Contractor to maintain compliance with the requirements set forth in Subparagraph 8.51 (Warranty of Compliance with County's Defaulted Property Tax Reduction Program) shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this contract and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

8.53 County's Contract Database and Contractor Alert Reporting Database

The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

9.0 UNIQUE TERMS AND CONDITIONS

9.1 Compliance with the County's Living Wage Program

9.1.1 Living Wage Program

This Contract is subject to the provisions of the County's ordinance entitled Living Wage Program as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached as Exhibit J and incorporated by reference into and made a part of this Contract.

9.1.2 Payment of Living Wage Rates

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not an "Employer" as defined under the Program (Section 2.201.020 of the County Code) or that the Contractor qualifies for an exception to the Living Wage Program (Section 2.201.090 of the County Code), the Contractor shall pay its employees no less than the applicable hourly living wage rate, as set forth immediately below, for the employees' services provided to the County, including, without limitation, "Travel Time" as defined below at Subsection 5 of this Subparagraph 9.1.2 under the Contract:
 - a. Not less than \$11.84 per hour if, in addition to the per-hour wage, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits for its employees and any dependents; or
 - b. Not less than \$9.64 per hour if, in addition to the per-hour wage, the Contractor contributes at least \$2.20 per hour towards the provision of bona fide health care benefits for employees and any dependents. The Contractor will be deemed to have contributed \$2.20 per hour towards the provision of bona fide health care benefits if the

benefits are provided through the County Department of Health Services Community Health Plan. If, at any time during the Contract, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits, the Contractor shall be required to pay its employees the higher hourly living wage rate.

2. For purposes of this Subparagraph, "Contractor" includes any subcontractor engaged by the Contractor to perform services for the County under the Contract. If the Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall be subject to the provisions of this Subparagraph. The provisions of this Subparagraph shall be inserted into any such subcontract and a copy of the Living Wage Program shall be attached to the subcontract. "Employee" means any individual who is an employee of the Contractor under the laws of California, and who is providing full-time services to the Contractor, some or all of which are provided to the County under the Contract. "Full-time" means a minimum of forty (40) hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the County; however, fewer than thirty-five (35) hours worked per week will not, in any event, be considered full-time.
3. If the Contractor is required to pay a living wage when a Contract commences, the Contractor shall continue to pay a living wage for the entire term of the Contract, including any option period.
4. If the Contractor is not required to pay a living wage when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exemption status" from the living wage requirement. The Contractor shall immediately notify the County if the Contractor at any time either comes within the Living Wage Program's definition of "Employer" or the Contractor no longer qualifies for an exception to the Living Wage Program. In either event, the Contractor shall immediately be required to commence paying the living wage and shall be

obligated to pay the living wage for the remaining term of the Contract, including any option period. The County may also require, at any time during the Contract, and at its sole discretion, that the Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Living Wage Program's definition of "Employer" and/or that the Contractor continues to qualify for an exception to the Living Wage Program. Unless the Contractor satisfies this requirement within the time frame permitted by the County, the Contractor shall immediately be required to pay the living wage for the remaining term of the Contract, including any option period.

5. For purposes of the Contractor's obligation to pay its employees the applicable hourly living wage rate under this Contract, "Travel Time" shall have the following two meanings, as applicable: 1) With respect to travel by an employee that is undertaken in connection with this Contract, Travel Time shall mean any period during which an employee physically travels to or from a County facility if the Contractor pays the employee any amount for that time or if California law requires the Contractor to pay the employee any amount for that time; and 2) With respect to travel by an employee between County facilities that are subject to two different contracts between the Contractor and the County (of which both contracts are subject to the Living Wage Program), Travel Time shall mean any period during which an employee physically travels to or from, or between such County facilities if the Contractor pays the employee any amount for that time or if California law requires the Contractor to pay the employee any amount for that time.

9.1.3 Contractor's Submittal of Certified Monitoring Reports

The Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of the Contractor's employees during the reporting period. The certified monitoring reports shall also verify the number of hours worked, the hourly wage rate paid, and the amount paid by the Contractor for health benefits, if any, for each

of its employees. The certified monitoring reports shall also state the name and identification number of the Contractor's current health care benefits plan, and the Contractor's portion of the premiums paid as well as the portion paid by each employee. All certified monitoring reports shall be submitted on forms provided by the County (Exhibits K and L), or other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, the Contractor shall promptly provide such information. The Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

9.1.4 Contractor's Ongoing Obligation to Report Labor Law/Payroll Violations and Claims

During the term of the Contract, if the Contractor becomes aware of any labor law/payroll violation or any complaint, investigation or proceeding ("claim") concerning any alleged labor law/payroll violation (including but not limited to any violation or claim pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination), the Contractor shall immediately inform the County of any pertinent facts known by the Contractor regarding same. This disclosure obligation is not limited to any labor law/payroll violation or claim arising out of the Contractor's contract with the County, but instead applies to any labor law/payroll violation or claim arising out of any of the Contractor's operations in California.

9.1.5 County Auditing of Contractor Records

Upon a minimum of twenty-four (24) hours written notice, the County may audit, at the Contractor's place of business, any of the Contractor's records pertaining to the Contract, including all documents and information relating to the certified monitoring reports. The Contractor is required to maintain all such records in California until the expiration of four (4) years from the date of final payment under the Contract. Authorized agents of the County shall have access to all such records during normal business

hours for the entire period that records are to be maintained.

9.1.6 Notification to Employees

The Contractor shall place County-provided living wage posters at each of the Contractor's places of business and location where the Contractor's employees are working. The Contractor shall also distribute County-provided notices to each of its employees at least once per year. The Contractor shall translate posters and handouts into Spanish and any other language spoken by a significant number of employees.

9.1.7 Enforcement and Remedies

If the Contractor fails to comply with the requirements of this Subparagraph 9.1, the County shall have the rights and remedies described in this Subparagraph in addition to any rights and remedies provided by law or equity.

1. Remedies for Submission of Late or Incomplete Certified Monitoring Reports: If the Contractor submits a certified monitoring report to the County after the date it is due or if the report submitted does not contain all of the required information or is inaccurate or is not properly certified, any such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:
 - a. Withholding of Payment: If the Contractor fails to submit accurate, complete, timely and properly certified monitoring reports, the County may withhold from payment to the Contractor up to the full amount of any invoice that would otherwise be due, until the Contractor has satisfied the concerns of the County, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
 - b. Liquidated Damages: It is mutually understood and agreed that the Contractor's failure to submit an accurate, complete, timely and properly

certified monitoring report will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, in the event that a certified monitoring report is deficient, including but not limited to being late, inaccurate, incomplete or uncertified, it is agreed that the County may, in its sole discretion, assess against Contractor liquidated damages in the amount of one hundred dollars (\$100) per monitoring report for each day until the County has been provided with a properly prepared, complete and certified monitoring report. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.

- c. Termination: The Contractor's continued failure to submit accurate, complete, timely and properly certified monitoring reports may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

2. Remedies for Payment of Less Than the Required Living Wage: If the Contractor fails to pay any employee at least the applicable hourly living wage rate, such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

- a. Withholding Payment: If the Contractor fails to pay one or more of its employees at least the applicable hourly living wage rate, the County may withhold from any payment otherwise due the Contractor the aggregate difference between the living wage amounts the Contractor was required to pay its employees for a given pay

period and the amount actually paid to the employees for that pay period. The County may withhold said amount until the Contractor has satisfied the County that any underpayment has been cured, which may include required submittal of revised certified monitoring reports or additional supporting documentation.

- b. Liquidated Damages: It is mutually understood and agreed that the Contractor's failure to pay any of its employees at least the applicable hourly living wage rate will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages of fifty dollars (\$50) per employee per day for each and every instance of an underpayment to an employee. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.
- c. Termination: The Contractor's continued failure to pay any of its employees the applicable hourly living wage rate may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

3. Debarment:

In the event the Contractor breaches a requirement of this Subparagraph 9.1, the County may, in its sole discretion, bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach, in accordance with Los Angeles County Code, Chapter 2.202, Determinations

of Contractor Non-Responsibility and Contractor Debarment.

9.1.8 Use of Full-Time Employees

The Contractor shall assign and use full-time employees of the Contractor to provide services under the Contract unless the Contractor can demonstrate to the satisfaction of the County that it is necessary to use non-full-time employees based on staffing efficiency or County requirements for the work to be performed under the Contract. It is understood and agreed that the Contractor shall not, under any circumstance, use non-full-time employees for services provided under the Contract unless and until the County has provided written authorization for the use of the same. The Contractor submitted with its proposal a full-time employee staffing plan. If the Contractor changes its full-time employee staffing plan, the Contractor shall immediately provide a copy of the new staffing plan to the County.

9.1.9 Contractor Retaliation Prohibited

The Contractor and/or its employees shall not take any adverse action which would result in the loss of any benefit of employment, any contract benefit, or any statutory benefit for any employee, person or entity who has reported a violation of the Living Wage Program to the County or to any other public or private agency, entity or person. A violation of the provisions of this Subparagraph 9.1.9 may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

9.1.10 Contractor Standards

During the term of the Contract, the Contractor shall maintain business stability, integrity in employee relations and the financial ability to pay a living wage to its employees. If requested to do so by the County, the Contractor shall demonstrate to the satisfaction of the County that the Contractor is complying with this requirement.

9.1.11 Intentionally Omitted

9.1.12 Neutrality in Labor Relations

The Contractor shall not use any consideration received under the Contract to hinder, or to further, organization of , or collective bargaining activities by or on behalf of the Contractor's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining Contract, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

9.2 **Contractor's Obligations as a "Business Associate" Under Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH)**

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under this Contract, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in Exhibit N in order to provide those services. The County and the Contractor therefore agree to the terms of Exhibit N (Contractor's Obligations As a "Business Associate" Under Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH) (Business Associate Agreement)).

9.3 **Local Small Business Enterprise (SBE) Preference Program**

9.3.1 This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

9.3.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

9.3.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by

affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

9.3.4 If the Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and Internal Services Department of this information prior to responding to a solicitation or accepting a contract award.

9.4 Ownership of Materials – Reports and Records

9.4.1 Upon expiration of this Contract, or in the event of cancellation, on the demand of the County Project Director or CCA, all documents, reports, records, case files, correspondence and work product both in hard copy format and automated format relating to Contractor's operations under this Contract shall be immediately returned to the CCA or to a location in the County as directed by the CCA. It is understood that all of the materials described herein are the property of the County and not of the Contractor.

- 9.4.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's working papers prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.
- 9.4.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use hereunder, and which the Contractor considers to be proprietary or confidential, must be specifically identified by the Contractor to the County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by the Contractor as "Proprietary" or "Confidential" on each appropriate page of any document containing such material.
- 9.4.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are safeguarded and held in confidence. The 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 the Contractor.
- 9.4.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under Subparagraph 9.4.4 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Subparagraph 9.4.3 or for any disclosure which the County is required to make under any state or federal law or order of court.
- 9.4.6 All the rights and obligations of this Subparagraph 9.4 shall survive the expiration or termination of this Contract.

9.5 Intentionally Omitted

9.6 Intentionally Omitted

9.7 Transitional Job Opportunities Preference Program

- 9.7.1 This Contract is subject to the provisions of the County's ordinance entitles Transitional Job Opportunities

Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

- 9.7.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.
- 9.7.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Transitional Job Opportunity vendor.
- 9.7.4 If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:
1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
 2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the contract; and
 3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the certifying department of this information prior to responding to a solicitation or accepting a contract award.

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 Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

CONTRACTOR: CARL WARREN AND COMPANY

By _____
Name

Title

COUNTY OF LOS ANGELES

By _____
Chairman, Board of Supervisors

ATTEST:

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

By _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By _____
Kathleen Bramwell
Principal Deputy County Counsel

APPENDIX A

RFP STATEMENT OF WORK

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EXHIBIT A STATEMENT OF WORK (SOW)

1.0 SCOPE OF WORK

The Contractor shall provide incident and claim administration, as well as litigation management support services for the County. The Contractor shall also provide subrogation services related to the damage of County property. The incident and claim administration services shall include automobile, employment, and general liability matters. The litigation management support services shall include Social Services and employment matters. Pending claims and incidents total approximately 1,650 and pending lawsuits total 125. The Contractor shall administer approximately 2,000 new claims and manage approximately 150 new lawsuits each fiscal year.

The Contractor shall provide these services in accordance with the standards set forth below:

1. Certain County Counsel information, processes and protocols related to County's litigation management.
2. Certain CEO standards required under this Contract.
3. Those specific standards and requirements specified in the Contract.
4. To the extent a specific standard or requirement is not set forth in this Contract, those standards and requirements set forth in the California statutes, codes, regulations, or other governing statutes and regulations, including any amendments to these statutes and regulations during the term of the Contract.
5. To the extent a specific standard or requirement is not set forth in this Contract or the governing statutes and regulations, the specific standard or requirement set forth in the Change Notice executed by the County Contract Administrators and Contractor.

2.0 CONFIDENTIALITY

The services performed and the documents produced pursuant to this Contract are done at the direction of County Counsel. For the purposes of this Contract, the Chief Executive Officer, Chief Executive Risk Management Branch, and the Contractor act as agents of County Counsel. Contractor shall have access to relevant County records, departments, and staff in order to perform the services and responsibilities outlined in this Contract and Statement of Work. All such information will be information acquired in confidence by a public employee in the

course of his/her duties and not open, or officially disclosed, to the public within the meaning of California Evidence Code Section 1040.

All records, communications, determinations, and reports made in the performance of the services in this Contract and Statement of Work are generated at the direction of County Counsel, and shall be considered attorney work product and attorney-client privilege and subject to the appropriate claims of privilege therein.

The confidentiality of all records and materials collected and used by Contractor shall be preserved consistent with the terms of this Contract and Statement of Work and upon, termination or expiration of this Contract shall be delivered to the Office of the County Counsel for confidential retention in the manner and for the timeframes required by law for confidential records of the County Counsel.

3.0 ADDITION AND/OR DELETION OF PROCEDURES AND TASKS

3.1 The County will have the right to change work procedures and add or delete specific tasks when it is in the best interest of the County to do so.

3.2 All changes must be made in accordance with Subparagraph 8.1 (Amendments and Change Orders) of the Contract.

4.0 DEFINITIONS

Ad Hoc Report(s): As used herein, "Ad-Hoc Report(s)" shall mean those report(s) generated at the request of the County on an informal and improvised basis. The Contractor may be required to provide such reports only on an expedited basis at the request of the County Contract Administrator (CCA) or the Litigation Cost Manager or his/her designee.

Allegation: As used herein, "Allegation" shall mean an assertion, claim declaration or statement of a party to an event(s) which merits investigation, administration and/or management by Contractor, as determined by Contractor or County.

Allocated Expenses: As used herein, "Allocated Expenses" shall mean all expenses including Contract Law Firm fees and excluding Contractor services fees incurred in connection with the investigation, adjustment, settlement negotiations or defense of claims or lawsuits. These expenses include, but are not limited to, process service, expert witness fees, surveillance, consultant fees, appraisal fees, forensic services, jury and court costs, court reporter fees, transcription costs and other costs necessary to effectively defend the County and any other expenses specifically authorized by the County. Allocated Expenses are not included in the flat fees paid to Contractor.

Case: As used herein, “Case” shall mean each document submitted by a third-party(ies) in accordance with statutory requirements and/or a legal action filed in a civil court by a third party(ies) in accordance with statutory requirements which alleges personal injury, real or personal property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents

Case Budget: As used herein, “Case Budget” shall mean the projected fees and costs for each phase in the defense of a lawsuit, including staffing levels, hourly rates, estimated hours and fees for partners, associates and paralegals, as well as expenses and costs, such as deposition costs and expert fees.

Case Evaluation Plan: As used herein, “Case Evaluation Plan” shall mean a detailed recommendation of case strategy, including motions to be filed, discovery, legal research, and experts required to defend an action.

CEO Risk Management Branch: As used herein, “CEO Risk Management Branch” shall mean the organizational unit of the County’s Chief Executive Office that participates in the County’s self-insured Automobile and General Liability Claims Administration Program.

Chief Executive Office (Department): As used herein, “Chief Executive Office” shall mean the Chief Executive Office of the County of Los Angeles.

Chief Executive Officer (CEO): As used herein, “Chief Executive Officer” and “CEO” shall mean the Chief Executive Officer of the County of Los Angeles.

Claim: As used herein, “Claim” shall mean each document submitted by a third-party(ies) in accordance with statutory requirements which alleges personal injury, real or personal property losses, damages, and/or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Claims Specialist: As used herein, “Claims Specialist” shall mean an employee of Contractor who manages Files arising from incidents, claims and lawsuits and manages the legal defense of lawsuits.

Commercial Annuity: As used herein, “Commercial Annuity” shall mean a contract purchased from an insurance company that provides deferred payments to a recipient.

Companion Case File(s): As used herein, “Companion File(s) shall mean a File for a separate County Department/facility which arises from the same incident, series of incidents, claim or lawsuit as another File.

Concurrence: As used herein, “Concurrence” shall mean an agreement with a particular course of action or settlement.

Contract Law Firm: As used herein, “Contract Law Firm” shall mean law firms which have contracted with the County to provide legal representation services.

Contract Law Firm Fees: As used herein, “Contract Law Firm Fees” shall mean fees charged by Contract Law Firms for legal services provided on County assigned claims and lawsuits.

Contract Start Date: As used herein, “Contract Start Date” shall mean the date that Contractor begins work under this contract.

Corrective Action Plan: As used herein, “Corrective Action Plan” shall mean the County Department’s response to an incident, claim or lawsuit, which addresses the root cause of the occurrence of the event and implements solutions designed to prevent reoccurrence of a same or similar event.

County Contract Administrator (CCA): As used herein, “County Contract Administrator” and “CCA” shall refer to the Assistant Chief Executive Officer in charge of the Chief Executive Office’s Risk Management Branch or his/her designee. The CCA administers the procedural aspects of the Contract and participates in the County’s self-insured Automobile and General Liability Claims Administration Program.

County Counsel: As used herein, “County Counsel” shall mean the officer or his/her designee appointed by the Board of Supervisors, as mandated and authorized by the County Charter and State statutes, who provides advice and legal representation to the Board, County departments, special districts, and other public agencies.

County Counsel Supervising Attorney: As used herein, “County Counsel Supervising Attorney” shall refer to the County Counsel attorney overseeing a specific litigated case or claim.

County’s Financial System: As used herein, the “County’s Financial System” shall mean the County’s Auditor-Controller’s e-CAPS Accounting and Purchasing System for disbursing warrants to pay for authorized indemnity, legal defense fees, and Allocated Expenses associated with cases assigned to Contractor. Under normal payment processes, all payments can only be issued to payees that have been added and approved in the e-CAPS Financial System, governed by vendor management rules as set forth by the Auditor-Controller.

County Risk Manager: As used herein, “County Risk Manager” shall mean the Assistant Chief Executive Officer in charge of the Chief Executive Office’s Risk Management Branch, or authorized designee.

County Risk Management: As used herein, “County Risk Management” shall mean the County’s Chief Executive Office Risk Management Branch.

Damage(s): As used herein, “Damage(s)” shall mean claimed compensation or indemnity resulting from the loss of, detriment or injury to a person, property or rights.

Early Investigation: As used herein, “Early Investigation” shall mean Contractor-initiated activity resulting from the decision to set up a File, or the immediate recognition of extraordinary case circumstances. Such activities shall include, but not be limited to, immediate contact with those employees, witnesses, and other individuals having any involvement in, or knowledge about an incident.

Factor of Settlement: As used herein, “Factor of Settlement” shall mean the specific act or omission, breach of a duty of care, or statutory violation committed by County, its officers, employees or agents within the course and scope of their employment, and which is alleged to be a cause of claimant’s/plaintiff’s injuries.

File: As used herein, “File” shall mean a repository established by the Contractor which contains documents related to the investigation, administration, management and audit of incidents, claims, subrogation activities, and lawsuits.

Electronic File: A file on the County Counsel’s matter management databases related to the investigation, administration, management and audit of incidents, claims, subrogation activities, and lawsuits.

Hardcopy File: A paper copy of documents related to the investigation, administration, management and audit of incidents, claims, subrogation activities, and lawsuits.

File Receipt Date: As used herein, “File Receipt Date” shall mean the date Contractor receives a claim, lawsuit, or an incident report that alleges or asserts County liability.

Indemnification/Hold Harmless Agreement: As used herein, “Indemnification/Hold Harmless Agreement” shall mean a contractual agreement between County and vendors, subcontractors, or other third parties, which specifically addresses allocation of responsibility for losses or damages that may occur under the contract, including which party shall bear the obligation of defending against any third party legal actions.

Incident: As used herein, “Incident” shall mean an occurrence in which a third party(ies) alleges, or may have sustained personal injury, bodily injury, real or personal property damage, or other losses arising from or connected with the acts or omissions of the County, its employees, officers, or agents, or any

dangerous condition of County property as defined in Government Code Section 830, et seq.

Incident Report/Event Notification: As used herein, “Incident Report/Event Notification” shall mean a written, electronic, or telephonic report from County to Contractor regarding an incident.

Investigation: As used herein, “Investigation” shall mean the process of determining the facts, evaluating liability, assessing damages, and obtaining and preserving evidence.

Lawsuit or Litigated Case: As used herein, “Lawsuit” or “litigated case” shall mean a legal action filed in a civil court by a third party(ies) in accordance with statutory requirements which alleges personal injury, real or personal property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Litigation Cost Manager (LCM): As used herein, “Litigation Cost Manager” and “LCM” shall mean an attorney in the Office of the County Counsel who develops and assists in the implementation of strategies designed to reduce and control attorney fees, expert costs, and other litigation expenses with the goal of achieving the most favorable litigation results at the most affordable cost. The Litigation Cost Manager also assists in the promulgation of litigation protocols directed at proper case management, thorough cost/benefit analysis and appropriate budgetary constraints.

Litigation Management: As used herein, “Litigation Management” shall mean the process of investigating, evaluating, resolving, managing, monitoring, and reporting on all litigated cases, as well as supervising the County’s Contract Law Firms.

Matter Management Database: As used herein, “Matter Management Databases” shall refer to the Internet-based databases maintained by County Counsel that are used to track incidents, claims, subrogation, and litigation activities. The specifications for the Databases are provided in Technical Exhibits to the Statement of Work, Exhibit A-10.

Quality Assurance Evaluator (QAE): As used herein, “Quality Assurance Evaluator” and “QAE” shall mean County Counsel or his/her designee and the CCA or designee responsible for monitoring the Contractor’s performance, advising and training the Contractor’s staff on the County’s systems and procedures.

Quality Assurance Monitoring Plan (QAMP): As used herein, “Quality Assurance Monitoring Plan” and “QAMP” shall mean the methods used by the County to evaluate the Contractor’s performance.

Quality Control Plan: As used herein, “Quality Control Plan” shall mean the methods and procedures used by Contractor to assure that the quality of the services provided meets County requirements in areas that include timeliness, accuracy, completeness, consistency and conformity.

Random Sample: As used herein, “Random Sample” shall mean the sampling method in which each service output has an equal chance of being selected.

Reserve: As used herein, “Reserve” shall mean the realistic estimate of the final amount that will be paid on a claim or lawsuit. There are two kinds of reserve estimates established in every claim an litigated case:

- **Indemnity Reserves:** An estimate of the amount that a judge or reasonable jury would award the plaintiff if the matter proceeded to trial, plus attorney fees, if recoverable by plaintiff. This amount is established by County Counsel in litigated cases.
- **Expense Reserve:** An estimate of attorney fees and costs (such as expert fees, deposition charges, and travel expenses) to be expended during the life of the case through trial. This reserve is established by County Counsel.

Risk Management Information System (RMIS): As used herein “Risk Management Information System” shall mean the current County’s risk management and claims and matter management information system with ad hoc reporting capabilities. The current Risk Management Information System will be replaced by the Matter Management Database after all modifications are made, tested, and accepted by Risk Management. The specifications of the current Risk Management Information System is provided in the Technical Exhibits to the Statement of Work, Exhibit A-11.

For purposes of this Contract, until the Matter Management Database or any other successor system is fully implemented and RMIS is phased out, the County’s automated risk management and claims information system will be referred to as “County’s risk management claims information system”.

Roundtable Meetings: As used herein “Roundtable Meetings” shall mean meetings that are chaired by County Counsel to discuss issues related to specific litigated cases. Such meetings shall include participation by the Contractor, Contract Law Firm members, County department/facility representatives, and CEO Risk Management staff.

