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COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

October 13, 2004

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 WITH NAVIGANT CONSULTING FOR  
MANAGEMENT CONSULTANT SERVICES AT KING/DREW MEDICAL CENTER**  
(Second District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and delegate authority to the Director of Health Services, or his designee, to execute an agreement, substantially similar to Exhibit 1, with Navigant Consulting for the provision of management consultant services at King/Drew Medical Center from November 1, 2004 through October 31, 2005, at a maximum County obligation of \$13,205,000, with provision for extension on a month-to-month basis for up to one year.

PURPOSE OF RECOMMENDED ACTIONS/JUSTIFICATION:

Approval of this agreement will result in the engagement of Navigant Consulting to provide executive management consultant services at King/Drew Medical Center. The engagement of an outside consultant is a condition of the Memorandum of Understanding (MOU) executed on September 27, 2004, between the County of Los Angeles and the Centers for Medicare and Medicaid Services (CMS).

FISCAL IMPACT/FINANCING:

The maximum annual obligation under this agreement is \$13,205,000, which includes \$10,564,000 in professional fees plus up to an additional \$2,641,000 for expenses. Funds are available in the Department's Fiscal Year 2004-05 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On September 21, your Board approved an MOU between the County of Los Angeles and CMS to provide the Department of Health Services (DHS) the opportunity to establish a sustained effort over the next 12 months to continue restructuring the clinical operations at King/Drew Medical Center.

Under the MOU, the Department is required to engage an independent consultant with an expertise in hospital management to oversee, evaluate, and assess all operations and systems at the facility and provide and implement comprehensive recommendations to improve and strengthen the hospital's operations and compliance with regulatory requirements.

Navigant Consulting will be responsible for providing the following deliverables during the 12 month contract term:

*Interim Management Services*

Navigant will provide full-time, on-site interim management services for the Hospital, through the provision of Chief Executive Officer, Chief Operations Officer, Chief Information Officer, Chief Nursing Officer, and Physician Advisor, with an expertise in medical administration, to support and advise the Hospital's Chief Medical Officer. These individuals will report directly to the Director of Health Services and the Department's Chief Operating Officer.

Navigant also will provide consultants to support the hospital's operations in the areas of Pharmacy, Laboratory Services, Health Information Management, Dietary Services, and Human Resources. The time commitment of these managers will be determined based on the consultants findings in its initial assessment. Subsequent to the initial assessment, Navigant also will provide Nurse Managers in areas identified as requiring management support.

In addition to providing day-to-day nursing management support, the interim CNO will oversee the implementation of: (1) changes to maximize supervisory coverage of staff and management of quality patient care, (2) the building and sustaining of a culture that

supports strong communication between nursing management, nursing employees, physicians, and support staff and, (3) the implementation of the revised Plan for the Provision of Care and ensuring that all standards of practice within the nursing division are met.

In addition to the day-to-day management of the Hospital, the interim management team shall complete specific tasks set forth in the agreement's scope of work, which address such issues as:

- Ensuring compliance with regulatory and accreditation requirements;
- Assessing the clinical competence and taking appropriate remediation for all physicians;
- Reviewing all operations and clinical administrative structures;
- Assessing and improving the peer review process and reporting and analysis of adverse clinical events;
- Recommending the appropriate mix of clinical services to be offered;
- Continue restructuring of nursing administrative functions and the ongoing assessment of nursing staff clinical competence and institute remediation for those nurses who do not meet standards;
- Completing review and revision of nursing policies and procedures; and,
- Implementing a new Performance Improvement Program.

Navigant's professional fees for interim management services are \$477,000 per month, plus expenses, which are not to exceed 25 percent of these charges.

#### *Hospital Operational Assessment*

In addition to interim management services, as noted above, Navigant will perform a comprehensive assessment of all of the systems and functions of the Hospital and shall provide a written assessment and action plan within 60 days of the initiation of this engagement. The assessment plan will include a detailed description of each area reviewed and specify any and all deficiencies, inefficiencies, or other areas of concern identified by Navigant, as well as their analysis as to the cause of the identified problems.

Additionally, the implementation plan will contain a prioritization of the identified problems by identifying those critical to King/Drew Medical Center's ongoing operations or to assuring its compliance with regulatory and accreditation requirements. The assessment plan will also contain recommendations as to how to remedy the identified problems, including proposals for staffing the remediation efforts, the costs of such staffing, and an estimated timeline for implementation.

The assessment plan will evaluate and address the following areas:

- General Operations/Organizational Structure – Governance, management structure, and organizational effectiveness and performance
- Clinical Organization – Emergency Department, Trauma, and Operating Room throughput
- Medical Administration – Governance and management of physician services
- Nursing Services – Oversight and management of nursing systems
- Regulatory Compliance – Evaluation of compliance with Medicare Conditions of Participation and JCAHO standards

In addition to the initial written assessment report, Navigant will be required to provide targeted and measurable deliverables related to:

- Improving the flow of patients through the Emergency Department and reducing the amount of time patients wait for discharge or transfer to an inpatient bed;
- Enhancing management of the operating rooms to increase utilization and reduce patient lengths of stay in post-anesthesia recovery;
- Increasing reporting by physicians of adverse clinical events;
- Developing and implementing a plan to achieve and sustain or obtain reinstatement of full JCAHO Accreditation, as appropriate; and
- Providing a plan to coordinate delivery of services between Humphrey Comprehensive Health Center and King/Drew Medical Center.

The specific percentage of improvement and baseline standard for the improvements in the Emergency Department, operating rooms, and reporting of clinical events will be agreed upon by the Department and Navigant at the completion of the assessment plan.

The professional fees associated with the development of the assessment plan are \$790,000, plus expenses, not to exceed \$197,500 (or 25 percent of the charge for the assessment). Additionally, professional fees associated with the implementation of the deliverables associated with the assessment plan beyond what is provided by the interim management team are \$405,000 per month, plus expenses, which will not exceed 25 percent of the fees.

The Department has the right to terminate the agreement without cause with 10 days notice. In the event Navigant believes that the County's failure to support one or more of the recommendations jeopardizes its ability to fulfill its obligations under the agreement and attempts by the parties to resolve Navigant's concerns are unsuccessful, Navigant may terminate the agreement with 30 days notice.

CONTRACT PROCESS:

Due to the short turn-around time required by CMS to execute this agreement, the Department was unable to conduct a formal Request for Proposal solicitation. The Department posted the Scope of Work and a letter requesting proposals on the DHS website. Additionally, a web search was conducted to identify major health management firms and the Scope of Work was sent to all the identified firms. A team that included the DHS Director, Chief Operating Officer, the Chief Executive Officers from King/Drew, Harbor-UCLA, and Olive View-UCLA Medical Center, and the Medical Directors from King/Drew and Olive View-UCLA Medical Centers interviewed six interested firms and requested final proposals from two of them before selecting the recommended contractor. The final two proposals were presented to a group consisting of the original interview team, as well as representatives from the Chief Administrative Office, Auditor-Controller, Charles R. Drew University of Medicine and Science, and SEIU Local 660.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The approval of this agreement will ensure the Department's compliance with the conditions of the MOU with CMS.

When approved, this Department requires three signed copies of the Board's action.

