September 16, 2003

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

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

APPROVE AMENDMENT NO. 2 TO THE THREE PARTY AGREEMENT FOR
TRAFFIC VIOLATOR SCHOOL MONITORING AND ADMINISTRATION PROGRAM
(ALL DISTRICTS)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE GOVERNING BODY
OF THE COUNTY OF LOS ANGELES:

1. Find that the Three Party Agreement for the Traffic Violator School
   Monitoring (TVSM) Program is exempt from the National
   Environmental Policy Act (NEPA) and the California Environmental
   Quality Act (CEQA), as described herein, because the proposed work
   will not have the potential for causing a significant effect on the
   environment.

2. Approve and instruct the Chief Administrative Officer to execute, on
   behalf of the County, Amendment No. 2 to the Three Party Agreement
   for the TVSM Program, presented in substantially final form, between
   the Housing Authority, the County of Los Angeles acting through the
   County Sheriff's Department (the Sheriff), and the Superior Court of
   California, County of Los Angeles (Superior Court), to implement the
   Sheriff's Services Pilot Program, as described herein, to be effective
IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES:

1. Find that the Three Party Agreement for the Traffic Violator School Monitoring (TVSM) Program is exempt from the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.

2. Approve and authorize the Executive Director of the Housing Authority to execute Amendment No. 2 to the Three Party Agreement for the TVSM Program, presented in substantially final form, between the Housing Authority, the County of Los Angeles acting through the County Sheriff's Department (the Sheriff), and the Superior Court of California, County of Los Angeles (Superior Court), to implement the Sheriff's Services Pilot Program, as described herein, to be effective following approval as to form by County Counsel and execution by all parties.

3. Instruct the Executive Director of the Housing Authority to provide to your Board, on an annual basis, a review of the Sheriff's Services Pilot Program and traffic school monitoring, as described herein, for the Los Angeles County jurisdiction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve Amendment No. 2 to the Three Party Agreement, to add a new program component that will enhance monitoring and prosecution of illegal activity by traffic school owners and students.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Fees charged by the Superior Court to students attending traffic schools fund the Three Party Agreement, and will be used to fund the new program component, including a maximum of $1,700,000 for Housing Authority costs and $600,000 for Sheriff's Department costs. In Fiscal Year 2003-2004,
the Housing Authority’s estimated costs are $1,066,802 for administration of the TVSM Program. The estimated costs for the Sheriff’s Department are $600,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On April 15, 1997, the Board of Supervisors approved a Three Party Agreement between the County of Los Angeles, the Housing Authority, and the Association of Trial Court Administrators (Municipal Courts), authorizing the Housing Authority to administer the TVSM Program. The agreement allocates to the Housing Authority 25 percent of the $5 traffic referral fees, collected from traffic school students by each participating Municipal Court, to provide for TVSM Program administration and monitoring.

The TVSM Program monitors telephone operations, classroom operations, business office practices, and investigates consumer complaints regarding traffic schools in unincorporated Los Angeles County to ensure that the traffic schools meet the applicable California Code of Regulations. The TVSM Program currently is responsible for monitoring 180 traffic schools, as well as Internet and home study courses.

On January 22, 2000, the Three Party Agreement was amended, substituting the Superior Court as a party to the agreement to replace the Association of Trial Court Administrators. This substitution was required when the judges of the Los Angeles Superior and Municipal Courts voted to unify all of the Los Angeles County trial courts into one court, the Superior Court of California, County of Los Angeles.

On June 3, 2003, the Board of Supervisors directed the creation of a Multi-Jurisdictional Traffic School Committee (Committee) with representatives from the County Counsel, the Sheriff’s Department, the District Attorney, the Housing Authority, the Chief Administrative Office, the Department of Motor Vehicles and the Superior Court. This Committee was charged with answering, among other questions, whether the current monitoring system is effective and if the Superior Court should increase the traffic school monitoring fee to permit enhanced County monitoring and Superior Court administration.

