



## County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

SACHI A. HAMAI  
Chief Executive Officer

**DATE:** October 10, 2019  
**TIME:** 1:00 p.m. – 2:30 p.m.  
**LOCATION:** Kenneth Hahn Hall of Administration, Room 830

### **AGENDA**

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.  
Two (2) minutes are allowed for each item.

1. **Call to order – Mark Baucum/Gevork Simdjian**
2. **Public Comment**  
(2 minutes each speaker)
3. **INFORMATIONAL ITEM(S):**  
(5 minutes)
  - A) Board Letter:  
APPROVE AMENDMENT NUMBER FIVE TO EXTEND SOLE SOURCE AGREEMENT NUMBER 77870 WITH MIDEO SYSTEMS, INC. FOR CONTINUED MAINTENANCE AND SUPPORT SERVICES FOR FORENSIC IMAGING EQUIPMENT  
LASD – Wesley Grose, Director and Irma Santana, Manager
  - B) Board Letter:  
AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR THE ASSESSOR MODERNIZATION PROJECT (AMP) PHASE IV  
ASSESSOR – Steven Hernandez, Assistant Assessor, Administration
  - C) Board Letter:  
AMENDMENT TO MASTER AGREEMENT FOR OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS AND MASTER AGREEMENT FOR OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATIONS  
DHR – Maggie Martinez, Assistant Director
  - D) Board Letter:  
APPROVE THE PROPOSED EIGHT-YEAR RENEWAL LEASE AMENDMENT OF PROBATION DEPARTMENT FOR USE OF OFFICE AND PARKING SPACE  
CEO/RE/PROBATION – Michael Navarro, Chief Program Specialist

- E) Board Letter:  
APPROVAL OF A SEVEN-YEAR LEASE AMENDMENT FOR THE USE  
OF OFFICE, COMPUTER, AND STORAGE SPACE BY SHERIFF'S  
DEPARTMENT  
CEO/RE/LASD – Michael Navarro, Chief Program Specialist
- F) Board Letter:  
APPROVAL OF A SEVEN-YEAR LEASE AMENDMENT FOR USE OF  
CURRENT OFFICE AND PARKING SPACE BY DEPARTMENT OF  
PUBLIC SOCIAL SERVICES  
CEO/RE/DPSS – Michael Navarro, Chief Program Specialist
- G) Board Letter:  
ANNUAL LOS ANGELES COUNTY CAPITAL ASSET LEASING  
CORPORATION (LAC-CAL) BOND ANTICIPATION NOTES BOARD  
LETTER FOR FISCAL YEAR 2019-20  
CEO/ASSET MANAGEMENT – Lilly Qi, Administrative Manager III

4.

**PRESENTATION/DISCUSSION ITEMS:**

None available at this time.

5.

**Adjournment**

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## **FUTURE AGENDA TOPICS**

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**CALENDAR LOOKAHEAD:**

(5 minutes)

- A. Board Letter:  
FIVE-YEAR LEASE AMENDMENT OF THE DEPARTMENT OF PUBLIC  
SOCIAL SERVICES  
CEO/RE/DPSS – Michael Navarro, Chief Program Specialist
- B. Board Letter:  
APPROVE TO INCREASE THE LIMIT OF INCIDENTAL EXPENSES  
ISD – Selwyn Hollins, Chief Deputy Director
- C. Board Letter:  
PROBATION PRETRIAL SYSTEM BUDGET ADJUSTMENT- LEGACY  
SYSTEM MODERNIZATION FUND  
PROBATION – Terri L. McDonald, Chief Probation Officer or designee
- D. Board Memo:  
SOLE SOURCE EXTENSION FOR ACMS AGREEMENT  
DPH – David Cardenas, Departmental Chief Information Officer

**AMENDMENT NUMBER FIVE TO EXTEND SOLE SOURCE  
AGREEMENT NUMBER 77870 WITH MIDEO  
FACT SHEET  
OPERATIONS CLUSTER**

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	October 10, 2019	
<b>CAR MEETING</b>	October 16, 2019	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	All	
<b>DEPARTMENT</b>	Sheriff	
<b>SUBJECT</b>	Amendment Number Five to Extend Sole Source Agreement Number 77870 with Mideo Systems, Inc. (Mideo) for Continued Maintenance and Support Services for Forensic Imaging Equipment.	
<b>PROGRAM</b>	Maintenance and support services for the Department's Mideo Forensic Imaging System (System). The System is comprised of Mideo equipment and Mideo case management software and is a critical part of the Department's Scientific Services Bureau (SSB).	
<b>SOLE SOURCE CONTRACT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: On November 20, 2012, the Board approved the Sole Source Agreement with Mideo. Mideo is the sole provider of support and maintenance services for all Mideo equipment in the United States. Mideo does not contract with, authorize, or certify any third party to provide support and maintenance to their proprietary forensic imaging equipment.	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Current Sole Source Agreement expires on November 28, 2019.	
<b>COST &amp; FUNDING</b>	Total cost estimate: \$1,115,123	Funding source: Funding required to provide these services will be allocated annually from the Department's operating budget.
	TERMS (if applicable): The Amendment will extend the Term of the Agreement for three years, from November 29, 2019, through and including November 28, 2022, plus four one-year option periods through November 29, 2026.	
	Explanation:	
<b>PURPOSE OF REQUEST</b>	Approval of this action will ensure that there is a continuation of maintenance and support services of the Mideo Forensic Imaging System which is critical to the operational integrity of the Department's Crime Lab and its ability to accurately capture and catalog digital forensic evidence images.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	<ul style="list-style-type: none"> <li>• Since 1997, the Department's SSB Crime Lab has utilized proprietary Mideo forensic imaging equipment and Mideo's case image software to capture images of various types of evidence.</li> <li>• The Department's SSB operates one of the largest full service crime laboratories in the United States, and has been accredited since 1989.</li> <li>• The Crime Lab provides forensic science support to all law enforcement agencies in LA County – with the exception of the Los Angeles Police Department.</li> </ul>	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email: <ul style="list-style-type: none"> <li>• Wesley Grose, Director, (323) 260-8501, <a href="mailto:wpgrose@lasd.org">wpgrose@lasd.org</a></li> <li>• Irma Santana, Manager, (213) 229-3264, <a href="mailto:ISantan@lasd.org">ISantan@lasd.org</a></li> </ul>	

October 29, 2019

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

Dear Supervisors:

**APPROVE AMENDMENT NUMBER FIVE TO  
EXTEND SOLE SOURCE AGREEMENT NUMBER 77870 WITH  
MIDEO SYSTEMS, INC. FOR CONTINUED MAINTENANCE AND SUPPORT  
SERVICES FOR FORENSIC IMAGING EQUIPMENT  
(ALL DISTRICTS) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE ( ) APPROVE WITH MODIFICATION ( )  
DISAPPROVE ( )**

**SUBJECT**

The Los Angeles County (County) Sheriff's Department (Department) is seeking Board approval and execution of Amendment Number Five (Amendment) to extend Sole Source Agreement Number 77870 (Agreement) with Mideo Systems, Inc. (Mideo) for continued maintenance and support services (Services) of the Department's Mideo Forensic Imaging System (System).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and instruct the Chair of the Board to sign the attached Amendment to the Agreement with Mideo which will extend the term of the Agreement for an additional three years, from November 29, 2019, through November 28, 2022, plus four additional one-year option periods. The Amendment cost shall not exceed \$1,115,123 and will increase the Agreement's Maximum Contract Sum to \$2,226,237.

2. Delegate authority to the Sheriff or his designee to execute Amendments to the Agreement that exercise the extension options if it is in the best interest of the County.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 27, 2019, in accordance with Board Policy 5.100, the Department provided the Board with an advance notification of its intent to enter into an Amendment to extend the Agreement.

The Amendment is necessary to ensure that the Department's Scientific Services Bureau's (SSB) System continues to operate efficiently and effectively. The System must be regularly maintained and repaired within a reasonable time when problems are detected. The Department's SSB operates one of the largest full service crime laboratories (Crime Lab) in the United States. The Crime Lab provides forensic support to all law enforcement agencies in the County, with the exception of the Los Angeles Police Department.

The System is comprised of Mideo equipment and Mideo case management software. Mideo is the sole provider of Services for all Mideo equipment in the United States. Preventive maintenance, major repairs, and the servicing of specialized components for the proprietary Mideo imaging equipment, as well as maintenance and support of Mideo's case image management software, must be performed by Mideo. Mideo does not contract with, authorize, or otherwise certify any third party to provide support and maintenance to their proprietary forensic imaging equipment.

The Services are critical to the operational integrity of SSB and its ability to accurately capture, catalog, and monitor changes made to digital forensic evidence. Mideo's case image management software provides image enhancement necessary to optimize images for analysis and interpretation, and is periodically updated to involve service upgrades and resolve potential systemic issues.

### **Implementation of Strategic Plan Goals**

The recommended action is consistent with the principles of the County's Strategic Plan, Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility and Accountability. Specifically, by allowing the Department's SSB to operate effectively and efficiently by providing the continued maintenance and support of Mideo's proprietary forensic imaging equipment.

### **FISCAL IMPACT/FINANCING**

The proposed Amendment adds \$1,115,123 to the current Maximum Contract Sum for a new total of \$2,226,237. The annual amount for the Services remains unchanged at \$159,303.15, which will be paid in advance of each Agreement Term Year. The funding required to provide these services will be allocated annually from the Department's operating budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Mideo is the sole provider of maintenance and support services for their proprietary equipment in the United States. On May 29, 2007, the Board approved Sole Source Agreement Number 76119 with Mideo to provide Services to our Department. The Agreement expired on November 28, 2012.

On November 20, 2012, the Board approved the current Sole Source Agreement. The Agreement had a three-year term from November 29, 2012 through November 28, 2015, with four additional one-year option periods. The current Agreement expires on November 28, 2019.

On August 14, 2019, the Department released a Request for Information (RFI) Number 689-SH to see if there are vendors that could provide the County with an operationally proven commercial off-the-shelf enterprise visual evidence documentation, analysis, and storage system; comprised of equipment, case image management software, and integration capabilities with existing database of stored images and Department's property, evidence, and lab information management system. The RFI was posted on the ISD Website and the Sheriff's Department Intranet with a submission due date of September 5, 2019. The Department received responses from two vendors to the RFI and is currently in the process of reviewing the responses to determine if the vendors meet the requirements for the RFI solution.

The Agreement requires Mideo to be in compliance with all Board and Chief Executive Office (CEO) requirements.

The Chief Information Office (CIO) has reviewed this Board letter and recommends approval. The CIO further determines that a CIO Analysis is not required for the recommended action as it represents a continuation of the Original Agreement, and contains no new information technology matters requiring review.

The Amendment has been reviewed and approved as to form by County Counsel.

**IMPACT ON CURRENT SERVICES**

Approval will ensure continued Services and uninterrupted operation of the forensic imaging equipment utilized by the Department's SSB.

**CONCLUSION**

Upon approval by the Board, please return a copy of the adopted Board letter and two original executed copies of the Amendment to the Department's Contracts Unit.

Sincerely,

ALEX VILLANUEVA, SHERIFF

TIMOTHY K. MURAKAMI  
UNDERSHERIFF

AV:HW:hw  
(Fiscal Administration Bureau-Contracts Unit)  
Attachments

- c: Board of Supervisors, Justice Deputies  
Celia Zavala, Executive Officer, Board of Supervisors  
Sachi A. Hamai, Chief Executive Officer  
Sheila Williams, Senior Manager, Chief Executive Office (CEO)  
Rene Phillips, Manager, CEO  
Jocelyn Ventilacion, Principal Analyst, CEO  
Anna Petrosyan, Analyst, CEO  
Mary C. Wickham, County Counsel  
Michele Jackson, Principal Deputy County Counsel  
Elizabeth D. Miller, Chief Legal Advisor, Legal Advisory Unit  
Timothy K. Murakami, Undersheriff  
Dennis M. Kneer, Chief of Staff  
Conrad Meredith, Division Director, Administrative Services Division (ASD)  
Glen Joe, Assistant Division Director, ASD  
Wesley Grose, Director, Scientific Services Bureau (SSB)  
Rick M. Cavataio, Director, Fiscal Administration Bureau (FAB)  
David Culver, Assistant Director, FAB, Contracts Unit  
Micah Anozie, Assistant Director, SSB  
Vanessa C. Chow, Sergeant, ASD  
Adam R. Wright, Deputy, ASD  
Irma Santana, Manager, Contracts Unit  
Cynthia Lopez, Senior Contract Analyst, Contracts Unit  
Heather Wahl, Contract Analyst, Contracts Unit  
(for BOS Team only - type in file path where letter can be found in the shared files, title and date of the letter)

## SOLE SOURCE CHECKLIST

Department Name: Los Angeles County Sheriff

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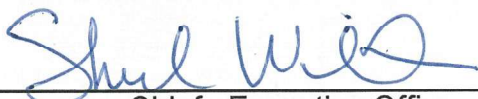
New Sole Source Contract

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Existing Sole Source Contract

Date Sole Source Contract Approved: November 20, 2012

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> Identify applicable justification and provide documentation for each checked item.
<input checked="" type="checkbox"/>	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>"Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist."</i>
<input type="checkbox"/>	➤ Compliance with applicable statutory and/or regulatory provisions.
<input type="checkbox"/>	➤ Compliance with State and/or federal programmatic requirements.
<input type="checkbox"/>	➤ Services provided by other public or County-related entities.
<input type="checkbox"/>	➤ Services are needed to address an emergent or related time-sensitive need.
<input type="checkbox"/>	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
<input type="checkbox"/>	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
<input type="checkbox"/>	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
<input type="checkbox"/>	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
<input checked="" type="checkbox"/>	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
<input type="checkbox"/>	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
<input checked="" type="checkbox"/>	➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

  
Chief Executive Office

6/6/19  
Date

RCP  
6/6/19

## SOLE SOURCE REQUEST

### SHERIFF

There are certain acquisitions which when in the best interest of the County can only be obtained from a sole source. Sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.

DOCUMENTATION FOR SOLE SOURCE JUSTIFICATION TO EXTEND THE SOLE SOURCE AGREEMENT WITH MIDEO SYSTEMS, TO PROVIDE CONTINUED MAINTENANCE AND SUPPORT SERVICES FOR THE DEPARTMENT'S FORENSIC IMAGING SYSTEM.

JUSTIFICATION MUST INCLUDE RESPONSES TO THE FOLLOWING QUESTIONS WHEN APPLICABLE:

#### Justification – Services

1. What is being requested?

The Los Angeles County Sheriff's Department (Department) is requesting approval of an amendment (Amendment) to extend the current Sole Source Maintenance Agreement Number 77870 (Agreement) with Mideo Systems (Mideo). The Amendment will extend the Agreement for three additional years, plus four one-year options, to provide continued maintenance and support services for the Department's Scientific Services Bureau (SSB) Mideo Forensic Imaging System, which is comprised of Mideo forensic imaging equipment and Mideo's case image management software application.

2. Why is the service needed? How will it be used?

The Department's SSB Crime Laboratories (Crime Lab) utilizes the Mideo Forensic Imaging System to capture images of the various types of evidence that are submitted to the Crime Lab. Since 1997, all evidence images have been incorporated into Mideo's case image management software, where they are protected and stored. Mideo's case image management software also provides for image enhancement necessary to optimize the images for analysis and interpretation. The Agreement provides maintenance and support of the Mideo Forensic Imaging System's various image capturing devices, replaces hardware and computer components as necessary, and provides periodic updates to Mideo's case image management software involving service upgrades and potential bug fixes.

3. Is this service provider the only one that meets the user's requirements? If yes, what is unique about this service provider?

Mideo is the sole provider of support and maintenance service for all Mideo Forensic Imaging Systems throughout the United States. Mideo does not train, certify, license, or otherwise endorse any third party to provide support, maintenance, and/or upgrade services to their proprietary Mideo Forensic Imaging System.

4. Have other service providers been considered? If yes, which service providers have been considered and how did they fail to meet the user's requirements?

No, the equipment and case management software application are proprietary to Mideo.

5. Will services provided by this company avoid other costs (e.g., data conversion, training, purchase of additional hardware, etc.)?

Yes, the extension to this Agreement will allow for continued maintenance and support of the hardware and software already integrated throughout the Crime Lab, and avoid having to purchase and train staff on a new system.

6. Is this service provider proprietary or is this service available from various service providers?

This service is proprietary and can only be provided by authorized Mideo personnel.

7. Reasonableness of price. Does the County obtain a special or pricing not available to the private sector?

Yes, maintenance service fees are typically 15 percent of the purchase price. We are charged 10 percent of the purchase price for both existing and any new equipment. The Crime Lab has had agreements with Mideo since at least 2003 and has received outstanding support and value for the monies spent. The 2013 prices will remain the same and it is anticipated that the prices will not be increased.

8. If this purchase is an upgrade of existing equipment, what is the dollar value of existing equipment and the purchase order number for the existing equipment?

The Crime Lab has equipment from Mideo dating back to 1997. The equipment, software, and database are approximately valued at \$1,000,000.

Some of the previous purchase order numbers are as follows:

PO-SH-17323319-2 (66K)

PO-SH-17322812-1 (52K)

DPO – SH-36509260 (201K)

PD-SH-11322030 (90K)

11029979 (84K)

11029946 (68K)

11029955 (49K)

R42494 (52K)

S40911 (30K)

S40930 (21K)

S41287 (78K)

## BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019	
<b>BOARD MEETING</b>	10/29/2019	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	ALL SUPERVISORIAL DISTRICTS	
<b>DEPARTMENT</b>	OFFICE OF THE ASSESSOR	
<b>SUBJECT</b>	AGREEMENT WITH ORACLE AMERICA, INC. (Oracle) for the ASSESSOR MODERNIZATION PROJECT (AMP) PHASE IV	
<b>PROGRAM</b>		
<b>SOLE SOURCE CONTRACT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Each AMP phase is heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. Introducing a new vendor would introduce new risk and considerably disrupt development efforts, team chemistry, and the overall timeline of the project. The Sole Source Contract with Oracle avoids significant costs and risk associated with a new vendor.	
<b>DEADLINES/ TIME CONSTRAINTS</b>		
<b>COST &amp; FUNDING</b>	Total cost: \$28,400,000	Funding source: Legacy System Modernization Fund and departmental savings
	TERMS (if applicable):	
	Explanation: Development price to be used for any necessary Change Orders, Amendments, or optional services. Hosting cost will be fully offset by savings resulting from reductions in ISD hosting services.	
<b>PURPOSE OF REQUEST</b>	The overall goal of Phase IV will be to: <ul style="list-style-type: none"> <li>• Reproduce the annual Assessment Roll in AMP.</li> <li>• Successfully decommission the mainframe (PDB).</li> <li>• Continue replacing the Assessor's legacy secured and unsecured property systems.</li> <li>• Deliver capabilities currently on legacy hardware into the AMP framework, i.e. processes for Change in Ownership (CIO), Decline in Value (DIV), Exemptions, Assessment Appeals, Parcel Changes and Roll Support.</li> <li>• Deliver functionality to accommodate Split Roll.</li> <li>• Develop a common framework for interfacing with systems that will not be migrated to AMP as part of Phase IV.</li> <li>• Improve cost efficiency, performance and scalability by moving AMP Production to Oracle Cloud.</li> </ul>	
<b>BACKGROUND (include internal/external issues that may exist)</b>	The Assessor utilized the Work Order process under Master Service Agreements with International Business Machines (IBM) and Oracle Consulting Services (Oracle). After a thorough evaluation of their proposed solutions, the Assessor concluded that Oracle provided the best overall plan and software suite for this project. AMP is a five phase agile development project. <ul style="list-style-type: none"> <li>• Phase I - AMP Foundations</li> <li>• Phase II - Secured Assessment Processing</li> <li>• Phase III - Unsecured Processing, New Construction, Roll Support and Market Approach</li> <li>• Phase IV - Change in Ownership, Decline in Value, Exemptions, Assessment Appeals</li> <li>• Phase V - Ancillary System Replacement and Miscellaneous</li> </ul>	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email: <ul style="list-style-type: none"> <li>• Steven Hernandez, Assistant Assessor, Administration, 213-974-3123,  <a href="mailto:SHernandez@assessor.lacounty.gov">SHernandez@assessor.lacounty.gov</a> </li> </ul>	



**OFFICE OF THE ASSESSOR  
COUNTY OF LOS ANGELES**

500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2770  
assessor.lacounty.gov  
1(888) 807-2111

XXXX

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:

**AUTHORIZATION FOR THE ASSESSOR TO EXECUTE AN AGREEMENT FOR PHASE IV  
OF THE ASSESSOR MODERNIZATION PROJECT  
(ALL SUPERVISORIAL DISTRICTS - 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X)**

**SUBJECT:**

This letter requests the Board to approve the execution of an Agreement with Oracle America, Inc. (Oracle), for the implementation of Phase IV of the Assessor Modernization Project (AMP).

**IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS**

1. Authorize the Assessor, or designee, to execute a substantially similar contract (Attachment I) with Oracle, effective upon execution, and delegate authority for necessary subsequent Change Orders and Amendments for the implementation of AMP Phase IV at the maximum amount of \$28,400,000, which includes a contingency of 10%.
2. Approve and delegate authority to the Assessor to execute an Agreement with Oracle to provide application management services for Oracle cloud hosted environments with an annual support cost not to exceed \$1,800,000 with concurrence from the Chief Executive Office (CEO) and Chief Information Office (CIO).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

**Background**

AMP is a five phase agile development project to replace the Assessor's legacy systems, which include over 120 aging applications, dating back over 50 years to the 1960s. The current legacy systems are cumbersome, inefficient, and unable to support the changing business needs of the Assessor. The Assessor began modernization efforts by evaluating multiple commercial off the shelf solutions aimed at mitigating the inefficiencies of the legacy property assessment systems.

Unable to find a commercial off-the-shelf solution, the Assessor utilized the Work Order process under Master Service Agreements with International Business Machines (IBM) and Oracle. This targeted solicitation enabled the Assessor to negotiate between the two contractors before selecting a contractor. In consultation with the County CIO and assistance from the Internal Services Department (ISD) it was determined that Oracle proposed a more cost effective and complete solution to address the business needs of the Assessor. Additionally, County Counsel and Outside Counsel reviewed and concurred with the Assessor's selection of Oracle.

Oracle co-located staff with Assessor subject matter experts and provided professional consultation services to develop the foundational elements of AMP. Phase I produced the overall enterprise architecture and foundation for AMP. Phase II built on the foundations of Phase I and provided additional functional components. Phase III saw the development of key processes designed to intake, manage and initiate data and documents to support new AMP business processes. Your Board previously authorized similar agreements on June 16, 2015, November 9, 2016, and May 29, 2018 for AMP Phase I, II, and III, respectively. This request will continue the development effort with Oracle for AMP Phase IV, via Sole Source Contract.

#### Justification for Sole Source Contract

Oracle has been the sole vendor and partner for AMP since its inception. Oracle has created the architecture, design, security environments, and code for the project. Oracle has gained a thorough understanding of the Assessor's business and County's infrastructure, which has enabled Oracle to seamlessly develop and communicate on key components of AMP. In addition, each AMP phase is heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. The Assessor has purchased over \$5 million in development software from Oracle to build AMP. Introducing a new vendor at this point would introduce new risk and considerably disrupt development efforts, team chemistry, and the overall timeline of the project. The Sole Source Contract with Oracle avoids significant costs and risk associated with a new vendor.

The Assessor has benefited tremendously from the training, guidance and erudition from Oracle over the past three AMP phases, and will use this acquired knowledge to reduce its future dependency on Oracle development with the objective of becoming autonomous by the end of Phase V.

#### Benefits

The Assessor continues to collaborate with partner departments via its Project Advisory Committee which is comprised of the Chief Executive Office, Chief Information Office, Auditor-Controller, Treasurer and Tax Collector, Registrar-Recorder/County Clerk, and ISD. This collaboration has created numerous benefits and efficiencies in the development and functionality of AMP. AMP also provides significant improvements in data transparency, security and audit, information accuracy, and support for future business and compliance requirements. In addition, AMP enables the Assessor, other property tax departments, and the public the ability to access assessment information from the Assessor's data repository using a web-based user interface.

### Implementation of Strategic Plan Goals

The recommended action supports Goal III, "Realize Tomorrow's Government Today," Strategy III.2, "Embrace Digital Government for the Benefit of our Internal Customers and Communities," Strategy III.3, "Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability," and Strategy III.4, "Engage and Share Information with Our Customers, Communities and Partners."

### **FISCAL IMPACT/FINANCING**

The development agreement price is \$24,000,000 with a 10% contingency amount of \$2,400,000 to be used for any necessary Change Orders, Amendments, or optional services as the Assessor may see fit. As in the Phase II and III contract, Phase IV allows for optional Oracle hosting infrastructure services for \$2,000,000. This is an ongoing annual cost that will be fully offset by future reductions from ISD hosting services. The Agreement price is fixed and deliverables based as requested and approved by the Assessor. The total maximum amount for the Agreement is \$28,400,000. The Legacy System Modernization Fund and departmental savings will be used to fund Phase IV of the project.

The request for approval and delegated authority to execute an agreement with Oracle will provide optional application management services for current and future Oracle cloud hosted environments replacing like services from ISD. This agreement will be an annual support cost not to exceed \$1,800,000 and fully offset by savings resulting from reductions in ISD hosting services.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Per Board Policy 5.100, Sole Source Contracts, the Assessor provided notification to the Board on July 11, 2019, four weeks prior to initiating negotiations for a new Sole Source Contract with Oracle. On August 12, 2019, the Assessor began contract negotiations for AMP Phase IV.

The proposed Agreement includes all Board required provisions and establishes the negotiated terms and conditions under which Oracle services will be acquired including: i) a statement of work; ii) a schedule of prices and fees; iii) termination provisions; and iv) County's standard terms and conditions. The County and Oracle have negotiated several terms and conditions in the proposed Agreement that depart from the County's standard terms and conditions. Several of these departures were previously approved by the Board in connection with the Master Service Agreements (MSA) Work Order, including provisions with respect to representations and warranties, the Contractor's termination rights, indemnification obligations, remedies, and limitations of liability.

Key issues that were negotiated in the proposed Agreement are: i) defined terms; ii) joint ownership to intellectual property rights to the work created under the Agreement; iii) acceptance criteria for services and deliverables; iv) record retention; v) extended warranty period; vi) indemnification rights; vii) remedies for breach; viii) irrevocable license for Oracle's intellectual property incorporated in AMP; and ix) limitation of liabilities capped at 2x fees paid under the Agreement with certain provisions excluded from this limitation. All of these negotiated items are the same as in the Phase III agreement your Board previously reviewed and approved.

The Chief Information Officer (CIO) has reviewed this request and recommends approval.

### **CONTRACTING PROCESS**

On June 16, 2015, your Board approved a Work Order under Master Service Agreement with Oracle for development of AMP Phase I. On November 9, 2016 and May 29, 2018, your Board authorized Sole Source Agreements with Oracle to develop key components of AMP Phase II and Phase III, respectively. This request continues the development effort via Sole Source Contract with Oracle for AMP Phase IV.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will have no negative impact on current public services or projects, nor will it affect the Assessor's production of the tax roll. Approval of the recommendation will ensure the Assessor continues to develop a modern assessment system to enhance its business operations and improve service delivery.

Respectfully submitted,

Reviewed by:

Jeffrey Prang  
Assessor

William S. Kehoe  
Chief Information Officer

JP:SMH:EY:st

Enclosures

c: Chief Executive Office  
Chief Information Office  
Executive Officer, Board of Supervisors  
County Counsel  
Internal Services Department  
Auditor-Controller  
Registrar-Recorder/County Clerk  
Treasurer and Tax Collector



**AGREEMENT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**AND**

**ORACLE AMERICA, INC.**

**Assessor Modernization Project (Phase IV)**

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- A STATEMENT OF WORK
- B CONTRACTOR'S EEO CERTIFICATION
- C COUNTY'S ADMINISTRATION
- D CONTRACTOR'S ADMINISTRATION
- E JURY SERVICE ORDINANCE
- F SAFELY SURRENDERED BABY LAW
- G INTENTIONALLY OMITTED
- H ORACLE IAAS ORDERING DOCUMENT
- I COUNTY'S INFORMATION SECURITY POLICY

**AGREEMENT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
ORACLE AMERICA, INC.  
FOR  
ASSESSOR MODERNIZATION PROJECT (PHASE IV)  
SUPPORT AND CUSTOMIZATION SERVICES**

This Agreement for the Assessor Modernization Project (Phase IV) (“**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (“**County**”) and Oracle America, Inc. (“**Contractor**”), a Delaware corporation, with its principal place of business at 500 Oracle Parkway, Redwood Shores, California 94065. When used herein, the term “Agreement” includes the body of this Agreement and the Statement of Work (“**Statement of Work**” or “**SOW**”) entered into by the parties hereunder and such other exhibits (“**Exhibit(s)**”), attachments (“**Attachment(s)**”), schedules (“**Schedule(s)**”) appended to this Agreement and additional documents that the parties identify and agree to incorporate herein by reference. In the event of a conflict between the body of this Agreement and any SOW, Exhibit, Attachment, Schedule, or incorporated material, such conflict or inconsistency shall be resolved by giving precedence first to the Agreement (except with respect to the terms and conditions governing Oracle IaaS, which are set forth in Exhibit H (Oracle IaaS Ordering Document) and have precedence over the Agreement and any other terms in the event of any conflict), then the SOW and then to the Exhibits in the order set forth in Paragraph 1.0 below (with the exception of Exhibit H (Oracle IaaS Ordering Document)). Each of County and Contractor are also referred to as a “**Party**” and collectively, the “**Parties**.”

## RECITALS

WHEREAS, on June 16, 2015, County through the Office of the Assessor (“**Office of Assessor**”) executed that certain Work Order Submission Form (“**Work Order**”) with Contractor under that certain Master Services Agreement by and between County and Contractor for Information Technology Services dated February 20, 2007, as amended from time to time including by Work Order dated June 16, 2015 (collectively, the “**MSA**”), for the development of Phase I of the Assessor Modernization Project (“**Phase I**”);

WHEREAS, Phase I, part of the Assessor Modernization Project, a five phase agile development project to replace the Office of Assessor’s currently outdated systems (“**AMP**”), established the overall enterprise architecture and plan for the entire system, including the following foundational components: the creation and population of a new assessment roll system (“**Assessment Roll**”); rewrite of the “Assessor Portal” interface for both personal computers and mobile devices; functionality to store base year value and compute trending for all properties on the Assessment Roll; and a case management pilot designed for secure taxpayer self-service access;

WHEREAS, in connection with AMP, the Office of Assessor purchased a suite of software products pursuant to that certain Software License Master Agreement by and between County and Contractor dated July 28, 2014 (Contractor reference name: US-GMA-270549), and all amendments and addenda thereto (“**SLMA**”), based on the architecture needed to fully build AMP, including database, integration, middleware, mobile, and security products;

WHEREAS, County and Contractor entered into an agreement dated November 9, 2016 for the development of the second phase of AMP (“**Phase II**”), to build on the foundations of functionality built in Phase I and provide additional functional components including: property identification, address management, and parcel change; foundational elements for master workflows and automation of the new construction process; Proposition 13 assessment processing; replacement/modernization of system interfaces with partner departments (primarily Auditor-Controller and Treasurer & Tax Collector); foundational elements for automating market approach appraisals; and functionality that supports the processing of public service inquiries and assessment exclusions (i.e. miscellaneous Propositions);

WHEREAS, County and Contractor entered into an agreement dated May 29, 2018 for the development of the third phase of AMP (“**Phase III**”), to build on the foundations of functionality built in Phases I and II and to provide additional functional components including: Global Case Management, New Construction, Property Statements, Market Approach (Computer Aided Mass Appraisal), Roll Support, System Interfaces and Environment and Technology Updates, extension of the security framework and expansion of the elements of AMP open to the public domain;

WHEREAS, the primary objective of this Agreement is to initiate the fourth phase of AMP (“**Phase IV**”), to build on the foundations of functionality built in Phases I - III and provide additional functional components including: Change in Ownership, Decline in Value, Exemptions, Assessment Appeals;

WHEREAS, County desires to engage Contractor under this Agreement to complete Phase IV of AMP;

WHEREAS, County may contract with private businesses for consulting and professional services to develop an integrated property assessment replacement system and related services when certain requirements are met;

WHEREAS, Contractor is a private firm providing consultation and professional services utilizing software procured through the SLMA and Phases I - III;

WHEREAS, Contractor agrees to furnish certain services and technical support subject to the terms of the Agreement; and

WHEREAS, County is authorized by California Government Code Section 31000 to contract for goods and services, including the services contemplated herein.

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, H, and I are attached to and form a part of this Agreement.

### **Standard Exhibits:**

- 1.1 EXHIBIT A - Statement of Work
- 1.2 EXHIBIT B - Contractor's EEO Certification
- 1.3 EXHIBIT C - County's Administration
- 1.4 EXHIBIT D - Contractor's Administration
- 1.5 EXHIBIT E - Jury Service Ordinance
- 1.6 EXHIBIT F - Safely Surrendered Baby Law
- 1.7 EXHIBIT G - Intentionally Omitted
- 1.8 EXHIBIT H - Oracle IaaS Ordering Document
- 1.9 EXHIBIT I - County's Information Security Policy

This Agreement and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous agreements, written and oral, and all communications between the parties relating to the subject matter of this Agreement. No change to this Agreement shall be valid unless prepared pursuant to Paragraph 13.0 (Changes to Agreement) 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. Terms not defined where they first appear in the Agreement shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

### **2.1 Acceptance**

As used herein, the terms “Acceptance” and “Accepted” shall mean County’s written approval of any tasks, subtasks, Services, Deliverables and milestones (if applicable) in accordance with Paragraph 5.0 (Acceptance).