Very truly yours,



Thomas L. Garthwaite, MD  
Director and Chief Medical Officer

TLG:ak

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Centers for Medicare and Medicaid Services

Attachments

**COUNTY OF LOS ANGELES**



**CONTRACT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**AND**

**NAVIGANT CONSULTING, INC.**

**FOR**

**EXECUTIVE MANAGEMENT CONSULTANT SERVICES**

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**CONTRACT BETWEEN**  
**COUNTY OF LOS ANGELES**  
**AND**  
**NAVIGANT CONSULTING, INCORPORATED**  
**FOR**  
**EXECUTIVE MANAGEMENT CONSULTANT SERVICES**

This Contract made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2004 by and between the County of Los Angeles, hereinafter referred to as County and Navigant Consulting, Inc., hereinafter referred to as Contractor. Contractor is located at 101 E. Kennedy Boulevard, Tampa, Florida 33602. Contractor is a corporation, incorporated under the laws of the State of Delaware.

**RECITALS**

WHEREAS, pursuant to Section 31000 of the California Government Code, the County may contract for special services with private businesses which are specially trained, experienced, expert and competent to perform the special services; and

WHEREAS, the Contractor is a private firm specializing in providing hospital management services;

WHEREAS, Contractor warrants that it, and all of its employees, agents, subcontractors, and independent contractors providing services under this Contract on behalf of Contractor, possess the expertise, specialized knowledge and training, and requisite ability to fulfill the obligations Contractor has agreed to in this Contract and that all such persons shall exercise their best efforts and this expertise in providing these services; and,

WHEREAS, Contractor's services are professional in nature and are needed on a temporary basis;

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, and G 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 - Pricing Schedule
- 1.3 EXHIBIT C - Contractor's EEO Certification
- 1.4 EXHIBIT D - Forms Required at the Time of Contract Execution
- 1.5 EXHIBIT E - Jury Service Ordinance
- 1.6 EXHIBIT F - Safely Surrendered Baby Law
- 1.7 EXHIBIT G - Contractor's Obligations Under HIPAA

This Contract and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersede 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 sub-paragraph 8.4 - Change Notices and Amendments and signed by both parties.

## 2.0 DEFINITIONS

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

- 2.1 **Contractor Project Director:** The individual designated by the Contractor to administer the Contract operations after the Contract award.
- 2.2 **Day(s):** Calendar day(s) unless otherwise specified.
- 2.3 **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 the *Statement of Work, Exhibit A*.
- 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.
- 3.3 Unless otherwise specified herein, the County's Project Director shall evaluate all deliverables prepared by Contractor. If, in the County Project Director's sole discretion, a deliverable is satisfactory, the Project Director shall provide Contractor with written approval within twenty (20) days of receipt of the deliverable. If the Project Director, in his sole discretion, determines that any deliverable is unsatisfactory, he shall provide the Contractor, within twenty (20) days of receipt of the deliverable, a written assessment of the deficiencies. Contractor shall, within ten (10) days of receipt of County Project Director's deficiency

notification, submit a revised deliverable to remedy the deficiencies, at no additional cost to County. This approval process shall be repeated until the County Project Director deems the deliverable in question satisfactory.

3.4 The parties acknowledge that, in certain circumstances, the amount of actual damage sustained by County because of Contractor's failure to comply with certain provisions of this Contract would be impracticable or extremely difficult to fix. Accordingly, the parties agree that the County may assess the following amounts against Contractor as liquidated damages, not as a penalty, for each of the following performance failures:

1. For any report, written assessment or other written document required in Deliverables 1.2 through 1.19. Contractor will be assessed \$500.00 per day for each day the document is past due, until the County receives the document. If any of the above specified documents are not received by the County within 30 days of the due date, Contractor will be assessed \$100,000 for each such document. Notwithstanding the assessment by County of any liquidated damages pursuant to this paragraph, Contractor shall remain obligated to furnish the document in a form and content acceptable to the County.
2. Contractor shall pay County any assessment, upon written demand and invoice by County, or, in County's sole discretion, County may credit County such amount against billings for Contract services received from Contractor.
3. The rights and remedies set forth in this paragraph are in addition to any other rights and remedies afforded to County pursuant to this Contract or by law and shall not supercede those rights and remedies, which rights and remedies shall include, but not limited to, the right to terminate this Contract as set forth in paragraph 8.46 of the Contract.

#### **4.0 TERM OF CONTRACT**

- 4.1 The term of this Contract shall commence upon execution by all parties and shall expire on October 31, 2005, unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2 The County, at its sole discretion, shall have the option to extend the Contract term on a month to month basis for up to an additional twelve (12) months. Any such extension shall be executed by a written amendment executed by the Board of Supervisors.

#### **5.0 CONTRACT SUM**

- 5.1 The Maximum Contract Sum for the initial twelve-month term of this Contract, as set forth in paragraph 4.0 above, shall be \$13,205,000, as further detailed in Exhibit B, Pricing Schedule.
- 5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein.
- 5.3 Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract. Upon occurrence of this event, Contractor shall send written notification to the County's Project Director.
- 5.4 Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Contract. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from Contractor. This

provision shall survive the expiration or other termination of this Contract.

## 5.5 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. County shall be responsible for all sales and use taxes associated with the services and deliverables provided by Contractor pursuant to this Contract. Contractor shall be responsible for all other taxes. 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 - Pricing 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 - Pricing Schedule*.
- 5.5.3 The Contractor's invoices shall contain the information set forth in *Exhibit A - Statement of Work* describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed. Invoices for expenses shall include documentation verifying the nature and amount of each expense.
- 5.5.4 The following timeframes shall govern the submission of invoices: (a) For professional fees associated with Interim Management Services, Contractor shall submit an invoice on the first of each month in which services will be provided; (b) For professional fees associated with Assessment

Services, Contractor shall submit an invoice for fifty percent (50%) of the professional fees at the commencement of services and Contractor shall submit an invoice for the remaining fifty percent (50%) of the professional fees upon delivery of the Assessment Plan; (c) For all other services and all expenses, Contractor shall submit an invoice to the County by the 15<sup>th</sup> calendar day of the month following the month in which the expense was incurred.

5.5.5 All invoices under this Contract shall be submitted in two (2) copies to the following address:

Fred Leaf, Chief Operating Officer  
Department of Health Services  
313 N. Figueroa Street, Room 903  
Los Angeles, California 90012  
(213) 240-7738

5.5.6 All invoices submitted by the Contractor for payment must have the written approval of the County's Project Director 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. County shall make every effort to approve invoices or request additional information regarding invoices from Contractor within twenty (20) days of receipt of invoice. Except as specified in subparagraph 5.5.7, invoices shall be paid by County promptly upon approval by County's Project Director.

5.5.7 As stated above, Contractor shall submit an invoice for the final fifty percent (50%) of the professional fees associated with the Assessment Plan upon delivery of the Assessment Plan. Payment of this invoice is contingent upon County's



approval of the Assessment Plan, in accordance with the process set forth in subparagraph 3.3.

## **6.0 ADMINISTRATION OF CONTRACT - COUNTY**

### **6.1 County's Project Director**

Responsibilities of the County's Project Director, which shall be the Chief Operating Officer of the Department of Health Services, include:

1. monitoring Contractor's performance to ensure Contractor meets its obligations under the Contract;
2. making changes in the terms and conditions of this Contract in accordance with sub-paragraph 8.4, Change Notices and Amendments;
3. approving invoices submitted by Contractor;
4. providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements;
5. meeting, or designating the appropriate individuals to meet, with Contractor's Project Director on a regular basis; and,
6. Reviewing all tasks, deliverables, goods, services and other work provided by or on behalf of Contractor.