On July 23, 2003, the Committee unanimously adopted a Report and Recommendation that the fee paid to the Superior Court by traffic school attendees should increase to $15, from the current $5 level. The Superior Court is increasing the traffic school fee to this recommended level.

Amendment No. 2 to the agreement allocates a portion of the increased traffic school fee to the Housing Authority to continue the TVSM Program and implement enhanced monitoring. Enhanced monitoring includes the Sheriff’s Services Pilot Program, under which the Sheriff will provide monitoring and fraud investigation services to the TVSM Program. The TVSM Program currently investigates allegations of fraud, but does not possess the authority to enforce any laws when such activities are discovered.
Sheriff's detective personnel will be assigned to assist the TVSM Program in identifying, investigating, preparing criminal filings, and submitting for prosecution those individuals within the County engaged in criminal acts of fraud relative to traffic schools and traffic school classes. Specifically, it is anticipated that two investigators will be selected from the Sheriff's Forgery/Fraud Detail to conduct fraud and "sting-type" investigations. A supervisor at the rank of sergeant will be dedicated to supervise the activities of the detectives assigned to this Countywide operation and to participate in the investigations as well. An administrative staff position will also be established to coordinate and process paperwork, as well as prepare monthly reports for submission to the Superior Court.

The services to be provided by the Sheriff are intended as a pilot program for a period of approximately two years. The Housing Authority will report to your Boards regarding the Sheriff's Services Pilot Program and its impact within 60 days of the conclusion of each fiscal year.

At its meeting on August 27, 2003, the Housing Commission recommended approval of the Three Party Agreement.

Amendment No. 2 to the Three Party Agreement will become effective following approval as to form by County Counsel and execution by all parties.

**ENVIRONMENTAL DOCUMENTATION:**

Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35(b)(3), the project is categorically excluded from the provisions of NEPA, because it involves activities consisting solely of administrative procedures and will not alter existing environmental conditions. The project is also statutorily exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15061(b)(3), in that it does not meet the definition of a project, and does not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT PROGRAM:**

The proposed Three Party Agreement will enhance the TVSM Program's investigative and arresting powers and reduce fraud in traffic schools.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachment: 1
AMENDMENT NO. 2 TO
COUNTY OF LOS ANGELES, HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES, ASSOCIATION OF TRIAL COURT
ADMINISTRATORS THREE PARTY AGREEMENT
HEREAFTER TO BE KNOWN AS THE
TRAFFIC ADMINISTRATION AND MONITORING FEE CONTRACT

This Amendment Number 2 to the County of Los Angeles, Housing Authority of the County of Los Angeles, and Association of Trial Court Administrators Three Party Agreement is entered effective October 1, 2003, at Los Angeles, California, by and between the County of Los Angeles (County) by and through of the Los Angeles County Sheriff (Sheriff), the Housing Authority of the County of Los Angeles (HACOLA), and the Superior Court of the State of California for the County of Los Angeles (Court). This Contract Amendment Number 2 shall hereafter be known as and referred to as the Traffic Administration and Monitoring Fee Contract.

WHEREAS, Vehicle Code section 41501 and Welfare & Institutions Code section 258, subdivision (a)(6) authorizes the Court to order or permit adults and juveniles to attend a Department of Motor Vehicle licensed traffic violator school or other Court approved program of driver education; and

WHEREAS, Vehicle Code section 11205, subdivision (l) contemplates the Court itself, or through the use of another nonprofit agency, providing for administration and monitoring services related to such traffic violator schools or other Court approved program of driver education; and

WHEREAS, by contract entered on or about April 15, 1997(Contract), between the County, the Association of Court Administrators of Los Angeles County, and HACOLA, HACOLA has been and continues to provide such monitoring services, and the courts have been and continue to provide such administration services; and

WHEREAS, an Amendment Number 1 to said Contract was entered on or about January 22, 2000, in which the Court was substituted as a party to replace the Association of Trial Court Administrators to reflect the fact that on or about that date all of the former municipal courts in the County were unified into and became a part of a single Los Angeles Superior Court; and

