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REVISED

October 23, 2012

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

Dear Commissioners:

APPROVE AN AMENDMENT TO THE INDEMNIFICATION CLAUSE OF A CONTRACT WITH TALX CORPORATION FOR ELECTRONIC EMPLOYMENT VERIFICATION SERVICES FOR THE HOUSING AUTHORITY (ALL DISTRICTS) (3 VOTE)

SUBJECT

The Housing Authority is seeking to enter into a five-year contract with TALX Corporation for electronic employment verification services for the Housing Authority. TALX is the most qualified provider that can meet the needs of the Housing Authority and has requested the inclusion of a mutual indemnification provision. This letter requests approval of an amendment to the indemnification clause of the Housing Authority's contract with TALX.

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the inclusion of a mutual indemnification provision in the Housing Authority's contract with TALX Corporation, in the amount of $60,000 per year, for electronic employment verification services for the Housing Authority.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Housing Authority administers the County's Public Housing and Housing Choice Voucher (Section 8) Programs, which provide housing and rental assistance to qualified low and moderate-income families. The U.S. Department of Housing and Urban Development (HUD) regulations set forth in Title 24 Code of Federal Regulations, §§5.240(c), 5.210, and 982.551(b), require housing authorities to verify factors of

eligibility for public housing and Section 8 program applicants and participants. The Housing Authority's verification requirements are designed to maintain program integrity.

Since 2006, TALX has provided electronic employment verification services for the Housing Authority. Prior to utilizing TALX's services, the Housing Authority sent letters to employers requesting completion and return of employment verifications forms for program applicants and participants. This process generally took *at least* seven days; however, employers were often unresponsive and/or several attempts were required before the information provided by the client could be verified. The use of an online employment verification service has allowed the Housing Authority to significantly reduce the time required to verify employment information.

In anticipation of an expiring contract with TALX, the Housing Authority initiated the procurement process. The Housing Authority conducted research to identify potential vendors who provide similar employment verification services and consequently issued a Request For Information (RFI) in July 2012. From this process, a Request for Quotes (RFQ) was issued in August 2012 and other potential bidders were notified of this bid opportunity via e-mail, the County WebVen and the Commission's vendor list. TALX was the only firm to respond to the RFQ.

The Housing Authority is seeking to enter into a five-year contract with TALX for electronic employment verification services. TALX had previously provided this service for the Housing Authority pursuant to the Housing Authority standard contract that included an indemnification clause. However, while it was previously an independent company, TALX is now a subsidiary of Equifax. As a consequence of the change in corporate organization, TALX will no longer agree to execute the Housing Authority's standard contract unless the indemnification clause is amended to include mutual indemnification language.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The Housing Authority will fund the contract with up to $60,000 per year in program funds included in the Housing Authority's annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Executive Director is generally authorized to execute a contract for services in an amount not exceeding $100,000. However, the approval of your Board is required to amend the indemnification provision.

Because of the unique nature of the service and its critical importance to maintaining program integrity, the Housing Authority is willing to execute the contract with a mutual indemnification clause in this specific case. The potential exposure to the Housing

Authority is minimal. TALX provides an on-line verification service that confirms client-provided information. In the event of information discrepancies, clients will be provided the opportunity to clarify any discrepancy. Additionally, standard insurance requirements are enforced, providing for coverage afforded by General, Professional, and Workers' Compensation insurance.

Additionally, the Housing Authority's Risk Management department and County Counsel have been intimately involved with the details surrounding this request. They have jointly agreed that approving the amendment to the mutual indemnification clause will not expose the Housing Authority to unnecessary risk.

On September 26, 2012, the Housing Commission recommended approval of the Executive Director's request to amend the indemnification clause.

ENVIRONMENTAL DOCUMENTATION

This activity is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because it involves administrative activity that will not have a physical impact on or result in any physical changes to the environment. The activity is also not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM

TALX provides the most expansive and up-to-date employment records. Utilization of the TALX database will maintain compliance with HUD regulations, aid in the prevention of fraud, and maintain program integrity.

Respectfully submitted,

SEAN ROGAN
Executive Director