## **7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR**

### **7.1 Contractor's Project Director**

7.1.1 Contractor's Project Director will be **Hank Wells, Managing Director**. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Project Director.

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

## **7.2 Approval of Contractor's Staff**

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

## **7.3 Contractor's Staff Identification**

7.3.1 Contractor shall provide all staff assigned to this Contract with a photo identification badge in accordance with County specifications. Specifications may change at the discretion of the County and Contractor will be provided new specifications as required. The format and content of the badge is subject to the County's approval prior to the Contractor implementing the use of the badge. Contractor staff, while on duty or when entering a County facility or its grounds, shall prominently display the photo identification badge on the upper part of the body.

7.3.2 Contractor shall notify the County within one business day when staff is terminated from working on this Contract. Contractor is responsible to retrieve and immediately destroy the staff's photo identification badge at the time of removal from the County Contract.

7.3.3 If County requests the removal of Contractor's staff, Contractor is responsible to retrieve and immediately destroy the Contractor's staff's photo identification badge at the time of removal from working on the Contract.

## **7.4 Background and Security Investigations**

7.4.1 At any time prior to or during term of this Contract, the County may require that all Contractor staff performing work under this Contract undergo and pass, to the satisfaction of County, a background investigation, as a condition of beginning and continuing to work under this Contract.

County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. Upon execution of this Contract, Contractor shall provide County a list of all Contractor staff whom Contractor proposes to provide services as of the Start Date of the Contract. County shall conduct background investigations on any of these individuals, as it determines necessary, and will complete the investigations prior to the Contract's Start Date. County shall immediately notify Contractor if any of these individuals do not pass the investigation. Contractor shall notify County of any additional staff being considered for assignment to the Contract at least two weeks prior to the date the individual is to start work under the Contract so County may complete a background investigation.

- 7.4.2 County may request that Contractor's staff be immediately removed from working on 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 conducted background clearance.
- 7.4.3 County may immediately deny or terminate facility access to Contractor's staff who do not pass such investigation(s) to the satisfaction of the County and/or whose background or conduct is incompatible with County facility access, at the sole discretion of the County.
- 7.4.4 Disqualification, if any, of Contractor staff, pursuant to this sub-paragraph 7.4, shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

## **7.5 Confidentiality**

The Contractor shall maintain the confidentiality of all records obtained from the County under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality.

The Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract. The Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the *“Contractor Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement”*, Exhibit D1.

The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the *“Contractor Non-Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement”*, Exhibit D2.

## **8.0 STANDARD TERMS AND CONDITIONS**

### **8.1 Assignment and Delegation**

8.1.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, either in whole or in part, without the prior written consent of the Director and Chief Medical Officer of Health Services, or his designee. Any unapproved assignment or delegation shall be null and void. Any payments by the Department of Health Services to any approved delegate or assignee on any claim under this Contract shall be deductible, at the Department of Health Services' sole discretion, against the claims, which the Contractor may have against the County.

8.1.2 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract,

delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the Department of Health Services' express prior written approval, may result in the termination of this Contract.

## **8.2 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.

## **8.3 This Section Intentionally Left Blank**

## **8.4 Change Notices and Amendments**

Any changes or amendments to this Contract shall be accomplished in the following manner:

1. For any change which does not affect the Scope of Work, Term, Maximum Contract Sum or any material term or condition included under this Contract, a written Change Notice shall be negotiated, approved, and signed by County Project Director and Contractor Project Director.
2. For any change which affects the Scope of Work, Term, Maximum Contract Sum or any material term or condition under this Contract, a written amendment shall be negotiated between the parties, approved the County Board of Supervisors and executed by County and Contractor.
3. Notwithstanding the above, the County Project Director shall have the authority to execute amendments to the Contract to effectuate implementation of the recommendations contained in the Assessment Plan after negotiation with the Contractor pursuant to the process set forth in Task 2 of the Exhibit A, Statement of Work. However, in no instance, shall such

amendments cause the Maximum Contract Sum set forth in paragraph 5.1 to be exceeded.

## **8.5 Complaints**

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints. Within ten (10) business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

8.5.1 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes within ten (10) business days.

8.5.2 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days.

8.5.3 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.

The Contractor shall preliminarily investigate all complaints and notify the County's Project Director of the status of the investigation within five (5) business days of receiving the complaint.

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.

Copies of all written responses shall be sent to the County's Project Director within three (3) business days of mailing to the complainant.

## **8.6 Compliance with Applicable Law**

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

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

### **8.7 Compliance with Civil Rights Laws**

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

### **8.8 Compliance with the County's Jury Service Program**

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

#### **8.8.2 Written Employee Jury Service Policy**

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor

qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five (5) 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 sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full-time" means forty (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 ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this 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 Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

## **8.9 Conflict of Interest**

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed

in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that 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 sub-paragraph shall be a material breach of this Contract.

8.9.3 County agrees that during the term of this Agreement (including all renewals or extensions thereof), and for a period of one year following its termination or expiration ("Restriction Period"), County will not knowingly employ or engage as an independent contractor, consultant or otherwise any person who, during the Restriction Period is or was an employee or independent contractor of Contractor. If this restriction is violated, County agrees that it will be subject to all remedies available to Contractor in law or in equity.

**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**

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.

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 not to exceed three (3) years, 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:** 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.

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.

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.

**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 Child Support Enforcement**

The Contractor acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at the Contractor's place of business. The County's Child Support Services Department will supply the Contractor with the poster to be used.

**8.14 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.

**8.15 Contractor’s Warranty of Adherence to County’s Child Support Compliance Program**

8.15.1 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.

8.15.2 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, 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 or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

#### **8.16 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.

#### **8.17 Damage to County Facilities, Buildings, or Grounds**

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

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

#### **8.18 Employment Eligibility Verification**

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.

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

#### **8.19 Facsimile Representations**

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

#### **8.20 Fair Labor Standards**

The Contractor shall comply with all applicable provisions of the



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

### **8.21 Governing Law, Jurisdiction, and Venue**

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

### **8.22 Independent Contractor Status**

8.22.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of, 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, except as expressly set forth in this Contract. Contractor employees may be agents of County under certain circumstances and in certain roles set forth in the Exhibit A, Statement of Work.

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 As previously instructed in subparagraph 7.5 - Confidentiality, the Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the *“Contractor Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement”*, Exhibit D1. The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the *“Contractor Non-Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement”*, Exhibit D2.

### **8.23 Indemnification**

Contractor, its officers, directors, agents, employees and outside consultants, if any, will not be liable to County (or any parent, subsidiary or affiliate, director or officer thereof) for any loss, financial or otherwise, which may result to County (or any parent, subsidiary, affiliate, director or officer thereof) as a result of the services or the methods by which the services were provided, unless such a loss is the direct result of an intentional act of fraud or dishonesty. County agrees, at its expense, to indemnify, defend and hold harmless

Contractor, its officers, directors, agents, employees and outside consultants, if any, with respect to any and all demands, claims or suits brought or threatened by any person or entity as a result of any alleged action or inaction pertaining to the provision of services or this Agreement, provided the alleged action or inaction was within the scope of services being provided by Contractor and was not an action or inaction constituting fraud, grossly negligent conduct, or intentional misconduct. This obligation will include all attorneys' fees and other costs for defense.