WHEREAS, Vehicle Code section 11205, subdivisions (l) and (m), and section 11205.1 permit the Court to charge and collect a fee to defray the costs incurred in providing such administration and monitoring; and

WHEREAS, at the time said Contract was originally entered the County was responsible for most of the operational costs of trial courts in the County, and consistent therewith appropriately managed and distributed said fees for the Court; and

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WHEREAS, since said Contract was originally entered, the Legislature passed the Lockyer-Isenberg Trial Court Funding Act (Trial Court Funding Act), which shifted the responsibility for most of operational costs of trial courts away from counties, and empowered trial courts to enter their own agreements, manage, and expend their funds without the need for approval of counties; and

WHEREAS, consistent with the provisions of the Trial Court Funding Act, and the statutes herein referenced, it is appropriate to shift the responsibility for the regulation and use of such fees from the County to the Court; and

WHEREAS, the former limitation imposed by Vehicle Code section 11205, subdivision (m), limiting such fees to actual costs or five dollars terminated under the terms of that section on January 1, 1997; and

WHEREAS, the legislative history to these code sections, and the implementation of the statutory provisions statewide has broadly applied these fees to a wide range of traffic related court administration and monitoring; and

WHEREAS, Vehicle Code section 11205, subdivision (m) provides that such fees shall be approved and regulated by the Court; and

WHEREAS, at its meeting of June 3, 2003, the Board of Supervisors of the County of Los Angeles directed the creation of a Multi-Jurisdictional Traffic School Committee consisting of representatives from the Sheriff, the District Attorney, the Housing Authority of Los Angeles County, the Chief Administrative Office, the Department of Motor Vehicles, and the Court to make recommendations as to whether, among other things, the traffic school monitoring fee should be increased and monitoring enhanced to reduce instances of fraud; and

WHEREAS, said Multi-Jurisdictional Traffic School Committee on July 23, 2003, unanimously adopted a Report and Recommendation that the Court increase the fee from $5 to $15 to permit enhanced monitoring and court administration, to establish a reserve for additional monitoring and administration of both state licensed and court approved programs of driver education, and that a portion of such fee be utilized to permit the Sheriff to assist HACOLA in such monitoring, and the investigation of fraud and matters in the operation of such schools; and

WHEREAS, both County’s Board of Supervisors and the Court have accepted and appreciate such Report and Recommendation of the Multi-Jurisdictional Traffic School Committee; and

WHEREAS, as recommended, the Court has increased the fee from $5 to $15, effective October 1, 2003;
NOW THEREFORE, in consideration of the mutual undertakings herein, the County, HACOLA, and the Court, hereby amend said Contract and said Amendment Number 1 to said Contract, by substituting this present Amendment Number 2 in its entirety for said Contract and said Amendment Number 1, as follows:

1. Approval, Regulation, Collection, and Disbursement of Administration and Monitoring Fee.

1A County Traffic Administration and Monitoring Trust Fund. Under the prior Contract and Amendment Number 1, the fee authorized by Vehicle Code section 11205(m) was set in the amount of $5, was collected by the Court, but maintained and disbursed by the County; and for the purposes of administrative convenience, and as an estimate of anticipated program requirements, the County paid 75% of the funds generated by said fee into a Traffic Administration and Monitoring Trust Fund (County Trust Fund) to defray the Court’s costs of administration on a quarterly basis, and 25% of the funds generated by said fee to HACOLA to defray its monitoring costs. The County shall continue to do so to and until September 30, 2003.

1B. Court Traffic Administration and Monitoring Trust Fund. Effective with the quarter beginning October 1, 2003, and thereafter, the Court shall retain said fees in a Court Traffic Administration and Monitoring Trust Fund (Traffic Court Trust Fund) that it shall maintain and disburse. In the event that there is an unexpended balance remaining in the County Trust Fund on October 1, 2003, the County shall cause that unexpended balance to be transferred to and become a part of the Traffic Court Trust Fund.