### **2.2 Acceptance Certificate**

The acceptance certificate, substantially similar to the Acceptance Certificate provided in Exhibit A (Statement of Work) or in a form otherwise mutually agreed by the Parties.

### **2.3 Agreement Term**

The meaning set forth in Sub-paragraph 6.1 of this Agreement. The phrase “term of the/this Agreement” and phrases of similar import shall mean the Agreement Term.

### **2.4 Assessor**

The Assessor, or his or her designee.

### **2.5 Change Order**

A change order (pursuant to the Change Order process set forth in the SOW) duly authorized under the terms of this Agreement in accordance with Sub-paragraph 13.3 (Change Order).

### **2.6 Contractor**

The sole proprietor, partnership, or corporation that has entered into a contract with County to perform or execute the work covered by the Agreement.

### **2.7 Contractor Works**

In the performance of this Agreement: (a) Anything provided by or on behalf of Contractor from a Contractor repository (except from a repository created solely for purposes of providing Services to County pursuant to the development of Phase IV of AMP); (b) any software code generated by Contractor that is not generated solely for County pursuant to the performance of the Services provided

hereunder; (c) any tools, interfaces and utilities, and other related materials, developed by or on behalf of Contractor (other than prepared solely for County in connection with Phase IV of AMP (e.g., as demonstration scripts)) and/or outside the scope of Services of this Agreement, and provided by or on behalf of Contractor from a repository that has not been created solely for purposes of this Agreement; and (d) any derivative works of clauses (a) through (c) above.

**2.8 Contractor's Project Director**

The individual designated by Contractor to administer the Agreement operations after the Agreement award.

**2.9 Contractor's Project Manager**

The individual designated by Contractor to administer the Agreement operations after the Agreement award.

**2.10 County Data**

All of County information, data, records, and information of County to which Contractor has access, or is otherwise provided to Contractor under this Agreement, during the use and/or provisioning of the Solution, including any data entered/stored/accessed during use of the Solution by users of the Solution.

**2.11 County's Project Director**

Person designated by County with authority for County on contractual or administrative matters relating to this Agreement that cannot be resolved by County's Project Manager.

**2.12 County's Project Manager**

Person designated by County's Project Director to manage the operations under this Agreement.

**2.13 Day(s)**

Calendar day(s) unless otherwise specified.

**2.14 Defect**

With respect to the Services or Deliverables, a failure of the Services or Deliverables to conform in all material respects to its Specifications.

**2.15 Deliverable(s)**

Whether singular or plural, shall mean software, items and/or services provided or to be provided by Contractor under this Agreement identified as a deliverable, by

designation, number, or context, in the Statement of Work, Exhibit (with the exception of Exhibit H (Oracle IaaS Ordering Document), Attachment, Schedule, or any document associated with the foregoing, including all Deliverable(s) in Exhibit A (Statement of Work).

**2.16 Documentation**

All of Contractor's training course materials, system specifications and technical manuals, and all other user instructions regarding the capabilities, operation, and use of the Solution, including, but not limited to, online help screens contained in the Solution, existing as of the Effective Date and any revisions, supplements, or updates thereto.

**2.17 Effective Date**

The date of approval and execution of this Agreement by the Board of Supervisors.

**2.18 Fees**

That certain fee amount as specified in Exhibit A (Statement of Work), which shall include any and all fees and costs to be paid by County to Contractor for all Services, including those Services described in Exhibit A (Statement of Work).

**2.19 Final Acceptance**

As used herein, the term "Final Acceptance" shall mean County's written approval of the Solution in accordance with Sub-paragraph 5.5 (Final Acceptance).

**2.20 Fiscal Year**

The twelve (12) month period beginning July 1st and ending the following June 30th.

**2.21 Interfaces**

Either a computer program developed by, or licensed to, County or Contractor to (a) translate or convert data from a County or Contractor format into another format used at County as a standard format; or (b) translate or convert data in a format used by County or a third-party to a format supported at County or vice versa.

**2.22 Joint Property**

Those Deliverables developed by Contractor solely for County under this Agreement (including software code generated solely for County pursuant to the performance of the Services provided hereunder) and those Deliverables

developed jointly by Contractor and County under this Agreement. Joint Property does not include any Contractor Works.

**2.23 Licensed Software**

Individually each, and collectively all, of the computer programs provided by Contractor under the SLMA (including Third-Party Products), including as to each such program, the processes and routines used in the processing of data, the object code, Interfaces to be provided hereunder by Contractor, and revisions, and any and all programs otherwise provided by Contractor under this Agreement. All Licensed Software and the components thereof shall be release versions, and shall not be test versions (e.g., alpha or beta test version), unless otherwise agreed to in writing by County.

**2.24 Optional Work**

Professional Services, which may be provided by Contractor to County upon County's request and approval in accordance with Sub-paragraph 4.4 (Optional Work).

**2.25 Oracle IaaS**

The Oracle Public Cloud Infrastructure as a Service being procured by County from Contractor hereunder as set forth in Exhibit H (Oracle IaaS Ordering Document).

**2.26 Personal Data**

Any information that identifies a person, including, but not limited to, name, address, email address, passwords, account numbers, social security numbers, credit card information, personal financial information, personal preferences, demographic data, marketing data, credit data, or any other identification data.

**2.27 Pool Dollars**

Absent an amendment in accordance with Paragraph 13.0 (Changes to Agreement), the maximum amount allocated under this Agreement for the provision by Contractor of Optional Work, including Professional Services, approved by County in accordance with the terms of this Agreement.

**2.28 Production Use**

The actual use of the Solution in the production environment to (a) process actual live data in County's day-to-day operations and (b) use the Solution.

**2.29 Professional Services**

Services, including but not limited to, consulting services, additional training and/or customizations, which Contractor may provide upon County's request therefore in the form of Optional Work in accordance with Sub-paragraph 4.4 (Optional Work).

### **2.30 Services**

The services rendered by Contractor, which services are described under the Statement of Work, as the same may be amended by any fully executed Change Order(s) thereto, in accordance with this Agreement. Services do not include outsourcing, hosting, disaster recovery, software maintenance or support. Such excluded services (with the exception of Oracle IaaS), if desired by County, may be procured under a separate agreement between the parties.

### **2.31 Solution**

The aggregate Deliverables and Services provided and/or rendered by Contractor (as set forth in Exhibit A (Statement of Work) of this Agreement) and as evidenced by Final Acceptance by County. To be clear, as such term is used in this Agreement, Solution is limited to Phase IV of AMP and excludes Oracle IaaS.

### **2.32 Specifications**

With respect to a Deliverable or Service, all specifications, requirements, and/or standards specified or referenced in the SOW and any attachment referenced therein or attached thereto, including the Deliverables Expectations Document to be mutually agreed upon by the Parties pursuant to the SOW.

### **2.33 Subcontractor**

A subcontractor of Contractor at any tier.

### **2.34 Third Party Product**

All software and content licensed, leased or otherwise obtained by Contractor from a third-party, and used with the Solution or used for the performance of the Services and which is expressly identified as Third Party Product in Exhibit A (Statement of Work). For the avoidance of doubt, Third Party Products shall not include commercial off the shelf software (e.g., office productivity suites, browsers, etc.) typically installed on personal computers that Contractor may utilize in the performance of Services or preparation of Deliverables).

## **3.0 INTELLECTUAL PROPERTY.**

### **3.1 Ownership of County Data, Contractor Works and Joint Property.**

#### **3.1.1 Ownership of County Data.**

All County Data provided or made accessible by County to Contractor is and shall remain the property of County. Upon termination or expiration of the Agreement for any reason, or upon County's written request at any time, Contractor shall provide County, at no additional cost and no later than fifteen (15) calendar days after the termination, expiration or County's request, any County Data or other proprietary data in Contractor's possession or under Contractor's control belonging to County. Such data will be provided to County on an external media drive in a platform-agnostic format or in any specific format reasonably requested by County. At County's option, Contractor shall destroy all originals and copies of all such data, and other related information or documents.

**3.1.2 Ownership of Contractor Works & Licensed Software.**

Contractor retains all right, title and interest, including all copyrights, in and to any Contractor Works and Licensed Software (including any modifications thereto made by Contractor). Upon payment of all Fees due under this Agreement, County has the non-exclusive, non-assignable, royalty free, perpetual, irrevocable, limited right to use, solely as a component of Joint Property, Contractor Works that are incorporated into Joint Property. County may allow its agents and contractors (including, without limitation, outsourcers) to use, as set forth in the preceding sentence, Contractor Works that are incorporated into Joint Property, and County is responsible for such agents' and contractors' compliance with this Agreement in such use. This Agreement does not grant, amend, or modify any license for any products or documentation owned or distributed by Contractor. Any and all Contractor Works which Contractor desires to use hereunder, and which Contractor considers to be proprietary or confidential, must be specifically identified by Contractor to County's Project Director as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "PROPRIETARY" or "CONFIDENTIAL."

**3.1.3 Ownership of Joint Property.**

County and Contractor hereby agree that upon payment by County to Contractor of all Fees due under this Agreement, each of Contractor and County jointly own the copyright interest in Joint Property and neither County nor Contractor are required to account to the other party for use of such Joint Property.

**3.2 Third Party Product; County Third Party Product.**

Contractor shall not use any Third Party Product in the Deliverables without the prior written approval of County to be granted or withheld in its sole discretion.

Unless otherwise set forth in the SOW, at Contractor's discretion, Contractor may assist County with County's review of products from third parties ("**County Third Party Product**") that may interact with the Deliverables or the Solution, provided, however, that County acknowledges and agrees that (i) County must acquire any appropriate license rights necessary for Contractor to provide such assistance on County's behalf, (ii) County will independently obtain and review County Third Party Product and other documentation published by the third party provider, (iii) Contractor has no specific knowledge about, expertise in, or experience with County Third Party Products and (iv) notwithstanding any statement or interpretation to the contrary, any such assistance provided by Contractor is provided without warranty of any kind.

#### **4.0 SERVICES.**

##### **4.1 Services Generally.**

Contractor will provide Services and Deliverables, including achieving Final Acceptance of the Solution, as specified in this Agreement. Contractor will provide the Services, fulfill the obligations to County, produce and deliver the Deliverables, and retain the responsibilities set forth in this Agreement, and more specifically, Exhibit A (Statement of Work). Except as otherwise agreed or as reasonably required for its performance, Contractor shall use commercially reasonable efforts to provide the Services without causing a material disruption of County's operations. If Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Agreement, the same shall be deemed to be a gratuitous effort on the part of Contractor, and Contractor shall have no claim whatsoever against County.

##### **4.2 Services.**

- 4.2.1 Contractor shall provide Services as provided in this Agreement and specified in Exhibit A (Statement of Work).
- 4.2.2 Contractor shall provide Services in accordance with Exhibit A (Statement of Work) and the Agreement in exchange for payment by County to Contractor of the applicable Fees.
- 4.2.3 Subject to the project assumptions (as specified in the SOW), including County's timely performance with respect to any obligations specified in such assumptions, and subject further to the terms of Sub-paragraph 25.3 (Force Majeure), Contractor shall deliver all Deliverables by the date(s) specified in the "Project Work Plan" (as set forth in the SOW) unless extended by County in writing. Subject to the foregoing, should Contractor anticipate that Contractor resources assigned to provide the Services are not sufficient to timely complete the Services, Contractor shall supplement them with Contractor resources at no additional cost to County as needed to timely complete the Services, within the time set forth in the SOW. Contractor will be relieved of its performance

obligations to the extent delayed or prevented due to a failure of project assumptions (including County's failure to perform its obligations in accordance with such assumptions) or a Force Majeure Event (as defined in Sub-paragraph 25.3 (Force Majeure)); provided, however, that Contractor shall notify County of such failure or Force Majeure Event as soon as practicable. Upon County's receipt of such notice from Contractor, the Parties shall work together in good faith to address the failure or Force Majeure Event, including via Change Order, if applicable, and if they are unable to mutually agree to a resolution of such failure or Force Majeure Event, then the Parties will be subject to the Dispute Resolution Procedure (as set forth in Paragraph 24.0).

#### **4.3 Training.**

As part of the Services, Contractor shall provide the training to County and its personnel set forth in Exhibit A (Statement of Work).

#### **4.4 Optional Work**

Upon County's written request and mutual approval pursuant to the terms of this Agreement, Contractor shall provide Optional Work, including Professional Services, in accordance with this Sub-paragraph 4.4 at the applicable pricing terms set forth in Exhibit A (Statement of Work).

##### **4.4.1 Professional Services**

Contractor shall provide to County Professional Services as part of Optional Work using Pool Dollars, including consulting services and/or additional training, in accordance with any applicable changes to the Agreement. Specifically, County may from time to time, during the term of this Agreement, submit to Contractor for Contractor's review written requests for Professional Services using Pool Dollars, including consulting services and/or additional training, for services not included. County may require that Professional Services be provided on a ( 1) fixed fee basis, (2) not to exceed basis, (3) time and materials basis, or (4) a combination of the above. In response to County's request, Contractor shall submit to County for approval a proposal describing the particular Professional Services and providing a response consistent with the payment method required by County to provide such Professional Services, calculated based on the "Fixed Hourly Rate" and other pricing terms set forth in Exhibit A (Statement of Work) and elsewhere in this Agreement (collectively, the "**Proposal**"). County and Contractor shall agree on the changes developed using such Proposal, which shall at a minimum include the tasks and Deliverables to be performed, Acceptance Tests, as applicable, and the pricing for such Professional Services. Any Professional Services that are accepted and approved in writing by the

Parties via Change Order shall become a part of the Services, and shall be subject to the terms and conditions of this Agreement and the Statement of Work.

## **4.5 Multi-Vendor Environment**

### **4.5.1 Cross-Over Issues**

Contractor acknowledges that it will be delivering the Services and/or Deliverables in a multi-vendor environment, with County and County's other service providers providing services relating to Phase IV of AMP. Effective operation of such an environment requires not only the cooperation among County, all service providers, and Contractor, but also collaboration in addressing service-related issues that may cross over from one service area or provider to another and related to the Services ("**Cross-Over Issues**"). As part of the Services, Contractor will reasonably cooperate and seek to maintain a collaborative approach to Cross-Over Issues.

### **4.5.2 Service Interdependencies**

Contractor shall use commercially reasonable efforts to identify all work efforts of which Contractor has knowledge, whether performed by Contractor, Subcontractors, Contractor third party vendors, or County that may materially impact the delivery of the Services (the "**Service Interdependency**"). For each Service Interdependency, Contractor shall provide expectations and specifications in reasonable detail to help facilitate the work of the party responsible for the work or deliverable. With respect to its own Services, Contractor shall implement processes to insure it is receiving regular reports, from its own personnel, including Subcontractors, responsible for a Service Interdependency, with sufficient data to enable it to validate that each Service Interdependency is proceeding in accordance with the timing applicable to that Service Interdependency, and that the then current timing of delivery of the work or deliverables as to each Service Interdependency will not adversely impact Contractor's ability to deliver the Deliverables and/or Services in accordance with the Specifications. Within a reasonable period of time of knowledge of any Service Interdependency, Contractor shall provide County with a written report outlining the scope and nature of such Service Interdependency and Contractor's proposed resolution to remedy such Service Interdependency.

## **4.6 Oracle IaaS**

Contractor shall provide to County Oracle IaaS as specified, and in accordance with the terms and conditions set forth, in Exhibit H (Oracle IaaS Ordering Document). No other terms of this Agreement, the SOW or any other Exhibit shall apply to the

provision of Oracle IaaS, unless expressly set forth in this Agreement, the SOW or such other Exhibit.

#### **4.7 Time Is of the Essence**

Time is of the essence with regard to the performance of the Services, which for purposes of this Agreement shall mean that the Parties will perform in accordance with the Deliverable schedule set forth in Project Work Plan, subject to any adjustments to such schedule as provided in this Agreement.

### **5.0 ACCEPTANCE**

#### **5.1 Acceptance Criteria**

The Solution, Services and Deliverables, shall be subject to acceptance testing by County as specified in Exhibit A (Statement of Work), to verify that they satisfy the acceptance criteria mutually agreed to by the parties, as developed in accordance with Exhibit A (Statement of Work) and this Paragraph 5.0 (Acceptance) (the “**Acceptance Criteria**”). Such Acceptance Criteria shall be based on conformance in all material respects of the Solution, Services and Deliverables, to the Specifications.

County will be responsible for any additional review and testing of certain Deliverables in accordance with any mutually agreed test scripts as may be included in Contractor’s Project Management Plan (as defined in Exhibit A (Statement of Work)), as the same may be amended from time to time. With respect to each Deliverable submitted by Contractor to County pursuant to the terms of this Agreement and the Statement of Work, County shall have either five (5) business days if such Deliverable is on the project Critical Path (as defined in Exhibit A (Statement of Work)) or ten (10) business days if such Deliverable is not on the project Critical Path (the “**Acceptance Period**”) to provide Contractor with written notice that County either accepts or rejects such Deliverable. The sole basis for rejection shall be a failure of the Deliverable to conform to its Specifications (including its Acceptance Test scripts, if any) in all material respects. If such Deliverable is rejected, County will specify the deficiencies in reasonable detail. Contractor shall use all reasonable efforts to promptly cure any such deficiencies. After completing such cure, Contractor shall resubmit such Deliverable for County’s review and testing as set forth above. Upon accepting any Deliverable submitted by Contractor, County shall provide Contractor with written acceptance of such Deliverable. However, if County fails to provide written notice of any deficiencies within the Acceptance Period, as provided above, such Deliverables shall be deemed accepted at the end of the Acceptance Period. County’s failure to provide notice of acceptance or rejection of a Deliverable during the Acceptance Period will entitle Contractor to pursue a Change Order to account for any reasonable impact (including delays and increased costs) resulting from such failure.

#### **5.2 Acceptance Tests**

When Contractor notifies County that the Solution has been implemented as required under the Exhibit A (Statement of Work) or that a Service or Deliverable has been completed, County and/or Contractor shall conduct all tests (hereinafter “**Acceptance Test(s)**”) specified in Exhibit A (Statement of Work) and in accordance with Sub-paragraph 5.1 (Acceptance Criteria). Testing also may be performed at various stages of the Services as set forth in Exhibit A (Statement of Work), or otherwise deemed appropriate and mutually agreed by the Parties. For each test, Contractor shall provide County testing scenarios consistent with Contractor’s standard practices (using Contractor’s methodology as specified in the SOW) for the applicable Solution, Service and/or Deliverable; however, County is responsible for identifying all Acceptance Test cases prior to the start of the Acceptance Tests.

### **5.3 Production Use**

The Solution shall be deemed ready for Production Use when County’s Project Director, or his/her designee, approves in writing (a) Contractor’s transition of the Solution to the production environment, and (b) documented results provided by Contractor certifying successful transition of the Solution to the production environment and operation of the Solution in accordance to Exhibit A (Statement of Work).

### **5.4 Solution Use**

Following implementation of the Solution by Contractor and prior to Final Acceptance by County, County shall have the right to use, in a Production Use mode, any completed portion of the Solution, without any additional cost to County, where County determines that it is necessary for County operations. Such Production Use shall not restrict Contractor’s performance under this Agreement and shall not be deemed to be an Acceptance or Final Acceptance of the Solution.

### **5.5 Final Acceptance**

#### **5.5.1 Conduct Performance Verification**

Following transitioning of the Solution to Production Use, County and Contractor will monitor for Defects, and Contractor shall maintain the Solution in Production Use for a period of thirty (30) consecutive days or as otherwise specified in the Statement of Work. Upon occurrence of a Defect, Contractor shall provide County with a diagnosis of the Defect and proposed solution(s), and Contractor shall correct such Defect by re-performance pursuant to, and subject to, the provisions of this Agreement. County and Contractor shall agree upon each such proposed solutions to be used to correct a Defect(s) prior to its implementation. If the diagnosis finds the Defect not to be a Defect in a Deliverable delivered by Contractor, County will pay (from the Pool Dollars for Optional Work in accordance with Sub-paragraph 7.4) Contractor for the diagnosis and all

associated corrective work on a time and materials basis at the rates specified in the SOW.

Commencing with Final Acceptance and continuing through the Warranty Period (as defined in Sub-paragraph 8.3 of this Agreement), any problems encountered by County in the use of the Solution shall be subject to the applicable terms under the Agreement as more fully described in Exhibit A (Statement of Work).

#### 5.5.2 Performance Verification Report

Contractor shall provide to County the performance verification report, including supporting Documentation that the Solution complies with the Specifications. Contractor shall conduct a review with County at a meeting scheduled by County (such meeting shall occur within five (5) business days of Contractor providing the performance verification report) and provide any County-requested demonstrations of the Solution including:

- (a) Summary of activities, results, and outcomes;
- (b) Summary of each Defect identified by Contractor or County. The summary shall include for each Defect:
  - a. Description of each Defect and its root cause,
  - b. Business processes, Solution functions, and/or Interfaces impacted,
  - c. Description of all potential risks to the Solution and mitigation strategy for the Solution,
  - d. Corrective action plan,
  - e. Schedule for completion of each corrective action and resources required or assigned,
  - f. Status of each corrective action,
  - g. Date of completion of each correction, and
- (c) Verification of approval or acceptance of such corrections in accordance with the SOW;
- (d) Summary of lessons learned; and
- (e) Recommendations for any improvements to the Solution.

Contractor shall provide the "Certification of Performance Verification", certifying that the Solution complies with the Specifications in all material respects and documenting the review with County under this Sub-paragraph 5.5.2 (Performance Verification Report), including agenda, attendees, action items, and supporting documentation.

#### 5.5.3 Final Acceptance

Promptly after providing County a Certification of Performance Verification for the Solution, Contractor's Project Director also shall provide County with a signed Acceptance Certificate and County's Project Director shall provide Contractor with written approval, as evidenced by County's Project Director's countersignature on such Acceptance Certificate. Final Acceptance shall occur when such Acceptance Certificate is countersigned by County's Project Director. If County fails to accept (as evidenced by County's Project Director's countersignature on such Acceptance Certificate) or reject such Acceptance Certificate within ten (10) business days after receipt, then (a) such failure shall be deemed a material breach by County under this Agreement; and (b) at Contractor's request the Parties shall immediately proceed with the Dispute Resolution Procedure in Paragraph 24.0.

## 5.6 Failed Testing

- 5.6.1 If County's Project Director makes a good faith determination during the applicable acceptance testing period that the Solution (as a whole, or any component thereof), Services and/or Deliverables has not successfully completed an Acceptance Test or has not achieved Final Acceptance (collectively referred to for purposes of this Sub-paragraph 5.6 (Failed Testing) as "**Designated Test**") in accordance with such test's requirements, County's Project Director shall promptly notify Contractor in writing as set forth in Sub-Paragraph 5.1 (Acceptance Criteria).
- 5.6.2 Such procedure shall continue until such time as County notifies Contractor in writing either: (i) of the successful completion of such Designated Test in accordance with such test's requirements, or (ii) that County has concluded, subject to the Dispute Resolution Procedure (as defined in Sub-paragraph 24. 1 of this Agreement), that satisfactory progress toward such successful completion of such Designated Test in accordance with such test's requirements is not being made, in which latter event, the Parties shall utilize the Dispute Resolution Procedure, and if the parties fail to agree upon a means of resolving the issue, then County shall have the right to seek to terminate this Agreement in accordance with Sub-paragraph 9.2 (Termination for Default) on such basis.
- 5.6.3 Such a termination by County may be, subject to the Dispute Resolution Procedure; specifically: (i) a termination with respect to one or more of the components of the Solution; (ii) a termination of any part of Exhibit A (Statement of Work) relating to the Solution, Service(s), Deliverables(s), and/or milestone(s) that is (are) not performing or conforming as required herein; or (iii) a termination of the entire Agreement if there is a failure to achieve Final Acceptance in accordance with Sub-paragraph 5.5 due to a Sev 1 or Sev 2 issue that materially affects the functionality or performance of the Solution as a whole in accordance with the Specifications and that cannot be resolved despite good faith efforts by

Contractor. In the event of a termination under this Sub-paragraph 5.6 (Failed Testing), and subject to the Dispute Resolution Process set forth in Paragraph 24.0 (including final resolution of litigation, if applicable), County shall have the right to receive from Contractor, reimbursement of all payments made to Contractor by County under this Agreement for the component(s), Solution, Service(s), Deliverables(s), and/or milestone(s) as to which the termination applies, or, if the entire Agreement is terminated, all amounts paid by County to Contractor under this Agreement. The foregoing is without prejudice to any other rights that may accrue to County or Contractor under the terms of this Agreement or by law. In addition in the event of such a termination and reimbursement of payment hereunder, County must cease use of and return to Contractor all Deliverables covered by such termination, and County shall not be entitled to any joint ownership or copyright interest in any Deliverable covered by such termination. Accordingly, County's joint ownership and copyright interest in any Deliverable covered by such termination shall terminate effective upon the effective date of such termination.

## **6.0 TERM OF AGREEMENT**

### **6.1 Agreement Term.**

The term of this Agreement shall commence on the Effective Date and continue in full force and effect until performance by Contractor, and acceptance by County (in accordance with Paragraph 5.0 (Acceptance)), of all Services under this Agreement and the Statement of Work.

## **7.0 AGREEMENT SUM**

- 7.1** Contractor shall invoice County in accordance with Exhibit A (Statement of Work) (1) for Services, based on the Deliverable amounts due, upon Contractor's completion and County's acceptance in accordance with Paragraph 5.0 (Acceptance); and (2) for all Optional Work, by payment of the fees due to Contractor for the provision of Optional Work, in each instance with respect to clause (1) and (2) above not to exceed the Maximum Agreement Sum (defined in Sub-paragraph 7.4 of this Agreement).
- 7.2** Contractor shall invoice County in accordance with Exhibit H (Oracle IaaS Ordering Document) for Oracle IaaS.
- 7.3** 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.
- 7.4** The Maximum Agreement Sum under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the tasks, subtasks, Deliverables, Services and Oracle IaaS under and during the term of this Agreement and Exhibit H (Oracle IaaS Ordering Document) (the "Maximum Agreement

Sum”). Until County has Accepted the provision of Services (including by deemed Acceptance in accordance with Sub-paragraph 5.1 (Acceptance Criteria)), no payment shall be due Contractor for such Services. The Maximum Agreement Sum, including all applicable taxes and Pool Dollars for Optional Work, authorized by County hereunder shall not exceed Twenty-Eight Million Four Hundred Thousand Dollars (\$28,400,000) as further detailed in Exhibit A (Statement of Work) and Exhibit H (Oracle IaaS Ordering Document), unless such Maximum Agreement Sum is modified pursuant to a duly approved amendment to this Agreement by County’s and Contractor’s authorized representative(s) pursuant to Paragraph 13.0 (Changes to Agreement). The Maximum Agreement Sum under this Agreement shall cover the authorized payments for the Services, Deliverables, Oracle IaaS and any Optional Work. Unless otherwise agreed in writing, the Maximum Agreement Sum shall not be adjusted for any costs or expenses whatsoever of Contractor. Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the applicable Maximum Agreement Sum under this Agreement available for non-Fixed Price options described in Exhibit A (Statement of Work). Upon occurrence of this event, Contractor shall promptly send written notification to County’s Project Director at the address herein provided in Exhibit C (County’s Administration).

#### **7.5 No Payment for Services Provided Following Expiration/Termination of Agreement**

Except as agreed by the Parties in writing (for example, pursuant to Sub-paragraph 9.7.2), 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 Agreement; and Contractor shall have no obligation to provide any services or deliverables after the expiration or other termination of this Agreement. Should Contractor receive any such payment that is not provided for in this Agreement it shall promptly notify County and repay such funds to County. Payment by County for services rendered after expiration/termination of this Agreement 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 Agreement.

#### **7.6 Holdbacks**

The Fees shall be allocated among the Deliverables as set forth in Exhibit A (Statement of Work). The amount allocated to each Deliverable need not be the same, provided, however, all allocated amounts must aggregate to equal the Fees. Ninety percent (90%) of each amount due and payable for each Deliverable will be made by County for the Deliverable. The remaining ten percent (10%) of the cumulative amounts invoiced (“**Holdback Amount**”) will be payable upon Final Acceptance of the Solution, subject to adjustment for any amounts arising under this Agreement owed to County by Contractor. All amounts invoiced by Contractor for Services shall be subject to the Holdback Amount. The Holdback

Amount will be payable to Contractor based upon County's approval of the applicable Deliverable, as set forth in Exhibit A (Statement of Work).

County will hold back ten percent (10%) of the amount of each invoice submitted by Contractor under this Agreement and approved by County pursuant to Sub-paragraph 7.7 (Invoices and Payments). With respect to (i) the work completed and delivered by Contractor prior to Final Acceptance in accordance with the project plan, the cumulative amount of such holdbacks shall be due and payable to Contractor upon Final Acceptance, and (ii) the work completed and delivered by Contractor via Change Notice (as defined in Sub-paragraph 13.2 of this Agreement) or amendment following Final Acceptance, the cumulative amount of the applicable holdbacks shall be due and payable to Contractor upon County's Acceptance of such work, all subject to adjustment of any amounts arising under this Agreement owed to County by Contractor, including, but not limited to, any amount arising from Sub-paragraph 7.9 (Invoice Discrepancies), and any partial termination of any task or Deliverable set forth in Exhibit A (Statement of Work) provided herein.

Notwithstanding the foregoing in this Sub-paragraph 7.6 (Holdbacks), where the Statement of Work provides, there shall be no Holdback Amounts applicable and no fees held back pending Final Acceptance.

## **7.7 Invoices**

Contractor shall invoice County only for providing the tasks, Deliverables, goods, Services, and other work specified in Exhibit A (Statement of Work) and elsewhere hereunder. Contractor shall prepare invoices, which shall include the charges owed to Contractor by County under the terms of this Agreement, and shall include supporting documentation (including but not limited to identification of the specific work for which payment is claimed; copies of fully executed Acceptance Certificates evidencing County's Project Director's approval of such work and the payment amount; if applicable, indication of the applicable Holdback Amount and the cumulative Holdback Amount accrued under this Agreement; indication of any credits or withholdings accrued under this agreement; and any other supporting documentation reasonably requested by County's Project Director). Contractor's payments shall be as provided in Exhibit A (Statement of Work), and Contractor shall be paid only for the tasks, Deliverables, goods, Services, and other work accepted by County in accordance with this Agreement. The making of any payment or payments by County, or receipt thereof by Contractor, shall in no way affect the responsibility of Contractor to furnish the Services and Deliverables in accordance with this Agreement, and shall not imply Acceptance by County of such items or the waiver of any warranties or requirements of this Agreement.

Contractor's invoices shall be priced in accordance with Exhibit A (Statement of Work) and Exhibit H (Oracle IaaS Ordering Document).

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.

If invoices are submitted monthly, Contractor shall submit the invoices to County by the 15th calendar day of the month following the month of service.

All invoices under this Agreement shall be submitted to County's Project Manager identified in Exhibit C (County's Administration) and the following address:

County of Los Angeles – Office of the Assessor  
Attn: County's Project Manager  
500 W. Temple Street, Room 295  
Los Angeles, CA 90012

#### **7.8 County Approval of Invoices**

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

#### **7.9 Invoice Discrepancies**

County's Project Director will review each invoice for any discrepancies and will, within fifteen (15) days of receipt thereof, notify Contractor in writing of any discrepancies found upon such review and submit a list of disputed charges. Contractor shall review the disputed charges and send a written explanation detailing the basis for the charges within thirty (30) days of receipt of County's notice of discrepancies and disputed charges. If County's Project Director does not receive a written explanation for the charges within such thirty (30) day period, Contractor shall be deemed to have waived its right to justify the original invoice amount, and County, in its sole discretion, shall determine the amount due, if any, to Contractor and pay such amount in satisfaction of the disputed invoice, subject to the Dispute Resolution Procedure in Paragraph 24.0 (Dispute Resolution Procedure).

#### **7.10 Payment of Invoices**

All fees payable to Contractor are due within thirty (30) days from the invoice date; provided that to the extent there are discrepancies with any invoice pursuant to Sub-paragraph 7.9, Contractor must resubmit such invoice to County and all fees payable to Contractor with respect to such invoice are due within thirty (30) dates from such resubmitted invoice date.

#### **7.11 Local Small Business Enterprises – Prompt Payment Program (if applicable)**

Certified Local SBEs will receive prompt payment for services they provide to County departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice.

## **7.12 Budget Reductions**

In the event that County's Board of Supervisors adopts, in any Fiscal Year, a County budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, County reserves the right to reduce its payment obligation under this Agreement correspondingly for that Fiscal Year and any subsequent Fiscal Year during the term of this Agreement (including any extensions), and the services to be provided by Contractor under this Agreement shall also be reduced correspondingly via written and mutually agreed amendment and/or the Change Order process, as appropriate. County's notice to Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of County's Board of Supervisors' approval of such actions. Except as set forth in the preceding sentence, Contractor shall continue to provide all of the Services set forth in this Agreement.