#### **8.24 General Insurance Requirements**

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

**8.24.1 Evidence of Insurance:** Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to:

Fred Leaf, Chief Operating Officer  
Department of Health Services  
313 N. Figueroa Street, Room 903  
Los Angeles, CA 90012

prior to commencing services under this Contract. Such certificates or other evidence shall:

- Specifically identify this Contract;
- Clearly evidence all coverages required in this Contract;
- Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the

certificate of insurance;

- Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Contract; and
- Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

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

**8.24.3 Failure to Maintain Coverage:** Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to the Contractor, the County may deduct from sums due to the

Contractor any premium costs advanced by the County for such insurance.

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

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

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

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

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

## **8.25 Insurance Coverage Requirements**

**8.25.1 General Liability** insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

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

**8.25.3 Workers’ Compensation and Employers’ Liability** insurance providing workers’ compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which the Contractor is responsible. If the Contractor’s employees will be engaged in maritime employment, coverage shall provide workers’ compensation benefits as required by the U.S. Longshore and Harbor Workers’ Compensation Act, Jones Act or any other federal law for which the Contractor is responsible. In all cases, the above insurance also shall include Employers’ Liability coverage with limits of not less than

the following:

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

#### **8.26 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.

#### **8.27 Nondiscrimination and Affirmative Action**

8.27.1 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.

8.27.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit C - Contractor's EEO Certification*.

8.27.3 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.

- 8.27.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 8.27.5 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.
- 8.27.6 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 sub-paragraph 8.28 when so requested by the County.
- 8.27.7 If the County finds that any provisions of this sub-paragraph 8.28 have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination



laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.

8.27.8 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.

**8.28 Licenses, Permits, Registrations, and Certificates**

Contractor shall obtain and maintain in effect during the term of this Contract, all licenses, permits, registrations, and certificates required by law for the provision of services pursuant to this Agreement. Contractor shall ensure that all its officers, employees, and agents who perform services hereunder, obtain and maintain in effect during the term of this Contract, all license, permits, registrations and certificates required by law which are applicable to their performance of services hereunder. Such licenses, permits, registrations and certificates shall be made available to County's Project Director upon request.

**8.29 Contractor Performance During Disaster or Civil Unrest**

Contractor recognizes that health care facilities maintained by County, provide care essential to the residents of the communities they serve and that these services are of particular importance at the time of a natural disaster or other similar event, or at the time of riot, insurrection, or civil unrest. Notwithstanding any other provision of the Contract, Contractor shall continue to provide services at Martin Luther King/Drew Medical Center so long as such performance remains physically possible. The County's Project Director shall provide Contractor with an explanation of the services and

responsibilities required of Contractor in the event of a disaster or civil unrest.

**8.30 Non Exclusivity**

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

**8.31 Notice Of Delays**

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

**8.32 Notice of Disputes**

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

**8.33 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.

**8.34 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 F* of this Contract and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**8.35 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 as follows:

Mr. Philip Steptoe  
615 N. Wabash Avenue  
Chicago, IL 60611

Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Director and Chief Medical Officer of Health Services shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

**8.36 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.

### **8.37 Restrictions on Lobbying**

If any federal monies are to be used to pay for Contractor's services under this Contract, Contractor shall comply with all certification and disclosure requirements prescribed by section 319, Public Law 10-121 (31 United States Code section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Contract also fully comply with all such certification and disclosure requirements.

### **8.38 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions (45 C.F.R Part 76)**

Contractor hereby acknowledges that the County is prohibited from contracting with and making sub-awards to parties that are suspended, debarred, ineligible, or excluded or whose principals are suspended, debarred, ineligible, or excluded from securing federally funded contracts. By executing this Agreement, Contractor certifies that neither it nor any of its owners, officers, partners, directors or other principals is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, Contractor certifies that, to its knowledge, none of its subcontractors, at any tier, or any owner, officer, partner, director or other principal of any subcontractor is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Contractor shall immediately notify County in writing, during the term of this Agreement, should it or any of its subcontractors or any principals of either be suspended, debarred, ineligible, or excluded from securing federally funded contracts. Failure of Contractor to comply with this provision shall constitute a material breach of this Agreement upon which the County may immediately terminate or suspend this Agreement.

### **8.39 Publicity**

8.39.1 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.

8.39.2 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 8.39 shall apply.

### **8.40 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 records relating to

this Contract. All such material, including, but not limited to, all financial records, timecards and other employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in 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.

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

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

8.40.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County may conduct an audit of the Contractor regarding the work performed under this

Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

#### **8.41 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.

#### **8.42 Subcontracting**

8.42.1 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. Notwithstanding the above, County acknowledges Contractor will be subcontracting out to: Critical Management Solutions.

8.42.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:

1. A description of the work to be performed by the subcontractor;
  2. A draft copy of the proposed subcontract; and
  3. Other pertinent information and/or certifications requested by the County.
- 8.42.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were Contractor employees.
- 8.42.4 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.
- 8.42.5 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.
- 8.42.6 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.
- 8.42.7 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.
- 8.42.8 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:

Fred Leaf, Chief Operating Officer  
Department of Health Services  
313 N. Figueroa Street, Room 903  
Los Angeles, CA 90012

before any subcontractor employee may perform any work hereunder.

#### **8.43 Termination for Breach of Warranty to Maintain Child Support Compliance**

Failure of the Contractor to maintain compliance with the requirements set forth in sub-paragraph 8.15 - 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 County under any other provision of this Contract, failure of Contractor to cure such default within 90 calendar days of written notice shall be grounds upon which County may terminate this Contract pursuant to sub-paragraph 8.46 - Termination for Default and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

#### **8.44 County's Right to Termination for Convenience**

8.43.1 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 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 thirty (30) days after the notice is sent.

8.43.2 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.

8.43.3 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 sub-paragraph 8.40, Record Retention & Inspection/Audit Settlement.

#### **8.45 Contractor's Limited Right to Terminate**

In the limited circumstance discussed in *Task 2 to Exhibit A Statement of Work*, Contractor shall have the right to terminate this Agreement. Specifically, if upon review of County's determinations as to which recommendations from the Assessment Plan will be implemented and the staffing as to those recommendations, Contractor believes that County's failure to support one or more of the recommendations jeopardizes the Contractor's ability to fulfill its obligations under this Agreement, Contractor may terminate this Agreement, in whole or in part. Termination of work hereunder shall be effected by notice of termination to County 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 thirty (30) days after the notice is sent.

#### **8.46 Termination for Default**

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

- Contractor has materially breached this Contract;
- 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.

8.46.2 In the event that the County terminates this Contract in whole or in part as provided in sub-paragraph 8.46.1, 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 sub-paragraph.

8.46.3 Except with respect to defaults of any subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in sub-paragraph 8.46.2 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 8.46.3, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

8.46.4 If, after the County has given notice of termination under the provisions of this sub-paragraph 8.46, it is determined by the County that the Contractor was not in default under the provisions of this sub-paragraph 8.46, or that the default was excusable under the provisions of sub-paragraph 8.46.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to sub-paragraph 8.44 - Termination for Convenience.