1C. Traffic Administration and Monitoring Fee. The Court shall approve, charge, regulate, and collect the Traffic Administration and Monitoring Fee in accordance with applicable law, and shall cause the proceeds from such fee to be deposited into the Court Traffic Administration and Monitoring Trust Fund to reimburse the costs of Court administration and of monitoring by HACOLA and the Sheriff as set forth in this Traffic Administration and Monitoring Fee Contract, and for such other purposes for which the monies in the Traffic Court Trust Fund may lawfully be expended.

2. Services to be Compensated.

2A. HACOLA. Effective October 1, 2003, and thereafter, HACOLA shall be reimbursed for its actual costs of performing monitoring services described, at the rates and for the items set forth in Schedule A hereto, or as that Schedule may be amended from time to time under the terms of this Traffic Administration and Monitoring Fee Contract. HOCOLA shall submit detailed invoices to the
Contract Administrator quarterly in advance for approximately 25% of its annual anticipated monitoring budget, identifying the authorized items to be reimbursed. The first invoice submitted on or after October 1, 2003, may include any services provided under Amendment Number 1 that were not fully reimbursed by the County from the County Trust Fund. Annual adjustments will be made in the final quarter payment to reconcile reimbursement with actual allowable costs.

2B. **Sheriff.** Effective December 1, 2003, and thereafter, the Sheriff shall be reimbursed for its actual costs of performing monitoring services at the rates and for the items set forth in Schedule B hereto, or as that Schedule may be amended from time to time under the terms of this Traffic Administration and Monitoring Fee Contract. The Sheriff shall submit detailed invoices to the Contract Administrator monthly in arrears identifying the authorized items to be reimbursed.

2C. **Court.** Effective October 1, 2003, the amounts to be transferred from the Traffic Court Trust Fund to the Court’s general funds shall be approved by the Contract Administrator.

2D. **Additional Costs.** To the extent that the Contract Administrator determines that there are or will be sufficient funds in the Traffic Court Trust Fund, the Court’s Contract Administrator may mutually agree with HACOLA’s Contract Representative with regard to HACOLA’s operations, and the County’s Contract Representative with regard to the Sheriff’s operations, to increase or change the services and items to be provided, and the rates of reimbursement in Schedule A or B up to the maximum Annual Reimbursement amount set forth in the following subparagraph 2E. Any such changes shall be in writing, signed and dated by the Contract Administrator and the appropriate Contract Representative, and attached to the Court’s copy of this Traffic Administration and Monitoring Fee Contract.

2E. **Maximum Annual Reimbursement.** Except as set forth in subparagraph 2F, and unless the Contract Administrator and the County Contract Representative mutually agree to increase the amount to be annually reimbursed by a dated and signed amendment to this Traffic Administration and Monitoring Fee Contract, the Court shall reimburse HACOLA and the Sheriff for the full cost of services provided up to the maximum amounts set forth herein. For HACOLA the maximum annual reimbursement shall not exceed One Million Seven Hundred Thousand Dollars ($1,700,000). For the Sheriff the maximum annual reimbursement shall not exceed Six Hundred Thousand Dollars ($600,000).
2F. **Past Unreimbursed or Defrayed Costs.** Prior to January 1, 1997, the Traffic Administration and Monitoring Fee was limited to $5 regardless of the actual costs of administration and monitoring, and said fee has not been raised to cover additional costs until October 1, 2003. At the end of each fiscal year ending June 30, the Contract Administrator, if he or she determines in his or her discretion that there are sufficient monies in the Traffic Court Trust Fund to prudently authorize reimbursement of documented past costs that could have been reimbursed from the County Trust Fund if there had been sufficient funds at the time to do so, but which have not previously been reimbursed because of lack of sufficient funds may authorize such reimbursement of documented past costs. In making any such determination the Contract Administrator shall consider anticipated future receipts and needs, and conclude that authorized reimbursements for past costs will not unreasonably interfere with the ability of the Contract Administrator to pay future administration and monitoring costs from the Traffic Court Trust Fund.

