



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

SACHI A. HAMAI
Chief Executive Officer

DATE: January 8, 2020
TIME: 2:00 p.m. – 4:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

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

1. **Call to order – Rick Velasquez/Gevork Simdjian**
2. **INFORMATIONAL ITEM(S):**
(5 minutes)
 - A) Board Letter:
NINE-YEAR LEASE IN MONTEREY PARK FOR THE FIRE DEPARTMENT
CEO RE – Michael Navarro, Chief Program Specialist
 - B) Board Letter:
COMMUNITY ENGAGEMENT AND RELATED SERVICES MASTER
AGREEMENTS
DPH – Lauren Dunning, Director Government Affairs
CoCo – Emily Issa, County Counsel
 - C) Board Letter:
FORMER COGEN LANDFILL GAS EXTRACTION SYSTEM AND
MONITORING PLAN PROJECT
DPW – Alicia Ramos, Project Manager and
Andy Moey, Assistant Deputy Director
3. **PRESENTATION/DISCUSSION ITEMS:**
 - A) RISK MANAGEMENT ANNUAL REPORT
CEO RM – Steven Robles, Risk Manager
 - B) RISK MANAGEMENT INFORMATION SYSTEM SIX-MONTH UPDATE
CEO RM – Steven Robles, Risk Manager

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4. **Public Comment**
(2 minutes each speaker)
5. **Adjournment**

FUTURE AGENDA TOPICS

CALENDAR LOOKAHEAD:

(5 minutes)

- A) Board Letter:
FIRE – COMPUTER-AIDED DISPATCH UPGRADE
- B) Board Letter:
COUNTYWIDE CLASSIFICATION ACTIONS TO IMPLEMENT THE
FEBRUARY 4, 2020 GENERAL RECLASS
- C) Board Letter:
NINE AND SEVEN-YEAR LEASES FOR DEPARTMENTS OF SUPERIOR
COURT, CHILD SUPPORT SERVICES, PUBLIC DEFENDER, AND
MENTAL HEALTH AT 600 S. COMMONWEALTH AVENUE
- D) Board Letter:
EIGHT-YEAR LEASE FOR DEPARTMENT OF PUBLIC SOCIAL
SERVICES AT 2601 WILSHIRE BOULEVARD
- E) Board Letter:
LEASE AMENDMENT FOR DEPARTMENT OF MENTAL HEALTH AT
695 S. VERMONT AVENUE
- F) Board Letter:
FIVE YEAR, ONE-YEAR, AND 18-MONTH LEASES FOR DEPARTMENTS
OF PUBLIC HEALTH, CHILDREN AND FAMILY SERVICES, AND
PROBATION AT 3530 WILSHIRE BOULEVARD

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	1/8/2020			
BOARD MEETING	1/21/2020			
SUPERVISORIAL DISTRICT	1			
DEPARTMENT	Fire Department			
SUBJECT	Approve a proposed nine-year lease renewal for the continued use of approximately 3,079 square feet of existing office space and 12 on-site parking spaces at 1255 Corporate Center Drive, Suite 328, Monterey Park.			
PROGRAM	Fire Prevention Services Bureau & Forestry Division Administration			
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:			
DEADLINES/ TIME CONSTRAINTS	The existing lease agreement is currently on a month-to-month holdover at 1255 Corporate Center Drive, Suite 328, Monterey Park, CA.			
COST & FUNDING	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total cost: \$1,036,189 rental costs over 108 months</td><td style="width: 50%;">Funding source: 100% funded from Fire District Funds</td></tr> </table> <p>TERMS (if applicable): The proposed lease provides for rental increases tied to the Consumer Price Index, with a minimum of 2 percent and maximum of 4 percent per annum. The County will receive \$20 per square foot in base tenant improvements (included in the rent) and \$75 in reimbursable tenant improvements to be repaid to the landlord in one lump sum (not to exceed \$230,925).</p> <p>Explanation: Funding for the proposed lease is included in the Fiscal Year 2019-2020 Rent Expense budget and will be billed back to the department.</p>		Total cost: \$1,036,189 rental costs over 108 months	Funding source: 100% funded from Fire District Funds
Total cost: \$1,036,189 rental costs over 108 months	Funding source: 100% funded from Fire District Funds			
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and adequately provide the necessary office space for the Fire department.			
BACKGROUND (include internal/external issues that may exist)	<p>The County of Los Angeles has leased the current location since March 1998. The lease is currently in holdover since February 1, 2016. No holdover penalty is associated with this lease.</p> <p>The proposed lease will provide office space for Fire's Prevention Services Bureau Administration (PSB), Headquarters and Forestry Division Administration (FDA) Headquarters. The proposed lease will allow PSB to relocate from the Klinger Center Headquarters Building to relieve overcrowding and also allow FDA to relocate from their existing location at 5815-5823 Rickenbacker Road in the City of Commerce to make room for their information Management Division.</p> <p>The Lessor is willing to provide sufficient tenant improvement funding to allow the Fire department to reconfigure the space to accommodate the new programs. The Lessor is providing the base tenant improvements at no cost to the County and additional reimbursable Tenant Improvement funds if needed for the repurposing of the premises</p>			
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: Michael Navarro CEO- Real Estate Division 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
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KATHRYN BARGER
Fifth District

January 21, 2020

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:

**NINE-YEAR LEASE
FIRE DEPARTMENT
1255 CORPORATE CENTER DRIVE, SUITE 328, MONTEREY PARK
(FIRST DISTRICT)
(3 VOTES)**

SUBJECT

Approval of a proposed nine-year lease to replace an existing lease to provide the Fire Department continued use of 3,079 rentable square feet of office space and 12 on-site parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease 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 with Omninet, LACC (Landlord), for approximately 3,079 square feet of office space, and 12 on-site parking spaces at 1255 Corporate Center Drive, Monterey Park to be occupied by the Fire Department. The estimated maximum first year rental cost is not to exceed \$97,913. The total rental cost payable to the Landlord under the proposed lease would not exceed \$1,036,189 over the nine-year term. The rental costs are 100 percent funded from Fire District funds, which are primarily sourced from County property tax revenues.

3. Authorize the Chief Executive Officer, or her designee, to reimburse Omninet, LACC up to \$230,925 for the County's tenant improvement (TI) contribution. The County's TI contribution will be paid in a lump sum payment. The total annual lease costs payable to the Landlord would not exceed \$1,267,114 over the nine-year term, which is comprised of the \$1,036,189 rental cost, and the \$230,925 maximum County's TI contribution.

4. Authorize the Fire Chief to contract with the Internal Services Department (ISD), for the acquisition and installation of telephone, data, and low-voltage systems at a cost not to exceed \$311,942 if paid in a lump sum (\$222,310 of equipment and \$89,632 of labor), or \$363,294 if the equipment only is financed over five years. The low-voltage amount is in addition to the rental costs and TI reimbursements payable to the Landlord.

5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease and to take other actions necessary and appropriate to implement and effectuate the terms of the proposed lease, including, without limitation, exercising early termination rights and/or any options to extend the proposed lease. The proposed lease will become effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County has leased these premises at 1255 Corporate Center Drive, Suite 328, Monterey Park, since March 1998, for use by the Fire Department (Fire). The County's lease has been on a month-to-month holdover basis since February 1, 2016, with no penalty, pending renewal of the lease.

On May 3, 2016, the Board approved a separate new lease in the same building, for 37,132 square feet. Fire's original plan was to vacate the existing Suite 328, occupied by Fire's Professional Performance Program, and relocate them into the new space. However, Fire decided to retain and backfill the existing Suite 328 by relocating the following two existing programs: the Prevention Services Bureau Administration (PSB), Headquarters and Forestry Division Administration (FDA) Headquarters. PSB will relocate from the Klinger Center Headquarters Building located at 1320 North Eastern Avenue, Los Angeles, to relieve overcrowding at Eastern Avenue. FDA will relocate from 5815-5823 Rickenbacker Road in the City of Commerce to make room for their Information Management Division. The proposed lease will allow Fire to consolidate several administrative functions, providing better continuity of operations, and use of ancillary space allocated to Fire at this location.

The Landlord will provide \$61,580 in base TI allowance and up to \$230,925 in additional TI allowances to redesign the premises to suit the needs of the two new programs moving into the existing Suite 328.

The existing facility adequately meets the space needs of Fire. The location is freeway accessible and will accommodate ten employees and visitors with sufficient parking.

Approval of the recommended actions will find that the proposed lease is exempt from CEQA and will allow Fire to consolidate operations at the subject facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal 3 of “Realize Tomorrow’s Government Today” 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 lease will support this goal by allowing Fire to consolidate their administrative programs in a centrally located facility that is situated within a one-mile proximity of their Headquarters’ office, to continue pursuing operational effectiveness, and increased productivity.

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

FISCAL IMPACT/FINANCING

The proposed lease will have the following financial impact:

- A nine-year, full service gross lease whereby the Landlord will be responsible for the operating and maintenance costs associated with the premises, including janitorial costs.
- The maximum first year rental cost is not-to-exceed \$97,913, or \$31.80 annually per square foot, including parking with annual rental adjustments based upon the Consumer Price Index (CPI), with a minimum of 2 percent per annum, and a maximum of 4 percent per annum.
- Total TI cost is estimated at \$292,505. The Landlord will provide a base TI allowance of \$61,580 or \$20 per square foot, as part of base rent.
- The Landlord will provide additional reimbursable TI dollars in the amount up to \$230,925 or \$75 per square foot, should the entire amount be expended, which the County will reimburse in a lump sum payment.
- The aggregate cost of the proposed lease over the nine-year term, including rent expense, TI reimbursement, and the low-voltage systems costs, would be approximately \$1,630,408.
- The low-voltage costs will be paid directly by Fire out of a separate budget.

Attachment B provides an overview of the total proposed lease costs.

Sufficient funding to cover the proposed rent, County TI costs, telephone, data, and low-voltage systems costs for the first year of the proposed lease costs is included in the Fiscal Year (FY) 2019-20 Rent Expense budget and will be billed back to Fire. Fire has sufficient funding in their FY 2019-20 operating budget to cover these costs for the first year. Beginning with FY 2020-21, ongoing funding for the proposed lease will be part of the budget for Fire. These costs are 100 percent funded from Fire District funds, which are primarily sourced from County property tax revenues.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In addition to the terms described herein, the proposed lease includes the following provisions:

- A cancellation provision that allows the County to terminate the proposed lease any time after the

96th month, with 270 days' notice and a cancellation penalty in the form of unamortized base TIs and broker fees.

- The proposed lease contains a holdover provision, wherein the prevailing lease terms will remain in effect with no holdover penalty. The County's tenancy will be terminable upon 90 days' notice from the Landlord.
- The proposed lease renewal will be effective upon approval by the Board.

The Chief Executive Office (CEO), conducted a survey within the project area to determine the availability of comparable office space options. The leasing agent was unable to identify any sites in the survey area that could accommodate this requirement more economically. This existing rent is under market for this area and the Landlord has been concerned about the holdover situation as he has not been able to earn market rent. Based upon a review of available industry data, we have established that the annual rental range for similar space including parking costs is between \$27 and \$33 per square foot on a full service gross basis. In comparison, the base rental rate of \$31.80 per square foot per year, full service gross, including parking, for the proposed lease represents a rate within the market range for the area.

There are no co-working space offices in the immediate area. The closest co-working offices are located approximately six miles away, with no parking included in their rates. Therefore, the co-working locations are less desirable in comparison to the proposed site. The subject premises are already co-located with other Fire programs. The current leased premises also provide operational efficiencies in allowing shared use of conference and training rooms located within the other County leased premises in the building. Fire finds the proposed premises the most suitable to meet their program needs, with some minor reconfiguration work needed for their occupancy.

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.

The Department of Public Works has previously inspected the facility and found it seismically suitable for County occupancy. Construction of the TIs will be completed in compliance with relevant building and construction codes, laws and regulations, including the Americans with Disabilities Act. A notification letter to the City of Monterey Park has been sent pursuant to Government Code Section 25351. County Counsel has reviewed the attached proposed lease and has approved it as to form.

The proposed lease will continue to provide a suitable office location for Fire's administrative programs, within close proximity to their Headquarters building, which is consistent with the County's facility location policy, as adopted by the Board of Supervisors on July 24, 2012, and further outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The proposed lease is exempt from CEQA. The proposed lease, which replaces the 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 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 lease will adequately provide the necessary office space for this County requirement. Fire concurs with the proposed lease 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:FC:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Fire
Internal Services

FIRE DEPARTMENT
1255 CORPORATE CENTER DRIVE, SUITE 328, MONTEREY PARK
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions?		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? ² No, ratio is approximately 308 square feet per person which includes reception area, conference room, lunch room, file room, storage/file room and server room.			X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline?		X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?		X		
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? The rental costs are 100% funded with Fire District funds.			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? The County already occupies a portion of the facility and a capital project was not considered.			X	
3.	<u>Portfolio Management</u>				
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? ² Department prefers to remain in the existing premises for programmatic reasons.			X	
D	Why was this program not co-located?				X
	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. ____ The Program is being co-located.				
E	Is lease a full service lease?		X		
F	Has growth projection been considered in space request?		X		
G	Has the Dept. of Public Works completed seismic review/approval? ¹		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

OVERVIEW OF THE PROPOSED LEASE COSTS

1255 Corporate Center Drive, Suite 328 Monterey Park	Existing Lease	Proposed Lease	Change
Area (Square Feet)	3,079 sq.ft.	3,079 sq.ft.	None
Term (years)	5- year + 1-year extension (terminated – 2016 month to month)	9 years	+3 years
Annual Base Rent ⁽¹⁾ (Base rent includes 12 parking spaces)	\$78,330 (\$25.44 per sq. ft. annually)	\$97,913 (\$31.80 per sq. ft. annually)	+\$19,583 annually
Annual TI Reimbursement	\$-0-	\$230,925 (County's TI Costs to be repaid lump sum in year 1) ⁽²⁾	\$230,925
Low-voltage	None	\$363,294	+\$363,294
Rental rate adjustment	Flat Rent	Annual CPI adjustments minimum 2 percent, capped at 4 percent per year.	Annual CPI minimum 2 percent, capped at 4 percent per year
Cancellation Provision	At any time, with 6 months' notice	After 8 years, with 270 days notice	Fixed first 8 years

- (1) The existing and proposed leases are both full service gross, with the landlord responsible for paying all costs associated with operations, building maintenance and repairs.
- (2) The proposed lease requires that the County repay all additional reimbursable TIs via lump sum.

OVERVIEW OF THE PROPOSED LEASE COSTS

1255 Corporate Center Drive, Suite 328
Fire Department

Leased Area	3,079	
Term	9 years	
Adjustment	CPI with minimum 2% and maximum 4%	
	Cost Per RSF Per Month (\$)	Cost Per RSF Per Year (\$)
	\$2.65	\$31.80
Tenant Improvement	Lump Sum	
	\$230,925	

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	Total 9 Year Rental Costs
Annual Base Rent Costs¹	97,913	101,829	105,902	110,138	114,544	119,126	123,891	128,846	134,000	1,036,189
Tenant Improvement Costs²	230,925	0	0	0	0	0	0	0		230,925
Total Paid to Landlord	328,838	101,829	105,902	110,138	114,544	119,126	123,891	128,846	134,000	1,267,114
Low Voltage Costs³	144,364	54,732	54,732	54,732	54,732					363,294
Total Lease Costs	473,202	156,561	160,634	164,870	169,276	119,126	123,891	128,846	134,000	1,630,408

¹ Base rent includes annual 4 percent increases (min 2%, max 4% over prior year's rent).

² Tenant Improvement costs will be paid via a lump sum payment.

³ Low Voltage Costs: Labor costs (\$89,632) must be paid via a lump sum payment in the first year. Equipment costs will be financed over 5 years at 8.5%. The first year labor and equipment costs will be \$144,364 (\$89,632 + \$54,732).

*Calculation note: All numbers are rounded up to ensure sufficient funds available to pay the specified expense.

**FIRE DEPARTMENT
SPACE SEARCH – 3 MILE RADIUS
1255 CORPORATE CENTER DRIVE, MONTEREY PARK**

LACO	Name	Address	Ownership Type	Gross SqFt	Net SQFT	Vacant
4526	Biscailuz - Administration Building	1060 N Eastern Ave Los Angeles 90063	Owned	16,571	11,428	None
4799	PW Central Yard - Division Administration	1525 Alcazar St. Los Angeles 90033	Owned	10,438	7,224	None
Y013	DPSS - Civic Center District/Grow Center Office	813 E 4th Pl Los Angeles 90013	Owned	39,956	20,447	None
6578	DPSS - Metro East AP District Office	2855 E Olympic Blvd Los Angeles 90023	Owned	63,066	28,398	None
5428	DPSS - Belvedere AP District Office	5445 E Whittier Blvd East Los Angeles 90022	Owned	70,493	48,888	None
5412	PH - Environmental Health Program	4801 E 3rd St. East Los Angeles 90022	Owned	14,848	10,741	None
4364	Probation - East Los Angeles Area Office	144 S Fetterly Ave, 4849 E Civic Center Way, Los Angeles 90022	Owned	15,584	10,705	None
5260	Coroner - Administration/ Investigations Build	1102 N Mission Rd Los Angeles 90033	Owned	22,479	14,251	None
X327	PRE-RELEASE CENTER AB109	200 W Woodward Ave Alhambra 91801	Owned	11,273	7,175	None
4231	Biscailuz - Training/Intelligence Facility	1060 N Eastern Ave Los Angeles 90063	Owned	1,660	1,372	None
5863	ISD - Administrative Headquarters	1100 N Eastern Ave Los Angeles 90063	Owned	80,309	58,578	None
5870	ISD - Eastern Ave Complex Telecom Branch Building	1110 N Eastern Ave Los Angeles 90063	Owned	37,742	28,876	None
4946	Med Center - Interns & Residents Building	2020 Zonal Ave Los Angeles 90033	Owned	142,448	79,494	None
0837	Med Center - Personnel Office Building	1200 N State St. Los Angeles 90033	Owned	2,980	1,761	None
0838	Med Center - Quality Assurance Utilization	1200 N State St. Los Angeles 90033	Owned	2,980	2,341	None
0808	Coroner - Public Services/Skeleton Store	1104 N Mission Rd Los Angeles 90033	Owned	18,651	11,430	None
A460	DHS - Ferguson Administrative Services Center	5555 Ferguson Drive City Of Commerce 90022	Owned	268,400	246,550	None
3542	Fire - Administrative Headquarters Building	1320 N Eastern Ave Los Angeles 90063	Owned	39,015	24,288	None
T509	Parks & Rec - Proposition A Field Office	4914 Cesar E Chavez Ave East Los Angeles 90022	Owned	540	424	None
C269	DPSS - Lincoln Heights WS District Office	4077 N Mission Rd Los Angeles 90032	Owned	26,000	18,575	None
T039	Sheriff - Eastern Complex Fleet Services Office	1104 N Eastern Ave Los Angeles 90063	Owned	1,548	1,428	None

FACILITY LOCATION POLICY ANALYSIS

Proposed lease renewal: Nine-year Lease agreement for the Fire Department – 1255 Corporate Center Drive, Suite 328, Monterey Park – First District.

A. Establish Service Function Category – Local administrative office near Fire's Headquarters.

B. Determination of the Service Area –The proposed lease will allow Fire to consolidate administrative functions in one building, within close proximity to Headquarters, to continue to provide better continuity of operations, and use of ancillary space.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Fire is most effective when locating administrative functions within close proximity to their Headquarters and consolidating administrative functions within one building. This location meets the service area criteria and remains in an appropriate area.
- Need for proximity to existing County facilities: Fire's Forestry Division and Prevention Services Bureau would be located within one mile of the Klinger Headquarters', and co-located with Fire Administrative functions, facilitating the sharing of facility resources.
- Need for proximity to Los Angeles Civic Center: N/A. The current site provides a central location, seven miles east of Downtown Los Angeles and is easily accessible by freeway, with access to public transportation.
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services including the City of Monterey Park Spirit Bus Line with a connection to the Metro Link station at California State University Los Angeles, and proximity to the Interstate 710 and 10 Freeways.
- 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: There is no space available in existing County-owned buildings to meet the Districts' service needs.

- Compatibility with local land use plans: The proposed use is consistent with the building's use, zoning, and not in conflict with the goals of the City of Monterey Park. The Department of Public Works inspected the facility and found it suitable for County occupancy. A notification letter has been sent pursuant to Government Code Section 25351.
- Estimated acquisition/construction and ongoing operational costs: The initial annual maximum costs associated with the proposed lease are \$473,202, which includes base rent of \$97,913, inclusive of parking, up to \$230,925 in additional TI costs, and \$144,364 in low-voltage costs. Rental costs for FIRE are 100 percent funded by District Funds.

D. Analyze results and identify location alternatives

Based upon the space and service needs of Fire, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based upon a review of available industry data, CEO has established that the annual rental range for similar space is between \$27.00 and \$33.00 per square foot per year on a full service gross basis, including parking. Therefore, the base annual rent of \$31.80 per square foot per year full service gross, including parking, for the proposed lease renewal, represents a rate within 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 agreement for Fire will continue to provide suitable office space for Fire's administrative programs, within close proximity to their Headquarters building, which is consistent with the County's Facility Location Policy, adopted by the Board of Supervisors on July 24, 2012. The lease renewal will allow Fire to consolidate several administrative functions, providing better continuity of operations, and use of ancillary space. The cost of comparable sites were within the range of price per square foot, however a move to another location would require additional TIs that would probably further increase overall costs.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

**COUNTY OF LOS ANGELES
(FIRE DEPARTMENT)**

Tenant

and

**OMNINET LACC TUCSON, LLC,
a Delaware limited liability company,**

**OMNINET LACC VALENCIA, LLC,
a Delaware limited liability company,**

**OMNINET LACC, LLC,
a Delaware limited liability company, as tenants in common**

Landlord

**1255 Corporate Center Drive
Suite 328
Monterey Park, CA**

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EXHIBITS

- Exhibit A – Floor Plan of the Premises
- Exhibit B – Legal Description of the Property
- Exhibit C – Commencement Date memorandum and Confirmation of Lease Terms
- Exhibit D – Heating, Ventilation, and Air Conditioning Standards
- Exhibit E – Cleaning and Maintenance Schedule

LANDLORD'S WORK LETTER

- Addendum A – Base Building Improvements
- Addendum B – Tenant Improvements
- Addendum C – Form of Budget
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SUPPLEMENTAL LEASE DOCUMENTS:

- | | |
|---------------|---|
| Document I: | Subordination, Non-disturbance and Attornment Agreement |
| Document II: | Tenant Estoppel Certificate |
| Document III: | Community Business Enterprises Form |
| Document IV: | Memorandum of Lease Terms |
| Document V | Request for Notice |

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

THIS LEASE ("Lease") is entered into as of the ____ day of _____, 20____ between **OMNINET LACC TUCSON LLC**, a Delaware limited liability company, **OMNINET LACC VALENCIA, LLC** a Delaware limited liability company, and **OMNINET LACC, LLC** a Delaware limited liability company, as tenants in common (collectively "**Landlord**"), and **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Tenant**").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1. Terms

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

a. Landlord's Address for Notice:	Omninet LACC, LLC 9420 Wilshire Blvd., 4th Floor Beverly Hills, CA 90212 Attn: Michael Danielpour
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With a copy to:

Omninet Property Management, Inc.

9420 Wilshire Blvd., 4th Floor
Beverly Hills, CA 90212
Attn: Operations

All Rent shall be delivered to:

Omninet LACC, LLC
9420 Wilshire Blvd., 4th Floor
Beverly Hills, CA 90212
Attn: Accounts Receivable

b. Tenant's Address for Notice:	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street
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Los Angeles, California 90012

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0926

- c. Premises: Approximately 3,079 rentable square feet in the Building (defined below) as shown on **Exhibit A** attached hereto.
- d. Building: The Building located at 1255 Corporate Center Drive, Monterey Park, which is currently assessed by the County Assessor as APN 5237-024-017 & 5237-024-059 and described more particularly in **Exhibit B** attached hereto (the "**Property**").
- e. Term: Nine (9) years commencing on the Commencement Date" and terminating at midnight on the day before the Ninth (9th) anniversary of the Commencement Date ("**Termination Date**"), subject to Tenant's early termination right set forth in Section 4.4 below. The phrase "**Term of this Lease**" or "**the Term hereof**" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which as option has been validly exercised.
- f. Commencement Date: Upon the mutual execution of this Lease by Landlord and Tenant.
- g. Irrevocable Offer Expiration Date: June 1, 2019
- h. Base Rent: \$8,159.35 per month (which is based upon a rental rate of \$2.65 dollars per

- square foot (adjustable only as provided in Section 2.2 hereof.)
- i. Early Termination Tenant may cancel at or any time after the last day of the ninety-sixth (96th) full calendar month following the Commencement Date of the original Term, with two hundred and seventy (270) days' advance written notice to the Landlord (the delivery date of such notice shall hereafter be referred to as the "**Early Termination Notice Date**").
 - j. Rentable Square Feet in the Premises: 3,079 (adjustable only as provided in Section 2.2 hereof).
 - k. Use: The Premises together with all appurtenances belonging to, or in any wise appertaining, shall be used as governmental office space or for other government purposes during normal working hours, after normal working hours, and on weekends and holidays.
 - l. Initial Departmental Use: General governmental office use for the Fire Department.
 - m. Parking Spaces: 12 spaces (4 /1000 parking ratio) located onsite as defined in Section 21.
 - n. Normal Working Hours: 7:00 a.m. to 6:00 p.m. Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day and Thanksgiving Day, Christmas Day (on the days such holidays are generally observed), and such other holidays as are generally recognized by the County of Los Angeles, California.
 - o. Asbestos Report: A report dated February 16, 2016 prepared by Omega Environmental Services, Inc., a licensed California Asbestos contractor.
 - p. Disabled Access Survey Not Applicable.

- | | |
|-------------------|--|
| q. Seismic Report | A report dated November 30, 2015 prepared by the Department of Public Works. |
|-------------------|--|

1.2. Defined Terms Relating to Landlord's Work Letter

- | | |
|--|--|
| a. Base Tenant Improvement Allowance: | \$61,580 (which is based on \$20 per rentable square foot). |
| b. Additional Tenant Improvement Allowance: | \$230,925 (which is based on \$75 per rentable square foot). |
| c. Maximum Change Order Allowance: | Not Applicable |
| d. Additional Tenant Improvement and Change Order Amortization Rate: | Not Applicable |
| e. Base Rent Reduction: | Not Applicable. |
| f. Tenant's Work Letter Representative: | Farron Chavarria or an assigned staff person of the Chief Executive Office Real Estate Division. |
| g. Landlord's Work Letter Representative: | Don Carp and/or as assignment staff person of the Landlord. |
| h. Landlord's Address for Work Letter Notice: | Omninet LACC, LLC

9420 Wilshire Blvd, Suite 400
Beverly Hills, CA 90212
Attention: Construction |
| i. Tenant's Address for Work Letter Notice: | Board of Supervisors
Kenneth Hahn Hall of Administration
Room 383
500 West Temple Street
Los Angeles, California 90012 |

With a copy to:

Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0926

1.3. Exhibits to Lease:

(Executed concurrently with
this Lease and incorporated
herein by this reference):

Exhibit A - Floor Plan of Premises
Exhibit B - Legal Description of Property
Exhibit C - Commencement Date
Memorandum and
Confirmation of Lease Terms
Exhibit D - HVAC Standards
Exhibit E - Cleaning and Maintenance
Schedule

1.4. Landlord's Work Letter:

(Executed concurrently with
this Lease and incorporated
herein by this reference):

Landlord's Work Letter
Addendum A: Base Building
Improvements
Addendum B: Tenant Improvements
Addendum C: Memorandum of Tenant
Improvements Cost

1.5. Supplemental Lease
Documents:

(Delivered to Landlord and
incorporated herein by this
reference):

Document I: Subordination, Non-
Disturbance and
Attornment Agreement
Document II: Tenant Estoppel
Certificate
Document III: Community Business
Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES

2.1. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and **Exhibit A** attached hereto. Tenant hereby acknowledges and agrees that Tenant occupies the Premises as of the date of this Lease.

2.2. Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("**Board of Supervisors**") to field-measure and verify the exact footage of the Premises and/or the Building All measurements shall be taken in accordance with the methods of measuring rentable/gross and usable (net) area as described in the Standard Method for Measuring

Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("**BOMA**") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Base Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this Subsection 2.2 Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS

Tenant may use the following areas ("**Common Areas**") in common with Landlord and other Tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all Tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1. Term

The Term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days following the date of the mutual execution and delivery of this Lease Agreement, Landlord and Tenant shall acknowledge in writing such date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as **Exhibit C**. Tenant hereby acknowledges that it currently occupies the Premises and agrees, subject to Landlord's performance of the Tenant Improvements described in **Landlord's Work Letter**, incorporated herewith, to the satisfaction of Tenant, to continue to lease the Premises in its presently existing "as is" condition.