8.46.5 In the event the County terminates this Contract in its entirety due to the Contractor's default as provided in sub-paragraph 8.46.1, the Contractor and the County agree that the County will have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred

due to delays in procuring such services. Therefore, the Contractor and the County agree that the County shall, at its sole option and in lieu of the provisions of sub-paragraph 8.46.2, be entitled to liquidated damages from the Contractor, pursuant to California Civil Code Section 1671, in the amount of \$1,500,000, as equitable compensation to the County for such actual damages. This amount of liquidated damages shall be either paid by the Contractor to the County by cash payment upon demand or, at the sole discretion of the Director of Health Services, or designee, deducted from any amounts due to the Contractor by the County, whether under this Contract or otherwise. These liquidated damages shall be in addition to any credits, which the County is otherwise entitled to under this Contract, and the Contractor's payment of these liquidated damages shall not in any way change, or affect the provisions of sub-paragraph 8.23 - Indemnification.

8.46.6 The rights and remedies of the County provided in this sub-paragraph 8.46 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.47 Termination for Improper Consideration**

8.47.1 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.

8.47.2 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.

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

#### **8.48 Termination for Insolvency**

8.48.1 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.

8.48.2 The rights and remedies of the County provided in this subparagraph 8.48 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**8.49 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.

**8.50 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.

**8.51 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.

### **8.52 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 subparagraph 8.52 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

### **8.53 Warranty Against Contingent Fees**

8.53.1 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.

8.53.2 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.

### **8.54 Mutuality of Drafting**

This Contract is deemed to have been drafted jointly by the parties. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

## **9.0 CONTRACTOR'S OBLIGATIONS UNDER HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT (HIPAA)**

The County is subject to the Administrative Simplification requirements of the federal Health Insurance Portability and Accountability Act of 1996



(HIPAA). Under this Contract, Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in *Exhibit G* in order to provide those services. The County and the Contractor therefore agree to the terms of *Exhibit G, HIPAA Business Associate Obligations*.

## **10.0 TESTIMONY/PRODUCTION OF DOCUMENTS IN LEGAL PROCEEDINGS**

If as a result of this engagement Contractor or any of its personnel are legally compelled or are requested by County to either give testimony or produce documents or both in any court, administrative, investigative or regulatory proceeding (including any form of discovery related thereto), County will reimburse Contractor at its prevailing per diem rate, together with all reasonably necessary expenses, not to exceed the travel reimbursement guidelines applicable to County employees, associated with such activity. County will not be obligated to reimburse Contractor for its time or expenses if the giving of testimony or the production of documents is to occur prior to the expiration or termination of this Agreement. Contractor will immediately, and prior to any testimony or production of documents, notify County of any such demand for testimony or the production of documents by persons or parties other than the County. Contractor shall consult with County regarding any such demand and, should County determine to take action to attempt to quash any invalid or insufficient subpoena or process seeking testimony or production of documents served or issued by any persons or parties other than the County, Contractor shall fully cooperate with County's effort in that regard.

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 subscribed by its duly authorized officer, the day, month, and year first above written.

NAVIGANT CONSULTING, INC.

By \_\_\_\_\_  
NAME  
TITLE

\_\_\_\_\_  
Taxpayer Identification No.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, MD  
Director and Chief Medical Officer

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL

By \_\_\_\_\_  
Assistant County Counsel

**STATEMENT OF WORK****Background**

The County of Los Angeles has entered into a Memorandum of Understanding (MOU) with the Centers for Medicare and Medicaid Services (CMS), which requires the engagement of an outside contractor to provide interim managerial support at King/Drew Medical Center (KDMC or Hospital), assess the major systems and operations of KDMC, and assist in the restructuring of KDMC's operations based on that assessment. Contractor will conduct a comprehensive assessment of all systems and operations at the Hospital which shall include a detailed action plan to address each of the deficiencies or inefficiencies identified.

**Task 1 - Interim Management Services**

Contractor shall provide interim management services for the Hospital, through the positions described below, through the duration of the Agreement.

- Chief Executive Officer
- Chief Operations Officer
- Chief Nursing Officer
- Physician Advisor, with an expertise in medical administration, to support and advise the Hospital's Chief Medical Officer
- A consultant at the senior information technology level to support and advise the Hospital's Chief Information Officer
- A consultant at the senior pharmacist level to support and advise the Hospital's Director of Pharmacy
- A consultant at the senior laboratory level to support and advise the Hospital's Director of Laboratory Services
- A consultant at the senior medical records level to support and advise the Hospital's Director of Health Information Management
- A consultant at the level of senior dietician to support and advise the Hospital's Manager of Dietary Services
- Nurse Managers in areas and amount to be determined after completion of assessment plan set for in Task 2
- A Human Resources Specialist

These individuals shall be on-site on a full-time basis and shall be available at all times necessary to complete the work and deliverables required by this Contract. This interim management team shall be responsible for overseeing the day to day operations of the Hospital, in consultation with the Director of the Department of Health Services (DHS), the Chief Operating Officer of the DHS, and the Chief Medical Officer of the Hospital. Contractor shall establish a line of communication within the Hospital, with the Chief Executive Officer and Chief Operations Officer reporting directly to the Director of DHS and the COO of DHS,

or their designees. It is expressly understood that the Contractor has not been delegated any authority regarding personnel actions related to County employees. Specifically, Contractor's responsibility is limited to making recommendations to the Director of DHS and the COO of DHS, regarding any action related to employment of County employees (including but not limited to performance evaluations, hiring, discharge, transfers). In addition to the day-to-day management of the Hospital, the interim management team shall complete the specific tasks set forth in Deliverables 1.2-1.19, below. To the extent that Contractor requires additional expertise, personnel or resources to complete these Deliverables, Contractor shall provide such expertise and personnel at no additional cost to the County beyond that set forth in Exhibit B.

**Deliverable 1.1** – Provision of full-time, on-site: Chief Executive Officer, Chief Operations Officer, , Chief Nursing Officer, Physician Advisor, Senior Pharmacies Consultant, Senior Laboratory Consultant, Senior Information Technology Consultant, Senior Medical Records Consultant, Senior Dietician Consultant, and a Human Resources Specialist.

**Deliverable 1.2** - Achieve and sustain/obtain reinstatement of full JCAHO Accreditation.

**Deliverable 1.2** – Achieve and maintain compliance with human resources standards in accordance with appropriate regulatory requirements throughout the duration of this Agreement.

**Deliverable 1.3** - By March 1, 2005, develop and implement a transition plan that replaces Contractors' interim managers with permanent managers so that the corrections can be sustained.

**Deliverable 1.4** - By September 1, 2005, in consultation with Department of Health Services' Human Resources staff, recruit, interview, and make recommendations for hire to the County for the positions of: CEO, COO, CNO, Plant Manager, CIO, Humphrey Administrator. For all recruitment activities, it is the responsibility of the County to support the cost of recruiting such as travel, screening and, if necessary, the use of outside recruiters.

**Deliverable 1.5** - By March 1, 2005, identify gaps in mid-level management positions. In consultation with the Department of Health Services' Human Resources staff, recruit, interview, and make recommendations for hire to the County for the positions necessary to fill the management gaps. For all recruitment activities, it is the responsibility of the County to support the cost of recruiting such as travel, screening and, if necessary, the use of outside recruiters.