Severe Injury: As used herein, “Severe Injury” shall mean injury sustained by a third party that could result in significant indemnity and legal costs to County. Such injury may include but is not limited to brain damage, spinal cord injury,

total or partial loss of a limb, loss or impairment of sensory or reproductive organs, burns, substantial disfigurement and death.

Social Services: As used herein, “Social Services” shall refer to a claim or litigated case related to the provision or denial of public services or social services benefits including, but not limited to, litigation arising from injuries to children placed into foster care by the County’s Department of Children and Family Services.

Structured Settlement: As used herein, “Structured Settlement” shall mean any settlement in which a portion of the payment or the entire payment to a plaintiff is deferred to the future.

Tail Claim: As used herein, “Tail Claim” shall mean an open claim or a legitimate and properly closed claim which subsequently must be re-opened for a period of time for adjusting services. Costs of assuming tail claims are included in the Fixed Rates.

Timeline: As used herein, “Timeline” shall mean a comprehensive and succinct written chronology that sets forth the facts of the case as they occur. Timelines are initiated by Contractor and are updated by Contract Law Firm members.

User Complaint Report: As used herein, “User Complaint Report” shall mean the report submitted by an individual or group that specifies discrepancies or problems with Contractor’s performance. Contractor may be required to respond to such report.

5.0 SPECIFIC WORK REQUIREMENTS: PRE-LITIGATION AND LITIGATION MANAGEMENT SERVICES

5.1 Incident Reporting

The Incident Reporting services rendered under this contract shall be performed at the direction of the County Counsel. The requirements set forth in this section shall apply to all incidents involving all County departments, except where noted.

5.1.1 The Contractor shall provide, or develop if necessary, general guidelines and information for County employees to follow that will assist the Contractor in the administration of incidents, and support the County’s Incident Reporting and Accident Review Guidelines, Exhibit A-6. Such Contract developed guidelines and information is subject to approval by County Risk Management.

5.1.2 Incidents will be submitted to the Contractor electronically using the County’s risk management system or by fax or mail. The

Contractor shall supply printed forms to be used by the County departments for reporting incidents. The format of each form must be approved by the CCA.

- 5.1.3 The Contractor shall promptly review all incident reports made by the County to determine if:
- A. A case file should be created based on guideline contained in Incident Reporting and Accident Review Guidelines (Exhibit A-6);
 - B. Subrogation action should be undertaken based on the guidelines contained in Vehicle Accident Subrogation Process (Exhibit A-8);
 - C. The matter should be handled as an incident only because of no liability against County; or
 - D. The matter should be referred for immediate field investigation and handled as an accelerated claim settlement because County liability is clear and damages are undisputed and minor based on guidelines contained in Accelerated Claims Settlement Program (Exhibit A-7).

5.1.4 Entering Incident Reports into County's Risk Management Claims Information System

The County's risk management claims information system shall include online incident reporting by County staff.

- A. Not all County staff will have access to the County's risk management claims information system, so the Contractor must be able to receive incident reports also by telephone, fax and mail and to purge incident reports to comply with legal retention requirements.
 - B. The Contractor must also input into the County's risk management claims information system incident reports that the Contractor receives not already entered into County's risk management claims information system by County staff.
- 5.1.5 Upon receiving notice of an incident, the Contractor shall:
- A. Investigate an incident that involves a severe injury within twenty-four (24) hours after the Contractor is notified of the incident. Within ninety (90) calendar days, the investigation

should be substantially completed and the County shall be advised of the action taken.

- B. Contact claimants for incident or claims involving minor injury or property damage for which the County is liable to verify injury/damage amount and determine if an expedited resolution should be initiated under the County's Accelerated Claims Settlement Program, Exhibit A-7.

5.2 Claims Administration

All Claims administration services rendered under this contract shall be performed at the direction of the County Counsel on behalf of the County of Los Angeles. The CCA administers the procedural aspects of claims administration and is the QAE. The requirements set forth in this section shall apply to all Claims involving all County departments, except where noted.

Contractor shall be notified of Claims through the County's risk management claims information system, electronic mail ("e-mail"), facsimile ("fax"), or United States Postal Service ("mail"). Only verified Claims filed with the Executive Office of the Board of Supervisors that allege State law violations shall be considered properly filed in accordance with the California Government Code.

In administering Claims under this contract, Contractor shall:

- A. Create an electronic claim file in the County's risk management claims information system if one does not already exist. If the Contractor is notified of a Claim on Friday or on the last business day of the week, Contractor shall create a claim file on the following Monday or on the next regular business day, if one has not already been created.

The claim file shall be regularly updated with any and all developments as they occur, including the addition of new claimants, the death of claimant(s)/irreparable harm or injury to claimant(s), real and/or personal property losses, significant dates, the existence of an Indemnification/Hold Harmless agreement, the results of the department/facility's investigation (if any), the results of the Contractor's Early Investigation, or other investigation, the Contractor's evaluation of damages and liability exposure, and any settlement offers.

- B. Create a corresponding "hardcopy" claim file to serve as a repository for all documents, color photographs, recordings, and

other physical evidence.

- C. Determine whether the matter should be handled as an accelerated claim based on the guidelines contained in the Accelerated Claims Settlement Program (Technical Exhibits to the Statement of Work, Exhibit A-7).
- D. Review the Claim for compliance with the requisites of Government Code Section 910 related to such matters as sufficiency, completeness and timeliness. If the Claim fails to comply with any of the statutory requirements, Contractor shall send an appropriate notice.
- E. Initiate an investigation if the Claim meets the requisites of Government Code Sections 910 et seq. All investigations shall be conducted at the request and direction of the County Counsel and require the Contractor to take all appropriate steps, which may include but will not be limited to the following:
 - 1. Review all involved County departments' internal investigation reports, relevant policies, procedures, and personnel records; and accident or injury reports generated by the County or third party entities, including, but not limited to, police reports and Department of Motor Vehicles records; coroner's reports, and all other reports and documents related to the underlying incident. If the Contractor is unsuccessful in securing necessary documents within fourteen (14) calendar days of the initial request through the department/facility's usual process, Contractor shall notify the department's risk coordinator/ liaison and send a copy of the notification to County Counsel and CEO Risk Management Branch.
 - 2. Obtain videotape, audio tape, oral and/or written statements from all involved parties and witnesses, in the cases of an Employment an Department of Children and Family Services Incident, Claim, or Lawsuit.
 - a. Contractor shall not conduct interviews of any kind in the case of an Employment or Social Services matter, unless specifically requested by County Counsel.
 - 3. Perform an on-scene inspection, except in the case of an incident, claim or lawsuit involving a Sheriff's Department automobile collision.

- a. The Contractor shall coordinate with the Sheriff Department's Risk Management - Civil Litigation Unit to assess the reasonableness and appropriateness of damages and repair or replacement costs, and evaluate the County's potential liability exposure. Contractor shall not conduct an on-scene investigation of an accident that involves a Sheriff's Department vehicle.
 - b. Contractor shall not perform an on-scene inspection in the case of an Employment or Social Services matter, unless specifically requested by County Counsel.
4. Secure evidence and take and preserve color photographs individually or on a compact disc or other electronic storage device;
5. Assess the appropriateness and reasonableness of claimed property damages and repair or replacement costs;
6. Assess physical injuries, including evaluating medical treatment and expenses;
7. Initiate investigations of events that involve death or serious injury (life-threatening or having the potential to cause immediate and irreparable harm) within twenty-four (24) hours of the Contractor being notified of the events. In extraordinary circumstances, Contractor shall initiate Early Investigations immediately upon being notified of the event. The investigations must be completed within ninety (90) calendar days.
8. Initiate and complete investigations of events that involve non-serious (minor) injury and property damage within thirty (30) calendar days of the Contractor being notified of the events. Contractor must contact the potential claimants to verify damage/injury amount and to determine if an expedited resolution should be initiated under the County's Accelerated Claims Settlement Program. Contractor's investigation must be consistent with the severity and value of the occurrence and the loss incurred.
9. Identify indemnification/hold harmless agreements which may be favorable to the County; and

10. Advise the County Counsel, CEO Risk Management Branch, and the involved Department/ facility of actions needed to resolve the pending matter, including recommendations to settle or deny.

F. Rapid Response Claims

Contractor shall provide a property adjuster to be on call 24/7 for response to calls from the Department of Public Works (DPW) for the handling of emergency sewer backup cases. Contractor's duties shall include the following:

1. Contractor shall contact the claimant immediately and if deemed appropriate contractor may immediately inspect the area.
2. Contractor shall meet with the claimant in order to explain the claims process and will obtain a completed Claim for Damages form for immediate filing with the Board of Supervisors. Contractor will also provide claimant with an inventory form for completion.
3. Contractor shall inspect, photograph and document the damages. Contractor shall contact DPW via e-mail to notify them of the status of the claim.
4. Contractor shall monitor the remediation process and will secure the bill from the mediator for services rendered on behalf of the claimant.
5. Contractor shall secure a bill from the Hygienist once environmental sampling clearance has been secured.
6. Contractor shall educate claimant on the restoration process.
7. Contractor shall submit an advanced payment request to County for all emergency services prior to settlement of the claim.
8. Contractor shall prepare settlement letter and release to include all amounts paid, the amount adjusted for personal property damages, additional living expenses and the rebuild estimates which were approved by Contractor less any applicable depreciation.

G. Set indemnity claim file reserves within ten (10) calendar days of

receiving the claim;

- H. Evaluate and, if appropriate, pursue indemnification/hold harmless agreements in accordance with Subparagraph 4.5 of this Statement of Work.
- I. Evaluate the County's liability exposure and assess the injured party's damages.
- J. Resolve the claim once a detailed and thorough evaluation of the facts, issues, documents, and all evidence has been completed.
 - a. If there is no liability or liability is unlikely, Contractor shall provide timely, written notification to the claimant that his/her claim is denied in accordance with Government Code Section 913 or
 - b. If liability is likely, Contractor may obtain concurrence from the involved County department/facility and negotiate a reasonable settlement with the claimant in accordance with Subparagraph 5.2.1 of this Statement of Work where such settlement is in the County's best interest.
- K. Close the electronic claim file in the County's risk management claims information system once a denial letter or settlement check has been issued. Contractor shall ensure that all documents related to the claim are attached to the electronic file and placed in a separate "hardcopy" file prior to closing.

5.2.1 Settlements

Claims shall be settled at the direction of County Counsel after concurrence from the involved County department(s) and CEO Risk Management Branch. County Counsel may approve, deny, or modify, in whole or in part, the proposed amount, type, and/or manner of settlement at any time prior to acceptance of the settlement by the claimant and/or his attorney or legal representative. As part of any settlement, Contractor shall obtain all necessary releases from the claimant or his attorney or legal representative.

5.2.1.1 Settlements \$10,000 and Under

The Contractor shall have the authority to settle claims for \$10,000 or less per claimant, if such settlement is deemed by the Contractor to be in the County's best

interest. The Contractor must seek concurrence from the involved County department before settling a claim. Where there are multiple claimants arising out of a single Incident, Contractor shall confer with County Counsel prior to settling any and all claims arising from that single Incident.

5.2.1.2 Proposed Settlements Over \$10,000

The Contractor shall have the authority to recommend the settlement of claims for any amount over \$10,000, subject to the following conditions:

- A. Contractor shall obtain prior approval from the County Counsel Supervising Attorney or his/her designee before negotiating a settlement for an amount over \$10,000. Contractor shall prepare a brief memorandum and forward it to the Assistant County Counsel or designee for General Litigation which oversees claims and lawsuit intake, the involved department, and CEO Risk Management Branch. The memorandum shall outline:
 - 1. The Contractor's evaluation of the legal theories of liability, including each reason/factor upon which the proposed settlement is based; and
 - 2. An accurate, thorough, but brief recitation of the facts of the case and damages incurred.
- B. Contractor shall negotiate a settlement that is in the best interest of the County after receiving approval of the proposed settlement from the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney, or his/her designee, and after conferring with the involved department and CEO Risk Management Branch.
- C. Contractor shall prepare a memorandum of settlement within thirty (30) calendar days of reaching a settlement with the claimant or his/her attorney or representative. The memorandum shall contain the following:
 - 1. A fixed dollar settlement amount and the terms

and conditions of the settlement;

2. A thorough, but brief recitation of the facts of the case, damages incurred, and the legal theories upon which liability is based, including each reason/factor for settlement;
 3. A statement certifying that the Contractor obtained the approval of the involved County department; and
 4. A status of the claim.
- D. Contractor shall forward the memorandum of settlement to the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee and CEO Risk Management Branch for final settlement approval;
- E. In the discretion of and at the direction of the County Counsel Supervising Attorney, Contractor shall be prepared to attend the Claims Board and/or Board of Supervisors meeting to respond to any inquiries related to the settlement, including, but not limited to, inquiries regarding County liability, potential damages, and costs.
- F. Contractor shall prepare and surrender to the plaintiff a check draft for the agreed upon settlement amount once Contractor receives approval from the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee and CEO Risk Management Branch and all appropriate releases are signed;
- G. Contractor shall follow-up with the claimant to ensure claimant and/or his attorney or representative carries out the terms of the settlement agreement;
- H. Contractor shall prepare a closing report after the settlement agreement has been executed, the settlement check draft has been issued, and expenses have been paid; and
- I. Contractor shall advise the County on a quarterly

basis, or as requested, of all settlements paid and approved for settlement by the County for \$20,000 or more.

5.2.1.3 Structured Settlements

Contractor shall ensure that all structured settlements contain a fixed dollar amount. Under the general supervision of the CEO Risk Management Branch, the Contractor will purchase annuity policies for the payment of structured settlements. The annuity premium will be considered a settlement cost to be paid from the County's Financial System. Structured settlement shall be subject to County approval.

5.2.2 Closing Report

The Contractor shall scan and attach all documents and photographs in its possession to the appropriate Incident or Claim file in the County's risk management claims information system and forward all physical evidence to the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee within five (5) business days of receiving notice by County Counsel that a Lawsuit has been filed related to an Incident or Claim administered by the Contractor. Contractor shall also prepare a closing report which summarizes all information in the incident or claim file, analyzes the facts, documents, witness statements, physical evidence, and County liability exposure and provides a settlement recommendation, along with the Contractor's reason(s) for the recommendation. This report shall be prepared regardless of whether the Incident or Claim is still under investigation by the Contractor at the time the Lawsuit is filed.

5.2.3 Response to Claims

In addition to investigating the facts upon which the claims are based, Contractor shall, at County Counsel's direction and on behalf of the County, take all necessary and appropriate action to protect the County's rights under the Government Claims Act, Government Code sections 810-996.6. Such action shall include, but not be limited to the following actions:

- A. Deny claims in writing that have not been filed within the statutory time requirements.

- B. Deny claims on or before the date a denial is required or permitted by law, if, in the exercise of reasonably prudent judgment and after a review of all pertinent information, there is no basis of liability against the County or its employees.
- C. Deny claims after reasonable efforts to obtain necessary additional information to clarify or substantiate issues of liability or damage from the claimant or departments are unsuccessful. If departments fail to respond to Contractor's request for additional information within thirty (30) calendar days of the initial request, Contractor shall notify CEO Risk Management Branch.
- D. Notify claimant or third party of specific insufficiency for each claim not submitted in accordance with legal statutory filing requirements. Contractor shall deny all claims where claimant or third party fails to remedy the noted insufficiencies.
- E. Reject all Applications for Leave to Present A Late Claim unless the untimeliness of filing the claim falls within Government Code Sections 911.4 and 911.6. In these instances, Contractor shall advise and obtain written approval to accept a late claim from the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee.
- F. Forward Petitions for Relief to File a Late Claim, pursuant to Government Code Section 946.6, to the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee. Contractor shall assist the assigned County Counsel Supervising Attorney and Contract Law Firm in opposing the Petition.

5.2.4 Use of Contract Law Firm

If Contractor believes that the use of a Contract Law Firm is required in the handling of a claim, Contractor shall communicate this recommendation to the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee who will then make a determination, in consultation with the affected Assistant County Counsel. County Counsel will retain and assign the Contract Law Firm.

Invoices submitted by such Contract Law Firm will be reviewed and approved pursuant to the requirements set forth in Subparagraph 5.3.7. After approval of the billing invoices,

Contractor shall forward them to the appropriate County Counsel Supervising Attorney for approval.

5.2.5 Reserves

Contractor shall establish, update and maintain Claim reserves.

- A. Set initial indemnity reserves within ten (10) calendar days of the date the Claim is received by the Contractor.
 - Indemnity Reserves: An estimate of the amount that a judge or reasonable jury would award the plaintiff if the matter proceeded to trial, plus attorney fees, if recoverable by plaintiff.
 - Expense Reserve: An estimate of attorney fees and costs (such as expert fees, deposition changes, and travel expenses) to be expended during the life of the case through trial.
- c. Review and update reserves on pending Claims until the Claims are resolved. Reserves should be updated based on Claim developments, as warranted, and reviewed for necessary adjustments no less than every ninety (90) days;
- d. Establish necessary management controls to ensure periodic review and maintenance of Claim File Reserves:
- e. Provide the bases and supporting data upon which the Contractor has determined reserve amounts, upon request by County.

5.3 Litigation Management

All litigation management services rendered pursuant to this contract will be performed at the direction of County Counsel on behalf of the County of Los Angeles. Policies and procedures for all aspects of litigation management shall be governed by County Counsel's protocols. The Contractor's participation in litigation management shall be limited to those employment and Social Services lawsuits specifically assigned to Contractor by County Counsel.

- 5.3.1 The Contractor shall (if it has not been previously done so) scan and attach all documents and photographs in its possession to the appropriate Incident or claim file in the County's risk management claims information system and forward all physical

evidence to the General Litigation Division's claims and lawsuit County Counsel Supervising Attorney or his/her designee within five (5) business days of receiving notice by County Counsel that a Lawsuit has been filed related to an Incident or Claim administered by the Contractor. Contractor shall also prepare a closing report which summarizes all information in the Incident or Claim file, analyzes the facts, documents, witness statements, physical evidence, and County liability exposure, and provides a settlement recommendation, along with the Contractor's reason(s) for the recommendation. This report shall be prepared regardless of whether the Incident or Claim is still under investigation by the Contractor at the time the Lawsuit is filed.

5.3.2 County Counsel may assign all litigated matters directly to a Contract Law Firm. At the time of assignment, County Counsel will provide the Contract Law Firm with the appropriate direction, including but limited to, a Case Evaluation Plan (CEP) and Case Budget template. County Counsel will also set all reserves and advise the Contract Law Firm of these reserves. The Contractor will receive a copy of the assignment letter sent to the Contract Law Firm.

5.3.3 Following the assignment of each case, the Contractor shall obtain the completed CEP and Case Budget forms from the assigned Contract Law Firm in the time requirements prescribed by County Counsel's protocols. Contractor shall ensure that the Contract Law Firm attaches the CEP and Case Budget to the e-billing system. The Contractor shall also review and approve each CEP and Case Budget as to both form and content, and ensure that they are thorough and complete. Specifically, the Contractor shall ensure that each CEP provides a detailed recommendation of case strategy, including motions to be filed, proposed discovery, necessary legal research, and the identity and/or type of consultant and expert witnesses required to defend against the action. The Contractor shall also ensure that the Case Budget provides a reasonable projection of all fees and costs associated with the defense of the lawsuit through trial, including a breakdown of the fees for each phase and associated task of litigation, staffing levels, hourly rates, and the estimated number of hours and related amount of fees for each partner, associate and paralegal assigned to the case, as well as all associated expenses, such as deposition costs and expert fees.

After a thorough review of the CEP and Case Budget, the Contractor shall either approve and forward them to the County Counsel Supervising Attorney indicated in the assignment letter,

or, if unacceptable, return the items to the Contract Law Firm for modification and resubmission to the Contractor. After the County Counsel Supervising Attorney approves a Case Budget, the Contractor shall make any necessary adjustments to the reserves for indemnity and fees and costs in the appropriate fields of the County's matter management databases so that they are consistent with those included in the approved, initial Case Budget, or any Amended Case Budget.

- 5.3.4 In the event that no Claim was filed prior to the filing of the lawsuit, or a Claim was filed and no investigation was conducted, the Contractor shall conduct an investigation of the allegations contained in the lawsuit as directed by County Counsel and in conformance with Subparagraph 5.2.E of this Statement of Work. During the pendency of the lawsuit, the Contractor shall conduct any additional investigation regarding the lawsuit as directed by County Counsel or the Contract Law Firm assigned to the case. Such further investigation may include, but will not be limited to, obtaining medical records, witness statements, investigation reports and other items.
- 5.3.5 The Contractor shall serve as a liaison between the County departments involved in each lawsuit and the Contract Law Firm(s) assigned to the case by County Counsel. At the direction of County Counsel, the Contractor shall assist the Contract Law Firm(s) with obtaining all necessary documents and physical evidence related to the lawsuit from the appropriate personnel of the involved County department. The Contractor shall identify the persons, including County personnel, who have, or may have, knowledge related to the lawsuit and provide the names of such persons to the County Counsel Supervising Attorney and the Contract Law Firm assigned to the case.
- 5.3.6 The Contractor shall ensure that, as directed by County Counsel, all appropriate case information is entered into the County's risk management claims information system as soon as it becomes available, and that such information is promptly updated as changes occur. By way of example, such information includes, but is not limited to, the trial date, the trial judge, current case status, pre-trial dismissal date, settlement date and amount, trial result, appeal date and appellate result, and the case closed date and basis for the closure.
- 5.3.7 In compliance with the County Counsel billing requirements, the Contractor shall review, approve and pay all billing invoices issued by the Contract Law Firms. Contractor shall review the

billing invoices for accuracy, appropriateness of work and expense charges, and reasonableness. The Contractor shall ensure that the amount of any fee is in proportion to the value of the services rendered and that the services were necessary. The Contractor shall also verify that any time charged was actually worked and that no statements containing "flat rates" or "standard time charges" are approved. The Contractor shall not approve any billing invoice which contains blocked billing, improper staffing, non-specific work, overhead charged as work, unbudgeted charges, or charges exceeding the Case Budget. The Contractor shall ensure that the charges contained in all billing invoices are in compliance with, and within the budgeted amounts of, the Case Budget, including both phases and tasks. The Contractor shall only approve for payment those "reimbursable expenses" which are accurate, appropriate, and reasonable, and shall not reimburse for any expenses which are designated as "overhead" in the billing requirements. If the Contractor determines that the billing invoice is unacceptable for any reason, the invoice shall be returned to the Contract Law Firm, along with an explanation as to the reason(s) for rejection, for modification and resubmission.

5.3.7.1 The Contractor, at the direction of the Litigation Cost Manager or other County Counsel personnel, shall prepare an analysis that discusses the factual and procedural details as they relate to attorney fees and costs charged to a specified litigated case. The analysis shall include an explanation, by case phase, of the attorney fees and costs expended on the case and any savings achieved by Contractor as compared to the amount billed by the Contract Law Firm. If the fees and costs exceeded the initial budgeted amount, the Contractor shall explain, by case phase, the budget overrun. The Litigation Cost Manager or designee will notify the CEO Risk Management Branch when such analysis is required or requested.

5.3.8 The Contractor shall use the electronic billing component of County Counsel's matter management databases to process and approve all billing invoices. The Contractor shall monitor the billing invoices and confirm that the County Counsel Supervising Attorney has either rejected or approved the billing invoice within fifteen (15) calendar days of its receipt. At the end of the fifteen (15) day period, the Contractor shall notify both the Supervising Attorney and the Supervising Attorney's Assistant County Counsel that the billing invoice has not been approved or rejected. If the

Supervising Attorney has neither approved nor rejected the forwarded billing invoice within thirty (30) days of its receipt, the Contractor shall notify the Supervising Attorney's Senior Assistant County Counsel and/or County Counsel Litigation Cost Manager that no action has been taken by the County Counsel Supervising Attorney on that billing invoice.