4.2. Intentionally Omitted

4.3. Possession; No Constructive Eviction.

Tenant hereby acknowledges and agrees that it currently occupies the Premises. Notwithstanding any contrary provision in this Lease or in Landlord's Work

Letter, Landlord shall be permitted to construct the improvements described in Landlord's Work Letter (for purposes of this paragraph such work is hereinafter the "**Improvements**") during Tenant's occupancy of the Premises, during normal business hours, without any obligation to pay overtime or other premiums. Tenant hereby agrees that the performance of the Improvements shall in no way constitute a constructive eviction of Tenant or entitle Tenant to any abatement of rent payable pursuant to the Lease. Landlord shall have no responsibility for, or for any reason be liable to, Tenant for any direct or indirect injury to or interference with Tenant's business arising from the performance of the Improvements, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the performance of the Improvements or Landlord's or Landlord's contractor's or agent's actions in connection with the performance of the Improvements, or for any inconvenience or annoyance occasioned by the performance of the Improvements or Landlord's or Landlord's contractor's or agent's actions in connection with the performance of the Improvements. Tenant hereby agrees to use its best efforts to cooperate with Landlord in connection with the performance of the Improvements including, without limitation, moving any furniture, fixtures, equipment and other property which Landlord or its contractor may request be moved. Notwithstanding the foregoing, Landlord shall use its commercially reasonable efforts to perform the Improvements in a manner so as to minimize unreasonable interference with Tenant's business at the Premises.

4.4. Early Termination

Tenant shall have the right to terminate this lease at any time after the Early Termination Notice Date, as defined in Section 1.1(i), by giving Landlord not less than 120 days prior written notice ("**Termination Notice**") executed by the Chief Executive Officer of Tenant. The effective date of such termination as set forth in such Termination Notice is hereinafter referred to as the "**Termination Effective Date**". Tenant shall pay to Landlord the Termination Fee (defined below) within sixty (60) days after the Termination Effective Date. The "**Termination Fee**" shall mean the unamortized Leasing Costs (defined below) as of the Termination Effective Date, based upon an amortization period from the Commencement Date until the Termination Date, with interest accruing on said unamortized Leasing Costs at eight percent (8%) per annum. The term "**Leasing Costs**" shall mean the sum of (A) the Base Tenant Improvement Allowance, and (B) the brokerage commissions paid by Landlord in connection with this Lease. In the event that Tenant timely exercises the termination option set forth in this Section 4.4, the Term of the Lease shall terminate effective as of the Termination Effective Date. Base Rent and all other monetary obligations under this Lease shall be paid through and apportioned as of the Termination Effective Date, and neither Landlord nor Tenant shall have any rights, liabilities or obligations accruing under this Lease after the Termination Effective Date, except for such rights, liabilities and obligations which, by the terms of this Lease, are obligations of the Tenant or Landlord which expressly survive the expiration or earlier termination of this Lease. The termination option set forth in this Section 4.4 shall be personal to the original Tenant named in this Lease (and shall not be available to any assignee, sublessee or other transferee), and, except to the extent expressly set forth in

section 4.5 (c), such termination option (and the applicable Termination Fee) shall be applicable during the initial Term only and not any extension or renewal thereof.

4.5. Option(s) to Renew

(a) Terms of Options. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two (2) options (individually and collectively the "**Option**") to renew this Lease for an additional period of five (5) years each (each, an "**Extension Term**").

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by:

(i) giving Landlord written notice of its intention to do so by Chief Executive Office letter (its "**Notice of Intent**") which shall be no later than 120 days and no earlier than three hundred sixty-five (365) days prior to the end of the initial Term or the first Extension Term, as the case may be. The actual option shall only be by the Board of Supervisors of the County of Los Angeles.

(ii) after Market Rental Value has been determined as provided below, and after the County has given written notice of its election to exercise such option as stated in Section 4.5 (b) above, It is understood that Tenant may only exercise its option by the approval of the Board of Supervisors. If the Board of Supervisors has not approved the exercise of such option prior to ninety (90) days after the expiration of the Term of this Lease as then in effect, Tenant shall be deemed to be in holdover as provided in this Lease.

(c) Terms and Conditions of the Extension Term. Each Extension Term shall be on all the terms and conditions of this Lease, except that Base Rent for the first year of each Extension Term shall be adjusted to equal the Market Rental Value for the Premises as of the commencement date of the applicable Extension Term ("**Adjusted Market Rental Value**") and shall be determined as set forth below. The Base Rent payable during each Extension Term shall increase on each annual anniversary of the commencement date of the applicable Extension Term by applying the CPI Formula set forth in Section 5.1 below. Tenant shall have the right to terminate the Lease at anytime after the forty-eighth (48th) month of the extension Term by giving Landlord not less than one-hundred twenty (120) days prior written notice by Chief Executive Officer letter. The Termination Fee applicable to the extension Term shall be calculated in the same manner as the Termination Fee applicable to the initial Term and, accordingly, the applicable terms and conditions of Section 4.4 above shall apply (modified as needed to take into account the extension Term as opposed to the initial Term).

(d) Agreement on Base Rent. Landlord and Tenant shall have ninety (90) days after Landlord receives the Notice of Intent (for the applicable Extension Term) in which to agree on the Base Rent payable for the applicable Extension Term.

(e) Market Rental Value. The term "**Market Rental Value**" shall be the rental rate that comparable Premises in the Building and in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, as determined jointly by Landlord and Tenant. For purposes hereof, the term "**Comparable Premises**" shall mean premises in the Building similar in size and location to the Premises and premises in the market in which the Premises is located which premises are similar in size and location to the Premises,

in each case, excluding any improvements installed by Tenant in the Premises. In determining the Market Rental Value, appropriate consideration shall be given to Tenant's credit worthiness, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity tenants for comparable premises (which comparable premises is located in the Building and in the market in which the Premises is located) for general office use or a comparable period of time, the annual rental rates per square foot, the standard of measurement by which the rentable square footage is measured, the fact that Tenant is not obligated to pay Tenant's share of operating expenses or taxes allocable to the Building in connection with this Lease (and whether tenants of comparable transactions are required to pay such operating expenses and taxes pursuant thereto), parking rights, signage rights, length of lease term, size and location of the premises being leased and other general applicable conditions of tenancy for such comparable transactions; provided, however, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to extend the Lease Term, or the fact that landlords (of buildings located in the market in which the Premises is located) are or are not paying real estate brokerage commissions in connection with such comparable space, and (ii) any period of rental abatement, if any, granted to tenants in comparable transactions (which comparable transactions are in the Building and in the market in which the Building is located) in connection with the design, permitting and construction of tenant improvements in such comparable spaces.

(f) Opinion. Landlord shall submit its opinion of Market Rental Value to Tenant within fifteen (15) days after Landlord's receipt of the Notice of Intent and Tenant shall respond thereto within ten (10) days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, such Market Rental Value shall be used to determine Base Rent for the first year of the applicable Extension Term) or (b) submitting Tenant's opinion of Market Rental Value for the applicable Extension Term. If Landlord and Tenant cannot agree upon the Market Rental Value of the Premises for the applicable Extension Term within fifteen (15) days thereafter, then Landlord and Tenant within five (5) days shall each submit to each other their final written statement of Market Rental Value for the applicable Extension Term ("**Final Statement**"). Within ten (10) days thereafter Landlord and Tenant shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Landlord and Tenant agree, a certified property manager with ten (10) years' experience) who will determine whether Landlord's or Tenant's Final Statement of Market Rental Value for the applicable Extension Term is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, Tenant may apply to the Presiding Judge of the Superior Court for Los Angeles County, requesting said Judge to appoint the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement of Market Rental Value shall be the Market Rental Value used in determining the Base Rent payable for the first year of the first Extension Term or the first year of the Second Extension Term, as the case may be. The fees and expenses of the appraiser shall be borne equally by Landlord and Tenant. The appraiser appointed or selected pursuant to this Section shall have at least ten (10) years' experience appraising commercial properties in Los Angeles County.

(g) Amendment of Lease. Immediately after the Board of Supervisors approves the exercise of any option granted pursuant to this Section 4.5, and such option is exercised,

Landlord and Tenant shall execute an amendment to this Lease setting forth the new Base Rent in effect for the first year of each Extension Term.

5. RENT

Commencing as of the Commencement Date, Tenant shall pay Landlord the Base Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "**County**") prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month.

5.1 Rent Adjustment.

(a) CPI. Commencing as of the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "**Adjustment Date**") and on every anniversary of the Adjustment Date thereafter, the monthly Base Rent shall be adjusted by applying the CPI Formula set forth below. The "**Base Index**" shall be the Index published for the month in which the Lease commences.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Long Beach-Anaheim area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "**CPI Formula**" means the Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month in which the Commencement Date occurs. If the Index is changed so that the Index differs from that used as of the Commencement Date of this Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) Illustration of Formula. The formula for determining the annual increases of the monthly Base Rent shall be determined as follows:

First Anniversary's Calculation:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$8,159.35 \text{ (Base Rent)} = \text{Monthly Rent}$$

Each Anniversary Thereafter:

$$\frac{\text{New Index}}{\text{Prior Year's Index}} \times \text{Prior Year's Adjusted Monthly Rent} = \text{Monthly Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase less than two percent (2%) or greater than four percent (4%) per year of the prior year's Base Rent. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

(e) Option Rent Adjustment. In the event the Option is exercised, the Base Rent payable for the first year of the each Extension Term shall be the Adjusted Market Rental Value as determined in accordance with the terms and conditions set forth in Section 4.5 above and on each annual anniversary of the commencement date of each Extension Term, the Base Rent payable by Tenant will be readjusted per the same terms and conditions set forth this Section 5.1.

6. USES

The Premises are to be used only for the uses set forth in **Section 1** and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION

9.1. Damage

In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the

Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than two hundred and ten (210) days, then Landlord shall promptly, at Landlord's expense, repair such damage to the extent of insurance proceeds received and this Lease shall continue in full force and effect. Tenant shall not be liable to Landlord for any deficient insurance proceeds. If all or any portion of the Premises shall be made unusable or otherwise untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises usable again using standard working methods. The failure to do so shall be a material default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

9.2. Tenant Termination Right

In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

9.3. Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case:

- a. Landlord shall have no obligation to restore the Premises;
- b. Landlord may retain all insurance proceeds relating to such destruction, and;
- c. This Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

9.4. Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may:

- a. Declare a default hereunder or
- b. Perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Base Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

10.1. Landlord Representations

Landlord represents to Tenant that:

- a. Subject to the disclosures made in and any contrary statements set forth in the Asbestos Report and the other property condition reports provided by Landlord to Tenant prior to the mutual execution of this Lease, as of the date hereof the Premises, the Building and all Common Areas (including electrical, heating, ventilating, and air conditioning ("**HVAC**"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition;
- b. The Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirement; and
- c. The Premises, Building and Common Areas are free of the presence of Hazardous Materials (as hereinafter defined) and
- d. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- e. Based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report), Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by applicable law and provide Tenant with an updated Asbestos Report from a licensed California Asbestos contractor to that effect.

10.2. Landlord Obligations

- a. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed.

- i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra-building network cable;
- ii. mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building
- iii. the Common Areas;
- iv. exterior windows of the Building;
- v. elevators serving the Building; and
- vi. Fire/life safety systems serving the Building.

b. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. During the Term, Landlord shall, at Landlord's sole cost and expense, perform the following repairs to the Premises:

- i. Replace carpet as needed, but not less often than after five years of use;
- ii. Repair interior partitions;
- iii. Repair interior doors;
- iv. Repair interior side of demising walls and repaint such walls as needed, but not less often than every five years;
- v. Repair signage;
- vi. Repair emergency exit signage and egress battery replacement.

10.3. Tenant Obligations

Without limiting Landlord's Obligations, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- a. be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed,
- b. be at least equal in quality, value and utility to the original work or installation, and
- c. be in accordance with all laws.

10.4. Tenant's Right to Repair

- a. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure

and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than seven (7) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

b. Tenant, at its sole option, acting through its CEO, may request that Landlord perform, supply and administer any repairs, replacement or services that are the responsibility of Tenant hereunder and, in such event, Tenant shall reimburse Landlord the costs of such services within thirty (30) days after receipt of an invoice and supporting documentation.

11. SERVICES AND UTILITIES

11.1. Services. Landlord shall furnish and pay for the following services and utilities to the Premises.

a. Heating, Ventilation and Air Conditioning (HVAC)

I. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in **Exhibit D** attached hereto.

II. Any HVAC provided to the Premises after Normal Working Hours shall be provided at the rate of \$60 per hour, per zone to compensate Landlord for wear and tear of the HVAC system providing such HVAC to the Premises after Normal Working Hours. Landlord agrees that such after Normal Working Hours HVAC rate shall not increase during the initial Term, as the same may be extended.

b. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven

(7) watts of electric current (connected load) per square foot of Rentable/gross Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

c. Elevators

Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

d. Water

Landlord shall make available warm and cold water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

e. Janitorial

Landlord at its sole cost and expense shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in **Exhibit E** attached hereto.

f. Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building and Force Majeure (as defined in Section 35 below).

g. Pest Control

Landlord, at its sole cost and expense, shall provide pest control services to the Premises by a reputable pest control service provider in accordance with the terms and conditions set forth in **Section 7(c)** of **Exhibit E** attached hereto.

11.2. Utilities

a. Common Area. Landlord agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any governmental authority, all water, sprinkler standby charges, electricity, gas, heating payable with respect to the Common Areas. In addition, Landlord shall pay all Common Area power and lighting arising or accruing during the Term. If Landlord shall fail or refuse to pay any or all of the

above-stated charges when due, Tenant may deliver to Landlord thirty (30) days prior written notice and, if such amounts are not paid by Landlord within such period, Tenant may thereafter pay directly such charges and deduct an amount equal to such payments from Base Rent next due and payable under this Lease.

b. Premises. Landlord agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any governmental authority, all water, sprinkler standby charges, electricity, gas, heating payable with respect to the Premises.

12. TAXES

Landlord shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises or Building during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Tenant may, at its sole discretion, give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of Base Rent next due and payable under this Lease.

13. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Base Rent shall be prorated based upon the percentage of the Premises or Building rendered unusable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

14. TENANT DEFAULT

14.1. Default

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant ("**Tenant Default**"):

a. the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

b. the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the

default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

14.2. Termination

Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

14.3. No Effect on Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

15. LANDLORD DEFAULT

15.1. Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.3, 19 and 20.2, Landlord shall be in default ("**Landlord Default**") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within ten (10) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.3); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such ten (10) day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- a. to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- b. to pursue the remedy of specific performance;
- c. to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or

d. to terminate this Lease.

15.2. Waiver

Notwithstanding the foregoing cure period, Tenant may, after delivering to Landlord notice to the extent commercially reasonably possible under the circumstances, cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the health and safety of Tenant's contractors, agents, employees or guests in the Premises.

15.3 Limitation on Liability. Notwithstanding anything to the contrary set forth in this Lease, Landlord, its managers, officers, directors, contractors, agents and employees ("Landlord Parties"), shall not, except to the extent of damage caused by Landlord's gross negligence or willful misconduct, be liable for injury to Tenant's business, or loss of income, loss of opportunity or loss of goodwill therefrom, or any consequential, punitive, special or exemplary damages, however occurring. Without limiting the foregoing, Landlord and the Landlord Parties shall not be liable for any claims, losses, liabilities or damages that may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or contractors, or any other person in, on or about the Premises directly or indirectly caused by or resulting from any cause whatsoever, including, but not limited to, fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, light fixtures, or mechanical or electrical systems, or from intrabuilding cabling or wiring, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Building or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord and the Landlord Parties shall not be liable to Tenant for any claims, losses, liabilities or damages arising from any willful or negligent action or inaction of any other tenant of the Project. The obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, members, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, members, directors, officers or shareholders of Landlord or any of its personal assets for satisfaction of any liability in respect to this Lease.

16. ASSIGNMENT AND SUBLETTING

Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises after first obtaining Landlord's prior consent, which consent shall not be unreasonably withheld; provided, however, that no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

17. ALTERATIONS AND ADDITIONS

17.1. Landlord Consent

Tenant 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 Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- a. complies with all Laws;
- b. is not visible from the exterior of the Premises or Building;
- c. will not materially affect the systems or structure of the Building; and
- d. does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

If Landlord fails to respond in writing within thirty (30) days of such request, then Tenant shall deliver to Landlord a second written request for Landlord's consent to the proposed Alteration. If Landlord fails to respond to such second written request within ten (10) days after its receipt thereof, then Landlord shall be deemed to approve the Alterations described in such consent request.

17.2. End of Term

Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

18. CONDEMNATION

18.1. Controlling Terms

If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "**Condemnation**" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "**Condemnor**" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

18.2. Total Taking

If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "**Date of Taking**").

18.3. Partial Taking

If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "**Determination Date**"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated.

18.4. Restoration

Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5. Award

The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "**Award**" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

18.6. Waiver of Statute

Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

19. INDEMNIFICATION

19.1. Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees

19.2. Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorney' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors licensees, agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to Labor Code section 3864.

20. LANDLORD'S INSURANCE:

20.1. During the term of this Lease, the following insurance requirements will be in effect.

a. During the term of this Lease, the following insurance requirements will be in effect.

b. WAIVER. Both the Tenant and the Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

c. GENERAL INSURANCE PROVISIONS – LANDLORD REQUIREMENTS

i. Subject to the waiver(s) of subrogation and limitation on Landlord's liability set forth in this Lease, during the Term of this Lease, Landlord shall provide and

maintain at its own expense insurance coverage satisfying the requirements specified in Section 20.1(c)(ii) of this Lease (the "Required Insurance"). Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

ii. Landlord Requirements: During the term of this Lease, Landlord shall provide and maintain the following programs of insurance coverage:

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

General Aggregate:	\$ 5 million
Products/Completed Operations Aggregate:	\$ 5 million
Personal and Advertising Injury:	\$ 3 million
Each Occurrence:	\$ 3 million

Notwithstanding any contrary provision contained in this Lease, Landlord shall be permitted to maintain the types and amounts of insurance required herein pursuant to an umbrella or excess liability policy or policies of insurance.

iii. Evidence of Coverage and Notice to Tenant

1. Certificate(s) of insurance coverage (Certificate), and a copy of an Additional Insured endorsement confirming Tenant has been given Insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below within fifteen (15) business days of the start day of this Lease.

2. Renewal Certificates shall be provided to Tenant prior to the expiration of such certificates.

3. Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Landlord identified in the Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, and confirm that Tenant has been given Insured status under the Landlord's General Liability policy.

4. Neither the Tenant's failure to obtain, nor the Tenant's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Landlord, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

5. Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Property Management

6. Landlord also shall promptly notify Tenant of any third- party claim or suit filed against Tenant which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Landlord and/or Tenant.

iv. Additional Insured Status and Scope of Coverage. Tenant, which is the County of Los Angeles, shall be provided additional insured status under Landlord's General Liability policy. The full policy limits and scope of protection also shall apply to Tenant as an additional insured, even if they exceed the Tenant's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

v. Cancellation of or Changes in Insurance. Landlord shall provide Tenant with, or Landlord's insurance policies shall contain a provision that the Tenant 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 the Tenant in advance of cancellation for non-payment of premium or for any other cancellation or any change of the Required Insurance below the minimum amounts set forth in Section 20.1(c)(ii) above. Failure to provide written notice of such cancellation or change of the Required Insurance below the minimum amounts set forth in Section 20.1(c)(ii) above may constitute a material breach of this Lease, in Tenant's reasonable discretion, upon which Tenant shall have the right to suspend or termination this Lease. Landlord's failure to maintain or provide commercially reasonable evidence that Landlord maintains the Required Insurance may constitute a material breach of this Lease.

vi. Insurer Financial Ratings. Insurance is to be provided by an insurance company authorized to do business in California with an A.M. Best rating of not less than A:VII, unless otherwise approved by Tenant, which approval shall not be unreasonably withheld.

vii. Tenant's Insurance Shall Be Primary. Tenant's insurance policies shall be primary with respect to any claims related to the Premises. Landlord's policies shall be secondary and non-contributing with respect to any claims related to the Premises. Landlord's insurance policies shall be primary with respect to any claims related to the common areas of the Property. Tenant's policies shall be secondary and non-contributing with respect to any claims related to the common areas of the Property.

viii. Per Occurrence Coverage. Required Insurance shall be maintained by Landlord on a per occurrence basis. If any part of the Required Insurance is written

on a claims made basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees that it shall maintain such claims made coverage for a period of not less than the earlier to occur of (i) three (3) years following Lease expiration, termination or cancellation or (ii) the date of Landlord's sale of the Building.

ix. Application of Excess Liability Coverage. Landlord 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.

x. 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.

xi. Deductibles and Self-Insured Retentions ("SIRs"). Landlord's insurance policies shall not obligate Tenant to pay any portion of any SIR.

xii. Waiver of Subrogation. Landlord and Tenant each agree to require their respective insurers issuing all-risks property insurance required in this Lease to waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against Landlord and Landlord hereby waives any right that Landlord may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such all-risks policies.

20.2 TENANT'S INSURANCE COVERAGE TYPES AND LIMITS

A. Tenant Requirements: During the Term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance. Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

B. Commercial General Liability Insurance providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 3 million
Products/Completed Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 2 million
Each Occurrence:	\$ 2 million

C. Commercial Property Insurance. Landlord's insurance shall provide coverage for all of Landlord's owned business personal property, all of Tenant's property and any improvements and betterments which are located within the Premises and used by Tenant; this coverage shall be at least as broad as that provided by the Causes-of-

Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage be written for the full replacement cost of the property, with a deductible no greater than \$250,000 or 5% of the property value, whichever is less. Insurance proceeds shall be payable to Tenant and Landlord as their interests may appear.

D. Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant, and if Tenant shall satisfy its insurance requirements hereunder by a policy of third party insurance (as opposed to self-insurance), Tenant shall obtain a written waiver of subrogation from such third party provider. During the period in which Tenant shall self-insure its insurance obligations under this Lease, such waiver of subrogation shall apply with respect to such self-insurance. Neither Landlord nor Tenant shall be liable to the other for any damage caused by fire or any of the risks insured under any insurance policy required by this Lease.

21. PARKING

21.1. Tenant's Rights

Tenant shall have the right to the number of unreserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

21.2. Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under **Section 14** and **Sections 9 and 17** in the event of casualty or condemnation) Tenant may:

a. terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or

b. Deduct from the Base Rent thereafter accruing hereunder an amount each month equal to the Base Rent times the percentage of Parking Spaces not so provided times 1.5, but such deduction from Base Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

22. ENVIRONMENTAL MATTERS

22.1. Hazardous Materials

a. Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensee, contractor, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "**Hazardous Materials**" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "**Refrigerant Recycling Rule**," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "**Environmental Laws**" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

b. In the event of (I) Landlord receives written notice of the presence of Hazardous Materials in the Premises or the Building in violation of applicable law during the Term, which Hazardous Materials were present in the Premises or Building prior to the Commencement Date, or (II) the release of Hazardous Materials within the Building or the Premises in violation of applicable law by Landlord or any of Landlord's agents, employees or contractors (and specifically excluding, however, any Hazardous Materials released, transported, generated or used by Tenant, or Tenant's agents, employees, invitees, successors or assigns) after the Commencement Date, then Landlord shall (A) commence within a reasonable time frame (considering the nature and urgency of the situation) after Landlord receives written notice of such breach or discovery and verifies

the accuracy of such claim, a removal, containment or other encapsulation program relating to the breach in question to the extent required by applicable law in order to comply with applicable law, (B) diligently prosecute such program to completion, and (C) indemnify, defend and hold Tenant harmless -from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of Landlord's breach or default under this Section 22.1(b). The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

c. Landlord agrees to indemnify, defend and save Tenant, its agents, officers and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever (subject to the limitations set forth in this Lease), judgments, causes of action, damage, penalties, fines and related taxes thereon which arise out of the presence of Hazardous Materials on the Premises which has been caused by Landlord or Landlord's agents. This indemnity shall include the cost of any required or necessary repair, clean up or detoxification, and the preparation and implementation of any closure, monitoring, or other required plans, as such action is required by local or state laws or any applicable governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or Premises in violation of applicable laws. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or earlier termination of this Lease. A default by Landlord under this paragraph shall constitute a material default under this Lease.

d. Tenant agrees to indemnify, defend and save harmless Landlord, its agents, officers and employees from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Materials on the Premises caused by Tenant or Tenant's agents.

e. The indemnity provided each party by this provision shall survive the termination of this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS

Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

25. LIENS

Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES

26.1. Subordination and Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a commercially reasonable written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith, as modified by Tenant and Landlord's then-current lender to include such terms and conditions as may reasonably be agreed upon, and provided further that no such subordination shall affect any option to extend the Term of this Lease, or right of first offer to lease additional premises, if any.

26.2. Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

26.3. Request for Notice

Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

26.4. Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but

without liability for failure to do so) to give such mortgagee a copy of any Notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such default.

27. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "**broom-clean**" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE

Subject to Landlord's reasonable prior written approval, Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances and Building standards, at Tenant's expense.

29. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

30. GENERAL

30.1. Headings

Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

30.2. Successors and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

30.3. Brokers

Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or

agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within thirty (30) days after the execution of this Lease, an amount equal to 50% of the Commissions (defined below). As used herein, "**Commission**" shall mean two percent (2%) of Base Rent payable by Tenant under this Lease for the first sixty (60) months of the Term and, with respect to the remaining forty-eight (48) months of the Term, "**Commission**" shall mean one percent (1%) of Base Rent payable by Tenant under this Lease. Landlord shall provide Tenant with a commission schedule and copy of the applicable listing agreement with a third party broker representing Landlord in connection with this Lease, if any.

30.4. Entire Agreement

This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

30.5. Severability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

30.6. Notices

All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

30.7. Governing Law and Forum

This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

30.8. Waivers

No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

30.9. Time of Essence

Time is of the essence for the performance of all of the obligations specified hereunder.

30.10. Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

30.11. Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

30.12. Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

31. AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall

not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "**Chief Executive Officer**") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1. Consideration of GAIN Program Participants

Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("**GAIN**") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

32.2. Solicitation of Consideration

It is improper for any County officer employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County Manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Landlord's submission being eliminated from consideration.

32.3. Landlord Assignment

a. Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

b. Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, other than an assignment of this Lease in connection with the sale of the Building or Property to an independent third party purchaser, is hereafter referred to as a **"Security Agreement."** Any Security Agreement which is executed without full compliance with the requirements of this Section 32.3 shall, at Tenant's option, be void.

c. Each assignee or transferee under the Security Agreement shall certify in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing and Landlord shall have the right to sell the Property to an independent third party purchaser and assign Landlord's interest in this Lease on account of the sale of the Property. However, Landlord may not encumber the Property through any type of bond financing (excluding, collateralized mortgage backed securities).

d. Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity other than purchasers, lenders, and prospective purchasers and lenders, and all of their legal representatives or brokers on a need to know basis, except with County's prior written consent.

e. The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

f. Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would

be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

g. Notwithstanding any contrary provision contained in this Lease, Landlord shall have the right, at any time and from time to time, without notice to Tenant, to refinance the Building or transfer Landlord's right, title and interest in and to the Building without Tenant's consent.

33. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

34. FORCE MAJEURE

Except for the payment of monetary amounts, and notwithstanding any other provisions of this Lease, in the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war, delay in the issuance of building permits or other required approvals by governmental authorities (provided the party responsible for obtaining such permits or approvals is diligently pursuing the issuance thereof) or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay.

[Signatures on the following page.]