3. **Contract Administrator.** The Contract Administrator shall be the Executive Officer/Clerk of the Court, or his or her designate. Any designation of all or part of the responsibilities of the Contract Administrator shall be in writing and shall be sent to the County’s, HACOLA’s, and the Sheriff’s Contract Representatives. Communications to the Contract Administrator shall be sent to the Executive Officer/Clerk, Los Angeles Superior Court, Room 105E, 111 N. Hill Street, Los Angeles, California 90012. The Contract Administrator shall have full authority to act for and on behalf of the Court with regard to this Traffic Administration and Monitoring Fee Contract.

4. **Contract Representatives.**

4A. **County Contract Representative.** The County Contract Representative shall be its Chief Administrative Officer or his or her designate. Any designation of all or part of the responsibilities of the County’s Contract Representative shall be in writing and shall be sent to the Contract Administrator, HACOLA’s, and the Sheriff’s Contract Representatives. Communications to the County’s Contract Representative shall be sent to the Chief Administrative Officer, County of Los Angeles, KH Hall of Administration, 500 W. Temple Street, Los Angeles, California 90012. The County Contract Representative shall have full authority to act for and on behalf of the County with regard to this Traffic Administration and Monitoring Fee Contract.

4B. **HACOLA Contract Representative.** The HACOLA Contract Representative shall be the Executive Director of the Housing Authority of the County of Los Angeles, or his or her designate. Any designation of all or part of the responsibilities of the HACOLA’s Contract Representative shall be in writing and shall be sent to the Contract Administrator, County’s, and the Sheriff’s Contract Representatives. Communications to the HACOLA’s Contract Representative...
shall be sent to the Executive Director of the Housing Authority, 2 Coral Circle, Monterey Park, California 91755. HACOLA’s Contract Representative shall have full authority to act for and on behalf of the HACOLA with regard to this Traffic Administration and Monitoring Fee Contract.

4C. **Sheriff Contract Representative.** The Sheriff’s Contract Representative shall be the Sheriff of the County of Los Angeles, or his or her designate. Any designation of all or part of the responsibilities of the Sheriff’s Contract Representative shall be in writing and shall be sent to the Contract Administrator, County’s, and HACOLA’s Contract Representatives. Communications to the Sheriff’s Contract Representative shall be sent to the Sheriff, Sheriff’s Department Headquarters, 4700 Ramona Blvd., Monterey Park, California 91714. The Sheriff’s Contract Representative shall have full authority to act for and on behalf of the Sheriff with regard to this Traffic Administration and Monitoring Fee Contract.

5. **Term, Termination, and Modification.**

5A. **Annual Renewal Unless Timely Terminated.** This Traffic Administration and Monitoring Fee Contract shall become effective on October 1, 2003, and shall continue until June 30, 2004. The Traffic Administration and Monitoring Fee Contract shall be automatically renewed thereafter for additional periods of one year, from year to year, unless any party provides written notice to the others at least 90 days prior to expiration of the Traffic Administration and Monitoring Fee Contract, indicating that the Traffic Administration and Monitoring Fee Contract will not be renewed as to that party.

5B. **Sheriff’s Services, Pilot Program.** The services to be provided by the Sheriff are intended as a Pilot Program for a period of approximately two years. As provided herein, HACOLA will be providing benchmarked reports within 60 days of the conclusion of each fiscal year. Within 60 days of receipt of the first two of such reports, or at any time that the parties deem appropriate, the parties shall meet to discuss the effectiveness of the combined services provided by HACOLA and the Sheriff, and whether it is appropriate to modify the services provided by either of them. However, because of the commitment of resources by the Sheriff to this project, it is the intent of the parties that such services not be terminated without mutual agreement for a period of at least two years.

5C. **Termination by Mutual Agreement.** This Traffic Administration and Monitoring Fee Contract may be terminated by any party at any time upon 90 days written notice to all parties.
5D. **Disposition of Equipment and Supplies.** In the event that equipment and supplies purchased with funds provided by this program remain in usable condition at the time of termination, such supplies and equipment shall be used in the following manner:

5D1. **HACOLA** equipment and supplies shall be retained by HACOLA and devoted to public purposes within their mission.