## **7.13 Record Retention and Inspection/Audit Settlement**

During the term of this Agreement and for twenty four (24) months thereafter, Contractor shall maintain accurate and complete financial records of its activities and operations directly relating to its Services performed under this Agreement in accordance with generally accepted accounting principles. Contractor shall also maintain accurate and complete employment and other records (excluding information contained on any individual's laptop) directly relating to its Services performed under this Agreement. Contractor agrees that County, or its authorized representatives who are bound to obligations of confidentiality, reasonably acceptable to Contractor and covering Contractor and such records and the information contained therein, upon no less than 30 days' prior written notice and no more than once per calendar year, and subject to applicable Contractor security procedures, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any such records. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by Contractor and shall be made available to County during the term of this Agreement and for a period of twenty four (24) months thereafter unless County's written permission is given to dispose of any such material prior to such time.

7.13.1 In the event that an audit of Contractor is conducted specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by Contractor or otherwise, then Contractor shall file a copy of such audit report with County's Auditor-Controller within thirty (30) days of Contractor's receipt thereof, unless otherwise provided by

applicable Federal or State law or under this Agreement. Subject to applicable law, County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

7.13.2 Failure on the part of Contractor to comply with any of the provisions of this Sub-paragraph 7.13 shall constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement.

7.13.3 If, at any time during the term of this Agreement or within twenty four (24) months after the expiration or termination of this Agreement, representatives of County conduct an audit of Contractor regarding the work performed under this Agreement, and if such audit finds that County's dollar liability for any such work is less than payments made by County to Contractor, then, subject to the Dispute Resolution Procedure (as set forth in Paragraph 24.0), the difference shall be either: a) repaid by Contractor to County by cash payment upon demand or b) at the sole option of County's Auditor-Controller, deducted from any amounts due to Contractor from County under this Agreement. If such audit finds that County's dollar liability for such work is more than the payments made by County to Contractor, then the difference shall be paid to Contractor by County by cash payment, provided that in no event shall County's maximum obligation for this Agreement exceed the funds appropriated by County for the purpose of this Agreement.

#### **7.14 Taxes**

The Maximum Agreement Sum shown in Sub-paragraph 7.4 shall be deemed to include all amounts necessary for County to reimburse Contractor for all applicable California and other state and local sales/use taxes on the Services and Deliverables provided by Contractor to County pursuant to or otherwise due as a result of this Agreement, including, but not limited to, the product of Services and any Optional Work, to the extent applicable. All California sales/use taxes shall be paid directly by Contractor to the State or other taxing authority. Contractor shall be solely liable and responsible for, and shall indemnify, defend, and hold harmless County from, any and all such California and other state and local sales/use taxes. Further, Contractor shall be solely liable and responsible for, and shall indemnify, defend, and hold harmless County from, all applicable California and other state and local sales/use tax on all other items provided by Contractor pursuant to this Agreement and shall pay such tax directly to the State or other taxing authority. In addition, Contractor shall be solely responsible for all taxes based on Contractor's income or gross revenue, or personal property taxes levied or assessed on Contractor's personal property to which County does not hold title.

#### **7.15 Segmentation**

County acknowledges that the Services and Deliverables were offered and sold/licensed by Contractor separately from any other Contractor hardware,

hardware support, program licenses, and program support. County understands that it has the right to acquire services without acquiring any Contractor hardware, hardware support, program licenses and program support, and that it has the right to acquire the Services and Deliverables separately from any Contractor hardware, hardware support, program licenses, and program support.

## **8.0 REPRESENTATIONS, WARRANTIES AND COVENANTS.**

### **8.1 Authorization Warranty.**

Each Party represents and warrants that, as of the Effective Date of this Agreement, the person executing this Agreement for such Party is an authorized representative signing on behalf of such Party (and not in his/her individual capacity) who has actual authority to bind such Party to each and every term, condition, and obligation of this Agreement and that all requirements of such Party have been fulfilled to provide such actual authority.

### **8.2 Performance of Services.**

Contractor represents and warrants that with respect to the Services performed, and Deliverables developed, by Contractor or its Subcontractors, such Services will be performed and the Deliverables developed in a professional and workmanlike manner by appropriately qualified Contractor personnel in accordance with this Agreement and consistent with Contractor's practices consistently applied and generally accepted for similar services.

### **8.3 Conformance to Specifications**

Contractor represents and warrants that the Services provided, and the Deliverables developed, by Contractor or its Subcontractors shall conform to the Specifications set forth in this Agreement without material deviations during the "Warranty Period" (as defined herein). For the purposes of this Sub-paragraph 8.3, the warranty period for any Deliverables provided, and Services performed, by Contractor pursuant to this Agreement shall be one hundred eighty (180) days from the provision of such Deliverable or performance of such Service (the "**Warranty Period**"). FOR ANY BREACH OF CONTRACTOR'S WARRANTY PURSUANT TO THIS SUB-PARAGRAPH 8.3, COUNTY'S EXCLUSIVE REMEDY AND CONTRACTOR'S ENTIRE LIABILITY SHALL BE THE REPERFORMANCE OF THE DEFICIENT SERVICES, OR, IF CONTRACTOR CANNOT SUBSTANTIALLY CORRECT THE DEFICIENCY IN A COMMERCIALY REASONABLE MANNER, COUNTY MAY END THE DEFICIENT SERVICES AND RECOVER THE FEES COUNTY PAID TO CONTRACTOR FOR SUCH DEFICIENT SERVICES.

### **8.4 Disabling Device**

Contractor represents and warrants that, as of the Effective Date of this Agreement, unless otherwise disclosed to County in this Agreement, the SOW, or

applicable documentation, Contractor has not designed any software licensed or developed by Contractor under this Agreement to contain any Disabling Devices (as defined below). For purposes of this Agreement, a “**Disabling Device**” shall mean software that intentionally causes any unplanned interruption of the operations of, or accessibility to, the Solution or any component through any device, method or means including, without limitation, the use of any “virus”, “lockup”, “time bomb”, “key lock”, “worm”, “back door” or “Trojan Horse” device or program, or any disabling code, which is intended to compromise the security of County Confidential Information. In addition, Contractor (a) shall utilize commercially available virus scanning software to scan software Deliverables before delivery to County and (b) shall not intentionally introduce a Disabling Device into the Solution or any Deliverables. County acknowledges and understands that it has its own responsibility to maintain the security of its own software, networks and systems, and that Contractor is not assuming such responsibility for County. Notwithstanding Sub-paragraph 8.10 (Limitation of Liability), no limitation of liability will apply to direct damages incurred by County as a result of a breach of this Sub-paragraph 8.4 (Disabling Device) by Contractor or any of its employees or Subcontractors. For the purpose of this Sub-paragraph 8.4, direct damages are defined to include any fine or penalty assessed against County by a governmental or regulatory authority (whether local, state or federal). In no event, shall Contractor be liable for any indirect, incidental, consequential, punitive or other special damages (including lost profits, or loss of or damage to data) relating to any breach of this Sub-paragraph 8.4 by Contractor, its employees or Subcontractors even if a Party has been advised of the possibility of such damages.

## **8.5 Open Source Software**

Except with respect to open source software provided or made available to Contractor by County (or except further to the extent Contractor was otherwise directed by County to use open source software), Contractor represents and warrants that: (a) the performance of any Services and the delivery of any Deliverables pursuant to this Agreement will not cause County to be in violation of any open source licenses or otherwise require the publication of any software pursuant to the terms of such open source licenses; and (b) provided that County uses the Deliverables in accordance with the applicable licenses and/or notices given to County by Contractor, including, without limitation, providing appropriate licenses and/or notices with any distribution of the Deliverables, in the form and to the extent such licenses and/or notices were provided by Contractor to County, County’s use of the Deliverables under this Agreement does not, or will not with the passage of time, violate any open source licenses or otherwise require the publication of any software pursuant to the terms of such open source licenses. As County’s exclusive remedy for a breach of this Sub-paragraph 8.5, Contractor will either obtain a license for County’s use (as permitted under this Agreement) of the affected open source software without publication, or provide a functionally equivalent replacement and that would not cause a breach of this Sub-paragraph 8.5 or publication of such software. For the avoidance of doubt, the immediately

preceding sentence does not limit any obligations of Contractor in respect of third party claims and losses under Sub-paragraph 21.2 (Intellectual Property Indemnification).

#### **8.6 Pending Litigation**

Contractor represents and warrants that as of the Effective Date of this Agreement there is no pending or, to Contractor's knowledge, threatened litigation that would have a material adverse impact on Contractor's performance under the Agreement.

#### **8.7 Assignment of Warranties**

To the extent permissible under the applicable third-party agreements, Contractor hereby agrees to provide to County the benefit of all representations and warranties received by Contractor from its third-party licensors and suppliers, including hardware vendors.

#### **8.8 Agreements with Employees, Independent Contractors and Subcontractors**

Contractor represents and warrants that each of its employees, independent contractors and Subcontractors providing Services have, or will have, entered into (i) confidentiality agreements with Contractor's obligations set forth in this Agreement; and (ii) agreements assigning to Contractor any rights that such employee, independent contractor or Subcontractor may have in intellectual property developed in connection with their provision of Services hereunder.

#### **8.9 Other Warranties**

During the term of this Agreement, Contractor shall not subordinate this Agreement or any of its rights hereunder to any third party without the prior written consent of County, and without providing in such subordination instrument for non-disturbance of County's use of the Solution (or any part thereof) in accordance with this Agreement. Except as otherwise set forth in the SOW and not including (i) software licensed to County under separate contract(s), (ii) Contractor Works licensed to County hereunder or (iii) open source software; Contractor represents and warrants that the Deliverables and Services provided by Contractor are not subject to any license rights or other right of use access or disclosures to a third party.

#### **8.10 Limitation of Liability**

County and Contractor agree that Contractor's liability for damages (including those based on a fundamental breach, negligence, misrepresentation, or other contract or tort claim) arising out of or related to this Agreement shall not exceed two times (2X) fees paid to Contractor under this Agreement. County and Contractor further agree that County's liability for damages (including those based on a fundamental breach, negligence, misrepresentation, or other contract or tort claim) arising out of or related to this Agreement shall not exceed two times (2X)

fees paid or owed to Contractor under this Agreement. Notwithstanding the foregoing, the provisions of this Sub-paragraph 8.10 do not apply to any payments due and payable pursuant to a breach of, or pursuant to the indemnification obligations of (as the context may require), Sub-paragraph 7.14 (Taxes), Sub-paragraph 8.4 (Disabling Device) (but only to the extent set forth in such Sub-paragraph), Sub-paragraph 11.6.2 (Employment Eligibility Verification), Sub-paragraph 16.2 (Compliance with Applicable Law), Paragraph 21.0 (Indemnification) and Sub-paragraph 26.6 (Fair Labor Standards). In no event shall either Party be liable, under any cause of action of any kind arising out of or related to this Agreement, for any indirect, incidental, consequential, punitive or other special damages (including loss of profits or loss of, or damage to, data), even if a Party has been advised of the possibility of such damages.

### **8.11 Warranty Disclaimer**

THE WARRANTIES EXPRESSLY PROVIDED IN THIS AGREEMENT ARE THE EXCLUSIVE WARRANTIES MADE BY THE PARTIES, AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CONTRACTOR DOES NOT WARRANT UNINTERRUPTED OR ERROR-FREE OPERATION OF ANY DELIVERABLES OR THAT CONTRACTOR WILL CORRECT ALL DEFECTS.

## **9.0 TERMINATION.**

### **9.1 Termination for Convenience**

This Agreement may be terminated for convenience, in whole or in part, from time to time, when such action is deemed by County, in its sole discretion, to be in its best interest. Such 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.

### **9.2 Termination for Default**

9.2.1 Contractor may, by written notice to County, and subject to the Dispute Resolution Procedure in Paragraph 24.0, terminate this Agreement for default if County (i) fails to pay to Contractor any undisputed amounts due pursuant to Sub-paragraph 7.10, (ii) materially breaches its obligations with respect to Contractor Confidential Information (as defined in Sub-paragraph 12.10) or (iii) breaches the license for Contractor Works. In each case, such termination will become effective if County fails to cure the default within thirty (30) days of receipt of written notice from Contractor, or within any such greater period as mutually agreed to by County and Contractor.

- 9.2.2 County may, by written notice to Contractor, and subject to the Dispute Resolution Procedure in Paragraph 24.0, terminate the whole or any part of this Agreement, if, in the good faith and reasonable judgment of County's Project Director, Contractor has materially breached this Agreement and Contractor fails to cure such breach within thirty (30) days of receipt of written notice from Contractor or within any such greater period as mutually agreed to by County and Contractor.
- 9.2.3 In the event that County terminates this Agreement in whole or in part as provided in this Sub-paragraph 9.2, County may procure, upon such terms and in such manner as County may deem appropriate, goods and services similar to those so terminated. Contractor shall continue the performance of this Agreement to the extent not terminated under the provisions of this Sub-paragraph 9.2.
- 9.2.4 If, after County has given notice of termination under the provisions of this Sub-paragraph 9.2, it is determined by County that Contractor was not in default under the provisions of this Sub-paragraph 9.2, or that the default was excusable under the provisions of Sub-paragraph 9.2, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Sub-paragraph 9.1 (Termination for Convenience).
- 9.2.5 The rights and remedies of the Parties provided in this Sub-paragraph 9.2 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

### **9.3 Termination for Improper Consideration**

- 9.3.1 County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that improper consideration, in any form, was offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to Contractor's performance pursuant to this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.
- 9.3.2 Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to County manager charged with the supervision of the employee or to County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

- 9.3.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, tangible gifts, or any violation of Board Policy #5.060.

#### **9.4 Termination for Insolvency**

In the event that either Party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state to insolvency or the protection of rights or creditors, then (at the option of the other Party) this Agreement shall terminate and be of no further force and effect.

#### **9.5 Termination for Non-Appropriation of Funds**

Notwithstanding any other provision of this Agreement, County shall not be obligated for Contractor's performance hereunder or by any provision of this Agreement during any of County's future Fiscal Years (i.e., after the current Fiscal Year for which funds have been appropriated) unless and until County's Board of Supervisors appropriates funds for this Agreement in County's budget for each such future Fiscal Year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last Fiscal Year for which funds were appropriated. County shall notify Contractor in writing of any such non-allocation of funds at the earliest possible date.

#### **9.6 Effect of Termination**

- 9.6.1 In the event County terminates this Agreement in whole or in part as provided hereunder or upon the expiration of the Agreement, as applicable, then, unless otherwise mutually agreed in writing:

1. The Parties shall continue the performance of this Agreement to the extent not terminated.
2. Contractor shall cease to perform the Services being terminated on the date and to the extent specified in such notice and provide to County all completed Deliverables and Deliverables in progress, in a format reasonably requested by County, if applicable.
3. County will pay to Contractor all sums due and payable to Contractor for Services performed and for Deliverables and Deliverables in progress provided through the effective date of such expiration or termination (prorated as appropriate with respect to such Deliverables in progress).
4. Contractor shall return to County all monies paid by County, yet unearned by Contractor, including any prepaid Fees, if applicable.

5. In the case of expiration or termination of the Agreement as a whole, any portion of the Statement of Work that has not been completed shall be deemed terminated in accordance with this Paragraph 9.0 (Termination) as of the effective date of such termination.
  6. Contractor shall, at County's election, promptly return to County (or destroy) any and all of the County Confidential Information that relates to the portion of the Agreement or Services terminated by County, in accordance with Sub-paragraph 3.1.1 (Ownership of County Data).
- 9.6.2 Expiration or termination of this Agreement for any reason will not release either Party from any liabilities or obligations set forth in this Agreement which (i) the Parties have expressly agreed in writing will survive any such expiration or termination, or (ii) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

## **9.7 Termination Transition Services**

- 9.7.1 Contractor shall assist County in transitioning from the Solution by providing certain transition services, as provided below.
- 9.7.2 Upon the expiration or termination of this Agreement, County may require Contractor to provide services in the form of Optional Work to assist County to transition Solution operations from Contractor to County or County's designated third party ("**Transition Services**"). Upon County's request for Transition Services, County and Contractor agree to negotiate in good faith the scope of work and the price for such Transition Services. Contractor agrees that in the event that County terminates the Agreement for breach by Contractor pursuant to Sub-paragraphs 9.2 or 27, Contractor shall perform all of the Transition Services set forth in this Sub-paragraph 9.7.2 (Termination Transition Services) at no cost to County. The duty of Contractor to provide such Transition Services shall be conditioned on County continuing to comply with its obligations under the Agreement, including payment of all applicable fees. Contractor shall have no right to withhold or limit its performance or any of such Transition Services on the basis of any alleged breach of this Agreement by County, other than a failure by County to timely pay the amounts due and payable hereunder or a breach of the license for Contractor Works under Section 3.1.2. After the Parties have utilized the Dispute Resolution Procedure in Paragraph 24.0, County shall have the right to seek specific performance of this Sub-paragraph 9.7.2 (Termination Transition Services) in any court of competent jurisdiction and Contractor. If via Dispute Resolution Process or final court decision, it is determined that Contractor was not in breach, then County shall promptly pay for all Transition Services provided by

Contractor at Contractor's time and materials rates specified in the SOW. Compliance with this Sub-paragraph 9.7.2 (Termination Transition Services) by either Party shall not constitute a waiver or estoppel with regard to any rights or remedies available to the parties.

## **10.0 ADMINISTRATION OF AGREEMENT - COUNTY**

A listing of all County Administration referenced in the following Sub-paragraphs are designated in Exhibit C (County's Administration). County shall notify Contractor in writing of any change in the names or addresses shown.

### **10.1 County's Project Director**

Responsibilities of County's Project Director include:

- ensuring that the objectives of this Agreement are met; and
- providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

### **10.2 County's Project Manager**

The responsibilities of County's Project Manager include:

- meeting with Contractor's Project Manager on a regular basis;
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of Contractor; and
- overseeing the day-to-day administration of this Agreement.

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

## **11.0 ADMINISTRATION OF AGREEMENT - CONTRACTOR**

### **11.1 Contractor's Project Director**

11.1.1 Contractor's Project Director is designated in Exhibit D (Contractor's Administration). Contractor shall notify County in writing of any change in the name or address of Contractor's Project Director.

11.1.2 Contractor's Project Director shall be responsible for Contractor's activities as related to this Agreement and shall coordinate with County's Project Manager on a regular basis.

### **11.2 Contractor's Project Manager**

11.2.1 Contractor's Project Manager is designated in Exhibit D (Contractor's Administration). Contractor shall notify County in writing of any change in the name or address of Contractor's Project Manager.

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

11.2.3 Contractor's Project Manager must be solely dedicated to County during Contractor's provision of Services under this Agreement.

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

County, acting in good faith and for any lawful reason, has the absolute right to require the immediate removal of any of Contractor's staff performing work hereunder. County further has the right to interview, and approve any proposed changes with respect to, Contractor's Project Manager. Contractor will use commercially reasonable efforts to keep County informed of, and to minimize disruption caused by, changes in Contractor's key staff personnel (i.e., project administration and technical leads).

### **11.4 Contractor's Staff Identification**

All of Contractor's employees assigned to County facilities are required to have a County Identification (ID) badge on their person and visible at all times. Contractor bears all expense of the badging.

11.4.1 Contractor is responsible to ensure that employees have obtained a County ID badge before they are assigned to work in a County facility. Contractor personnel may be asked to leave a County facility by a County representative if they do not have the proper County ID badge on their person.

11.4.2 Contractor shall notify County within one (1) business day when staff is terminated from working under this Agreement; provided, that if such terminated staff neither works on-site nor has access to County premises, Contractor shall notify County within five (5) business days. Contractor shall retrieve and return an employee's ID badge to County on the next business day after the employee has terminated employment with Contractor.

11.4.3 If County requests the removal of Contractor's staff, Contractor shall retrieve and return an employee's ID badge to County on the next business day after the employee has been removed from working on the Agreement.

### **11.5 Background and Security Investigations**

- 11.5.1 Subject to applicable federal, state or local laws, Contractor shall not assign any employee to perform Services at County premises who has not authorized a background investigation. County agrees that its background investigations will comply with all applicable local, state, provincial and federal laws, including the Federal Fair Credit Reporting Act and any applicable state, provincial and local fair credit reporting laws.
- 11.5.2 County may request that Contractor's staff that do not pass such background investigation(s) to the reasonable satisfaction of County be immediately removed from working on this Agreement at any time during the term of this Agreement. County will not provide to Contractor nor to Contractor's staff any information obtained through County conducted background clearance. County acknowledges and agrees that any information requested from, provided by, and/or obtained about ("background check information"), a member of Contractor's staff: (1) is and shall be limited only to information that is required for the background investigation and relevant to the Services provided by the member of Contractor's staff; (2) is Contractor's confidential information; and (3) shall not be disclosed to Contractor, any third party, or employee or other individuals or entities who do not need to know the results for the purpose of determining whether, according to County's security requirements, the member of Contractor's staff will be permitted to perform Services for County under this Agreement. County further acknowledges and agrees that background investigation information obtained about a member of Contractor's staff shall be collected, handled and maintained by County in a secure manner consistent with its sensitivity and applicable data privacy and security laws.
- 11.5.3 County may immediately, at the sole discretion of County, deny or terminate facility access to Contractor's staff that do not pass such investigation(s) to the reasonable satisfaction of County whose background or conduct is incompatible with County facility access.

## **11.6 Employment Eligibility Verification**

- 11.6.1 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 based in the U.S. that are performing work under this Agreement meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. Contractor shall obtain, from all of its 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. Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

11.6.2 Contractor shall indemnify, defend, and hold harmless, County, its agents, officers, and employees from and against any and all third party claims, directly resulting or arising from a breach by Contractor, its officers, employees or Subcontractors of Sub-paragraph 11.6.1 and Contractor shall pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice shall relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County shall provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 11.6.2 shall be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense.

## 12.0 CONFIDENTIALITY

12.1 Contractor shall maintain the confidentiality of all County Data (including Personal Data), received, obtained and/or produced under the provisions of this Agreement (collectively, "**County Confidential Information**") until such County Confidential Information is destroyed or returned by Contractor pursuant to Sub-paragraph 9.6.1. County agrees that it will not provide County Confidential Information to Contractor except as necessary for Contractor to perform the Services under this Agreement and County agrees to use reasonable efforts to restrict Contractor's access to such information. Notwithstanding anything to the contrary contained in this Agreement, the Parties understand and agree that County will not disclose to Contractor, or provide Contractor with access to, any health information, "protected health information," and/or medical information, and that such information shall not be included in County Data or in Personal Data.

County Confidential Information shall not include information that: a) is or becomes a part of the public domain through no act or omission of Contractor; b) was in Contractor's lawful possession prior to the disclosure and had not been obtained by Contractor either directly or indirectly from County; c) is lawfully disclosed to Contractor by a third party without restriction on the disclosure; or d) is independently developed by Contractor.

Contractor shall not in any way be liable or responsible for the disclosure of any County Confidential Information if disclosure is required by law, or by an order issued by a court of competent jurisdiction. In the event that Contractor receives a valid request to disclose County Confidential Information, Contractor will provide County with prompt notice of such request, to the extent permitted by law, and give County an opportunity to object to or limit any such disclosure.

- 12.2** Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all third party claims directly resulting or arising from a breach by Contractor, its officers, employees or Subcontractors, of Paragraph 12.0 (Confidentiality), and Contractor shall pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice shall relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County shall provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 12.0 (Confidentiality) shall be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense.
- 12.3** Contractor shall inform all of its officers, employees, agents and Subcontractors providing services hereunder of their confidentiality obligations.
- 12.4** All of the County Confidential Information, data, records, and information of County to which Contractor has access, or otherwise provided to Contractor under this Agreement, shall be and remain the property of County and County shall retain exclusive rights and ownership thereto. The data of County shall not be used by Contractor for any purpose other than as required under this Agreement, nor shall such data or any part of such data be disclosed, sold, assigned, leased, or otherwise disposed of to third parties by Contractor or commercially exploited or otherwise used by or on behalf of Contractor, its officers, directors, employees, or agents.

**12.5 Personal Data.**

In connection with this Agreement, provision of the Deliverables and performance of the Services, Contractor will be provided or obtain, from County or otherwise, dummy data (i.e., data that does not contain any Personal Data). To the extent that it is necessary for County to provide Personal Data to Contractor during the term of the Agreement, County will endeavor to strictly minimize the amount of such Personal Data provided to Contractor. Contractor may need to process such Personal Data and/or transfer it, all subject to the restrictions set forth in this Agreement and otherwise in compliance with all laws and regulations that by their terms are expressly applicable to Contractor in the performance of the Services for the sole purpose of providing the Deliverables and performing the Services.

Contractor agrees that Contractor will use and process Personal Data in compliance with (a) this Sub-paragraph 12.5, (b) to the extent the provisions are not otherwise addressed by a paragraph or sub-paragraph of this Agreement, the

SOW or any Exhibit A through H, County's then current privacy policy (a copy of which is attached hereto as Exhibit I (County's Information Security Policy)) and (c) all applicable local, state and federal laws and regulations (including, but not limited to, current and future laws and regulations relating to spamming, privacy, confidentiality, and data security. Regarding Exhibit I (County's Information Security Policy) and any applicable local, state and federal laws and regulations, Exhibit I (County's Information Security Policy) and such laws and regulations shall only apply to the extent that Exhibit I (County's Information Security Policy) and such laws and regulations by their terms impose obligations directly on Contractor's performance of the Services and Deliverables specified in the SOW.

If in the future, there are (i) any changes to County policy, any new County policy and/or any changes to or new applicable laws and regulations affecting Contractor's provision of the Services and Deliverables specified in the SOW, or (ii) a change to, or new law or regulation that results in an incremental increase in Contractor's costs associated with providing any Services or Deliverables, then, provided that such costs are directly associated with the Services or Deliverables provided to County by Contractor, such a change or new law, regulation or County policy shall constitute a change to this Agreement, and Contractor shall be entitled to a Change Order in accordance with Sub-paragraphs 13.1.2 and 13.3.

Contractor will not retain any Personal Data for any period longer than necessary for Contractor to fulfill its obligations under this Agreement. As soon as Contractor no longer needs to retain such Personal Data in order to perform its duties under this Agreement, Contractor will promptly return or destroy or erase all originals and copies of such Personal Data.

## **12.6 Publicity**

Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publishing its role under this Agreement within the following conditions:

- Contractor shall develop all publicity material in a professional manner; and
- During the term of this Agreement, 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 County without the prior written consent of County's Project Director. County shall not unreasonably withhold or delay written consent.

Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Agreement with County, provided that the requirements of this Sub-paragraph 12.6 shall apply.

## 12.7 Public Records Act

Any documents submitted by Contractor; information obtained in connection with County's right to audit pursuant to Sub-paragraph 7.13 (Record Retention and Inspection/Audit Settlement) of this Agreement; as well as those documents which were required to be submitted in response to the request for proposals used in the solicitation process for this Agreement, become the exclusive property of County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and information marked "trade secret", "confidential", or "proprietary". County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

In the event that County:

- receives a valid request pursuant to the Public Records Act for disclosure of the aforementioned documents, information, and/or content of a proposal marked "trade secret", "confidential" or "proprietary";
- does not disclose same pursuant to the exceptions described in the immediately preceding paragraph; and
- such non-disclosure is challenged by the person(s) or entity(ies) seeking disclosure or by a court or administrative agency handling the disclosure request;

then County, to the extent permitted by law, will provide Contractor with reasonable notice of such request and give Contractor an opportunity to object to, or limit the scope of, any disclosure. For the avoidance of doubt, County will not be required to defend an action on a Public Records Act request.

## 12.8 Data Destruction

Contractor(s) and vendor(s) that have maintained, processed, or stored County data and/or information, implied or expressed, have the sole responsibility to certify that the data and information have been appropriately destroyed consistent with Contractor standards which are materially consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 Revision 1 titled Guidelines for Media Sanitization ("**Guidelines for Media Sanitization**"). Available at: <http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-88r1.pdf>

The data and/or information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices (e.g., servers, workstations) that are geographically located within County, or external to County's boundaries. For data that has been destroyed in accordance with this Sub-paragraph 12.8, upon request, County must receive within ten (10) business days, a signed document from Contractor(s) and vendor(s) that certifies and validates the data and information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Contractor(s) and vendor(s) shall certify that any County Confidential Information stored on purchased, leased, or rented electronic storage equipment and electronic devices, including, but not limited to printers, hard drives, servers, and/or workstations are destroyed consistent with the current Guidelines for Media Sanitization. Contractor(s) and vendor(s) shall provide County with written certification, within ten (10) business days of removal from Contractor's and/or Contractor's vendor(s) possession or control of any electronic storage equipment and devices that any and all County Confidential Information was destroyed and is unusable, unreadable, and/or undecipherable.

## **12.9 Data Encryption**

Contractor and Subcontractors that electronically transmit or store personal information (PI), protected health information (PHI) and/or medical information (MI) shall comply with the encryption standards set forth below. PI is defined in California Civil Code Section 1798.29(g). PHI is defined in Health Insurance Portability and Accountability Act of 1996 (HIPAA), and implementing regulations. MI is defined in California Civil Code Section 56.05(j). Notwithstanding the foregoing, County does not intend to send, and Contractor does not intend to receive, PHI or MI.

### **12.9.1 Stored Data**

Contractor will perform Services utilizing both Contractor workstations and devices, and County-provided workstations and devices. Notwithstanding anything in this Agreement, County shall have sole and exclusive responsibility for the configuration of its own systems and devices, including, but not limited to, security and encryption methods and settings.

Contractors' and Subcontractors' workstations and portable devices (e.g., mobile, wearables, tablets, thumb drives, external hard drives) require encryption (i.e. software and/or hardware) generally consistent with: (a) Federal Information Processing Standard Publication (FIPS) 140-2; (b) NIST Special Publication 800-57 Recommendation for Key Management - Part 1: General (Revision 4); (c) NIST Special Publication 800-57

Recommendation for Key Management - Part 2: Best Practices for Key Management Organization; and (d) NIST Special Publication 800-111 Guide to Storage Encryption Technologies for End User Devices. Advanced Encryption Standard (AES) with cipher strength of 256-bit is minimally required.

#### 12.9.2 Transmitted Data

All transmitted (e.g. network) County PI requires encryption generally consistent with: (a) NIST Special Publication 800-52 Revision 1 Guidelines for the Selection and Use of Transport Layer Security Implementations; and (b) NIST Special Publication 800-57 Revision 1 Recommendation for Key Management – Part 3: Application-Specific Key Management Guidance. Secure Sockets Layer (SSL) is minimally required with minimum cipher strength of 128-bit.

#### 12.9.3 Certification

County must receive within ten (10) business days of its request, a certification from Contractor (for itself and any Subcontractors) that certifies and validates material consistency with the encryption standards set forth above. In addition, Contractor shall maintain a copy of any validation/attestation reports that its data encryption product(s) generate and such reports shall be subject to audit in accordance with the Agreement. Failure on the part of Contractor to comply with any of the provisions of this Sub-paragraph 12.9 (Data Encryption) shall constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement.

### 12.10 Contractor Confidential Information

All information clearly identified by Contractor, in writing or orally (to the extent such oral communication is confirmed to County in writing within thirty (30) days thereafter), as confidential at the time of disclosure shall be Contractor's confidential information ("**Contractor Confidential Information**"). County agrees: (a) to use the same care that it uses to protect its confidential information of a similar value and nature, but not less than a commercially reasonable standard of care; (b) that its employees and agents will be bound by nondisclosure terms substantially similar to those in this Agreement; and (c) except with respect to information required to be released by applicable law, including pursuant to a Public Records Act request pursuant to Sub-paragraph 12.7, not to remove or destroy any proprietary or confidential legends or markings placed upon Contractor Confidential Information. Contractor Works shall be deemed to be included in the definition of Contractor Confidential Information.

## 13.0 CHANGES TO AGREEMENT

### 13.1 Amendments

- 13.1.1 No representative of either County or Contractor, including those named in this Agreement, is authorized to make any changes in any of the terms, obligations, or conditions of this Agreement, except through the procedures set forth in this Paragraph 13.0 (Changes to Agreement).
- 13.1.2 Except as otherwise provided in this Agreement, for any change which affects the scope of work, term, Maximum Agreement Sum, payments, or any term or condition material to Contractor's performance of the Services under this Agreement, a negotiated and mutually agreed written amendment shall be prepared and executed by Contractor and by the Board of Supervisors or its authorized designee.
- 13.1.3 Subject to the limitations set forth in Sub-paragraph 13.1.2, County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. County reserves the right to add and/or change such provisions as required by County's Board of Supervisors or Chief Executive Officer. To implement such changes, an amendment to the Agreement shall be prepared and executed by Contractor and by Contractor's authorized representative(s).
- 13.1.4 The Assessor, may at his/her sole discretion, authorize extensions of time as defined in Paragraph 6.0 (Term of Agreement). Contractor agrees that such extensions of time shall not change any other term or condition of this Agreement during the period of such extensions. To implement an extension of time, an amendment to the Agreement shall be prepared and executed by Contractor and by Contractor's authorized representative(s).

### 13.2 Change Notice

For any change which is clerical or administrative in nature and/or does not affect any term or condition of, or either Party's rights, duties or obligations under this Agreement, a written change notice ("**Change Notice**") may be prepared and executed by the Assessor.