5.3.9 Roundtable meetings will be scheduled by County Counsel. County Counsel reserves the right to schedule, cancel, or waive any and all roundtable meetings. The roundtable meetings will be chaired by the County Counsel Supervising Attorney or an Assistant County Counsel with attendance by CEO Risk Management Branch staff, the involved County Department's representative(s), the Contractor, and Contract Law Firm members. Roundtable meetings will be scheduled either every four (4) months, or six (6) months, or as necessary. Approximately, 30 Roundtable Meetings will be scheduled every four months. Approximately, 125 Roundtable Meetings will be scheduled every six months. Approximately, 365 Roundtable Meetings will be scheduled as necessary. The Contractor shall participate in the roundtable process as follows:

1. Discuss all aspects of the case, including facts, law and motion practice, key documents, potential witnesses, selection of experts, tactical decisions, settlement recommendations, and trial strategies;
2. Present all financial aspects of the case, including the amounts spent and budgeted for fees and costs, compliance with Case Budgets, budget projections, reasons for budget overruns, recommendations for amended budgets, and methods of controlling and/or reducing fees and costs;
3. Take detailed notes of the occurrences at the Roundtable Meetings and provide a summary of the notes to the County Counsel Supervising Attorney no more than three (3) days after the roundtable; and
4. After each Roundtable Meeting, enter a comprehensive but concise case status on the County Counsel's matter management databases. The case status should include all significant developments occurring since the previous Roundtable Meeting and all significant dates for hearings on motions, settlement conferences, mediations, and trial dates. All significant dates should also be entered in the proper section or field of the County's matter management databases.

- 5.3.10 The Contractor shall monitor the Contract Law Firms assigned to each case to ensure compliance with County Counsel's protocols and billing requirements.
- 5.3.11 In the discretion and at the request of the County Counsel Supervising Attorney, the Contractor shall attend any Ad-Hoc meeting convened to discuss any aspect of a litigated matter. These meetings shall be convened when necessary as determined by the County Counsel Supervising Attorney.
- 5.3.12 The Contractor shall obtain from the Contract Law Firm a number of reports. The Contractor shall review each report to ensure that it is appropriate as to form and content. All these reports are confidential attorney-client or attorney work product and the Contractor shall ensure that they are protected accordingly. These reports shall include:
1. Trial Counsel Report (TCR) – A written report which must be submitted by the Contract Law Firm no later than ten (10) calendar days before each Roundtable Meeting. As appropriate for the subject matter and nature of each case, the TCR should include, but is not limited to, a statement of facts, the procedural status of the case, a legal analysis of the case, a discussion of damages and injuries, the settlement status of the case, the estimated adverse verdict range, the Case Budget, fees and costs expended to date and any proposed additional actions to be taken. The Contractor shall ensure that the TCR is timely submitted by the Contract Law Firm and that it adequately addresses the appropriate areas for each particular case.
 2. Significant Development Report (SDR) – written reports which are submitted by the Contract Law Firm and address any significant actions or developments as they occur between Roundtable Meetings and the submission of TCRs. By way of example, a significant development may be the addition of a new party to the action, a ruling on a motion, new case strategy, significant deposition testimony, discovery of a critical document, the scheduling of a mediation or settlement conference, or a change in venue or trial judge. An SDR may be submitted by the Contract Law Firm at any time. Following receipt of an SDR, the Contractor shall enter a summary of the SDR in the status field of the County's matter management databases and attach it to the databases.

3. Daily Trial Reports – Contract Law Firms provide daily trial reports which are required to be submitted to the County Counsel Supervising Attorney and the Contractor at the end of each court day, but no later than 8:00 a.m. the following morning. The reports include a brief summary of the day's testimony, any significant developments or rulings, any settlement demands or discussions and a brief description of what is anticipated to occur the next court day. The Contractor shall ensure that such reports are timely submitted.

5.3.13. If the Contractor determines that a member of a Contract Law Firm assigned to a lawsuit fails to comply with any protocols or billing requirements, the Contractor shall immediately notify both the Contract Law Firm and the County Counsel Supervising Attorney of such failure and recommend a course of action to remedy the failure. The Contractor shall immediately report any concern regarding the manner in which a member of a Contract

Law Firm is handling the defense of a lawsuit directly to the County Counsel Supervising Attorney.

5.3.14 Contractor shall attend all mediations and settlement conferences. Prior to attending a mediation or settlement conference, Contractor shall communicate with the County Counsel Supervising Attorney in order to discuss settlement strategy and authorized amounts.

5.3.15 Initial reserves in all litigated matters will be established and entered into the County Counsel's matter management databases by County Counsel. These reserves are:

1. Indemnity Reserves: An estimate of the amount that a judge or reasonable jury would award the plaintiff if the matter proceeded to trial, plus attorney fees, if recoverable by plaintiff.
2. Expense Reserve: An estimate of attorney fees and costs (such as expert fees, deposition charges, and travel expenses) to be expended during the life of the case through trial.

The Contractor shall ensure that any Case Budget submitted by the Contract Law Firm conforms to the reserve initially set by County Counsel. In the event that the reserves differ, the

Contractor shall advise the assigned Contract Law Firm that any deviation from the initial budgeted reserves established by County Counsel must be explained in the Case Budget. Following the approval by the County Counsel Supervising Attorney of any Case Budget, the Contractor shall make any necessary adjustments to the reserves for both indemnity and fees and costs in the County's matter management databases to ensure that they are consistent with those included in the most recent Case Budget or Amended Case Budget.

The Contractor shall ensure that the reserves in the County's matter management databases accurately reflect the reserves as established in the most recent Case Budget and Amended Case Budget. When necessary, the Contractor shall enter the reserve amount for both indemnity and fees and costs as reflected in the most recent Case Budget or Amended Case Budget in the County Counsel's matter management databases.

- 5.3.16 Within three (3) days of receiving a request for case closure from the County Counsel Supervising Attorney, the Contractor shall close a litigated matter on the County Counsel's matter management databases in accordance with applicable protocols. Such closure shall not relieve the Contractor of reviewing and approving all outstanding billing invoices received after the closure.

5.3.17 Court Appearances

Where County Counsel is ordered to appear in Court, Contractor shall:

- a. Inform the County Counsel Supervising Attorney in charge of the litigation of the date and location of the appearance within seventy-two (72) hours of Contractor becoming aware of the court order and
- b. Brief the County Counsel Supervising Attorney on the facts and circumstances of the order for the purpose of identifying and anticipating the problems and issues that may be addressed at the scheduled court appearance.

5.3.18 Board Appearances

In the discretion of and at the direction of the County Counsel

Supervising Attorney, Contractor shall be prepared to attend the Claims Board and/or Board of Supervisors meeting to respond to any inquiries related to a litigated case, including, but not limited to, inquiries regarding settlements, County liability, potential damages, and costs.

5.3.19 Settlements

Once a settlement has been approved by the County of Los Angeles Claims Board or the Board of Supervisors, Contractor shall:

- A. Prepare and surrender to the plaintiff a check draft for the agreed upon settlement amount;
- B. Follow-up with the assigned Contract Law Firm to ensure plaintiff and/or his attorney or representative carries out the terms of the settlement agreement;
- C. Prepare a closing report after the settlement agreements have been executed, the settlement check draft has been issued, and expenses have been paid; and
- D. Advise County Counsel on a quarterly basis, or as requested, of all settlements for which the Contractor prepared a settlement check draft or for which the County approved a settlement totaling \$20,000 or more.

5.3.20 Structured Settlements

Contractor shall ensure that all structured settlements contain a fixed dollar amount. Under the general supervision of CEO Risk Management Branch, the Contractor shall purchase annuity policies for the payment of structured settlements. The annuity premium will be considered a settlement cost to be paid from the County Financial System. Structured settlement shall be subject to County approval.

5.3.21 Liens and Encumbrances

The Contractor shall identify, verify, and report to CEO Risk Management Branch and the County Counsel Supervising Attorney the existence of all liens and encumbrances against a proposed settlement and assert all appropriate defenses to any such liens and encumbrances. The Contractor shall negotiate such liens and encumbrances and ensure that the liens and

encumbrances are satisfied, or will be satisfied, either by plaintiff/claimant, outside third parties, through a compromise and release by the lien holder, or by the stated terms and conditions of the proposed settlement.

5.4 Indemnification/Hold Harmless Agreements

Contractor shall identify and evaluate indemnification/hold harmless agreements which may provide indemnification for the County by other parties.

- a. The Contractor shall investigate the existence of any related indemnification/hold harmless agreements which might provide the County with indemnification rights regarding an incident, claim, or lawsuit.
- b. As soon as practicable, but in no event more than ten (10) days of determining that the agreement is enforceable, the Contractor shall tender the defense and indemnification of the County to the appropriate indemnitor(s). The Contractor shall make reasonable efforts to obtain a timely response to the tender.
- c. If the Contractor tenders the matter during the claim phase and the indemnitor(s) refuses or fails to respond to the Contractor's demand for indemnification within thirty (30) calendar days of the request, Contractor shall notify the claims and lawsuit intake County Counsel Supervising Attorney
- d. During the pendency of a lawsuit, the Contractor shall notify the County Counsel Supervising Attorney prior to tendering the defense or demanding the indemnification of the County, and shall obtain the consent of the County Counsel Supervising Attorney before making such a demand. If the indemnitor refuses to accept the tender or fails to respond within thirty (30) calendar days of the Contractor's initial written demand, Contractor shall notify the County Counsel Supervising Attorney and the assigned Contract Law Firm within two (2) business days of the third party's refusal or the expiration of the response period.
- e. If the indemnitor rejects or fails to timely respond to an indemnification demand in either the claim or litigation phase, the Contractor's notice shall include:
 - i. A letter detailing the steps the Contractor took to tender the matter to the third party;

- ii. Copies of all tender letters; and
- iii. Contractor's recommended course of action.

5.5 Subrogation

Contractor shall provide the following services:

- 5.5.1 Contractor shall be responsible for the identification, evaluation, administration, resolution, collection and deposit with the County of all monies recovered.
- 5.5.2 Provide experienced and qualified staff and support personnel for the subrogation of damage to County vehicles and employee vehicles determined to be covered as a result of investigation.
- 5.5.3 Develop and implement procedures to comply with County policy and criteria for identifying incidents and liability claims for subrogation recovery.
- 5.5.4 Develop, maintain and comply with a procedures manual to ensure subrogation is conducted in a timely and cost-effective manner and subrogation recoveries are maximized, including instances when the County can also pursue workers' compensation subrogation.
- 5.5.5 Obtain information and documents (i.e. incident, police, medical and other reports, repair estimates, claim status) relevant to subrogation efforts.
- 5.5.6 Conduct subrogation, including preparing correspondence to effect collection, collecting payments from the responsible party/insurance company and crediting files when a subrogation recovery is received.
- 5.5.7 Maintain and provide statistical and financial reports on subrogation conducted, recoveries received and the costs of subrogation services, as required by the County.
- 5.5.8 Submit subrogation requests to County Counsel when it is cost effective or it is to the County's benefit to litigate. Provide reports on litigation efforts and costs as required by County.
- 5.5.9 Advise and work with County personnel to resolve operational difficulties.

6.0 MANDATORY REPORTS

The Contractor shall prepare:

1. Cost Management Reports - The Contractor shall provide quarterly reports to the Litigation Cost Manager to facilitate the analysis and monitoring of legal expenses. The quarterly reports shall include: 1) a list of all lawsuits managed by the Contractor, 2) a list of all lawsuits managed by the Contractor that were dismissed, 3) a list of all lawsuits that were approved for settlement by the County during the quarter for more than \$20,000 and settlement of \$20,000 or less paid in the quarter, 4) trials and writs concluded for which a verdict or court decision was rendered, and 5) cases for which an appellate decision was rendered. The information shall be provided on an excel spreadsheet at the conclusion of each quarter.
2. Trial Calendar Report – On the 15th day of every month, the Contractor shall submit a report which lists all lawsuits scheduled (pending) for trial in the following month. The report shall indicate the case name, County database number, priority level, trial date, judge/court, type of action, legal fees and costs expended to date, County department, the Contract Law Firm, and the plaintiff attorney. In a separate section, the report shall also list the disposition of all cases set for trial in the preceding month. This report will contain the same information as is in the "pending" trial report, together with additional information related to the disposition of the case set for trial, such as the trial result, settlement amount, reason for dismissal or that the case was continued.
3. Trial Status Report – At the discretion and direction of the County Counsel Supervising Attorney, the Contractor shall attend each day of trial and provide a report to the County Counsel Supervising Attorney at the conclusion of each day regarding trial developments. The report shall summarize each day's developments and will be submitted as soon as reasonable at the end of the court day, but no later than 8:00 a.m. the following morning. The daily report should include significant rulings, an assessment of the effectiveness of the Contract Law Firm, a description of any settlement demands or discussions and any recommendations regarding settlement. The Contractor shall immediately notify the County Counsel Supervising Attorney if any verdict or decision is rendered in the case.
4. Management Summary Reports - These reports will summarize financial, claims, legal defense-related risk management activities, as requested by the County Contract Administrator, to be used to monitor Contract costs and service performance. Such reports shall include, but not be limited to the Claims Filed and Closed Report, which shows the list of open and closed claims, name of claimant, County department, cause of loss, date

reported, date claim filed, litigation status, indemnity and expense payments, outstanding indemnify and expense reserves, and total incurred costs to date.

5. Financial Administration Reports - These reports list reserve amounts, indemnity payments, allocated expenses, and other expenditures on an individual and cumulative total basis. This information must be available on an accrual and cash payment basis, and categorized by fund, budget unit, department and automobile or general liability. These reports will be used to perform monthly reconciliations and enable cash flow.
6. Risk Management Reports - These reports shall provide information relating to loss frequency and severity, and accident types, causes, and trends to assist in identifying and treating County risk exposures and assist in actuarial analyses.
7. Ad Hoc Reports - The Contractor may be required to provide other reports on an ad hoc basis. Ad hoc reports are those reports generated at the request of the County on an informal and improvised basis. The Contractor will be required to provide such reports on an expedited basis at the request of the CCA or the Litigation Cost Manager or his/her designee. The Litigation Cost Manager or his/her designee will notify the CEO Risk Management Branch staff when County Counsel requires/requests such reports.

7.0 QUALITY CONTROL

The Contractor shall establish, maintain, and utilize a Quality Control Plan to ensure that the requirements of this contract are met. The Plan shall be provided to and approved by the County Counsel and CCA or designee no later than ten (10) business days before services under this Contract are rendered. The Plan shall be effective on the date of implementation and be updated and re-submitted to the County Counsel and the CCA for approval as changes occur. The Plan shall include, but not be limited to:

- 7.1 Method for ensuring financial transactions, services, deliverables, and requirements defined in this contract are provided at or above the level of quality agreed upon by the County and the Contractor;
- 7.2 Method for identifying and preventing deficiencies in the quality of service provided under this contract before the level of performance becomes unacceptable;
- 7.3 A record of all inspections conducted by the Contractor, any corrective action taken, the time a problem was first identified, a clear description of the

problem, and the time elapsed between identification and completed corrective action, shall be provided to the County upon request.

8.0 QUALITY ASSURANCE PLAN

The County will evaluate the Contractor's performance under this Contract using the quality assurance procedures as defined in this Contract, Paragraph 8 (Standard Terms and Conditions), Subparagraph 8.15, (County's Quality Assurance Plan).

County will designate two (2) or more persons who will act as a Quality Assurance Evaluators (QAEs) for the County on all services, requirements, and deliverables pertinent to the Contract and monitor the Contractor's procedures using procedures that may be necessary to ascertain that the Contractor is in compliance with this Contract. County will inform the Contractor of the names, addresses and telephone numbers of the QAEs in writing, at the time this Contract is awarded, and at any time thereafter, a change of QAE is made. The QAEs and the CCA may be the same person. The QAE is not authorized to make any changes in the terms and conditions of this Contract nor to obligate the County in any way whatsoever.

As part of the County's quality assurance for this Contract, County may use an outside claim auditing service to review Contractor's performance. Such audits may occur on a (quarterly, semi-annual, annual) basis and involve a detailed review of a random number of files.

8.1 Monthly Meetings

Contractor is required to attend a scheduled monthly meeting. Such meetings shall be to review Contractor's performance and County's monitoring functions, and to discuss methods and procedures to maintain or improve effectiveness of services. Failure to attend will cause an assessment of fifty dollars (\$50).

8.2 Contract Discrepancy Report (Technical Exhibits to the Statement of Work, Exhibit A-1)

Verbal notification of a Contract discrepancy will be made to the CCA as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time period mutually agreed upon by the County and the Contractor.

The CCA will determine whether a formal Contract Discrepancy Report will be issued. In no event should the County's failure to give notice of a contract discrepancy be interpreted to mean that the County waives its right to the Contractor's full compliance with any and all terms and conditions of this contract. The Contractor Claims Manager or designee shall resolve the contract discrepancy within a time period agreed upon by

the CCA and the Contractor. Written notification of the contract discrepancy will either be hand delivered or sent by certified mail to the Claims Manager who will sign for receipt.

Upon receipt of the written notice of contract discrepancy, the Contractor is required to respond via telephone and in writing to the County Contract Administrator within five (5) work days. The Contractor shall respond to the CCA or designee by either acknowledging the reported discrepancy(ies) or presenting contrary evidence. A plan to correct all of the deficiencies identified in the written notice shall be submitted to the CCA or designee within ten (10) business days of receipt of the notification by the Contractor. If the Contractor disputes the contract discrepancy, the CCA will evaluate the Contractor's explanation and determine what further action, if any, should be taken. Failure on the part of the Contractor to perform at the level required by this contract shall constitute a material breach of this contract and subject the contract to being terminated or fees for this contract being reduced.

8.3 Fraud Investigation

The CCA or designee will evaluate the internal controls established by Contractor to protect against fraudulent activity, incorrect or improper claims processing, inappropriate settlement and/or disbursement, and any other illegal activity related to the services provided under the Contract.

8.4 County Observations

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Contract at any time during normal business hours. However, these personnel may not unreasonably interfere with the Contractor's performance.

9.0 COUNTY RESPONSIBILITIES

The County's responsibilities are as follows:

9.1 Personnel

The County will administer the Contract according to Paragraph 6.0 (Administration of Contract – County) of the Contract. Specific duties will include:

- 9.1.1 Monitor the Contractor's performance in the daily operation of this Contract.
- 9.1.2 Provide direction to the Contractor in areas relating to policy, information and procedural requirements.
- 9.1.3 Prepare Amendments in accordance with the Contract, Paragraph 8.0 (Standard Terms and Conditions), Subparagraph 8.1 (Amendments and Change Notices).
- 9.1.4 Meet at least quarterly with Contractor's Claims Manager to review Claim administration and Litigation Management services, Contract performance issues and other items of concern to the County.

9.2 Department Liaisons

One or more persons will be designated by each County Department to work with the CCA, Quality Assurance Evaluator and Contractor to be responsible for the following:

- 9.2.1 Ensure that required Department documents are provided to Contractor;
- 9.2.2 Discuss allegations, incidents and lawsuits with Contractor as needed, including attendance at Roundtable Meetings;
- 9.2.3 Provide approval for settling claims, and lawsuits for their Department; and
- 9.2.4 Provide input to CCA on Contractor's performance under the Contract.

9.3 County Furnished Items

- 9.3.1 The CCA will arrange for the release of all files and other documents for pick-up by Contractor prior to beginning work under the Contract.

- 9.3.2 The CCA and County Counsel will provide orientation on the County's self-insured Automobile and General Liability Claims Administration program for Contractor's staff prior to Contractor beginning work under this Contract. Contractor will not be reimbursed for any expenses it incurs during the orientation.
- 9.3.3 County will provide initial technical assistance to Contractor after award of Contract to ensure a smooth transition.

10.0 CONTRACTOR'S RESPONSIBILITIES

Contractor shall provide all staff, facilities, materials, in-house information systems, and equipment necessary to provide required services, except as specified in Subparagraph 9.3 above.

10.1 Personnel - General

- 10.1.1 Contractor shall assign a sufficient number of employees to perform the required work. At least one employee on site shall be authorized to act for Contractor in every detail and must speak and understand English.
- 10.1.2 Contractor shall be required to background check its employees as set forth in Subparagraph 7.4 (Background and Security Investigations), of the Contract.

10.2 Claims Manager

- 10.2.1 Contractor shall provide a full-time Claims Manager or designated alternate. County must have access to the Claims Manager during all hours, 365 days per year. Contractor shall provide a telephone number where the Claims Manager may be reached on a twenty-four (24) hour per day basis.
- 10.2.2 Claims Manager shall be exclusively dedicated to the daily administration and supervision of Contractor's activities under this Contract.
- 10.2.3 Claims Manager or designated alternate shall have full authority to act for Contractor on all matters relating to the daily operation of the Contract. Claims Manager or alternate shall be able to effectively communicate in English, both orally and in writing.
- 10.2.4 Claims Manager shall have a minimum of ten (10) years of automobile liability/general liability claims work experience, with a minimum of five (5) years public entity claims work experience.

10.3 Information System Manager

- 10.3.1 Information System Manager shall ensure that Contractor's staff is trained in the use of the County's risk management claims information system and Contractor's Local Area Network (LAN).
- 10.3.2 Information System Manager shall ensure that Contractor's staff is trained to process and provide ad hoc report requests from the CCA, County Counsel and Department Liaisons.
- 10.3.3 Information System Manager shall ensure that Contractor's staff is trained to run regular reports and distribute them timely to County departments or personnel as directed by the CCA.

10.4 Contractor Claims Staff

Contractor shall provide claims staff dedicated solely to administer and manage incidents, claims and lawsuits filed against County. To avoid any potential conflict of interest, these staff shall not administer or manage any incidents, claims or lawsuits on behalf of any client other than the County. Failure to comply with this requirement shall constitute a material breach of the Contract upon which County may immediately terminate or suspend the Contract.

Contractor's staff shall include Supervising Claims Specialists, Automobile Liability Claims Specialists, General Liability Claims Specialists, Property Damage Claims Specialist, support staff and a subrogation unit. Contractor shall determine the number of staff required to provide services as specified herein.

10.4.1 Supervising Claims Specialist

- A. Have a minimum of five (5) years automobile liability/general liability claims experience.
- B. Review and approve all file reserves and settlements.
- C. Oversee the claim administration and Contract Law Firm management efforts of claims staff.
- D. Shall not maintain any case load.

10.4.2 Claims Specialist

- A. Have a minimum of three (3) years claims work experience.

- B. Administer incidents and claims and manage lawsuits.
- C. Attend settlement conferences and meetings as directed by the Supervising Claims Specialist.

10.4.3 Support Staff

Contractor shall provide qualified and experienced clerical and other support staff to provide the following services:

- A. Daily pick-up and deliveries between CEO Risk Management Branch, County Counsel and Contractor.
- B. Match and distribute mail to appropriate claims personnel within twenty-four (24) hours of receipt by Contractor.
- C. Process and mail correspondence, forms and legal notices within forty-eight (48) hours of assignment or receipt.
- D. Enter incident reports not already entered into County's matter management databases and other risk management information system within twenty-four (24) hours after receipt by Contractor.

10.5 **Materials and Equipment**

Contractor shall purchase all materials and equipment needed to provide the services required under this Contract. Contractor shall use materials and equipment that are safe for the environment and safe for use by its employees.

10.6 **Work Space**

Contractor shall provide adequate work space including access to all County related files and other information, e-mail and telephone services and free parking for one County monitor, as necessary for required program auditing or monitoring.

10.7 **Training**

10.7.1 Contractor shall provide training programs for all new employees and continuing in-service training for all employees. Periodic mandatory training may be provided by County Counsel.

10.7.2 All employees shall be trained in their assigned tasks and in the safe handling of equipment. All equipment shall be checked daily for safety. All employees must wear safety and protective gear according to OSHA standards.

10.8 Incident, Claim, Subrogation, and Litigation Management Services Procedures Manual

Within ninety (90) days of this contract being awarded, the Contractor shall develop and maintain a procedures manual that the Contractor will use to guide its administration of incidents, claims, subrogation, and litigation activities under this contract. The procedures contained in the manual must be consistent with the County's Incident Reporting and Accident Review Guidelines (Technical Exhibits to the Statement of Work, Exhibit A-6) and County Counsel's litigation protocols, and be approved by the CEO Risk Management Branch and County Counsel. The manual shall include the internal procedures and standards for:

- A. Receiving and reporting incidents, claims, subrogation actions, and lawsuits between the Contractor and the County;
- B. Monitoring, reviewing, auditing, and approving Contract Law Firm fees and allocated expenses;
- C. Processing indemnity judgment and settlement payments;
- D. Monitoring, documenting, and auditing financial transactions;
- E. Completing and submitting required reports to the County;
- F. Submitting memoranda of settlements and requesting settlement authority from CEO Risk Management Branch, County Counsel, and County Departments; and
- G. Identifying, quantifying, and incorporating risk management/loss prevention issues and training into the administration of incidents/claims/lawsuits.