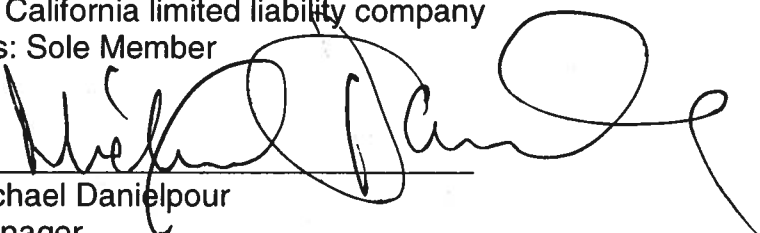
IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

**OMNINET LACC TUCSON, LLC a Delaware limited liability company,
OMNINET LACC VALENCIA, LLC, a Delaware limited liability company, and
OMNINET LACC, LLC, a Delaware limited liability company, as tenants in common**

By: Omninet LACC, LLC,
A Delaware limited liability company
Its. Designated Representative

By: Omninet Investment LACC, LLC
A California limited liability company
Its: Sole Member

By: 
Michael Danielpour
Manager

TENANT:

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

ATTEST:

SACHI A. HAMAI
Chief Executive Officer

DEAN C. LOGAN
Registrar-Recorder/County-Clerk

By: _____
Deputy

By: _____
DEAN LEHMAN
Senior Manager, Real Estate Division

APPROVED AS TO FORM

MARY C. WICKHAM
County Counsel

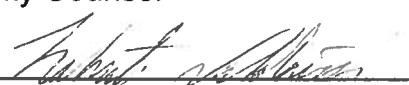
By: 
Deputy

EXHIBIT A
FLOOR PLAN OF THE PREMISES

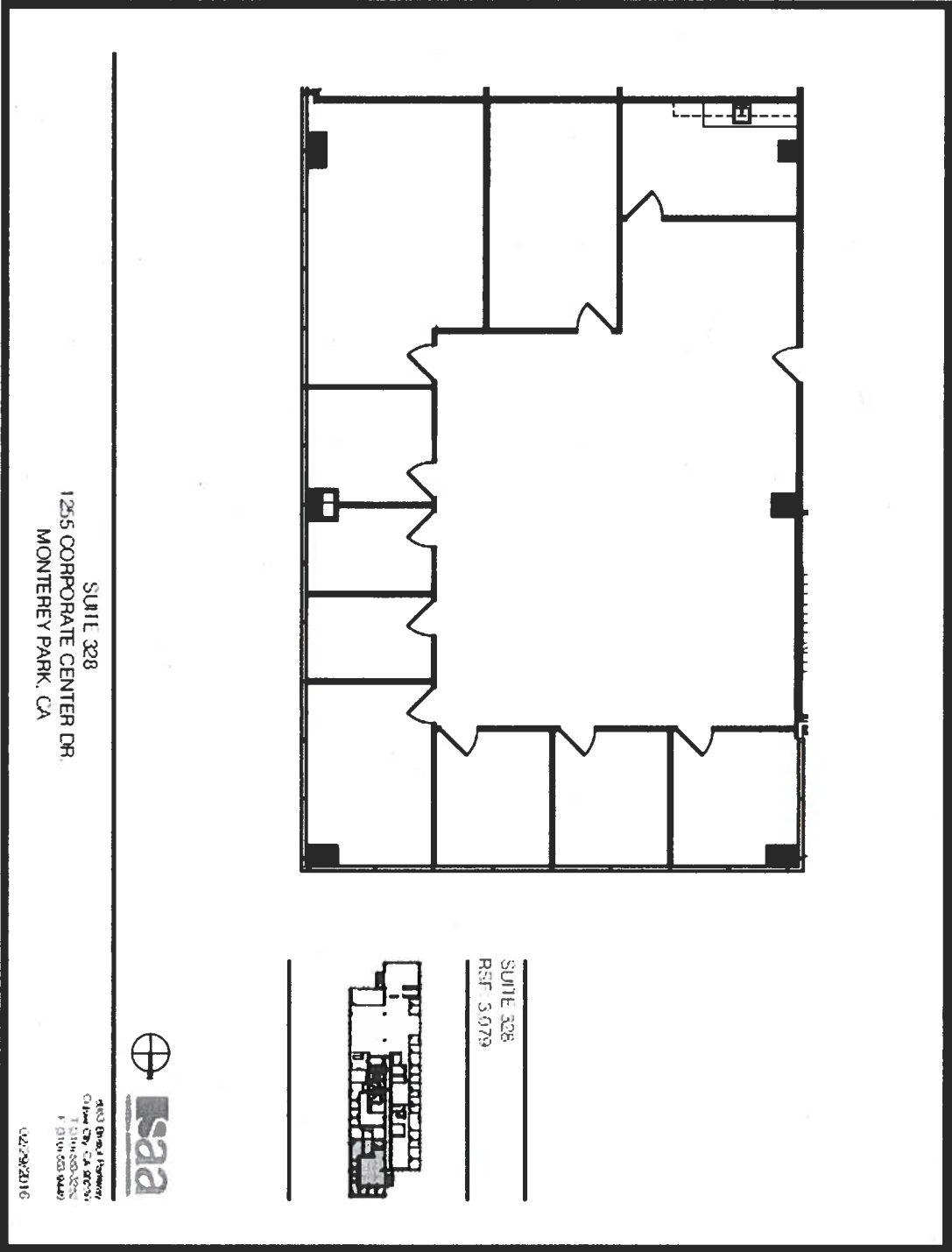


EXHIBIT B

LEGAL DESCRIPTION OF PREMISES

ASSESSOR PARCEL NUMBERS 5237-024-017 & 5237-024-059

PARCEL C:

LOT 18 OF TRACT 42611, IN THE CITY OF MONTEREY PARK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1012 PAGES 21 TO 27 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT A STRIP OF LAND 10 FEET IN WIDTH, THE NORTHWESTERLY LINE OF SAID STRIP BEING THAT CERTAIN COURSE IN THE NORTHEASTERLY BOUNDARY OF SAID LOT 18 HAVING A BEARING AND DISTANCE OF NORTH 65° 04' 00" WEST 438.07 FEET, AS DESCRIBED IN A DOCUMENT RECORDED OCTOBER 25, 1984 AS INSTRUMENT NO. 84-1275478.

ALSO EXCEPT ALL OIL, ASPHALTUM, PETROLEUM, AND NATURAL GAS, TAR OR OTHER HYDROCARBON SUBSTANCES AND PRODUCTS, FROM UNDER OR UPON THE SAID LANDS, WITH THE RIGHT TO REMOVE AND STORE AND SELL SUCH SUBSTANCES AND PRODUCTS THEREFROM, TOGETHER WITH ALL RIGHTS FOR THE PURPOSE OF MINING, EXCAVATING, BORING, DRILLING, SINKING OR OTHERWISE COLLECTING AND DEVELOPING SAID MINERAL SUBSTANCES AND THE RIGHT TO DEVELOP, STORE AND USE WATER FOR SUCH OPERATIONS AND DEVELOPMENT, AS RESERVED IN DEED FROM HUNTINGTON LAND AND IMPROVEMENT COMPANY, A CALIFORNIA CORPORATION, RECORDED OCTOBER 25, 1918 IN BOOK 6707 PAGE 300 OF DEEDS, ALL OF WHICH RIGHTS WERE LIMITED TO THAT PORTION LYING BELOW A DEPTH OF 500 FEET, MEASURED FROM THE SURFACE OF SAID LAND, BY DEED EXECUTED BY SECURITY PACIFIC NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, SUCCESSOR BY MERGER TO SECURITY FIRST NATIONAL BANK OF LOS ANGELES, AS TRUSTEE UNDER THE WILL OF HENRY E. HUNTINGTON, DECEASED, (TRUST NO. 2-018442-0), RECORDED DECEMBER 17, 1980 AS INSTRUMENT NO. 80-1264035, FROM UNDER OR UPON THAT PORTION OF SAID LAND LYING WITHIN A PORTION OF THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 12 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 32, SAID POINT BEING 466.52 FEET EASTERLY OF THE NORTHWEST CORNER OF SAID SECTION 32; THENCE SOUTHERLY ALONG A LINE PARALLEL WITH THE WESTERLY LINE OF SAID SECTION 32, 500 FEET TO A POINT; THENCE EASTERLY ALONG A LINE PARALLEL WITH THE NORTHERLY LINE OF SAID SECTION 32 TO ITS INTERSECTION WITH THE EASTERLY LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32; THENCE NORTHERLY ALONG SAID EASTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32, 500 FEET TO THE NORTHERLY LINE OF SAID SECTION; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID SECTION TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM ALL GAS, OIL AND OTHER HYDROCARBON SUBSTANCES AND ALL OTHER MINERALS IN AND FROM THE LAND DESCRIBED IN DEED MENTIONED HEREAFTER, PROVIDED, HOWEVER, NO RIGHT IS RESERVED TO ENTER ON OR FROM THE SURFACE OF SAID LAND, THE RIGHT TO ENTER THE SUBSURFACE OF SAID PROPERTY, WHICH IS ALSO RESERVED SHALL BE AT ANY POINT BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF (MEASURED VERTICALLY FROM THE SURFACE THEREOF) IN ORDER TO TAKE FROM SAID LAND AND REDUCE TO POSSESSION ANY OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL OTHER MINERALS, AS EXCEPTED AND RESERVED BY CLARA HELLMAN HELLER, A WIDOW, ET AL., IN DEED TO BOBWILL BUILDING CO., A CORPORATION, RECORDED SEPTEMBER 13, 1955 AS INSTRUMENT NO. 2398 IN BOOK 48924 PAGE 346, OFFICIAL RECORDS.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("**Lease**") dated _____, 20 __, between County of Los Angeles, a body corporate and politic ("**Tenant**"), and OMNINET LACC TUCSON LLC, a Delaware limited liability company, OMNINET LACC VALENCIA, LLC a Delaware limited liability company, and OMNINET LACC, LLC, a Delaware limited liability company, as tenants in common (collectively "**Landlord**"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("**Premises**"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("**Possession Date**").
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("**Commencement Date**").
- 4) The Premises contain 3,079 rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments:

- 1) Base Rent per month is _____.
- 2) The Base Index Month is _____.
- 3) The Base Index is _____.
- 4) The New Index Month is _____.

IN WITNESS WHEREOF, this memorandum is executed this __ day of _____, 20__.

---Signatures on next page---

LANDLORD:

OMNINET LACC TUCSON, LLC, a Delaware limited liability company,
OMNINET LACC VALENCIA, LLC, a Delaware limited liability company, and
OMNINET LACC, LLC, a Delaware limited liability company, as tenants in common

By: Omninet LACC, LLC,
a Delaware limited liability company
Its: Designated Representative

By: Omninet Investment LACC, LLC,
A California limited liability company
Its: Sole Member

By: _____
Michael Danielpour
Manager

TENANT:

COUNTY OF LOS ANGELES, a body corporate and politic

By: _____

Name: _____

ITS: _____

EXHIBIT D

HEATING, VENTILATION AND AIR CONTITIONING

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable/net square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

1. **DAILY** (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Emergency exit signage and egress battery replacement (if applicable)
- K. Graffiti expunged as needed within two working days after notice by Tenant
- L. Floors washed as needed.
- M. Kitchen/lunchroom/restroom supplies replenished including paper supplies, and soap.
- N. Exclusive day porter service from ____ to ____ (if provided by contract).

2. **WEEKLY**

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. **MONTHLY**

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. **QUARTERLY**

- A. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed, excluding any separate HVAC unit exclusively serving the Premises.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.
- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Interior and exterior pest control inspections and remediation frequency is to be mutually and reasonably determined by Landlord and Tenant.
- D. Carpets to be cleaned as needed, as mutually and reasonably agreed upon by Landlord and Tenant, using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer.
- E. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence").
- F. All HVAC ducts cleaned as needed.

8. GENERAL

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

BOARD LETTER/MEMO – FACT SHEET OPERATIONS CLUSTER

OPS CLUSTER AGENDA REVIEW DATE	1/8/2020	
BOARD MEETING	1/21/2020	
SUPERVISORIAL DISTRICT AFFECTED	ALL SUPERVISORIAL DISTRICTS	
DEPARTMENT	Public Health	
SUBJECT	APPROVAL OF MASTER AGREEMENTS FOR AS-NEEDED COMMUNITY ENGAGEMENT AND RELATED SERVICES EFFECTIVE UPON DATE OF EXECUTION FOR THE PERIOD FEBRUARY 1, 2020 THROUGH JANUARY 31, 2028	
PROGRAM	Office of Planning	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	None	
COST & FUNDING	Total cost: \$ Varies based on MAWO	Funding source: Each County department will fund its own MAWO
	TERMS (if applicable):	
	Explanation:	
PURPOSE OF REQUEST	Enables County Departments to have a pre-qualified pool of vendors to provide community engagement services. This requires deep familiarity with local issues to be effective. Better communication and partnerships via these services can lead to cooperation and improved trust between community members and the County government.	
BACKGROUND (include internal/external issues that may exist)	<ul style="list-style-type: none"> Establishing master agreements with pre-qualified vendors to provide as-needed community engagement and related services will simplify the solicitation and contracting process for departments county-wide that require these specialized services. Approval of the recommendations will enable the departments to perform at a more efficient and effective level and work more collaboratively with our communities. Department of Public Health (DPH) will be responsible for the administration of these master agreements for all county departments. Each county department will issue its own work order solicitation to all qualified vendors. It will administer and monitor the Master Agreement Work Orders (MAWOs) resulting from its solicitations. DPH will provide consultation and technical assistance to both DPH programs and County departments that utilize these master agreements. 	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> DPH Director Government Affairs - Lauren Dunning (213) 288-7107 LDunning@ph.lacounty.gov, Emily Issa, County Counsel (213) 974-1827 Elssa@counsel.lacounty.gov 	



BARBARA FERRER, Ph.D., M.P.H., M.Ed.
Director

MUNTU DAVIS, M.D., M.P.H.
County Health Officer

313 North Figueroa Street, Room 806
Los Angeles, California 90012
TEL (213) 288-8117 • FAX (213) 975-1273

www.publichealth.lacounty.gov

BOARD OF SUPERVISORS

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

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Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Draft

January 21, 2020

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:

**APPROVAL OF MASTER AGREEMENTS FOR AS-NEEDED COMMUNITY
ENGAGEMENT AND RELATED SERVICES EFFECTIVE UPON DATE OF
EXECUTION FOR THE PERIOD FEBRUARY 1, 2020 THROUGH JANUARY 31, 2028
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

SUBJECT

Request approval to execute Community Engagement and Related Services Master Agreements with qualified vendors and delegated authority to execute Master Agreement Work Orders and/or amendments to provide as-needed community engagement and related services countywide.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Director of the Department of Public Health (DPH), or designee, to execute Master Agreements, substantially similar to Exhibit I, with each of the 61 qualified vendors listed in Attachment A, for the provision of community engagement and related services, effective upon execution for the period February 1, 2020 through January 31, 2028, with an option to extend thereafter for two additional one-year terms through January 31, 2030.
2. Delegate authority to the Director of DPH, or designee, to execute additional Master Agreements during the ensuing period with additional qualified vendors that submit a Statement of Qualifications (SOQ) which meets all of the requirements as outlined in the Request for Statement of Qualifications (RFSQ) for As-needed Community Engagement and Related Services released on July 23, 2019, subject to review and

approval by County Counsel, Chief Executive Office (CEO) Risk Management, if applicable, and notification to your Board and the CEO.

3. Delegate authority to the Director of DPH, or designee, to execute amendments to the Master Agreements to add additional service categories/types as a result of submitting an additional SOQ that meets the requirements as outlined in the RFSQ, or new service categories/types, effective upon date of execution, subject to review and approval by County Counsel.
4. Delegate authority to the Director of DPH, or designee, to execute amendments to the Master Agreements that extend the term, if a Master Agreement Work Order (MAWO) executed prior to the expiration of the Master Agreement has an expiration date later than the Master Agreement expiration date, subject to review and approval by County Counsel.
5. Delegate authority to the Directors of County departments, or their designees, to execute competitively solicited MAWOs for services performed under the Master Agreements subject to the following criteria: a) if a Work Order Solicitation (WOS) results in a MAWO that is \$299,999 or less annually, upon County Counsel review and approval, the respective department will notify your Board of the MAWO; and b) if a WOS results in a MAWO that is \$300,000 or more annually, the respective department will return to your Board for approval. Annually, DPH will provide your Board, the CEO, and County Counsel a listing of all approved vendors, executed MAWOs, the total amount awarded to each vendor, as well as the total cumulative amount awarded to each vendor.
6. Delegate authority to the Directors of County departments, or their designees, to execute amendments to MAWOs that extend the MAWO term up to two additional periods at similar funding amounts; allow a no-cost adjustment for a period of up to six months beyond the expiration date; allow the rollover of unspent MAWO funds; provide an internal reallocation of funds between budgets up to 10 percent of each term's annual base maximum obligation; and/or provide an increase or decrease in funding up to 10 percent above or below each terms' annual base maximum obligation, effective upon amendment execution, and make corresponding service adjustments, as necessary, subject to review and approval by County Counsel, and notification to your Board and the CEO.
7. Delegate authority to the Directors of County departments, or their designees, to execute change notices to MAWOs that authorize modifications to or within budget categories within each budget, and corresponding service adjustments, as necessary; changes to hours of operation and/or service locations; and/or changes to the MAWO's terms and conditions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of Recommendation 1 will allow DPH to execute Master Agreements with qualified vendors that meet the minimum mandatory qualifications of the RFSQ,

including three years of experience within the last five years providing any of the services in the following six categories or serving as fiscal sponsor for other organizations to provide these services: 1) Community Outreach/Engagement; 2) Managing Multi-Stakeholder Collaboration; 3) Community-Based Communication Strategies; 4) Meeting Facilitation; 5) Strategic Planning, and 6) Community Engagement Training. These Master Agreements will enable County departments to have a pool of pre-qualified vendors to provide a variety of as-needed community engagement and related services. Community engagement processes can be complex and labor-intensive, often requiring deep familiarity with local issues to be effective. It is vital for community engagement to be conducted in the preferred language of the populations the County is serving. In addition, these Master Agreements also create a pool of vendors that can serve as fiscal sponsors to community groups, giving them the opportunity to conduct outreach directly to residents. This is vital since some of these organizations may not be able to meet the administrative requirements of County contracts but are trusted by community members and therefore uniquely qualified to perform community engagement and related services.

Approval of Recommendations 2, 3, and 4 will allow DPH to execute Master Agreements with additional qualified vendors during the ensuing period and expand the pool of qualified vendors seamlessly, without interruption, to meet the needs of County departments; amend the Master Agreements to add community engagement and related service categories/types consistent with the RFSQ; and exercise the option to extend the term of each Master Agreement.

Approval of Recommendations 5 and 6 will allow County departments to execute MAWOs for services under the Master Agreements and execute amendments to the MAWOs to extend the MAWO term up to two additional periods given that MAWO terms may vary in length and expiration date; adjust the term at no-cost for a period of up to six months beyond the expiration date of the MAWO; rollover unspent funds; internally reallocate funds between budgets up to 10 percent of the annual base maximum obligation; and/or increase or decrease funding up to 10 percent above or below the annual base maximum obligation, effective upon amendment execution, and make corresponding service adjustments, as necessary. This recommended action will enable County Departments to amend the MAWO to adjust the term for a period of up to six months beyond the expiration date. Such amendments will only be executed if and when there is an unanticipated extension of the term of the applicable grant funding to allow additional time to complete services and utilize grant funding. This authority is being requested to enhance County's efforts to expeditiously maximize grant revenue, consistent with Board Policy 4.070: Full Utilization of Grant funds.

Approval of Recommendation 7 will allow County Departments to execute change notices to MAWOs that authorize modifications to or within budget categories within each budget, and corresponding service adjustments, as necessary; changes to hours of operation and/or service locations; and/or change to the MAWO's term and conditions.

Implementation of Strategic Plan Goals

The recommended actions support Strategy III.4, Engage and Share Information with our Customers, Communities and Partners, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Utilizing the Master Agreements, County departments will be able to release WOSs to the pool of qualified vendors to provide community engagement and related services on an as-needed basis. Funding, as well as the funding source, for each MAWO will vary depending upon the services to be provided, the term of the MAWO, and the availability of funding.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 2019, DPH issued a new RFSQ to secure a pool of qualified vendors and enable County departments to obtain community engagement and related services through new Master Agreements on an as-needed basis.

DPH will be responsible for the administration of the Master Agreements, which will provide a pool of pre-qualified vendors that have demonstrated relevant experience and capacity to provide one or more community engagement and related services or serve as fiscal sponsor for another organization to provide the services. The recommended Master Agreements include all the current Board-mandated provisions and each of the vendors has agreed to all of the terms therein. Approval of the Master Agreement does not guarantee a contractor any minimum amount of business. The County only incurs an obligation as individual MAWOs are issued.

As needed, each County department will issue its own WOS to all qualified vendors with a Master Agreement for the required community engagement services. Each WOS shall include a Statement of Work and/or Scope of Work describing in detail the particular project and work required for the performance thereof, guidance on WOS responsive pricing, submission requirements, and selection criteria. Each County department will administer and monitor the MAWOs resulting from its solicitations.

Exhibit I is the Master Agreement reviewed and approved by County Counsel. Attachment A is the list of recommended contractors. Attachment B is the contracting opportunity announcement posted on the County website. Attachment C is the Community Business Enterprise Information Summary for the recommended vendors.

CONTRACTING PROCESS

On July 23, 2019, DPH released a RFSQ for as-needed community engagement and related services for the following categories: 1) Community Outreach/Engagement; 2) Managing Multi-Stakeholder Collaboration; 3) Community-Based Communication Strategies; 4) Meeting Facilitation; 5) Strategic Planning, and 6) Community Engagement Training with an initial deadline of September 4, 2019 to submit a SOQ. Under the RFSQ, vendors are allowed to submit a SOQ after the initial deadline and those SOQs

received after the initial deadline will be considered for review at the convenience of the County.

The contracting opportunity announcement was posted on the County of Los Angeles Online website, on DPH's Contracts and Grants website (Attachment B), and an announcement was sent by electronic mail to notify 300 agencies affiliated with DPH and other County departments that provide community engagement or similar services. In an effort to reach a wider pool of vendors including community based organizations and small businesses, DPH posted the solicitation announcement on social media sites such as Facebook, Instagram, and Twitter. The DPH Tobacco Control and Prevention Program also sent the RFSQ announcement by electronic mail to all of its coalition members and additionally, the Los Angeles County Department of Consumer and Business Affairs sent the RFSQ announcement to its small business listserv, with over one thousand recipients.

By September 4, 2019, the initial SOQ submission deadline, 69 vendors submitted SOQs in response to the RFSQ. Subsequently, five additional vendors submitted a SOQ. As per the RFSQ, DPH conducted a review of all 74 SOQs. Of the 74 SOQs, 15 were seeking qualification as both service provider and fiscal sponsor, 58 as service provider, and one as fiscal sponsor. Of the 15 submitted for both, three were disqualified. Of the 58 submitted as service provider, nine were disqualified. The one submitted as fiscal sponsor was also disqualified. The 13 disqualified SOQs were deemed non-responsive to the RFSQ upon determination that they did not meet the minimum mandatory qualifications and/or the financial capability requirements as a service provider and/or fiscal sponsor. Three vendors requested a Disqualification Review. Subject matter experts from DPH conducted the disqualification reviews and determination letters affirming the disqualifications were sent to the vendors. The remaining sixty-one vendors were determined to be qualified as a service provider and/or as a fiscal sponsor in any of the services in the six categories. Standard assessments were conducted by subject matter experts of the vendor's financial statements. Of the 61 qualified vendors, 15 will require a performance security prior to the award of a work order, pursuant to RFSQ subsection 3.1.2, Vendor's Qualifications. DPH is recommending that your Board approve execution of the recommended 61 Master Agreements.

In accordance with the solicitation process, the RFSQ will remain open throughout the duration of the Master Agreement term, allowing new SOQs to be submitted. Additional qualified vendors will be offered a Master Agreement if it serves the best interest of the County.

Community Based Enterprise Program information as reported by the recommended vendors is identified in Attachment C. The vendors were selected without regard to gender, race, creed, color, or national origin for award of a Master Agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Honorable Board of Supervisors

January 21, 2020

Page 6

Establishment of Master Agreements with pre-qualified vendors to provide as-needed community engagement and related services will simplify the solicitation and contracting process countywide. Approval of the recommendations will enable the County departments to perform more efficient and effective community engagement and increase collaboration with our communities.

Respectfully submitted,

Barbara Ferrer, Ph.D., M.P.H., M.Ed.
Director

BF:jl
BL#05036

Enclosures

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors

Qualified Vendors Recommended for Community Engagement and Related Services Master Agreements

	VENDOR NAME	Service Provider	Fiscal Sponsor
1	Allison & Partners LLC	X	
2	Antelope Valley Partners for Health	X	
3	Asian Americans Advancing Justice - Los Angeles	X	
4	Asian Youth Center	X	
5	Avalon-Carver Community Center	X	
6	California Black Womens Health Project	X	
7	California Hispanic Commission on Alcohol and Drug Abuse, Inc.	X	
8	causeIMPACTS	X	
9	Children's Bureau of Southern California	X	
10	City Fabrick	X	
11	City of Long Beach Department of Health and Human Services	X	
12	Common Sense Directives	X	
13	Community Development Technologies Center	X	
14	Community Health Councils, Inc.	X	X
15	Community Partners	X	X
16	Constant and Associates, Inc.	X	
17	Dakota Communications, LLC	X	
18	Day One	X	
19	Divinity Prophet and Associates	X	X
20	Esperanza Community Housing Corporation	X	
21	Estolano Advisors	X	
22	GreatNonprofits	X	
23	Harder+Company Community Research	X	
24	Health Management Associates, Inc.	X	
25	Inner City Visions	X	
26	Instituto de Educacion Popular del Sur de California	X	
27	James Rojas DBA Place It!	X	
28	Korean American Family Services, Inc.	X	
29	Koreatown Youth and Community Center, Inc.	X	
30	Lee Andrews Group	X	
31	Liberty Hill Foundation	X	
32	Los Angeles County - University of Southern California Medical Center Foundation, Inc.	X	X
33	Los Angeles County Bicycle Coalition	X	
34	Los Angeles Education Partnership	X	
35	Los Angeles LGBT Center	X	
36	Los Angeles Neighborhood Initiative	X	
37	MEE Productions Inc.	X	
38	Neighborhood Legal Services of Los Angeles County	X	
39	NPO Solutions	X	
40	Para Los Ninos	X	X
41	Proyecto Pastoral	X	
42	Public Matters, LLC	X	
43	Pueblo y Salud, Inc.	X	

Qualified Vendors Recommended for Community Engagement and Related Services Master Agreements

44	Rescue Agency Public Benefit LLC	X	
45	Resource Development Associates, Inc.	X	
46	S. Groner Associates	X	
47	SAJE	X	
48	San Fernando Valley Partnerships, Inc.	X	
49	Sequoia Foundation	X	
50	Social Justice Learning Institute	X	
51	South Bay Center for Counseling	X	
52	Southern California Center for Nonprofit Management	X	
53	Special Service for Groups, Inc.	X	
54	Stratiscope, Inc.	X	
55	The Community Action League	X	
56	The GRYD Foundation	X	
57	The Wall Las Memorias Project	X	
58	The Whole Child - Mental Health & Housing Services	X	
59	TreePeople, Inc.	X	
60	Vision y Compromiso	X	X
61	VMA Communications, Inc.	X	



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⊕ Solicitation Detail

Solicitation Number:	2019-004		
Title:	RFSQ for Community Engagement and Related Services		
Department:	Department of Public Health		
Bid Type:	Service	Bid Amount:	N/A
Commodity:	CONSULTING SERVICE-COMMUNITY DEVELOPMENT		
Description:	County of Los Angeles, Department of Public Health is issuing a Request for Statement of Qualifications (RFSQ) to sol		
Open Day:	7/23/2019	Close Date:	9/4/2019 4:00:00 PM
Contact Name:	Janet Lee	Contact Phone:	() -
Contact Email:	janlee@ph.lacounty.gov		
Last Changed On:	7/24/2019 1:40:47 PM		
Attachment File (2) :	⊕ Click here to download attachment files.		


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**COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY**

FIRM / ORGANIZATION INFORMATION		Allison & Partners, LLC	Antelope Valley Partners for Health	Asian Americans Advancing Justice- Los Angeles	Asian Youth Center	Avelon-Carver Community Center	California Black Womens Health Project	California Hispanic Commission on Alcohol and Drug Abuse, Inc.	causellMPACTS	Children's Bureau of Southern California	City Fabrick
Total Number of Employees in Firm		273	91	91	63	22	3	80	3	447	8
Business Structure		Corporation	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Other	Non-Profit	Non-Profit
Owner/Partner/Associate Partners											
Black/African American		0	0	0	2	0	0	0	0	0	1
Hispanic/Latin American		0	0	0	2	0	0	4	0	0	1
Asian or Pacific Islander		0	0	0	12	0	0	0	0	0	1
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		10	0	0	3	0	0	0	1	0	0
Unspecified		0	0	0	0	0	0	0	0	0	5
Total		10	0	0	19	0	0	4	1	0	8
Female (should be included in counts above and also reported here separately)		4	0	0	6	0	0	3	1	0	4
Managers											
Black/African American		1	3	0	2	5	2	0	0	8	0
Hispanic/Latin American		0	12	0	7	1	0	6	0	33	0
Asian or Pacific Islander		2	0	17	5	0	0	0	0	6	0
American Indian		0	0	0	0	0	0	1	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		20	10	0	0	0	0	0	0	32	0
Unspecified		0	0	0	2	1	0	1	1	0	1
Total		23	25	17	16	7	2	8	1	79	1
Female (should be included in counts above and also reported here separately)		6	23	15	11	3	2	5	1	64	0
Staff											
Black/African American		7	8	1	6	7	1	0	0	36	0
Hispanic/Latin American		20	44	60	24	7	0	62	0	305	2
Asian or Pacific Islander		24	0	0	13	1	0	4	0	24	3
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		1	2	0	2	0	0	0	0	0	0
White		188	11	2	2	0	0	2	1	15	2
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		240	65	63	47	15	1	68	1	380	8
Female (should be included in counts above and also reported here separately)		196	62	49	33	5	1	47	1	334	4
Percentage of Ownership											
Black/African American		0	0	0	0	0	0	0	0	0	12.5
Hispanic/Latin American		0	0	0	0	0	0	0	0	0	12.5
Asian or Pacific Islander		0	0	0	0	0	0	0	0	0	12.5
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		100	0	0	0	0	0	0	100	0	62.5
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		100%	0%	0%	0%	0%	0%	0%	100%	0%	100%
Female (should be included in counts above and also reported here separately)		0%	0%	0%	0%	0%	0%	0%	100%	0%	50%
Current Certification as Minority, Women, Disadvantaged, and Disabled Veteran Business Enterprise											
Minority											
Women									X		
Disadvantaged									X		
Disabled Veteran											
Other											
County Certification											
Local Small Business Enterprise											
Social Enterprise											
Disabled Veteran Business Enterprise											
Other Certifying Agency											

Figures are based on information provided by Proposers in their proposals

**COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY**

FIRM / ORGANIZATION INFORMATION	City of Long Beach Department of Health and Human Services	Common Sense Directives	Community Development Technologies Center	Community Health Councils, Inc.	Community Partners	Constant and Associates, Inc.	Dakota Communications, LLC	Day One	Divinity Prophet and Associates	Esperanza Community Housing Corporation
Total Number of Employees in Firm	327	1	10	20	675	10	9	20	14	30
Business Structure	Other	Corporation	Non-Profit	Non-Profit	Non-Profit	Corporation	Other	Non-Profit	Corporation	Non-Profit
Owners/Partner/Associate Partners										
Black/African American	0	0	0	2	0	0	1	0	2	0
Hispanic/Latin American	0	0	1	2	0	0	0	0	0	0
Asian or Pacific Islander	0	0	0	0	0	0	0	0	0	0
American Indian	0	0	0	0	0	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0
White	0	1	0	1	0	1	1	0	0	0
Unspecified	0	0	0	0	0	0	0	0	0	0
Total	0	1	1	5	0	1	2	0	2	0
Female (should be included in counts above and also reported here separately).	0	0	0	4	0	1	0	0	1	0
Managers										
Black/African American	5	1	1	2	24	1	1	0	2	2
Hispanic/Latin American	2	0	2	2	52	0	1	3	0	6
Asian or Pacific Islander	4	0	0	1	19	0	1	0	0	2
American Indian	0	0	0	0	1	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0
White	9	0	1	0	104	2	1	1	1	2
Unspecified	0	0	0	0	0	0	0	0	0	0
Total	20	1	4	5	200	3	4	4	3	13
Female (should be included in counts above and also reported here separately).	18	0	4	4	138	0	3	4	3	10
Staff										
Black/African American	33	0	4	3	58	0	1	1	5	0
Hispanic/Latin American	95	0	1	5	190	0	0	14	2	17
Asian or Pacific Islander	54	0	0	1	55	1	0	0	0	0
American Indian	0	0	0	0	7	0	0	2	0	0
Filipino	0	0	0	0	2	0	0	0	0	0
White	32	0	0	1	165	5	1	0	2	0
Unspecified	0	0	0	0	0	0	0	0	0	0
Total	214	0	5	10	477	6	2	17	9	17
Female (should be included in counts above and also reported here separately).	165	0	2	6	301	4	1	8	7	13
Percentage of Ownership										
Black/African American	0	0	40	20	0	0	51	0	100	0
Hispanic/Latin American	0	0	50	40	0	0	0	0	0	0
Asian or Pacific Islander	0	0	0	0	0	0	0	0	0	0
American Indian	0	0	0	0	0	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0
White	100	0	10	20	0	100	49	0	0	0
Unspecified	0	0	0	0	0	0	0	0	0	0
Total	100%	0%	100%	100%	0%	100%	100%	0%	100%	0%
Female (should be included in counts above and also reported here separately).	100%	0%	40%	60%	0%	100%	0%	0%	50%	0%
Current Certification as Minority, Women,										
Minority							X	X		
Women						X		X		
Disadvantaged						X	X			
Disabled/Veteran										
Other										
County Certification										
Local Small Business Enterprise										
Social Enterprise										
Disabled Veteran Business Enterprise										
Other Certifying Agency										

Figures are based on information provided by Proposers in their proposals.

**COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY**

FIRM / ORGANIZATION INFORMATION		Esteliano Advisors	GreatNonprofits	Harder+Company Community Research	Health Management Associates, Inc.	Inner City Visions	Instituto de Educacion Popular del Sur de California	James Rojas DBA Place It	Korean American Family Services, Inc.	Koreatown Youth and Community Center, Inc.	Lee Andrews Group
Total Number of Employees in Firm		16	9	42	279	4	15	1	42	123	47
Business Structure		Corporation	Non-Profit	Corporation	Corporation	Non-Profit	Non-Profit	Sole Proprietorship	Non-Profit	Non-Profit	Non-Profit
Owners/Partner/Associate Partners											
Black/African American		0	1	0	0	0	0	0	0	1	0
Hispanic/Latin American		1	2	0	0	0	0	1	0	1	1
Asian or Pacific Islander		0	0	0	0	0	0	0	0	14	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		0	8	2	0	0	0	0	0	0	0
Unspecified		0	0	0	0	0	0	0	0	1	0
Total		1	11	2	0	0	0	1	0	17	1
Female (should be included in counts above and also reported here separately).		1	4	1	0	0	0	0	0	6	1
Managers											
Black/African American		1	0	0	0	0	0	0	0	1	1
Hispanic/Latin American		2	0	2	0	1	4	0	0	1	5
Asian or Pacific Islander		3	1	1	0	0	0	0	9	10	2
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		0	1	8	18	0	0	0	0	0	0
Unspecified		0	0	0	0	0	0	0	0	2	4
Total		6	2	11	18	1	4	0	9	14	12
Female (should be included in counts above and also reported here separately).		4	1	11	11	0	4	0	9	8	5
Staff											
Black/African American		2	2	3	15	0	0	0	0	2	11
Hispanic/Latin American		3	2	9	10	3	11	0	0	50	13
Asian or Pacific Islander		2	1	2	14	0	0	0	32	45	6
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		2	2	14	222	0	0	0	1	5	2
Unspecified		0	0	0	0	0	0	0	0	2	2
Total		9	7	28	261	3	11	0	33	104	34
Female (should be included in counts above and also reported here separately).		6	6	22	186	2	5	0	28	73	21
Percentage of Ownership											
Black/African American		0	0	0	0	0	0	0	0	6	49
Hispanic/Latin American		100	0	0	0	0	0	100	0	6	51
Asian or Pacific Islander		0	0	0	0	0	0	0	0	82	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		0	0	100	0	0	0	0	0	0	0
Unspecified		0	0	0	0	0	0	0	0	6	0
Total		100%	0%	100%	0%	0%	0%	0	0	0	0
Female (should be included in counts above and also reported here separately).		100%	0%	12%	0%	40%	0%	100%	0%	35%	100%
Current Certification as Minority, Women,											
Minority										X	X
Women										X	X
Disadvantaged		X								X	X
Disabled Veteran											
Other											
County Certification											
Local Small Business Enterprise		X									
Social Enterprise		X									X
Disabled Veteran Business Enterprise											
Other Certifying Agency											

Figures are based on information provided by Proposers in their proposals

COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY

FIRM / ORGANIZATION INFORMATION		Liberty Hill Foundation 27	Los Angeles County Bicycle Coalition 4	Los Angeles County - Southern California Medical Center Foundation, Inc. 18	Los Angeles Education Partnership 73	Los Angeles LGBT Center 704	Los Angeles Neighborhood Initiative 6	MEE Productions Inc. 18	Neighborhood Legal Services of Los Angeles County 132	NPO Solutions 5	Para Los Ninos 409
Total Number of Employees in Firm		Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Corporation	Non-Profit	Corporation	Non-Profit
Business Structure											
Owners/Partner/Associate Partners											
Black/African American		0	0	0	0	0	0	5	2	0	0
Hispanic/Latin American		0	0	0	0	0	0	0	7	0	0
Asian or Pacific Islander		0	0	0	0	0	0	0	5	0	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		0	0	0	0	0	0	0	0	0	0
Unspecified		0	0	0	0	0	0	0	11	1	0
Total		0	0	0	0	0	0	5	25	1	0
Female (should be included in counts above and also reported here separately)		0	0	0	0	0	0	2	13	0	0
Managers											
Black/African American		5	0	0	1	18	0	0	3	0	3
Hispanic/Latin American		5	0	2	9	43	0	0	9	0	39
Asian or Pacific Islander		0	1	0	0	13	0	0	4	0	0
American Indian		0	0	0	0	3	0	0	0	0	0
Filipino		1	0	0	0	0	0	0	0	0	0
White		10	0	3	1	67	2	1	9	0	2
Unspecified		0	0	0	0	0	0	0	0	0	14
Total		21	1	5	11	144	2	1	26	0	59
Female (should be included in counts above and also reported here separately)		17	0	4	10	71	2	0	17	0	43
Staff											
Black/African American		1	0	0	6	112	0	7	5	1	11
Hispanic/Latin American		1	1	12	50	246	3	0	62	0	300
Asian or Pacific Islander		1	0	1	4	45	0	1	11	0	15
American Indian		0	0	0	0	2	1	0	0	0	0
Filipino		1	0	0	0	0	0	0	4	0	0
White		2	2	0	2	155	0	4	25	3	12
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		6	3	13	62	560	4	12	107	4	338
Female (should be included in counts above and also reported here separately)		5	1	11	54	281	2	6	93	2	308
Percentage of Ownership											
Black/African American		0	7.7	0	0	0	0	100	8	0	0
Hispanic/Latin American		0	7.7	0	0	0	0	0	28	0	0
Asian or Pacific Islander		0	14.14	0	0	0	0	0	30	0	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		0	69.2	0	0	0	0	0	44	100	0
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		0%	99%	0%	0%	0%	0%	100%	100%	100%	0%
Female (should be included in counts above and also reported here separately)		0%	31%	0%	0%	0%	0%	30%	52%	0%	0%
Current Certification as Minority, Women,											
Minority								X			
Women											
Disadvantaged											
Disabled Veteran											
Other											
County Certification											
Local Small Business Enterprise											
Social Enterprise											
Disabled Veteran Business Enterprise											
Other Certifying Agency											

Figures are based on information provided by Proposers in their proposals.

**COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY**

FIRM / ORGANIZATION INFORMATION		Proyecto Pastoral	Public Matters, LLC	Pueblo y Salud, Inc	Rescue Agency Public Benefit LLC	Resource Development Associates, Inc.	S. Groner Associates	SAJE	San Fernando Valley Partnerships, Inc.	Sequoia Foundation	Social Justice Learning Institute
Total Number of Employees in Firm		85	1	16	185	37	14	16	9	7	23
Business Structure		Non-Profit	Other	Non-Profit	Other	Corporation	Corporation	Non-Profit	Non-Profit	Non-Profit	Non-Profit
Owners/Partner/Associate Partners											
Black/African American		0	0	0	0	0	0	1	0	0	0
Hispanic/Latin American		7	0	0	1	0	0	4	0	0	0
Asian or Pacific Islander		1	0	0	0	0	0	1	0	0	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	1	0	0	0
White		4	1	0	1	1	1	3	0	1	0
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		12	1	0	2	1	1	10	0	1	0
Female (should be included in counts above and also reported here separately).											
Female		7	0	0	1	1	0	4	0	0	0
Managers											
Black/African American		0	0	0	6	0	0	0	0	0	7
Hispanic/Latin American		5	0	4	7	0	2	2	0	0	0
Asian or Pacific Islander		0	0	0	4	1	1	1	0	0	1
American Indian		0	0	0	1	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	0	0	0	0
White		1	0	1	55	8	2	2	0	2	0
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		6	0	5	73	9	5	5	0	2	8
Female (should be included in counts above and also reported here separately).											
Female		4	0	3	36	5	4	3	0	1	3
Staff											
Black/African American		0	0	16	16	1	1	2	0	0	8
Hispanic/Latin American		63	0	0	17	4	3	7	8	0	7
Asian or Pacific Islander		0	0	0	11	4	1	0	1	2	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	1	0	0	0	0	0
White		4	0	0	43	17	3	2	0	2	0
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		67	0	16	87	27	8	11	9	4	15
Female (should be included in counts above and also reported here separately).											
Female		42	0	11	60	21	6	5	4	3	10
Percentage of Ownership											
Black/African American		0	0	0	0	0	0	10	0	0	0
Hispanic/Latin American		59	0	0	50	0	0	40	0	0	0
Asian or Pacific Islander		8	0	0	0	0	0	10	0	0	0
American Indian		0	0	0	0	0	0	0	0	0	0
Filipino		0	0	0	0	0	0	10	0	0	0
White		33	100	0	50	100	100	30	0	100	0
Unspecified		0	0	0	0	0	0	0	0	0	0
Total		100%	100%	0%	100%	100%	100%	100%	0%	100%	0%
Female (should be included in counts above and also reported here separately).											
Female		58%	0%	0%	50%	100%	0%	40%	0%	0%	0%
Current Certification as Minority, Women,											
Minority											
Women											
Disadvantaged						X					
Disabled Veteran											
Other											
County Certification											
Local Small Business Enterprise											
Social Enterprise			X								
Disabled Veteran Business Enterprise											
Other Certifying Agency											

Figures are based on information provided by Proposers in their proposals.

**COMMUNITY ENGAGEMENT AND RELATED SERVICES
COMMUNITY BUSINESS ENTERPRISE (CBE) INFORMATION SUMMARY**

FIRM / ORGANIZATION INFORMATION	South Bay Center for Counseling	Southern California Center for Nonprofit Management	Special Service for Groups, Inc.	Straliscopes, Inc.	The Community Action League	The GRVD Foundation	The Wall Las Memorias Project	The Whole Child - Mental Health & Housing Services	Tree People, Inc.	Vision Y Compromiso	VNA Communications, Inc.
Total Number of Employees in Firm	79	10	1,033	6	1	5	26	142	57	48	25
Business Structure	Non-Profit	Non-Profit	Non-Profit	Corporation	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Non-Profit	Corporation
Owners/Partner/Associate Partners											
Black/African American	0	0	0	0	1	0	1	2	0	0	0
Hispanic/Latin American	0	0	0	0	0	0	7	4	0	0	1
Asian or Pacific Islander	0	0	0	0	0	0	0	1	0	0	0
American Indian	0	0	0	0	0	0	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0	0
White	1	0	0	0	0	0	0	0	0	0	0
Unspecified	0	0	0	2	0	0	1	6	0	0	0
Total	1	0	0	2	1	0	9	13	0	0	1
Female (should be included in counts above and also reported here separately).	1	0	0	1	0	0	2	7	0	0	1
Managers											
Black/African American	0	0	32	0	0	2	0	0	0	0	0
Hispanic/Latin American	10	0	27	0	0	1	4	7	8	6	1
Asian or Pacific Islander	0	1	41	0	0	0	0	0	1	0	0
American Indian	0	0	1	0	0	0	0	0	0	0	0
Filipino	2	0	0	0	0	1	0	0	0	0	0
White	0	4	29	1	0	0	1	4	18	0	0
Unspecified	0	0	0	0	0	0	0	0	0	0	0
Total	12	5	130	1	0	4	5	11	27	6	6
Female (should be included in counts above and also reported here separately).	9	5	98	1	0	4	1	8	12	4	3
Staff											
Black/African American	4	1	233	0	0	0	0	2	1	0	1
Hispanic/Latin American	55	3	334	1	0	1	19	111	10	72	8
Asian or Pacific Islander	0	0	186	0	0	0	0	1	2	0	1
American Indian	0	0	1	0	0	0	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0	0
White	7	1	109	2	0	0	1	4	16	0	0
Unspecified	0	0	0	0	0	0	0	0	0	0	0
Total	66	5	863	3	0	1	21	118	29	72	18
Female (should be included in counts above and also reported here separately).	56	5	601	1	0	0	5	99	15	38	13
Percentage of Ownership											
Black/African American	0	0	0	0	100	0	11	15	0	0	0
Hispanic/Latin American	0	0	0	0	0	0	78	30	0	0	100
Asian or Pacific Islander	0	0	0	0	0	0	0	10	0	0	0
American Indian	0	0	0	0	0	0	0	0	0	0	0
Filipino	0	0	0	0	0	0	0	0	0	0	0
White	0	100	0	100	0	0	11	45	0	0	0
Unspecified	0	0	0	0	0	0	0	0	0	0	0
Total	0%	100%	0%	100%	100%	0%	100%	100%	0%	0%	100%
Female (should be included in counts above and also reported here separately).	0%	100%	0%	1%	0%	0%	23%	55%	0%	0%	100%
Current Certification as Minority, Women,											
Minority											
Women											X
Disadvantaged											X
Disabled Veteran											X
Other											
County Certification											
Local Small Business Enterprise											
Social Enterprise											
Disabled Veteran Business Enterprise				X							
Other Certifying Agency											

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

OPS CLUSTER AGENDA REVIEW DATE	1/8/2020	
BOARD MEETING	1/21/2020	
SUPERVISORIAL DISTRICT AFFECTED	SD1	
DEPARTMENT	Public Works	
SUBJECT	Former Cogen Landfill Gas Extraction System and Monitoring Plan Project	
PROGRAM		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes X <input checked="" type="checkbox"/> No If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS		
COST & FUNDING	Total cost: \$6,000,000	Funding source: NCC
	TERMS (if applicable):	
	Explanation:	
PURPOSE OF REQUEST	Recommend the Board to find the project within the scope of the previously adopted Mitigated Negative Declaration; approve the revised project budget; approve an Appropriation Adjustment; adopt plans and specifications; advertise for bids for construction; and authorize the Director of Public Works to execute the construction contract.	
BACKGROUND (include internal/external issues that may exist)	N/A	
DEPARTMENTAL AND OTHER CONTACTS	DPW – Alicia Ramos (626) 300-2344, ARAMOS@dpw.lacounty.gov CEO – Alisa Chepeian (213) 974-4266, achepeian@ceo.lacounty.gov	

January 21, 2020

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:

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
FORMER COGEN LANDFILL
GAS EXTRACTION SYSTEM AND MONITORING PLAN PROJECT
ADOPT, ADVERTISE AND AWARD
APPROVE REVISED PROJECT BUDGET AND
APPROPRIATION ADJUSTMENT
SPECS. 6984; CAPITAL PROJECT 87188
EASTERN HILL IMPROVEMENTS PHASE II
FIRST DISTRICT
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to find the Project within the scope of the previously adopted Mitigated Negative Declaration, approve the revised project budget and Appropriation Adjustment, adopt plans and specifications, advertise for bids for construction, and authorize the Director of Public Works to execute the construction contract for the Former Cogen Landfill Gas Extraction System and Monitoring Plan project.

IT IS RECOMMENDED THAT THE BOARD:

1. Determine that the recommended actions are within the scope of the Mitigated Negative Declaration previously adopted by the Board relative to the Former Cogen Landfill Gas Extraction System and Monitoring Plan Project.
2. Approve the revised total project budget of \$6,000,000 for the Eastern Hill Improvements Phase II Project, Capital Project No. 87188.
3. Approve an Appropriation Adjustment to transfer \$400,000 from the Eastern Hill Monitoring Project, Capital Project No. 87348, to the Eastern Hill Improvements Phase II Project, Capital Project No. 87188, to fully fund the Project.

4. Adopt plans and specifications that are on file with the Business Relations and Contracts Division of Public Works for construction of the Former Cogen Landfill Gas Extraction System project in the City of Monterey Park at an estimated \$2,018,000 construction cost, and instruct the Executive Officer of the Board to advertise for bids to be received and opened no later than March 26, 2020, in accordance with the Instruction Sheet for Publishing Legal Advertisements.
5. Authorize the Director of Public Works or his designee to execute a consultant services agreement with the apparent lowest responsive and responsible bidder to prepare a baseline construction schedule for a \$5,000 not-to-exceed fee funded by existing project funds and to establish the effective date following determination by the Director of Public Works.
6. Delegate authority to the Director of Public Works or his designee to make the determination that a bid is nonresponsive and to reject a bid on that basis; to award to the next lowest responsive and responsible bidder; to waive inconsequential and nonmaterial deficiencies in bids submitted; and to determine, in accordance with the applicable contract and bid documents, whether the apparent lowest responsive and responsible bidder has timely prepared a satisfactory baseline construction schedule and satisfied all conditions for contract award. Upon such determination, authorize the Director of Public Works or his designee to award and execute the construction contract, in the form previously approved by County Counsel; to the apparent lowest responsive and responsible bidder, if the low bid can be awarded within the approved total budget; to establish the effective date of the contract upon receipt by Public Works of acceptable performance and payment bonds and evidence of required contractor insurance; and to take all other actions necessary and appropriate to deliver the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions that are within the scope of the Mitigated Negative Declaration (MND) previously adopted by the Board will result in adoption of plans and specifications, comply with the orders and notices issued by the County Department of Public Health, acting as the Local Enforcement Agency (LEA) for the State, approve a revised project budget and Appropriation Adjustment, and allow Public Works to construct the Former Cogen Landfill Gas Extraction System and Monitoring Plan project (Project).

Background

The former Cogen Landfill on Eastern Hill is owned by Crown Enterprises, Inc. (CEI), Bar V Bar, Inc. (Bar), the County of Los Angeles, and the California Department of

Transportation (CalTrans). The site was operational between 1951 and 1957. It is comprised of 40 acres bordered to the east by the Long Beach freeway (also known as the 710 Freeway), to the south by the former Blanchard Street Landfill, to the west by the Sheriff's Biscailuz Center, and to the north by the Sybil Brand Institute. To the northwest there is also a residential neighborhood. Several site investigations have been conducted since 1985 to assess methane, other landfill gas (LFG), groundwater impacts, and soils characteristics on the County-owned portion of the site. The project will construct and install a landfill gas (LFG) extraction system on the County-owned portion of the site. The system will consist of five underground extraction wells and a piping system connected to a small treatment center which will remove volatile organic compounds (VOCs) prior to releasing the gas into the atmosphere. The installation of the system will allow the County to better manage and control the methane gas emitted by decomposing material in the former landfill.

On December 31, 2015, the LEA approved the County's LFG Monitoring Work Plan for the County-owned portion of the former Cogen Landfill. The Monitoring Work Plan included the installation of two new LFG monitoring wells and subsequent monitoring of these two wells, four existing wells at the perimeter of the Site, and surface level LFG monitoring. These additional monitoring wells were intended to serve as an interim measure to better monitor site LFG levels, while a full LFG extraction system was designed and eventually installed on site. The proposed Project will bring the County into compliance with the Notice and Order issued by the LEA. CEI has complied with the amended 2014 Notice and Order. Bar remains non-compliant with the Notice and Order and LEA is evaluating further enforcement actions.

Despite not meeting originally-set compliance milestones, the County is working diligently to resolve LEA's Notice and Order requirements, and the County is in compliance with LEA's monitoring-related requirements, including providing bi-weekly progress reports to the LEA. However, extended jurisdictional review processes, among other things, have impacted the County's ability to meet LEA's requested August 2018 timeframe for implementation. The County completed plans and specifications for its LFG extraction system and recently obtained approval from all jurisdictional agencies including Southern California Air Quality Management District to construct the Project. We recommend that the Board approve advertising the documents for construction bids as required under the Public Contract Code.

To expedite construction of the Project, Public Works recommends that the Board authorize the Director of Public Works or his designee to award and execute a construction contract with the apparent lowest responsive and responsible bidder, if the

low bid can be awarded within the total project budget proposed to be approved by the Board.

The proposed consultant services agreement with the apparent lowest responsive and responsible bidder to prepare a baseline construction schedule that conforms to the County's schedule specification is critical to successfully manage construction activities by both the contractor and the County. Bid documents provide that if the apparent lowest responsive and responsible bidder fails to complete an acceptable schedule, the Director of Public Works or his designee may return to the Board to recommend that the bidder be determined non responsive and recommend awarding the construction contract to the next apparent lowest responsive and responsible bidder, contingent on that bidder completing a baseline schedule that conforms to the County's specifications.

Construction will begin in Spring 2020 and be substantially completed in December 2020.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, Objective III.3.2 – Manage and Maximize County Assets. The project will help achieve this goal by mitigating LFG emissions at the site.

FISCAL IMPACT/FINANCING

The total project cost, including plans and specifications, plan check, construction, change orders, consultant fees, permits, miscellaneous expenditures, and County services, is currently estimated to be \$6,000,000 (Enclosure A). The increase of \$1,590,000 from the previous budget is due to extended jurisdictional review time, subsequent increased management and monitoring duration, Community outreach efforts, and the Comprehensive Human Health Risk Assessment.

The enclosed appropriation adjustment (Enclosure B) will transfer \$400,000 in prior year net County cost appropriation from the Eastern Hill Monitoring Project, Capital Project No. 87348, to the Eastern Hill Improvements Phase II Project, Capital Project No. 87188, to fully fund the Project.

Post construction services will be required to monitor the performance of the LFG extraction system, test and collect methane level readings, perform maintenance, and respond to regulatory agency requirements to operate the system. These services are anticipated to be required for an interim five-year period, following the installation of the

system and are estimated to be approximately \$1,116,000. The cost for these services is not included in the budget and will be funded separately with funding currently in the Eastern Hill Monitoring Project, Capital Project No. 87348.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

A standard construction contract will be used that contains terms and conditions supporting the Board's ordinances and policies, including but not limited to, the County's Greater Avenues for Independence and General Relief Opportunities for Work Programs, Contract Language to Assist in Placement of Displaced County Workers, and Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015).

The plans and specifications include the contractual provisions and material requirements necessary for the project and are on file with Public Works' Business Relations and Contracts Division.

In accordance with the Board's Civic Art Policy amended on August 11, 2015, this project is exempt from Civic Art fee, as it is primarily an underground project.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on June 11, 2019, the project will require that at least 30 percent of the total California construction labor hours for construction of the project be performed by Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers.

Standard contracts in the form previously approved by County Counsel will be used. The standard Board-directed clauses that provide for contract termination, renegotiation, and hiring qualified displaced County employees are included in the contract.

ENVIRONMENTAL DOCUMENTATION

On March 13, 2018, the Board approved the Project, adopted the MND and Mitigation Monitoring and Reporting Program (MMRP). Public Works filed a Notice of Determination in accordance with Section 21152(a) of the California Public Resources Code. The currently proposed recommendations are within the scope of the previously adopted MND and there have been no changes to the project or the circumstances under which is being undertaken, which would necessitate further review under the California Environmental Quality Act. The previously adopted MMRP will continue to apply.

The location of the documents and other materials constituting the record of the proceedings, upon which the Board's decision was based in this matter, is with the County of Los Angeles, Department of Public Works, Project Management Division I, 900 South Fremont Avenue, 5th Floor, Alhambra, CA 91803. The custodian of such documents and materials is Mr. Andrew K. Moey.

Upon approval of the recommended actions, Public Works will file a Notice of Determination with the County Clerk in accordance with section 21152 of the California Public Resources Code.

CONTRACTING

Advertising for construction bids will be in accordance with the enclosed County's standard Instruction Sheet for Publishing Legal Advertisements (Enclosure C).

This contract opportunity will be listed on the "Doing Business with Us" and "Public Works Business Opportunities" websites. Public Works will also inform the local small business enterprises about this business opportunity for those certified by the County's Department of Consumer and Business Affairs.

Participation by Community Business Enterprises (CBE) in the project is encouraged through Public Works' CBE Outreach Program and by monitoring the good faith efforts of bidders to utilize CBE.

IMPACT ON CURRENT SERVICES

Approval of the recommended action will have no impact on current County services or projects.

The Honorable Board of Supervisors
January 21, 2020
Page 7

CONCLUSION

Please return one adopted copy of this Board letter to the Department of Public Works, Project Management Division I and Chief Executive Office, Capital Programs.

Respectfully submitted,

MARK PESTRELLA
Director of Public Works

MP:AKM:cg

Enclosures

c: Department of Arts and Culture
Chief Executive Office (Capital Programs Division)
County Counsel
Executive Office
Department of Public Health

Enclosure A
January 21, 2020

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
FORMER COGEN LANDFILL
GAS EXTRACTION SYSTEM AND MONITORING PLAN PROJECT
ADOPT, ADVERTISE AND AWARD
APPROVE REVISED PROJECT BUDGET AND
APPROPRIATION ADJUSTMENT
SPECS. 6984; CAPITAL PROJECT 87188
EASTERN HILL IMPROVEMENTS PHASE II
FIRST DISTRICT
(3 VOTES)**

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date
Environmental Document	03/13/18*
Plans and Specifications	12/19*
Adopt Plans and Specifications	01/20
Construction Start	05/20
Substantial Completion	12/20
Final Acceptance	05/21

*Completed Activity

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
FORMER COGEN LANDFILL
GAS EXTRACTION SYSTEM AND MONITORING PLAN PROJECT
ADOPT, ADVERTISE AND AWARD
APPROVE REVISED PROJECT BUDGET AND
APPROPRIATION ADJUSTMENT
SPECS. 6984; CAPITAL PROJECT 87188
EASTERN HILL IMPROVEMENTS PHASE II
FIRST DISTRICT
(3 VOTES)**

II. PROJECT BUDGET SUMMARY

Project Activity	Board- Approved Budget	Impact of this Action	Proposed Project Budget
Hard Costs			
Construction	\$2,125,148	\$ (107,148)	\$2,018,000
Contingency	\$213,534	\$80,630	\$294,164
Civic Arts	\$25,499	\$ (25,499)	\$0
Job Order Contracts (JOC)			
Minor JOC work performed to Date	\$18,690	\$ (10,190)	\$8,500
Landscape	\$0	\$412,500	\$412,500
Previous Installation of two monitoring wells	\$0	\$26,836	\$26,836
Hard Costs Subtotal	<u>\$2,382,871</u>	<u>\$377,129</u>	<u>\$2,760,000</u>
Soft Costs			
Plans and Specifications	\$201,004	\$150,996	\$352,000
Consultant Services	\$419,093	\$110,907	\$530,000
Miscellaneous Expenditures	\$23,308	\$1,692	\$25,000
Jurisdictional Review, Plan Check and Permit	\$87,922	\$50,078	\$138,000
County Services	\$795,802	\$349,198	\$1,145,000
Community Outreach	0	\$150,000	\$150,000
Surficial Monitoring (DPH required)	\$500,000	\$250,000	\$750,000
Comprehensive Health Risk Assessment (DPH required)	0	\$150,000	\$150,000
Soft Costs Subtotal	<u>2,027,129</u>	<u>1,212,871</u>	<u>\$3,240,000</u>
TOTAL	<u>\$4,410,000</u>	<u>\$1,590,000</u>	<u>\$6,000,000</u>

ENCLOSURE

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
FORMER COGEN LANDFILL
GAS EXTRACTION SYSTEM AND MONITORING PLAN PROJECT
ADOPT, ADVERTISE AND AWARD
APPROVE REVISED PROJECT BUDGET AND
APPROPRIATION ADJUSTMENT
SPECS. 6984; CAPITAL PROJECT 87188
EASTERN HILL IMPROVEMENTS PHASE II
FIRST DISTRICT
(3 VOTES)**

PUBLISHING LEGAL ADVERTISEMENTS: In accordance with the State of California Public Contract Code Section 20125, you may publish once a week for two weeks in a weekly newspaper or ten times in a daily newspaper. Forward three reprints of this advertisement to Public Works, Business Relations and Contracts Division, 900 South Fremont Avenue, 8th Floor, Alhambra, CA 91803-1331.