### 13.3 Change Order

For any change which requires Contractor to incur any additional costs or expenses using Pool Dollars, a written change order ("**Change Orders**") may be prepared and executed by the Assessor. For any Optional Work requested by County, following agreement on the Services, a Change Order shall be prepared and executed by each of: (a) the Assessor and (b) Contractor's authorized representative(s). County is specifically authorized to execute Change Orders for expenditure of Pool Dollars for acquisition of Optional Work under the

Agreement. Any requests for the expenditure of Pool Dollars must be approved in writing by the Assessor.

#### **14.0 SUBCONTRACTING**

**14.1** The requirements of this Agreement may **not** be subcontracted by Contractor without prior written notice to County, and such subcontracting shall be subject to the requirements of Sub-paragraph 11.5 (Background and Security Investigations) and County's subsequent approval. Any attempt by Contractor to subcontract obligations other than as provided in the immediately preceding sentence may be deemed a material breach of this Agreement.

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

- A description of the work to be performed by the Subcontractor;
- An outline of the proposed subcontract without pricing information; and
- Other pertinent information and/or certifications reasonably requested by County.

Any subcontract entered into with a Subcontractor hereunder shall contain, at a minimum, all standard County required provisions.

**14.3** Contractor shall remain fully responsible for all performances required of it under this Agreement, including those that Contractor has determined to subcontract, notwithstanding County's approval of Contractor's proposed subcontract.

**14.4** County's consent to subcontract shall not waive County's rights under Sub-paragraph 11.3 (Approval of Contractor's Staff).

**14.5** The Assessor is authorized to act for and on behalf of County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by County or the Assessor, provided County or the Assessor so request in writing, Contractor shall forward a fully executed copy of the subcontract to County for their files.

**14.6** 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 County's consent to subcontract.

#### **15.0 ASSIGNMENT AND DELEGATION**

**15.1** Except in the event of a merger, consolidation, acquisition, internal restructuring, or sale of all or substantially all of the assets of Contractor, Contractor may not assign this Agreement without County's prior written consent.

- 15.2** Except as set forth in Sub-paragraph 15.1 , any assumption, assignment, delegation, or takeover of any of Contractor's duties, responsibilities, obligations, or performance of same by any entity other than Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of this Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

## **16.0 COMPLIANCE WITH APPLICABLE LAW**

- 16.1** Contractor shall comply with all laws, rules, regulations, treaties and directives to the extent that such laws, rules, regulations, treaties and directives by their terms, are applicable to Contractor's delivery of Services under this Agreement and impose obligations upon Contractor in its role as an information technology services provider and consultant with respect to the Services performed under this Agreement. County data may be maintained in one of several Contractor data centers globally and/or accessed by Contractor's global personnel as required to perform Services under this Agreement.
- 16.2** Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all third party claims directly resulting from a breach by Contractor, its officers, employees or Subcontractors of Sub-paragraph 16.1, and Contractor shall pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice shall relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County shall provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor's indemnification obligations under this Sub-paragraph 16.2 shall be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense.

## **17.0 [INTENTIONALLY OMITTED]**

## **18.0 COUNTY'S QUALITY ASSURANCE PLAN**

County or its agent will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all Agreement terms and conditions and performance standards. Contractor deficiencies which County determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to the Board of Supervisors.

The report will include improvement/corrective action measures taken by County and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

**19.0 [INTENTIONALLY OMITTED]**

**20.0 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

**20.1 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 County's policy to conduct business only with responsible Contractors.

**20.2 Chapter 2.202 of the County Code**

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

**20.3 Non-responsible Contractor**

County may debar a Contractor if the Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by 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 County or any other public entity.

**20.4 Contractor Hearing Board**

20.4.1 If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before Contractor Hearing Board.

20.4.2 Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's

representative shall be given an opportunity to submit evidence at that hearing. After the hearing, Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and, if so, the appropriate length of time of the debarment. 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.

- 20.4.3 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of 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 Contractor Hearing Board.
- 20.4.4 If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of County.
- 20.4.5 Contractor Hearing Board will consider a request for review of a debarment determination only where (1) Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
- 20.4.6 Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

#### 20.4.7 Subcontractors of Contractor

These terms shall also apply to Subcontractors of County Contractors.

### 21.0 INDEMNIFICATION

#### 21.1 General Indemnification.

Contractor shall indemnify, defend and hold harmless County, and its Special Districts, elected and appointed officers, employees, and agents from and against any and all third party claims for personal injury, bodily injury, and real or tangible personal property damage caused by Contractor (and including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement, and pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice shall relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County shall provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense shall be conducted by Contractor and counsel of its choice. Notwithstanding the foregoing, County shall have the right to participate in any such defense at County's sole cost and expense. "Tangible personal property" does not include software, data or data files.

#### 21.2 Intellectual Property Indemnification

21.2.1 Contractor shall defend County (at Contractor's sole expense), its officers, employees, and agents, from and against any and all claims of a third party that a Deliverable provided by Contractor (the "Indemnified Item") infringes such third party's patent or copyright, or misappropriate such third party's trade secret; and subject to paragraphs 21.2.2 and 21.2.3, will indemnify and hold County harmless from the damages, liabilities, costs, penalties, fines, interest and expenses awarded by the court to the third party claiming infringement or misappropriation, or from the settlement agreed to by Contractor.

21.2.2 County shall (i) notify Contractor, in writing, as soon as practicable and not later than 30 days after County receives notice (or sooner if required by applicable law) of any claim or action alleging such infringement or misappropriation; (ii) give Contractor sole control of the defense and any settlement negotiations, to the extent permitted by law; and (iii) give Contractor the information, authority and assistance Contractor needs to defend against or settle the claim. If Contractor believes or it is determined that any Indemnified Item may have violated a third party's intellectual property rights, Contractor may choose to either modify the Indemnified Item to be non-infringing (while substantially preserving its utility or

functionality) or obtain a license to allow for continued use, or if these alternatives are not commercially reasonable, Contractor may end the license (if applicable) and require return of the applicable Indemnified Item and refund any fees County paid to Contractor for that item.

21.2.3 Contractor will not indemnify County if County alters the Indemnified Item or uses it outside the scope of use identified in Contractor's user documentation or if County uses a version of Indemnified Item which has been superseded, if the infringement claim could have been avoided by using an unaltered current version of Indemnified Item which was provided to County, or if County continues to use the applicable Indemnified Item after the end of the license to use such Indemnified Item. Contractor will not indemnify County to the extent that an infringement claim is based upon any software or data not furnished by Contractor and will not indemnify County for any alleged infringement that is based on anything that County provides which is incorporated into any Deliverable or Contractor's compliance with any designs, specifications or instructions provided by County or by a third party on County's behalf. Contractor will not indemnify County for any portion of an infringement claim that is based upon the combination, operation or use of the Indemnified Item with any other product, data, apparatus or business method that Contractor did not provide, except where such combination is necessary for proper operation or use of the Indemnified Item to perform its documented purpose or functionality, or the distribution, operation or use of the Indemnified Item for the benefit of a third party (excluding affiliates of County).

21.2.4 This section 21.2 provides County's exclusive remedy for any third party infringement claims or damages.

## **22.0 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE**

Without limiting Contractor's indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 22.0 and 23.0 of this Agreement. These minimum insurance coverage terms, types and limits (the "**Required Insurance**") also are in addition to and separate from any other Contractual obligation imposed upon Contractor pursuant to this Agreement. County in no way warrants that the Required Insurance is sufficient to protect Contractor for liabilities which may arise from or relate to this Agreement.

### **22.1 Evidence of Coverage and Notice to County**

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

General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Agreement.

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

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

County of Los Angeles – Office of the Assessor  
Management Services Division – Contract Section  
500 West Temple Street, Room 304  
Los Angeles, CA 90012

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

## **22.2 Additional Insured Status and Scope of Coverage**

County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of County. County and its Agents additional insured status

shall apply with respect to liability and defense of suits arising out of Contractor's acts or omissions, whether such liability is attributable to Contractor or to County. The full policy limits and scope of protection also shall apply to County and its Agents as an additional insured, even if they exceed County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

### **22.3 Cancellation of or Changes in Insurance**

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

### **22.4 Failure to Maintain Insurance**

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

### **22.5 Insurer Financial Ratings**

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

### **22.6 Contractor's Insurance Shall Be Primary**

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

### **22.7 Waivers of Subrogation**

To the fullest extent permitted by law, Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Agreement. Contractor shall require its

insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

## **22.8 Sub-Contractor Insurance Coverage Requirements**

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies.

## **22.9 Deductibles and Self-Insured Retentions (SIRs)**

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

## **22.10 Claims Made Coverage**

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

## **22.11 Application of Excess Liability Coverage**

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

## **22.12 Separation of Insureds**

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

## **22.13 Alternative Risk Financing Programs**

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

## **22.14 County Review and Approval of Insurance Requirements**

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

Nothing in this Agreement shall be deemed to preclude Contractor from selecting a new insurance carrier or carriers or obtaining new or amended policies at any time, as long as the above insurance coverage is maintained. This provision is not intended to, and does not, increase or decrease Contractor's liability under Subparagraph 8.10 (Limitation of Liability).

## **23.0 INSURANCE COVERAGE**

### **23.1 Commercial General Liability**

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

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

### **23.2 Automobile Liability**

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

### **23.3 Workers Compensation and Employers' Liability**

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

### **23.4 Technology Errors and Omissions**

Technology Errors and Omissions insurance, including coverage for liabilities arising from errors, omissions, or negligent acts in rendering or failing to render computer or information technology services and technology products. Coverage for violation of software copyright should be included. Technology services should at a minimum include (1) systems analysis (2) systems programming (3) data processing (4) systems integration (5) outsourcing including outsourcing development and design (6) systems design, consulting, development and modification (7) training services relating to computer software or hardware (8) management, repair and maintenance of computer products, networks and systems (9) marketing, selling, servicing, distributing, installing and maintaining computer hardware or software (10) data entry, modification, verification, maintenance, storage, retrieval or preparation of data output, and any other services provided by the vendor with limits of at least \$5 million.

### **23.5 Privacy and Network Security (Cyber) Liability**

Privacy and Network Security (Cyber) Liability insurance, which includes coverage for Contractor's liability arising from a security incident as it relates to this Agreement, with limits of not less than \$15 million aggregate for each occurrence. For the purposes of this Sub-paragraph, the term "security incident" means (1) privacy breaches, (2) system breaches, (3) denial or loss of service, (4) introduction, implantation, or spread of malicious software code, (5) unauthorized access to or use of computer systems with limits. No exclusion/restriction for unencrypted portable devices/media may be on the policy. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

## **24.0 DISPUTE RESOLUTION PROCEDURE**

It is the intent of the parties that all disputes arising under this Agreement be resolved expeditiously, amicably, and at the level within each party's organization that is most knowledgeable about the disputed issue, and except as otherwise expressly provided in this Agreement, pursuant to this Paragraph 24.0 (Dispute Resolution Procedure). The Parties understand and agree that the procedures outlined in this Paragraph are not intended to supplant the routine handling of inquiries and complaints through informal contact with their respective managers. Accordingly, for purposes of the procedures set forth in this paragraph, a "dispute" shall mean any action, dispute, claim, or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement.

**24.1** Contractor and County agree to act with urgency and in good faith to mutually resolve any disputes which may arise with respect to this Agreement. All such disputes shall be subject to the provisions of this Paragraph 24.0 (Dispute Resolution Procedure) (such provisions shall be collectively referred to as the

**“Dispute Resolution Procedure”**). Time is of the essence in the resolution of disputes.

- 24.2** Contractor and County agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance (other than payment obligations), which County determines should be delayed as a result of such dispute.
- 24.3** Subject to the provisions of, and County’s obligation to pay, under Sub-paragraphs 7. 7 (Invoices) and 7 .10 (Payment of Invoices), if Contractor fails to continue without delay its performance hereunder which County, in its reasonable discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by Contractor or County as a result of Contractor’s failure to continue to so perform shall be borne by Contractor, and Contractor shall make no claim whatsoever against County for such costs. If County fails to continue without delay to perform its responsibilities under this Agreement which County determines should not be delayed as a result of such dispute, then any additional costs incurred by Contractor or County as a result of County's failure to continue to so perform shall be borne by County, and County shall make no claim whatsoever against Contractor for such costs.
- 24.4** In the event of any dispute between the parties with respect to this Agreement, Contractor and County shall submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute.
- 24.5** In the event that the Project Managers are unable to resolve the dispute within a reasonable time not to exceed ten (10) days from the date of submission of the dispute to them, then the matter shall be immediately submitted to the parties’ respective Project Directors for further consideration and discussion to attempt to resolve the dispute.
- 24.6** In the event that the Project Directors are unable to resolve the dispute within a reasonable time not to exceed ten (10) days from the date of submission of the dispute to them, then the matter shall be immediately submitted to Contractor’s vice president or equivalent and the Director. These persons shall have ten (10) days to attempt to resolve the dispute.
- 24.7** In the event that at these levels, there is not a resolution of the dispute acceptable to both parties, then each party may assert its other rights and remedies provided under this Agreement and/or its rights and remedies as provided by law.
- 24.8** All disputes utilizing this dispute resolution procedure shall be documented in writing by each party and shall state the specifics of each alleged dispute and all actions taken. The parties shall act in good faith to resolve all disputes. At all three (3) levels described in this Paragraph 24.0 (Dispute Resolution Procedure), the efforts to resolve a dispute shall be undertaken by conference between the

parties' respective representatives, either orally, by face to face meeting or by telephone, or in writing by exchange of correspondence.

- 24.9** Notwithstanding any other provision of this Agreement, a Party's right to terminate this Agreement or County's right to seek injunctive relief to enforce the provisions of Paragraph 12.0 (Confidentiality) or Paragraph 3.0 (Intellectual Property) shall not be subject to this Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of Parties' rights and shall not be deemed to impair any claims that a Party may have against the other Party or a Party's right to assert such claims after any such termination or such injunctive relief has been obtained.

## **25.0 MISCELLANEOUS.**

### **25.1 Prohibition Against Inducement or Persuasion**

Notwithstanding the above, Contractor and County agree that, during the term of this Agreement and for a period of one (1) year thereafter, neither party shall in any way intentionally induce or persuade any specific employee of one party known to be materially involved in AMP to become an employee or agent of the other party. Notwithstanding the foregoing, no bar exists against any hiring action initiated through a public announcement.

### **25.2 Conflict of Interest**

25.2.1 No County employee whose position with County enables such employee to influence the award of this Agreement or any competing agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by Contractor or have any other direct or indirect financial interest in this Agreement. At Contractor's request, County shall provide a list of such employees or positions reasonably identified by County to be applicable to the immediately preceding sentence. No officer or employee of Contractor who may financially benefit from the performance of work hereunder shall in any way participate in County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such work.

25.2.2 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 Agreement, which are applicable to it as a services provider under this Agreement. Contractor warrants that it is not now aware of any facts that create a conflict of interest. If 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 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 Agreement.

### 25.3 Force Majeure

- 25.3.1 Subject to this Sub-paragraph 25.3, neither party shall be liable for such party's failure or delay in its performance of its obligations under and in accordance with this Agreement, if such failure arises out of acts of God or of the public enemy, war, terrorism, an electrical, internet or telecommunications outage not caused by the obligated party, fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, unusually severe weather, or other similar events to those described above, but in every such case the failure to perform must be beyond the reasonable control and without any fault or negligence of such party ( "**Force Majeure Event(s)**").
- 25.3.2 Notwithstanding the foregoing, a default by a Subcontractor shall not constitute a Force Majeure Event, unless such default arises out of causes beyond the control of both Contractor and such Subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule.
- 25.3.3 In the event Contractor's failure to perform arises out of a Force Majeure Event, Contractor agrees to use commercially reasonable efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such Force Majeure Event.
- 25.3.4 In the event a Force Majeure Event continues for more than ninety (90) business days, either Party may cancel unperformed Services under this Agreement by providing written notice to the other Party. This Sub-paragraph 25.3.4 does not excuse either Party's obligations to take reasonable steps to follow its normal disaster recovery procedures or County's obligation to pay for Services that have been accepted pursuant to the provisions of Paragraph 5.0. Notwithstanding the foregoing, a Force Majeure Event will not relieve Contractor of its obligations under Paragraph 12.0 (Confidentiality).

### 25.4 Notice of Delays

Except as otherwise provided under this Agreement, when either Party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that Party shall use commercially reasonable efforts to promptly give notice thereof, including all known and material information with respect thereto, to the other Party.

**25.5 Notices**

All notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibits C (County's Administration) and D (Contractor's Administration). Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party.

**25.6 Governing Law, Jurisdiction, and Venue**

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

**25.7 Independent Contractor Status**

25.7.1 This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and 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.

25.7.2 Contractor shall be solely liable and responsible for providing to, or on behalf of, all Contractor personnel performing work pursuant to this Agreement all compensation and benefits. 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 Contractor.

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

**25.8 Validity**

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

**25.9 Waiver**

No waiver by either Party of any breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision. Failure of either Party to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this Sub-paragraph 25.9 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

**25.10 Non Exclusivity**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement between Contractor and County. This Agreement shall not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources, nor shall it restrict Contractor from providing similar; equal or like goods and/or services to other entities or customers.

**25.11 Facsimile Representations**

County and Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the amendments prepared pursuant to Sub-paragraph 13.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to amendments to this Agreement, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of “original” versions of such documents.

**25.12 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and will become effective and binding upon the parties as of the Effective Date at such time as all the signatories hereto have signed a counterpart of this Agreement.

**25.13 Agreement Drafted by All Parties**

This Agreement is the result of arm’s length negotiations between the Parties. Consequently, each Party has had the opportunity to receive advice from independent counsel of its own choosing. This Agreement shall be construed to have been drafted by all Parties such that any ambiguities in this Agreement shall not be construed against either Party.

**25.14 No Third Party Beneficiaries**

Notwithstanding any other provision of this Agreement, Contractor and County do not in any way intend that any person or entity shall acquire any rights as a third party beneficiary of this Agreement, except that this provision shall not be construed to diminish Contractor’s indemnification obligations hereunder.

**26.0 ADDITIONAL TERMS****26.1 Time Off For Voting**

Contractor shall notify its employees, and shall require each Subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than ten (10) days before every statewide election, Contractor and Subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

**26.2 Recycled Bond Paper**

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

**26.3 Contractor's Acknowledgement of County's Commitment to the Safely Surrendered Baby Law**

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

**26.4 Notice to Employees Regarding the Safely Surrendered Baby Law**

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 Agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**26.5 Notice to Employees Regarding the Federal Earned Income Credit**

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.

**26.6 Fair Labor Standards**

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

**26.7 Compliance with Civil Rights Laws**

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 Agreement or under any project, program, or activity supported by this Agreement. Contractor shall comply with Exhibit B (Contractor's EEO Certification).

**26.8 Warranty against Contingent Fees**

26.8.1 Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement 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 Contractor for the purpose of securing business.

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

**26.9 Contractor's Warranty of Adherence to County's Child Support Compliance Program**

26.9.1 Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from 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 County and its taxpayers.

26.9.2 As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this

Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

**26.10 Termination for Breach Of Warranty to Maintain Compliance with County's Child Support Compliance Program**

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 26.9 (Contractor's Warranty of Adherence to County's Child Support Compliance Program), shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which County may terminate this Agreement pursuant to Sub-paragraph 9.2 (Termination for Default) and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

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

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

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

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

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 26.11 (Warranty of Compliance with County's Defaulted Property Tax Reduction Program) shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice

shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

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

### **26.13.1 Jury Service Program**

This Agreement is subject to the provisions of 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 Agreement.

### **26.13.2 Written Employee Jury Service Policy.**

Unless Contractor has demonstrated to 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 Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the Employee's regular pay the fees received for jury service.

For purposes of this sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any Subcontractor to perform services for County under the Agreement, 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.

26.13.3 If Contractor is not required to comply with the Jury Service Program when the Agreement 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. County may also require, at any time during the Agreement and at its sole discretion, that Contractor demonstrate, to 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.

26.13.4 Contractor’s violation of this Sub-paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

#### **26.14 Restrictions on Lobbying**

If any Federal funds are to be used to pay for Contractor’s services under this Agreement, Contractor shall fully comply with all certification and disclosure requirements prescribed by Section 319 of Public Law 101-121 (31 United States Code Section 1352) and any implementing regulations, and shall ensure that each of its Subcontractors receiving funds provided under this Agreement also fully complies with all such certification and disclosure requirements.

#### **26.15 Termination for Non-Adherence of County Lobbyist Ordinance**

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

#### **26.16 Consideration of Hiring County Employees Targeted for Layoff/Re-Employment List**

Should Contractor require additional or replacement personnel after the Effective Date of this Agreement to perform the services set forth herein, 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 Agreement.

## **26.17 Consideration of Hiring GAIN/GROW Participants**

26.17.1 Should Contractor require additional or replacement personnel after the Effective Date of this Agreement, Contractor shall give consideration for any such employment openings to participants in County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that Contractor will interview qualified candidates. County will refer GAIN/GROW participants by job category to Contractor. Contractors shall report all job openings with job requirements to: [GAINGROW@dpss.lacounty.gov](mailto:GAINGROW@dpss.lacounty.gov) to obtain a list of qualified GAIN/GROW job candidates.

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

## **26.18 Nondiscrimination and Affirmative Action**

26.18.1 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.

26.18.2 Contractor shall certify to, and comply with, the provisions of Exhibit B (Contractor's EEO Certification).

26.18.3 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.

26.18.4 Contractor certifies and agrees that it will deal with its Subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.

26.18.5 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 Agreement or under any project, program, or activity supported by this Agreement.

26.18.6 Contractor shall allow County representatives access to Contractor's employment records during regular business hours to verify compliance with the provisions of this Sub-paragraph 26.18 when so requested by County.

26.18.7 If County finds that any provisions of this Sub-paragraph 26.18 have been violated, such violation shall constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by County that Contractor has violated the anti-discrimination provisions of this Agreement.

26.18.8 The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Agreement, 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 Agreement.

## **26.19 Federal Access To Records**

If, and to the extent that, Section 1861(v)(1)(l) of the Social Security Act (42 U.S.C. Section 1395x(v)(1)(l)) is applicable, Contractor agrees that for a period of four (4) years following the furnishing of services under this Contract, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Controller General of the United States, or to any of their authorize representatives, the Agreements, books, documents and records of Contractor which are necessary to verify the nature and extent of the costs of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the subcontract, books, documents and records of the Subcontractor.

## **26.20 Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions (2 C.F.R. Part 376)**

Contractor hereby acknowledges that 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 as of the Effective Date of the Agreement, neither it nor any of its owners, officers, partners, directors, other principals, employees, or independent contractors is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, Contractor certifies that, to its knowledge as of the Effective Date of the Agreement, none of its Subcontractors, at any tier, or any owners, officers, partners, directors, other principals, employees, or independent contractors 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 the aforementioned parties 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 County may immediately terminate or suspend this Agreement.

## **26.21 Intentionally Omitted**

## **26.22 Survival.**

In addition to any provisions of this Agreement which specifically state that they will survive the termination or expiration of this Agreement and any rights and obligations under this Agreement which by their nature should survive, the following Paragraphs and Sub-paragraphs shall survive any termination or expiration of this Agreement:

Paragraph 3.0 (Intellectual Property)

Sub-paragraph 7.5 (No Payment for Services Provided Following Expiration/Termination of Agreement)

Sub-paragraph 7.13 (Record Retention and Inspection/Audit Settlement)

Sub-paragraph 7.14 (Taxes)

Sub-paragraph 8.10 (Limitation of Liability)

Sub-paragraph 8.11 (Warranty Disclaimer)

Sub-paragraph 9.6 (Effect of Termination)

Sub-paragraph 9.7 (Termination Transition Services)

Sub-paragraph 11.6.2 (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third party claims resulting or arising from Contractor's breach of Subparagraph 11.6 (Employment Eligibility Verification) during the Agreement Term)

Paragraph 12.0 (Confidentiality)

Paragraph 16.2 (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third party claims resulting or arising from Contractor's breach of Paragraph 16.0 (Compliance with Applicable Law) during the Agreement Term)

Paragraph 21.0 (Indemnification)

Paragraph 22.0 (General Provisions for All Insurance Coverage)

Paragraph 23.0 (Insurance Coverage)

Paragraph 24.0 (Dispute Resolution Procedure)

Sub-paragraph 25.5 (Notices)

Sub-paragraph 25.6 (Governing Law, Jurisdiction, and Venue)

Sub-paragraph 25.14 (No Third Party Beneficiaries)

Sub-paragraph 26.6 (Fair Labor Standards) (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third party claims resulting or arising from Contractor's breach of Sub-paragraph 26.6 (Fair Labor Standards) during the Agreement Term)

Sub-paragraph 26.22 (Survival)

## **27.0 UNIQUE TERMS AND CONDITIONS**

### **27.1 Local Small Business Enterprise (SBE) Preference Program**

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

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

27.1.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

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

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

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

## **27.2 Compliance with County's Zero Tolerance Policy on Human Trafficking**

Contractor acknowledges that County has established a Zero Tolerance Policy on Human Trafficking prohibiting contractors from engaging in human trafficking.

If a Contractor or member of Contractor's staff is convicted of a human trafficking offense, County shall require that Contractor or member of Contractor's staff be removed immediately from performing services under the Agreement. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of Contractor's staff pursuant to this paragraph shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

## **27.3 Transitional Job Opportunities Preference Program**

27.3.1 This Agreement is subject to the provisions of County's ordinance entitles Transitional Job Opportunities Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

27.3.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.

27.3.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the

certification or denial of certification of any entity as a Transitional Job Opportunity vendor.

27.3.4 If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this Agreement to which it would not otherwise have been entitled, shall:

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

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

#### **27.4 Disabled Veteran Business Enterprise Preference Program**

27.4.1 This Agreement is subject to the provisions of County's ordinance entitled Disabled Veteran Business Enterprise Preference Program, as codified in Chapter 2.211 of the Los Angeles County Code.

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

27.4.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Disabled Veteran Business Enterprise.

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

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

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

## **27.5 Compliance with Fair Chance Employment Practices**

Contractor shall comply with fair chance employment hiring practices set forth in California Government Code Section 12952, Employment Discrimination: Conviction History. Contractor's violation of this 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.

## **27.6 Compliance with County Policy of Equity**

Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>). Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. Contractor acknowledges and certifies receipt and understanding of the CPOE

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be executed by the County's Assessor and Contractor has caused this Agreement to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Jeffrey Prang  
Assessor

CONTRACTOR

ORACLE AMERICA, Inc.

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM:  
MARY C. WICKHAM  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel

**BOARD LETTER/MEMO – FACT SHEET  
OPERATIONS CLUSTER**

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019	
<b>BOARD MEETING</b>	10/29/2019	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	All Supervisorial Districts	
<b>DEPARTMENT</b>	Department of Human Resources (DHR)	
<b>SUBJECT</b>	Amendment to Master Agreement for Occupational Health Medical Examinations, and Amendment to Master Agreement for Occupational Health Mobile Medical Examinations	
<b>PROGRAM</b>		
<b>SOLE SOURCE CONTRACT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: The two current Board-approved Master Agreements were the result of competitive solicitations. The Master Agreements' initial term were five (5) years, effective January 1, 2013 through December 31, 2017. On September 5, 2017, Board-approved amendments extended the Master Agreements for two (2) additional years through the current expiration date of December 31, 2019; there are no further extensions available. The recommended extension with existing contractors will allow additional time to issue a competitive solicitation for replacement agreements.	
<b>DEADLINES/ TIME CONSTRAINTS</b>	Both current Master Agreements terms expire on December 31, 2019.	
<b>COST &amp; FUNDING</b>	Total cost: Unknown at this time.	Funding source: Costs incurred are billed to departments utilizing the services.
	TERMS (if applicable): N/A	
	Explanation: Services are provided on an as-needed basis. Total costs expended during FY 2018-19 were \$1,265,466 for the Master Agreements for Occupational Health Medical Examinations, and \$201,012 for the Master Agreement for Occupational Health Mobile Medical Examinations.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommendations will provide two renewal options to extend the term of the Master Agreements for 1) Occupational Health Medical Examinations and 2) Occupational Health Mobile Medical Examinations for up to one (1) year and six (6) months (through June 30, 2021).	
<b>BACKGROUND (include internal/external issues that may exist)</b>	DHR Occupational Health Programs (OHP) coordinates these contracted examination services on behalf of County departments. OHP, in partnership with County Counsel and a subject matter expert consultant, is in the process of re-engineering its operations to 1) ensure alignment with federal and State laws, and 2) review, develop, and implement new policies and procedures for Countywide utilization. The extension period will be utilized to complete the re-engineering process, and to issue a single, consolidated competitive solicitation with a resulting Master Agreement that is based on the reengineered operations. This will provide a more efficient, cost-effective and streamlined solicitation process for potential contractors and the County, in addition to providing opportunities for an expanded network of service providers.	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email: <ul style="list-style-type: none"> <li>Maggie Martinez Assistant Director <a href="mailto:mmartinez@hr.lacounty.gov">mmartinez@hr.lacounty.gov</a> (213) 351-2921</li> </ul>	



**LISA M. GARRETT**  
DIRECTOR OF PERSONNEL

# **COUNTY OF LOS ANGELES**

## **DEPARTMENT OF HUMAN RESOURCES**

HEADQUARTERS  
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-2406 FAX (213) 621-0387

BRANCH OFFICE  
3333 WILSHIRE BOULEVARD • LOS ANGELES, CALIFORNIA 90010  
(213) 738-2084 FAX (213) 637-0820

October 29, 2019

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

Dear Supervisors:

**AMENDMENT TO MASTER AGREEMENT FOR OCCUPATIONAL HEALTH MEDICAL  
EXAMINATIONS, AND AMENDMENT TO MASTER AGREEMENT FOR OCCUPATIONAL  
HEALTH MOBILE MEDICAL EXAMINATIONS  
(ALL DISTRICTS – 3 VOTES)**

**SUBJECT**

Approve amendments to the Master Agreement for Occupational Health Medical Examinations and the Master Agreement for Occupational Health Mobile Medical Examinations to provide two additional renewal options of one-year and six-months through June 31, 2021; and approve fee increases for the Occupational Health Mobile Medical Examination Master Agreement.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and instruct the Chairman to sign amendments to the Master Agreement for Occupational Health Medical Examinations (Attachment II) with Irwindale Industrial Clinic (Contract No. OHME-2013-02), Santa Clarita Valley (SCV) Quality Care (Contract No. OHME-2013-04), Westchester Medical Group (Contract No. OHME-2013-05), MemorialCare Medical Foundation (Contract No. OHME-2013-03) to provide two additional renewal options of one-year from January 1, 2020 through December 31, 2020, and six-months from January 1, 2021 through June 30, 2021.
2. Approve and instruct the Chairman to sign the attached amendment to the Master Agreement for Occupational Health Mobile Medical Examinations (Attachment III) with Glendale Adventist Medical Center (Contract No. OHME-MOBILE-01) to provide two additional renewal options of one-year from January 1, 2020 through December 31, 2020, and six-months from January 1, 2021 through June 30, 2021, and to replace Exhibit B, Pricing Schedule as reflected in Attachment III.
3. Delegate authority to the Director of Personnel, or her designee, to exercise the one-year renewal options and the six-month renewal options for the Master Agreements.

*To Enrich Lives Through Effective and Caring Service*

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The existing Master Agreement for Occupational Health Medical Examinations and the Master Agreement for Occupational Health Mobile Medical Examinations will expire on December 31, 2019. Approval of these amendments will extend the agreement terms through June 30, 2021 and ensure continuation of in-clinic and mobile occupational health medical examination services to County departments.

These contracted services provide occupational health medical examination services, through in-clinic or mobile delivery to County departments. The services include post-offer/pre-employment medical examinations ("Pre-Placement Examinations"), periodic medical examinations of County employees as required by various regulatory agencies and Fitness for Duty evaluations of County employees ("Periodic Examinations"), and wellness medical examinations of County employees provided for under Memoranda of Understanding with County bargaining groups ("Wellness Examinations").

The DHR Occupational Health Programs ("OHP") coordinates these contracted examination services on behalf of County departments. OHP, in partnership with County Counsel and a subject matter consultant, is in the process of re-engineering its operations to: 1) ensure alignment with federal and State laws, and 2) review, develop and implement new policies and procedures for Countywide utilization. The extension of the two current Master Agreements will ensure the uninterrupted provision of these critical examination services and will allow completion of the re-engineering of Countywide occupational health processes. Issuance of a competitive solicitation based on the completed re-engineered operations will ensure that the solicitation and new master agreement requirements are in alignment with federal and State laws and new County policies and procedures. DHR will issue a single, consolidated solicitation and a resulting Master Agreement to replace the two current master agreements.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

These recommendations support the County's Strategic Plan Goal III.3, (Operational Effectiveness, Fiscal Responsibility and Accountability) by assuring the availability of required employee medical examinations and evaluation services to maximize the effectiveness of the County's operations, employment processes, and employees' wellness.

### **FISCAL IMPACT/FINANCING**

Expenditures under these Master Agreements vary annually. Funds will be expended only when occupational health medical examinations are requested by County departments. Departments are responsible for ensuring the availability of adequate funding prior to requesting medical examinations under the Master Agreements.