The Contractor shall periodically review the procedures with the CCA and County Counsel to ensure the services provided are in compliance with this contract and meet or exceed sound incident and claim administration, lawsuit management, and subrogation practices. The Contractor will implement improvements as needed to increase productivity and to enhance the quality of the services provided.

10.9 Business Continuity Plan

Contractor shall provide a written Business Continuity Plan that describes a structured and integrated process that ensures the uninterrupted provision of services following an event which could interrupt Contractor's operations.

The Plan shall include, but not be limited to, the following information:

- Description of critical services and business processes.
- Contractor policies and procedures to assure continued business following an event.
- Name, address, telephone, facsimile, contact and other information for alternative business processes and locations following an event.

Contractor shall provide County with annual Business Continuity Plan updates.

11.0 HOURS/DAY OF WORK

Contractor shall maintain an office with a telephone in the company's name where Contractor conducts business. Contractor shall provide the services required by this contract Monday through Friday between the hours of 8:00 a.m. through 5:00 p.m., except for County-recognized holidays. County will provide Contractor a list of County-recognized holidays. The office shall be staffed during the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday, by at least one employee who can respond to inquires and complaints which may be received about the Contractor's performance of the Contract. When the office is closed, an answering service shall be provided to receive calls. The Contractor shall answer calls received by the answering service within four (4) hours of receipt of the call.

12.0 FINANCIAL AND RELATED ADMINISTRATIVE SERVICES MANAGEMENT

12.1 County Audits of TPA Financials and Performance

Contractor's staff shall fully cooperate with all County audits. Financial, performance and related audits may be performed by the CCA or designee, and may be conducted by outside auditing services at County's sole discretion. Such audits shall be scheduled at a frequency determined by County.

12.2 Information Management

The Contractor shall use the County's risk management claims information system for services required under this Contract. Contractor shall secure

prior to the Effective Date of this Contract and maintain during the course of the Contract program information system that is compatible with County Counsel's matter management databases, RMIS, or any County successor information system.

The majority of the needed information will be available through the use of the County's risk management information system, the County Counsel's matter management databases, or any County successor information system. The County's information system functions include, but are not limited to, claims and matter management, vendor management necessary for transmitting/interfaces payment information, payment and payment approvals, and ad hoc reports.

12.2.1 Equipment

Contractor shall need a ½ T1 link between Contractor and County for the information management system connection. Contractor shall maintain and/or upgrade the required PC configurations, software and hardware to keep up with industry standards and for compatibility with the County's information systems.

12.2.2 System Security

The County's management information system equipment will be housed at the Contractor's facility. The Contractor shall provide access to County for necessary installation and repair of County equipment. Contractor shall also meet any additional security measures as required by County. Contractor's security measures must be approved by the County.

12.2.3 System Data Maintenance

Contractor shall, on a daily basis, accurately input, update and maintain all data fields on the County's information systems for all matters administered by Contractor. The Contractor shall provide a Local Area Network (LAN) that must be connected to County's Wide Area Network (WAN) via a dedicated frame relay line. Contractor shall be responsible for any and all costs associated with the transition to and implementation of any County successor system.

12.2.4 County System Training

County will furnish necessary system instructional material and security information, and will provide initial system training to Contractor's staff. County will provide follow-up training to

Contractor's key information system staff. These key information staff shall provide training as needed to Contractor's staff.

12.2.5 County Equipment and System Maintenance, Repair and Replacement

County will provide maintenance, repair and/or replacement of the County's equipment. The Contractor shall be responsible for damage to the County equipment, other than that caused by normal wear and tear, as determined by County. Contractor shall maintain insurance for the full replacement value of the County equipment.

12.3 Education Programs

Continuing Education for TPA Staff

Contractor shall provide ongoing claims administration training to its staff to ensure they are knowledgeable about the latest developments in liability risk management and claims administration practices.

In-service education shall be an established program for Contractor with emphasis placed upon incident evaluation, new employee orientation, employment related liability, establishment and adjustment of reserves, claims investigation and other significant related issues.

12.4 Administrative Services

12.4.1 Physical Security

Contractor shall be responsible for safeguarding all County property provided for Contractor's use. At the close of each workday, cases, files, supplies, equipment and computer access shall be secured.

12.4.2 Employee Records

Contractor shall keep current and accurate records of all its employees providing services under this Contract. Such records shall include Contractor Employee Acknowledgment and Confidentiality Agreement, date of employment, current address, telephone number, current salary and licenses, if required.

12.4.3 Record Retention

All Records of incidents, Claims and Files shall be retained for five (5) years after they are closed. No Files shall be destroyed without the written consent of the CCA. Contractor shall be responsible for the storage of all retained files at its own cost.

12.4.4 Other County Contractors and Vendors

County has contracts with a number of private businesses and firms to provide services related to claims management. Contractor shall utilize the services of only those firms approved by County and shall use a rotational system for making the assignments, unless otherwise instructed by the CCA or County Counsel.

12.4.5 E-Mail

Contractor shall comply with the Chief Executive Office's e-mail protocol dealing with content and confidentiality when using e-mail for County information.

13.0 GREEN INITIATIVES

- 13.1 Contractor shall use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits.
- 13.2 Contractor shall notify CCA of Contractor's new green initiatives prior to the contract commencement.

14.0 PERFORMANCE REQUIREMENTS SUMMARY

A Performance Requirements Summary (PRS) chart, Exhibit A-2 of Technical Exhibits to the Statement of Work, listing required services that will be monitored by the County during the term of this Contract is an important monitoring tool for the County. The chart should:

- reference section of the contract
- list required services
- indicate method of monitoring
- indicate the deductions/fees to be assessed for each service that is not satisfactory

All listings of services used in the Performance Requirements Summary (PRS) 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 defined in the Contract and the SOW. In any case of apparent inconsistency between services as stated in the Contract and the SOW and this PRS, the meaning apparent in the Contract and the SOW will prevail. If any service seems to be created in this PRS 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.

TECHNICAL EXHIBITS TO THE STATEMENT OF WORK

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PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
Contract: Paragraph 7.0 - Administration of Contract- Contractor	Contractor shall notify the County in writing of any change in name or address of the Claims Manager	Inspection & Observation	\$25 per occurrence
Contract: Subparagraph 8.38 - Record Retention & Inspection/Audit Settlement	Contractor to maintain all required documents as specified in Sub-paragraph 8.38	Inspection of files	\$50 per occurrence
Contract: Subparagraph 8.40 – Subcontracting	Contractor shall obtain County's written approval prior to subcontracting any work.	Inspection & Observation	\$100 per occurrence; possible termination for default of contract
SOW: Subparagraph 5.1 Incident Reporting	Contractor shall develop and provide guidelines and information regarding Incident Reporting procedures within 10 business days of Effective Date of Contract.	Inspection & Observation	\$25 per day late
SOW: Subparagraph 5.1.3 Incident Reporting	Electronic file and corresponding hardcopy file are accurate, complete , up-to-date and orderly	Random Inspection of Electronic and Hardcopy Incident Files	\$50 per occurrence
SOW: Subparagraph 5.2 Claims Administration	Electronic and corresponding hardcopy Claim File are accurate, complete, up-to-date and orderly.	Random Inspection of Electronic and Hardcopy Claim Files	\$50 per occurrence
SOW: Subparagraph 5.2.E.7 Investigations	Contractor completes investigations of events involving serious injury or death within 90 calendar days of being notified.	Random Inspection of Electronic and Hardcopy Files	\$25 per day late if delay not justified/approved by County.
SOW: Subparagraph 5.2.E.8	Contractor completes investigations of events involving non-serious injury and property damage within 30 calendar days of being notified.	Random Inspection of Electronic and Hardcopy Files	\$25 per day late if delay not justified/approved by County.

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Subparagraphs 5.2.1 Settlement	Contractor shall follow established procedures for settling claims	Review management and cost reports Random Inspection of Case Files	\$50 per occurrence
SOW: Subparagraph 5.2.2 Closing Report	Contractor shall forward all documents and photographs and prepare Closing Report for General Litigation Claims and Incidents that are being litigated.	Review management reports. Random Inspection of closed files.	\$50 per occurrence
SOW: Subparagraph 5.2.5 Reserves	Contractor shall establish, maintain and update file reserves as specified	County Request for Report	\$50 per occurrence
SOW: Paragraph 6.0 Mandatory Reports	Contractor shall prepare and provide all required reports at a frequency determined by CCA and County Counsel.	Inspection & Observation	\$50 per occurrence
SOW: Paragraph 7.0 – Quality Control	Contractor shall provide a comprehensive Quality Control Plan 10 days prior to Effective Date of Contract.	Inspection & Observation	\$25 per day late
SOW: Subparagraph 8.1 - Monthly Meetings	Contractor’s representative to attend monthly meeting.	Attendance	\$50 per occurrence
SOW: Subparagraph 10.8 Incident, Claim, Subrogation and Litigation Management Services Procedures Manual	Contractor shall provide Manual to staff and CCA within ninety (90) days of Contract award	Inspection and Observation	\$25 per day late
SOW: Subparagraph 10.9 Business Continuity Plan	Contractor shall provide Plan to ensure continuity of operations to County and update annually.	Inspection and Observation	\$50 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Subparagraph 12.4 Administrative Services	Contractor shall ensure security of all County property, Claims and Files, computer access, etc.	Observation	\$50 per occurrence

Auto and General Liability Claims Administration, And
Legal Defense Management Services Contract

EXHIBIT A-3

Claims and Caseload Data

Automobile and General Liability Program
Loss Experience from 7/1/2006 to 6/30/2011

	FISCAL YEAR (July 1 thru June 30)					5 Year Total	Annual Average
	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011		
Automobile Liability							
Incidents ¹	1784	1729	1786	1483	1401	8183	1637
Cases ²	809	945	941	852	913	4460	892
Subrogation	277	244	244	336	498	1599	320
Subtotal	<u>2870</u>	<u>2918</u>	<u>2971</u>	<u>2671</u>	<u>2812</u>	<u>14242</u>	<u>2848</u>
General Liability							
Incidents ¹	550	364	367	415	414	2110	422
Cases ²	745	864	800	1038	871	4318	864
Subtotal	<u>1295</u>	<u>1228</u>	<u>1167</u>	<u>1453</u>	<u>1285</u>	<u>6428</u>	<u>1286</u>
FISCAL YEAR TOTALS	<u>4165</u>	<u>4146</u>	<u>4138</u>	<u>4124</u>	<u>4097</u>		

¹Incident reports initiated by departments to alert the County of potential liability claim.

²Cases = Claims, lawsuits and incidents deemed appropriate for investigation that are received during the fiscal year. These incidents are not included in the above case count.

RFP Appendix C Technical Exhibits

<i>Employment Cases</i>	55	65	70	48	93	<u>331</u>	<u>66</u>
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CASE RESERVE POLICY

- I. POLICY OBJECTIVE: To establish and maintain accurate reserves to provide a foundation for budget preparation and estimates of future funding requirements.
- II. POLICY SCOPE: Reserves for indemnity and expense payments must be established for each Case File. Reserves shall be set by County Risk Management, County's third party administrators (TPA), or attorneys (County Counsel or contract legal defense firms), at the earliest opportunity, and updated periodically on evaluation of case developments.
- III. POLICY ADMINISTRATOR: The County Contract Administrator shall monitor compliance with the requirements of this policy on a periodic basis, and update this policy as needed.
- IV. POLICY PROCEDURES:
 - A. The TPA/Attorney is responsible for ensuring reserves accurately reflect the ultimate loss exposure for each claim.
 - B. The TPA/Attorney shall establish and maintain an indemnity and expense reserve on each Case File assigned to or handled by TPA/Attorney.
 - C. Initial reserves shall be set within ten (10) working days from the date a Case File is set up. Thereafter, reserves shall be reviewed and evaluated against case developments as warranted, but at least every ninety (90) days by the TPA, until the file is closed.
 - D. An initial reserve shall be set based upon TPA/Attorney's professional judgment considering all information available at the time a file is opened. Indemnity reserves set on files established by verified claims or lawsuits should reflect the claim's ultimate cost. Indemnity reserves for files set up based on an incident report should reflect a minimum exposure level and should be immediately reviewed and revised, if necessary, when a verified claim or lawsuit is filed.
 - E. Although the goal is to set reserves which will be adequate for the life of the Case File, reserves are subject to changes because of continuing case developments. The TPA/Attorney should monitor claims activity to determine if adjustments (increases or decreases) in reserves are necessary.
 - F. All initial reserves or modifications to existing reserves must be entered into Contractor's case management information system and documented in the Case File. Notations that changes in reserves are unnecessary must be noted in the Case File.

**COUNTY OF LOS ANGELES
STRUCTURED SETTLEMENT PROGRAM GUIDELINES**

1. **PROGRAM OBJECTIVE**: To provide criteria for use of structured payments to reduce claims costs and provide earlier settlement of liability claims.
2. **PROGRAM SCOPE**: Structured settlements shall be considered for any claim when it is economically beneficial to County or assists in the favorable settlement of a claim. Structured settlements provide a financial alternative to reduce the cost of settlements and meet court requirements in allegations involving minors and other dependent parties.
3. **PROGRAM DEFINITIONS**: A structured settlement is defined as any settlement in which a portion of the payment or payments to the plaintiff is deferred to the future. Deferred payments may be made through a commercial annuity contract purchased from an insurance company or under a self-funded arrangement.

The payment schedule can be split wherein some payments are annuitized and some are self-funded. Commercial annuity payments are made directly by the insurance company and self-funded payments may be made by County's third party administrator (TPA).

Structured settlements may include an immediate cash payment or periodic future payments, or a combination. Whenever possible and agreed to by plaintiff and their attorney, County shall be named as the beneficiary of future payments upon the death of the claimant.

4. **PROGRAM ADMINISTRATOR**: The Chief Executive Office (CEO) will decide if settlements will be financed through commercial annuities or self-funding. Such decision will be based on comparison of cost and consideration of budget factors. CEO approval will be indicated in writing to the TPA or County Counsel on the Request for Settlement Authority form.

There may be special circumstances in which the Court or settlement negotiations require one method of funding over the other. In those circumstances, the TPA, County Risk Management, or County Counsel is authorized to finance the settlement according to the settlement restrictions.

5. **PROGRAM CLAIM CRITERIA**: It is the responsibility of the TPA, County Risk Management, and County Counsel to identify opportunities and secure quotations for the following types of claims:
 - A. Claims with indemnity reserves greater than \$100,000.
 - B. Claims involving minors or persons who are legally incompetent.
 - C. Claims involving persons with temporary or permanent impairments.

D. Claims where the widow or widower needs monthly or annual income.

6. **PROGRAM PARTICIPANT CRITERIA**: Structured settlement proposals shall be obtained from annuity insurers and brokers meeting the following selection criteria:

A. **Annuity Insurers**: Annuities may only be purchased from annuity insurers who have the following minimum ratings:

1. **A.M. Best's**: Rating of A+, financial size of X or higher. Use of an alternative insurer is subject to the sole discretion of County Risk Management.
2. In addition to the A.M. Best rating, the annuity insurers must be rated by at least one of the following:
 - a. **Moody's**: Rating of Aa2 (Aa3 if less than 10 years) or higher.
 - b. **Standard and Poor's**: Rating of AA (AA- if less than 10 years) or higher.

Any annuity insurer who receives a rating lower than noted in Subsections 1 or 2 above will be unacceptable.

If the annuity is unassigned, the insurer must have minimum rating of Aaa from Moody's or AAA from Standard and Poor's, and the annuity insurers Adjusted Surplus to Total Assets ratio must be greater than 5.6%. The Adjusted Surplus is defined as Net Worth (Capital + Surplus) + MSVR (Mandatory Security Valuation Reserve).

B. **Distribution of Annuities**

1. Total annuity purchases from a single company cannot exceed 10% of company surplus for an Aa2/AA or higher insurer or 5% for an Aa3/AA- or higher insurer.
2. No more than 20% of County's annuities may be purchased from a single insurer with a rating of Aa2/AA or higher, and 10% for an insurer with a rating of Aa3/AA.
3. There is an annual limit of 10% of insurer's business for an Aa2/AA or higher insurer, and 5% for an Aa3/AA- insurer. The insurer's business is defined as all the annuity premiums sold in one year.

C. Annuity Brokers: Annuities shall be purchased through licensed annuity brokers who have the specialized experience and knowledge in obtaining and monitoring annuities. To be acceptable, the brokers shall meet the following minimum criteria:

1. Licensed in the State of California as an annuity broker.
2. Have a direct agency agreement with all annuity insurers which meet County's selection criteria.
3. Maintain Errors and Omissions liability insurance with a minimum policy limit of \$5,000,000 per claim.
4. Provides annuities solely for defendants in bodily injury cases.

Each person who works on County structured settlements shall be an employee or an independent contractor of a company which meets the above criteria which is centrally managed and controlled. If the consultant is an independent contractor, County has the right to review the independent contractor's agreement with the broker to determine whether there is sufficient control over the actions of the independent contractor.

Current County policy requires that the TPA select at least three (3) brokers who meet the preceding requirements and who are interested in participating on a panel from which the County would then select. The assignments shall be made by the TPA on a rotation basis, unless County Risk Management, County Counsel or the TPA determine that one specific broker is better suited to the assignment. The broker assignment should be made in an equitable manner.

7. ANNUITY PLACEMENT PROCEDURES:

- A. Counsel will advise annuity broker of the types of claims listed under Section 5 (Program Selection Criteria) of this program guideline and provide relevant information (i.e. medical records and specials, outstanding liens, medical specials, age of plaintiffs, indemnity reserve, plaintiff's demand, need for long-term medical care, college fund, etc.) as soon as negotiations are contemplated.
- B. Annuity broker shall prepare preliminary proposal(s) based on information provided to demonstrate the benefits available under a structured settlement.
- C. TPA/County Risk Management/County Counsel will review the preliminary proposal(s) and request annuity broker to revise proposal(s) based on TPA/County Counsel assessment of allegation or discuss preliminary proposal(s) with claimant's attorney.

- D. TPA/County Risk Management/County Counsel will direct annuity broker to revise proposal(s) based on plaintiff's demands during negotiations.
- E. Annuity broker shall obtain final proposal(s) from all qualifying insurers and submit to the TPA, County Risk Management, or County Counsel.
- F. The TPA/County Risk Management/County Counsel, upon agreement on type and structure of settlement, will contact annuity broker to finalize annuity costs. CEO will determine if settlement should be annuitized or self-funded.
- G. The TPA/County Risk Management/County Counsel will insure that all required documentation is completed and forwarded to annuity broker for final review before submitting documentation to the court.
- H. Annuity broker shall review the materials submitted by TPA/County Risk Management/County Counsel to ensure the required documentation meets all the criteria and Internal Revenue Service codes in order for the proceeds to be classified as non-taxable.
- I. The TPA/County Risk Management/County Counsel will submit final documents to the court, obtain funding from the CEO and direct claimant's attorney to execute the documents.
- J. TPA shall provide a report of the annuity to County Risk Management, including validity of annuitant for duration of annuity period. TPA shall ensure that a certified copy of the annuity is submitted to the CEO.
- K. CEO will review annuity broker's performance and compliance with these guidelines on an on-going basis. The County Treasurer Tax Collector will continue to review the rating of insurers with whom County has purchased annuities.

8. POST ANNUITY PLACEMENT PROCEDURES

- A. Once an annuity is selected, TPA shall determine if the policy will be assigned through a qualified assignment or if County will retain annuity ownership. The majority of annuity policies will involve a qualified assignment during placement and the responsibility of the County and TPA will end once the assignment is completed. In a limited number of annuities placed, assignment will not be possible. An example of such is an annuity purchased as a special needs trust set up for a minor or individual who is incompetent. In such circumstances, County will retain ownership of the policy and in some instances, may ultimately become the beneficiary of the trust proceeds once conditions prescribed in the annuity are met. An example of this would be the

demise of the annuitant. These annuities are usually court-ordered as a result of minor's compromise hearing and are structured under strict conditions set by the court.

- B. If the TPA establishes that an annuity is County-owned, and ownership will continue after the Case File is closed, the TPA shall continue to monitor payments and mortality of the annuitant throughout the duration of the annuity.
- C. The TPA shall maintain a current list of all County-owned annuities that are actively issuing payment to annuitants.
- D. The TPA shall conduct annual reviews of the status of the annuitant and payments being made to insure that payments are appropriate.

**COUNTY OF LOS ANGELES
INCIDENT REPORTING AND ACCIDENT REVIEW GUIDELINES**

1. **PROGRAM OBJECTIVE:** To reduce and control future liability costs by requiring County Departments to timely report incidents and accidents, determine their cause and ensure appropriate loss prevention measures have been taken.

2. **PROGRAM SCOPE:** These guidelines were designed to provide County Departments and County Third Party Claims Administrators (TPAs) with instruction on their roles and actions to be taken in this process. These guidelines apply to the following:
 - A. Auto-related incidents and accidents involving County-owned or leased, or employee owned vehicles used in the course of employment and work performance.

 - B. General liability incidents and accidents including slips and falls, stolen or missing property and contract disputes.

These guidelines do not apply to reporting of employee injuries (workers' compensation claims).

3. **PROGRAM ADMINISTRATION:** The County Contract Administrator will have the responsibility for overall coordination of County-wide risk management administration functions. This responsibility includes developing and monitoring of an effective incident reporting system.

Compliance with these guidelines by County Departments supports the administration of claims and lawsuits by:

- A. TPA for auto and general liability; and

- B. County Counsel for general and professional liability.

4. **INCIDENT REPORTING SYSTEM:**

A. Incident Report Forms: The County's incident reporting system is designed to facilitate the collection and transmittal of specific accident from County staff to the TPA. This requires County staff to complete one of the following incident report forms.

1. *Report of Vehicle Accident or Incident* – for auto-related incidents
2. *Non-Employee Injury Report* – for medical or hospital related incidents
3. *Special Event Report of Incident/Accident* – for Special Event Liability insurance

The incident report provides a written description of the event and the name(s), telephone number(s) and address(es) of involved parties and witnesses. Incident reports are invaluable to preserve critical information. Information collected at the time of incident expedites future investigations and minimizes County's costs.

B. County Department Duties:

1. Incorporates these guidelines within the Department loss prevention plan.
2. Develops internal procedures to implement these guidelines and distribute to Department employees with instructions to comply.
3. Notifies TPA of incidents by completing the appropriate incident report and submitting within ten (10) days of date of incident.

Department should not delay in submitting the report because some information is unavailable and report cannot be completed. A follow-up report may be subsequently submitted when the information does become available.

4. Submit statement that incident may warrant early intervention/resolution in accordance with Accelerated Claims Settlement guidelines, along with incident report to TPA, if initial review of incident indicates it.
5. Contact TPA by telephone immediately if incident involving serious injury or death.
6. Review incident reports for the following:
 - a. Cause of accident;
 - b. If accident was preventable or non-preventable;
 - c. Necessary corrective action required
 - d. If opening Case File is warranted due to severe injury or death; and
 - e. Potential tender based upon indemnification from subcontractor, vendors, or other parties. (NOTE: NEED CLARIFICATION FOR THIS PROVISION)
7. Take appropriate loss prevention measures to control or remove the causes to prevent future accidents if corrective action is necessary. If immediate corrective action is warranted, but cannot be taken, County Counsel should be immediately contacted for assistance.
8. Provide a summary of loss prevention measures taken if requested by CCA or TPA.

C. Third Party Administrator (TPA) Duties:

1. Review all incident reports for the following:

- a. Initiate early intervention/resolution with County Departments in accordance with Accelerated Claims Settlement Program guidelines.
 - b. Initiate immediate review by County Departments for serious injury or damage in accordance with TPA Contract provisions.
 - c. Determine and advise CCCA of incidents that require loss prevention review.
2. Enter pertinent incident report data into the claims database.

D. County Contract Administrator Duties:

1. Monitor TPA and County Departments compliance with these guidelines.
2. Provide assistance and consultation to support County Department loss prevention efforts when requested.

Direct questions concerning these guidelines to the CCA.

**COUNTY OF LOS ANGELES
ACCELERATED CLAIMS SETTLEMENT PROGRAM**

1. **PROGRAM OBJECTIVE:** Early resolution of claims when it is legally and financially advantageous to County.