**OFFICIAL NOTICE
INVITING BIDS**

Notice is hereby given that the Director of Public Works will receive sealed bids for furnishing all materials, labor, and equipment required to complete construction for the following project:

<u>SD</u>	<u>SPECS</u>	<u>PROJECT</u>	<u>DATE OF BID OPENING</u>
1	6984	Former Cogen Landfill Gas Extraction System and Monitoring Plan project 2001 ½ Sheriff Road Los Angeles, CA 90063	March 26, 2020

Copies of the project manual and drawings for the project may be downloaded for free from the Public Works website [http://dpw.lacounty.gov/go/construction contracts](http://dpw.lacounty.gov/go/construction%20contracts). A copy may be obtained at the Cashier's office, Public Works, 900 South Fremont Avenue, Mezzanine Floor, Alhambra, CA 91803, for the fee stated above. For bid information, please call Ms. Anna Schwartz at (626) 458-2586. Each bid shall be submitted on the required form, sealed, and filed at the Cashier's office no later than 9:30 a.m. on April 15, 2019. Bids for the project will be publicly opened, examined, and declared by Public Works at 9:30 a.m., on this date at 900 South Fremont Avenue,

Conference Room A, Alhambra, CA 91803.

Bids must conform to the drawings and project manual and all bidding requirements. This project requires the prime contractor to possess an active General Building (B) license classification at the time of bid submittal. The contractor should verify to his/her satisfaction that he/she and his/her subcontractors, holds the correct license for the project.

The contractor and all of its subcontractors of any tier shall be required to pay prevailing wages to all workers employed in the execution of the work of improvement in accordance with the Labor Code Section 1770 et seq. Copies of prevailing rate of per diem wages are on file at Public Works, Business Relations and Contracts Division, which shall be made available to any interested party upon request.

PREBID CONFERENCE

Public Works, Project Management Division I will hold a pre-bid conference on February 20, 2020, at 10 a.m., at the project site 2001 1/2 Sheriff Road, Los Angeles, CA 90063, to provide information on the scope of work and answer any basic questions from the potential bidders. Detailed questions or additional information must be submitted in writing to Ms. Anna Schwartz with the Department of Public Works, Business Relations and Contracts Division at aschwartz@dpw.lacounty.gov or fax (626) 458-2586 or you may contact her at (626) 458-2586.

OTHER INSTRUCTIONS

The County supports and encourages equal opportunity contracting. The contractor shall make good faith efforts, as defined in Section 2000 of the Public Contract Code, to contract with Community Business Enterprises.

The Board of Supervisors reserves the right to reject any or all bids or to waive technical or inconsequential errors and discrepancies in bids submitted in the public's interest.

Americans with Disabilities Act Information



Individuals requiring reasonable accessibility accommodations may request written materials in alternate formats, physical accessibility accommodations, sign language interpreters or other reasonable accommodations by contacting our departmental Americans with Disabilities Act Coordinator at (626) 458-4081, from 7:30 a.m. to 5 p.m., Monday through Thursday (excluding holidays). Persons who are deaf or hard of hearing may make contact by first dialing the California Relay Service at 7-1-1. Requests should be made at least 1 week in advance to ensure availability. When making a reasonable accommodation request, please reference **[PJ-2]**.

Información sobre la Ley de Estadounidenses con Discapacidades



Individuos que requieran acomodamiento razonable pueden solicitar materiales escritos en formatos alternativos, acomodamiento físico, intérpretes en lenguaje de señas Americano ú otros acomodamientos razonables comunicándose con nuestro Coordinador Departamental de la Ley de Estadounidenses con Discapacidades al (626) 458-4081, de 7:30 a.m. a 5 p.m., lunes a jueves (excluyendo días festivos). Personas con problemas auditivos pueden comunicarse primero marcando al Servicio de Difusión de California al 7-1-1. Solicitudes pueden hacerse por lo menos 1 semana antes para asegurar disponibilidad. Cuándo se haga una petición razonable para acomodo, por favor mencione **[PJ-2]**.

By order of the Board of Supervisors of the County of Los Angeles, State of California, dated March 19, 2019.

Specs. 7319

CELIA ZAVALA, EXECUTIVE OFFICER OF
THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES

January 14, 2020

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE**FY 2019-20****3 - VOTES**

SOURCES		USES	
VARIOUS CAPITAL PROJECTS		VARIOUS CAPITAL PROJECTS	
EASTERN HILL MONITORING		EASTERN HILL IMPROVEMENTS PHASE II	
A01-CP-6014-65099-87348		A01-CP-6014-65099-87188	
CAPITAL ASSETS - B & I		CAPITAL ASSETS - B & I	
DECREASE APPROPRIATION	400,000	INCREASE APPROPRIATION	400,000

SOURCES TOTAL**\$ 400,000****USES TOTAL****\$ 400,000****JUSTIFICATION**

Reflects a transfer of \$400,000 from Eastern Hill Monitoring Project, CP No. 87348 to Eastern Hill Improvements Phase II Project, CP 87188 to fully fund the Project.

AUTHORIZED SIGNATURE

JAMES YUN, MANAGER, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR---☐ ACTION☐ RECOMMENDATION☐ APPROVED AS REQUESTED☐ APPROVED AS REVISED

AUDITOR-CONTROLLER

BY

CHIEF EXECUTIVE OFFICER

BY

B.A. NO.

DATE

DATE



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>

DRAFT

February 4, 2020

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn, Chair

From: Sachi A. Hamai
Chief Executive Officer

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

CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT, FISCAL YEAR 2018-19 (ITEM NO 30-A, BOARD MEETING OF FEBRUARY 6, 2018)

Attached is the *Chief Executive Office Risk Management Annual Report, Fiscal Year 2018-19*. The purpose of the report is to inform the Board of a summarized Cost of Risk in Liability and Workers' Compensation exposures; assist departments to recognize the nature and extent of their exposures and losses; and provide direction on risk management strategies to be taken in the current and subsequent fiscal years (FY).

Details of the number, type, and cost of claims are included in the attached report. The following is a summary of the risk categories along with prevention activities implemented by the Chief Executive Office – Risk Management Branch (CEO Risk Management):

Total Cost of Risk

The total of all costs related to Liability and Workers' Compensation decreased by \$2 million to \$643.1 million, which represents a 0.3 percent decrease over FY 2017-18. The Total Cost of Risk is measured as a percentage of the County of Los Angeles' (County) operating budget. The County's Total Cost of Risk decreased from 2.19 to 2.05 percent of the County's operating budget; this represents a 6.4 percent decrease over FY 2017-18. However, this includes the recoveries from Southern California Gas Company litigation. If we exclude the recoveries, the total Cost of Risk increases to 2.22 percent, which represents a 7.7 percent increase over FY 2017-18.

Vehicle Liability

Vehicle accident claims decreased by 85 to 1,015, which represents a 7.7 percent decrease over FY 2017-18. The cost of claims and lawsuits decreased by \$8.8 million to \$13.9 million, which represents a 38.8 percent decrease over FY 2017-18.

CEO Risk Management actively collaborates with County departments to coordinate training and policy development designed to address the risk factors that contribute to vehicle accidents. Our Loss Control and Prevention Unit provides consultations and education initiatives to departments that experience increased claims.

Other General Liability

These claims have increased by 778 to 2,839, which represents a 40.3 percent increase over FY 2017-18. The cost of claims and lawsuits increased by \$2.8 million to \$42.6 million, which represents a 6.9 percent increase over FY 2017-18.

Employment Practices Liability (non-Workers' Compensation)

These claims have decreased by 29 to 121, which represents a 19.3 percent decrease over FY 2017-18. The cost of claims and lawsuits decreased by \$5.1 million to \$17 million, which represents a 23 percent decrease over FY 2017-18.

The Department of Human Resources and CEO Risk Management provide employment liability training to departments to combat the rising employment risk.

Law Enforcement Liability

These claims have increased by 10 to 606, which represents a 1.7 percent increase over FY 2017-18. The cost of claims and lawsuits increased by \$18.3 million to \$58.9 million, which represents a 44.9 percent increase over FY 2017-18.

CEO Risk Management continues to collaborate with the law enforcement departments to facilitate effective Corrective Action Plans and implement meaningful policy changes.

Medical Malpractice Liability

These claims have increased by 7 to 194, which represents a 3.7 percent increase over FY 2017-18. The cost of claims and lawsuits decreased by \$8.7 million to \$4.2 million, which represents a 67 percent decrease over FY 2017-18.

CEO Risk Management and the Legal Exposure Reduction Committee continue to implement "Just Culture" within the County's medical provider departments to improve communication and best practices which ultimately lowers our overall risk.

Workers' Compensation

These claims have increased by 198 to 12,057, which represents a 1.7 percent increase over FY 2017-18. The cost of claims and lawsuits increased by \$18.8 million to \$413 million, which represents a 4.8 percent increase over FY 2017-18.

CEO Risk Management continues to work with departments to prevent injuries through training and education initiatives. Several cost containment programs have been implemented to curtail the long-term costs of Workers' Compensation claims, including catastrophic loss insurance, permanent claim closure of over 850 claims; and increasing assistance to injured workers to facilitate expedited claims, treatment, and their return to work.

This report represents the combined efforts of the entire CEO Risk Management Branch team. Input and analysis were provided by staff of Liability Claims and Recovery, Loss Control and Prevention, Risk Management Finance, Risk Management Inspector General, Risk Transfer, Office of Privacy, and Workers' Compensation.

If you have any questions, please have your staff contact Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346.

SAH:FAD
STR:sg

Attachment

c: All Department Heads



RISK MANAGEMENT

Los Angeles County Chief Executive Office

Inside County Risk FY 2018-19 Annual Report

Steven T. Robles
County Risk Manager
February 04, 2020





Hilda L. Solis
First District



Mark Ridley-Thomas
Second District



Sheila Kuehl
Third District



Janice Hahn
Fourth District



Kathryn Barger
Fifth District

**COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS**



CHIEF EXECUTIVE OFFICE
RISK MANAGEMENT BRANCH

18-19

Inside
County Risk
Risk Management Annual Report

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RISK MANAGER'S MESSAGE

The County of Los Angeles (County), Chief Executive Office – Risk Management Branch (CEO Risk Management) is pleased to provide its Risk Management Annual Report for Fiscal Year (FY) 2018-19.

In previous fiscal years, we focused on improving the County's risk culture and operational capabilities. These initiatives ultimately lead to an enterprise risk model that embeds risk management into the planning, execution, and completion of all Board of Supervisors (Board) priorities and operational functions of the County.

In FY 2018-19, our focus remained on reducing the Workers' Compensation long-term liabilities. As such, we continue to implement a multi-year plan to control costs and reduce liability, as follows:

1. The purchase of commercial insurance to protect against the risk of catastrophic loss events.
2. An aggressive claim closure program has been implemented to finalize Workers' Compensation claims for employees who no longer work for the County. This benefits the injured worker as it gives more control over the administration of their health care, and it benefits the County as it lowers our long-term liabilities.
3. Narrowing the focus of our partners who provide Workers' Compensation benefits. The Third Party Administrators have been reorganized to limit the number of companies and the number of claims per adjuster to better assist injured workers, thus, lowering costs of existing claims.

As these programs begin to mature, we are realizing significant results, including: the ability to attract multiple insurers to cover our losses, the elimination of hundreds of Workers' Compensation claims, stable loss development, and increased third-party recoveries.

CEO Risk Management also oversees the County's Privacy program and, in 2019, we made significant changes. First, we hired a County Privacy Officer and a HIPAA Compliance Officer and consolidated both functions to oversee how and when we release private data. Long-term goals have been established and we will continue to update our policies and protections in collaboration with other County stakeholders.

Updating the data management associated with claims and litigation has been a high priority over the last few years. CEO Risk Management continues to move to the next generation of the Risk Management Information System (RMIS) that will significantly improve our industry-leading Fraud, Waste, and Abuse analytics and claim handling capabilities. RMIS will eliminate major independent computer programs and combine data streams to allow risk and litigation professionals to utilize advanced analytics to identify fraud and lower the overall cost of risk. RMIS is on budget and on schedule for implementation.

RISK MANAGER'S MESSAGE (CONTINUED)

CEO Risk Management developed and implemented a protective Risk Financing plan for General Liability and Property losses. This program protects the County against unexpected losses due to fire, earthquake, flood, misconduct, and cyber-attacks. We currently have utilized the structure to recover millions in losses and will continue to move forward with the plan in anticipation of saving millions more when the need arises.

This year's annual report is organized to allow for identification of claim trends specific to General Liability, and sub-categorized areas, including: Law Enforcement, Employment, Medical Malpractice, Auto, and General Liability. These six categories represent different exposures and prevention requirements that will allow County departments the ability to focus efforts according to specific losses. Each department also has the Enterprise Risk Information Center dashboard at their disposal for more detailed information.

Costs associated with claims and litigation can be forecasted for several years due to the length of time it takes to close cases and the types of claims the County typically experiences.



RISK MANAGER'S MESSAGE (CONTINUED)

Overall, the County's Cost of Risk remains near the industry standard of 2.0%.

This is largely due to the County's increased costs associated with Workers' Compensation growth that commiserates with payroll growth. The remainder of this report details specific data points; however, below is a summation of the key cost and trend drivers.

Claim Type	% Change in Frequency	% Change in Expense
Workers' Compensation	1.7%	4.8%
Automobile Liability	-7.7%	-38.8%
General Liability - Other	40.3%	6.9%
Law Enforcement Liability	1.7%	-44.9%
Employment Practices Liability	-19.3%	-23.2%
Medical Malpractice Liability	3.7%	-67.3%
Total	5.8%	6.7%
Cost or Risk (excluding non-County agencies)		2.2%

The frequency increase indicator is marked in red as we will typically see increased costs associated with the increased claims. Conversely, as we currently see downward trends (marked in green) in claims, we can expect to see lower costs in the future. For example, Law Enforcement Liability had been on a downward trend for three consecutive years. This year, we are beginning to realize the costs savings of the lower frequency.

Many opportunities to lower our overall costs remain. The remainder of this report outlines our key objectives for the upcoming fiscal year and the specific cost drivers impacting our overall Cost of Risk.

KEY OBJECTIVES—FY 2019-20

CEO Risk Management provides leadership and direction for the County's Risk Management and Privacy programs. Key objectives for FY 2019-20 include:

- Implement the Disability Management Module; and complete the development of the Workers' Compensation and Liability Modules of the comprehensive RMIS. Develop comprehensive policies and procedures related to personal identifiable information and personal health information.
- Collaborate with department stakeholders to create and test cyber-attack tabletop exercises that will test and improve the County's ability to respond to these risks.
- Develop performance, audit, and fraud digital monitoring of our Third Party Administrators and vendors to increase performance, lower costs, and provide better services to our injured workers.

- Implement an advanced Risk Financing model for our Workers' Compensation and Liability programs to lower fluctuations from year to year by establishing baseline risk exposures and adjusting for experience based on department performance.
- Continue to lower the unfunded liabilities in Workers' Compensation by closing claim exposures, funding liabilities, and capping losses with catastrophic loss insurance.



COST OF RISK

The Cost of Risk is the ratio of the expenditures for the County's various cost of claims paid, divided by the County's Operating Budget in a specific fiscal year. The effectiveness of the County's risk management programs, policy decisions, and the effects of State and Federal regulations are reflected in the Cost of Risk since it includes paid Workers' Compensation claims, General Liability claims, and the cost to defend a myriad of tort and non-tort-related claims. The Cost of Risk also includes the costs associated with loss control and prevention programs, insurance premiums, and operational and administrative expenses.

During FY 2018-19, the County experienced an increase in the Cost of Risk of 7.7%.

THE COUNTY'S OBJECTIVE IS TO MINIMIZE ITS TOTAL COST OF RISK

Detailed information is listed in the "Statistics" section of this report regarding the number of claims and expenses for each of the last three fiscal years, by department, for Workers' Compensation, State of California Labor Code 4850 and Salary Continuation, Vehicle Liability, General Liability, Employment Practices Liability, Law Enforcement Liability, and Medical Malpractice.

The table on the next page illustrates the totality of all categories of risk as related to the County's Operating Budget.



COST OF RISK¹

Category	FY 2016-17	FY 2017-18	FY 2018-19
Workers' Compensation			
Workers' Compensation Expense Subtotal	\$363,359,224	\$394,207,968	\$413,085,705
Labor Code 4850/Salary Continuation	\$86,235,814	\$91,836,326	\$116,452,158
Workers' Compensation Expense Total	\$449,595,038	\$486,044,294	\$529,537,863
Liability			
Liability Expense Total	\$155,306,855	\$153,601,167	\$154,025,721
Purchased Insurance (premium and fees)	\$16,586,756	\$15,267,637	\$22,375,478
Cost of Risk	\$621,488,648	\$654,913,098	\$705,939,062
Cost of Risk (excluding non-County agencies)	\$610,494,389	\$645,116,874	\$694,972,538
Total County Operating Budget (000)	\$28,688,400	\$29,403,718	\$31,311,700
Cost of Risk (Excluding non-County agencies as a percentage of the County's Operating Budget)	2.13%	2.19%	2.22%

1. Detailed Cost of Risk information can be found in Exhibit G of this report.

RISK FINANCING—FY 2018-19

The County currently finances nearly all losses on a cash basis; therefore, any liability or workers' compensation claim that arises is subject to cash payment by the County, regardless of size. Based on the nature and scope of County operations, natural disasters, and external influences, County departments will be susceptible to large claims that significantly impact expenses. The results of FY 2018-19 illustrate this susceptibility as the top-10 claims of each expense category accounted for significant portions of expense, as follows: Law Enforcement top-10 accounted for 62.6% of expenses; General Liability top-10 accounted for 45.1% of expenses; Auto Liability top-10 accounted for 34.2% of expenses; and Employment Liability top-10 accounted for 27.2% of expenses. The County has instituted several risk management techniques to manage the cost of large loss claims outside of litigation management. Minimizing the frequency of claims minimizes the possibility of one of those claims becoming a large loss. The County currently utilizes loss control and prevention best practices specific to departments that are coordinated through the CEO, as follows:

- Corrective Action Plans and/or Summary Corrective Action Plans are required for all settlements with an indemnity amount excess of \$100,000 and as requested by the Risk Management Inspector General. These plans summarize the nature of the claim and identify the root cause of the problem and corrective action steps to be taken by the department, or the County as a whole, to minimize the potential for similar events to occur.

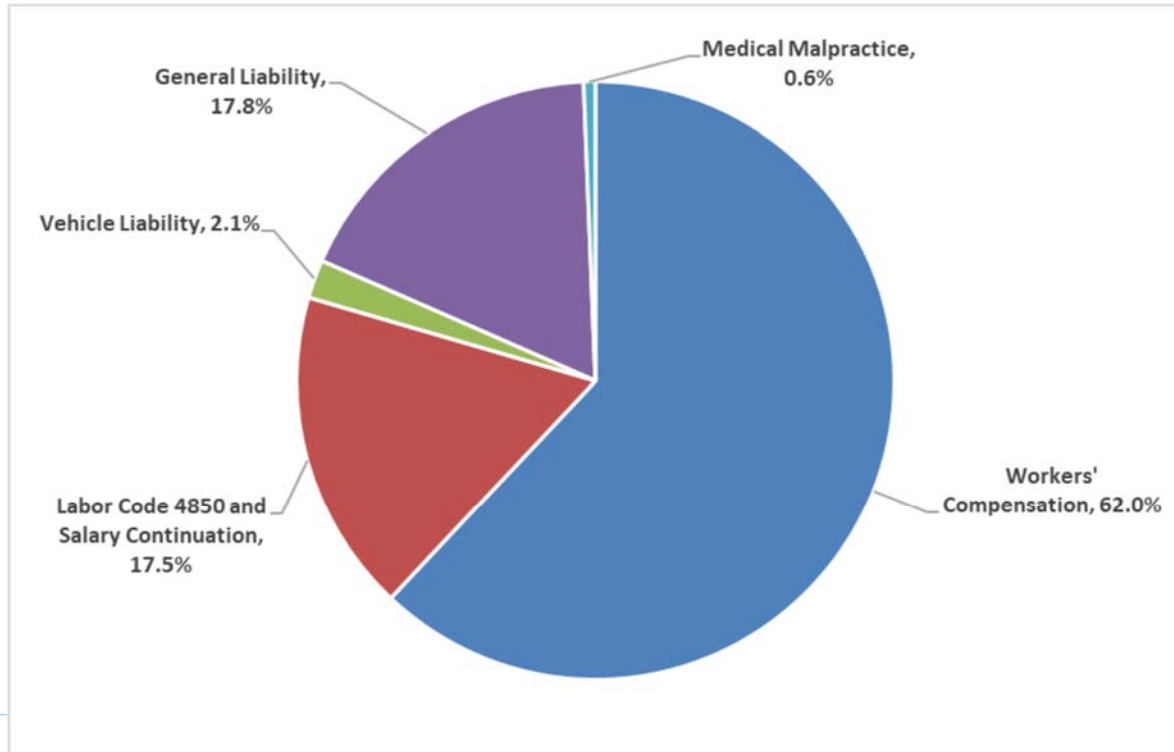
- Risk Management Loss Control updated several online training modules to address the risk factors that contribute to vehicle accidents, and issued notices to departments that were experiencing increased claims.
- Risk Management Plans are developed by each department on an annual basis. These plans provide an overview of each department's risk management program, significant risk issues for that department, and mitigation measures or goals designed to prevent or minimize the given exposure.
- CEO Risk Management provides reporting and early trend analysis capabilities through departmental-specific dashboards. This includes a drill-down capacity to identify the "Top-5 Causes of Concern" for each type of loss.
- Contractual risk transferring of large loss potential involves reviewing, recommending, and constructing departmental insurance contract language, including indemnification language and proper endorsement usage that is consistent throughout the County and formulated to provide protection to the various contractors and the County, should an adverse event occur. County Counsel and CEO Risk Management collaborate with departments in this endeavor.

CEO Risk Management performs a myriad of training and educational seminars throughout the year to further enhance departments' efforts to reduce all claims. The efforts of CEO Risk Management are reflected in the Accomplishments sections of this report.

OVERALL COSTS

The overall Cost of Risk graph below illustrates that workers' compensation accounts for 62.0% of the Cost of Risk. For FY 2018-19, this represents approximately \$413 million.

PERCENTAGE OF TOTAL COST PAID BY CLAIM TYPE – FY 2018-19



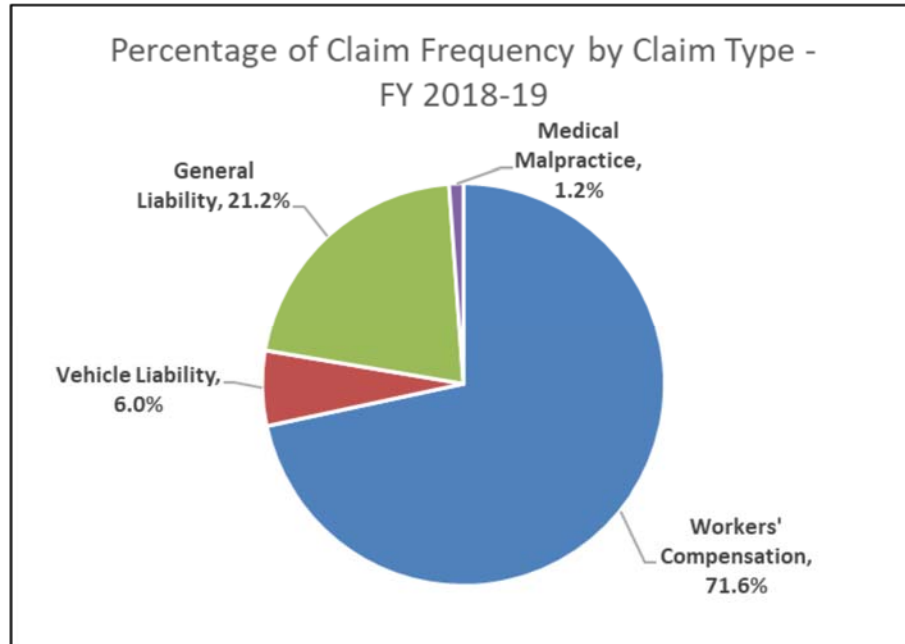
CLAIM SEVERITY (TOTAL COST PAID) – ALL CLAIMS^{1,2,3} – FY 2016-17 THROUGH FY 2018-19

Claim Type	FY 2016-17	FY 2017-18	FY 2018-19
Workers' Compensation ⁴	\$363,359,224	\$394,207,968	\$413,085,705
Labor Code 4850 and Salary Continuation	\$86,235,814	\$91,836,326	\$116,452,158
Vehicle Liability	\$17,318,073	\$22,687,243	\$13,893,712
Law Enforcement Liability	\$49,323,227	\$40,660,429	\$58,919,309
Employment Practices Liability	\$17,331,734	\$22,123,346	\$16,995,262
Other General Liability	\$48,765,062	\$39,802,135	\$42,559,687
Medical Malpractice	\$9,837,924	\$12,897,237	\$4,221,652
TOTAL	\$592,171,058	\$624,214,684	\$666,127,486

1. Data does not include unemployment costs.
2. Data includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort claims.
3. Amount Paid is the total of the transactions paid by coverage code in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of occurrence date; does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
4. Workers' compensation paid does not reflect State of California Labor Code 4850 and Salary Continuation payments, which are shown separately.

CLAIM FREQUENCY BY CLAIM TYPE – FY 2018-19

In further demonstrating the impact of workers' compensation on the total risk management program, the graph below illustrates that workers' compensation accounts for almost three quarters of all claims.



CLAIM FREQUENCY (TOTAL NUMBER OF CLAIMS FILED) BY CLAIM TYPE FY 2016-17 THROUGH FY 2018-19

Claim Type ^{1,2}	FY 2016-17	FY 2017-18	FY 2018-19
Workers' Compensation	11,776	11,859	12,057
Vehicle Liability	1,041	1,100	1,015
Law Enforcement Liability	491	596	606
Employment Practices Liability	187	150	121
Other General Liability	2,061	2,024	2,839
Medical Malpractice	166	187	194
TOTAL	15,722	15,916	16,832

1. Total number of claims filed by fiscal year regardless of date of occurrence; count includes all suffixes.
2. Includes County Counsel tort claims, but not agencies that are not County departments, i.e., MTA, Foothill Transit, etc.

The methods and activities of managing the overall Cost of Risk are outlined in the remainder of the FY 2018-19 Annual Report.

WORKERS' COMPENSATION PROGRAM

The County's self-insured Workers' Compensation Claim Administration Program is the largest local governmental program in the State of California. As a mandated employer-funded social benefit program, it is responsible for administering over 33,000 open workers' compensation claims with approximately 12,000 new workers' compensation claims reported annually. Statutorily mandated benefits are delivered through four Third Party Administrators (TPAs), three Medical Management and Cost Containment (MMCC) contractors, and a Pharmacy Benefit Management (PBM) company. The Workers' Compensation On-Site County Representatives (OSCRs), within CEO Risk Management, provide assistance to TPA staff, County departments, and injured workers. In addition, OSCRs authorize high-value settlements and payment transactions, perform fiscal reconciliation services, and act as liaisons between departments, defense counsel, and TPAs. County Counsel staff and contracted defense attorneys provide legal support.

Workers' compensation expenses are generally separated into three categories: 1) Allocated Benefit Expenses [ABE]; 2) Allocated Loss Adjustment Expenses [ALAE]; and 3) Unallocated Loss Adjustment Expenses [ULAE]. ABE includes medical benefits, salary continuation and temporary disability benefits, permanent disability benefits, and death benefits. Such expenses are charged to the workers' compensation claim file. ALAE includes non-benefit payments to contract law firms, investigation firms, and other ancillary service providers. Such expenses are also charged to the workers' compensation claim file.

ULAE includes the cost of TPAs, MMCCs, County Counsel Workers' Compensation Division staff, CEO Risk Management staff, State User Assessments, claims administration system, excess insurance, and other overhead charges required to administer or provide risk protection for the Workers' Compensation Program. Such expenses are not charged or allocated to the workers' compensation claim file.

DISABILITY

MANAGEMENT



BENEFITS

WORKERS' COMPENSATION PROGRAM — MAJOR ALLOCATED BENEFIT EXPENSES

In FY 2018-19, total medical expenses equaled \$160.3 million. This represents a 7.2% increase from the total medical expense of \$149.6 million experienced in FY 2017-18. The increase was due in part to an increase in medical definite payments resulting from a settlement project. Temporary Disability expenses increased from \$24.1 million in FY 2017-18 to \$28.3 million in FY 2018-19, an increase of 17.4%. Salary Continuation and Labor Code 4850 expenses (predominately driven by Labor Code 4850 benefits) increased 26.9% from \$91.8 million in FY 2017-18 to \$116.5 million in FY 2018-19.

CEO Risk Management believes the Labor Code 4850 expense is driven, in part, by increases in salary and the demographics of the population eligible for Labor Code 4850 benefits, and will continue to trend upward over the next several years.

Permanent Disability expenses decreased 3.0%, from \$104.7 million in FY 2017-18 to \$101.6 million in FY 2018-19.

CEO Risk Management anticipates future increases in Permanent Disability payments may have stabilized as the Permanent Disability Rating and Payment Schedule established under Senate Bill 863 have been experienced.