There are no changes to the current pricing terms of the Master Agreement for Occupational Health Medical Examinations. The pricing terms of the Master Agreement for Occupational Health Mobile Medical Examinations is being modified as reflected in Exhibit B to Attachment III, providing: 1) increases to 8 of the 20 examination packages' fixed fees, ranging from \$5 to \$7, and 2) increases to 5 of the 79 a la carte services' fixed fees, ranging from \$5 to \$25. Prior to these increases, prices have not been increased since January 1, 2013.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On November 7, 2012, the Board approved the Master Agreement for Occupational Health Medical Examinations and the Master Agreement for Occupational Health Mobile Medical Examinations and delegated authority to the CEO to execute agreements with qualified vendors. The Master Agreements' initial term was five (5) years, including two one-year option renewals, effective January 1, 2013 through December 31, 2017. Attachment I provides a list of the current Master Agreement Contractors and their approved specialty service areas.

The following various amendments were subsequently executed for these Master Agreements:

In March 2013, Amendment One to the Master Agreement for Occupational Health Medical Examinations with Memorial Occupational Medical Services was executed to correct the legal name of Contractor to Long Beach Memorial Medical Center d.b.a. Memorial Occupational Medical Services.

In September 2014, Amendment One to the Master Agreement for Occupational Health Mobile Medical Examinations with Glendale Adventist Medical Center was executed to expand delivery of the contracted services to include walk-in medical examinations as needed.

When originally executed, the Master Agreements were administered by the CEO Occupational Health Programs. In May 2016, amendments to both Master Agreements were executed with all Master Agreement Contractors to transfer authority from the CEO to DHR for the administration and management of contracts pursuant to the March 29, 2016 Board-approved realignment of County functions.

In September 2017, the Board approved: 1) amendments extending the agreements for two additional one-year option renewals, effective January 1, 2018 through December 31, 2019, and 2) the assignment and delegation of the Long Beach Memorial Medical Center Master Agreement to its affiliate MemorialCare Medical Foundation.

Services provided under these Master Agreements are provided on an as-needed basis, depending on the needs and requirements of each County department. Consequently, the Contractors have been advised that operating departments have sole discretion in selecting the vendor most appropriate for their needs. No minimum amount of work has been guaranteed.

DHR will conduct a single, consolidated competitive solicitation to replace all services currently provided by these Master Agreements. This will provide a more efficient, cost-effective and streamlined solicitation process for potential contractors and the County, in addition to providing opportunities for an expanded network of service providers for County departments.

County Counsel has reviewed and approved the amendments (Attachments II and III) as to form.

## **CONTRACTING PROCESS**

All current Master Agreements resulted from competitive solicitations, and were executed by CEO with qualified vendors pursuant to the Board's November 7, 2012 approval of the Master Agreements and delegated authority to CEO. On August 9, 2019, DHR notified the Board of its intent to negotiate amendments to extend the master agreements (Attachment IV). The sole source checklist is included as Attachment V.

**IMPACT ON CURRENT SERVICES**

There is no impact on current services. Approval of the recommended actions will allow County departments to continue obtaining required occupational health medical examination services, through in-clinic and mobile delivery, which is critical to performing periodic medical examinations to County employees and maintaining a healthy workforce.

**CONCLUSION**

Upon approval by the Board, please return two (2) adopted copies of the Board letter and two (2) executed copies of each attached amendment to the Department of Human Resources. It is requested that the Executive Officer notify the DHR's Occupational Health and Leave Management Division at (213) 351-2921 when the documents are available.

Respectfully submitted,

LISA M. GARRETT  
Director of Personnel

LMG:PAM:MGM  
DJ:AG:tdb

Attachments (5)

c: Chief Executive Officer  
County Counsel  
Executive Officer

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**MASTER AGREEMENTS FOR  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS AND  
MOBILE OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS**

**List of Current Master Agreement Contractors**

**1. Master Agreement for Occupational Health Medical Examinations**

<b>Contractor</b>	<b><u>Master Agreement Specialty Area</u></b>		
	<b>Pre-Placement Examinations</b>	<b>Periodic Examinations</b>	<b>Wellness Examinations</b>
Irwindale Medical Group	X	X	X
MemorialCare Medical Foundation	X		X
Santa Clarita Valley (SCV) Quality Care		X	X
Westchester Medical Group	X	X	X

*Note: Additional Master Agreement executed with Intercare Medical Group was terminated in 2013 due to closure of facility.*

**2. Master Agreement for Occupational Health Mobile Medical Examinations**

<b>Contractor</b>	<b><u>Master Agreement Specialty Area</u></b>		
	<b>Pre-Placement Examinations</b>	<b>Periodic Examinations</b>	<b>Wellness Examinations</b>
Glendale Adventist Medical Center	X	X	

**AMENDMENTS TO MASTER AGREEMENTS FOR  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS**

DRAFT

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS  
MASTER AGREEMENT OHME 2013-02**

**AMENDMENT THREE**

This Amendment Three to the Master Agreement for the provision of Occupational Health Medical Examinations Services, OHME 2013-02 ("Master Agreement"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (hereinafter "County") and Irwindale Industrial Clinic (hereinafter, "Contractor").

**WHEREAS**, on January 1, 2013, the County and Contractor entered into the Master Agreement for the provision of Occupational Health Medical Examinations; and

**WHEREAS**, the term of the executed Master Agreement was for up to five (5) years, consisting of an initial three-year term effective January 1, 2013 through December 31, 2015, and two (2) optional one-year extensions through no later than December 31, 2017; and

**WHEREAS**, on May 17, 2016, the County and Contractor executed Amendment One to change references to the "Chief Executive Office" and "CEO" to the "Department of Human Resources" and "DHR"; and

**WHEREAS**, on September 5, 2017, the County and Contractor executed Amendment Two to extend the term of this Master Agreement, one year at a time, to not later than December 31, 2019; and

**WHEREAS**, on December 31, 2019, this Master Agreement is set to expire, and the County and contractor desire to extend the term of this Master Agreement; and

**WHEREAS**, Sub-paragraph 9.3 (Amendments) under Paragraph 9 (Change Notices and Amendments) of the Master Agreement provides that, for any change which materially affects the scope of work or any term or condition of the Master Agreement, an amendment to the Master Agreement shall be executed in writing by the Board of Supervisors and Contractor's authorized representative(s);

**NOW, THEREFORE**, County and Contractor hereby agree to amend the Master Agreement as follows:

1. This Amendment Three shall commence and be effective upon Board of Supervisors approval with such date reflected on page one of this Amendment Three.
2. Subparagraph 4.2 of Paragraph 4 (Term of Master Agreement) of the Master Agreement is deleted in its entirety and replaced as follows:

"4.2 At the end of the Initial Term, County may at its sole option extend this Master Agreement for up to five (5) additional one-year periods and one additional six-month period (hereafter "Extended Term"), through no later than June 30, 2021. In the event that County elects not to exercise its

option to extend at the end of the Initial Term, or the Extended Term, as applicable, the remaining option(s) shall lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term, or the Extended Term, as applicable, the Director of Personnel, in his/her sole discretion, notifies Contractor in writing that County elects not to extend the Master Agreement pursuant to this Paragraph 4.2. The Extended Term shall be subject to all terms and conditions and rates quoted for each year of the term of this Master Agreement, as set forth in Exhibit B (Pricing Schedule)."

3. In the Master Agreement, including but not limited to Exhibit B (Pricing Schedule for Occupational Health Medical Examinations), all references to "Years 5, 6 and 7" or the fifth, sixth and seventh years of the Master Agreement, with respect to any "Fees," "Pricing" and/or "Costs," are amended to read "Years 5, 6, 7, 8, and the period of January 1, 2021 through June 30, 2021," and shall be deemed applicable to the Master Agreement from Year 5 through June 30, 2021.
4. Contractor represents and warrants that the person(s) executing this Amendment Three on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Three.
5. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
IRWINDALE INDUSTRIAL GROUP

By:   
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

Jack Feldsher, M.O.  
Printed Name

By: \_\_\_\_\_

Partner / owner  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
IRWINDALE INDUSTRIAL GROUP

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

\_\_\_\_\_  
Printed Name

By \_\_\_\_\_

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:   
Richard D. Bloom  
Principal Deputy County Counsel

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS  
MASTER AGREEMENT OHME 2013-04**

**AMENDMENT THREE**

This Amendment Three to the Master Agreement for the provision of Occupational Health Medical Examinations Services, OHME 2013-04 ("Master Agreement"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (hereinafter "County") and SCV Quality Care (hereinafter, "Contractor").

**WHEREAS**, on January 1, 2013, the County and Contractor entered into the Master Agreement for the provision of Occupational Health Medical Examinations; and

**WHEREAS**, the term of the executed Master Agreement was for up to five (5) years, consisting of an initial three-year term effective January 1, 2013 through December 31, 2015, and two (2) optional one-year extensions through no later than December 31, 2017; and

**WHEREAS**, on May 17, 2016, the County and Contractor executed Amendment One to change references to the "Chief Executive Office" and "CEO" to the "Department of Human Resources" and "DHR"; and

**WHEREAS**, on September 5, 2017, the County and Contractor executed Amendment Two to extend the term of this Master Agreement, one year at a time, to not later than December 31, 2019; and

**WHEREAS**, on December 31, 2019, this Master Agreement is set to expire, and the County and contractor desire to extend the term of this Master Agreement; and

**WHEREAS**, Sub-paragraph 9.3 (Amendments) under Paragraph 9 (Change Notices and Amendments) of the Master Agreement provides that, for any change which materially affects the scope of work or any term or condition of the Master Agreement, an amendment to the Master Agreement shall be executed in writing by the Board of Supervisors and Contractor's authorized representative(s);

**NOW, THEREFORE**, County and Contractor hereby agree to amend the Master Agreement as follows:

1. This Amendment Three shall commence and be effective upon Board of Supervisors approval with such date reflected on page one of this Amendment Three.
2. Subparagraph 4.2 of Paragraph 4 (Term of Master Agreement) of the Master Agreement is deleted in its entirety and replaced as follows:

"4.2 At the end of the Initial Term, County may at its sole option extend this Master Agreement for up to five (5) additional one-year periods and one additional six-month period (hereafter "Extended Term"), through no later than June 30, 2021. In the event that County elects not to exercise its option to extend at the end of the Initial Term, or the Extended Term, as

applicable, the remaining option(s) shall lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term, or the Extended Term, as applicable, the Director of Personnel, in his/her sole discretion, notifies Contractor in writing that County elects not to extend the Master Agreement pursuant to this Paragraph 4.2. The Extended Term shall be subject to all terms and conditions and rates quoted for each year of the term of this Master Agreement, as set forth in Exhibit B (Pricing Schedule)."

3. In the Master Agreement, including but not limited to Exhibit B (Pricing Schedule for Occupational Health Medical Examinations), all references to "Years 5, 6 and 7" or the fifth, sixth and seventh years of the Master Agreement, with respect to any "Fees," "Pricing" and/or "Costs," are amended to read "Years 5, 6, 7, 8, and the period of January 1, 2021 through June 30, 2021," and shall be deemed applicable to the Master Agreement from Year 5 through June 30, 2021.
4. Contractor represents and warrants that the person(s) executing this Amendment Three on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Three.
5. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
SCV QUALITY CARE

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

DENNIS P. LEWIS, M.D.  
Printed Name

By: \_\_\_\_\_

PRESIDENT / MEDICAL DIRECTOR  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
SCV QUALITY CARE

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors


\_\_\_\_\_  
Printed Name

By: \_\_\_\_\_

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:   
Richard D. Bloom  
Principal Deputy County Counsel

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS  
MASTER AGREEMENT OHME 2013-05**

**AMENDMENT THREE**

This Amendment Three to the Master Agreement for the provision of Occupational Health Medical Examinations Services, OHME 2013-05 ("Master Agreement"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (hereinafter "County") and Westchester Medical Group (hereinafter, "Contractor").

**WHEREAS**, on January 1, 2013, the County and Contractor entered into the Master Agreement for the provision of Occupational Health Medical Examinations; and

**WHEREAS**, the term of the executed Master Agreement was for up to five (5) years, consisting of an initial three-year term effective January 1, 2013 through December 31, 2015, and two (2) optional one-year extensions through no later than December 31, 2017; and

**WHEREAS**, on May 17, 2016, the County and Contractor executed Amendment One to change references to the "Chief Executive Office" and "CEO" to the "Department of Human Resources" and "DHR"; and

**WHEREAS**, on September 5, 2017, the County and Contractor executed Amendment Two to extend the term of this Master Agreement, one year at a time, to not later than December 31, 2019; and

**WHEREAS**, on December 31, 2019, this Master Agreement is set to expire, and the County and contractor desire to extend the term of this Master Agreement; and

**WHEREAS**, Sub-paragraph 9.3 (Amendments) under Paragraph 9 (Change Notices and Amendments) of the Master Agreement provides that, for any change which materially affects the scope of work or any term or condition of the Master Agreement, an amendment to the Master Agreement shall be executed in writing by the Board of Supervisors and Contractor's authorized representative(s);

**NOW, THEREFORE**, County and Contractor hereby agree to amend the Master Agreement as follows:

1. This Amendment Three shall commence and be effective upon Board of Supervisors approval with such date reflected on page one of this Amendment Three.
2. Subparagraph 4.2 of Paragraph 4 (Term of Master Agreement) of the Master Agreement is deleted in its entirety and replaced as follows:

"4.2 At the end of the Initial Term, County may at its sole option extend this Master Agreement for up to five (5) additional one-year periods and one additional six-month period (hereafter "Extended Term"), through no later than June 30, 2021. In the event that County elects not to exercise its

option to extend at the end of the Initial Term, or the Extended Term, as applicable, the remaining option(s) shall lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term, or the Extended Term, as applicable, the Director of Personnel, in his/her sole discretion, notifies Contractor in writing that County elects not to extend the Master Agreement pursuant to this Paragraph 4.2. The Extended Term shall be subject to all terms and conditions and rates quoted for each year of the term of this Master Agreement, as set forth in Exhibit B (Pricing Schedule)."

3. In the Master Agreement, including but not limited to Exhibit B (Pricing Schedule for Occupational Health Medical Examinations), all references to "Years 5, 6 and 7" or the fifth, sixth and seventh years of the Master Agreement, with respect to any "Fees," "Pricing" and/or "Costs," are amended to read "Years 5, 6, 7, 8, and the period of January 1, 2021 through June 30, 2021," and shall be deemed applicable to the Master Agreement from Year 5 through June 30, 2021.
4. Contractor represents and warrants that the person(s) executing this Amendment Three on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Three.
5. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
WESTCHESTER MEDICAL GROUP

By:   
Signature

Craig Wellman  
Printed Name

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

By: \_\_\_\_\_

Director  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Three to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
WESTCHESTER MEDICAL GROUP

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

\_\_\_\_\_  
Printed Name

By: \_\_\_\_\_

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:  \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES  
OCCUPATIONAL HEALTH MEDICAL EXAMINATIONS  
MASTER AGREEMENT OHME 2013-03**

**AMENDMENT FOUR**

This Amendment Four to the Master Agreement for the provision of Occupational Health Medical Examinations Services, OHME 2013-03 ("Master Agreement"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (hereinafter "County") and MemorialCare Medical Foundation (hereinafter, "Contractor").

**WHEREAS**, on January 1, 2013, the County and Contractor entered into the Master Agreement for the provision of Occupational Health Medical Examinations; and

**WHEREAS**, the term of the executed Master Agreement was for up to five (5) years, consisting of an initial three-year term effective January 1, 2013 through December 31, 2015, and two (2) optional one-year extensions through no later than December 31, 2017; and

**WHEREAS**, on March 21, 2013, the County and Contractor executed Amendment One to amend the legal name of Contractor from "Memorial Occupational Medical Services" to "Long Beach Memorial Medical Center d.b.a. Memorial Occupational Services"; and

**WHEREAS**, on May 17, 2016, the County and Contractor executed Amendment Two (misabeled Amendment One) to change references to the "Chief Executive Office" and "CEO" to the "Department of Human Resources" and "DHR"; and

**WHEREAS**, on September 5, 2017, the County and Contractor executed Amendment Three to extend the term of this Master Agreement, one year at a time, to not later than December 31, 2019 and to assign all duties, responsibilities, obligations and performance requirements under this Master Agreement to "MemorialCare Medical Foundation"; and

**WHEREAS**, on December 31, 2019, this Master Agreement is set to expire, and the County and contractor desire to extend the term of this Master Agreement; and

**WHEREAS**, Sub-paragraph 9.3 (Amendments) under Paragraph 9 (Change Notices and Amendments) of the Master Agreement provides that, for any change which materially affects the scope of work or any term or condition of the Master Agreement, an amendment to the Master Agreement shall be executed in writing by the Board of Supervisors and Contractor's authorized representative(s);

**NOW, THEREFORE**, County and Contractor hereby agree to amend the Master Agreement as follows:

1. This Amendment Four shall commence and be effective upon Board of Supervisors approval with such date reflected on page one of this Amendment Four.
2. Subparagraph 4.2 of Paragraph 4 (Term of Master Agreement) of the Master Agreement is deleted in its entirety and replaced as follows:

“4.2 At the end of the Initial Term, County may at its sole option extend this Master Agreement for up to five (5) additional one-year periods and one additional six-month period (hereafter “Extended Term”), through no later than June 30, 2021. In the event that County elects not to exercise its option to extend at the end of the Initial Term, or the Extended Term, as applicable, the remaining option(s) shall lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term, or the Extended Term, as applicable, the Director of Personnel, in his/her sole discretion, notifies Contractor in writing that County elects not to extend the Master Agreement pursuant to this Paragraph 4.2. The Extended Term shall be subject to all terms and conditions and rates quoted for each year of the term of this Master Agreement, as set forth in Exhibit B (Pricing Schedule).”

3. In the Master Agreement, including but not limited to Exhibit B (Pricing Schedule for Occupational Health Medical Examinations), all references to “Years 5, 6 and 7” or the fifth, sixth and seventh years of the Master Agreement, with respect to any “Fees,” “Pricing” and/or “Costs,” are amended to read “Years 5, 6, 7, and 8 and the period of January 1, 2021 through June 30, 2021,” and shall be deemed applicable to the Master Agreement from Year 5 through June 30, 2021.
4. Contractor represents and warrants that the person(s) executing this Amendment Four on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Four.
5. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Four to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
MEMORIALCARE MEDICAL  
FOUNDATION

By: Judy Wheaton Shubin  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

Judy Wheaton Shubin  
Printed Name

By: \_\_\_\_\_

VP. Contracting  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Four to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
MEMORIALCARE MEDICAL  
FOUNDATION

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

\_\_\_\_\_  
Printed Name

By: \_\_\_\_\_

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:  \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

**AMENDMENTS TO MASTER AGREEMENT FOR  
OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATIONS**

DRAFT

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES  
OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATIONS  
MASTER AGREEMENT OHME MOBILE-01**

**AMENDMENT FOUR**

This Amendment Four to the Master Agreement for the provision of Occupational Health Mobile Medical Examinations Services, OHME MOBILE-01 ("Master Agreement"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the County of Los Angeles (hereinafter "County") and Glendale Adventist Medical Center (hereinafter, "Contractor").

**WHEREAS**, on January 1, 2013, the County and Contractor entered into the Master Agreement for the provision of Occupational Health Mobile Medical Examinations; and

**WHEREAS**, the term of the executed Master Agreement was for up to five (5) years, consisting of an initial three-year term effective January 1, 2013 through December 31, 2015, and two (2) optional one-year extensions through no later than December 31, 2017; and

**WHEREAS**, on September 1, 2014, the County and Contractor executed Amendment One for the delivery of occupational health mobile medical examinations to be expanded to include walk-in clinic facilities; and

**WHEREAS**, on May 18, 2016, the County and Contractor executed Amendment Two to change references to the "Chief Executive Office" and "CEO" to the "Department of Human Resources" and "DHR"; and

**WHEREAS**, on September 5, 2017, the County and Contractor executed Amendment Three to extend the term of this Master Agreement, one year at a time, to not later than December 31, 2019; and

**WHEREAS**, on December 31, 2019, this Master Agreement is set to expire, and the County and contractor desire to extend the term of this Master Agreement; and

**WHEREAS**, Sub-paragraph 9.3 (Amendments) under Paragraph 9 (Change Notices and Amendments) of the Master Agreement provides that, for any change which materially affects the scope of work or any term or condition of the Master Agreement, an amendment to the Master Agreement shall be executed in writing by the Board of Supervisors and Contractor's authorized representative(s);

**NOW, THEREFORE**, County and Contractor hereby agree to amend the Master Agreement as follows:

1. This Amendment Four shall commence and be effective upon Board of Supervisors approval with such date reflected on page one of this Amendment Four.
2. Subparagraph 4.2 of Paragraph 4 (Term of Master Agreement) of the Master Agreement is deleted in its entirety and replaced as follows:

“4.2 At the end of the Initial Term, County may at its sole option extend this Master Agreement for up to five (5) additional one-year periods and one additional six-month period (hereafter “Extended Term”), through no later than June 30, 2021. In the event that County elects not to exercise its option to extend at the end of the Initial Term, or the Extended Term, as applicable, the remaining option(s) shall lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term, or the Extended Term, as applicable, the Director of Personnel, in his/her sole discretion, notifies Contractor in writing that County elects not to extend the Master Agreement pursuant to this Paragraph 4.2. The Extended Term shall be subject to all terms and conditions and rates quoted for each year of the term of this Master Agreement, as set forth in Exhibit B (Pricing Schedule for Occupational Health Mobile Medical Examinations).”

3. Exhibit B, (Pricing Schedule for Occupational Health Mobile Medical Examinations), is deleted in its entirety and replaced with revised Exhibit B, (Pricing Schedule for Occupational Health Mobile Medical Examinations), which is attached hereto and incorporated herein by reference.
4. Contractor represents and warrants that the person(s) executing this Amendment Four on behalf of Contractor is an authorized agent who has the actual authority to bind Contractor to each and every term, condition and obligation of this Amendment Four.
5. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Four to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
GLENDALE ADVENTIST MEDICAL  
CENTER

By: \_\_\_\_\_  
Signature

*Ramella Markarian*  
Printed Name

*VP Bus. dev.*  
Title

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

By: \_\_\_\_\_

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Richard D. Bloom  
Principal Deputy County Counsel

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**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment Four to be executed on its behalf by its duly authorized officer, the day, month and year first written above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chairman, Board of Supervisors

CONTRACTOR:  
GLENDALE ADVENTIST MEDICAL  
CENTER

By: \_\_\_\_\_  
Signature

ATTEST:

Celia Zavala, Executive Officer  
of the Board of Supervisors

\_\_\_\_\_  
Printed Name

By: \_\_\_\_\_

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By:   
Richard D. Bloom  
Principal Deputy County Counsel

**EXHIBIT B**

**PRICING SCHEDULE**

**FOR**

**OCCUPATIONAL HEALTH**

**MOBILE MEDICAL EXAMINATIONS**

PACKAGES	OHP CODE	2014 2015	2016	2017	2018	2019, 2020 and Period of 1/1/21 to 6/30/21
Age 60 Firefighter Evaluation	E26	\$185	\$185	\$185	\$185	\$185
Armed Reserve Pool	E27	\$145	\$145	\$145	\$145	\$150
Asbestos	E09	\$100	\$100	\$100	\$100	\$100
Basic Pre-Placement Exam	B	\$65	\$65	\$65	\$65	\$65
Clandestine Lab Exam	E24	\$155	\$155	\$155	\$155	\$155
Commercial Driver Medical	D	\$65	\$65	\$65	\$65	\$85
Commercial Driver Medical (Done with General Exam)	AD	\$55	\$55	\$55	\$55	\$75
Confined Space	E02	\$50	\$50	\$50	\$50	\$50
Crane Operator Medical Evaluation	E20	\$145	\$145	\$145	\$145	\$145
FBI Bomb School	E22	\$170	\$170	\$170	\$170	\$170
General Pre-Placement Exam	G	\$75	\$75	\$75	\$75	\$85
Hazmat (OSHA)	E06	\$180	\$180	\$180	\$180	\$180
Hearing Conservation	E18	\$28	\$28	\$28	\$28	\$35
Ill-At-Work Evaluation	E30	\$70	\$70	\$70	\$70	\$70
Lead Exam	E11	\$40	\$40	\$40	\$40	\$40
Respirator Medical	E05	\$40	\$40	\$40	\$40	\$40
Return to Work Evaluation	RTW	\$70	\$70	\$70	\$70	\$70
Safety Pre-Placement Exam	S	\$176	\$176	\$176	\$176	\$210
SCUBA	E12	\$230	\$230	\$230	\$230	\$275
TB Screening	I11	\$28	\$28	\$28	\$28	\$35

A LA CARTE SERVICES	OHP CODE	2014 2015	2016	2017	2018	2019, 2020 and Period of 1/1/21 to 6/30/21
Albuterol, serum level	A01	\$160	\$160	\$160	\$160	\$160
Amitriptyline, urine	A74	\$150	\$150	\$150	\$150	\$150
Ankle x-ray: 1 view with read	A30	\$60	\$60	\$60	\$60	\$60
Audiometry (500 -8000 Hz)	A02	\$30	\$30	\$30	\$30	\$30
Benzodiazepine, urine	A19	\$45	\$45	\$45	\$45	\$45
Blood chemistry panel	A03	\$55	\$55	\$55	\$55	\$55
Blood Count, complete with differential	A04	\$29	\$29	\$29	\$29	\$29

A LA CARTE SERVICES	OHP CODE	2014 2015	2016	2017	2018	2019, 2020 and Period of 1/1/21 to 6/30/21
Blood Pressure & Pulse (recheck on different day)	A05	\$10	\$10	\$10	\$10	\$10
Body Fat (day of medical appointment)	A06	\$15	\$15	\$15	\$15	\$15
Body Fat with Height/Weight (recheck)	A07	\$15	\$15	\$15	\$15	\$15
Butalbitol, urine	A91	\$15	\$15	\$15	\$15	\$15
Carbamazepine, serum level (Total)	A08	\$11	\$11	\$11	\$11	\$11
Cardiac Stress Test (CST)	A09	\$180	\$180	\$180	\$180	\$180
Carisoprodol, urine	A92	\$115	\$115	\$115	\$115	\$115
Cervical x-ray, four view	A10	\$75	\$75	\$75	\$75	\$75
Chest x-ray, one view	A11	\$60	\$60	\$60	\$60	\$60
Chest x-ray, one view with B read	A72	\$60	\$60	\$60	\$60	\$60
Chest x-ray, three view with B read	A12	\$90	\$90	\$90	\$90	\$90
Chest x-ray, two view	A73	\$60	\$60	\$60	\$60	\$60
Combined CST/ECT	A17	\$225	\$225	\$225	\$225	\$225
Cyclobenzaprine, urine	A93	\$98	\$98	\$98	\$98	\$98
DL51: reissue Med Exam Report & Med Cert	A22	\$20	\$20	\$20	\$20	\$20
Drug Retest at Limits of Detection	A97	\$60	\$60	\$60	\$60	\$60
Drug Test of Split Specimen	A15	\$125	\$125	\$125	\$125	\$125
Drug Test Panel: 8-substance	A65	\$35	\$35	\$35	\$35	\$45
EKG with Cardiologist over-read when needed	A23	\$60	\$60	\$60	\$60	\$85
Exercise Challenge Testing (ECT)	A24	\$140	\$140	\$140	\$140	\$140
Flu (seasonal) Vaccination	I14	\$25	\$25	\$25	\$25	\$25
Glucose (sent to lab)	A25	\$39	\$39	\$39	\$39	\$39
Hand x-ray, one view	A33	\$60	\$60	\$60	\$60	\$60
HDL	A27	\$83	\$83	\$83	\$83	\$83
Hemoglobin A1c	A29	\$40	\$40	\$40	\$40	\$40
Hepatitis B antibody titer	I09	\$65	\$65	\$65	\$65	\$65
Hepatitis B surface antigen	A31	\$65	\$65	\$65	\$65	\$65
Hepatitis B vaccination (per dose)	I04	\$65	\$65	\$65	\$65	\$65
Hip x-ray, one view	A85	\$60	\$60	\$60	\$60	\$60
HRR color test	A61	\$15	\$15	\$15	\$15	\$15
Hydrocodone, serum level	A32	\$50	\$50	\$50	\$50	\$50
Hydrocodone, urine	A87	\$88	\$88	\$88	\$88	\$88
Jamar dynamometer	A34	\$10	\$10	\$10	\$10	\$10

EXHIBIT B – PRICING SCHEDULE FOR OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATIONS

A LA CARTE SERVICES	OHP CODE	2014 2015	2016	2017	2018	2019, 2020 and Period of 1/1/21 to 6/30/21
Knee x-ray, two view	A35	\$60	\$60	\$60	\$60	\$60
Levetiracetam (Keppra), serum level	A18	\$50	\$50	\$50	\$50	\$50
Lithium, serum level	A36	\$45	\$45	\$45	\$45	\$45
Lumbar x-ray, three view	A98	\$80	\$80	\$80	\$80	\$80
Lumbar x-ray, two view	A37	\$60	\$60	\$60	\$60	\$60
Measles antibody titers (IGG)	I24	\$50	\$50	\$50	\$50	\$50
Measurement of neck circumference	A95	\$5	\$5	\$5	\$5	\$5
Methadone, urine	A99	\$80	\$80	\$80	\$80	\$80
MMR Immunization	I21	\$60	\$60	\$60	\$60	\$60
Mumps antibody titers (IGG)	I25	\$50	\$50	\$50	\$50	\$50
Oxycodone, urine	A89	\$23	\$23	\$23	\$23	\$23
Phenytoin, serum level	A42	\$83	\$83	\$83	\$83	\$83
Physical exam: "As Needed"; 1 <sup>st</sup> body system	A44	\$20	\$20	\$20	\$20	\$20
Physical exam: "As Needed"; 2nd body system	A45	\$20	\$20	\$20	\$20	\$20
Physical exam: "As Needed"; 3rd body system	A46	\$20	\$20	\$20	\$20	\$20
Physical exam: "As Needed"; 4th body system	A47	\$20	\$20	\$20	\$20	\$20
Physical exam: "As Needed"; 5th body system	A48	\$20	\$20	\$20	\$20	\$20
Physical exam: "Complete"	A43	\$100	\$100	\$100	\$100	\$125
PPD	I01	\$30	\$30	\$30	\$30	\$30
Quantiferon TB Test In-Tube (Clinic or Mobile Van)	I02	\$85	\$85	\$85	\$85	\$85
Rubella antibody titers (IGG)	I27	\$45	\$45	\$45	\$45	\$45
Sacral-iliac x-ray, one view	A52	\$55	\$55	\$55	\$55	\$55
Shoulder x-ray, three view	A54	\$70	\$70	\$70	\$70	\$70
Signal Lights (Titmus SCI-1 slide)	A16	\$10	\$10	\$10	\$10	\$10
Spine x-ray, two view	A55	\$60	\$60	\$60	\$60	\$60
Spirometry	A56	\$40	\$40	\$40	\$40	\$45
Supplemental Respirator History	A57	\$20	\$20	\$20	\$20	\$25
Td Vaccination	I13	\$40	\$40	\$40	\$40	\$40
Tdap Vaccination	I12	\$60	\$60	\$60	\$60	\$60
Tramadol, urine	A90	\$82	\$82	\$82	\$82	\$82
Treadmill testing for aerobic capacity (no EKG)	A94	\$100	\$100	\$100	\$100	\$100
TSH	A62	\$87	\$87	\$87	\$87	\$87
Urinalysis, complete	A63	\$30	\$30	\$30	\$30	\$30

EXHIBIT B – PRICING SCHEDULE FOR OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATIONS

A LA CARTE SERVICES	OHP CODE	2014 2015	2016	2017	2018	2019, 2020 and Period of 1/1/21 to 6/30/21
Valproic Acid, serum level	A66	\$83	\$83	\$83	\$83	\$83
Varicella Immunization (per dose)	I23	\$140	\$140	\$140	\$140	\$140
Varicella titers (IGG)	I28	\$45	\$45	\$45	\$45	\$45
Vision recheck using Bailey-Lovie or ETDRS chart	A68	\$10	\$10	\$10	\$10	\$10
Vision testing using near point card (O.U.)	A69	\$10	\$10	\$10	\$10	\$10
Wrist x-ray (PA view only)	A86	\$45	\$45	\$45	\$45	\$45



**LISA M. GARRETT**  
DIRECTOR OF PERSONNEL

## **COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES**

HEADQUARTERS  
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-2406 FAX (213) 621-0387

BRANCH OFFICE  
3333 WILSHIRE BOULEVARD • LOS ANGELES, CALIFORNIA 90010  
(213) 738-2211 FAX (213) 637-0821

August 9, 2019

To: Each Supervisor

From: Lisa M. Garrett  
Director of Personnel

### **ADVANCE NOTIFICATION OF INTENT TO NEGOTIATE A SOLE SOURCE CONTRACT EXTENSION WITH CONTRACTORS PROVIDING OCCUPATIONAL HEALTH MEDICAL EXAMINATION SERVICES AND OCCUPATIONAL HEALTH MOBILE MEDICAL EXAMINATION SERVICES**

This memorandum is to provide advance notification to your Board that the Department of Human Resources (DHR) intends to enter into sole source negotiations with existing Master Agreement Contractors to extend two Master Agreements, for Occupational Health Medical Examination Services and Occupational Health Mobile Medical Examination Services, for up to 18 months.