2. **PROGRAM SCOPE:** The program will be limited to auto related incidents and claims involving County or employee owned vehicles used in the course of employment and work performance. The program may be expanded to include incidents and claims relating to general liability, including slip and falls, stolen or missing property or contract disputes.

These guidelines apply only to those incidents and claims which have been identified and targeted for early intervention and resolution, and which are administered by a Third Party Administrator (TPA).

3. **PROGRAM CRITERIA:** This program promotes expedient investigation by County Department personnel and TPA to identify incidents and develop claims information in a more proactive manner to achieve the program objective.

County Department personnel will commence immediate investigation of the incident or claim to determine County's liability, and provide TPA with a recommendation for resolution. County Department personnel will contact the TPA representative who has been appointed to exclusively review, process, and expediently resolve the matter through the County's Claims Administration Program.

Incidents and claims targeted for early resolution will be based on determination by County Department and TPA that:

- A. The County is clearly liable.

- B. Legal issues are minor and not disputable.

- C. Department reports or personnel statements indicate County liability.

- D. Liability is limited to physical damage (Example: Department vehicle collides into a building or stationary object).

- E. Bodily injury liability is apparent or minor. (Example: No physical injury or the other party indicates willingness to settle for minor amounts).

Auto related incidents involving major property damage or severe injuries (i.e. death, amputation, paralysis, head injuries, etc.) will continue to be handled in the normal manner under the County's Claims Administration Program.

F. Duties of the County Contract Administrator (CCA)

1. Develop program goals and procedural guidelines for review and concurrence by County Counsel and County Departments.
2. Coordinate implementation of Accelerated Claims Settlement Program with County Risk Management, County Counsel, County Department and TPA.
3. Monitor Program performance and progress of TPA and County Department.
4. Provide approval for resolved claims over \$10,000 and arrange funding for all settlements.
5. Provide periodic reports to County Departments and Board.

G. Duties of the County Counsel

1. Provide ongoing legal advice.
2. Review TPA recommendations and provide immediate approval/disapproval to resolve claims over \$10,000.

H. Duties of the County Department

1. Maintain and provide a listing, including the address and telephone number of the designated Department Staff Liaison(s).

2. Report all auto incidents to TPA promptly in accordance with the County's Incident Reporting and Accident Review Guidelines.
3. Use County's Report of Vehicle Accident or Incident for this purpose. Mail or fax hard copies to the TPA.
4. Perform immediate field investigation if requested by TPA and forward finding to TPA with recommendation that expedient resolution is warranted.
5. Follow-up or provide additional information if necessary.

I. Duties of the TPA

1. Review all County Reports of Vehicle Accident or Incident within twenty-four (24) hours of receipt, paying particular attention to Reports sent from County Departments to determine if early resolution is warranted.
2. Contact Department liaison if additional information is required to evaluate the resolution.
3. Contact claimants within twenty-four (24) hours to verify damage/injury amount and secure tentative agreement to settle claim. TPA shall assist the claimant in completing and mailing required claim forms.
4. Obtain concurrence of County Department on the terms of resolution if different from Department's recommendation.
5. Issue settlement payment within five (5) working days of obtaining release.
6. Issue closing report and close File within fourteen (14) working days after payment of settlement.
7. Maintain statistical information and provide progress reports to CCA.

4. **PROGRAM REVIEW**: TPA shall provide monthly status reports of program to County Departments for monitoring and evaluation of program. TPA shall conduct six (6) month review with County Department management to discuss program results.

**COUNTY OF LOS ANGELES
VEHICLE ACCIDENT SUBROGATION PROCESS**

1. **OBJECTIVE:** To maximize recovery of vehicle damages repair or replacement costs from third parties who are at fault.

2. **TASKS AND RESPONSIBILITIES:** The following Subsections define the responsibilities and tasks of County Contract Administrator, County Counsel, Contractor's claims staff and subrogation unit, legal defense attorneys and County Departments.
 - A. **County Contract Administrator (CCA):** The CCA has overall responsibility for program's performance. The CCA has authority to modify subrogation program as necessary to maximize recoveries and improve program effectiveness. The CCA has the following responsibilities:
 1. Monitor County Departments, Contractor's performance.
 2. Coordinate Vehicle Accident Subrogation Program
 3. Review and approve payments to Contractor
 4. Review and approve and/or respond to Contractor's request for settlement approval.
 5. Establish and implement procedures for timely deposit of subrogation payments into County account.
 6. Retain responsibility to conduct subrogation on any damage to County vehicle and notify Contractor of such decision.

 - B. **County Counsel:** County Counsel is responsible for administration of subrogation litigation and for providing legal advice on subrogation efforts. County Counsel has the following responsibilities:
 1. Review and approve requests to settle subrogation.

2. Review litigation requests and assign law firm.
3. Manage contracts with subrogation law firms.
4. Provide Contractor with information needed for subrogation on lawsuits managed by Counsel.
5. Provide CCA and County Departments with required or requested financial and statistical reports on subrogation in litigation.

C. County Departments: The County Departments are responsible for advising Contractor of potential subrogation opportunities and provide relevant information to Contractor. County Departments have the following responsibilities.

1. Identify and refer incidents to Contractor.
2. Provide repair estimates and other information requested by Contractor.

D. Legal Defense Firms: Subrogation law firms shall be responsible for the recovery of vehicle repair or replacement costs. Legal defense firms have the following responsibilities:

1. Provide experienced and qualified attorneys and clerical/support personnel for litigation of vehicle accident subrogation.
2. Obtain required information, conduct litigation in a cost effective and timely manner and collect payments from responsible parties/insurance companies.
3. Provide CCA, County Counsel and County Departments with required or requested financial and statistical reports on subrogation in litigation.

E. Contractor's Subrogation Unit: The subrogation unit shall be responsible for recovery of vehicle repair or replacement costs from the

party(ies) that caused the accident or damage in a cost effective and timely manner. Contractor shall have the following responsibilities:

1. Provide experienced and qualified staff and clerical/support staff for the subrogation of damage to County vehicles. (?)
2. Develop criteria for identifying and referring incidents or liability claims for subrogation.
3. Develop, maintain and comply with procedure manual to ensure subrogation is conducted in a timely and cost effective manner that maximizes recoveries. Such procedures shall include, when appropriate, notifying the appropriate County personnel in order to pursue Workers' Compensation subrogation.
4. Obtain required documents, conduct subrogation and collect payments from the responsible party(ies)/insurance company in accordance with Contract procedures.
5. Maintain and provide required statistical and financial reports on subrogation conducted, recoveries received and costs of subrogation services.
6. Submit litigation request when it is cost effective or in the best interest of the County to do so. Provide required reports on litigation efforts and costs.
7. Advise and collaborate with County staff to resolve any operational difficulties.

F. Contractor's Claim Staff: The claims staff shall be responsible for advising subrogation unit of potential subrogation opportunities and providing relevant information to subrogation unit. The claims staff shall provide the following:

1. Identify and refer incidents and claims to subrogation unit for subrogation processing.

2. Provide to subrogation unit police, medical and other reports, repair estimates, claim status and other information relevant to subrogation efforts.
 3. Credit Case File when a subrogation recovery is received.
 4. Advise and collaborate with County staff to resolve any operational difficulties.
3. **SUBROGATION PROCESS:** The subrogation process shall facilitate an effective exchange of information between the parties specified in Section 2 in order to maximize recovery of County costs. The subrogation process includes identifying incidents and claims for subrogation, opening a file and conducting investigation, litigation of subrogation and collection of monies. The extent of the subrogation effort will be based on the amount of costs to be recovered, third party(ies) financial/resource circumstances and facts of the vehicle accident.
- A. Identify Vehicle Accidents/Incidents for Subrogation
1. Pursue subrogation when County employees are injured in a vehicle accident and/or, when the vehicle is damaged and a third party is at fault.
 2. Subrogation should not be pursued on vehicle accidents under the following circumstances:
 - a. The accident exclusively involves County owned vehicles operated by County employees.
 - b. The County driver is clearly at fault.
 - c. The County vehicle was not damaged or the County employee was not injured and no workers' compensation benefits have been issued.
 - d. The third party that caused the accident cannot be identified.

3. County Departments will write "Subrogation" on the *County's Report of Vehicle Accident or Incidents* to identify vehicle accidents for subrogation and submit the reports to Contractor for subrogation process.
4. Contractor's claims staff shall identify liability file with subrogation potential and submit to subrogation unit relevant information, including, but not limited to, claim number, name of adjuster, repair estimates, police and medical reports, insurance information on third parties and percentage of liability, in order to proceed with subrogation process. Incident reports with no liability file shall be identified with "No Auto".

B. Opening Subrogation File and Conducting Investigation

1. Subrogation unit shall review incident reports and open a file on incident with subrogation potential. The subrogation unit will also advise and explain to referring County Department and/or adjuster of any incident in which subrogation should not be pursued.
2. For incidents with a companion liability file (NOTE: IS THIS THE SAME AS CASE FILE?), subrogation unit shall be responsible for the following:
 - a. Obtain police reports, repair estimates, name of registered owner of other vehicle and other information if such information was not provided or cannot be obtained from claims staff.
 - b. Contact third party that caused the accident or damage, or the insurance company. If appropriate, file form SR 19 with the California Department of Motor Vehicles (DMV) to obtain insurance information or confirm uninsured status of third party.
 - c. Provide any information relevant to liability claims to Contractor's claims staff.

- d. Maintain and provide statistical and financial reports on subrogation to CCA, referring County Department and Contractor Program Manager.
3. For incidents in which the third party or insurance company contacts County to reimburse County for its costs, the subrogation unit shall:
 - a. Obtain incident report, repair estimates, cost of workers' compensation benefits paid, and other information needed to ensure maximum recovery of County costs.
 - b. Provide statistical and financial reports as required for monitoring the subrogation program to CCA, referring County Department and Contractor Program Manager.
4. For incidents with no companion liability file and no contact from third party(ies)/insurance company to reimburse County for damages, the following procedures shall apply:
 - a. Suspend subrogation until six (6) months after accident/incident date in order to avoid soliciting a claim from the third party. Generally, claims for injury must be filed within six (6) months of accident/incident date; after the six (6) months, County does not have to accept the claim.
 - b. Open a subrogation file, as specified above, if a liability claim is received during the six (6) month period.
 - c. Open a subrogation file and pursue recovery of vehicle damage if no liability claim is received during the six (6) month period.
 - d. Provide statistical and financial reports as required for monitoring the subrogation program to CCA, referring County Department and Contractor Program Manager.

C. Litigation

1. Subrogation unit will recommend litigation when each of the following criteria warrants the added cost of litigation:
 - a. The amount of costs to be recovered;
 - b. Liability for accident; and
 - c. Financial status of third party (is commercially insured or has sufficient assets to reimburse County for its costs).
2. Litigation against uninsured motorist shall not be recommended unless the third party has adequate assets with which to satisfy a judgment. Subrogation of an uninsured motorist through litigation could result in uncollectable judgment and unwarranted attorney expenses.
3. Litigation will be conducted to protect County's subrogation interest and maximize recovery of County costs in a cost effective and timely manner.
4. Subrogation unit shall maintain and provide statistical and financial reports on litigated subrogation to CCA, referring County Department and Contractor Program Manager.

D. Closing of Subrogation File

1. Upon receipt of a recovery check, the subrogation unit shall:
 - a. Deposit check immediately into County account.
 - b. Send copy of check to CCA, referring County Department, Contractor claim staff, as appropriate, along with a closing report advising that recovery is complete and subrogation file will be closed.
2. If no payment is received, the subrogation unit shall:

- a. Submit request to CCA to close file without payment specifying reason for closure and including supporting documentation, such as credit check of uninsured motorist and California DMV response to SR19 form.
- b. Close file upon approval from CCA.

CONTRACTOR REPORTS

The following lists those reports that are expected to be generated by the Contractor.

REPORT NAME	DESCRIPTION	TYPE	FREQUENCY
1. Trial Calendar/ Financial Status Report	List of arbitration, MSC, trial dates with attached financial reports on cases over \$50,000	Claims/Financial	Monthly
2. Assignment of Cases Report	List of cases assigned to law firms during month and firms assigned	Claims/Financial	Monthly
3. Closing/Settlement Report	Notification of case closing and details of settlement	Claims/Financial	Upon closure of File and as needed
4. Caseload Summary	List of all Supervisors and Claims Adjusters and their current caseload by general and auto liability	Claims	Monthly
5. Major Case Report	List of all cases over \$100,000 broken down by funding source and case type along with financial projections for three (3) fiscal years	Claims/Financial	Monthly
6. Case Status Report	Current status of open, active Case Files	Claims	Every 30/90 days on all open files and as needed
7. Financial Status Report	Current financial status of case and case summary	Financial	As Required
8. Budget Status Report (Estimated Actual)	Status on all cases over \$100,000 and those cases budgeted for the fiscal year	Financial	Monthly

REPORT NAME	DESCRIPTION	TYPE	FREQUENCY
9. Subrogation Summary Report	Summary of subrogation files and their status and funds collected	Financial	Monthly
10. MSC, Arbitration, and Trial Report	Pre and post MSC, arbitration and trial reports	Claims	As Required
11. Authority Request	Request and report for settlement authority	Claims	As Required

OFFICE OF THE LOS ANGELES COUNTY COUNSEL
E-BILLING SYSTEM
AND
OPERATIONS AND MAINTENANCE SERVICES

Technical Exhibit A-10

Product Description

Technical Exhibit A-10 **Product Description**

This Exhibit10, *Product Description* is a general description of the Application Solution for the purposes of this Contract.

Product modules included (see below full descriptions):

- Alerts/notification engine
- Notes & tasks engine
- Security administration
- Live system support
- Contacts management
- Organizational unit management and allocations
- Work area management
- Dynamic field design and configuration
- BCC mail log
- Configurable grid design (a.k.a “blue cube”)
- Invoice allocations via the financial department hierarchy and allocation toolset
- Global invoice tax and currency support including all ISO codes
- Electronic invoice submission (LEDES 98, 2000 and 2.0)
- Manual invoice entry and submission for internal and external
- Outside Counsel Guidelines compliance via Invoice Testing Processing (ITP) engine
- Invoice routing, authorization, and approval
- Aging invoice notification & auto-forwarding
- Submission of approved invoices to AP system via invoice processing toolset
- Receipt of payment information from client AP system
- Invoice rollback
- Support for UTBMS code set
- Matter entry and Matter Creation wizard
- Calendaring
- Email and print page option

T360 Application modules:

• Matter Management
• Electronic Billing
• Document Management
• Accruals
• Vendor Management
• Budgeting & Forecasting w/Budget Routing
• Dynamic Reports

T360 is an enterprise-class e-billing and matter management system and as such has a depth of features and functions that require detailed descriptions too voluminous for reproduction. Brief descriptions of T360’s major modules are included.

2.1 T360° CORE SYSTEM FEATURES

2.1.1. **Alerts/notification.** CT TyMetrix 360° alerts provide automatic email notifications to network members of important developments. Some of these alerts require users to subscribe, while others are based on administrative settings. Alerts and notifications are provided for invoice review, budgeting, Data Exchange tasks, general administration, and more. Please refer to the *Alerts and Mail Templates Administrator Guide* and the *Alert Subscriptions Quick Guide* for more information.

2.1.2. **Notes & tasks.** Notes and tasks allow for increased communication and efficiency within the client network and with vendors. Notes are quick items that users can leave for themselves and/or others—simple text fields that can be found on virtually any page. Tasks allow supervisors to assign work to employees within a certain timeframe. Like notes, tasks are present throughout T360° and can be used for any kind of informal

workflow. For more information about notes, please refer to the *Basic Tools User Guide*; for details about tasks, refer to the *Calendars, Events, and Tasks User Guide*.

2.1.3. **Administration.** Client administrators have control over most aspects of the network, including:

- **Basic network settings.** Network properties such as the default currency type and the network billing name can be edited and updated at any time. Several other network-level properties can also be modified, such as printing settings and accrual methods.
- **Member management.** Administrators can use the Data Exchange module to import new members or update existing member information. They can also enter new members manually through a T360° wizard. Administrators also have the ability to assign member roles and designations. Please refer to the *Member Management Administrator Guide* for details on all of these capabilities. For an in-depth examination of how roles and designations work, refer to the *Roles and Designations Administrator Guide*.

Administrative capabilities are available to the client for many T360° features. Refer to the listed user guide(s) for each feature for details on administrative functions.

2.1.4. **Security.** T360° applies user roles and designations to govern what a system member can view onscreen, and what he or she can do throughout the product. Roles and designations are the backbone of the T360° security model, providing each member with customized access to the application based on their position. Each role or designation gives users access to certain pages, and to specific functionality on those pages. For more information, please refer to the *Roles and Designations Administrator Guide*.

2.1.5. **Document management.** The Document Management module provides an organized strategy for case documentation, allowing clients and firms to locate documents quickly and easily through keywords and filter-based searching. All kinds of case documents (pleadings, interrogatories, etc.) can be uploaded and stored with their related matters. When a document is uploaded, the client can decide whether collaborating firms should be able to view it. For full details on document libraries, refer to the *Document Management User Guide* and the *Basic Tools User Guide*.

2.1.6. **Multiple currency.** T360° is a full-featured multiple currency system. It recognizes all International Standards Organization (ISO)-approved currency types, and any number of these currencies can be activated by a client in a network. As a result, e-billing can be achieved on a global scale. Networks, companies, timekeepers, and reviewers can all have unique currency types. Please refer to the *Multiple Currency User Guide* for details on currency capabilities and options.

2.1.7. **Contacts.** Contacts are individuals or groups of people that have a relationship to a matter, but who are more peripheral than the law firms and vendors who have full profiles in the network. Examples of contacts include experts, judges, opposing counsel, and other legal service vendors. It can be helpful to add a company (or individual) as a contact (instead of adding them as a full-blown company) if their invoices do not warrant the full T360° ITP and internal review process. Please refer to the *Contacts User Guide* for more information.

2.1.8. **Organizational units.** T360° provides an organizational unit hierarchy structure that users can select from when creating matters. The organizational unit feature can be used to reflect the parent-child relationship between business units and their sub-units. The organizational unit hierarchy does not affect any functions or processes in T360°; instead, it is designed to be used as an optional, extra layer of information for reporting purposes. Members can be designated as organizational unit administrators; such members can view all matters and invoices related to their org units. Matter teams can also be created for organizational units, so that the designated team members are automatically added to new matters assigned to that org unit. Further details are provided in the *Organizational Units Administrator Quick Guide*.

2.1.9. **Work areas.** For networks in which a variety of forms and workflows are required to support different areas of operations (ex. practice areas, business units, offices, etc.), T360° provides the hierarchical structure of work areas. Work areas allow clients to apply specific matters, budget, forecasts, and invoice review routes to virtual areas that form a hierarchy within the application. Work areas are both an organizational tool and a

security model, ensuring that users only see the data applicable to them. For complete details on work area administration, please refer to the *Work Area Administrator Guide*.

- 2.1.10. **Dynamic fields.** Dynamic fields are client-specific fields (such as editable text fields, drop-down lists, radio buttons, or checkbox lists) configured to be used only in your network. Dynamic fields can be applied to screens related to members, matters, companies, invoices, financial departments, and other T360° objects. T360° also allows administrators to set up behaviors between dynamic fields, so that the setting in Field A determines the default setting for Field B, or makes Field B optional or required. For an in-depth analysis on how to use dynamic fields and behaviors, please refer to the *Dynamic Fields Administrator Guide*.
- 2.1.11. **Mail log.** T360° maintains a log of all emails sent within the system. This includes emails generated by users who click on the “Email this page” icon on various T360° screens and any alert notifications sent automatically from the system to network members. Every detail of each email is saved, including the complete body text, timestamp, and sender/recipient information. The *Basic Tools User Guide* describes how to use the “Email this page” icon, while the *Alert Subscriptions Quick Guide* provides an overview of all the alerts that users can subscribe to. Administrative users can refer to the *Alerts and Mail Template Administrator Guide* for comprehensive descriptions of the templates used for email alerts.
- 2.1.12. **Manual invoice entry.** T360° provides clients, law firms and vendors with the ability to manually enter invoices directly into the system. Clients may design manual invoice templates to capture information at a fee and expense summary level and/or at a detailed level capturing data similar to information included on a LEDES file. Summary-level invoice templates may be used to capture invoices from contacts (see Contacts, below).
- **Matter management only.** Clients implementing matter management only will be able to submit invoices as processed or paid.
 - **E-billing clients.** Clients implementing the T360° e-billing module, in addition to submitting manual invoices as processed and paid, may submit them for invoice review. Invoices submitted for review will be run through the Invoice Testing Process (see “ITP,” below). Invoices entered against contacts may only be submitted as processed or paid. For complete instructions on invoice entry, please refer to the “Submitting Invoices” chapter of the *Law Firm Operations Guide* or *Invoice Entry for Clients User Guide*.
- 2.1.13. **Email this page.** Page contents throughout T360° can be emailed to anyone at any time. Using the “Email this page” icon () , a member can send either a graphical representation of the contents of the current page or a link to the page. A record of each email is maintained in the mail log (see the mail log feature description, above). When accessing this capability on matter pages, users may also select documents and notes posted against the matter to be included in the distributed e-mail. Document attachments will be referenced in the mail log, but not maintained. Note that this feature also allows the user to search network members and contacts for a recipient, or to type in any email address. The system remembers the user’s most recent email recipients and auto-suggests matching addresses as the user types. The *Basic Tools User Guide* describes how to use the “Email this page” icon.
- 2.1.14. **Blue cube.** The blue cube is an ad hoc data grid customization tool that lets users add and remove grid columns, order them, and rename them. The blue cube is found in the upper right corner of any fully expanded window containing a data grid, such as the My Matters page. Instructions as to how to use the blue cube can be found in the *Basic Tools User Guide*.
- 2.1.15. **Data Exchange.** The Data Exchange module is used by network administrators who have a large quantity of data that needs to be migrated into T360°. The only thing that needs to be completed before working with the Data Exchange module is an Excel spreadsheet (saved with the XML extension) or native XML file, containing records of everything that needs to be uploaded. Data Exchange can be used to import members, matters, exchange rates, company role rates, and accruals. Matter, invoice, and accrual data can also be exported for reporting purposes. Import and export templates can be built and executed at any time; they can also be set up to run on an automatic schedule. For comprehensive instructions on using the Data Exchange module, please refer to the *Data Exchange User Guide*.

2.1.16. **Quick Search.** Through Quick Search, users are able to enter a text string and query fields and content captured in multiple objects in T360°. Objects that may be searched against via Quick Search include matters, invoices, companies, members, notes, calendar events, tasks, documents, and user documentation. Refer to the *Quick Search Guide* for information.

2.2 EBILLING FEATURES

T360° provides comprehensive, end-to-end electronic invoicing. Invoices are submitted by law firms and placed into a review process on an automatic, software-based level and then on an individual client user level. E-billing is covered in several manuals, including the *Invoice Review Routes Administrator Guide*, the *Invoice Review User Guide*, and the *Law Firm Operations Guide* (“Submitting Invoices” chapter).