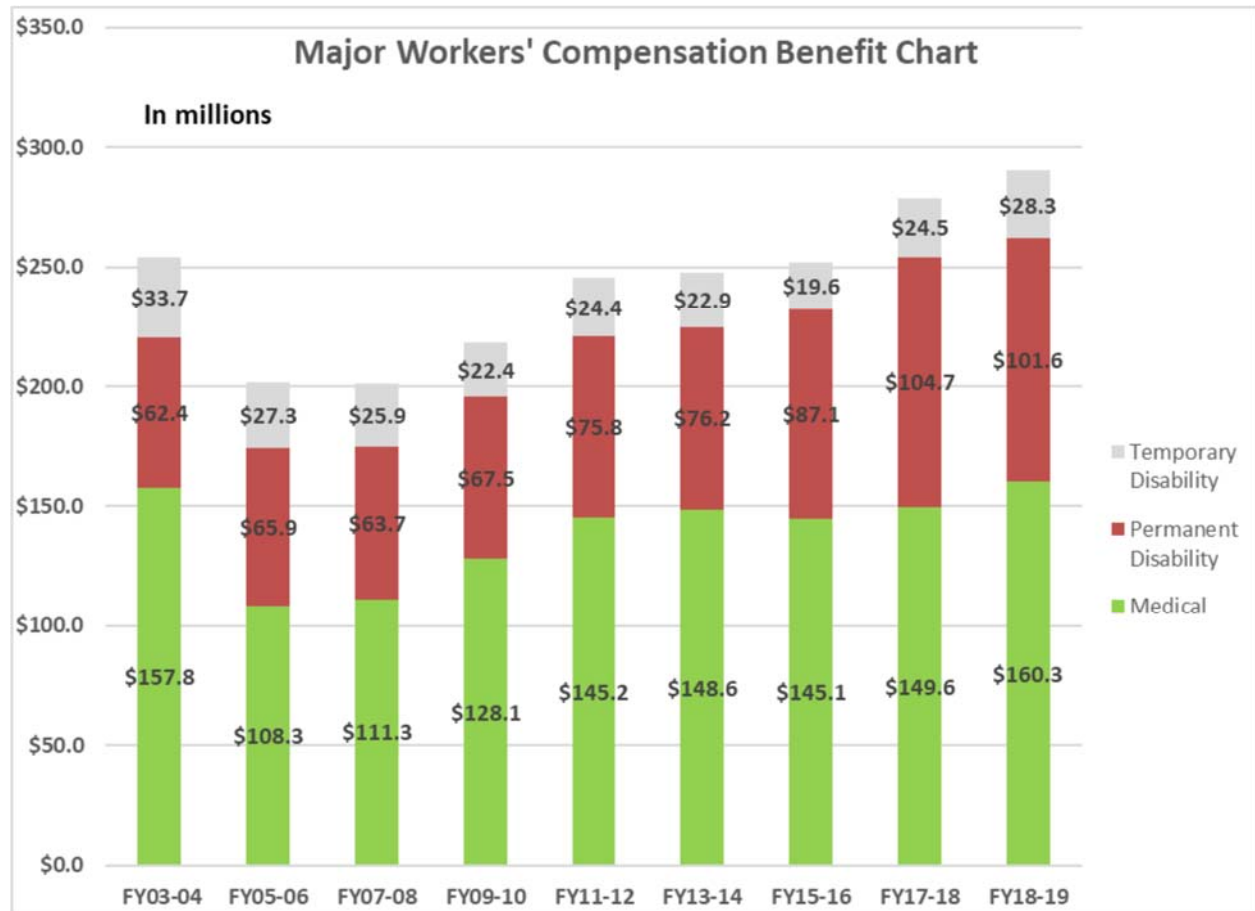
CARE



FINANCE

COMPENSATION

WORKERS' COMPENSATION PROGRAM — MAJOR ALLOCATED BENEFIT EXPENSES (CONTINUED)

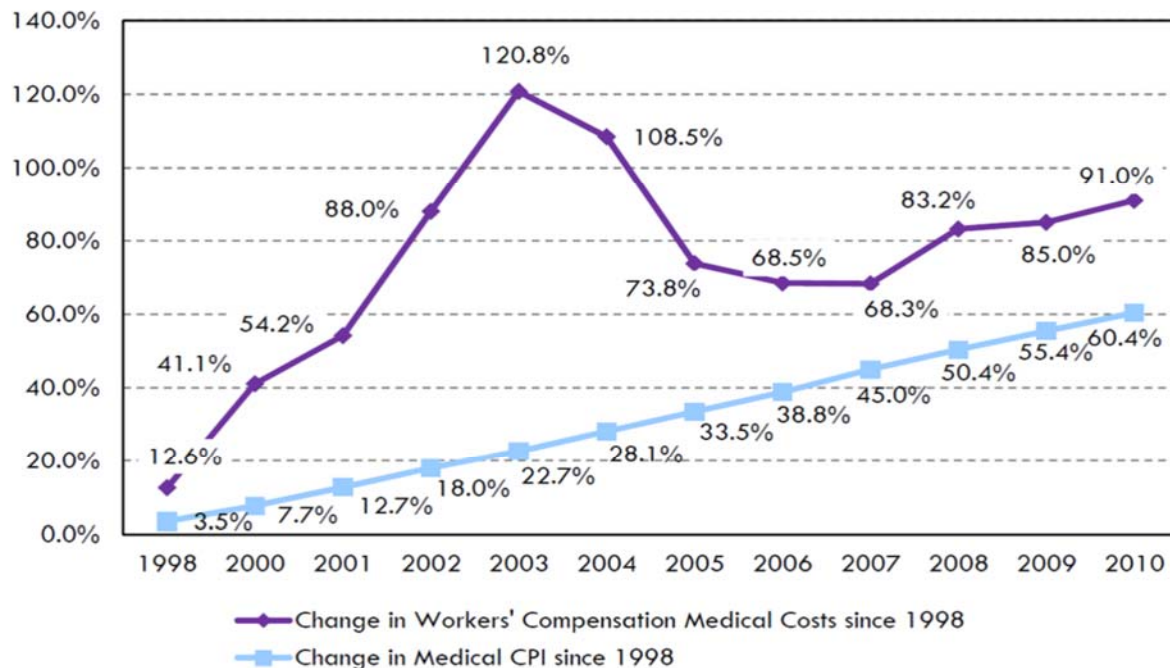


WORKERS' COMPENSATION PROGRAM—ALLOCATED AND UNALLOCATED LOSS ADJUSTMENT EXPENSES

Traditionally, the County Workers' Compensation Program's allocated and unallocated loss adjustment expenses account for approximately 20-22% of overall program expenses. The ALAE and ULAE represent the legal, administrative, and operational costs to deliver balanced workers' compensation benefits. In FY 2018-19, the combined ALAE and ULAE represented 20.9% of program expenses. This included approximately \$4.0 million for excess insurance with cashflow protection, and \$2.1 million for a comprehensive RMIS upgrade. Such expenses compare favorably to loss adjustment expenses experienced by California workers' compensation insurers and other self-insured employers. The California Commission on Health and Safety and Workers' Compensation (CHSWC) 2018 Annual Report reflected ALAE and ULAE accounted for 35.8% of overall workers' compensation systemwide expenses in calendar year 2017.

Over the last 13 years, County workers' compensation loss adjustment expenses have increased, in part, due to medical management cost containment strategies that include utilization review. CEO Risk Management believes California's implementation of evidence-based medical guidelines, along with other reforms, have stabilized the workers' compensation medical inflationary trends experienced in the late 1990s and early 2000s. The graphs below demonstrate the impact of workers' compensation legislation that became effective in 2004, and its impact on cost stabilization.

WORKERS' COMPENSATION MEDICAL EXPENSES VS. MEDICAL INFLATION SINCE 1998

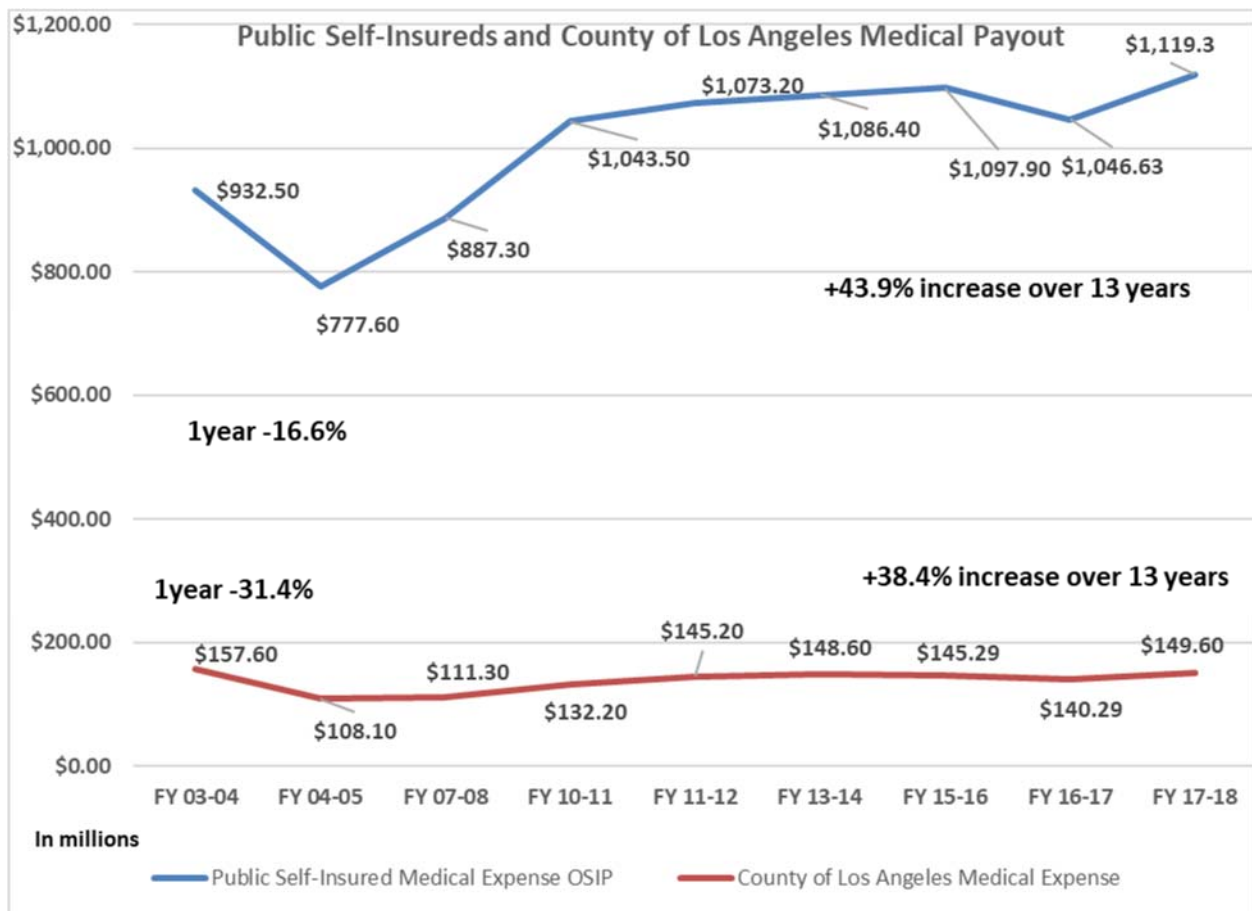


SOURCE: Commission on Health and Safety and Workers' Compensation – Data Source: WCIRB; Bureau of Labor Statistics

WORKERS' COMPENSATION — EXPENSES

The County workers' compensation medical spending has remained relatively stable as demonstrated by the chart below. This chart reflects aggregate public agency workers' compensation medical payment data (including the County's workers' compensation payment amounts) and the County's annual workers' compensation medical payments since FY 2003-04.

CEO Risk Management believes the significant decrease in workers' compensation medical cost experienced between FY 2003-04 and FY 2004-05 was a direct result of urgency legislation implemented to address the California "workers' compensation crisis." Aggregate FY 2018-19 payment information was not available at the time of the printing of this report.



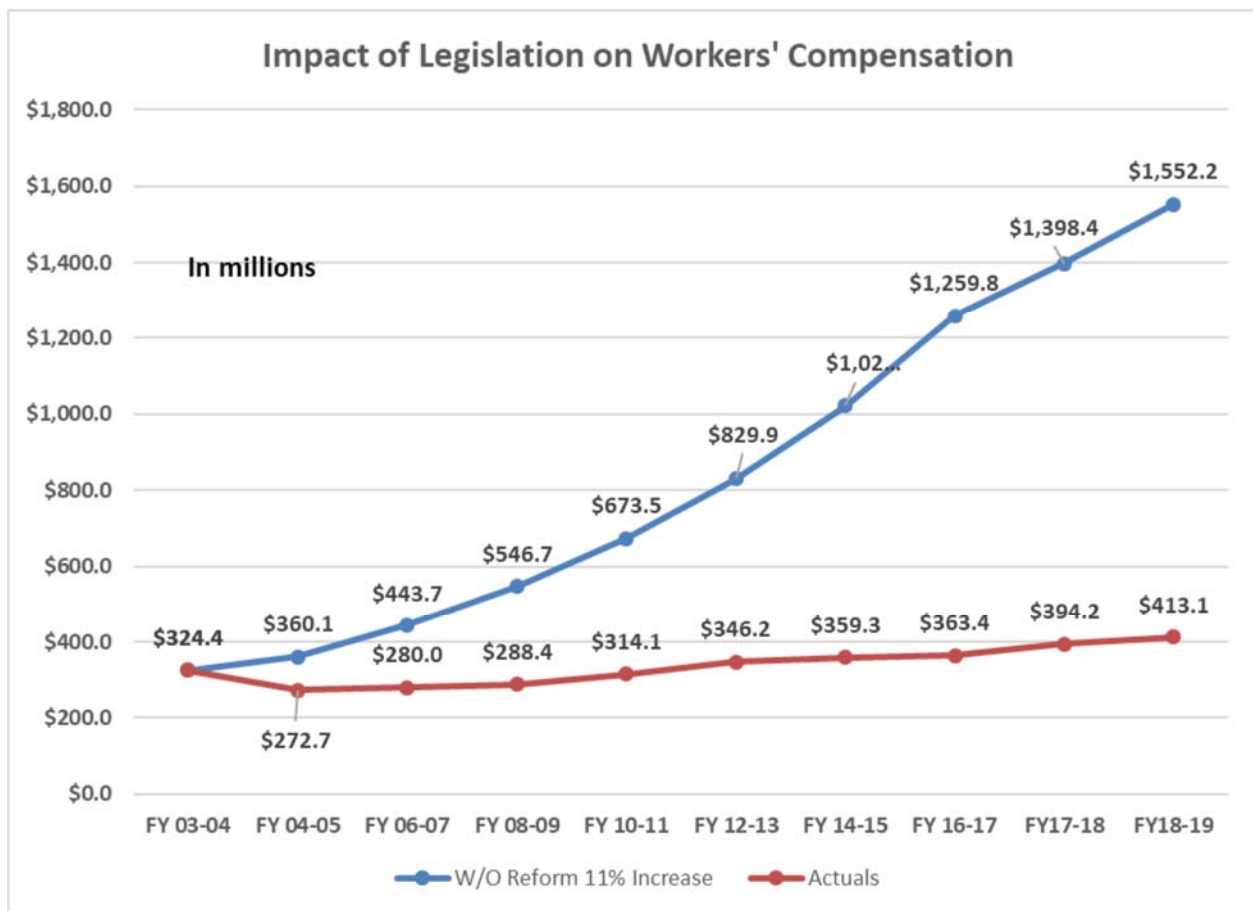
WORKERS' COMPENSATION — EXPENSES (CONTINUED)

From FY 1998-99 through FY 2002-03, the County workers' compensation medical costs increased 133.8%. During that period, County workers' compensation program costs, excluding salary continuation and Labor Code 4850 benefits, experienced double digit inflation.

The following chart estimates that escalation absent cost avoidance strategies afforded under the FY 2003-04 legislation compared to actual costs.

FY 2018-19 actual costs contain a premium payment for excess insurance that did not exist in fiscal years prior to FY 2016-17.

WORKERS' COMPENSATION EXPENSES (EXCLUDING SALARY CONTINUATION AND LABOR CODE 4850) COMPARISON - ESTIMATED WITHOUT REFORM AND ACTUAL EXPENSES



WORKERS' COMPENSATION — MEDICAL MANAGEMENT COST CONTAINMENT

Medical expenses are the largest single component of the Workers' Compensation Program cost. During FY 2018-19, the program received approximately 489,000 bills, accounting for 1,544,332 lines of procedures, services, or supplies from medical service providers. These bills were for medical services to treat injured workers that included inpatient hospital services, nursing care, surgery, physician visits, physical therapy, chiropractic care, durable medical equipment, and drug therapy. Each bill was reviewed to ensure charges were paid at or below the Official Medical Fee Schedule.

The County's Workers' Compensation Program applies utilization review (UR) processes to assess certain physician treatment requests. UR is the process used by California workers' compensation insurers and administrators to determine if requested medical care is consistent with the California Medical Treatment Utilization Schedule. CEO Risk Management and MMCC staff collaborate with respected physicians to determine reasonable utilization review triggers to ensure medical treatment can be delivered in an unencumbered manner. The evaluation of UR triggers is ongoing and protocols are assessed periodically and influenced by physician prescribing patterns.

In FY 2011-12, a PBM was established to improve the evaluation of drug therapies prescribed to County injured workers. Some of the goals, results, and features of the PBM follow:

- Increased generic drug utilization to 97.4% (an increase of 46.5% over the baseline).

- Increased home delivery to 20.7% (an increase of 155.6% over the baseline).
- Increased PBM Network penetration to 97.8% (an increase of 43.0% over the baseline).
- Physician and injured worker outreach (ongoing and continuing).
- Drug trend analysis, patent expiration, dispense as written costly drug identification, and morphine equivalent dose (MED) management.
- Opioid scripts account for 10.8% of all County workers' compensation scripts written in FY 2018-19. This is a reduction of 15.6% from FY 2017-18, which had a 12.8% of all scripts being written for opioids. This is lower than Express Scripts workers' compensation industry book of business results, which reflects the opioid therapeutic group accounts for 20.6% of all scripts written. It should be noted that the County's Workers' Compensation Program's low opioid rate is caused by the prescription mix that is influenced by the heart presumptions. In FY 2018-19, opioid spending continued to decrease.

STRATEGY



SOLUTION

WORKERS' COMPENSATION — OUTSTANDING LIABILITIES

As reflected in the Workers' Compensation Actuarial Study, the County's Workers' Compensation Program's outstanding liabilities as of June 30, 2019 was approximately \$2.99 billion (at a 50% confidence level). This represents an increase of 4.5% over the estimated outstanding liabilities of \$2.86 billion as of June 30, 2018. As the actuarial study indicates, payroll is the most common exposure measure for workers' compensation. The County payroll increased 6.5%, from \$9.1 billion in FY 2017-18 to \$9.7 billion in FY 2018-19. Additionally, the actuarial study notes a reported increase in County payroll of 36.6% from FY 2012-13 to FY 2018-19. The \$2.99 billion (not including Courts) in outstanding liabilities includes all future obligations for existing claims and incurred but not reported claims.

WORKERS' COMPENSATION ACTUARIAL STUDIES — ACTUAL AND PROJECTED PAYMENTS

Actuarial analysis of the County's Workers' Compensation Program loss distribution indicate 15% of workers' compensation claims account for 81% of the total incurred (paid to date and remaining reserves). Additionally, 22% of payments (excluding salary continuation/Labor Code 4850) in FY 2018-19 were issued from claims older than 10 years.

Overall, the actuarial study points to the long-tail nature of workers' compensation exposures and expenses. As of June 30, 2004, the actuarial established future outstanding liabilities were \$2.63 billion (including Courts) and, as of June 30, 2019, the outstanding liabilities were \$3.05 billion (including Courts). This equates to an increase of 16% over a 15-year period.

CEO Risk Management continues to evaluate various alternate risk techniques to stabilize exposures and expenses, including a loss portfolio transfer and lump-sum settlements for high exposure workers' compensation claims.

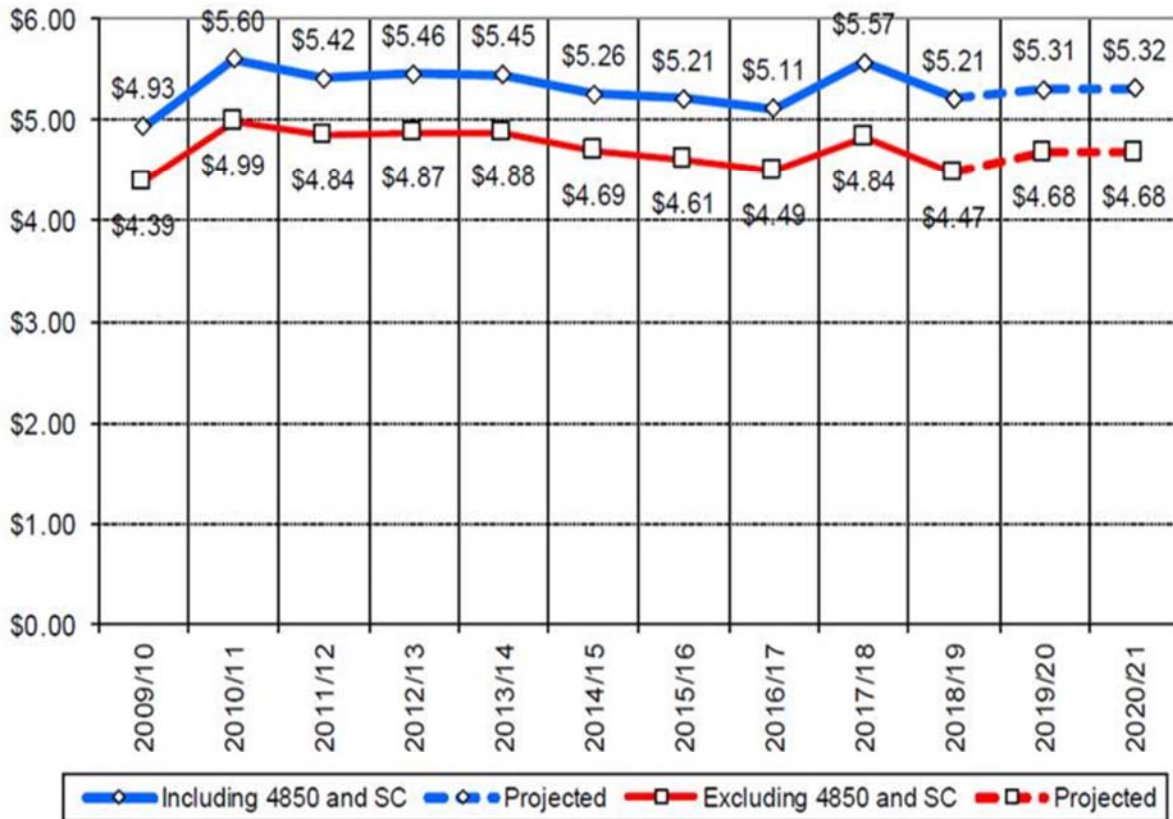
In FY 2018-19, CEO Risk Management and the Office of the County Counsel's Workers' Compensation Division implemented a workers' compensation claim settlement project. The goal of the project was to terminate future exposures and uncertainties of identified workers' compensation claims. The project resulted in the full and complete settlement, by compromise and release (C&R) agreement, of over 850 open and closed workers' compensation claims. The total payout related to these settlements was \$30.6 million. Approximately \$15 million of this was paid in the medical definite category and reduced significant future medical exposure. According to the actuarial study, the future payments on these claims cannot be determined with certainty; however, the potential savings could be between \$20 and \$30 million. The actuaries indicate "to the extent these claims would have developed more than the average historical claims, the potential savings from the C&R settlements may be significantly higher."

AS OF DATE	ESTIMATED OUTSTANDING LOSSES
JUNE 30, 2015	\$2,162,266,111
JUNE 30, 2016	\$2,433,525,700
JUNE 30, 2017	\$2,637,146,627
JUNE 30, 2018	\$2,859,122,586
JUNE 30, 2019	\$2,986,932,713

WORKERS' COMPENSATION PROGRAM — ACTUARIAL STUDIES — LOSS EXPERIENCE TRENDS

The following Graphs III-3 and III-4 show loss experience trends as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

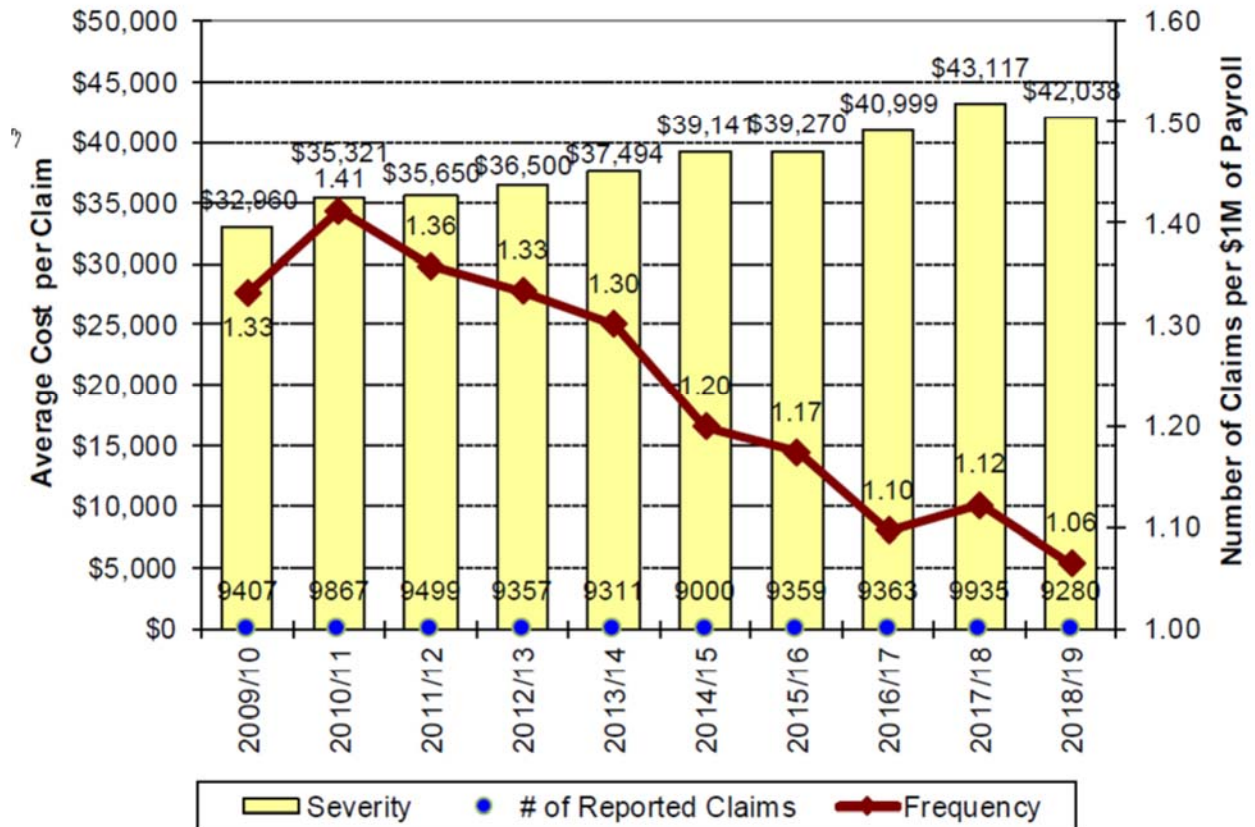
Graph III-3
Loss Rate per \$100 of Payroll



Note: Loss rates excluding 4850 and salary continuation per \$100 of payroll are from Exhibit WC-10, columns (4) and (7).
Loss rates including 4850 and salary continuation per \$100 of payroll are based on Exhibits WC-10, WC-4850-10, and WC-SC-10, columns (4) and (7).

WORKERS' COMPENSATION PROGRAM — ACTUARIAL STUDIES — LOSS EXPERIENCE TRENDS

Graph III-4
Frequency and Severity
Excluding '4850' and Salary Continuation



Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
Severity amounts are based on Exhibits WC-8 and WC-9.