This notice is being sent in accordance with Board Policy 5.100, Sole Source Contracts, which requires County departments that intend to negotiate sole source contracts for Board approval to provide advance written notice to your Board at least six months prior to the expiration of an existing contract and at least four weeks prior to commencing contract negotiations. This policy also applies to amendments to existing contracts when departments do not have delegated authority to execute such amendments.

The current Master Agreements for Occupational Health Medical Examination Services with Irwindale Industrial Clinic, MemorialCare Medical Foundation, SCV Quality Care, and Westchester Medical Group, and for Occupational Health Mobile Medical Examination Services with Glendale Adventist Medical Center will expire on December 31, 2019. All current master agreements were executed as the result of competitive solicitations conducted by the Chief Executive Office. These Master Agreements were executed for contract terms commencing on January 1, 2013 through December 31, 2017. Pursuant to Board approval on September 5, 2017, the Master Agreements were extended through December 31, 2019. There are no further extensions available on either of the Master Agreements.

These contract services provide occupational health medical examination services, through in-clinic or mobile delivery, to County departments. The services include post-offer/pre-employment medical examinations, periodic medical examinations of County employees as required by various regulatory agencies, and wellness medical examinations of County employees provided for under Memoranda of Understanding with County bargaining groups. The services are provided on an as-needed basis, depending on the needs and requirements of County departments.

The DHR Occupational Health Programs (OHP) coordinates these contracted examination services on behalf of County departments. OHP, in partnership with County Counsel and a subject matter expert consultant, is in the process of re-engineering its operations to 1) ensure alignment with federal and State laws, and 2) review, develop and implement new policies and procedures for Countywide utilization. The extension of the two current Master Agreements will ensure the uninterrupted provision of these critical examination services and will allow completion of the re-engineering of Countywide occupational health processes. Issuance of a competitive solicitation based on the completed re-engineered operations will ensure that the solicitation and new master agreement requirements are in alignment with federal and State laws and new County policies and procedures. DHR will issue a single, consolidated solicitation and a resulting Master Agreement to replace the two current master agreements. This will provide a more efficient, cost-effective and streamlined solicitation process for potential contractors and the County, in addition to providing opportunities for an expanded network of service providers for County departments.

DHR acknowledges that the requirement in Board Policy 5.100 to provide your Board with six month advance notice of the intent to enter sole source negotiations was not met. It was recently concluded that additional time is required to complete elements of the re-engineering process; these elements will inform the solicitation requirements. In consultation with County Counsel, it was determined that the issuance of a competitive solicitation should be delayed until the completion of the re-engineering process. This will ensure that the solicitation requirements are in alignment with federal and State law, as well as the new County policies and procedures. The solicitation is planned for release by summer 2020, which will provide sufficient time for replacement Master Agreements to be executed.

DHR will proceed with the sole source contract negotiations in four weeks unless instructed otherwise by your Board. Should you have any questions, please contact me at (213) 974-2406, or your staff may contact Maggie Martinez, Assistant Director at (213) 351-2921.

LMG:MGM  
DJ:ag

c: Chief Executive Officer  
Executive Officer, Board of Supervisors

## SOLE SOURCE CHECKLIST

Department Name: Department of Human Resources

( ) New Sole Source Contract

(✓) Sole Source Amendment to Existing Contract

Date Existing Contract First Approved: January 1, 2013

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>"Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist."</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
✓	<p>➤ It is more cost-effective to obtain services by exercising an option under an existing contract.</p> <p>The current Master Agreements for Occupational Health Medical Examination Services with Irwindale Industrial Clinic, MemorialCare Medical Foundation, SCV Quality Care, and Westchester Medical Group, and for Occupational Health Mobile Medical Examination Services with Glendale Adventist Medical Center will expire on December 31, 2019. All current master agreements were executed as the result of competitive solicitations conducted by the Chief Executive Office. These Master Agreements were executed for contract terms commencing on January 1, 2013 through December 31, 2017. Pursuant to Board approval on September 5, 2017, the expiration date of the Master Agreements were extended through December 31, 2019. There are no extensions available on either of the Master Agreements.</p>

	<p>These contract services provide occupational health medical examination services, through in-clinic or mobile delivery, to County departments. The services include post-offer/pre-employment medical examinations, periodic medical examinations of County employees as required by various regulatory agencies and wellness medical examinations of County employees provided for under Memoranda of Understanding with County bargaining groups. These services are provided on an as-needed basis, depending on the needs and requirements of County departments.</p> <p>The DHR Occupational Health Programs (OHP) coordinates these contracted examination services on behalf of County departments. The OHP, in partnership with County Counsel and a subject matter expert consultant, is in the process of re-engineering its operations to 1) ensure alignment with federal and state laws, and 2) review, develop and implement new policies and procedures for Countywide utilization. The extension of the two current Master Agreements will ensure uninterrupted provision of these critical examination services and will allow completion of the re-engineering of Countywide occupational health processes. Issuance of a competitive solicitation based on the completed re-engineered operations will ensure that the solicitation and new master agreement requirements are in alignment with federal and state laws and new County policies, processes and procedures.</p> <p>DHR will issue a single, consolidated solicitation and a resulting Master Agreement to replace the two current master agreements. This will provide a more efficient, cost-effective and streamlined solicitation process for potential contractors and the County, in addition to providing opportunities for an expanded network of service providers for County departments.</p>
	<p>➤ The contractor was selected through a competitive solicitation process conducted by an outside entity (e.g., other municipalities, public agencies, State/federal government or nonprofit organization).</p>
	<p>➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.</p>



Chief Executive Office



Date

## BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019			
<b>BOARD MEETING</b>	10/29/2019			
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	1			
<b>DEPARTMENT</b>	Probation Department			
<b>SUBJECT</b>	Approve a proposed eight-year Lease renewal amendment for continued use of approximately 13,590 square feet of existing warehouse and office space and 26 on-site parking spaces at 4549 Telegraph Road, Los Angeles.			
<b>PROGRAM</b>				
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
<b>DEADLINES/ TIME CONSTRAINTS</b>	The existing lease agreement is currently on month to month holdover at 4549 Telegraph Road, Los Angeles.			
<b>COST &amp; FUNDING</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$1,356,825.60 rental costs over eight years</td><td style="width: 50%;">Funding source: 100% Net County Cost</td></tr> </table>		Total cost: \$1,356,825.60 rental costs over eight years	Funding source: 100% Net County Cost
Total cost: \$1,356,825.60 rental costs over eight years	Funding source: 100% Net County Cost			
	TERMS (if applicable): The proposed amendment provides for automatic annual rental increases of 6 percent every two years of the eight-year proposed term. The County may terminate the lease agreement after the twelfth month of the lease term.			
	Explanation: Funding for the proposed amendment is included in the Fiscal Year 2018-2019 Rent Expense budget and will be billed back to the respective department.			
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will authorize and adequately provide the necessary warehouse and office space for the respective County department.			
<b>BACKGROUND (include internal/external issues that may exist)</b>	<p>The Probation Department needs to continue occupying space at the subject location while a search for a larger more suitable location is found. The department may in the near future combine its operation with other facility sites into a larger single site.</p> <p>The program/function for department at this location is a Facilities Operations. The Facilities Operations is an administrative function that is in charge of distributing supplies, furniture, and equipment to over 123 Probation facilities throughout Los Angeles County.</p> <p>We have been in holdover since 3-14-2016 without penalty.</p>			
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email:  Michael Navarro, Chief Program Specialist 213-974-4364 mnavarro@ceo.lacounty.gov			



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

October 29, 2019

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

Dear Supervisors:

**LEASE AMENDMENT NO. 3  
PROBATION DEPARTMENT  
4549 TELEGRAPH ROAD, LOS ANGELES  
(FIRST DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of the proposed Lease Amendment No. 3 for continued use of approximately 13,590 square feet of existing warehouse and office space and 26 on-site parking spaces for the Probation Department, extending the term of the lease for an additional eight years.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed amendment is exempt from the California Environmental Quality Act, for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to sign the eight-year, triple net lease amendment with J.B. Realty, LLC (Lessor), for 13,590 square feet of warehouse and office space including 26 on-site parking spaces at 4549 Telegraph Road, Los Angeles currently occupied by the Probation Department. The base rent for the first year shall be \$154,926. Rental costs are 100 percent net County cost.
3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease amendment, and authorize the Chief Executive Officer, or her designee, to take actions necessary and appropriate to implement this lease amendment including without limitation, early termination rights and exercising any options to extend. The proposed lease amendment will become effective upon approval by the Board.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Probation Department (Probation) has leased this space at 4959 Telegraph Road, Los Angeles since July 1981. The lease has been in holdover since March 16, 2017.

Probation provides a facilities operation administrative function in charge of distributing supplies, furniture, and equipment throughout the County of Los Angeles at this location.

Probation prefers to remain in their current location until a larger more suitable location is found. Remaining in the current location would avoid relocation and tenant improvements costs associated with taking possession of a new location.

Approval of the recommended actions will find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA) and will allow the Probation Department to continue operations at the subject facility uninterrupted.

## **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of “Realize Tomorrow’s Government Today” (Goal 3) directs that our increasingly dynamic, and complex environment, challenges our collective abilities to respond to public needs and expectations. We want to be an innovative, flexible, effective, and transparent partner focused on advancing the common good. The proposed amendment supports this goal with a facility that provides proper accommodations by continuing to provide warehouse and office space for Probation’s respective offices who serve the general public. The proposed amendment is in conformance with the Asset Management Principles, as outlined in Attachment A.

## **FISCAL IMPACT/FINANCING**

The proposed amendment increases the current base rent by approximately 15 percent.

The total first year annual base rent under the proposed amendment is \$154,926. The proposed lease amendment has scheduled rental increases of 6 percent every two years, throughout the term.

The Lessor agrees to install two new electronic gate operators at the request of Probation. The total installation cost expense is not to exceed \$32,000, and is subject to Probation’s approval. The Lessor shall contribute \$5,000 for the cost of the gate operators and Probation will reimburse the Lessor for the balance of the cost.

Attachment B provides an overview of the proposed lease amendment and total lease amendment costs for the proposed new term.

This is a triple net lease whereby the Lessor is responsible for the basic structure. Lessee is responsible for building, unless covered by insurance, and utilities.

Sufficient funding for the proposed amendment is included in the Fiscal Year (FY) 2019-20 Rent Expense budget and will be billed back to the Department. The Department has sufficient funding in their FY 2019-2020 operating budget to cover the costs for the same period. Beginning in FY 2020-2021, ongoing funding for the proposed lease amendment will be part of the budget for the Probation Department. These costs are 100 percent net County cost.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms set forth above, the Amendment No. 3 to the Lease shall grant to the County, the right to terminate the Lease any time after the twelfth month.

The Chief Executive Office (CEO), conducted a survey within the project area to determine the availability of comparable warehouse and office space options. The leasing agent determined that due to the tenant improvements needed for a new space, the proposed space is the most cost effective choice. Based upon the review of available industry data, we have established the annual rental range for similar space is between \$9.48 and \$25.20 per square foot per year. In comparison, the annual base rent of \$11.40 per square foot per year for the proposed lease amendment is at the lower end of the market range for the area.

Attachment C shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

A notification letter has been sent pursuant to Government Code Sections 25351. County Counsel has reviewed the attached proposed amendment and approved it as to form.

The proposed amendment will continue to provide a location for administrative facilities operations, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

## **ENVIRONMENTAL DOCUMENTATION**

The proposed amendment is exempt from CEQA. The proposed amendment, which renews existing lease space with minor improvements, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed amendment records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed amendment will adequately provide the necessary warehouse and office space for this County requirement. Probation concurs with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return one certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

SAH:FAD:DPH:DL

JLC:MN:JT:gw

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

**PROBATION DEPARTMENT**  
**4549 TELEGRAPH ROAD, LOS ANGELES**  
**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions?				<b>X</b>
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup> Facility serves Probation staff only and furnishes supplies for Probation			<b>X</b>	
C	Does this lease centralize business support functions?		<b>X</b>		
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>Ratio is approximately 522 square feet per person due to do warehouse/office configuration</b>			<b>X</b>	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>2.4/1,000 maximum parking spaces available, and meets warehouse/office space parking needs</b>			<b>X</b>	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?		<b>X</b>		
<b>2.</b>	<b><u>Capital</u></b>				
A	Is it a substantial net County cost (NCC) program?		<b>X</b>		
B	Is this a long-term County program?		<b>X</b>		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			<b>X</b>	
D	If no, are there any suitable County-owned facilities available?			<b>X</b>	
E	If yes, why is lease being recommended over occupancy in County-owned space?				<b>X</b>
F	Is Building Description Report attached as Attachment C?		<b>X</b>		
G	Was build-to-suit or capital project considered? .			<b>X</b>	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		<b>X</b>		
B	Was the space need justified?		<b>X</b>		
C	If a renewal lease was co-location with other County departments considered? <sup>2</sup> <b>The Department prefers to remain in the existing premises indefinitely until larger space may be obtained.</b>			<b>X</b>	
D	Why was this program not co-located?				
	1. ____ The program clientele requires a "stand alone" facility.				
	2. <u><b>x</b></u> No suitable County occupied properties in project area.				
	3. <u><b>x</b></u> No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. ____ The Program is being co-located.				
E	Is lease a full-service lease? <sup>2</sup> <b>County pays for all utilities as negotiated with lessor</b>			<b>X</b>	
F	Has growth projection been considered in space request?		<b>X</b>		
G	Has the Dept. of Public Works completed seismic review? <sup>1</sup>		<b>X</b>		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
<sup>2</sup> If not, why not?					

**COMPARISON OF THE PROPOSED LEASE AMENDMENT COSTS TO  
CURRENT LEASE AMENDMENT COSTS  
PROBATION DEPARTMENT  
4549 TELEGRAPH ROAD, LOS ANGELES**

	<b>Existing Leases:</b>  <b>4549 Telegraph Road, Los Angeles (No. 66818)</b>	<b>Proposed Lease Amendment</b>	<b>Change</b>
Area (Square Feet)	13,590	13,590	none.
Term (years)	5 years 3/15/11 to 3/14/16, currently on Month-to-Month holdover. No penalty	8 years with cancellation after the 12 <sup>th</sup> month	3 years
Annual Base Rent (Basic rent includes 26 parking spaces)	\$134,400.00 (\$9.84sq.ft.) .	\$154,926.00 (11.40sq.ft.)	+\$20,526.00
Installation of Electronic Gate	NA	Total cost to the County not to exceed \$32,000. If the County terminates the lease amendment prior to the 24 <sup>th</sup> month of the lease, County shall pay to Landlord a sum equal to the \$5,000 amortized over a 24-month period times the months remaining within the 24-month period.	Total cost to the County not to exceed \$32,000. If the County terminates the lease amendment prior to the 24 <sup>th</sup> month of the lease, County shall pay to Landlord a sum equal to the \$5,000 amortized over a 24-month period times the months remaining within the 24-month period.
Annual Parking Cost (N/A)	Included	Included	None
Rental adjustment	3% per year over the five-year term	Scheduled 6% adjustments every two years	Scheduled 6% adjustments every two years

## OVERVIEW OF THE PROPOSED LEASE AMENDMENT COST

4549 Telegraph Road  
Probation Department

Leased Area (sq. ft.) 7,200  
Term 84 months/7 years  
Annual Rent Adjustment 6%  
Cost Per RSF Per Month \$0.95  
Cost Per RSF PER Year \$11.40

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	Total 8 Year Rental Costs
<b>Annual Base Rent Cost <sup>1</sup></b>	82,080	82,080	87,005	87,005	92,225	92,225	97,759	97,759	718,137
<b>Electric Gate Installation <sup>2</sup></b>	32,000	0	0	0	0	0	0	0	32,000
<b>Total Annual Rental Costs</b>	114,080	82,080	87,005	87,005	92,225	92,225	97,759	97,759	750,137

<sup>1</sup> Annual base rent Includes rent increases every 2 years based on maximum increases of six percent every two years.

<sup>2</sup> Cost to the County not to exceed \$32,000. If the County terminates the lease amendment prior to the 24th month of lease, County shall pay the Landlord a sum equal to the \$5,000 amortized over a 24-month period times the months remaining within the 24-month period.

## PROBATION DEPARTMENT

### SPACE SEARCH – 3 MILE RADIUS FROM 4549 Telegraph Road, Los Angeles

Property ID	Name	Address	Bldg. Use	Ownership	Gross SQFT	Net SQFT	Available SQFT
10260	DCSS - Customer Contact Center	5801 E. Slauson Ave. Commerce 90040	Multiple Use Building - Office	Owned	26,360	25,042	NONE
1491	Crematory Office/Residence	3301 E 1st St. Los Angeles 90063	Multiple Use Building - Office	Owned	1,517	1,106	NONE
2130	PW Road - Div #142 Maintenance Yard Office	4304 Eugene St. East Los Angeles 90022	Multiple Use Building - Office	Owned	397	227	NONE
3241	East Los Angeles Courthouse	214 S Fetterly Ave East Los Angeles 90022, 4848 E Civic Center Way East Los Angeles 90022	Multiple Use Building - Office	CA - Superior Courts	126,973	68,003	NONE
32497	ISD - Wide Support - Emergency Supplies Trailer	1104 N Eastern Ave Los Angeles 90063	Storage Misc < 1000 SQFT	Owned	267	240	NONE
32593	Saybrook Park - Storage Box	6300 E Northside Dr East Los Angeles 90022	Storage Misc < 1000 SQFT	Gratis Ground Lease	20	18	NONE
32618	ISD - Eastern Avenue Complex Storage Building	1100 N Eastern Ave Los Angeles 90063	Storage Misc < 1000 SQFT	Owned	663	610	NONE
32651	City Terrace Park - Storage Building	1126 N Hazard Ave East Los Angeles 90063	Storage Misc < 1000 SQFT	Owned	352	146	NONE
32736	Ruben F. Salazar Park - Maintenance Storage Building	3864 E Whittier Blvd East Los Angeles 90023	Storage Misc < 1000 SQFT	Owned	384	302	NONE
32772	Biscailuz - Employee Support Services Container	1060 N Eastern Ave Los Angeles 90063	Storage Misc < 1000 SQFT	Owned	660	634	NONE
3542	Fire - Administrative Headquarters Building	1320 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	39,015	24,288	NONE
4231	Biscailuz - Training/Intelligence Facility	1060 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	1,660	1,372	NONE
4364	Probation - East Los Angeles Area Office	144 S Fetterly Ave East Los Angeles 90022, 4849 E Civic Center Way East Los Angeles 90022	Multiple Use Building - Office	Owned	15,584	10,705	NONE
4465	DF Kirby Center - Administration Building	1500 S McDonnell Ave Commerce 90022	Multiple Use Building - Office	Owned	18,170	10,055	NONE
4526	Biscailuz - Administration Building	1060 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	16,571	11,428	NONE
5289	Fire - Pumper Test and Storage Building	1320 N Eastern Ave Los Angeles 90063	Storage Misc > 1000 SQFT	Consolidated Fire Protection District	4,019	3,849	NONE
5412	PH - Environmental Health Program	4801 E 3rd St. East Los Angeles 90022	Multiple Use Building - Office	Owned	14,848	10,741	NONE
5428	DPSS - Belvedere AP District Office	5445 E Whittier Blvd East Los Angeles 90022	Multiple Use Building - Office	Owned	70,493	48,888	NONE
5863	ISD - Administrative Headquarters	1100 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	80,309	58,578	NONE
5864	ISD - Eastern Ave Complex Crafts Shops/Warehouse	1102 N Eastern Ave Los Angeles 90063	Storage Misc > 1000 SQFT	Owned	167,584	127,306	NONE
5870	ISD - Eastern Ave Complex Telecom Branch Building	1110 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	37,742	28,876	NONE
A015	DCFS/LASD/Fire/Ops/ISD Corporate Place	2525 Corporate Pl Monterey Park 91754	Multiple Use Building - Office	Leased	40,483	35,248	NONE
A069	DA - Auto Insurance Fraud Office	5900 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	11,720	11,048	NONE
A133	Child Support Services - Division II Headquarters	5770 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	84,477	63,413	NONE
A146	Fire - Hazardous Materials Division Headquarters	5825 Rickenbacker Rd City Of Commerce 90040	Multiple Use Building - Office	Leased	16,670	13,737	NONE
A157	DCFS - Belvedere (SPA 7)	5835 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	38,814	36,873	NONE
A183	Sheriff - Homicide Bureau Office Building	5747 Rickenbacker Rd Commerce 90040	Multiple Use Building - Office	Leased	17,460	14,563	NONE

Property ID	Name	Address	Bldg. Use	Ownership	Gross SQFT	Net SQFT	Available SQFT
A188	Sheriff - Internal Affairs Bureau/Risk Management	4900 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	38,936	33,247	NONE
A324	Fire - Employee Relations Office	1255 Corporate Center Dr Monterey Park 91754	Multiple Use Building - Office	Leased	3,079	2,925	NONE
A327	Office of Managed Care	1100 Corporate Center Dr Monterey Park 91754	Multiple Use Building - Office	Leased	15,280	14,516	NONE
A328	Sheriff - Inspectional Services Office	901 Corporate Center Dr Monterey Park 91754	Multiple Use Building - Office	Leased	9,926	9,430	NONE
A332	Child Support Services - Training/IT Division	5500 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	39,991	37,991	NONE
A381	PW - Incorporated City Office (Commerce)	2535 Commerce Way Commerce 90040	Multiple Use Building - Office	Gratis Use	2,170	2,170	NONE
A391	DA - Criminal File Storage/Fraud Investigators	5300 Harbor St. Commerce 90040	Storage Special Condition	Leased	52,300	49,685	NONE
A427	Fire - Mapping & Engineering Section Offices	5828 Rickenbacker Rd Commerce 90040, 5847 Rickenbacker Rd Commerce 90040	Multiple Use Building - Office	Leased	7,177	6,100	NONE
A446	Fire - Information Management Division Offices	5815 Rickenbacker Rd Commerce 90040	Multiple Use Building - Office	Leased	3,722	3,350	NONE
A460	DHS - Ferguson Administrative Services Center	5555 Ferguson Dr Commerce 90022	Multiple Use Building - Office	Owned	268,400	246,550	NONE
A570	Health Services / Administrative	5701 S Eastern Ave Commerce 90040	Multiple Use Building - Office	Leased	40,539	36,485	NONE
A580	Fire - Administrative Headquarters Office Annex	5801 S Eastern Ave City Of Commerce 90040	Multiple Use Building - Office	Leased	31,355	28,508	NONE
A823	Fire - Fire Prevention Div/Forestry Div Headquarters	5823 Rickenbacker Rd City Of Commerce 90040	Multiple Use Building - Office	Leased	17,710	15,939	NONE
A912	Probation - Property & Supply Warehouse	4549 Telegraph Rd East Los Angeles 90022	Storage Misc > 1000 SQFT	Leased	13,590	9,851	NONE
B059	District Attorney - Auto Insurance Fraud Unit	5999 E Slauson Ave Commerce 90040	Multiple Use Building - Office	Gratis Use	6,840	6,500	NONE
B460	DPSS - Gain Program Region VI Office	5460 Bandini Blvd Bell 90201	Multiple Use Building - Office	Leased	31,400	21,815	NONE
T039	Sheriff - Eastern Complex Fleet Services Office	1104 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	1,548	1,428	NONE
T061	ISD - Eastern Complex Project Management Trailer	1100 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Leased	7,200	6,840	NONE
T509	Parks & Rec - Proposition A Field Office	4914 Cesar E Chavez Ave East Los Angeles 90022	Multiple Use Building - Office	Owned	540	424	NONE
T557	Fire - Manual Revisions Trailer	1320 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Consolidated Fire Protection District	520	479	NONE
T590	ISD - Eastern Ave Telecom Customer Service Building	1110 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Gratis Use	1,224	1,016	NONE
X155	ISD - Eastern Ave Complex Telecom Butler Building	1112 N Eastern Ave Los Angeles 90063	Multiple Use Building - Office	Owned	4,960	4,638	NONE
Y458	ISD - Eastern Ave Complex Special Crafts Building	1106 N Eastern Ave Los Angeles 90063	Storage Misc > 1000 SQFT	Owned	13,260	11,140	NONE

## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease renewal:** Lease Amendment agreement for the Probation Department – 4549 Telegraph Road, Los Angeles CA – 1st District.

**A. Establish Service Function Category** – An administrative facilities operations function that is in charge of distributing supplies, furniture, and equipment to over 123 Probation facilities throughout Los Angeles County.

**B. Determination of the Service Area** –The proposed lease amendment renewal agreement will allow the Probation Department to continue to provide support throughout Los Angeles County

### **C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: The program function provides services to all Probation locations throughout Los Angeles County.
- Need for proximity to existing County facilities: This location provides services Countywide.
- Need for proximity to Los Angeles Civic Center: N/A.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services including metro lines, bus service, and the 91 Freeway.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A

- Availability and compatibility of existing buildings: Probation has determined that it is compatible of the existing building with respect to the services they provide. It currently operates at capacity. They have been at this location since 1981.
- Compatibility with local land use plans: Notification letter has been sent pursuant to Government Code Sections 25351.
- Estimated acquisition/construction and ongoing operational costs: The initial annual maximum rent is \$154,926 which includes base rent and parking. Rental costs are funded by net County costs.

#### **D. Analyze results and identify location alternatives**

The Chief Executive Office (CEO), conducted a survey within the project area to determine the availability of comparable warehouse and office space options. The leasing agent determined that due to the tenant improvements needed for a new space, the proposed space is the most cost effective choice. Based upon the review of available industry data, we have established the annual rental range for similar space is between \$9.48 and \$25.20 per square foot per year. In comparison, the annual base rent of \$11.40 per square foot per year for the proposed amendment agreement is at the lower end of the market range for the area.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

The renewal of the subject lease amendment for Probation will provide adequate warehouse and office space for their employees and efficient space for on-site service, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites would require additional tenant improvements that would typically further increase overall costs in accordance with the Service Request Evaluation(SRE).

**AMENDMENT NO. 3 TO COUNTY OF LOS ANGELES LEASE NO. 66818  
PROBATION DEPARTMENT  
4549 TELEGRAPH ROAD, LOS ANGELES, CA**

THIS AMENDMENT ("Amendment No. 3") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date") by and between J.B. REALTY, LLC, a California limited liability company ("Lessor" or "Landlord"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("County", "Lessee" or "Tenant").

**RECITALS**

A. WHEREAS, on June 2, 1993, J.B. Realty Partnership, predecessor-in-interest to Lessor, entered into Lease No. 66818 (the "Original Lease") for 13,590 rentable square feet of floor space, consisting of the entire building located at 4549 Telegraph Road, Los Angeles, CA 90022 (the "Premises") with the County, as amended by that certain Amendment No. 1 to Lease dated as of January 20, 2007 (the "First Amendment"), as further amended by that certain Amendment No. 2 to Lease dated as of March 15, 2011 (the "Second Amendment," and collectively with the Original Lease and the First Amendment, shall be referred as the "Lease").

B. WHEREAS, the Lease expired at midnight on March 14, 2016, and the Lessee continued its occupancy on a month-to-month basis pursuant to the Holdover provision of the Lease with the consent of the Lessor.

C. WHEREAS, Lessor and Lessee now desire to further amend the Lease in certain respects; namely to extend its term for an additional eight (8) years, at the rental rates as herein provided.

D. WHEREAS, as a condition for Lessee continued tenancy at the subject facility, Lessee has requested certain repairs and installation work, delineated on Exhibit A attached hereto and incorporated herein by this reference, and Lessor has agreed to perform said work at its own cost and expense. Should Lessor fail to perform the required work within the specified terms found in the attached Exhibit A, Lessee may elect to perform said work and deduct its costs thereof from the installments of rent next due to Lessor.

NOW THEREFORE, in consideration of the foregoing recitals and of the rents, covenants and agreements herein contained, which are hereby deemed a contractual part hereof, and of the terms, conditions and covenants contained in the Lease and hereinafter provided, and intending to be legally bound, the parties do hereby mutually agree as follows:

**1. TERM:**

Paragraph 2 of the Lease shall be amended as follows:

Lessor and Lessee hereby agree to extend the Term of the Lease for an additional period of eight (8) years (the "Extension Term"), commencing upon approval of this Amendment No. 3 to Lease by the County's Board of Supervisors, and expiring on the eighth (8th) anniversary of such approval, unless terminated earlier as provided in the Lease, as amended.

**2. RENT:**

Paragraph 3 of the Lease shall be amended as follows:

Lessee shall pay Lessor the Base Rent stated herein for the Extension Term hereof. Base Rent for any partial month shall be prorated in proportion to the number of days in such month. The amount of Base Rent payable by Lessee hereunder shall be adjusted as follows:

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$0.95	\$12,910.50
2	\$0.95	\$12,910.50
3	\$1.01	\$13,725.90
4	\$1.01	\$13,725.90
5	\$1.07	\$14,541.30
6	\$1.07	\$14,541.30
7	\$1.13	\$15,356.70
8	\$1.13	\$15,356.70

**3. CANCELLATION:**

Paragraph 4 of the Lease shall be deleted in its entirety and in its place shall be substituted the following:

Lessee shall have the right, subject to the provisions of this Paragraph 4, to terminate the Lease ("Termination Right") with respect to the entire Premises, at any time after the twelfth (12th) month after the Effective Date under the Amendment No. 3 to Lease ("Early Termination Date"), so long as Lessee delivers to Lessor (i) a written notice ("Termination Notice"), of its election to exercise its Termination Right, delivered to Lessor not less than one hundred and twenty (120) days prior to the effective date of the termination. If Lessee timely and properly exercises the Termination Right, Lessee shall vacate the Premises and deliver possession thereof to Lessor in the condition required by the terms of this Lease on or before the Early Termination Date and Lessee shall have no further obligations under this Lease except for those accruing prior to the Early Termination Date and those which, pursuant to the terms of this Lease, survive the expiration or early termination of this Lease.

**4. NOTICES:**

Paragraph 15 of the Lease shall be amended as follows:

The name of the Lessor is hereby amended and the Lessor is J.B. Realty, LLC, a California limited liability company.

Notices under Paragraph 15 is hereby amended as follows:

J.B. Realty, LLC  
751 Weir Canyon, Suite 157-311  
Anaheim, CA 92808

**5. HOLDOVER:**

Paragraph 6 of the Lease shall be deleted in its entirety and in its place shall be substituted the following:

If Lessee remains in possession of the Premises or any part thereof after the expiration of the term of this Amendment No. 3 to the Lease, such tenancy shall be from month-to-month only, subject to all terms and conditions of the Lease, including the terms of this Amendment No. 3, but shall not be a renewal of the Lease. Lessor may during the holdover cancel this lease by providing Lessee at least ninety (90) days prior written notice; Lessee may during holdover cancel this lease by providing Lessor at least thirty (30) days written notice from the Chief Executive Officer of Lessee. During any such Holdover, Lessee shall pay rent at the monthly Base Rent payable under this Amendment No. 3 of the Lease (as such Base Rent may be adjusted from time to time in accordance with the terms of this Amendment No. 3 to the Lease) plus all other charges, and subject to all the terms, covenants and conditions of the Lease, including this Amendment No. 3 to Lease. Should there be a holdover at the end of the term, the rent shall be raised five percent (5%) per year.

**6. ALTERATIONS AND PREPARATION OF THE PREMISES:**

Paragraph 30 of the Lease shall be deleted in its entirety and in its place shall be substituted the following:

**a. Lessor Consent**

Lessee shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. However, Lessor's consent shall not be required for any Alteration that satisfies all the following criteria:

- i. complies with all laws;
- ii. is not visible from the exterior of the Premises;
- iii. will not materially affect the systems or structure of the Premises; and
- iv. does not unreasonably interfere with the normal and customary business office operations of other tenants on the Premises if applicable.

Lessor's failure to respond in writing within thirty (30) days of delivery by Lessee of a written request to make alteration shall be deemed to be Lessor's approval of the Alterations.

**b. Installation of Electronic Gate Access to Parking Lot**

As requested by Lessee, Lessor shall allow and provide for the installation of two (2) electric gate operators at the two rolling gates along the easterly property line. One monitor camera and intercom shall be provided at the easterly main parking gate with pushbutton operation at the secretarial station along with intercom base and monitor. Thirty (30) remote controls shall be provided for main entry gate. An interior hardwired pushbutton operator shall be installed for the northerly gate and located at the driveway building door. Installation shall be in accordance with the attached Lessor's Work Letter attached hereto and incorporated herein as though set forth in full. Lessor agrees that these can be installed if requested by the user and using the contractor pursuant to the terms of the Lessor's Work Letter. The expense of installation shall be borne by Lessee except that Lessor will pay the first five-thousand dollars

(\$5,000.00) of the cost of installation, and Lessee will pay the balance of the installation cost remaining thereafter with total costs not exceeding thirty-two thousand dollars (\$32,000) and subject to the Lessee's final approval. Should Lessee terminate this agreement prior to the 24th month, the \$5,000 funding provided by the Lessor shall be prorated over the 24-month period and reimbursed by the Lessee to the Lessor. Payments for the electric gates provided above shall be made by Lessor to licensed contractor and reimbursed to Lessor by Lessee.