- 2.2.1. **Financial departments.** Financial departments are used to identify cost centers across an organization. When invoices are sent for payment, the departments you choose will be charged according to the percentages you specify. The Financial Departments tool automatically enforces 100% allocation across the selected departments. Financial departments are created at the network level, and can be assigned to work areas, matters, and individual invoices. Please refer to the *Financial Departments Administrator Guide* for details.
- 2.2.2. **Submit invoice.** Invoices can be manually entered through the T360° interface or, if the firm’s time and billing system allows it, submitted via LEDES files. Invoices submitted for Invoice Review will be run through the Invoice Testing Process (see “ITP,” below), and will then enter the invoice review chain (see “Invoice Routing (Workflow),” below). Invoices entered against contacts may only be submitted as processed or paid. Refer to “Manual invoice entry,” above, for more details on using T360° to enter invoices.
- 2.2.3. **ITP.** When a law firm or vendor submits an invoice to the client, ITP automatically tests the invoice against sets of conditions called rules. If the invoice meets the conditions specified by a rule, then the actions defined by that rule are taken on the invoice. These actions can include rejecting the invoice, flagging it, automatically adjusting it, or preparing it for payment. Your network can include many custom rules in addition to the standard system-level rules that apply to all networks. If the invoice is not flagged or otherwise affected by any of the conditions specified by a rule, it is accepted and the end-user phase of invoice review begins. For detailed descriptions of the rules and how to create new ones, refer to the *Rules Administrator Guide*.
- 2.2.4. **Rule administration.** Rule administration allows clients to create new and edit existing ITP rules. New rules are built from a catalog of rule templates available in the system. Through Rule Administration clients may also order the sequence of rule testing. Please refer to the *Rules Administrator Guide* for more details.
- 2.2.5. **Invoice routing (workflow).** Once it has passed through ITP’s rule checking processes, an invoice is pushed into the hands of end-user invoice reviewers. T360° offers several ways in which invoices can be set up for review, and provides fail-safe functionality to make sure no invoices slip through the cracks or end up unnoticed. T360° allows review routes to be built specifically for each matter and/or work area. If review teams are not put into place, T360° uses the designations of supervisor and responsible professional to ensure that every invoice is viewed even when review chains have not been set up. Please refer to the *Invoice Review Routes Administrator Guide* for instructions on setting up and maintaining review routes.
- 2.2.6. **Invoice forwarding & notification.** The client administrator can specify the number of days an invoice can stay in a single invoice reviewer’s queue. If the limit is reached, the invoice will be automatically routed to the next person in the review route (or to a supervisor). T360° email alerts are sent to both the current reviewer and the person to whom the invoice is auto-routed. Supervisors can also receive alerts before auto-routing occurs, advising them that an invoice has remained in one reviewer’s queue for several days. For details on setting these options, please refer to the *Invoice Review Routes Administrator Guide*.
- 2.2.7. **Invoice authorization.** Invoice authorization levels determine the maximum amount that an invoice reviewer is allowed to approve. For a reviewer to be able to finalize the approval of an invoice in a typical review route—without the need for the invoice to continue on to another individual—the reviewer’s invoice authorization level must be greater than or equal to the invoice’s total amount. Authorization amounts can be

set up differently for each member, and they can be based on either billed or net amounts. Please consult the *Invoice Review Routes Administrator Guide* for details on authorization amounts.

- 2.2.8. **Invoice processing wizard & payment files.** Once an invoice is approved by an authorized invoice reviewer, it is placed in Pending Payment Processing status—which means it is ready to be sent to the client’s payment system. Clients may create a payment file using the invoice processing wizard (IPW) in T360° or purchase a custom payment file from CTT. Using the IPW, clients can create templates to identify the structure and content of the payment file. Once a template is created, clients may run it manually or schedule it to run on a reoccurring basis. Refer to the *Invoice Payment Processing User Guide* for instructions on how IPW works. Custom payment files are managed outside of the T360° interface.
- 2.2.9. **Reverse payment feed & payment information.** Once payment has been made, clients who have subscribed to the Reverse Payment Feed feature can import data from their A/P system to T360°. This is useful for reporting on invoices that have already been paid, especially when the client needs to see actual check numbers in the system. This functionality is described fully in the *Reverse Payment Feed User Guide*.
- 2.2.10. **Invoice rollback.** From time to time an invoice reviewer may erroneously give final approval to an invoice that, in fact, requires further review. If an invoice has the status of Pending Payment Processing, Failed Payment Processing, or Processed and has no payment information posted to it, an administrator with the necessary permissions can roll the invoice back to In Review status and assign it to any member in the invoice review route. When an invoice is rolled back, that action is captured in the invoice’s review history for auditing purposes. Invoice rollback functionality is described in the *Invoice Review Routes Administrator Guide*.
- 2.2.11. **Bill codes.** T360° supports the UTBMS code sets (Bankruptcy, Counseling, Litigation, Patent, Project, Trademark). The client can select which bill codes may be submitted or entered on invoices and assign a period during which they are active. Active bill codes can be charged by law firms, while non-active bill codes are automatically rejected by ITP. Refer to the *Bill Code Activity Periods Administrator Quick Guide* for a complete list of all supported codes, and for instructions on setting code activity periods.

2.3 MATTER MANAGEMENT FEATURES

The T360° Matter Management module provides a complete and transparent view of the client’s entire matter portfolio. The module provides access to matter profiles and details, as well as all information related to the matter, including tasks, documents, invoices, calendar events, team members, and budgets. Collaboration with law firms and other vendors is optimized so that client companies can selectively and securely share matters with outside counsel and collaborate on important matter-related items. For a comprehensive look at this module, please refer to the *Matter Management User Guide*.

- 2.3.1. **Calendaring.** The Calendar feature allows users to track important dates pertaining to their matters. Calendars display the times and dates of events, which are typically meetings with two or more people. Matter events can be created by users from matter profile screens. For information on using the Calendar feature, please refer to the *Calendars, Events, and Tasks User Guide*.
- 2.3.2. **Matter Creation Workflow.** The network administrator can customize the matter creation process for each work area. When a user creates a new matter, the specified work area determines which screens are included in the Matter Creation Workflow wizard. The screens that can be selected for inclusion in the wizard are:
- Matter details
 - Team members
 - Companies
 - Member groups
 - Invoice review route
 - Financial departments

- Contacts
- Matter-related web forms for each work area (client-specific)

Please refer to the *Matter Creation Workflow Administrator Guide* for instructions on setting up a workflow.

2.4 DYNAMIC REPORTS

Dynamic Reports provide business users with a powerful, flexible, and secure interface for building and analyzing all kinds of reports in their T360° network. Depending on user roles, and on how Dynamic Reports are deployed across the network, users can view, analyze, enhance, and modify the data displayed in reports in countless ways. To help get clients started, CT TyMetrix provides a series of Standard Reports that provide the means to view and analyze financial spend, matter inventories, trends, exception reports, and timekeeper analysis.

For more details on Dynamic Reports, please refer to the following publications and video tutorials that describe how Dynamic Reports are used in T360°.

- The *Dynamic Reports User Guide* contains descriptions of the standard reports and how they can be used in your network. This can be used by anyone with basic access to reports (Report Viewers).
- The *Introduction to Dynamic Reports* video tutorial may also be useful for Report Viewers.
- The *Dynamic Reports Administrator and Designer Guide* contains details on creating and maintaining custom reports. This guide is intended only for members with the role of Report Designer or Report Administrator.
- The *Introduction to Dynamic Report Design* video tutorial provides a broader overview of the topics in this guide.

2.5 SERVICE OF PROCESS

The T360° Service of Process (SOP) module allows client company administrators to be served with legal notices electronically with the help of the CT Universal Service of Process Web Service. The Service of Process module provides the following features:

- Easy, comprehensive SOP log searching.
- Matter association for SOP logs: you can associate matters to each log, and even create new SOP matters. SOP-related matters support the complete suite of CT TyMetrix matter management features.
- Auto-population of SOP-related matter fields.
- Profile and detail screens for each SOP log.
- Secure actions that allow SOP log details to be edited according to role.

For instructions on using the SOP module, please refer to the *Integrated Service of Process User Guide*.

2.6 BUDGETING & FORECASTING

The T360° Budgeting and Forecasting tools are designed to help clients manage the amount of money spent on fees and expenses related to the retention of outside counsel. The tools provide mechanisms to create top-line estimates (forecasts for work areas and law firms) and component-driven bottom-line estimates (budgets for individual matters). When actuals start to exceed budget estimates, network rules trigger flags and/or restrictions so that budgets remain within their specified limits. Likewise, when submitted budgets exceed the forecasted limits, powerful enforcement mechanisms take effect to safeguard forecast integrity. The *Budgets and Forecasts User Guide* provides a complete overview of all the features in this module.

2.6.1. **Budget Routing.** In networks with the budget routing feature, proposed budgets cannot become active until they are reviewed by the client. T360° allows budget review routes to be built specifically for each matter

and/or work area, in which one or more client reviewers can approve or reject budgets. If review teams are not put into place, T360° uses the designations of supervisor and responsible professional to ensure that every budget is viewed even when review chains have not been set up. Please refer to the *Budget Review Routes Administrator Guide* for instructions on setting up and maintaining review routes.

- 2.6.2. **Budget Authorization.** Budget authorization levels determine the maximum amount that a budget reviewer is allowed to reject or approve. For a reviewer to be able to finalize the approval or rejection of a budget in a typical review route—without the need for the review to continue on to another individual—the reviewer's budget authorization level must be greater than or equal to the budget's total amount. Authorization amounts can be set up differently for each member. Please consult the *Budget Review Routes Administrator Guide* for details on authorization amounts.

2.7 VENDOR MANAGEMENT FEATURES

The Vendor Management module provides enhancements as well as entirely new features that relate to timekeeper rates and billing methods, each of which are described below.

- 2.7.1. **Timekeeper Rate Management.** The Timekeeper Rate Management feature allows clients to approve and track role rates for all their collaborating firms' timekeepers. The feature uses rate approvals functionality that allows clients to sign off on rates entered by firms. Users can select multiple proposed rates and approve or reject them simultaneously. Effective dates can be applied to rates, so that when a rate expires, it automatically changes either to a default rate amount or to a new amount that corresponds to the current date range. Other features include an option for ITP to require approved rates and a rate tolerance field that allows for negligible discrepancies between the rate reflected on the invoice and the timekeeper rate. Please refer to the *Timekeeper Rate Management Administrator Guide* for complete instructions.
- 2.7.2. **Alternative Fee Arrangements (AFAs).** T360° offers the first comprehensive solution for AFA management that provides end-to-end enforcement and reporting. AFAs are agreements between clients and firms that substitute the basic hourly rate payment model with a more result-oriented and cost-effective approach. In T360°, AFA templates are used to help enforce these arrangements. These templates use discounts, alternate hourly rates, spending thresholds, and other parameters to effect changes to your standard fee arrangements. They can be applied across multiple or individual matters (depending on the template), and can be configured like ITP rules to flag, reject, or auto-adjust invoice amounts. For a complete look at all AFA types and how to use them, please refer to Alternative Fee Arrangements (AFAs) video tutorials I through IV; also refer to the *Alternative Fee Arrangements User Guide*.
- 2.7.3. **Company Role Rates.** Company rates allow clients to set a cap on the rates that will be accepted for timekeepers of a given role from their firms and vendors. These caps are set separately for each company, so different law firms and vendor companies can have different caps on the same role. If an invoice is submitted with timekeeper rates that exceed the corresponding company rates, it will be rejected or flagged during ITP. For complete instructions on this feature, please refer to the *Company Rate Administrator Guide*.

2.8 ACCRUALS

The Accruals module provides clients with a way of tracking unbilled or predicted time and expenses on their matters. It integrates seamlessly with the T360° invoicing workflow to extend clients' spend management capabilities beyond the basic submitted invoice level, allowing for deeper, more up-to-date tracking of expenditures. There are three basic accrual methods:

- **Auto Draw Down** reduces the accrual amount down incrementally by the net amount of each submitted invoice.
- **Draw Down on First Invoice** instantly reduces the accrual amount down to \$0 when the first invoice is submitted on a matter. This method should be used if you normally receive one invoice per matter from your law firms during each accrual period.

- **Draw Down by Date** reduces the accrual amount down to \$0 upon a draw-down date. Until that date, this method draws the accrual amount down incrementally by the net amount of each submitted invoice.

The *Introduction to Accruals* video tutorial and the *Accruals Administrator and User Guide* provide complete instructions on how to work with accruals.

2.9 INTEGRATED LOGIN (Single Sign-On)

The Integrated Login feature allows company members to log into T360° from within their respective internal domains, without having to enter a login ID and password. This provides a seamless experience for the member, who only needs to log in once to the internal domain.

- Refer to the *SAML 1.1 Integrated Login Technical Administrator Guide* for the SAML-compliant version of this feature.
- Refer to the *Integrated Login Technical Administrator Guide* for the original CTT version of this feature.

2.10 INTEGRATION LINK

The T360° Integration Link feature allows closer integration with external client systems via dynamically generated hyperlinks. Integration links are defined and assigned to specific network entity and object types, such as matters and members, by the system administrator. Link behaviors can subsequently be edited by system and network administrators. This feature is explained in detail in the *Integration Link Technical Administrator Guide*.

2.11 EMAIL COLLABORATION

T360° members, contacts, and/or any other outside users can be invited to send emails to matters. Recipients are notified via email that they are invited to submit emails to the matter, and upon confirmation of the request will see the matter name in their email contacts list. Invitations can be sent by responsible professionals or power users only.

- Emails sent to matters are stored at the matter level and can be viewed through the *View Related Items - Emails* menu selection. They are also viewable from the Emails window on the matter profile or the member's home page.
- The Emails window on each user's home page lists all emails sent to the matters that they have access to, while the Emails window on the matter profile lists all emails sent to that matter. The larger Emails page provides a more complete list of the emails, including expandable/collapsible views of body text and attachments. It also provides users with the ability to make emails public or to delete them, depending on each user's permissions.
- Email attachments can be easily copied or moved to the matter document library.
- All incoming messages and attachments are screened for viruses.
- The matter responsible professional can specify whether the matter name, number, or an alternate name for the matter appears in users' address books.
- An additional feature: documents and notes can be sent from any T360 object as attachments to any email address.

RiskVision™
Risk Management Information System
County of Los Angeles

RMIS System Overview

Risk Management Information System (RMIS) is a comprehensive solution for managing financial risk for the County of Los Angeles. The purpose of RMIS is not only to track the life of a claim, but to effectively track and manage litigation and the costs that occur from litigation including other legal matters. One major goal of RMIS has been to provide an enterprise solution for managing third party liability for The County of Los Angeles.

RMIS is designed to cohesively track all data on a claim from many different perspectives. Each claim is assigned to a particular User Group depending on the type of claim and circumstances surrounding the claim.

Each claim submitted to the County is entered directly into RMIS and processed by the respective User Groups. Users may access RMIS only with permission from the County.

RMIS simplifies the County's extremely complex and cumbersome process by creating a single database allowing for information flow.

RMIS Objectives

- To provide claims administration information to the County's Chief Executive Office (CEO), County departments and County Counsel in an efficient and accurate manner
- To provide real-time access to claims administration information from third party claims administrators and County Counsel
- To provide a Windows-based ad hoc report builder/writer to users who require complex risk management analysis
- To provide meaningful, standard reports to users (including statistical and financial reports) on a monthly basis
- To implement technologically advanced methods consistent with the Chief Information Office (CIO) recommendations for standardization of County information systems
- To provide ease of use from the standpoint of claims administration
- To provide a high level of system security
- To provide the ability to interface with other software

County of Los Angeles Enterprise Architecture

The County of Los Angeles (County) has invested significant time and energies constructing an enterprise network that best suits the County's initiatives and future growth. Based on discussions with the County's Internal Services Department (ISD), in order to mitigate security breaches of the enterprise network all hardware for RMIS resides within LANet, the County's Intranet. RMIS and its associated hardware and software interface with LANet network resources.

Third Party Administrators RMIS Server Access

Third Party Administrator (TPA) users access RMIS servers by having a direct connection that goes through direct line that goes "behind" the firewall of the LANet. Each TPA needing access needs to provide the County with their IP addresses. The County's router only allows traffic into the County's network from those approved IP addresses to the RMIS servers.

The TPA's are required to secure at least ½ of the T1 link between the TPA and the County. The TPA needs to block traffic from the County into its own networks.

Minimum Workstation Configurations

Processor: Intel x86 Family CPU 3.0 Ghz or higher

Memory:

Minimum: 2 GB

Maximum: 4 GB

Network Controller: 100 MB

Internal Storage: At least 10 GB available disk space

Operating System: Windows XP SP3 or higher

Web Browser: Internet Explorer 6.0 or 7.0 or 8.0, The browser must have the Internet security settings as configured below:

- Run ActiveX controls and plug-in – set to “Enable” or “Prompt”
- Cookies: “Allow cookies stored on your computer” set to “enable”
- Microsoft Office Web Components: A package with the tested and virus scanned Microsoft Office Web Components is provided by the County. This package is necessary for functionality for selected features on the application.
- Crystal XI Web Components: A package with the tested and virus scanned Crystal XI Web Components including installation instructions is provided by the County. This package is necessary for functionality for selected reporting features in the application.

Other Hardware and Software

A printer or accessibility to a shared or network printer is required for each station running the application.

RMIS System Functionality

RMIS is intended to provide several critical services:

- A comprehensive application for claims administration
- The ability to modify RMIS to collect data that is meaningful and useful to the County in its objective to measure, monitor and control risk
- The ability to provide a single consolidated incident reporting database to collect information regarding the County's exposures
- The ability to track time and hourly rates for County Counsel staff and bill County departments accordingly
- The ability to produce standard reports and ad hoc reports, either remotely or directly on-line, by authorized users.

RMIS Interfaces

When the authorized user has completed the login verification, the user may select functions from the main task areas in RMIS. A user may have access to one or many of the task areas and is dependent on the user's membership to a defined user group. The following list describes each task area.

MyPage

This feature is the control center for quick saved queries, saved custom reports, diaries, calendar and personal links. It offers quick access to lookups on the fields the user group desires, popular and advanced searches, add a file and a personalized planner.

Reports

This feature provides access to personalized report views and report templates (e.g., standard, customized and ad hoc)

Payment Processing

This feature provides users who are processing payments the ability to add payments quickly without having to go to the payments detail tab of the individual file. The application will generate payment vouchers.

Time Entry

This feature provides the means to collect and document time data on both billable and non-billable basis for each file for each applicable user. It also provides a means to generate invoices to charge back the costs to the appropriate County department.

Administration

The feature provides users with the ability to maintain users, system tables and code tables.

File Definitions

Files are categorized within RMIS according to the following types:

- Claims (Type "Z")
- Lawsuits (Type "D")
- Expedited Claims (Type "E")
- Other (Type "X") Files include Probates and Legal Matters, but may include files not categorized above
- Advice Matters (Type "C")

File Searching

File searches may be done using any of the following approaches:

- **Quick Searches.** The User may enter complete or partially complete values for files subject's name, file number and/or accident date. The returned dataset reflects the quantity of records matching the search criteria.
- **Popular Searches.** The user may select any of the pre-defined search queries by choosing its plain-language description.
- **Advanced Searches.** The user may construct a query by choosing up to five fields and choosing qualitatively evaluated conditions for the data in those fields.

Result Datasets

The datasets resulting from any search appear in a grid. All records returned in the interface allow navigation. You may view the primary defining details of each record, sort and re-group the records, and apply filtering to further narrow a subsequently returned dataset from the group. From this grid, any file may be opened for detailed review.

Incident Detail Interface

After performing a search the user may view the file details if the user's profile contains viewing rights. The file details contain the following selectable sections, each with the respective functionality:

- **Summary Information.** This action displays the file subject's personal data, and the information regarding the actions pending, the status and the disposition of the file. If there are existing claims, they may be found through a search and then linked, or if already linked, then viewed from this page.
- **Accident Information.** This section details the information about the accident and/or injury.

Linking Incident Reports

Incident reports may be linked to a file from the file details interface, and existing files may be linked to an incident report from the incident details interface.

File Details Interface

After performing a search the user may view the file details, if the user's profile contains viewing rights. The file details contain the following selectable sections, each with respective functionality:

- **File Summary Information.** This section displays the file subject's personal data, and the information regarding the actions pending, the status and the disposition of the file.
- **Accident Information.** This section details the information about the accident and/or injury.
- **Legal Information.** For those files that have been assigned a legal status such as lawsuit, probate, or a pending legal matter, if court activity is anticipated, then this section records and displays the information on the developing legal action. Two levels of details are available as assigned by the user group permissions. One level is a view-only summary of the case status and the case details as the case progresses through the schedule. The other level is a need-to-know-based display of case planning, strategy, and coordination to be used by the legal team on their defense of the County's position. The CEO and the Auditor-Controller have access to all legal data. An overview of the schedule of certain legal activities is also provided using a trial calendar.
- **Financial Overview.** The Financial overview provides summary information on the paid, pending, reserves, and total incurred arising from the claim process. The assignment of departmental funding and the management of that fund's allocation to this claim displays in this section.
- **Payments.** A listing of all payment details authorized under this claim displays in this section. Payments may be added.
- **Reserves.** The allocation of incurred obligation to this claim may be set, apportioned to categories of use, and cumulatively managed within this section. Reserve worksheets are provided as a tool in setting reserves.
- **Notes.** Dated notes may be attached to this file to be part of the files record. All notes for this file may be viewed. The notepad contains a spelling checker. Notes are assigned a duration type and a purpose type to assist in grouped retrievals.
- **Diaries.** Coordinated actions for this file may be administered in this section. The user selects a type of diary and a recipient to channel the diary and establish its persistence. Diaries received from other agencies collaborating on this file are reviewed in this section by the recipient.
- **Contacts.** A listing of contact information applicable to the progress and disposition of this file can be viewed and managed in this section. New contacts may be added and existing contact information may be edited.
- **Linked Files.** Linking of multiple files stemming from the same or related occurrence can be viewed and managed in this section. The application allows the user to designate a file as the master file and link multiple related files from the same occurrence to the designated master file. The application also allows the user to designate a file as primary and link associated files from ancillary occurrences to the designated primary file.

File Editing

For users with edit rights as part of their user profile, the above sections of the file details interface offer an UPDATE button to collect the changes that are made to the data of that page.

File Creation and Status Changes

Files and incident reports are created and assigned status in separate interfaces.

- Incident reports are created in the specific format required by the submitting organization or department
- Other files (claims, lawsuits, and other types) originate by either a notification to the Board of Supervisors or certain designated departments and County Counsel
- Expedited claims are entered into the system by the Sheriff's Department in order to effect a quick settlement. The Board of Supervisors then assigns its number upon receipt of the hard copy and settlement documents.

PRICE SCHEDULE – ANNUAL FIXED FEE

CONTRACT BASE TERM

CONTRACT YEAR	ANNUAL FIXED FEE
Year 1 (8/15/2013 – 8/14/2014)	\$1,727,328
Year 2 (8/15/2014 – 8/14/2015)	\$1,727,328
Year 3 (8/15/2015 – 8/14/2016)	\$1,727,328
Year 4 (8/15/2016 – 8/14/2017)	\$1,727,328
Year 5 (8/15/2017 – 8/14/2018)	\$1,727,328
BASE TERM TOTAL	\$8,636,640

PRICE SCHEDULE - FIXED-CASE FEE *

CONTRACT YEAR	NEW NON EMPLOYEE LIABILITY FIXED-CASE FEE	NEW EMPLOYEE LIABILITY FIXED CASE FEE
Year 1 (8/15/2013 – 8/14/2014)	\$700	\$1,400
Year 2 (8/15/2014 – 8/14/2015)	\$700	\$1,400
Year 3 (8/15/2015 – 8/14/2016)	\$700	\$1,400
Year 4 (8/15/2016 – 8/14/2017)	\$700	\$1,400
Year 5 (8/15/2017 – 8/14/2018)	\$700	\$1,400

* **For each additional case exceeding the annual maximum limit of 2,100 new non-employee liability cases and 150 new employee liability cases.**

EXHIBIT C

(Intentionally Omitted)

CONTRACTOR'S EEO CERTIFICATION

Carl Warren & Company

Contractor Name

500 N. Central Ave., Glendale, CA 91203

Address

95-2917562

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- | | | |
|--|------------------------------|-----------------------------|
| 1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. The Contractor periodically conducts a self analysis or utilization analysis of its work force. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Authorized Official's Printed Name and Title

Authorized Official's Signature

Date

COUNTY'S ADMINISTRATION

COUNTY CONTRACT ADMINISTRATOR (CCA):

Name: Steve Robles
Title: Risk Manager
Address: 3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
Telephone: (213) 351-5346 Facsimile: (213) 252-0404

COUNTY CONTRACT MANAGER:

Name: Karen Givens
Title: Chief Program Specialist
Address: 3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
Telephone: (213) 351-5477 Facsimile: (213) 252-0404
E-Mail Address: kgivens@ceo.lacounty.gov

COUNTY CONTRACT MONITOR:

Name: Mary Hudgens
Title: Program Specialist IV
Address: 3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
Telephone: (213) 351-6421 Facsimile: (213) 252-0404
E-Mail Address: mhudgens@ceo.lacounty.gov

CONTRACTOR'S ADMINISTRATION

CONTRACTOR'S NAME: Carl Warren & Company

CONTRACTOR'S CLAIMS MANAGER:

Name: Tanya Souza
Title: Account Manager
Address: 500 N. Central Ave., Fourth Floor
Glendale, CA 91203
Telephone: (818) 247-2206
Facsimile: (818) 247-0084
E-Mail Address: tsouza@carlwarren.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Caryn Siebert
Title: President/CEO
Address: 500 N. Central Avenue, Fourth Floor
Glendale, CA 91203
Telephone: (800) 572-6900 x 5210
Facsimile: (866) 254-4423
E-Mail Address: csiebert@carlwarren.com

Name: _____
Title: _____
Address: _____

Telephone: _____
Facsimile: _____
E-Mail Address: _____

Notices to Contractor shall be sent to the following:

Name: Caryn Siebert
Title: President/CEO
Address: 500 N. Central Ave., 4th Floor
Glendale, CA 91203
Telephone: (800) 572-6900 x 5210
Facsimile: (866)-254-4423
E-Mail Address: csiebert@carlwarren.com

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

CONTRACTOR NAME _____ Contract No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

**CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY
AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name _____ Contract No. _____

Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "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 such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
 - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.
- D. "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 chief administrative officer, or
 2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.040 Contractor Jury Service Policy.