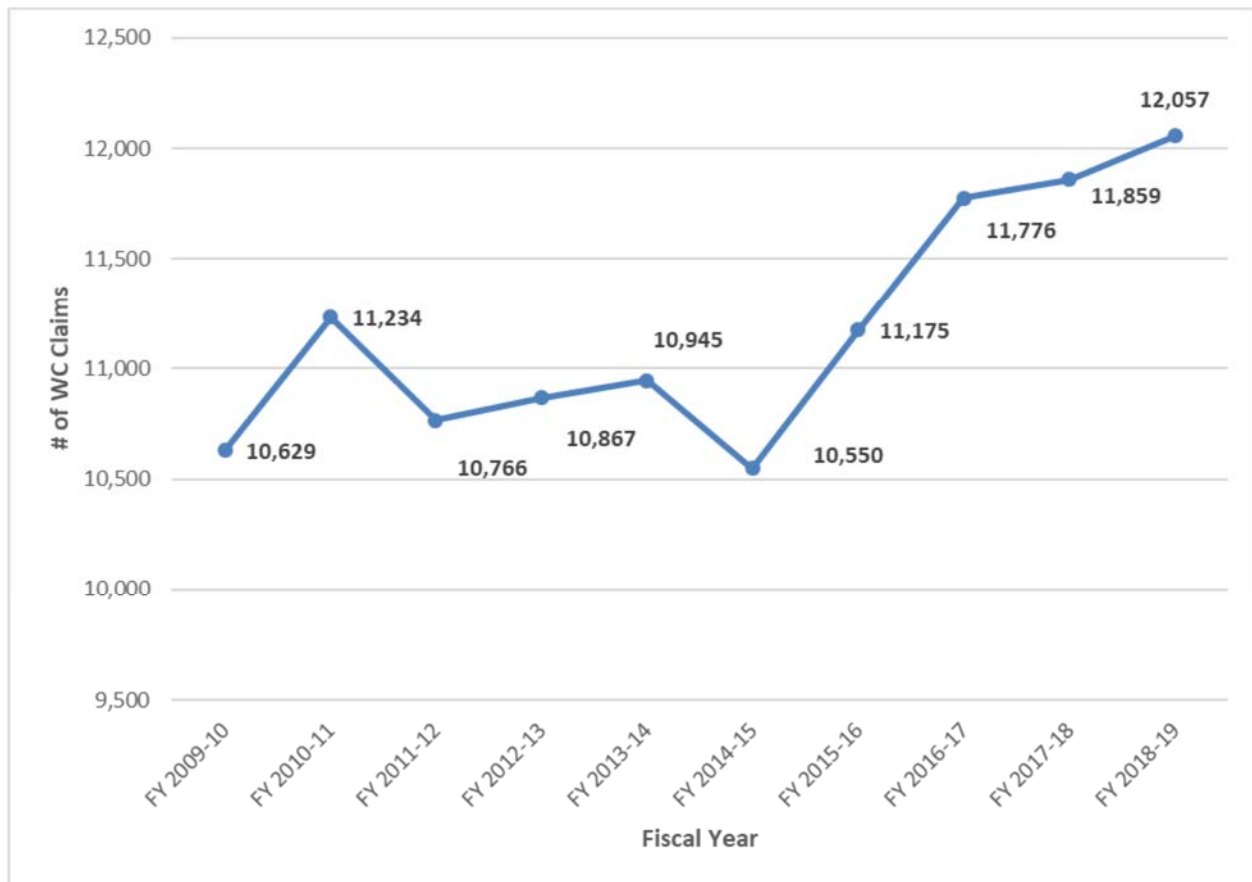
The loss experience trend (excluding Labor Code 4850 and salary continuation), as measured by loss rate per \$100 of payroll, is expected to rise approximately 4.7% over the next two fiscal years. This is the cost of claims per \$100 of payroll.

WORKERS' COMPENSATION LOSS EXPERIENCE

In FY 2018-19, the number of workers' compensation claims filed increased 1.7% (11,859 to 12,057).

WORKERS' COMPENSATION PROGRAM

NUMBER OF WORKERS' COMPENSATION CLAIMS—FY 2009-10 THROUGH FY 2018-19



WORKERS' COMPENSATION PROGRAM — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19

- After the implementation of the MED tracking and physician narcotic outreach programs, the County's Workers' Compensation Program has continued to experience a reduction in the number of opioid prescriptions filled and the costs associated with such.
- In collaboration with the CEO Contracts Unit, completed a selection process for workers' compensation TPA claims services and transferred approximately 16,000 open workers' compensation claims to the newly-selected TPAs.
- In compliance with the MMCC Statement of Work, MMCCs selected a single workers' compensation medical provider network to provide workers' compensation medical treatment services for injured workers.
- Continued to work with CEO Risk Management Finance and Data Analytics staff, along with staff from the Office of the County Counsel, to ensure the anti-fraud provisions of Senate Bill 1160 and Assembly Bill 1244 are applied.
- Evaluated, tested, and made recommendations for enhancements to the workers' compensation claim module of the comprehensive RMIS that is scheduled to go live in late 2020.
- Continued to work with public and private sector employers to evaluate and influence workers' compensation legislation and regulation development to ensure such promote the timely provision of benefits that is balanced with employee and employer needs.

WORKERS' COMPENSATION PROGRAM — OBJECTIVES FY 2019-20

- Continue to evaluate, implement, and measure the ability to terminate long-term workers' compensation exposure through the full and final settlement of workers' compensation claims or alternative risk financing methods.
- Work with the TPAs to improve communication and customer service satisfaction to injured workers.
- In collaboration with MMCC contractors, leverage the single Medical Provider Network to reduce treatment modalities that are not consistent with the California Medical Treatment Utilization Schedule and may represent waste or abuse.
- Continue to assist in the development of the workers' compensation module of the comprehensive RMIS.
- In coordination with the CEO Risk Management's Data Analytics Unit, ensure workers' compensation data reporting capabilities are improved through the collection of granular medical data.
- Continue to work with public and private sector employers to evaluate workers' compensation legislation, regulation development, and eminent issues.



LIABILITY CLAIMS AND RECOVERY

The Liability Claims and Recovery Unit, within CEO Risk Management, provides consultative support and direction in the administration of various claims and lawsuits filed against the County. This includes first and third party property claims, and claims arising out of Vehicle Liability, General Liability, Employment Practices Liability, Law Enforcement, and Medical Malpractice. Overseeing the various claims involves providing administration and direction to two third party administrators: Carl Warren & Company (Carl Warren); and Intercare Holdings Insurance Services, Inc. (Intercare). In addition, this Unit oversees recovery efforts in all of the County's claims operations. The Recovery Unit focuses its efforts specifically on the actions necessary to pursue those who cause loss to the County. Recoveries reduce the cost of claims against the County and ensure that responsible parties are held accountable. Recoveries are primarily from vehicle accidents, but they can also arise from County agreements, insurance, and workplace injuries.

In FY 2018-19, the Liability Claims and Recovery Unit provided:

- 192 reviews of County departments' contracts to provide guidance on insurance and indemnification requirements.
- Conducted a training presentation on the Permittee Driver Program to County departments during the annual Risk Management Forum.
- Resolved disputes between departments by conducting cost allocation reviews.
- Updated the Risk Management Inspector General on critical issues related to current claims.
- Provided guidance and support to County departments on the Mileage Permittee Program, as needed.
- Attended 377 roundtables with the Office of the County Counsel, third party administrators, and departmental personnel to provide direction and guidance to outside counsel on pending litigated matters.

RESOLUTION

ACTIONS



COMPENSATION

LIABILITY CLAIMS AND RECOVERY—ACCOMPLISHMENTS FY 2018-19

RECOVERY

THIRD PARTY ADMINISTRATORS

Carl Warren currently oversees a majority of the General Liability claims and Vehicle Liability claims, which include Employment Practices Liability and Sewer Liability claims under the Rapid Response Program. Carl Warren is not solely responsible for the management of the respective programs under their purview since they share control of the entire claims administration process and have limits on their authority. During this period, Carl Warren has accomplished the following:

- Recovered \$922,930 from responsible third parties resulting from accidents to County vehicles and, with the assistance of the Office of the County Counsel, recovered an additional \$124,653 in General Liability damages.
- Reduced unwarranted charges from Defense Counsel bills by \$526,329.
- Along with the Office of the County Counsel, attended four trials that concluded with two defense verdicts.
- Provided staff development on fair claim handling, fraudulent claims update, and harassment claims.

Intercare oversees claims related to professional liability programs that encompass Medical Malpractice and Hospital Professional Liability. Intercare manages both non-litigated and litigated claims. These claims tend to behave differently than General Liability as experts are more prevalent in determining the potential exposure to the liability.

Some of the many accomplishments for Intercare in FY 2018-19 are:

- Secured Court-approved judgments for the County in the amount of \$40,787.
- Reduced unwarranted charges from defense firm invoices by \$10,088.
- Successfully tendered a case resulting in \$402,300 medical malpractice recovery.
- Attended four trials which resulted in three defense verdicts.
- Conducted an educational presentation at the annual Public Agency Risk Management Association conference (PARMA 2019) on the County's Department of Health Services' (DHS) "Sorry Works" initiative.
- Completed in-service training for staff related to reservation of rights protocols, proper utilization of appellate counsel, and losses occurring in elevators and escalators.

SMALL CLAIMS

CEO Risk Management's Small Claims Unit represents the County in cases that are filed in the Superior Court Small Claims Division. The Unit also administers lost or stolen property claims filed against DHS and the Sheriff's Department (Sheriff). A few of the achievements in FY 2018-19 are:

- Resolved 87 of 91 lost or stolen property claims from DHS and Sheriff.
- Represented the County in 62 small claims court actions and achieved a 95% success rate.
- Received 97 cases for subrogation recovery and recovered \$643,428 from responsible third parties and their insurance companies.

LIABILITY CLAIMS AND RECOVERY—ACCOMPLISHMENTS FY 2018-19 (CONTINUED)**RECOVERY****FIRST PARTY INSURANCE RECOVERY**

In this fiscal year, the County was able to recover from its insurance company a total of \$1,737,292. This included an initial recovery of \$658,853 from damage to County property caused by the Woolsey fire; an additional \$187,894 for the Sheriff's Aero Bureau for damage to one of their helicopters; and \$679,740 for damage to a DHS building in the previous fiscal year.

WORKERS' COMPENSATION

Under the recovery program initiated in 2017, the workers' compensation TPAs, panel attorneys, and the Liability Claims and Recovery Unit have made steady progress and recovered \$1,817,240 in FY 2018-19. This represents a 10% increase from FY 2017-18. In addition to the amounts collected from responsible parties, the County received a Credit against future benefits for the amount of \$2,692,497.

The workers' compensation TPAs were able to recover \$935,496 in overpayments to providers.

The CEO Risk Management Workers' Compensation OSCRs identified and collected \$352,872 from County contractor's errors and/or omissions.

LIABILITY CLAIMS AND RECOVERY—OBJECTIVES FY 2019-20

Moving forward, the Liability Claims and Recovery Unit will focus on completing the following:

- Secure Board of Supervisors approval on a new standardized Countywide Mileage Permittee Program.
- Submit a Request for Proposal for Automobile Liability and General Liability Claims Administration.
- Conduct testing of the new comprehensive RMIS scheduled to go live in late 2020.
- Provide training to County departments on the handling of incidents and liability claims.

RESOLUTION**RECOVERY**

TREND ANALYSIS

WORKERS' COMPENSATION

CAUSES OF INCIDENTS

The County employs over 100,000 employees with diverse occupational exposures and thousands of job descriptions. While each department has hazards that pose specific risks to its employees, the overall exposure in FY 2018-19 can be summarized into the following six classifications for approximately 91.2% of the injuries sustained by County employees.

ASSAULT (11.3% of all claims)

Assaults include all aspects of a third party combating with County employees. Departments with the majority of assaults include: Sheriff (56.2%), Probation (29.7%), and Health Services (10.4%).

CUMULATIVE TRAUMA/BODILY INJURY

(19.7% of all claims)

Cumulative trauma and bodily injury include injuries that are sustained over time due to the repetitive motion of the work performed on the job. Departments with the most cases include: Sheriff (27.5%), Public Social Services (17.0%), Health Services (13.7%), and Fire (11.1%).

EXPOSURE (11.5% of all claims)

This category includes exposure to physical hazards which involves particulates, fumes, and chemicals; environmental exposure including heat, cold, sun, and noise; and biological hazards including blood, body fluids, viral, and bacterial exposures. Departments with the most exposure cases include: Sheriff (35.6%), Health Services (27.6%), and Fire (18.0%).

OVEREXERTION (19.5% of all claims)

Overexertion includes those that involve strain or injuries due to lifting, carrying, pushing, or pulling. Departments with the most cases include: Fire (28.4%), Sheriff (20.1%), and Health Services (16.0%).

STRUCK BY/OR AGAINST (16.7% of all claims)

This category includes injury resulting from being struck/crushed by a human, animal, or inanimate object, or by force that is not vehicle related. Additionally, this can include injury caused by striking against something or someone, or from flying or falling objects. Major Injury Cause categories include: Struck or Injured By, Rub or Abraded By, and Struck Against or Stepping On. Departments with the most cases include: Sheriff (80.2%), Health Services (4.8%), and Fire (4.2%).

FALL, SLIP, OR TRIP (12.5% of all claims)

This category includes falling down in the office environment which includes stairs, chairs, escalators, elevators, and over various floor surfaces. Externally, this includes falling from vehicles, ladders, rooftops, and surfaces in parking lots, sidewalks, and in rough terrain. Departments with the most cases include: Health Services (20.8%), Public Social Services (12.3%), Sheriff (18.4%), and Fire (11.9%).

OTHER (8.8% of all claims)

This category includes all other causes, including, but not limited to: presumptive injuries, cardio-vascular-related injuries, caught in or between injuries, and transportation-related injuries.

TYPES OF WORKERS' COMPENSATION CLAIMS BY DEPARTMENT

Type of Claim	Sheriff	Fire	Health Services	Public Social Services	Probation
Assault	17.0%	0.3%	7.4%	0.7%	46.1%
Cumulative Trauma/Bodily Injury	14.5%	17.1%	17.2%	42.0%	16.0%
Exposure	11.0%	16.1%	20.0%	3.5%	6.1%
Overexertion	6.2%	11.6%	16.4%	19.3%	10.2%
Struck or Injured By	10.6%	43.2%	19.7%	19.8%	9.5%
Fall, Slip, or Trip	36.1%	5.4%	5.1%	1.7%	4.7%
All Other Claims	4.6%	6.3%	14.2%	13.0%	7.4%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%

PREVENTION

MEDICAL



CARE

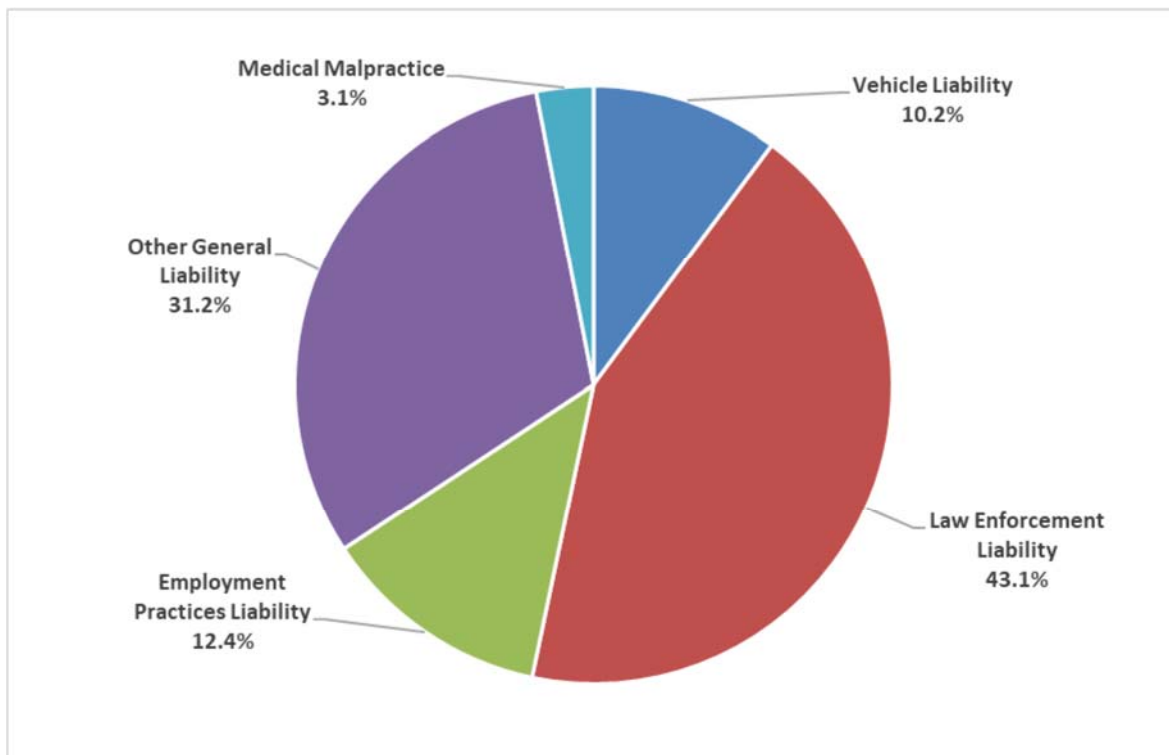
AVOIDANCE

LIABILITY CAUSE ANALYSIS

The operations and functions of the departments expose the County to several risk factors that result in liability. While each department has risks specific to their operation, the overall exposure can be summarized into five liability classifications:

- 1) Employment Practices Liability
- 2) Law Enforcement Liability
- 3) Medical Malpractice
- 4) Other General Liability
- 5) Vehicle Liability

Liability exposures account for 20.5% of the County's Total Cost of Risk.

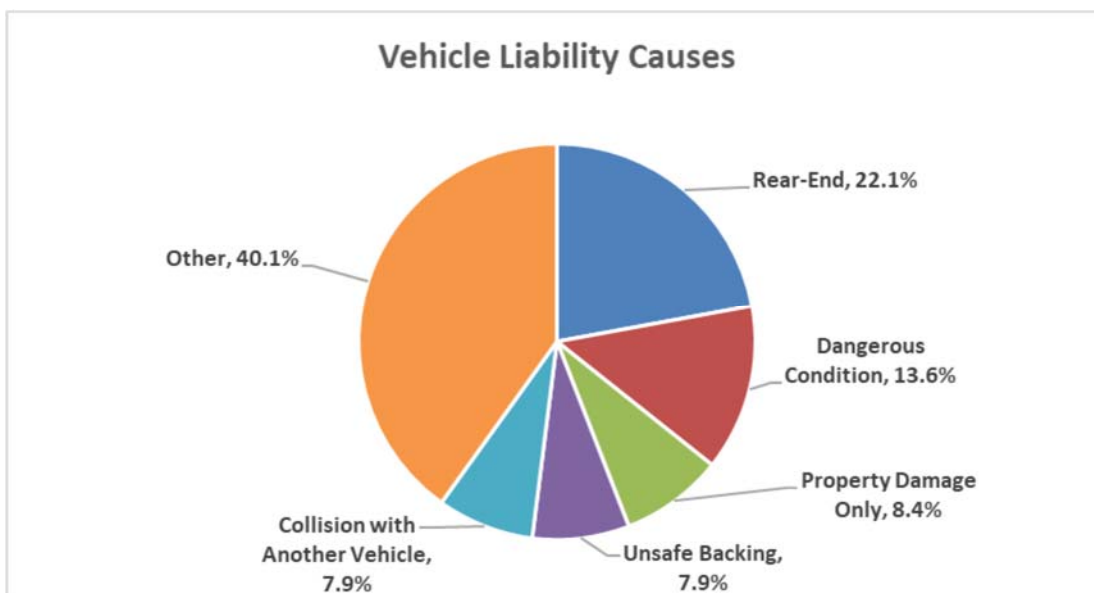
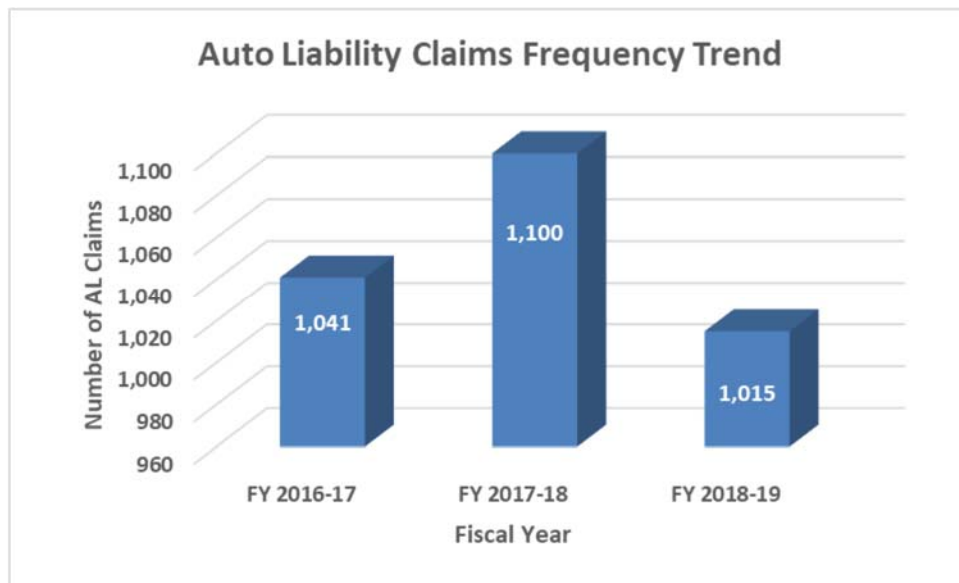


VEHICLE LIABILITY CLAIMS

The County's Vehicle Liability frequency decreased 7.7% from FY 2017-18 to FY 2018-19. The cost of vehicle liability claims decreased by approximately 38.8% during the same time period.

Data shows there was an increase in rear-end collisions and a decrease in backing collisions, with rear-end collisions still representing the largest number of vehicular claims at 22.1%.

Vehicle liability represents approximately 2.1% of the County's Total Cost of Risk.

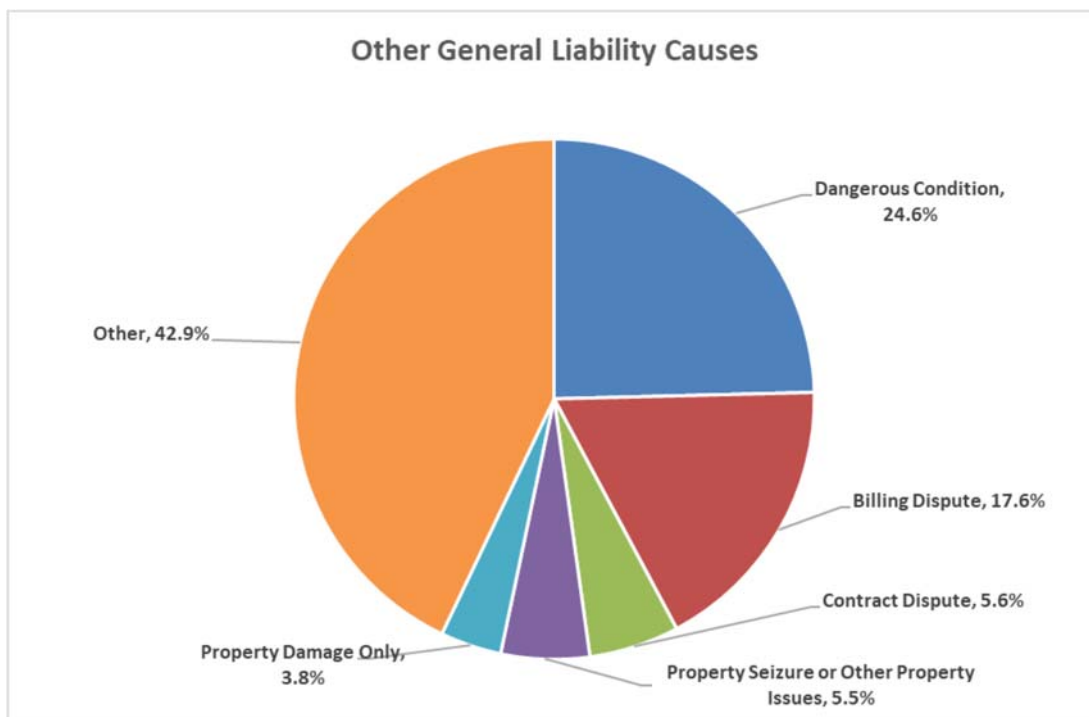
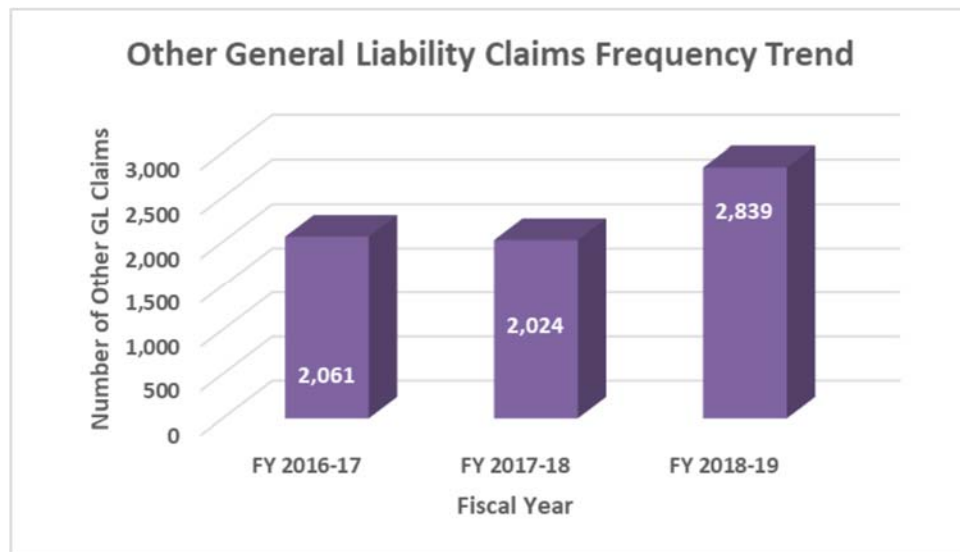


OTHER GENERAL LIABILITY CLAIMS

Other General Liability includes all claims filed against the County that are not classified as Employment Practices, Medical Malpractice, Vehicle, or Law Enforcement. This includes dangerous conditions and property-related claims. Claims in this category also include non-tort claims, which include taxation, elections, redevelopment, and billing disputes.

The Other General Liability frequency increased by approximately 40.3% from FY 2017-18 to FY 2018-19.

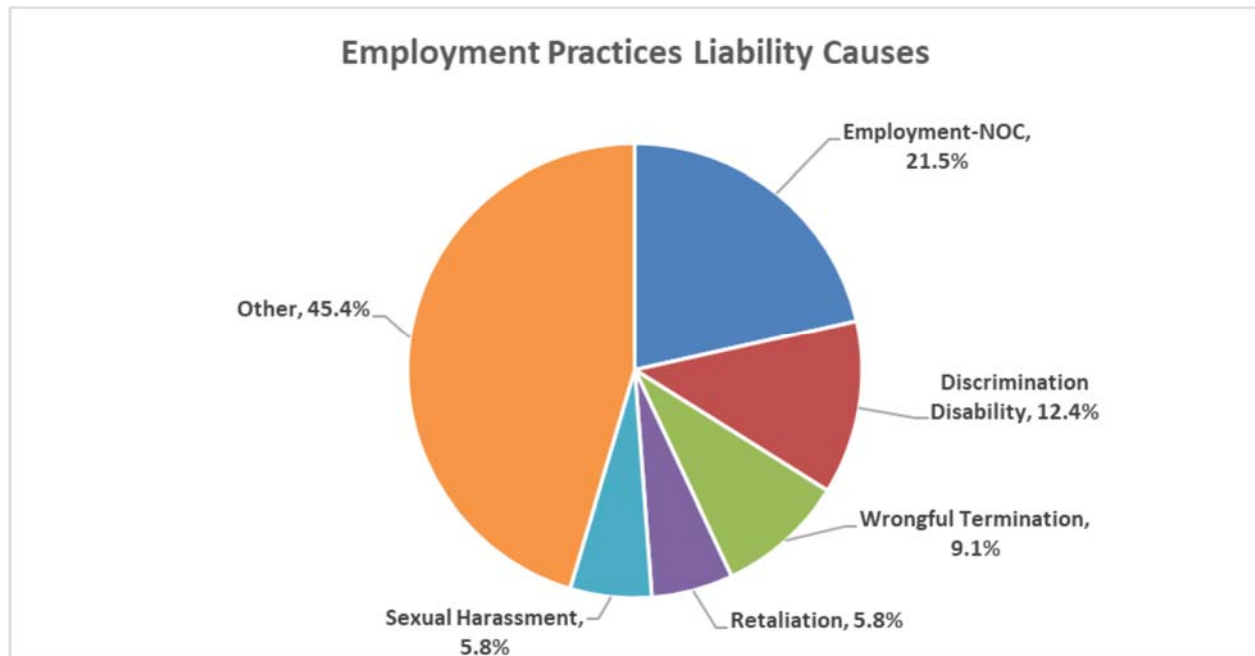
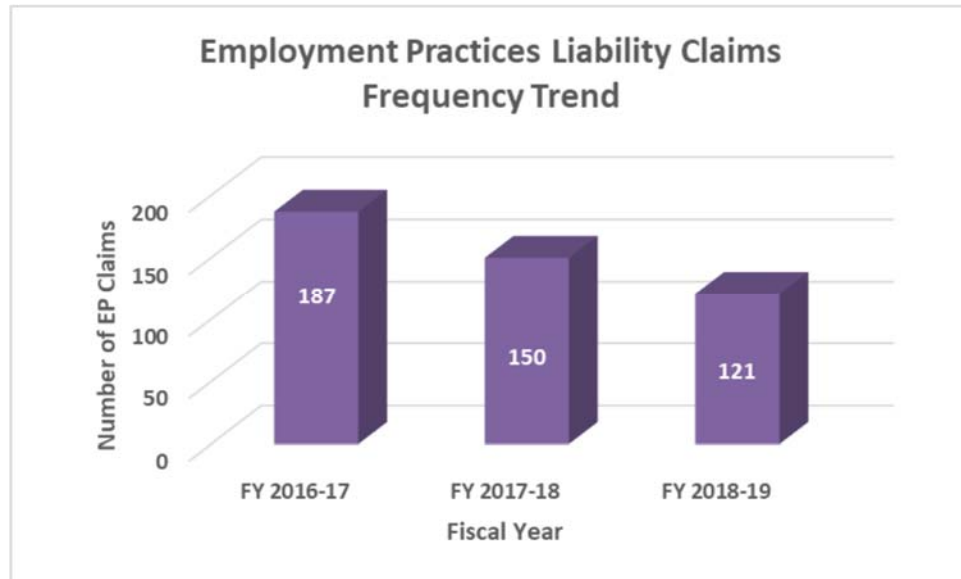
Other General Liability represents 6.4% of the County's Total Cost of Risk.