**7. ORIGINAL LEASE IN FULL FORCE.**

Notwithstanding any language to the contrary within this Amendment No. 3 to Lease, except as specifically amended or modified herein, each and every term, covenant, and condition of the Lease as amended hereby is ratified and shall remain in full force and effect. Lessee represents and warrants as of the date hereof that (a) no defenses or offsets exist to the enforcement of the Lease by Lessor, (b) neither Lessee nor Lessor is in default in the performance of the Lease or any provisions contained therein, (c) neither Lessee nor Lessor has committed any breach of the Lease, nor has any default occurred which, with the passage of time or the giving of notice or both, would constitute a default or a breach by Lessee or Lessor under the Lease. In the event of a conflict between the Lease and the prior amendments to the Lease and this Amendment No. 3, the terms of this Amendment No. 3 shall control.

**8. MISCELLANEOUS**

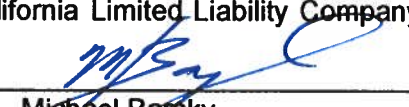
Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 3 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.

*[Signature Pages Immediately Follows]*

**IN WITNESS, WHEREOF**, the Lessor has executed this Amendment No. 3 or caused it to be duly executed, and the County of Los Angeles, pursuant to a delegation of authority from the Los Angeles County Board of Supervisors, has caused this Amendment No. 3 to be executed on its behalf by the Chief Executive Officer of said County or her designee on the day, month, and year first written above.

**LESSOR:**

**J.B. REALTY, LLC**  
A California Limited Liability Company

By:   
Michael Barsky  
Member duly Authorized

By:   
Jeffrey Barsky  
Member duly Authorized

By:   
Lauren Rickey Greene  
Member duly Authorized

**LESSEE:**

**COUNTY OF LOS ANGELES**  
a body corporate and politic

SACHI A. HAMAI  
Chief Executive Officer

By: \_\_\_\_\_  
David P. Howard  
Assistant Chief Executive Officer


**ATTEST:**

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

By: \_\_\_\_\_  
Deputy

**APPROVED AS TO FORM:**

MARY C. WICKHAM  
County Counsel

By:   
Deputy

## **EXHIBIT A**

As a material condition for Lessee extending its tenancy of the subject Premises, Lessor agreed to perform the following repairs and installation work at Lessor's own cost and expense.

- Lessor shall cause the Premises to fully comply with CASp inspection report prepared by Chad Frisby, CBO, CASp 360, with an inspection date of 12/03/2018, which has been provided to Lessor, within thirty (30) days from the date of the execution of this Amendment No. 3 by the parties herein.
- Lessor shall provide for the installation of two (2) electric gate operators at the two (2) rolling gates along the easterly property line along with any incidental requirements related thereto. One (1) monitor camera and intercom shall be provided at the easterly main parking gate with pushbutton operation at the secretarial station along with intercom base and monitor. Thirty (30) remote controls shall be provided for main entry gate. An interior hardwired pushbutton operator shall be installed for the northerly gate and located at the driveway building door. Lessor agrees to have these installed if requested by the Lessee using the contractor chosen pursuant to the terms of the Lessor's Work Letter attached hereto and incorporated herein by this reference. The Lessor shall pay for the cost and expense of the work. Lessee will reimburse the Lessor the full amount of the work less five-thousand dollars (\$5,000.00), which shall be at the expense of the Lessor. Lessee will pay the balance of the installation cost remaining thereafter, with the total installation cost and expense not to exceed \$32,000 in total and all subject to the Lessee's final approval of the estimates and work completion. Should Lessee terminate this agreement prior to the 24th month, the \$5,000 funding provided by the Lessor shall be prorated over the 24-month period and reimbursed by the Lessee to the Lessor. Lessor shall install the two electronic gate operators within twelve (12) months from the date of the execution of this Amendment No. 3. by the parties herein.

Should Lessor fails to complete the required repairs within the applicable time periods set forth herein, Lessee may perform said work thereafter and deduct its costs for the same from the installments of rent next due to Lessor.

## LESSOR'S WORK LETTER

This Work Letter supplements the Lease and Amendments 1 through 3 (the "Lease") originally dated June 2, 1993 with Amendment No. 3 executed concurrently herewith by and between J.B. Realty, LLC ("Lessor") as Lessor or Landlord, and the **COUNTY OF LOS ANGELES** ("Lessee" or "County" or "Tenant") as Lessee or Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- |                                                                              |                                                                                                                                                                                              |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) <u>Base Tenant Improvement Allowance:</u>                                | \$5,000                                                                                                                                                                                      |
| (b) <u>Additional Tenant Improvement Allowance:</u>                          | Not applicable.                                                                                                                                                                              |
| (c) <u>Maximum Change Order Allowance:</u>                                   | None                                                                                                                                                                                         |
| (d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u> | Not applicable.                                                                                                                                                                              |
| (e) <u>Base Rent Reduction per \$1,000:</u>                                  | Not applicable.                                                                                                                                                                              |
| (f) <u>Tenant's Work Letter Representative:</u>                              | An assigned staff person of the Chief Executive Office-Real Estate Division TBD.                                                                                                             |
| (g) <u>Landlord's Work Letter Representative:</u>                            | Robert Schrage or an assigned staff person of the Landlord.                                                                                                                                  |
| (h) <u>Landlord's Address for Work Letter Notice:</u>                        | J.B. Realty, LLC<br>751 Weir Canyon, Suite 157-311<br>Anaheim, CA 92808<br>with a copy to<br>Robert A. Schrage, Esq.<br>191 Post Road West<br>Westport, CT 06880<br>Fax Number" 310 496-3223 |
| (i) <u>Tenant's Address for Work Letter Notice:</u>                          | Board of Supervisors<br>Kenneth Hahn Hall of Administration<br>Room 383<br>500 West Temple Street<br>Los Angeles, California 90012                                                           |

With a copy to:

Chief Executive Office-  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor, Los  
Angeles, California 90012  
Attention: Director of Real Estate

Fax Number: (213) 217-4971

(j) Addenda:

Addendum A: Intentionally omitted.  
Addendum B: Tenant improvements.  
Addendum C: Memorandum of Tenant  
Improvement Cost

**2. Construction of the Building.**

**Additional Costs Not Tenant Improvement Costs.**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall be paid by Lessor and Lessee shall have no financial responsibility for such costs.

(b) Should the need arise for Lessor to bring the property up to code, any such work shall be completed at the Lessor's expense

**3. Selection of Architect and Engineer.**

Intentionally omitted.

**4. Selection of Contractor.**

The proposed tenant improvements, as defined in Paragraph 7 below, shall be submitted to contractors, who are selected by Lessor and approved by Lessee, sufficient in number so that a minimum of three bids are received. Lessor and Lessee shall review the bids and, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Lessor consistent with the terms of the bid to construct the Tenant Improvements.

**5. Preparation of Plans and Specifications and Construction Schedule.**

5.1 Landlord shall have the contractor prepare all the necessary paperwork for the issuance and cost of any required permits (Plan Submission Date) The paperwork and any required plans and specifications shall be suitable for plan check review and the issuance of a permit for the construction and finish of the Tenant Improvements consistent with the design and construction of the Tenant Improvements, including electrical and mechanical drawings, capacity reports, finish plans, power, data lines, life safety devices, and any construction detail showing the location of the electrical outlets, telecom outlets, doors, equipment specifications (including weight specifications) and power requirements (including voltage, amps, phase, and special plugs and connections), and other Tenant Improvements. Nothing in this Section 5.1 shall be construed as necessary if the local jurisdictional authority does not require such.

5.2 Approval of Plans by Lessee. Approval by Lessee shall not be deemed to be a representation by Lessee as to the adequacy or correctness of the design of the Tenant Improvements.

6. Payment of Tenant Construction Costs.

Method of Payment. That portion of the tenant improvement costs over the Base Tenant Improvement Allowance used to pay for the Tenant Improvement Costs shall be paid to Lessor by the Lessee in a lump sum when the Tenant Improvements are completed.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Lessor at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Lessee in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified bidders. Lessor shall submit at least three fixed price bids for the construction of the Tenant Improvements to Lessee for its review prior to the award of the Construction Contract. The bids shall be jointly reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees.

(a) Permits. Lessor shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans, if required by local jurisdictional authority.

(b) Commencement of Construction. Lessor shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary permits. Lessor shall commence and, diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Lessor and the Contractor shall cooperate with Lessee in posting a notice or notices of non-responsibility by Lessee.

(b) Clean-Up and Substandard Work. Lessor will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Lessor or its contractors, and agrees to reimburse Lessee for any and all expenses reasonably incurred by Lessee by reason of substandard work performed by Lessor's contractor or contractors (as reasonably determined by Lessee according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(c) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Lessee. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor

Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

(d) Construction called for under this Amendment shall not delay the effective date of the Amendment or the payment of Base Rent.

8. **Change Orders.**

Lessee and Lessor may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. Lessee shall pay for Change Orders by a payment in a lump sum upon completion of the Tenant Improvements. Lessor shall submit to Lessee's Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Tenant Improvement Costs Adjustment and Right to Audit.**

Within fourteen (14) days of the completion of the Tenant Improvements and final sign-off by the local jurisdictional authority, if required, Lessor shall provide to Lessee a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Lessee to Lessor. Upon approval of the statement by Lessee, payments by either party pursuant to the Lease and this Lessor's Work Letter shall be adjusted as appropriate, based upon such statement. Lessee shall have the right to audit these costs for a period of 9 months from the date of acceptance by Lessee of the Premises. In the event the audit shows that Lessee is entitled to a reduction in payments to the Landlord under this Lessor's Work Letter, Lessee shall provide Lessor with a copy of the audit summary and Lessor, within 30 days, shall refund to Lessee the amount of any overpayment made by Lessee.

10. **Exclusions.**

Intentionally omitted.

11. **Delay.**

Force Majeure Delays. Intentionally omitted.

12. **Limitations.**

Intentionally omitted.

13. **Tenant Remedies.**

Intentionally omitted.

14. **Representatives.**

14.1 **Tenant Representative.** Lessee will designate Lessee's Work Letter Representative as its sole representative with respect to the matters set forth in this Lessor's Work Letter who, until further notice to Lessor, shall have the full authority and responsibility to act on behalf of Lessee as required in this Work Letter and whose address, for purposes of any

notices to be given regarding matters pertaining to this Lessor's Work Letter only, is Lessee's Address for Work Letter Notice as set forth in Section 1.

14.2 Lessor Representative. Lessor has designated Lessor's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Lessee, shall have the full authority and responsibility to act on behalf of Lessor as required in this Lessor's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Lessor's Work Letter only, is Lessor's Address for Work Letter Notice as set forth in Section 1.

15. Construction Meetings. Intentionally omitted.

16. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service, personal hand delivery, or in electronic format unless otherwise agreed by Lessor and Lessee.

[SIGNATURE PAGE FOLLOWS]

**LESSOR:**

**J.B. REALTY, LLC**

A California Limited Liability Company

By: 

Michael Barsky  
Member duly Authorized

By: 

Jeffrey Barsky  
Member duly Authorized

By: 

Lauren Rickey Greene  
Member duly Authorized

**LESSEE:**

**COUNTY OF LOS ANGELES**

a body politic and corporate

SACHI A. HAMAI

Chief Executive Officer

By: \_\_\_\_\_

David P. Howard  
Assistant Chief Executive Officer

**ATTEST:**

DEAN C. LOGAN

Registrar-Recorder/County Clerk

By: \_\_\_\_\_

Deputy

**APPROVED AS TO FORM:**

MARY C. WICKHAM

County Counsel

By: 

Deputy

**ADDENDUM A - To Landlord's Work Letter**

**INTENTIONALLY OMITTED.**

## **ADDENDUM B - To Lessor's Work Letter**

### **TENANT IMPROVEMENTS**

Tenant Improvements shall include:

Lessor shall provide for the installation of two electric gate operators at the two rolling gates along the easterly property line along with any incidental requirements related thereto. One monitor camera and intercom shall be provided at the easterly main parking gate with pushbutton operation at the secretarial station along with intercom base and monitor. Thirty remote controls shall be provided for main entry gate. An interior hardwired pushbutton operator shall be installed for the northerly gate and located at the driveway building door. Lessor agrees to have these installed if requested by the Lessee using the contractor chosen pursuant to the terms of the Lessor's Work Letter. The Lessor shall pay for the cost of the work. Lessee will reimburse the Lessor the full amount of the work less five-thousand dollars (\$5,000.00), which shall be at the expense of the Lessor. Lessee will pay the balance of the installation cost remaining thereafter with costs not to exceed \$32,000 in total and all subject to the Lessee's final approval of the estimates and work completion. Should Lessee terminate this agreement prior to the 24th month, the \$5,000 funding provided by the Lessor shall be prorated over the 24-month period and reimbursed by the Lessee to the Lessor. Notwithstanding the foregoing or any language to the contrary contained herein, the aforementioned Tenant Improvements shall be constructed solely at Lessee's option, which option shall be at Lessee's absolute and sole discretion.

**ADDENDUM C - TO Lessor's Work Letter  
MEMORANDUM OF TENANT IMPROVEMENT COST**

Reference is made to that certain Lease ("Lease") dated the \_\_\_\_ day of \_\_\_\_, 20\_\_, between County of Los Angeles, a body politic and corporate ("Tenant"), and \_\_\_\_, a \_\_\_\_ ("Landlord"), whereby Landlord leases to Tenant and Tenant leases from Landlord certain premises in the building located at \_\_\_\_ ("Premises"),

Landlord and Tenant hereby acknowledge the following:

1) Landlord represents that Tenant Improvement Work to the Premises has been in substantially complete condition as of \_\_\_\_, and the Lease commenced on \_\_\_\_ ("Lease Commencement").

2) Landlord and Tenant hereby confirm the final total cost of the Tenant Improvement Work for the demised Premises which have been completed pursuant the Work Letter to this Lease is: \_\_\_\_).

(a) The aforementioned final total cost is comprised of:

<u>Lease Budget:</u>		<u>Actual Cost:</u>
\$ _____	Base Tenant Improvement Allowance	\$ _____
\$ _____	Additional Tenant Improvement Allowance	\$ _____
\$ _____	Change Order Allowance	\$ _____
\$ _____	Total	\$ _____

(b) Per the terms of the Lease, Tenant shall prepay Landlord in a lump sum for all of the Tenant Improvement Costs less \$5,000, which shall be responsibility of Lessor.

IN WITNESS WHEREOF, this memorandum is executed this \_\_\_\_ day of \_\_\_\_, 20\_\_.

Tenant:

Landlord:

**COUNTY OF LOS ANGELES**  
a body politic and corporate

a \_\_\_\_\_

By: \_\_\_\_\_  
DEAN LEHMAN  
Acting Senior Manager,  
Real Estate Division

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Authorized Representative

**BOARD LETTER/MEMO – FACT SHEET  
OPERATIONS CLUSTER**

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019	
<b>BOARD MEETING</b>	10/29/2019	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	4	
<b>DEPARTMENT</b>	Sheriff	
<b>SUBJECT</b>	Approve a proposed seven-year Lease Amendment for continued use of approximately 98,840 square feet of existing office and storage space together with 403 on-site parking spaces at 12440 E. Imperial Highway, Norwalk.	
<b>PROGRAM</b>	Records & Identification Bureau; Data Systems Bureau; Crime Analysis Program; et al	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	The existing lease agreement is currently on month to month holdover with no penalty since September 12, 2019.	
<b>COST &amp; FUNDING</b>	Total cost: \$19,383,320 for rent, electricity, and reserved parking costs over initial seven years	Funding source: 100% Net County Cost
	TERMS (if applicable): The proposed amendment provides for an annual rental increase based upon the CPI and capped at 3 percent. The initial seven-year term is not subject to early termination by either party.	
	Explanation: Funding for the proposed amendment is included in the Fiscal Year 2018-2019 Rent Expense budget and will be billed back to the respective department.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will continue to provide the necessary office and storage space required for this County requirement.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	The Sheriff has been at the subject location since January 2000, which was initially built-out for County use. The programs located here perform essential functions for the Sheriff and need to continue to operate without interruption. Remaining in this space will allow the Sheriff to do so without incurring any additional costs associated with relocation. Further, the tenant improvements provided for this space are unique and costly due to the need to accommodate all the data systems equipment.	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email:  Michael Navarro, Chief Program Specialist 213-974-4364 mnavarro@ceo.lacounty.gov	



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

October 29, 2019

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

Dear Supervisors:

**LEASE AMENDMENT  
SHERIFF'S DEPARTMENT  
12440 EAST IMPERIAL HIGHWAY, NORWALK  
(FOURTH DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a proposed lease amendment to add an additional seven years for the Sheriff's Department's continued use of 98,840 square feet of office, computer, and storage space, and 403 on-site non-exclusive surface parking spaces and 13 reserved parking spaces.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with Sonnenblick Del Rio Norwalk, LLC, (Landlord), for approximately 98,840 square feet of office, computer, and storage space, and 403 on-site non-exclusive surface parking spaces, and 13 reserved parking spaces located at 12440 East Imperial Highway, Norwalk, CA to be occupied by the Sheriff's Department (Sheriff). The estimated maximum cost of the proposed lease amendment, including rent, parking, and estimated electricity cost is \$19,383,320 over the initial seven-year term. The rental costs will be funded 100 percent with net County costs.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease amendment, and authorize the Chief Executive Officer or her designee to take actions necessary and appropriate to implement the proposed lease amendment, including, without limitation, early termination rights and exercising any options to extend.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Sheriff has been at the 12440 East Imperial Highway, Norwalk location since January 2000, when it was initially built-out for County use. The facility houses the following Sheriff's program/functions:

- The Records and Identification Bureau, including its Public Service Unit which collects, inputs, and stores data for future retrieval of documents and electronic records on arrests, booking records, case investigations, etc. Within this bureau, the Countywide Warrants and the Fingerprint Unit operate on a 24-hour, 7 days a week basis;
- The Data Systems Bureau plans, develops, coordinates, and manages automated systems and data connections for the Sheriff's interface with the County, State, and Federal criminal justice agencies;
- The Crime Analysis Program is responsible for the preparation of all State and Federally mandated reports and maintaining the quality control of crime and arrest statistics;
- The Advanced Surveillance and Protection Unit implements new and emerging technologies in the areas of intelligence gathering capabilities, crime deterrence, evidence collection, and crime prevention and intervention; and
- The Body Worn Camera Unit oversees the procurement, implementation, training, storage, discovery, and management of body worn cameras for the Sheriff.

These programs perform essential functions for the Sheriff and need to continue to operate without interruption. Remaining in this space will allow the Sheriff to do so. Further, the tenant improvements provided for this space was unique and costly due to the need to accommodate all the computer equipment.

The existing lease recently expired on September 12, 2019, and the County is now on a month-to-month holdover with no penalty. Given the centralized location and costs associated with a potential move, the Sheriff requested to maintain its tenancy at this existing location. The facility is also in proximity to various public transportation routes, including the Norwalk/Santa Fe Transportation Center, several MTA bus lines, and the MTA Norwalk Green Line Station.

Approval of the recommended actions will find that the proposed lease amendment is exempt from CEQA and will allow the Sheriff to operate at the subject facility.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 1 of "Make Investments That Transform Lives" directs that we will aggressively address society's most complicated social, health, and public safety challenges. This proposed lease amendment supports this goal by providing the Sheriff with a facility that provides proper accommodations for office space and other necessary associated uses.

The proposed lease amendment is in conformance with the Asset Management Principles, as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease amendment will have the following financial impact:

- Base rent includes the 403 non-exclusive surface parking spaces and is subject to annual increases based on the Consumer Price Index capped at 3 percent per annum.
- The Landlord will provide 13 reserved parking spaces at the cost of \$40 per space. This rate is increased every five years by five percent.
- The existing base rent of \$1.8534 decreased by 0.18 percent for a new base rent of \$1.85 per square foot per month.
- The Landlord will provide, at his sole cost and expense, certain specified tenant improvements as agreed to by the Sheriff, to refresh the space, including, without limitation, new paint and carpet.
- In addition to refreshing the space, the Landlord will also provide an additional \$47,250 allowance to be applied either to additional tenant improvements or credited against future amounts due under the lease at the County's sole discretion.
- The proposed lease amendment retains the existing lease's modified gross basis, so Landlord is responsible for all repair and maintenance costs of the facility, including janitorial costs. However, the Sheriff is responsible for all electricity costs except Landlord will pay electricity for air condition during regular work hours and the Sheriff will pay for after-hours HVAC at \$85 per hour. Further, the Sheriff has certain areas that operate 24 hours per day, 7 days a week and the Sheriff will be responsible for electricity costs to supply the air conditioning for such 24/7 areas provided there is a separate meter.
- The aggregate costs, including rent, parking, and estimated electricity costs, associated with the proposed lease amendment over the entire term is estimated to be \$19,383,320 as shown on Attachment B.

Sufficient funding to cover the proposed rent and other costs for the first year of the proposed lease amendment term are included in the Fiscal Year (FY) 2019-20 Rent Expense budget and will be billed back to the Sheriff. The Sheriff has sufficient funding in its FY 2019-20 operating budget to cover the proposed rent and other costs, for the first year. Beginning in FY 2020-21, ongoing funding for costs associated with the proposed lease amendment will be part of the budget for the Sheriff.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed lease amendment also contains the following provisions:

- Neither party has the right to early terminate the proposed lease during the term.

- Holdover is allowed with rent during the holdover period at 125 percent of the last rent paid; however, should County extend the term of the lease further, the 25 percent holdover premium paid by the County would be credited back to the County.
- The proposed lease amendment will be effective after approval by the Board and full execution of the proposed lease amendment.

The CEO did issue a flyer for this space requirement; however, the Sheriff was not interested in moving and requested to remain due to the large costs associated with a move and the disruption in its operations. The CEO conducted a market search of available office space for lease to confirm the proposed rental rate is within market.

Based upon a review of available industry data, it has been established that the annual rental range for comparable space is between \$24.67 and \$33.36 per square foot per year on a modified gross basis. Thus, the base rental rate of \$22.20 per square foot per year modified gross (which excludes electricity) for the proposed lease amendment represents a rate that is below the market range for the area. We recommend the proposed facility because of its below market rate cost to the County, the Sheriff's preference to provide uninterrupted services to the community from this location and the fact that relocating the Sheriff from this location would be cost prohibitive and fiscally impractical.

Attachment C shows County-owned or leased facilities within the surveyed area, and there are no suitable County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Norwalk has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the attached proposed lease amendment and approved it as to form.

The proposed lease amendment will continue to provide an appropriate location for the program, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

## **ENVIRONMENTAL DOCUMENTATION**

The proposed lease amendment is exempt from CEQA. The proposed lease amendment, which extends the term of existing lease space with minor tenant improvements within an existing building, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed lease amendment, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will adequately provide the necessary office space for this County requirement. The Sheriff concurs with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return one certified copy of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

SAH:FAD:DPH  
DL:JLC:MN:RL:gw

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

**SHERIFF**  
**12440 EAST IMPERIAL HIGHWAY, NORWALK**  
**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup>		X		
B	Does lease co-locate with other functions to better serve clients?		X		
C	Does this lease centralize business support functions?		X		
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>This space is also used for computer equipment and storage.</b>			X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>Parking is provided at 5/1000 at no additional cost.</b>			X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>		X		
<b>2.</b>	<b><u>Capital</u></b>				
A	Is it a substantial net County cost (NCC) program?		X		
B	Is this a long-term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? <b>The County already occupies a portion of the facility and a capital project was not considered.</b>			X	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered? <sup>2</sup> <b>Department prefers to remain in the existing premises for programmatic reasons.</b>		X		
D	Why was this program not co-located?				
	1. ___ The program clientele requires a "stand alone" facility.				
	2. <u>X</u> No suitable County occupied properties in project area.				
	3. ___ No County-owned facilities available for the project.				
	4. ___ Could not get City clearance or approval.				
	5. ___ The Program is being co-located.				
E	Is lease a full-service lease? <sup>2</sup> <b>This is a modified gross lease. County is responsible for electricity costs.</b>			X	
F	Has growth projection been considered in space request?			X	
G	Has the Dept. of Public Works completed seismic review/approval? <sup>1</sup>		X		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
<sup>2</sup> If not, why not?					

**COMPARISON OF PROPOSED LEASE AMENDMENT AND EXISTING LEASE**

<b>Sheriff 12440 East Imperial Highway, Norwalk CA</b>	<b>Existing Lease</b>	<b>Proposed Lease Amendment</b>	<b>Change</b>
Area (Square Feet)	98,840	98,840	None
Term (years)	Eight Year Term (4/9/2009 - 4/8/2019) currently in month-to- month holdover	Seven Year Term (+ two (2) additional five (5) year options)	- 1 year
Annual Base Rent	\$2,198,159.64 (\$1.8533 per sq. ft. monthly/\$22.24 per sq. ft. annually)	\$2,194,248 (\$1.85 per sq. ft monthly/ (\$22.20 per sq. ft. annually)	-\$3,911.64
Parking Spaces 416 parking spaces (403 incl. in base rent, 13 reserved parking spaces will be provided at the cost of \$40 per space)	\$6,240	\$6,240	None
Estimated Annual Electricity Costs (\$3.65 per sq. ft.)	\$360,766	\$360,766	None
Rental Adjustment	Annual CPI capped at 3 percent	Annual CPI capped at 3 percent	None

## OVERVIEW OF THE PROPOSED LEASE COSTS

12440 East Imperial Highway  
Los Angeles Sheriff's Department

<b>Leased Area</b>	98,840	
<b>Term</b>	84 months/7 years	
<b>Annual Adjustment</b>	3%	
<b>Description</b>	<b>Base Rent Per RSF Per Month (\$)</b>	<b>Base Rent Per RSF PER Year (\$)</b>
	\$1.85	\$22.20
	<b>Per Space (13 Spaces)</b>	
<b>Parking Costs</b>	\$40/per space	
<b>Electricity Costs <sup>3</sup></b>	<b>Annual Fee Per RSF</b>	
	\$3.65	

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	Total 7 Year Rental Costs
<b>Annual Base Rent Costs <sup>1</sup></b>	2,194,248	2,260,075	2,327,878	2,397,714	2,469,645	2,543,735	2,620,047	16,813,342
<b>Annual Parking Costs <sup>2</sup></b>	6,240	6,240	6,240	6,240	6,552	6,552	6,552	44,616
<b>Electricity Costs <sup>3</sup></b>	360,766	360,766	360,766	360,766	360,766	360,766	360,766	2,525,362
<b>Total Annual Lease Costs</b>	2,561,254	2,627,081	2,694,884	2,764,720	2,836,963	2,911,053	2,987,365	19,383,320

<sup>1</sup> Annual rental costs includes fixed 3 percent annual increases.

<sup>2</sup> 13 reserved parking spaces are available at a cost of \$40 per space. This rate increases every five years by 5%.

<sup>3</sup> This amount is an estimation based on a historical annual electricity cost of \$3.65 per sq. ft. This is subject to change based on actuals.

**SHERIFF'S DEPARTMENT  
SPACE SEARCH – 3 MILE RADIUS FROM  
12440 EAST IMPERIAL HIGHWAY**

LACO	Name	Address	Ownership Type	Property Use	Gross SQFT	Net SQFT	Vacant
A176	Health Services - Ems	10100 Pioneer Blvd Santa Fe Springs 90670	Leased	Multiple Use Building - Office	41720	39634	NONE
A355	DCFS - Santa Fe Springs (SPA 7)	10355 Slusher Dr Santa Fe Springs 90670	Leased	Multiple Use Building - Office	65568	49743	NONE
A562	Health - County Emergency Medical Services (Ems)	10430 Slusher Dr Santa Fe Springs 90670	Leased	Storage Misc > 1000 SQFT	45290	44264	NONE
32979	PH - Santa Fe Springs Warehouse	10612 Shoemaker Ave Santa Fe Springs 90670	Leased	Climate Control Equipment Enclosure	9150	9150	NONE
4435	Fire Station 96	10630 S Mills Ave South Whittier 90604	Consolidated Fire Protection District	Fire Station	1926	1637	NONE
A511	DCFS - South Whittier Community Resource Center	10750 Laurel Ave Whittier 90605	Gratis Use	Multiple Use Building - Office	150	150	NONE
4775	Fire Station 115	11317 E Alondra Blvd Norwalk 90650	Consolidated Fire Protection District	Fire Station	2700	2295	NONE
32581	Star Center - Academy Building P	11515 S Colima Rd Whittier 90604	Financed	Storage Misc < 1000 SQFT	320	320	NONE
Y116	Star Center - Vehicle Garage B	11515 S Colima Rd Whittier 90604	Financed	Infrastructure Service Building	2170	1860	NONE
Y538	Star Center - Gymnasium Building I	11515 S Colima Rd Whittier 90604	Financed	School	17132	14596	NONE
D812	PW - Inc City Office (Santa Fe Springs)	11710 Telegraph Rd Santa Fe Springs 90670	Gratis Use	Multiple Use Building - Office	221285	221285	NONE
D210	Public Library - Alondra Library	11949 E Alondra Blvd Norwalk 90650	Permit	Library	6000	5061	NONE
6364	PW Sewer - Central Yard Service Building	12015 Shoemaker Ave Santa Fe Springs 90670	Owned	Infrastructure Service Building	2690	2270	NONE
6365	PW Sewer - Central Yard Garage	12015 Shoemaker Ave Santa Fe Springs 90670	Owned	Maintenance Building-Garage	4848	4570	NONE
4680	Fire Station 20	12110 E Adoree St. Norwalk 90650	Consolidated Fire Protection District	Fire Station	5036	4281	NONE
6797	Sheriff - Norwalk Station Maintenance Garage	12335 Civic Center Dr Norwalk 90650	Owned	Maintenance Building-Garage	4092	3678	NONE
6796	Sheriff - Norwalk Station	12335 Civic Center Dr Norwalk 90650	Owned	Public Safety Office/Station	33061	18718	NONE
5368	Public Library - Norwalk Library	12350 Imperial Hwy Norwalk 90650	Owned	Library	33749	27529	NONE
X168	Harry Hufford Registrar - Recorder/Co Clerk Building	12400 E Imperial Hwy Norwalk 90650	Financed	Multiple Use Building - Office	262510	240600	NONE
A553	DMH - Government Center Building	12440 E Imperial Hwy Norwalk 90650	Leased	Multiple Use Building - Office	10838	9754	NONE
A068	Norwalk Government Center (aka Bechtel Building)	12440 E Imperial Hwy Norwalk 90650	Leased	Multiple Use Building - Office	216324	197823	NONE
A022	DMH/Alt Pub Defender - Norwalk Office	12440 Firestone Blvd Norwalk 90650	Leased	Multiple Use Building - Office	6525	6096	NONE
X538	RR/CC - Service Center Complex (Warehouse)	12680 Corral Place Santa Fe Springs 90650	Owned	Storage Misc > 1000 SQFT	99494	94519	NONE
L627	Parking Structure (Norwalk Civic Center/Courthouse)	12720 Norwalk Blvd Norwalk 90650	Gratis Use	Parking Structure	315000		NONE
D221	DPSS - Norwalk WS District Office	12727 Norwalk Blvd Norwalk 90650	Leased	Multiple Use Building - Office	40500	29358	NONE
L819	Parking Lot (DPSS - Norwalk AP District)	12819 Norwalk Blvd Norwalk 90650	Owned	Parking Lot	24659	24659	NONE
31256	Amelia Mayberry Park - Lighted Multipurpose Field	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor)	0	0	NONE

## ATTACHMENT C

LACO	Name	Address	Ownership Type	Property Use	Gross SqFt	NetSQFT	Vacant
L655	Amelia Mayberry Park - Parking Lot	13201 E Meyer Rd Whittier 90605	Owned	Parking Lot	0	0	NONE
32737	Amelia Mayberry Park - Service Storage Building	13201 E Meyer Rd Whittier 90605	Owned	Storage Misc < 1000 SQFT	375	345	NONE
31254	Amelia Mayberry Park - Volleyball Court	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor)	1800	1800	NONE
31845	Amelia Mayberry Park - Recreation Building	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	2207	1638	NONE
31757	Amelia Mayberry Park - Activities Building	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	2592	2045	NONE
31253	Amelia Mayberry Park - Basketball Court	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	4200	4200	NONE
32033	Amelia Mayberry Park - Gymnasium	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	10541	10541	NONE
31255	Amelia Mayberry Park - Softball Field	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor) Amenities	87120	87120	NONE
32062	Amelia Mayberry Park	13201 E Meyer Rd Whittier 90605	Owned	Park	630313	630313	NONE
A279	DPW - South Whittier District/Sheriff's Sub - Station	13523 Telegraph Rd South Whittier 90605	Leased	Multiple Use Building - Office	3162	2981	NONE
0092	PW Road - Div #146 Subyard Office	13671 Telegraph Rd South Whittier 90604	Owned	Multiple Use Building - Office	576	518	NONE
0093	PW Road - Div #146 Subyard Garage	13671 Telegraph Rd South Whittier 90604	Owned	Infrastructure Service Building	2759	2483	NONE
Y201	Sheriff - Central Property Warehouse	14201 Telegraph Rd Whittier 90604	Financed	Storage Misc > 1000 SQFT	55000	54044	NONE
Y202	Sheriff - Central Supply Warehouse	14205 Telegraph Rd Whittier 90604	Financed	Storage Misc > 1000 SQFT	45000	43714	NONE
A358	DPSS - Information Technology Division (ITD)	14714 Carmenita Rd Norwalk 90650	Leased	Multiple Use Building - Office	44250	42038	NONE
A663	Public Defender - Document Storage	9830 Norwalk Blvd Santa Fe Springs 90670	Leased	Storage Special Condition	30911	29365	NONE
A566	Sheriff - So Cal High Tech Task Force	9900 Norwalk Blvd Santa Fe Springs 90670	Leased	Multiple Use Building - Office	22880	21736	NONE

## FACILITY LOCATION POLICY ANALYSIS

**Proposed lease renewal:** Lease Amendment for the Sheriff's Department – 12440 East Imperial Highway, Norwalk, CA – Fourth District.