**Deliverable 1.6-** By February 1, 2005, restructure the medical staff office.

**Deliverable 1.7** - By February 1, 2005, review Medical Staff's compliance with medical staff bylaws and submit written recommendations for necessary changes.

**Deliverable 1.8** - By June 1, 2005, assess clinical competence of all members of the medical staff and develop and begin implementing necessary skills remediation.

**Deliverable 1.9** - By March 15, 2005, recommend and implement new credentialing and privileging processes and confirm all physician credentials.

**Deliverable 1.10** – Recommend and implement a system for implementation, oversight, and reporting of corrective actions for any significant or peer reviewed clinical events.

**Deliverable 1.11** - Throughout duration of Agreement, assure that root cause analyses are conducted on all incidents determined to be significant events. Make and implementation recommendations, to address and resolve personnel and systems issues uncovered by the root cause analyses.

**Deliverable 1.12** - By February 1, 2005, provide a detailed, written recommendation as to the appropriate mix/scope of clinical services to be offered at King/Drew Medical Center.

**Deliverable 1.13** - Review the work previously provided by the Camden Group and continue the ongoing assessment of the competency of nursing staff at the Hospital, institute remediation for those nurses who do not meet standards, and recommend to the COO of DHS personnel actions for those nurses who fail remediation.

**Deliverable 1.14** - Automate basic nursing reports for use by nursing administrative office. If additional technology or information systems are required, the County shall be responsible for the costs of such technology. If the County does not fund the needed technology, this Deliverable will be modified by mutual agreement of the parties.

**Deliverable 1.15** - By January 17, 2005, develop and implement a new Performance Improvement Program which is compliant with JCAHO National Patient Safety Goals. Contractor shall ensure appropriate involvement of physicians in Performance Improvement Program activities.

**Deliverable 1.16** -The interim CNO shall oversee the nursing administration at the Hospital and, in addition to the day-to-day management of that function, the CNO shall evaluate and oversee the implementation of: (1) changes to maximize supervisory coverage of staff and management of quality patient care, (2) the

building and sustaining of a culture that supports strong communication between nursing management, nursing employees, physicians, and support staff and, (3) the implementation of the revised Plan for the Provision of Care and ensuring that all standards of practice within the nursing division are met.

**Deliverable 1.17** - By January 17, 2005, establish a tutoring and mentoring program for nurse managers, with clearly established skills and management competencies.

**Deliverable 1.18** - By January 17, 2005, review the work previously provided by The Camden Group and, to the extent necessary, complete the restructuring of the nursing administration functions and office.

**Deliverable 1.19** - By March 15, 2005, review the work previously provided by The Camden Group and, to the extent necessary, complete the review and revision of the nursing policies and procedures to determine the level of appropriateness and compliance with outside regulatory requirements.

## **Task 2 - Assessment**

In addition to interim management services, the scope of this contract will include additional personnel to assist the interim managers with an assessment and concurrent implementation of services for improvements in the operations and delivery of health services throughout the hospital. The initial assessment will be completed within 60 days from the start of the contract. The assessment will be conducted through data analyses, interviews, observations, and use of the Contractor's proprietary best-practices database. The interim management team will be focused on the full-time responsibilities of running the hospital and its departments. For this reason they will need to be supplemented for the assessment by twelve specialists. The twelve specialists have extensive industry experience in Emergency Services, Perioperative Services, Boards, Governance and Organizational Structure, Nursing Training, Operations, Case Management, Quality and Regulatory, Funds Flow for physicians, Programs and Services and Finance. These are areas where there is not an interim manager provided under the agreement.

For each areas specified herein, the Assessment Plan shall include a detailed description of the area assessed, specify any and all deficiencies, inefficiencies or other areas of concern identified by the Contractor, and the Contractor's analysis as to the cause for those deficiencies, inefficiencies or areas of concern. Additionally, the Assessment Plan shall prioritize the identified deficiencies, inefficiencies and areas of concern by identifying those critical to the functioning of the Hospital or to the assuring the Hospital's regulatory compliance. The Assessment Plan shall also include recommendations as to how to remedy each deficiency, inefficiency and area of concern including recommendations for staffing the remediation efforts, staffing costs, as well as an estimated timeline for

implementation of the recommendations. In recommending staffing, Contractor shall recommend County staff who should be involved in implementing the recommendation and shall specify what, if any, Contractor staff, in addition to the interim management team, will be required to implement the recommendation.

County and Contractor shall meet to discuss the Assessment Plan and its recommendations. Based on the Assessment Plan and these follow-up discussions, within 30 days of receipt of the Assessment Plan, County shall notify Contractor in writing as to which of the recommendations Contractor should implement and the agreed upon staffing for each recommendation. If upon review of County's determinations as to which recommendations will be implemented and the staffing as to those recommendations, Contractor believes that County's failure to support one or more of the recommendations jeopardizes the Contractor's ability to fulfill its obligations under this Agreement, Contractor shall have 10 days from receipt of the County's notice to notify County of its decision to terminate this Agreement pursuant to Section of the Agreement. In such case, the parties shall immediately, and in good faith, attempt to resolve the issue. If, the issue cannot be resolved, Contractor may terminate the Agreement pursuant to paragraph 8.45 the Agreement.

After issuance of the Assessment Plan, throughout the duration of the Agreement, Contractor shall issue periodic progress reports at intervals not to exceed 60 days, describing and evaluating all remedial actions taken by the Hospital and, where appropriate, recommending additions and other amendments to the Contractor's initial Assessment Plan. In instances where Contractor recommends additional implementation efforts or changes to the timelines initially agreed upon, County and Contractor shall meet to discuss these recommendations and their implementation and mutually agree upon any necessary revisions. Contractor shall not dedicate any additional staff to any implementation efforts until and unless Contractor receives prior written approval from County.

Contractor shall provide all reports, simultaneously and unredacted, to the Board of Supervisors, CMS, and the California Department of Health Services. Contractor shall not include any specifically identifying patient or employee information in any of the reports.

The Initial Assessment Plan shall evaluate and address all of the following:

**A. General Operations/Organizational Structure (Governance, Management Structure and Organizational Effectiveness and Performance)**

Contractor shall provide an assessment of KDMC's governance, management structure, and overall organizational effectiveness, as well as an evaluation of the facility's clinical capability and quality and the sustainability of services under the

current environment and provide recommendations for improvement in the following areas:

- Effectiveness of hospital executive leadership and governance structure
- Feasibility of establishing Center for Multicultural Health Care
- Overall patient flow across the hospital, including bed utilization
- Hospital's structure to determine actions necessary to ensure consistent operations that produce dependable, safe and high quality health care service throughout the Hospital
- Governance, leadership, competency of staff, including medical staff, nursing staff and all clinical health care professionals
- Labor-management issues
- Hospital's standard operating procedures and standard operating systems and allocation of resources
- Integrity of hospital's physical plant
- Hospital's compliance with licensing and accreditation requirements associated with management of personnel, including, but not limited to:
  - Maintenance of performance evaluations
  - Annual health screenings
  - Maintenance of licensure, registration, and certification.
  - Staffing Effectiveness and Variances
  - Reviewing personnel files to ensure currency and validity of all documentation
  - Integrating the Human Resources components into the Improving Organizational Performance (IOP)
- Management of communications with the public, media, and regulatory agencies.