A 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 employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 1. Has ten or fewer employees during the contract period; and,
 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

EXHIBIT I

SAFELY SURRENDERED BABY LAW

Safely Surrendered Baby Law

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

What happens to the parent or surrendering adult?

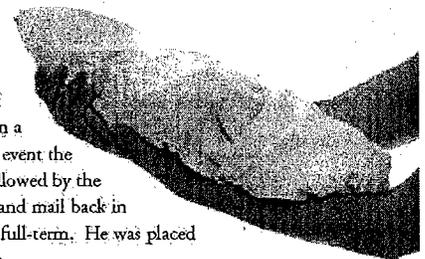
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



Ley de Entrega de Bebés *Sin Peligro*



Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Angeles

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Angeles: 1-877-BABY SAFE • 1-877-222-9723

www.babysafea.org



Ley de Entrega de Bebés Sin Peligro

¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro de California permite la entrega confidencial de un recién nacido por parte de sus padres u otras personas con custodia legal, es decir cualquier persona a quien los padres le hayan dado permiso. Siempre que el bebé tenga tres días (72 horas) de vida o menos, y no haya sufrido abuso ni negligencia, pueden entregar al recién nacido sin temor de ser arrestados o procesados.

Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.

En el Condado de Los Angeles: 1-877-BABY SAFE • 1-877-222-0723

www.babysafela.org

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre o el adulto que lo entregue recibirá un brazaletes igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que hospital de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

¿Qué pasará con el padre/madre o adulto que entregue al bebé?

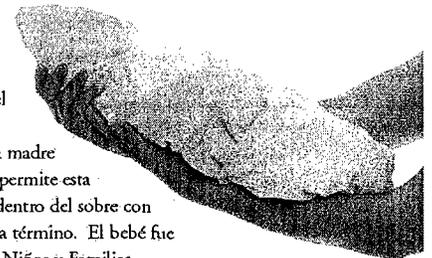
Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

¿Por qué se está haciendo esto en California? ?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazaletes con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.



Title 2 ADMINISTRATION
Chapter 2.201 LIVING WAGE PROGRAM

2.201.010 Findings.

The board of supervisors finds that the county of Los Angeles is the principal provider of social and health services within the county, especially to persons who are compelled to turn to the county for such services. Employers' failure to pay a living wage to their employees causes them to use such services thereby placing an additional burden on the county of Los Angeles. (Ord. 2007-0011 § 1, 2007: Ord. 99-0048 § 1 (part), 1999.)

2.201.020 Definitions.

The general definitions contained in Chapter 2.02 shall be applicable to this chapter unless inconsistent with the following definitions:

A. "County" includes the county of Los Angeles, any county officer or body, any county department head, and any county employee authorized to enter into a Proposition A contract or a cafeteria services contract with an employer.

B. "Employee" means any individual who is an employee of an employer under the laws of California, and who is providing full time services to an employer, some or all of which are provided to the county of Los Angeles under a Proposition A contract, or under a cafeteria services contract at a county of Los Angeles owned or leased facility.

C. "Employer" means:

1. An individual or entity who has a contract with the county:

a. For services which is required to be more economical or feasible under Section 44.7 of the Charter of the county of Los Angeles, and is not listed as an excluded contract in Section 2.121.250 B of the Los Angeles County Code, referred to in this chapter as a "Proposition A contract," or

b. For cafeteria services, referred to in this chapter as a "cafeteria services contract," and

c. Who has received or will receive an aggregate sum of \$25,000.00 or more in any 12 month period under one or more Proposition A contracts and/or one or more cafeteria services contracts; or

2. An individual or entity that enters into a subcontract with an employer, as defined in subsection C1 and who employs employees to provide services under the employer's contract with the county.

D. "Full time" means a minimum 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the chief administrative officer, but in no event less than 35 hours worked per week.

E. "Proposition A contract" means a contract governed by Title 2, Section 2.121.250 et seq. of this code, entitled Contracting with Private Business. (Ord. 2007-0011 § 2, 2007: Ord. 99-0048 § 1 (part), 1999.)

2.201.030 Prospective effect.

This chapter shall be applicable to Proposition A contracts and cafeteria services contracts and their amendments the terms of which commence three months or more after the effective date of this chapter.* It shall not be applicable to Proposition A contracts or cafeteria services contracts or their amendments in effect before this chapter becomes applicable. (Ord. 99-0048 § 1 (part), 1999.)

* **Editor's note:** Ordinance 99-0048, which enacted Ch. 2.201, is effective on July 22, 1999.

2.201.040 Payment of living wage.

A. Employers shall pay employees a living wage for their services provided to the county of no less than the hourly rates set under this chapter. The rates shall be \$9.64 per hour with health benefits, or \$11.84 per hour without health benefits.

B. To qualify for the living wage rate with health benefits, an employer shall pay at least \$2.20 per hour towards the provision of bona fide health care benefits for each employee and any dependents during the term of a Proposition A contract or a cafeteria services contract. Proof of the provision of such benefits must be submitted to the county for evaluation during the procurement process to qualify for the lower living wage rate in subsection A of this section. Employers who provide health care benefits to employees through the county department of health services community health plan are deemed to have qualified for the lower living wage rate in subsection A of this section.

C. The board of supervisors may, from time to time, adjust the amounts specified in subsections A and B of this section, above for future contracts. Any adjustments to the living wage rate specified in subsections A and B that are adopted by the board of supervisors shall be applicable to Proposition A contracts and cafeteria services contracts and their amendments which become effective three months or more after the effective date of the ordinance that adjusts the living wage rate. (Ord. 2007-0011 § 3, 2007: Ord. 99-0048 § 1 (part), 1999.)

2.201.050 Other provisions.

A. Full Time Employees. An employer shall assign and use full time employees to provide services under a Proposition A contract or a cafeteria services contract, unless the employer

can demonstrate to the county the necessity to use non-full time employees based on staffing efficiency or the county requirements of an individual job.

B. Neutrality in Labor Relations. An employer shall not use any consideration received under a Proposition A contract or a cafeteria services contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of an employer's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining agreement, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

C. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter. The chief administrative officer in conjunction with the affirmative action compliance officer shall issue written instructions on the implementation and on-going administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.

D. Compliance Certification. An employer shall, during the term of a Proposition A contract, or a cafeteria services contract, report for each employee and certify the hours worked, wages paid, and amounts the employer paid for health benefits, and provide other information deemed relevant to the enforcement of this chapter by the county. Such reports shall be made at the times and in the manner set forth in instructions issued by the chief administrative officer in conjunction with the affirmative action compliance officer. The affirmative action compliance officer in conjunction with the chief administrative officer shall report annually to the board of supervisors on contractor compliance with the provisions of this chapter.

E. Contractor Standards. An employer shall demonstrate during the procurement process and for the duration of a Proposition A contract or a cafeteria services contract a history of business stability, integrity in employee relations, and the financial ability to pay a living wage. (Ord. 99-0048 § 1 (part), 1999.)

2.201.060 Employer retaliation prohibited.

No employer shall take an adverse action causing a loss of any benefit of employment, of any contract benefit, or any statutory benefit to any employee, person, or other entity, who has reported a violation of this chapter to the board of supervisors or to one or more of their offices, to the county chief administrative officer, or to the county auditor controller, or to the county department administering the Proposition A contract or cafeteria services contract. (Ord. 99-0048 § 1 (part), 1999.)

2.201.070 Employee retention rights.

In the event that any Proposition A contract or cafeteria service contract is terminated by the county prior to its expiration, any new contract with a subsequent employer for such services shall provide for the employment of the predecessor employer's employees as provided in this section.

A. A "retention employee" is an employee of a predecessor employer:

1. Who is not an exempt employee under the minimum wage and maximum hour exemptions defined in the federal Fair Labor Standards Act;
2. Who has been employed by an employer under a predecessor Proposition A contract or a predecessor cafeteria services contract for at least six months prior to the date of a new contract; and
3. Who is or will be terminated from his or her employment as a result of the county entering into a new contract.

B. Subsequent employers shall offer employment to all retention employees who are qualified for such jobs.

C. A subsequent employer is not required to hire a retention employee who:

1. Has been convicted of a crime related to the job or his or her job performance; or
2. Fails to meet any other county requirement for employees of a contractor.

D. A subsequent employer may not terminate a retention employee for the first 90 days of employment under a new contract, except for cause. Thereafter a subsequent employer may retain a retention employee on the same terms and conditions as the subsequent employer's other employees. (Ord. 99-0048 § 1 (part), 1999.)

2.201.080 Enforcement and remedies.

For violation of any of the provisions of this chapter:

A. An employee may bring an action in the courts of the state of California for damages caused by an employer's violation of this chapter.

B. The county department head responsible for administering a Proposition A contract or a cafeteria services contract may do one or more of the following in accordance with such instructions as may be issued by the chief administrative officer:

1. Assess liquidated damages as provided in the contract; and/or
2. Recommend to the board of supervisors the termination of the contract; and/or

3. Recommend to the board of supervisors that an employer be barred from award of future county contracts for a period of time consistent with the seriousness of the employer's violation of this chapter, in accordance with Section 2.202.040 of this code. (Ord. 2007-0011 § 4, 2007: Ord. 99-0048 § 1 (part), 1999.)

2.201.090 Exceptions.

A. Other Laws. This chapter shall not be interpreted or applied to any employer or to any employee in a manner inconsistent with United States or California laws.

B. Collective Bargaining Agreements. Any provision of this chapter shall be superseded by a collective bargaining agreement that expressly so provides.

C. This chapter shall not be applied to any employer which is a nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code.

D. Small Businesses. This chapter shall not be applied to any employer which is a business entity organized for profit, including but not limited to any individual, partnership, corporation, joint venture, association or cooperative, which entity:

1. Is not an affiliate or subsidiary of a business dominant in its field of operation; and
2. Has 20 or fewer employees during the contract period, including full time and part time employees; and
3. Does not have annual gross revenues in the preceding fiscal year which if added to the annual amount of the contract awarded exceed \$1,000,000.00; or
4. If the business is a technical or professional service, does not have annual gross revenues in the preceding fiscal year which if added to the annual amount of the contract awarded exceed \$2,500,000.00.

“Dominant in its field of operation” means having more than 20 employees, including full time and part time employees, and more than \$1,000,000.00 in annual gross revenues or \$2,500,000.00 in annual gross revenues if a technical or professional service.

“Affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 99-0055 § 1, 1999: Ord. 99-0048 § 1 (part), 1999.)

2.201.100 Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 99-0048 § 1 (part), 1999.)



**COUNTY OF LOS ANGELES
LIVING WAGE ORDINANCE**

MONTHLY CERTIFICATION FOR APPLICABLE HEALTH BENEFIT PAYMENTS

Instruction Box: Please complete all sections of this form. (Information to complete this form can be obtained from your weekly certified payroll reports) Submit this form with your Certified Payroll Reports to the awarding County department. Be sure to complete and sign this form before submitting.

(1) Name: Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/>						Address: (Street, City, State, Zip)						
(2) Payroll No.:			(3) Work Location:			(4) From Payroll period / /		To Payroll period / /		(5) For Month Ending:		
(6) Department Name:					(7) Contract Service Description:				(8) Contract Name & Number:			
(9) Contractor Health Plan Name(s):								(10) Contractor Health Plan ID Number(s):				
(11) Employee Name, Address & Last 4 digits of SS#	(12) Work Classification	(13) Total Hours Worked Each Week of Monthly Pay Period					(14) Total Aggregate Hours	(15) Employer Paid Health Benefit Hourly Rate	(16) Gross Amount Paid (14x15)	(17) Employee Paid Health Benefit Hourly Rate	(18) Gross Amount Paid (14x17)	(19) Aggregate \$ Health Benefits Paid (16+18)
		1	2	3	4	5						
1												
2												
3												
4												
5												
I have reviewed the information in this report and as company owner or authorized agent for this company, I sign under penalty of perjury certifying that all information herein is complete and correct. Print Authorized Name:						Total (This Page)						
						Grand Total (All Pages)	0	0	0	0	0	0
Authorized Signature:						Date:		Title:		Telephone Number (include area code) ()		Page: _____ of _____

SAMPLE

COUNTY OF LOS ANGELES

**LIVING WAGE ORDINANCE
MONTHLY CERTIFICATION FOR APPLICABLE HEALTH BENEFIT PAYMENTS**

Instruction Box: Please complete all sections of this form. (Information to complete this form can be obtained from your weekly certified payroll reports) Submit this form with your Certified Payroll Reports to the awarding County department. Be sure to complete and sign the form before submitting.

(1) Name: Contractor <input checked="" type="checkbox"/> Subcontractor <input type="checkbox"/> Tough Guy, Inc.						Address: (Street, City, State, Zip) 1501 Torrance Blvd., Sre. 11A, Torrance, CA 90503						
(2) Payroll No: 81600			(3) Work Location: various County facilities			(4) From payroll period: <u>6/1/2011</u> to payroll period: <u>6/30/2011</u>			(5) For Month Ending: June			
(6) Department Name: ISD				(7) Contract Service Description: Security Services -				(8) Contract Name & Number: Security Services at County Facilities #95260				
(9) Contractor Health Plan Name(s): General Health Plan							(10) Contractor Health Plan ID Number(s): HS3567-06					
(11) Employee Name, Address & Last 4 digits of Social Security Number	(12) Work Classification	(13) Total Hours Worked Each Week of Monthly Pay Period					(14) Total Aggregate Hours	(15) Employer Paid Health Benefit Hourly Rate	(16) Gross Amount Paid (14x15)	(17) Employee Paid Health Benefit Hourly Rate	(18) Gross Amount Paid (14x17)	(19) Aggregate \$ Health Benefits Paid (16+18)
		1	2	3	4	5						
1 Del Real, Rafael 14821 Larch Avenue Lawndale, CA 90260 Last 4 digits of ss#: 1111	Security Guard II	35	45	32	48		160	\$0.90	\$144.00	\$0.24	\$38.40	\$182.40
2 Masterson, Philip 15567 Reeves Avenue Culver City, CA 90230 Last 4 digits of ss#: 2222	Post Commander	39	32	40	35		146	\$2.20	\$321.20	\$0.11	\$16.06	\$337.26
3 Hernandez, Jaime R. 9404 Stanford Avenue South Gate, CA 90280 Last 4 digits of ss#: 3333	Security Guard I	40	40	40	40		160	0	0	N/A	0	N/A
4 Palmeri, Thomas 1711 Masontown Road Long Beach, CA 90802 Last 4 digits of ss#: 4444	Security Guard I	32	40	40	35		147	0	\$0.00	N/A	0	\$0.00
5 Figueroa, Arturo 5569 Via Marisol Los Angeles, CA 90042 Last 4 digits of ss#: 5555	Security Guard-Supvr	40	46	40	48		174	0	0	N/A	0	N/A
I have reviewed the information in this report and as company owner or authorized agent for this company, I sign under penalty of perjury certifying that all information herein is complete and correct.	Total (This Page)	186	203	192	206		787		\$465.20			\$519.66
	Grand Total (All Pages)	186	203	192	206		787		\$465.20		\$54.46	\$519.66

Print Authorized Name: **Mr. Tough Guy** Date: **7/15/2011** Title: **Payroll** Telephone Number (include area code): Page: **1 of 1**



COUNTY OF LOS ANGELES
LIVING WAGE PROGRAM

Exhibit R

PAYROLL STATEMENT OF COMPLIANCE

I, _____, _____
(Name of Owner or Company Representative) (Title)

Do hereby state:

1. That I pay or supervise the payment of the persons employed by _____ on the _____;
(Company or subcontractor Name) (Service, Building or Work Site)
that during the payroll period commencing on the _____ day of _____, and
(Calendar day of Month) (Month and Year)
ending the _____ day of _____ all persons employed on said work site
(Calendar day of Month) (Month and Year)
have been paid the full weekly wages earned, that no rebates have been or will be made, either directly or indirectly, to or on behalf of _____
(Company Name)
from the full weekly wages earned by any person, and that no deductions have been made either directly or indirectly, from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 357; 40 U.S.C. 276c), and described below:

2. That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for employees contained therein are not less than the applicable County of Los Angeles Living Wage rates contained in the contract.

3. That:

A. WHERE FRINGE (Health) BENEFITS ARE PAID TO APPROVED PLANS, FUNDS OR PROGRAMS

[] In addition to the basic hourly wage rates paid to each employee listed in the above referenced payroll, payments of health benefits as required in the contract have been or will be paid to appropriate programs for the benefit of such employees.

B. WHERE FRINGE (Health) BENEFITS ARE PAID IN CASH

[] Each employee listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the applicable amount of the required County of Los Angeles Living Wage hourly rate as listed in the contract.

I have reviewed the information in this report and as company owner or authorized agent for this company, I sign under penalty of perjury certifying that all information herein is complete and correct.

Print Name and Title Owner or Company Representative Signature:
Date:

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. IN ADDITION, THE CONTRACTOR OR SUBCONTRACTOR MAY BE SUSPENDED AND PRECLUDED FROM BIDDING ON OR PARTICIPATING IN ANY COUNTY CONTRACT OR PROJECT FOR A PERIOD CONSISTENT WITH THE SERIOUSNESS OF THE VIOLATION.

EXHIBIT M

INTENTIONALLY OMITTED

**AGREEMENT
CONTRACTOR'S OBLIGATIONS AS A
"BUSINESS ASSOCIATE" UNDER THE HEALTH INSURANCE
PORTABILITY AND ACCOUNTABILITY ACT OF 1996
AND THE HEALTH CARE INFORMATION TECHNOLOGY
FOR ECONOMIC AND CLINICAL HEALTH ACT
(BUSINESS ASSOCIATE AGREEMENT)**

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information in order to provide those Services.

Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (together, the "Privacy and Security Regulations"). The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate ("Business Associate Agreement") in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Further, pursuant to the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005, *title XIII and title IV of Division B*, ("HITECH Act"), effective February 17, 2010, certain provisions of the HIPAA Privacy and Security Regulations apply to Business Associates in the same manner as they apply to Covered Entity and such provisions must be incorporated into the Business Associate Agreement.

This Business Associate Agreement and the following provisions are intended to protect the privacy and provide for the security of Protected Health Information disclosed to or used by Business Associate in compliance with HIPAA's Privacy and Security Regulations and the HITECH Act, as they now exist or may hereafter be amended.

Therefore, the parties agree as follows:

DEFINITIONS

1.1 "Breach" has the same meaning as the term "breach" in 45 C.F.R. § 164.402.

- 1.2 “Disclose” and “Disclosure” mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate’s internal operations or to other than its employees.
- 1.3 “Electronic Health Record” has the same meaning as the term “electronic health record” in the HITECH Act, 42 U.S.C. section 17921. Electronic Health Record means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.
- 1.4 “Electronic Media” has the same meaning as the term “electronic media” in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term “Electronic Media” draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.
- 1.5 “Electronic Protected Health Information” has the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.6 “Individual” means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.7 “Minimum Necessary” refers to the minimum necessary standard in 45 C.F.R. § 162.502 (b) as in effect or as amended.
- 1.8 “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164, also referred to as the Privacy Regulations.

- 1.9 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.
- 1.10 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.11 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.12 "Security Rule" means the Security Standards for the Protection of Electronic Health Information also referred to as the Security Regulations at 45 Code of Federal Regulations (C.F.R.) Part 160 and 164.
- 1.13 "Services" has the same meaning as in the body of this Agreement.
- 1.14 "Unsecured Protected Health Information" has the same meaning as the term "unsecured protected health information" in 45 C.F.R. § 164.402.

- 1.15 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate’s internal operations.
- 1.16 Terms used, but not otherwise defined in this Business Associate Agreement shall have the same meaning as those terms in the HIPAA Regulations and HITECH Act.

OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

(a) shall Use and Disclose Protected Health Information only as necessary to perform the Services, and as provided in Sections 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.3 and 5.2 of this Agreement;

(b) shall Disclose Protected Health Information to Covered Entity upon request;

(c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

(i) Use Protected Health Information; and

(ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose or in any manner that would constitute a violation of the Privacy Regulations or the HITECH Act if so Used or Disclosed by Covered Entity.

2.2 Prohibited Uses and Disclosures of Protected Health Information. Business Associate:

(a) shall not Use or Disclose Protected Health Information for fundraising or marketing purposes.

(b) shall not disclose Protected Health Information to a health plan for payment or health care operations purposes if the Individual has requested this special restriction and has paid out of pocket in full for the health care item or service to which the Protected Health Information solely relates.

(c) shall not directly or indirectly receive payment in exchange for Protected Health Information, except with the prior written consent of Covered Entity and as permitted by the HITECH Act. This prohibition shall not affect payment by Covered Entity to Business Associate. Covered Entity shall not provide such written consent except upon express approval of the departmental privacy officer and only to the extent permitted by law, including HIPAA and the HITECH Act.

2.3 Adequate Safeguards for Protected Health Information. Business Associate:

(a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Business Associate Agreement. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the Minimum Necessary in accordance with the Privacy Regulation's minimum necessary standard as in effect or as amended.

(b) as to Electronic Protected Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information; effective February 17, 2010, said safeguards shall be in accordance with 45 C.F.R. Sections 164.308, 164.310, and 164.312, and shall comply with the Security Rule's policies and procedure and documentation requirements.

2.4 Reporting Non-Permitted Use or Disclosure and Security Incidents and Breaches of Unsecured Protected Health Information. Business Associate

(a) shall report to Covered Entity each Use or Disclosure of Protected Health Information that is made by Business Associate, its employees, representatives, Agents, subcontractors, or other parties under Business Associate's control with access to Protected Health Information but which is not specifically permitted by this Business Associate Agreement or otherwise required by law.

(b) shall report to Covered Entity each Security Incident of which Business Associate becomes aware.

(c) shall notify Covered Entity of each Breach by Business Associate, its employees, representatives, agents or subcontractors of Unsecured Protected Health Information that is known to Business Associate or, by exercising reasonable diligence, would have been known to Business Associate. Business Associate shall be deemed to have knowledge of a Breach of Unsecured Protected Health Information if the Breach is known, or

by exercising reasonable diligence would have been known, to any person, other than the person committing the Breach, who is an employee, officer, or other agent of the Business Associate as determined in accordance with the federal common law of agency.

2.4.1 Immediate Telephonic Report. Except as provided in Section 2.4.3, notification shall be made immediately upon discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident or Breach of Unsecured Protected Health Information by telephone call to (562) 940-3335.

2.4.2 Written Report. Except as provided in Section 2.4.3, the initial telephonic notification shall be followed by written notification made without unreasonable delay and in no event later than three (3) business days from the date of discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident, or Breach by the Business Associate to the Chief Privacy Officer at:

Chief Privacy Officer
Kenneth Hahn Hall of Administration
500 West Temple Street
Suite 525
Los Angeles, California 90012
HIPAA@auditor.lacounty.gov
(213) 974-2166

- (a) The notification required by section 2.4 shall include, to the extent possible, the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, Used, or Disclosed; and
- (b) The notification required by section 2.4 shall include, to the extent possible, all information required to provide notification to the Individual under 45 C.F.R. 164.404(c), including:
 - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
 - (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth,

home address, account number, diagnosis, disability code, or other types of information were involved);

(iii) Any other details necessary to conduct an assessment of whether there is a risk of harm to the Individual;

(iv) Any steps Business Associate believes that the Individual could take to protect him or herself from potential harm resulting from the breach;

(v) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to the Individual, and to protect against any further Breaches; and

(vi) The name and contact information for the person most knowledgeable regarding the facts and circumstances of the Breach.

If Business Associate is not able to provide the information specified in section 2.3.2 (a) or (b) at the time of the notification required by section 2.4.2, Business Associate shall provide such information promptly thereafter as such information becomes available.