**A. Establish Service Function Category** – Regional and local public service function.

**B. Determination of the Service Area** –The proposed lease amendment will allow the Sheriff to continue to provide security and essential public services to all who live in and visit the County of Los Angeles.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: The Sheriff is most effective when located in the same geographic area as their constituents. This location meets the service area criteria and remains in an appropriate area.
- Need for proximity to existing County facilities: The Sheriff needs to be within 20 miles of the Sheriff's headquarter building. This location is centrally located to other Sheriff facilities.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by various public transportation routes, including the Norwalk/Santa Fe Transportation Center, several MTA bus lines, and the MTA Norwalk Green Line Station.
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Sheriff's needs. Staff has been at this location since January 2000.
- Compatibility with local land use plans: The site is currently zoned commercial and the current use as office space is consistent with the building use and zoning. A notification letter has been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The estimated maximum cost is \$19,383,320 which includes base rent, parking and estimated electricity costs. The base rent of \$22.20 per square foot per year is subject to annual Consumer Price Index adjustments capped at 3 percent. Rental costs for the Sheriff are funded primarily by County general funds.

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of the Sheriff, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

The Sheriff wanted to remain in this location as it is cost prohibitive to relocate and replicate the existing space. Further, based upon a review of available industry data, staff has established that the annual rental range for comparable space is between \$24.67 and \$33.36 per square foot per year on a modified gross basis. Thus, the base rental rate of \$22.20 per square foot per year modified gross basis for the proposed lease amendment represents a rate that is below the market range for the area.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

Authorizing the proposed lease amendment for Sheriff will provide adequate office space for their employees, efficient space for on-site service to clients, and the necessary storage and computer space for their Data Systems Bureau which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites was higher per square foot and would require additional tenant improvements that would further increase overall costs.

## BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019	
<b>BOARD MEETING</b>	10/29/2019	
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	4	
<b>DEPARTMENT</b>	Public Social Services (DPSS)	
<b>SUBJECT</b>	Approve a proposed seven-year Lease Amendment for continued use of approximately 58,642 square feet of existing office space together with 234 on-site parking spaces at 12440 E. Imperial Highway, Norwalk.	
<b>PROGRAM</b>	DPSS Academy; Property Management & Strategic Space Planning Section; et al	
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
<b>DEADLINES/ TIME CONSTRAINTS</b>	The existing lease agreement is currently on month to month holdover with no penalty since June 17, 2018.	
<b>COST &amp; FUNDING</b>	Total cost: \$11,375,247 for rent, electricity, and reserved parking costs over initial seven years	Funding source: 83.84% by State and Federal funds 16.16 net County Cost
	TERMS (if applicable): The proposed amendment provides for an annual rental increase based upon the CPI and capped at 3 percent. The initial seven-year term is not subject to early termination by either party.	
	Explanation: Funding for the proposed amendment is included in the Fiscal Year 2018-2019 Rent Expense budget and will be billed back to DPSS.	
<b>PURPOSE OF REQUEST</b>	Approval of the recommended actions will continue to provide the necessary office space required for this County requirement.	
<b>BACKGROUND (include internal/external issues that may exist)</b>	DPSS has been at the subject location since January 2000, which was initially built-out for County use. The facility houses 181 DPSS staff and provides office and classroom space for the DPSS Academy, which administers general orientation for new DPSS employees and training on a variety of major programs administered by the Department, including CalFresh, Medi-Cal, CalWORKs, General Relief, GROW, GAIN, and IHSS. The facility also houses DPSS' Property Management and Strategic Space Plan Section, which has lead responsibility for the maintenance of DPSS facilities and is DPSS' liaison with the CEO Real Estate Division for new leases and lease renewals. The proposed lease amendment will allow DPSS to continue to operate without interruption.	
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email:  Michael Navarro, Chief Program Specialist 213-974-4364 mnavarro@ceo.lacounty.gov	



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

October 29, 2019

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

Dear Supervisors:

**LEASE AMENDMENT  
DEPARTMENT OF PUBLIC SOCIAL SERVICES  
12440 EAST IMPERIAL HIGHWAY, NORWALK  
(FOURTH DISTRICT)  
(3 VOTES)**

**SUBJECT**

Approval of a proposed lease amendment to add an additional seven years for the Department of Public Social Services continued use of 58,642 square feet of office space and 234 on-site non-exclusive surface parking spaces and 250 reserved parking spaces.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed amendment is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with Sonnenblick Del Rio Norwalk, LLC, (Landlord), for 58,642 square feet of office space, 234 on-site non-exclusive surface parking spaces, and 250 reserved parking spaces located at 12440 East Imperial Highway, Norwalk, CA to be occupied by the Department of Public Social Services (DPSS). The estimated maximum cost of the proposed lease amendment, including rent, parking and estimated electricity costs is \$11,375,247 over the initial seven-year term. The rental costs will be funded 83.84 percent by State and Federal funds and 16.16 percent net County cost.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease amendment, and authorize the Chief Executive Officer, or her designee, to take actions necessary and appropriate to implement the proposed lease amendment, including, without limitation, early termination rights and exercising any options to extend.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

DPSS has been at the 12440 East Imperial Highway, Norwalk location since January 2000 when it was initially built out for County use. The facility houses 181 DPSS staff and provides office and classroom space for the DPSS Academy, which administers general orientation for new DPSS employees and training on a variety of major programs administered by the Department, including CalFresh, Medi-Cal, CalWORKs, General Relief, GROW, GAIN, and IHSS. The facility also houses DPSS' Property Management and Strategic Space Plan Section, which has lead responsibility for the maintenance of DPSS facilities and is DPSS' liaison with the CEO Real Estate Division for new leases and lease renewals. Entering into the proposed lease amendment will allow DPSS to continue to operate without interruption.

The existing lease has been on month-to-month holdover with no penalty since June 17, 2018. The Department's Master Space Plan recommends DPSS remain at this facility due to its central location, adequate classroom space, availability of on-site trainee parking, as well as the high cost associated with a potential move. The facility is in proximity to various public transportation routes, including the Norwalk/Santa Fe Transportation Center, several MTA bus lines, and the MTA Norwalk Green Line Station.

Approval of the recommended actions will find that the proposed lease amendment is exempt from CEQA and will allow DPSS to operate at the subject facility.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 1 of "Make Investments That Transform Lives" directs that we will aggressively address society's most complicated social, health, and public safety challenges. This proposed lease amendment supports this goal by providing DPSS with a facility that provides proper accommodations for office space in order to provide these important administrative services.

The proposed lease amendment is in conformance with the Asset Management Principles, as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease amendment will have the following financial impact:

- Base rent includes the 234 non-exclusive surface parking spaces and is subject to annual increases based on the Consumer Price Index (CPI) capped at 3 percent per annum.
- The Landlord will provide 250 reserved parking spaces at the cost of \$40 per space. This rate is increased every five years by five percent.
- The existing base rent of \$1.87 decreased by 1.08 percent for a new base rent of \$1.85 per square foot per month.

- The Landlord will provide, at his sole cost and expense, certain specified tenant improvements, as agreed to by DPSS, to refresh the space, including, without limitation, new paint and carpet.
- In addition to refreshing the space, the Landlord will also provide an additional \$27,750 allowance to be applied either to additional tenant improvements, or credited against future amounts due at the County's sole discretion.
- The proposed lease amendment retains the existing lease's modified gross basis, so the Landlord is responsible for all utilities, except electricity, and repair and maintenance costs of the facility, including janitorial costs. DPSS is responsible for separately metered electricity within the premises and after-hours air conditioning costs at \$85 per hour.
- The aggregate costs, including rent, parking, and estimated electricity costs associated with the proposed lease amendment over the entire term is estimated to be \$11,375,247 as shown on Attachment B.

Sufficient funding to cover the proposed rent and other costs for the first year of the proposed lease amendment term are included in the Fiscal Year (FY) 2019-20 Rent Expense budget, and will be billed back to DPSS. DPSS has sufficient funding in its FY 2019-20 operating budget to cover the proposed rent and other costs, for the first year. Beginning in FY 2020-21, ongoing funding for costs associated with the proposed lease amendment will be part of the budget for DPSS.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In addition to the terms previously stated, the proposed lease amendment also contains the following provisions:

- Neither party has the right to early terminate the proposed lease during the term.
- Holdover is allowed with rent during the holdover period at 125 percent of the last rent paid; however, should County extend the term of the lease further, the 25 percent holdover premium paid by the County would be credited back to the County.
- The proposed lease amendment will be effective after approval by the Board and full execution of the proposed lease amendment.

The Chief Executive Office (CEO) did not issue a flyer for this space requirement. DPSS requested to remain in the building as it needs to continue servicing the community from this location. The CEO conducted a market search of available office space for lease to confirm the proposed rental rate is within market.

Based upon a review of available industry data, it has been established that the annual rental range for comparable space is between \$24.67 and \$33.36 per square foot per year on a modified gross basis. Thus, the base rental rate of \$22.20 per square foot per year modified gross (which excludes electricity) for the proposed lease amendment, represents a rate that is below the market range for the area. We recommend the proposed facility because of its below market rate cost to the County, it will allow DPSS to continue to provide uninterrupted services to the community from this location as requested by DPSS, and it avoids costs associated with a potential move.

Attachment C shows County-owned or leased facilities within the surveyed area, and there are no suitable County-owned or leased facilities available for this space requirement.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. The required notification letter to the City of Norwalk has been sent in accordance with Government Code Section 25351. County Counsel has reviewed the attached proposed lease amendment and approved it as to form.

The proposed lease amendment will continue to provide an appropriate location for the program, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

### **ENVIRONMENTAL DOCUMENTATION**

The proposed lease amendment is exempt from CEQA. The proposed lease amendment, which extends the term of existing lease space with minor tenant improvements within an existing building, is within a class of projects that have been determined not to have a significant effect on the environment and which meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed lease amendment, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

Upon the Board's approval of the recommended actions, a Notice of Exemption will be filed with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DPSS concurs with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return one certified copy of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

SAH:FAD:DPH  
DL:JLC:MN:RL:gw

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Public Social Services

# ATTACHMENT A

## DEPARTMENT OF PUBLIC SOCIAL SERVICES 12440 EAST IMPERIAL HIGHWAY, SUITES 600 AND 605, NORWALK Asset Management Principles Compliance Form<sup>1</sup>

<b>1. <u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>			X
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>The unique nature of the space layout for classroom and training purposes amounts to 324 sq. ft. per person.</b>		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>Parking is provided at 5/1000 at no additional cost.</b>		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	X		
<b>2. <u>Capital</u></b>				
A	Is it a substantial net County cost (NCC) program?		X	
B	Is this a long-term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			
F	Is Building Description Report attached as Attachment C?	X		
G	Was build-to-suit or capital project considered? <b>The County already occupies a portion of the facility and a capital project was not considered.</b>		X	
<b>3. <u>Portfolio Management</u></b>				
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered? <sup>2</sup> <b>Department prefers to remain in the existing premises for programmatic reasons.</b>		X	
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. X___ The Program is being co-located.			
E	Is lease a full-service lease? <sup>2</sup> <b>This is a modified gross lease. County is responsible for electricity costs.</b>		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? <sup>1</sup>	X		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98				
<sup>2</sup> If not, why not?				

## COMPARISON OF PROPOSED LEASE AMENDMENT AND EXISTING LEASE

DPSS 12440 East Imperial Highway, Norwalk CA	Existing Lease	Proposed Lease Amendment	Change
Area (Square Feet)	58,642	58,642	None
Term (years)	Eight Year Term (4/9/2009 - 4/8/2019) currently in month- to-month holdover	Seven Year Term (+ two (2) additional five (5) year options)	- 1 year
Annual Base Rent	\$1,318,569 (\$1.87 sq. ft. monthly (\$22.49 per sq. ft. annually)	\$1,301,852 (\$1.85 per sq. ft. monthly/\$22.20 per sq. ft. annually)	-\$16,717
Parking Spaces (234 included in base rent and 250 reserved spaces)	\$135,000 (\$45 per space)	\$120,000 (\$40 per space)	-15,000
Estimated Annual Electricity Costs (\$1.32 per sq. ft.)	\$77,407	\$77,407	None
Rental Adjustment	Annual CPI capped at 3 percent	Annual CPI capped at 3 percent	None

## OVERVIEW OF THE PROPOSED LEASE COSTS

12440 East Imperial Highway  
Department of Public Social Services

<b>Leased Area</b>	58,642	
<b>Term</b>	84 months/7 years	
<b>Annual Adjustment</b>	3%	
<b>Description</b>	<b>Base Rent Per RSF Per Month (\$)</b>	<b>Base Rent Per RSF PER Year (\$)</b>
	\$1.85	\$22.20
	<b>\$ 40 Per Space (250 Spaces)</b>	
<b>Parking Costs</b>	<b>Per RSF Per Month</b>	<b>Per RSF Per Year</b>
<b>Electricity Costs <sup>3</sup></b>	\$0.11	\$1.32

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	Total 7 Year Rental Costs
<b>Annual Base Rent Costs <sup>1</sup></b>	1,301,852	1,340,908	1,381,135	1,422,569	1,465,246	1,509,204	1,554,480	9,975,395
<b>Annual Parking Costs <sup>2</sup></b>	120,000	120,000	120,000	120,000	126,000	126,000	126,000	858,000
<b>Electricity Costs <sup>3</sup></b>	77,407	77,407	77,407	77,407	77,407	77,407	77,407	541,852
<b>Total Annual Lease Costs</b>	1,499,260	1,538,315	1,578,543	1,619,977	1,668,654	1,712,611	1,757,887	11,375,247

<sup>1</sup> Annual rental costs includes fixed 3 percent annual increases.

<sup>2</sup> 250 reserved parking spaces are available at a cost of \$40 per space. This rate is adjusted every five years by 5%.

<sup>3</sup> This amount is an estimation based on a historical annual electricity cost of \$1.32 per sq. ft. This is subject to change based on actuals.

**DEPARTMENT OF PUBLIC SOCIAL SERVICES  
SPACE SEARCH – 3 MILE RADIUS FROM  
12440 EAST IMPERIAL HIGHWAY**

LACO	Name	Address	Ownership Type	Property Use	Gross SQFT	Net SQFT	Vacant
A176	Health Services - Ems	10100 Pioneer Blvd Santa Fe Springs 90670	Leased	Multiple Use Building - Office	41720	39634	NONE
A355	DCFS - Santa Fe Springs (SPA 7)	10355 Slusher Dr Santa Fe Springs 90670	Leased	Multiple Use Building - Office	65568	49743	NONE
A562	Health - County Emergency Medical Services (Ems)	10430 Slusher Dr Santa Fe Springs 90670	Leased	Storage Misc > 1000 SQFT	45290	44264	NONE
32979	PH - Santa Fe Springs Warehouse	10612 Shoemaker Ave Santa Fe Springs 90670	Leased	Climate Control Equipment Enclosure	9150	9150	NONE
4435	Fire Station 96	10630 S Mills Ave South Whittier 90604	Consolidated Fire Protection District	Fire Station	1926	1637	NONE
A511	DCFS - South Whittier Community Resource Center	10750 Laurel Ave Whittier 90605	Gratis Use	Multiple Use Building - Office	150	150	NONE
4775	Fire Station 115	11317 E Alondra Blvd Norwalk 90650	Consolidated Fire Protection District	Fire Station	2700	2295	NONE
32581	Star Center - Academy Building P	11515 S Colima Rd Whittier 90604	Financed	Storage Misc < 1000 SQFT	320	320	NONE
Y116	Star Center - Vehicle Garage B	11515 S Colima Rd Whittier 90604	Financed	Infrastructure Service Building	2170	1860	NONE
Y538	Star Center - Gymnasium Building I	11515 S Colima Rd Whittier 90604	Financed	School	17132	14596	NONE
D812	PW - Inc City Office (Santa Fe Springs)	11710 Telegraph Rd Santa Fe Springs 90670	Gratis Use	Multiple Use Building - Office	221285	221285	NONE
D210	Public Library - Alondra Library	11949 E Alondra Blvd Norwalk 90650	Permit	Library	6000	5061	NONE
6364	PW Sewer - Central Yard Service Building	12015 Shoemaker Ave Santa Fe Springs 90670	Owned	Infrastructure Service Building	2690	2270	NONE
6365	PW Sewer - Central Yard Garage	12015 Shoemaker Ave Santa Fe Springs 90670	Owned	Maintenance Building-Garage	4848	4570	NONE
4680	Fire Station 20	12110 E Adoree St. Norwalk 90650	Consolidated Fire Protection District	Fire Station	5036	4281	NONE
6797	Sheriff - Norwalk Station Maintenance Garage	12335 Civic Center Dr Norwalk 90650	Owned	Maintenance Building-Garage	4092	3678	NONE
6796	Sheriff - Norwalk Station	12335 Civic Center Dr Norwalk 90650	Owned	Public Safety Office/Station	33061	18718	NONE
5368	Public Library - Norwalk Library	12350 Imperial Hwy Norwalk 90650	Owned	Library	33749	27529	NONE
X168	Harry Hufford Registrar - Recorder/Co Clerk Building	12400 E Imperial Hwy Norwalk 90650	Financed	Multiple Use Building - Office	262510	240600	NONE
A553	DMH - Government Center Building	12440 E Imperial Hwy Norwalk 90650	Leased	Multiple Use Building - Office	10838	9754	NONE
A068	Norwalk Government Center (aka Bechtel Building)	12440 E Imperial Hwy Norwalk 90650	Leased	Multiple Use Building - Office	216324	197823	NONE
A022	DMH/Alt Pub Defender - Norwalk Office	12440 Firestone Blvd Norwalk 90650	Leased	Multiple Use Building - Office	6525	6096	NONE
X538	RR/CC - Service Center Complex (Warehouse)	12680 Corral Place Santa Fe Springs 90650	Owned	Storage Misc > 1000 SQFT	99494	94519	NONE
L627	Parking Structure (Norwalk Civic Center/Courthouse)	12720 Norwalk Blvd Norwalk 90650	Gratis Use	Parking Structure	315000		NONE
D221	DPSS - Norwalk WS District Office	12727 Norwalk Blvd Norwalk 90650	Leased	Multiple Use Building - Office	40500	29358	NONE
L819	Parking Lot (DPSS - Norwalk AP District)	12819 Norwalk Blvd Norwalk 90650	Owned	Parking Lot	24659	24659	NONE
31256	Amelia Mayberry Park - Lighted Multipurpose Field	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor)	0	0	NONE

## ATTACHMENT C

LACO	Name	Address	Ownership Type	Property Use	Gross SqFt	NetSQFT	Vacant
L655	Amelia Mayberry Park - Parking Lot	13201 E Meyer Rd Whittier 90605	Owned	Parking Lot	0	0	NONE
32737	Amelia Mayberry Park - Service Storage Building	13201 E Meyer Rd Whittier 90605	Owned	Storage Misc < 1000 SQFT	375	345	NONE
31254	Amelia Mayberry Park - Volleyball Court	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor)	1800	1800	NONE
31845	Amelia Mayberry Park - Recreation Building	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	2207	1638	NONE
31757	Amelia Mayberry Park - Activities Building	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	2592	2045	NONE
31253	Amelia Mayberry Park - Basketball Court	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	4200	4200	NONE
32033	Amelia Mayberry Park - Gymnasium	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Center (Indoor)	10541	10541	NONE
31255	Amelia Mayberry Park - Softball Field	13201 E Meyer Rd Whittier 90605	Owned	Athletic Court/Field (Outdoor) Amenities	87120	87120	NONE
32062	Amelia Mayberry Park	13201 E Meyer Rd Whittier 90605	Owned	Park	630313	630313	NONE
A279	DPW - South Whittier District/Sheriff's Sub - Station	13523 Telegraph Rd South Whittier 90605	Leased	Multiple Use Building - Office	3162	2981	NONE
0092	PW Road - Div #146 Subyard Office	13671 Telegraph Rd South Whittier 90604	Owned	Multiple Use Building - Office	576	518	NONE
0093	PW Road - Div #146 Subyard Garage	13671 Telegraph Rd South Whittier 90604	Owned	Infrastructure Service Building	2759	2483	NONE
Y201	Sheriff - Central Property Warehouse	14201 Telegraph Rd Whittier 90604	Financed	Storage Misc > 1000 SQFT	55000	54044	NONE
Y202	Sheriff - Central Supply Warehouse	14205 Telegraph Rd Whittier 90604	Financed	Storage Misc > 1000 SQFT	45000	43714	NONE
A358	DPSS - Information Technology Division (ITD)	14714 Carmenita Rd Norwalk 90650	Leased	Multiple Use Building - Office	44250	42038	NONE
A663	Public Defender - Document Storage	9830 Norwalk Blvd Santa Fe Springs 90670	Leased	Storage Special Condition	30911	29365	NONE
A566	Sheriff - So Cal High Tech Task Force	9900 Norwalk Blvd Santa Fe Springs 90670	Leased	Multiple Use Building - Office	22880	21736	NONE

## FACILITY LOCATION POLICY ANALYSIS

**Proposed lease renewal:** Lease Amendment for DPSS – 12440 East Imperial Highway, Norwalk, CA – Fourth District.

**A. Establish Service Function Category** – Regional and local public service function.

**B. Determination of the Service Area** –The proposed lease amendment will allow DPSS to continue to provide security and essential public services to all who live in and visit the County of Los Angeles.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: This location meets the needs of DPSS and remains in an appropriate area.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by various public transportation routes, including the Norwalk/Santa Fe Transportation Center, several MTA bus lines, and the MTA Norwalk Green Line Station.
- Availability of affordable housing for County employees: N/A
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet the Department's needs. Staff has been at this location since January 2000.
- Compatibility with local land use plans: The site is currently zoned commercial and the current use as office space is consistent with the building use and zoning. Notification letters have been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The estimated maximum cost is \$11,375,247, which includes base rent, parking and estimated electricity costs. The base rent of \$22.20 per square foot per year is subject to annual CPI adjustments capped at 3 percent. Rental costs for DPSS are funded primarily by State and Federal funds at a rate of 83.84 percent.

**A. Analyze results and identify location alternatives**

Based upon the space and service needs of DPSS, the immediate area was surveyed to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, staff has established that the annual rental range for comparable space is between \$24.67 and \$33.36 per square foot per year on a modified gross basis. Therefore, the base annual rent of \$ \$22.20 per square foot per year modified gross for the proposed lease renewal, represents a rate below the market range for the area.

**B. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

Authorizing the proposed lease amendment for DPSS will provide adequate office space for their employees and efficient space for on-site service to clients, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites was higher per square foot and would require additional tenant improvements that would probably further increase overall costs.

## BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

<b>OPS CLUSTER AGENDA REVIEW DATE</b>	10/10/2019			
<b>BOARD MEETING</b>	10/29/2019			
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	All Districts			
<b>DEPARTMENT</b>	Chief Executive Office			
<b>SUBJECT</b>	Annual LAC-CAL Bond Anticipation Notes Board Letter (FY 2019-20)			
<b>PROGRAM</b>	Los Angeles County Capital Asset Leasing (LAC-CAL) Equipment Program			
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why:			
<b>DEADLINES/ TIME CONSTRAINTS</b>				
<b>COST &amp; FUNDING</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$22,000,000</td><td style="width: 50%;">Funding source: Bond Anticipation Notes (BANs) financing</td></tr> </table>		Total cost: \$22,000,000	Funding source: Bond Anticipation Notes (BANs) financing
Total cost: \$22,000,000	Funding source: Bond Anticipation Notes (BANs) financing			
	TERMS (if applicable): The term of the equipment financing will match the estimated useful life of the assets being financed (between three to five years).			
	Explanation: Upon the Board's approval, BANs will be issued to provide interim financing for equipment acquisition. The Auditor-Controller collects monthly payments from the participating County departments, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in FY 2019-20 has been included in the Final FY 2019-20 Budget.			
<b>PURPOSE OF REQUEST</b>	Recommend approving the issuance of short-term BANs of \$22.0M to finance the acquisition of various equipment through the LAC-CAL Corporation in FY 2019-20; and adopting the Resolution of the Board of Supervisors of the County of Los Angeles declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations.			
<b>BACKGROUND (include internal/external issues that may exist)</b>	This is a routine annual board letter to seek the Board's approval on equipment financing through the LAC-CAL Program. Each year this program finances major equipment purchases such as vehicles, medical equipment, and computers for County departments.			
<b>DEPARTMENTAL AND OTHER CONTACTS</b>	Name, Title, Phone # & Email: <ul style="list-style-type: none"> <li>Lilly Qi, Administrative Services Manager III, (213) 893-2476, Lqi@ceo.lacounty.gov</li> </ul>			



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

October 29, 2019

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:

### **BOND ANTICIPATION NOTES AUTHORIZATION AND REIMBURSEMENT RESOLUTION ALL DISTRICTS (3 VOTES)**

#### **SUBJECT**

The recommend actions will provide for interim financing of equipment acquisitions for various County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the issuance of short-term Bond Anticipation Notes in an aggregate amount not-to-exceed \$22,000,000 to finance the acquisition of various equipment through the Los Angeles County Capital Asset Leasing Corporation.
2. Adopt the Resolution of the Board of Supervisors of the County of Los Angeles declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations (2019-20 Equipment Bond Anticipation Notes Program).

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will authorize the issuance of short-term Bond Anticipation Notes (BANs) to provide interim financing of equipment acquisitions for County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment in accordance with federal tax regulations.

## BANs Authorization for Equipment Acquisition

The recommended actions will authorize the issuance of BANs in an aggregate amount not-to-exceed \$22,000,000 to provide interim financing for equipment acquisitions by various County departments. The summary of the \$22,000,000 in authorized equipment purchases using the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL) Equipment Program is attached to the Reimbursement Resolution recommended for approval as part of this action.

On April 16, 2019, the Board authorized \$46,500,000 of LAC-CAL equipment financing as part of the Fiscal Year (FY) 2019-20 Recommended Budget. As a result of changes in departmental requests, the revised LAC-CAL equipment financing authorization is now \$22,000,000.

The BANs will be issued by LAC-CAL and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Subsequently, the BANs will be refinanced through the issuance of intermediate term lease-revenue bonds or other debt securities. Proceeds from the sale of the debt securities will be used to redeem the outstanding BANs from the County Treasury Pool.

Due to procurement or delivery delays, authorized LAC-CAL equipment acquisitions occasionally are received in the fiscal year following the one in which they were initiated. The BANs authorization may be carried over into a subsequent fiscal year to fund these acquisitions.

## Reimbursement Resolution

In addition to the approval of the BANs issuance for equipment acquisition, we are requesting that the Board execute the attached Reimbursement Resolution, which has been approved by County Counsel. The Reimbursement Resolution is required by federal tax regulations to enable the County to be reimbursed for prior capital expenditures from the future issuance of tax-exempt obligations and will enable the County to maximize reimbursement for costs related to the financing of equipment for various County departments.

## Federal Tax Requirements

The current regulations governing the reimbursement of expenditures from tax-exempt obligations are found in Treasury Regulation 1.150-2. In order to ensure the continued recovery of allowable expenditures related to equipment acquisitions, the regulations require the Board to adopt an official intent in the form of the Reimbursement Resolution, which states the following:

- The Board's intention to finance capital expenditures related to equipment acquisitions through the issuance of tax-exempt obligations;
- A general description of the proposed project for which the original expenditures are paid;
- The maximum principal amount of obligations expected to be issued for the project; and
- Identification of the expected source(s) of funds from which the original expenditures are paid.

The attached Reimbursement Resolution complies with federal tax regulations and will allow for maximum reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. A description of the proposed equipment is attached to the Reimbursement Resolution for your review.

#### Implementation of Strategic Plan Goals

The proposed recommendations support the Board-approved County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability by maximizing and leveraging resources to provide cost-effective financing for the County's equipment acquisitions.

#### **FISCAL IMPACT/FINANCING**

Approval of the recommended actions will enable the County to issue BANs to provide interim financing for equipment acquisition and maximize reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. The term of the equipment financing will match the estimated useful life of the assets being financed (between three to five years). The Auditor-Controller collects monthly payments from County departments participating in the LAC-CAL Equipment Program, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in FY 2019-20 has been included in the Final FY 2019-20 Budget.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The attached Reimbursement Resolution has been approved by County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions will ensure the continuation of the County's long-standing LAC-CAL Equipment Program.

**CONCLUSION**

Upon approval of the recommendations, please forward an adopted copy of this Board letter and an executed copy of the Reimbursement Resolution to the Chief Executive Office, Capital Programs Division.

Respectfully submitted,

SACHI A. HAMAI  
Chief Executive Officer

SAH:FAD: DPH  
BMB:AMA:LQ:kb

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Treasurer and Tax Collector

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
(2019-20 EQUIPMENT BANs PROGRAM)

WHEREAS, from time to time the County of Los Angeles (the "County") desires and intends to undertake the purchase of tangible personal property having a useful life of three years or more (the "Equipment"), as set forth in the schedule attached hereto; and

WHEREAS, no funds of the County or of any other entity which is a part of the controlled group of which the County is a part (the "Controlled Group"), as such term is defined in Section 1.150-1 of the United States Treasury Regulations under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations") are, or are reasonably expected to be, allocated, reserved or otherwise set aside in the County's budget or in the Controlled Group's budget on a long-term basis to pay the costs of the Equipment; and

WHEREAS, the costs of the Equipment will initially be paid from the proceeds of Bond Anticipation Notes ("BANs") issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and purchased by the Los Angeles County Treasury Pool; and

WHEREAS, the costs of the Equipment paid with the proceeds of the BANs are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Equipment, and

WHEREAS, the County expects to issue tax-exempt obligations ("Obligations") to reimburse the capital expenditures of the County with respect to the Equipment which were paid with the proceeds of the BANs; and

WHEREAS, upon issuance of the Obligations, the County will: (1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the manner governing the public availability of records of other official acts of the County Board of Supervisors; and

WHEREAS, this Resolution is intended to be a "declaration of official intent" in accordance with Treasury Regulation Section 1.150-2;

NOW, THEREFORE, this Board does find, resolve, determine and order that in accordance with Treasury Regulation Section 1.150-2, the County declares its intention to issue Obligations to finance the Equipment in an amount not to exceed \$22,000,000, the proceeds of which will be used to reimburse the County for capital expenditures paid for the Equipment prior to the issuance of said Obligations.

The foregoing resolution was on the \_\_\_\_\_ day of \_\_\_\_\_, 2019  
adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the  
governing body of all other special assessment and taxing districts, agencies and  
authorities for which said Board so acts.

CELIA ZAVALA, Executive Officer-Clerk  
of the Board of Supervisors of the County  
of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM  
COUNTY COUNSEL

By   
Deputy County Counsel

SCHEDULE ATTACHMENT  
TO  
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
(2019-20 EQUIPMENT BANs PROGRAM)

**LOS ANGELES COUNTY CAPITAL ASSET LEASING (LAC-CAL)  
EQUIPMENT PROGRAM ACQUISITION  
Summary of Authorized Transactions/Financing Uses by Department - All Funds**

<b>Department</b>	<b>Equipment Category</b>	<b>Anticipated 2019-20 Acquisitions</b>
<b>General Fund</b>		
Beaches and Harbors	Watercraft	\$ 380,000
Beaches and Harbors	Manufactured or Prefabricated Structure	76,000
Beaches and Harbors	Vehicles and Transportation Equipment	133,000
Beaches and Harbors	Agriculture and Landscape Equipment	471,000
Sheriff	Vehicles and Transportation Equipment	20,940,000
Total General Fund		<u>\$ 22,000,000</u>
<b>Total Financing</b>		<b>\$ 22,000,000</b>

The equipment identified on this page reflects County equipment requirements to be financed through the LAC-CAL Corporation in 2019-20. The Board has not allocated, reserved or otherwise set aside any funds in the County's 2019-20 Adopted Budget to purchase the equipment identified above.

It is officially the intention of the Board that the acquisition of such equipment be initially funded through the issuance of Bond Anticipation Notes (BANs) or another short-term financing mechanism. The BANs will be issued by the LAC-CAL Equipment Program and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Any such costs, which are initially funded by BANs, will be properly capitalized under general federal income tax principles.

Further, the Board expects the outstanding BANs to be redeemed and the County Treasury Pool to be reimbursed, through the issuance of tax-exempt obligations. The amounts specified above represent the maximum principal amounts of such obligations to be issued for the specified equipment.

These official intentions of the Board with respect to the LAC-CAL Equipment Program have been specified in accordance with Treasury Regulation Section 1.150-2.