## **B. Clinical Organization**

While the Contractor shall evaluate the management and structure of all clinical services at the hospital, particular attention is required in two clinical areas: the Emergency Department and Operating Rooms. The Contractor shall review and develop recommendations in the following areas:

- Assess Emergency and Trauma Department operations and develop recommendations to reduce time spent on diversion, including:
  - Evaluate patient flow in Emergency and Trauma Department and admitting and discharge processes
  - Review processing of medication orders by Emergency and Trauma Department staff
  - Review physical layout and nurse and ancillary staffing of Emergency and Trauma Department
  - Assess and benchmark Emergency and Trauma Department physician staffing model to comparable hospitals



- Identify ways to increase efficiency in the Emergency and Trauma Department and establish a sustained reduction in amount of time the hospital is on ambulance diversion
- Recommend changes to reduce/eliminate Emergency Department “holding” patients through increased efficiencies and improved patient flow
- Steps to eliminate barriers to the hospital’s capacity to provide appropriate access to care
- Steps to improve patient throughput, reduce length of stay in the Emergency Department and increase capacity
- Evaluate and make recommendations to enhance the efficiency of the Operating Rooms, including:
  - Management and structure of Operating Rooms.
  - Scheduling of Operating Room time and productivity of physician and clinical staff
  - Management of the surgical suites, including staffing and materials management
  - Reduction of delays in care through increased efficiencies and improved patient flow in the Operating Rooms and Intensive Care Units
- In addition to the above areas of focus, the Assessment Plan shall also address:
  - Appropriateness and sustainability of current scope of services, including the breadth and depth of specialty and sub-specialty clinical services across the hospital
  - Provider productivity
  - Organization, management, and integration of ancillary services (e.g., Pharmacy, Laboratory, Radiology, Housekeeping, OT/PT, and Dietary)

**C. Medical Administration**

The Assessment Plan shall review:

- Management of physician services provided at the hospital
- Physician accountability of time for dual clinical and academic responsibilities
- The structure of physician management at the executive and clinical department levels
- Medical Staff Office structure, staffing, and management to ensure that staff is properly trained and the necessary processes are in place
- The Hospital’s physician credentialing and privileging processes, including data collection, application processing, and documentation collection, and utilization of data to make privileging decisions
- Physician policies and procedures to determine level of appropriateness and compliance with outside regulatory requirements, as well as determine whether medical staff are in compliance

- Physician governance model, including assessment of Professional Staff Association structure
- Physician productivity with recommendations for establishing clear measures of productivity and steps necessary to improve physician productivity
- Physician supervision of medical residents
- Current peer review processes at both the hospital and department-specific levels; including identifying and training the staff that will collect, aggregate, report, and analyze data and involvement of department chairs and Medical Executive Committee in JCAHO compliance and implementation of peer review process
- Adequacy of medical staff policies and procedures
- Policies and procedures related to supervision of residents

#### **D. Nursing Services**

The Assessment Plan shall evaluation of:

- Progress of efforts to ensure nursing staff conduct basic patient assessments and reassessments, follow patient safety requirements, implement physician orders, communicate among team members, accurately document in medical records, and appropriately use nursing processes.
- Nurse staffing levels and recruitment efforts throughout King/Drew Medical Center
- Collaboration of nursing services with ancillary services, such as dietary and pharmacy to improve integration of delivery of care
- Patient program for psychiatric emergency and inpatient services
- Processes for skill verification and providing on-going competency training and education
- Status of improvement activities and nursing operation reforms
- Ongoing performance improvement activities
- Ongoing implementation of nursing operation reforms

#### **E. Regulatory**

The Assessment Plan shall include an assessment of the implementation and management of activities under the Plans of Correction currently filed with both CMS and JCAHO as well as assessment of Hospital's current compliance with all 23 Conditions of Participation for CMS and make recommendations to assure sustained compliance.

**Deliverable 2.1** - By January 3, 2005, provide a comprehensive written Assessment Plan, addressing all of the above areas. The Assessment Plan shall include recommendations as to how to remedy each deficiency, inefficiency and area of concern and include recommendations for staffing the remediation efforts as well as an estimated time line for implementation of the recommendations. In recommending staffing, Contractor shall recommend County staff who should be involved in implementing the recommendation and shall specify what, if any,

Contractor staff, in addition to the interim management team, will be required to implement the recommendation.

**Deliverable 2.2** - Periodic progress reports at intervals not to exceed 60 days, describing and evaluating all remedial actions taken by the Hospital and, where appropriate, recommending additions and other amendments to the Contractor's initial Assessment Plan.

**Deliverable 2.3** - Reduce the number of admitted patients awaiting a bed in the Emergency Department "holding area" (24 hour average). The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.4** - Reduce by 50 percent the number of treated and released Emergency Department patients whose length of stay is greater than 250 minutes. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.5** - Reduce by 50 percent the number of admitted patients in the Emergency Department whose length of stay is more than 400 minutes. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.6** - Discharge 20 percent of all patients to be discharged each day by 11:00 a.m. and implement a plan for continuous measurement and improvement.

**Deliverable 2.7** - Improve by 50 percent operating room utilization (by number of minutes of operating room use). The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.8** - Reduce by 50 percent the number of patients in the Post-Anesthesia Care Unit whose length of stay is greater than 120 minute. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.9** - Reduce by 50 percent the number of Intensive Care Unit patients whose Post-Anesthesia Care Unit length of stay is greater than 225 minutes. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.10**- Reduce by 50 percent the number of non-Intensive Care Unit patients whose Post-Anesthesia Care Unit length of stay is greater than 90 minutes. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.11** - Increase by 25 percent physician reporting of adverse clinical events. The percentage of improvement and the baseline will be agreed upon by the parties after completion of the Assessment Plan.

**Deliverable 2.12** – Develop and implement a plan to achieve and sustain/obtain reinstatement of full JCAHO Accreditation.

**Deliverable 2.13** - By February 1, 2005, provide a detailed, written plan for the coordination of administrative and clinical services between Humphrey Comprehensive Health Center and King/Drew Medical Center, including timeframe for implementing the plan to assure that it is fully implemented and joint accreditation of all facilities in the Southwest Cluster (King/Drew Medical Center, Humphrey Comprehensive Health Center, and Dollarhide Health Center) is achieved no later than September 1, 2005.

**PRICING SCHEDULE****Interim Management Services****[Task 1, Deliverables 1.1 through 1.19]:**

Professional Fees – Maximum \$477,000/month<sup>1</sup>  
Expenses<sup>2</sup> - Maximum 25% of Professional Fees Paid (Not to Exceed  
\$119,250/month)

**Assessment****[Task 2, Deliverables 2.1 and 2.2]:**

Professional Fees – \$790,000<sup>3</sup>  
Expenses – Maximum \$197,500

**Assessment Plan Implementation and Deliverables 2.3-2.13:**

Professional Fees - Maximum \$405,000/month  
Expenses – Maximum 25% of Professional Fees Paid (Not to Exceed  
\$101,250/month)

As set forth in the Statement of Work, upon completion of the Assessment Plan, the parties shall mutually agree as to a staffing plan for implementation of each recommendation contained in the Assessment Plan as well as Deliverables 2.3 through 2.13. Contractor estimates that the staffing for implementation of the Assessment Plan recommendations and Deliverables 2.3-2.13 will not exceed \$405,000/month and implementation for all the recommendations and the Deliverables will take no more than 10 months. Contractor shall use its best efforts stay within this estimate and shall explain, in its staffing recommendations any unforeseen circumstances which cause the estimate to be exceeded. In the case of such unforeseen circumstances, the parties will attempt to reach agreement as to the staffing requirements necessary to complete each recommendation, with the understanding that if agreement cannot be reached as to any recommendation which Contractor deems critical to its meeting its obligations under the Contract, Contractor shall have a right to terminate this Agreement in accordance with paragraph 8.45 of the Contract.