2.4.3 Request for Delay by Law Enforcement. Business Associate may delay the notification required by section 2.4 if a law enforcement official states to Business Associate that notification would impede a criminal investigation or cause damage to national security. If the law enforcement official's statement is in writing and specifies the time for which a delay is required, Business Associate shall delay notification, notice, or posting for the time period specified by the official; if the statement is made orally, Business Associate shall document the statement, including the identity of the official making the statement, and delay notification, notice, or posting temporarily and no longer than 30 days from the date of the oral statement, unless a written statement as described in paragraph (a) of this section is submitted during that time.

2.5 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Business Associate Agreement.

2.6 Breach Notification. Business Associate shall, to the extent Covered Entity determines that there has been a Breach of Unsecured Protected Health Information, provide Breach notification for each and every Breach of Unsecured

Protected Health Information by Business Associate, its employees, representatives, agents or subcontractors, in a manner that permits Covered Entity to comply with its obligations under Subpart D, Notification in the Case of Breach of Unsecured PHI, of the Privacy and Security Regulations, including:

- (a) Notifying each individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, Used, or Disclosed as a result of such Breach;
- (b) The notification required by paragraph (a) of this Section 2.6 shall include, to the extent possible:
 - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
 - (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
 - (iii) Any steps the Individual should take to protect him or herself from potential harm resulting from the Breach;
 - (iv) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches; and
 - (v) Contact procedures for Individual(s) to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.
 - (vi) The notification required by paragraph (a) of this section shall be written in plain language

Covered Entity, in its sole discretion, may elect to provide the notification required by this Section 2.6, and Business Associate shall reimburse Covered Entity any and all costs incurred by Covered Entity, including costs of notification, internet posting, or media publication, as a result of Business Associate's Breach of Unsecured Protected Health Information.

- 2.7 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and

Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

- 2.8 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a “designated record set” as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.
- 2.9 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a “designated record set” as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.10 Accounting of Disclosures. Upon Covered Entity’s request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors, in order to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528 and/or the HITECH Act which requires an Accounting of Disclosures of Protected Health Information maintained in an Electronic Health Record for treatment, payment, and health care operations.

[Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity’s payment or health care operations activities: However, Business Associate is not required to provide an Accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.]

Any accounting provided by Business Associate under this Section 2.10 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief

description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.10, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.10 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.

- 2.11 Indemnification. Business Associate shall indemnify, defend, and hold harmless Covered Entity, including its elected and appointed officers, employees, and agents, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, penalties and fines (including regulatory penalties and/or fines), and expenses (including attorney and expert witness fees), arising from or connected with Business Associate's acts and/or omissions arising from and/or relating to this Business Associate Agreement; Business Associate's obligations under this provision extend to compliance and/or enforcement actions and/or activities, whether formal or informal, of Secretary of the federal Department of Health and Human Services and/or Office for Civil Rights.

3.0 OBLIGATION OF COVERED ENTITY

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. The term of this Business Associate Agreement shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon either party's knowledge of a material breach by the other party, the party with knowledge of the other party's breach shall:

- (a) Provide an opportunity for the breaching party to cure the breach or end the violation and terminate this Agreement if the breaching party does not cure the breach or end the violation within the time specified by the non-breaching party;
- (b) Immediately terminate this Agreement if a party has breached a material term of this Agreement and cure is not possible; or
- (c) If neither termination nor cure is feasible, report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration.

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Business Associate Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Business Associate Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Business Associate Agreement.

- 5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Business Associate Agreement is contrary to another provision of this Agreement, the provision of this Business Associate Agreement shall control. Otherwise, this Business Associate Agreement shall be construed under, and in accordance with, the terms of this Agreement.
- 5.4 Regulatory References. A reference in this Business Associate Agreement to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Business Associate Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Business Associate Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations and other privacy laws governing Protected Health Information



STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 381B
OF THE KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012

Tuesday, July 17, 2012

9:30 AM

10. Recommendation: Approve and instruct the Chairman to sign an amendment to the contract with Carl Warren and Company for general and automobile liability third-party administrator services, to extend the term for an additional one-year term with reductions in compensation beginning August 1, 2012 through August 14, 2013, at a total contract compensation of \$1,793,584; also authorize the Chief Executive Officer to develop, distribute, and complete a new solicitation for general and auto liability claims management services prior to the contract's expiration date of August 14, 2013. (12-3173)

On motion of Supervisor Knabe, seconded by Supervisor Molina, this item was approved.

Ayes: 5 - Supervisor Molina, Supervisor Ridley-Thomas, Supervisor Knabe, Supervisor Antonovich and Supervisor Yaroslavsky

Attachments: Board Letter

Agreement No. 74534, Supplement 1

The foregoing is a fair statement of the proceedings of the meeting held July 17, 2012, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Sachi A. Hamai, Executive Officer
Executive Officer-Clerk
of the Board of Supervisors

By Sachi A. Hamai

Sachi A. Hamai
Executive Officer

ATTEST: SACHI A. HAMAI
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

Rachelle Smitherman, Deputy





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

July 17, 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:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 July 17, 2012

Sachi A. Hamai
SACHI A. HAMAI
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

**AUTHORIZATION TO EXTEND CONTRACT NO. 74534 FOR GENERAL AND
AUTOMOBILE LIABILITY THIRD-PARTY ADMINISTRATOR SERVICES
WITH CARL WARREN AND COMPANY
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

This recommendation by the Chief Executive Office (CEO) seeks the Board's authorization to amend the present contract with Carl Warren and Company (Carl Warren) effective as of August 1, 2012, to extend its term for an additional year, through August 14, 2013, in consideration of cost reductions and savings totaling four percent (4%) and mutually agreeable minor revisions to the contract.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chairman to sign this amendment to extend contract number 74534 with Carl Warren for an additional one year, with reductions in compensation beginning August 1, 2012, and continuing through August 14, 2013. If the recommendation is approved by the Board, the total contract compensation for the entire period, August 1, 2012 through August 14, 2013, would be \$1,793,584, and a savings realized of \$74,734, compared to the current rate of compensation of \$1,868,318.
2. Direct the CEO to develop, distribute, and complete a new solicitation for general and auto liability claims management services prior to the contract's expiration date of August 14, 2013.

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The CEO has been working with County Counsel for several months to define the Scope of Work in the claims administrator's contract. This process has been complex and has required more time to complete than originally anticipated. Consequently, the Request for Proposals (RFP) for replacement of the Carl Warren contract has been delayed and cannot be completed prior to the expiration of the current agreement. Therefore, it is necessary to extend the current agreement. Carl Warren has agreed to extend the existing agreement under its current terms at a reduction of the contract amount by four percent (4%) in exchange for certain contractual changes and a full-year extension.

Furthermore, the contract with Risk Technologies, Inc. (RTI) to provide the County of Los Angeles' (County) a claims management system (Risk Management Information System [RMIS]), expires in December 2012. The replacement of this system is not anticipated to be fully functional until late 2013. County Counsel is the lead department on replacing the current claims management system. It is more reasonable to continue the contract with the existing Third Party Administrator (TPA) while the claims management system is replaced, rather than requiring a potential new vendor to learn the existing system then migrate to a new one in less than one year.

The purpose of the recommended action is to request the Board's authorization to extend the current contract for one additional year, through August 14, 2013, based on (1) a reduction of four percent (4%) in the compensation per annum to the contractor, and (2) mutually agreeable revisions to the contract to accommodate this reduction. By the end of this extended contract period, a formal solicitation for the services will be completed.

Under the current contract, Carl Warren is receiving \$1,799,303 per year through August 15, 2012. Upon the Board's approval of the recommended contract extension, the County will realize cost savings of four percent (4%), effective August 1, 2012 and through August 14, 2013.

Both the CEO and County Counsel have reviewed the contractor's past performance and remain satisfied with it. Carl Warren scored a 94 percent (94%) on the most recent independent audit. CEO and County Counsel have also reviewed the current contract requirements and have concluded that it has provisions which can be revised to achieve greater efficiencies. One of the revisions addresses contractor staffing levels. CEO and County Counsel determined that the previously County-mandated contractor staffing levels were not an efficient way of structuring such a service-based contract. The revised contract eliminates mandated staffing.

Based on the savings achieved through these negotiations, the continuing high quality of services provided by the contractor, the time constraints of the TPA RFP, and the anticipated replacement of the claims management system, the recommended actions are believed to be in the best interests of the County.

Implementation of Strategic Plan Goals

The recommended actions requested herein are consistent with the County's Strategic Plan Goal 1, Operational Effectiveness; and Goal 2, Fiscal Responsibility; and allows for continuous high-level service to the County.

FISCAL IMPACT/FINANCING

The contractor, Carl Warren, agreed to a four percent (4%) annual fee reduction in exchange for extending the contract for an additional one year. The County cost for the period of August 1, 2012 through August 14, 2013 will be \$1,793,584, a savings of over \$74,734 from the current annual fee.

In addition, Carl Warren agreed to reduce its rates for each new case file that exceeds the annual new case file maximum limits of 1,600 non-employment liability, 100 employee liability case files by sixteen percent (16%), and over ten percent (10%) respectively.

The total paid to Carl Warren for the Fiscal Year 2010-11 contract year was \$1,799,303.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On July 1, 2003, after a formal solicitation process, the Board approved contract number 74534 with Carl Warren for Automobile and General Liability Claims Administration and Legal Defense Management Services, effective August 15, 2003 through August 14, 2010.

In 2009, under the Countywide Contract Extension and Reduction Initiative, Carl Warren agreed to extend the contract for two years and reduce its fees by seven percent (7%) for the period of August 15, 2010 through August 14, 2012.

CONTRACTING PROCESS

After a formal solicitation, the Board approved the current contract in July 2003, effective August 15, 2003. The contract has been amended on several occasions and the latest amendment was executed in July 2011, which allows for the current extension through August 14, 2012, upon which time the contract terminates. Should the recommended extension be authorized, the County will develop, distribute, and complete a new solicitation prior to August 2013.

The Honorable Board of Supervisors
July 17, 2012
Page 4

IMPACT ON CURRENT SERVICES

The extension of the contract will ensure immediate cost reductions and continued high-level service to the County in the administration of its program related to general and auto and legal defense. Extension of the contract will also allow full testing of the new claims management system with the current contractor (Carl Warren).

CONCLUSION

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

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:ES
LM:RC:tv

Attachments

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

**AUTOMOBILE AND GENERAL LIABILITY CLAIMS ADMINISTRATION
AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

AMENDMENT NO. 5

WHEREAS, On July 8, 2003, the County of Los Angeles, hereinafter "County", entered into Contract No. 74534 with Carl Warren and Company, hereinafter "Contractor" for Automobile and General Liability Claims Administration and Legal Defense Management Services; and,

WHEREAS, the current Contract amendment will expire on August 14, 2012;

WHEREAS, the County is currently soliciting for a successor Contract, but solicitation will not be completed on or before August 14, 2012;

WHEREAS, the parties hereto mutually agree that it is in the best interest to extend the term of the Contract through August 14, 2013; and

WHEREAS, County and Contractor have determined that previously mandated staffing levels in the original Contract are not an efficient manner in structuring service and therefore, Section 15 et. seq. in the Statement of Work is hereby amended; and

WHEREAS, except for the Contract term, the Contractor fees, and County staffing mandates, the level of service provided to County by Contractor shall not change.

NOW THEREFORE, in consideration of the mutual benefits derived there from, Contract No. 74534 shall be amended as follows:

1. **This Amendment No. 5 shall commence and be effective August 1, 2012.**
2. **Section 2 of the Contract, CONTRACT TERM, shall be deleted in its entirety and replaced with the following:**

2. **CONTRACT TERM**

2.1 The term of this Contract shall commence on August 15, 2003, and shall expire on August 14, 2013, unless sooner terminated, in whole or in part, as provided in this Contract.

2.2 In the event of expiration or prior termination of the term of this Contract, the Contractor shall fully cooperate with the County to provide transition to whatever service replacement method the County determines to be in its best interest.

3. **There shall be a reduction in the Contractor's annual fees by 4% resulting in a savings of \$74,734 and a total compensation of \$1,793,584 as compared to the current rate of \$1,868,318.**
4. **Section 19 (CONTRACTOR AVAILABILITY) of the Contract shall be deleted in its entirety and replaced with the following:**

19. CONTRACTOR AVAILABILITY

19.1 Contractor's staff shall be accessible twenty-four (24) hours a day seven (7) days a week to the County Contract Administrator and/or other County staff for emergency consultation and immediate reporting of losses. During non-office hours, Contractor may assign for on-call duties Contractor staff who have been trained on the needs of the County rather than dedicated claims staff. Contractor's Claim Manager shall be immediately available to on-call staff for consultation.

19.2 The Contractor shall maintain normal office hours from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding County holidays.

5. **Section 15 (CONTRACTOR'S PERSONNEL), in Attachment A (Statement of Work) shall be deleted in its entirety and replaced with the following:**

15. CONTRACTOR'S PERSONNEL

The Contractor shall designate appropriate staff including a designated Contract Manager, and other appropriate managers and Claims Staff, including claims supervisors, adjusters and support, as Contractor deems appropriate to properly perform its services under the Contract, including daily administration and supervision, administering and managing incidents, claims and lawsuits filed against the County, preparing for and attending roundtable meetings as necessary, processing and mailing of correspondence, entering data into the County's RMIS.

6. **Section 16, (CONTRACTOR AVAILABILITY) in Attachment A (Statement of Work) shall be deleted in its entirety and replaced with the following:**

16. CONTRACTOR AVAILABILITY

16.1 The Contractor shall have Contractor staff accessibility twenty-four (24) hours a day, to the County Contract Administrator and/or other County staff, for emergency consultation and immediate reporting of major and severe injury incidents. During office hours specified below, dedicated assigned Contractor claims staff shall be contacted. During non-office hours, Contractor may assign on-call

staff who may not be dedicated claim staff members, but are Contractor staff members who have been trained on the needs of the County. The Contract Manager or the Claims Manager shall be immediately available to the designated staff for consultation.

16.2 The Contractor shall maintain office hours from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding County holidays.

7. **Attachment B-3, Contractor's Fees and Employee Benefits, is hereby deleted and replaced in its entirety by Attachment B-4, attached hereto and incorporated herein by this reference.**
8. **Except for the changes set forth herein above, the Contract shall not be changed in any respect by this Amendment No. 5.**

IN WITNESS WHEREOF, Contractor has executed this Amendment No. 5, or caused it to be duly executed and the County of Los Angeles, by order of the Board of Supervisors has caused this Amendment No. 5 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CARL WARREN & COMPANY

By: Carol Siebert

Name: Carol Siebert

Title: CEO

Date: June 30, 2012

COUNTY OF LOS ANGELES

By: Ben Yaruslan
Chairman

ATTEST:

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



By: Lachelle Smitherman
Deputy
JUL 17 2012

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: [Signature] 6/29/2012
Principal Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 JUL 17 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

CONTRACTOR'S FEES AND EMPLOYEE BENEFITS

PRICE SCHEDULE

CONTRACT YEAR	CPI/COLA^A	ANNUAL FIXED FEE
Year 1 (2003-2004)	N/A	\$1,700,000
Year 2 (2004-2005)	0.00%	\$1,700,000
Year 3 (2005-2006)	2.52%	\$1,742,781
Year 4 (2006-2007)	2.48%	\$1,785,962
Year 5 (2007-2008)	4.01%	\$1,857,504
Year 6 (2008-2009)	3.00%	\$1,913,229
Year 7 (8/15/09 to 2/14/10)	0.00	\$1,913,229
Year 7 (2/15/10 to 8/14/10)	0.00	1,799,303 ^B
Year 8 (2010-2011)	0.00	\$1,799,303 ^C
Year 9 (2011-2012)	0.00	\$1,796,543 ^D
Year 10 (2012-2013)	N/A	\$1,793,584 ^E

^A Denotes a cost of living adjustment that reflects the following:

1. The most recently published percentage change in the Bureau of Labor Statistics, Los Angeles-Riverside-Orange County Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the preceding calendar year; or
2. The general salary movement percentage for County employees as determined by the Chief Executive Office as of July 1 of the prior 12-month period.

Maximum adjustments will not exceed the increase allowed under Paragraph 21 (Cost of Living Adjustments (COLAs)).

^B Fee reflects a seven percent (7%) decrease in the Annual Fixed Fee agreed to by Contractor and County effective 2-15-2010.

- C There will be no COLA adjustments for FY 2010-2011 per Chief Executive Office.
- D There will be no COLA adjustments for FY 2011-2012 per Chief Executive Office. Includes reduction of 4% for period August 1, 2012 –August 14, 2012, reflecting the August 1, 2012 effective date of Amendment No. 5
- E Fee reflects a 4 percent (4%) decrease in the Annual Fixed Fee agreed to by Contractor and County.

CONTRACTOR'S FEES AND EMPLOYEE BENEFITS

FIXED-CASE FEE SCHEDULE*

CONTRACT YEAR	CPI/COLA^A	NEW NON EMPLOYMENT LIABILITY FIXED-CASE FEE	NEW EMPLOYMENT LIABILITY FIXED CASE FEE
Year 1 (2003-2004)	N/A	\$800	\$1,500
Year 2 (2004-2005)	0.00%	\$800	\$1,500
Year 3 (2005-2006)	2.52%	\$820	\$1,538
Year 4 (2006-2007)	2.48%	\$840	\$1,576
Year 5 (2007-2008)	4.01%	\$874	\$1,639
Year 6 (2008-2009)	3.00%	\$900	\$1,688
Year 7 (2009-2010)	0.00	\$837 ^B	\$1,570 ^B
Year 8 (2010-2011)	0.00	\$837 ^C	\$1,570 ^C
Year 9 (2011-2012)	0.00	\$837 ^D	\$1,570 ^D
Year 10 (2012-2013)	N/A	\$700	\$1,400 ^F

* **For each additional case exceeding the annual maximum limit.**

^A Denotes a cost of living adjustment that reflects the following:

1. The most recently published percentage change in the Bureau of Labor Statistics, Los Angeles-Riverside-Orange County Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the preceding calendar year; or
2. The general salary movement percentage for County employees as determined by the Chief Executive Office as of July 1 of the prior 12-month period.

Maximum adjustments will not exceed the increase allowed under Paragraph 21 (Cost of Living Adjustments (COLAs)).

- B Reflects a seven percent (7%) decrease in the Fixed Case Fee Schedule agreed to by Contractor and County.
- C There will be no COLA adjustments for FY 2010-2011 per Chief Executive Office.
- D There will be no COLA adjustments for FY 2011-2012 per Chief Executive Office.
- F Reflects decrease in the Fixed Case Fee for each new case over the specified maximum that agreed to by Contractor and County for the extension period..

CHIEF EXECUTIVE OFFICE
 AUTOMOBILE AND GENERAL LIABILITY CLAIMS MANAGEMENT SERVICES
 FY 2012-2013
 PROP A CONTRACT ANALYSIS - CARL WARREN AND COMPANY
 A-C PREPARED

CONTRACTOR COSTS						COUNTY COSTS							
CLASSIFICATION	(A)	(B)	(C)	(D)	(E)	ITEM NO.	CLASSIFICATION ²	(F)	(G)	(H)	(I)	(J)	(K)
	NO. OF POSITIONS ¹	ANNUAL SALARIES	ANNUAL EMPLOYEE BENEFITS	ANNUAL EMPLOYEE PAYROLL TAXES	TOTAL SALARIES & EB			STAFFING BASED ON PWH ³	ANNUAL SALARIES ⁴ (MTHLY SLRY * 12 * F)	APPLICABLE BONUSES ⁵ (EMPLOYEE MOU)	5TH STEP VARIANCE ⁶ (G * 95.0955%)	EMPLOYEE BENEFITS ⁷ (I * 42.965%)	TOTAL ANNUAL S&EB (H + I + J)
CARL WARREN AND COMPANY													
Manager	1	\$105,000.00			\$105,000.00	0819	Chief Program Specialist, CEO	1	\$120,888.00	\$0.00	\$114,959.05	\$49,392.15	\$164,351.20
Supervisor	2	\$180,000.00			\$180,000.00	0818	Program Specialist IV, CEO	3	\$316,672.20	\$0.00	\$301,141.01	\$129,385.24	\$430,526.25
Adjusters (5), Liaise (2) & Subrogation (1)	8	\$639,996.00			\$639,996.00	0817	Program Specialist III, CEO	9	\$807,369.12	\$0.00	\$767,771.70	\$329,873.11	\$1,097,644.81
						1140A	Senior Clerks	3	\$123,123.24	\$0.00	\$117,084.66	\$50,305.42	\$167,390.09
Labor Costs	11	\$924,996.00			\$924,996.00	Labor Costs		16	\$1,368,052.56	\$0.00	\$1,300,956.42	\$558,955.93	\$1,859,912.35
Employee Benefits & Payroll Taxes			\$95,796.00	\$106,356.00	\$202,152.00	Employee Benefits & Payroll Taxes							Included Above
ANNUAL LABOR COSTS	11	\$924,996.00	\$95,796.00	\$106,356.00	\$1,127,148.00	ANNUAL LABOR COSTS		16	\$1,368,052.56	\$0.00	\$1,300,956.42	\$558,955.93	\$1,859,912.35
ANNUAL SERVICES & SUPPLIES COSTS					\$319,320.00	ANNUAL SERVICES AND SUPPLIES COSTS¹⁰							\$7,894.14
ANNUAL INDIRECT COSTS					\$230,544.00	ANNUAL INDIRECT COSTS⁸							\$0.00
ANNUAL PROFIT (3%)					\$50,316.00	ANNUAL PROFIT							\$0.00
TOTAL ANNUAL COSTS	11	\$924,996.00	\$95,796.00	\$106,356.00	\$1,727,328.00⁹	TOTAL ANNUAL COSTS		16	\$1,368,052.56	\$0.00	\$1,300,956.42	\$558,955.93	\$1,867,806.49

TOTAL ESTIMATED AVOIDABLE COSTS:	\$1,867,806.49
TOTAL ESTIMATED CONTRACT COSTS:	<u>\$1,727,328.00</u>
ESTIMATED SAVINGS FROM CONTRACTING:	<u>\$140,478.49</u>
ESTIMATED SAVINGS PERCENTAGE:	7.52%

FOOTNOTES:

- (1) We obtained the number of positions from the Contractor's Budget Sheet (i.e., Exhibit 13).
- (2) We determined the County staff classifications based on the Contractor's Budget Sheet (i.e., Exhibit 13). We compared the titles/responsibilities of each staff and their hourly wage rate to the Department of Human Resources' (DHR) Class Specifications and Class and Salary Listing. Based on this comparison, we selected the County position that was comparable to the Contractor's position. Based on discussions with CEO Risk Management and comparison to other counties, we included three Senior Clerk positions to County Costs.
- (3) We obtained the productivity factor from the A-C Accounting Division website (<http://auditorweb.co.la.ca.us/Auditor-Controller/Accounting/Cost%20Accounting>). We used the FY 2012-13 rate since it was the most current rate as of May 2013. The rate was calculated as follows: 2,080 Total Labor Hours / 1,765 Annual Productive Work Hours = 1.178. In addition, we rounded the staffing levels to include one additional person since the County generally does not hire part-time employees.
- (4) The salary rates are based on the DHR's Class and Salary Listing as of May 1, 2013 (<http://cao.lacounty.gov/pdf/alpha.pdf>).
- (5) The equivalent positions are all exempt. The employees do not qualify for any bonuses that should be included in this analysis.
- (6) The Top Step Variance Factors for FY 2012-13 were obtained from A-C Accounting. The Top Step Variance Factor for CEO is 95.0955%.
- (7) We used the FY 2012-13 Budgeted Employee Benefits (EB) Rate obtained from Rick Vandenberg of A-C Accounting. In addition, we determined the avoidable EB rate by subtracting Retirement Debt Services, Unemployment Insurance, Retiree Insurance, and Disability from the total EB percentage. The avoidable EB rate for CEO is 42.965%.
- (8) The County would not incur incremental indirect costs since they are absorbed by existing County resources.
- (9) This represents the flat contract amount based upon an annual maximum of 2,100 new, non-employee cases and 150 new, employee cases. If the annual number of cases exceed these amounts, the Department must pay an additional \$700 for each new, non-employee case and \$1,400 for each new, employee case. However, the CEO indicated that historically (i.e., last five years) the number of new cases have not exceeded the maximums.
- (10) For 16 employees, the County would incur costs totally \$7,894.14 for Services and Supplies. See "S-2 S&S Cost" for detailed information.