5D2. **Sheriff** equipment and supplies shall be retained by the Sheriff but devoted to the extent feasible to furtherance of security services provided to the Court, without additional charge to the Court.

5E. **Modification.** This Traffic Administration and Monitoring Fee Contract contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in the Traffic Administration and Monitoring Fee Contract, and supercedes all prior agreements and amendments. The Contract Administrator, and the Contract Representatives for the County, HACOLA, and the Sheriff may amend this Traffic Administration and Monitoring Fee Contract at any time by mutual agreement. Any amendments hereto shall be in writing, consecutively numbered, signed by the Contract Administrator and all Contract Representatives, dated, and affixed to the original Traffic Administration and Monitoring Fee Contract.

6. **Reports.** The County and the Court desire that HACOLA provide a report to all parties within sixty days of the end of each fiscal year identifying base line benchmarks for monitoring efforts prior to October 1, 2003, a report of the monitoring efforts for the immediate prior fiscal year in terms of those benchmarks and other appropriate criteria.

7. **Agency and Indemnification.**

7A. **Relationship between the County, HACOLA and the Sheriff (Gov. Cd. §895.4).** This Traffic Administration and Monitoring Fee Contract is expressly intended and shall be construed to create the relationship of agency between the County, as principal, and HACOLA and the Sheriff, as agents which shall be acting on behalf of and for the benefit of their principal, the County. However, the County and the Court are independent entities, and in the performance of this agreement the relationship between the Court and the County is independent, and not a relationship of principal and agent. The Court and the County shall be solely responsible for their own acts and omissions in the performance of this agreement. In accordance with Government Code section 895.4 the County shall be jointly and severally liable upon any liability that is imposed by any law upon the County, HACOLA, and the Sheriff, but shall not be so liable upon any liability imposed by any law upon the Court. The Court shall be liable for its own
acts and omissions, and shall not be jointly or severally liable for the acts or omissions of County or the Sheriff.

7B. **Indemnification.** Consistent with paragraph 7A herein, the Court shall indemnify, defend, and hold harmless the County, HACOLA, and the Sheriff, and their officers, employees and agents from and against all liability arising from or connected with claims and lawsuits for damages relating to Court’s acts and omissions related to the performance of this Traffic Administration and Monitoring Fee Contract; and County shall indemnify, defend and hold harmless the Court, HACOLA, and their officers, employees and agents from and against all liability arising from or connected with claims and lawsuits for damages relation to County’s, HACOLA’s, and/or the Sheriff’s acts and omissions related to the performance of this Traffic Administration and Monitoring Fee Contract.
IN WITNESS THEREOF, the County has by order of its Board of Supervisors, caused this Traffic Administration and Monitoring Fee Contract to be subscribed thereto and attested to by the Executive officer-Clerk of said Board; and the Housing Authority has caused this Traffic Administration and Monitoring Fee Contract to be subscribed by its Executive Director and the seal of the Housing Authority to be affixed thereto; and the Executive Officer/Clerk of the Court has caused this Traffic Administration and Monitoring Fee Contract to be subscribed in accordance with his authority to do so on behalf of the Court pursuant to the State Rules of Court, the Local Rules of the Court, and the lawful delegation from the Executive Committee of the Court on behalf of the judges of the Court all of which subscriptions are effective and are intended to be effective October 1, 2003.

LOS ANGELES SUPERIOR COURT

JOHN A. CLARKE
Executive Officer/Clerk

Approved as to form

Court Counsel

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

CARLOS JACKSON
Executive Director

COUNTY OF LOS ANGELES

DAVID E. JANSSEN
Chief Administrative Officer

Approved as to form

LLOYD W. PELLMAN
County Counsel

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer - Clerk of the
Board of Supervisors

By ____________________________
Deputy