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<sup>1</sup> The is Maximum Monthly Amount contemplates full-time on-site placement of all of the persons enumerated in Task 1 and Deliverable 1.1 of the Statement of Work. To the extent, County determines one or more of these individuals is no longer required or is not required on a full-time basis, Contractor shall calculate a prorated amount and a contract amendment shall be prepared and executed pursuant to paragraph 8.4.3 of the Agreement. Additionally, upon completion of the Assessment Plan, parties shall agree as to how many nurse managers are required and Contractor shall provide them at \$36,000/month for each nurse manager.

<sup>2</sup> County shall pay Contractor's actual reasonable expenses for travel, lodging, meals, automobile rental to the maximum amounts set forth in this Exhibit B. All expenses shall be limited to the Contractor's Expenses Reimbursement Policy. Expenses shall be invoiced in accordance with paragraph 5.53 of the Agreement.

<sup>3</sup> \$395,000 plus expenses (up to the maximum) shall be payable upon execution of the Agreement once a proper invoice has been received by Contractor. The remaining \$395,000 plus expenses (cumulative with prior claimed expenses not to exceed the maximum) shall be payable upon receipt of final assessment plan.

**CONTRACTOR'S EEO CERTIFICATION**

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Internal Revenue Service Employer Identification Number

**(i) GENERAL**

In accordance with provisions of the County Code of the County of Los Angeles, the Proposer 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.

<b>(ii) CERTIFICATION</b>	<b>YES</b>	<b>NO</b>
1. Proposer has written policy statement prohibiting discrimination in all phases of employment.	( )	( )
2. Proposer periodically conducts a self-analysis or utilization analysis of its work force.	( )	( )
3. Proposer has a system for determining if its employment practices are discriminatory against protected groups.	( )	( )
4. When problem areas are identified in employment practices, Proposer has a system for taking reasonable corrective action to include establishment of goal and/or timetables.	( )	( )

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Name and Title of Signer (please print)

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT  
AND CONFIDENTIALITY AGREEMENT**

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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.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

PRINTED NAME:

POSITION:

*(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 NON-EMPLOYEE ACKNOWLEDGEMENT  
AND CONFIDENTIALITY AGREEMENT**

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CONTRACTOR NAME

Contract No.:

Non-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 Non-Employee Acknowledgement and Confidentiality Agreement.

**NON-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.

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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.

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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.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME:

POSITION:

*(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.)*

**JURY SERVICE ORDINANCE**

**SAFELY SURRENDERED BABY LAW**

**CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT**

The performance of Contractor's obligations under the Agreement could require Contractor's receipt of or access to Health Information. County is subject to Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations ("C.F.R.") Parts 160 and 164 ("Privacy Regulations"). The Privacy Regulations require County to enter into a contract with Contractor, in its role as a "business associate" under the Privacy Regulations, in order to mandate certain protections for the privacy and security of Health Information. The provisions of this Paragraph \_\_ set forth the obligations of Contractor as a "business associate" under the Privacy Regulations.

A. For purposes of this Paragraph 70, the following definitions apply:

1. "Disclose", "Disclosed" and "Disclosure" mean, with respect to Health Information, the release, transfer, provision of access to, or divulging in any other manner of Health Information outside Contractor's internal operations or to other than its employees.
2. "Health Information" means 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 Contractor from or on behalf of County, or is created by Contractor, or is made accessible to Contractor by County.
3. "Use" (in both its verb and noun forms) or "Uses" means, with respect to Health Information, the sharing, employment, application, utilization, examination or analysis of such information with Contractor's internal operations.

B. Permitted Uses and Disclosures of Health Information:

Contractor:

- (a) shall Use and Disclose Health Information as necessary or appropriate to perform those activities as described in this Agreement;
- (b) shall Disclose Health Information to County upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities, Use Health Information; and
- (d) Disclose Health Information if (A) the Disclosure is required by law, or (B) Contractor obtains reasonable assurance from the person to whom the information is Disclosed that the Health Information will be held confidentially and Used or further Disclosed only as required by law or for the purpose of which it was Disclosed

to the person, and the person agrees to notify Contractor of any instances of which the person is aware in which the confidentiality of the Health Information has been breached. Contractor shall not use or Disclose Health Information for any purpose.

C. Appropriate Safeguards for Health Information: Contractor warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Health Information in any manner other than as permitted by this Exhibit G.

D. Reporting Non-Permitted Use or Disclosure: Contractor shall report to County each non-permitted Use or Disclosure that is made by Contractor, its employees, representatives, agents, or subcontractors but is not specifically permitted by this Agreement. The initial report shall be made by telephone call to County's Privacy Officer within forty-eight (48) hours from the time the Contractor becomes aware of the non-permitted Use or Disclosure, followed by a written report to the Privacy Officer no later than five (5) days from the date the Contractor becomes aware of the non-permitted Use or Disclosure.

E. Availability of Internal Practices, Books and Records to Government Agencies: Contractor agrees to make its internal practices, books and records relating to the Use and Disclosure of Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining County's compliance with the Privacy Regulations.

F. Access to Amendment of Health Information: Contractor shall, to the extent County determines that any Health Information constitutes a "designated record set" under the Privacy Regulations, (a) make the Health Information specified by County available to the individual(s) identified by County as being entitled to access and copy that Health Information, and (b) make any amendments to Health Information that are requested by County. Contractor shall provide such access and make such amendments within the time and in the manner specified by County.

G. Accounting of Disclosures of Health Information: Upon County's request, Contractor shall provide to County an accounting of each Disclosure of Health Information made by Contractor or its employees, agents, representatives or subcontractors. The accounting shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Health Information; (c) a brief description of the Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure, Contractor shall track the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure.

H. Term and Termination: In addition to and notwithstanding the termination provision set forth in the Agreement, the Agreement may be terminated immediately upon written notice by County to Contractor if County determines, in its sole discretion, that Contractor has violated any material term of this Paragraph. Contractor's obligation under subparagraphs A and including C of this Exhibit G shall survive the termination or expiration of the Agreement.

I. Disposition of Health Information Upon Termination or Expiration: Upon termination or expiration of the Agreement, Contractor shall either return or destroy, in County's sole discretion and in accordance with any instructions by

County, all Health Information in the possession or control of Contractor or its agents and subcontractors. However, if County determines that neither return nor destruction of Health Information is feasible, Contractor may retain Health Information provided that Contractor (a) continues to comply with the provisions of this Exhibit G for as long as it retains Health Information, and (b) further limits Uses and Disclosures of that Health Information to those purposes that make its return or destruction infeasible.

J. No Third Party Beneficiaries: There are no third party beneficiaries to the provisions of this Paragraph G.

K. Use of Subcontractors and Agents: Contractor shall require each of its agents and subcontractors that received Health Information from Contractor to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Exhibit G.