EMPLOYMENT PRACTICES LIABILITY CLAIMS

The County's Employment Practices Liability frequency decreased by 19.3% from FY 2017-18 to FY 2018-19. The County's overall Employment Practices Liability expenses decreased by 23.2%.

Employment Practices Liability represents 2.6% of the County's Total Cost of Risk.



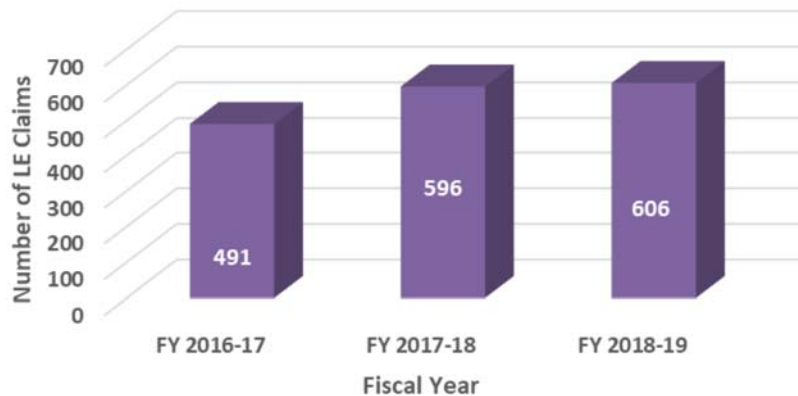
LAW ENFORCEMENT LIABILITY CLAIMS

The County's Law Enforcement Liability frequency rate increased 1.7% for FY 2018-19, compared to the previous fiscal year, and paid expenses increased 44.9%.

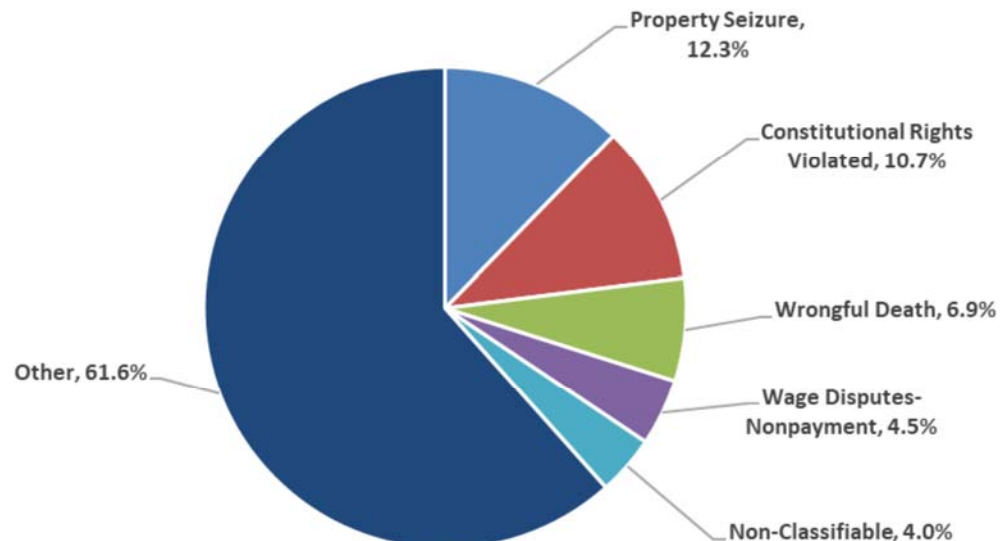
The most prevalent claims were for "Property Seizure" and "Constitutional Rights Violated," which represent 12.3% and 10.7%, respectively.

Law Enforcement Liability represents 8.8% of the County's Total Cost of Risk.

Law Enforcement Liability Claims Frequency Trend



Law Enforcement Liability Causes

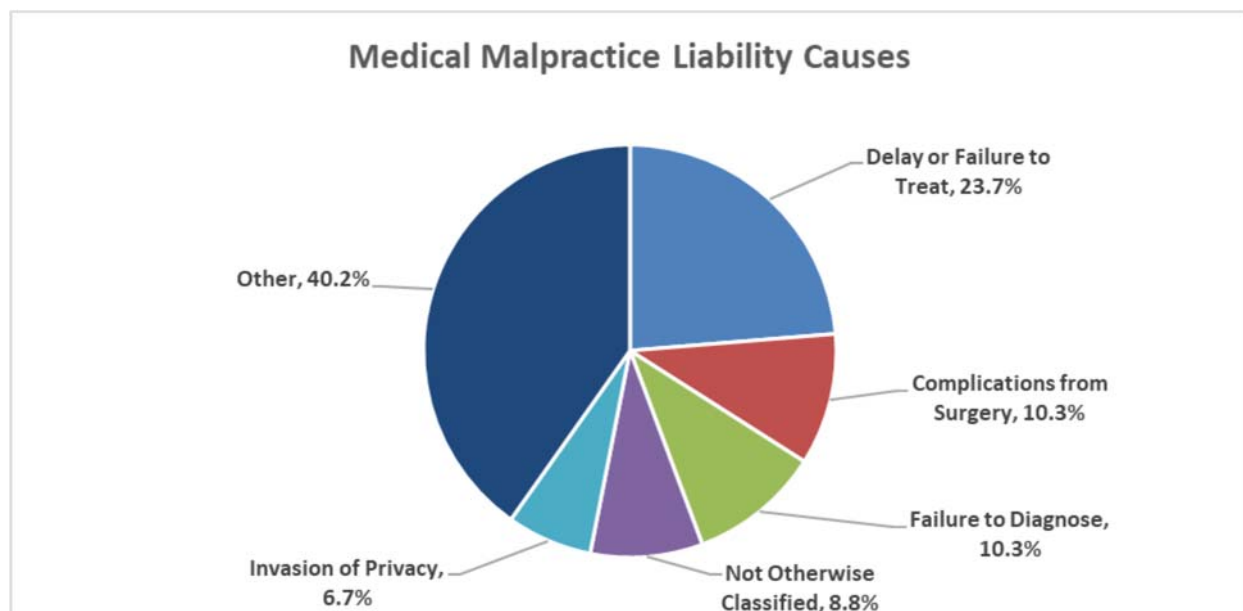
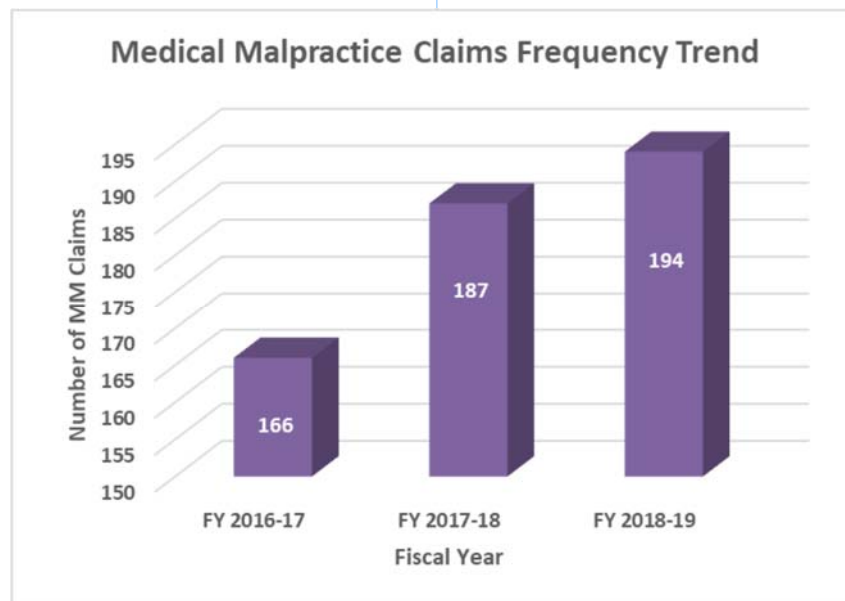


MEDICAL MALPRACTICE CLAIMS

Medical Malpractice Liability loss is attributable to various departments; however, the majority of the loss is related to care in hospitals. Hospital exposures are those related to patient contact; therefore, the more patients seen, the more probability that claims will arise. The most prevalent claims with the greatest severity are allegations of delay/failure to treat (23.7%), surgery complications (10.3%), and failure to diagnose (10.3%).

The County's Medical Malpractice Liability overall frequency increased 3.7% from FY 2017-18 to FY 2018-19. The primary type of claim filed against the County was for care delays and/or failure to treat.

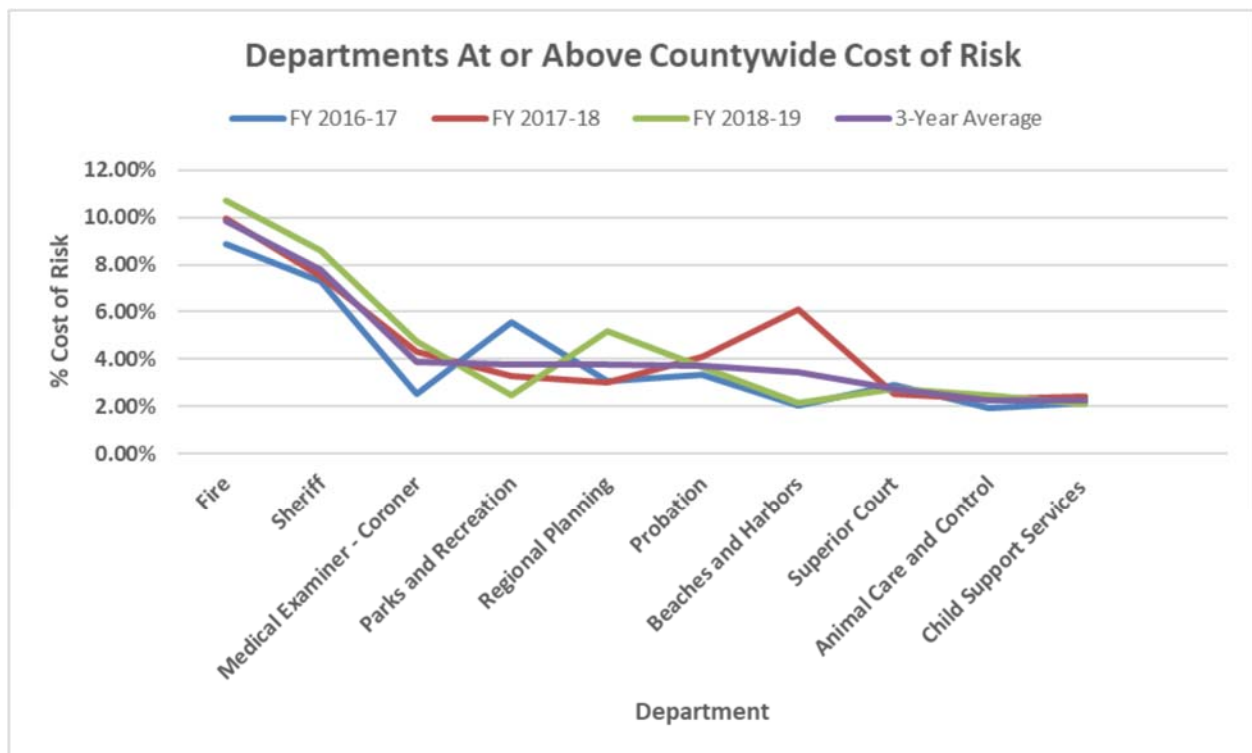
Medical Malpractice Liability represents 0.6% of the County's Total Cost of Risk.



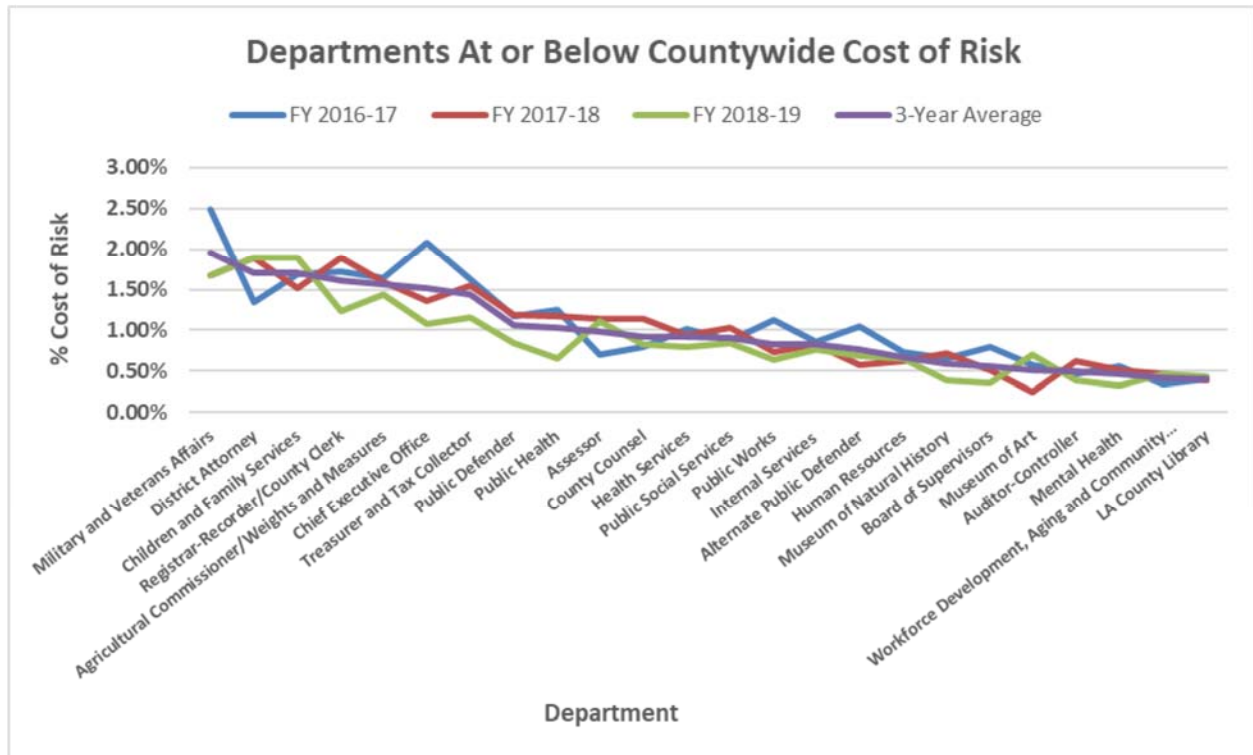
DEPARTMENT TRENDS

The Cost of Risk for 10 departments is trending above the Countywide average.

EVALUATION
STRATEGY
SCOPE
PRIORITIZATION



DEPARTMENT TRENDS (CONTINUED)



PREVENTION

SOLUTION



MITIGATION

LOSS CONTROL AND PREVENTION

The Loss Control and Prevention (LCP) Unit, within the Risk Mitigation Section of CEO Risk Management, provides risk analysis and consultative assistance to find effective solutions for root causes of loss, and training for all departments to ensure a safe and healthful environment for County employees and the public. LCP efforts focus on departments with high-risk activities; however, regular assistance/support is provided to all departments upon request. LCP's activities include the following:

- Enhancing loss control and prevention knowledge and capabilities within County departments through Health and Safety Coordinator meetings, participation in departmental safety and risk management committees, and Countywide education and training efforts, which include:
 - Development of training videos, courses, and related content for placement and distribution through the LearningNet and the online Risk Management University.
 - Creating safety bulletins on pertinent loss control issues, including new or amended regulations, or current issues affecting the County.
- Establishing County loss control and prevention standards and assisting departments with their risk management-related needs.
- Addressing cost drivers associated with issues driving workers' compensation and tort liability costs, including vehicle, general, employment practices, and medical malpractice liability costs.
- Serving as subject matter experts for departments in responding to California Occupational Safety and Health (Cal/OSHA) complaint letters, citations, and informal conferences.
- Providing loss control consulting to departments to improve their programs, procedures, and policies relating to their risks and cost drivers.
- Leading the Legal Exposure Reduction Committee's (LERC) Best Practices Sub-Committee projects, which include:
 - Vehicle Liability – implementing the drive-cam pilot study in a sample of County pool vehicles and evaluating the benefit of vehicle telematics on the reduction of claim frequency and severity.
 - Defensive Driver Training – establishing Countywide training programs offered through the County's Learning Management System and the CEO Risk Management website.
- Coordinating risk management and loss control efforts with County departments by participating or leading agendas with Risk Managers, Safety Officers, Return-To-Work Coordinators, and safety committees.

LOSS CONTROL AND PREVENTION — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19

LCP focused efforts on departmental frequency and severity drivers through the development and implementation of training programs, policies, and guidelines, as well as field visits targeted to the source of risk. Other significant accomplishments include:

- Provided over 650 consultations to departments on a variety of issues, including risk assessments, data analysis and interpretation, Cal/OSHA compliance, occupational health and safety, liability, and Corrective Action Plan development.
- Actively worked with County departments, subject matter experts, and vendors to coordinate training video development to enhance the educational opportunities on the CEO Risk Management education library.
- Coordinated Health and Safety Coordinators meetings and Risk Management Forums attended by over 450 County Risk Managers, Safety Officers, Human Resources personnel, and others with safety responsibilities. The meetings covered:
 - Ergonomic Self-Assessments
 - Voice Recognition Software
 - Bed Bug Management
 - Accessibility Considerations
 - Dig Alert
 - Risk Management Plans
 - Property Surveys
- Participated in several Countywide and departmental safety and risk management committees which provided networking opportunities for risk management personnel in social service departments.
- Participated as subject matter experts in the recruitment, screening, and interview process for potential risk management staff at County departments.
- Continued to enhanced the standard product list for ergonomic equipment used by the County's Workers' Compensation TPAs as part of an integrated cost containment strategy related to ergonomic evaluations for workers' compensation cases.
- Enhanced defensive driving strategies through the completion of the Lytx Drive Cam Technology pilot study.
- Continued the implementation process and development of Environmental Health and Safety Best Practices for Lead, Mold, and Asbestos remediation projects.
- Worked with the County's property insurer to survey County establishments for potential sources of loss, and worked with County departments to resolve deficiencies when identified.
- Performed 16 property surveys for placement of Automated External Defibrillators (AEDs).

LOSS CONTROL AND PREVENTION — OBJECTIVES FY 2019-20

To aid departments in their efforts to reduce overall trends, LCP will focus on the following:

Increasing Regulatory Compliance and Operational Effectiveness

- Monitor new or revised safety-related regulations and provide impacted County departments with regular updates through safety bulletins, trainings, and other related meetings to ensure compliance.
- Perform workers' compensation claim and cost minimization project with the Department of Parks and Recreation, including job hazard analysis of certain job classifications, safety inspections, and audit of safety office staffing and required tasks and responsibilities.
- Enhance current County data system (CAMPS) to incorporate storage and tracking of environmental compliance documents, reports, and licenses.
- Continue raising awareness on issues involving accessibility for individuals with sight and hearing impairments.

Training and Development of Countywide Risk Management Staff

- Utilize client resources available through County insurance programs to develop and offer risk management-related training videos and other related content for use by County employees.
- Utilize the Risk Management Forum and Quarterly Health and safety Coordinator meetings to provide County risk management personnel with regulatory updates and pending legislation, departmental cost drivers, and County claim frequency and severity performance.

Cumulative Trauma/Overexertion Claims

- Develop and offer an ergonomic training course for delivery on the County Learning Management System. The course will offer education on the basics of ergonomics and injury prevention, allowing County safety staff to focus their efforts on injury and cost minimization.
- Continue to coordinate efforts with the Joint Labor-Management Committee on Office Ergonomics to provide training on how to conduct effective worksite ergonomic evaluations (over 100 employees in 28 County departments). Additionally, the training will continue to be provided on an ongoing basis to ensure properly trained staff are available to perform this function.
- Continue to enhance the Joint Labor-Management Committee on Office Ergonomics website to provide ease of use, as well as acquire additional electronic educational materials for use by County employees.

SOLUTION



PREVENTION

EVALUATION

RISK MANAGEMENT INSPECTOR GENERAL

The role of the CEO's Risk Management Inspector General (RMIG) is multi-faceted; first, it is responsible for assisting County departments on the development and approval of Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs); second, it uses the information from CAPs and SCAPs to foster liability loss control measures. Finally, RMIG collaborates with departments, CEO Liability Claims and Recovery, and the Office of the County Counsel to meet the mandates established by the Board of Supervisors (Board).

This includes the requirement of all County departments to include a SCAP approved by RMIG as part of any claim settlement over \$100,000. Accordingly, RMIG manages CAPs and SCAPs through the process noted below.

These efforts are culminated in a process that incorporates all of the elements of loss control, claims management, and Board mandates, as follows:

- Weekly review of all liability claims entered in the claims system to determine early intervention, prevention, and containment efforts.
- Conduct detailed analysis of liability incident reports, claims, significant incidents, and adverse events, including monitoring adverse verdicts and items reported through various sources.
- Consult with departments and assist with their development of remedial corrections, CAPs, and SCAPs.
- Assist in expediting claim settlements by pre-approving all CAPs and SCAPs prior to submission to the County Claims Board and/or the Board.

- Escalate requests for CAP and SCAP information through department management and the Board, as necessary.
- Conduct audits and investigations of liability issues at the direction of the Board, and/or those issues which RMIG deems appropriate.

RMIG participates in all cluster meetings (agenda and policy committees) which involve in-depth discussions of CAPs, SCAPs, and case facts. These cluster meetings are attended by Board Deputies, departments, the Office of the County Counsel, and CEO. The purpose of the meetings is to brief the Board Deputies on all relevant information in order for them to brief the Board before their final approval is sought for a case.

The number of CAPs and SCAPs approved during FY 2018-19 is illustrated on the next page.

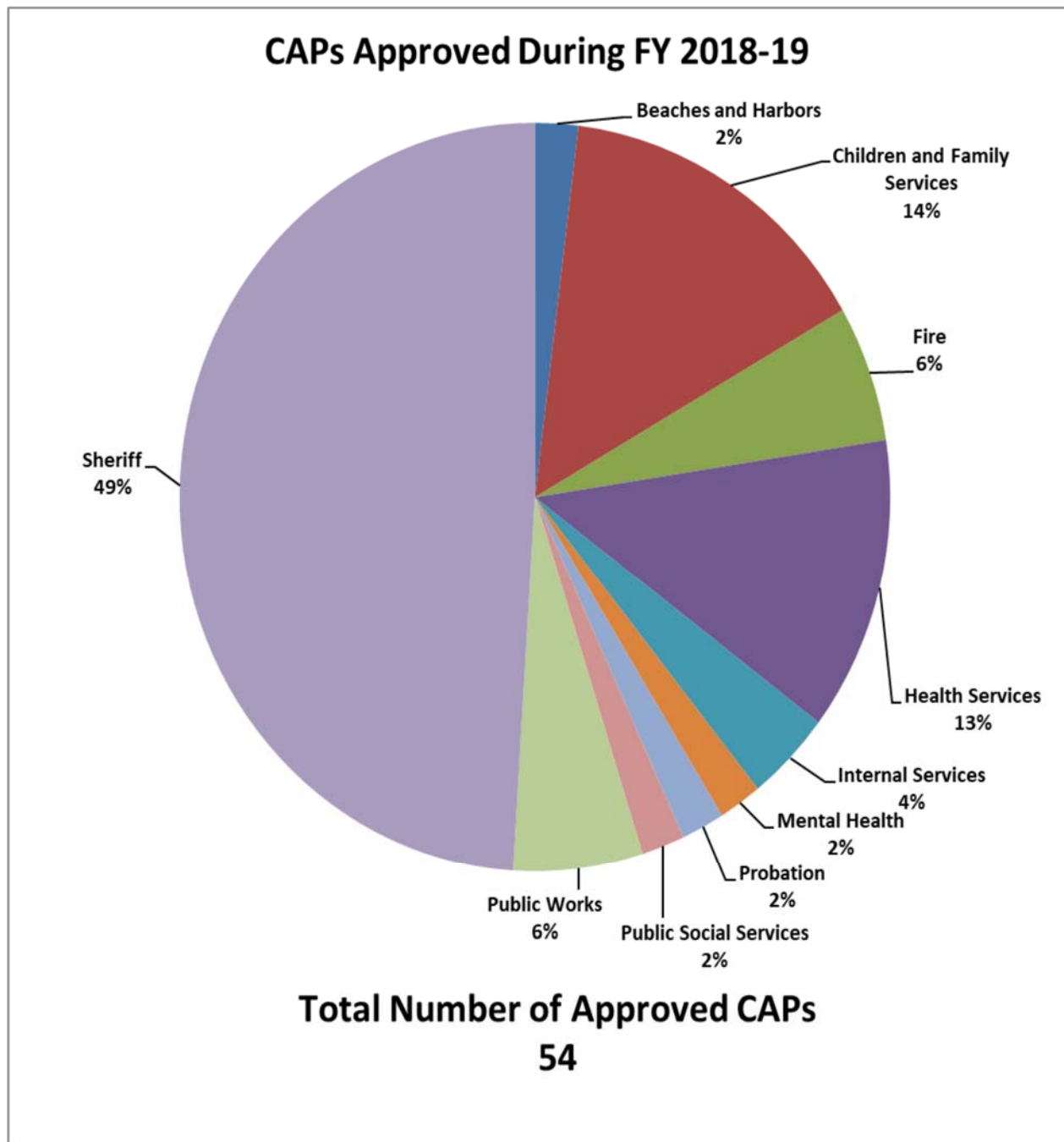
AVOIDANCE



ACTIONS

CORRECTIVE

RISK MANAGEMENT INSPECTOR GENERAL (CONTINUED)



RISK MANAGEMENT INSPECTOR GENERAL — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19

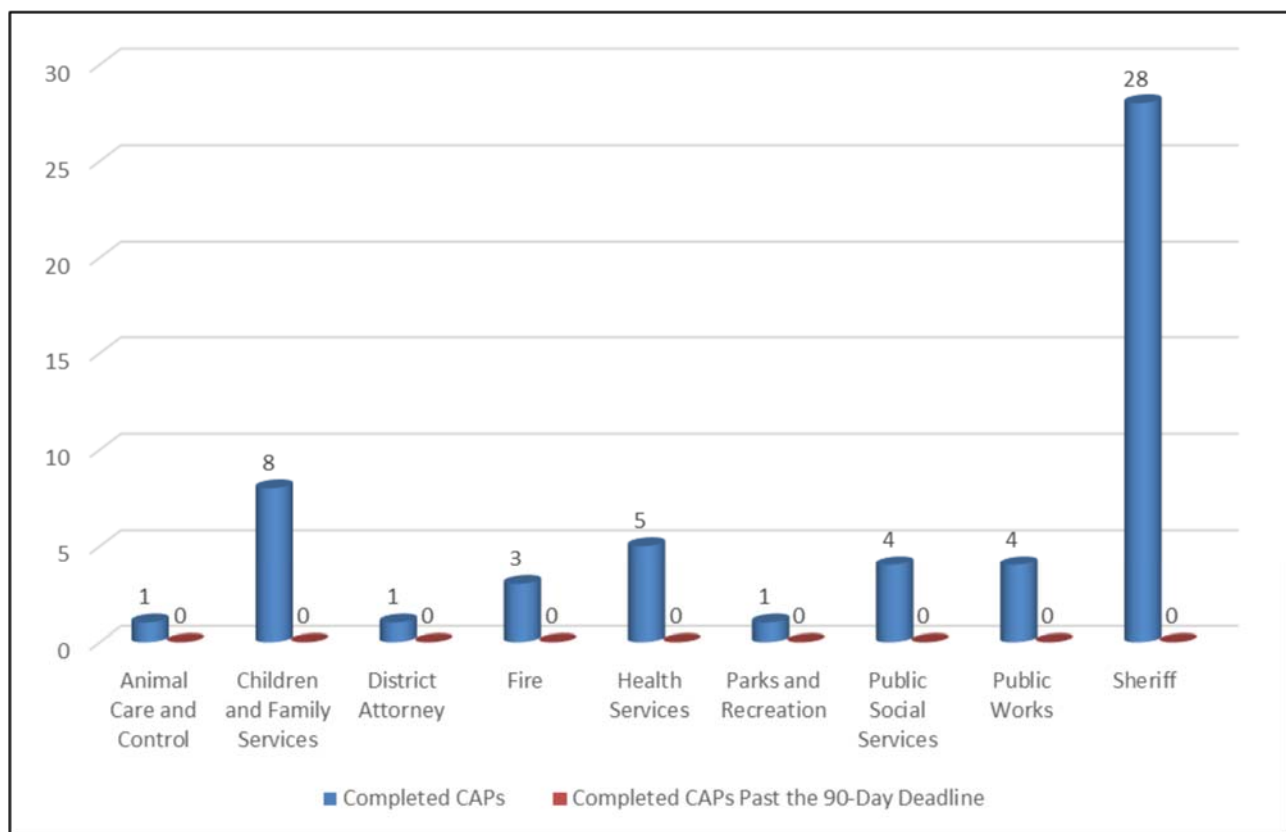
RMIG collaborated with the Board, the Office of the County Counsel, and various departments to improve the timeliness of CAPs and SCAPs by creating an entire new CAP and SCAP process in 2015. From the date of the notice of settlement, departments have 90 days to submit a final CAP. Since the implementation of the new guidelines, the majority of departments have met these new deadlines without challenges.

The chart below illustrates the number of CAPs completed within 90 days in FY 2018-19.



ANALYZE

RESOLUTION



RISK MANAGEMENT INSPECTOR GENERAL — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19 (CONTINUED)

The quality of CAPs has significantly improved since 2015. CAPs now include more robust descriptions, supporting documentation, exhibits, and in-depth discussions as to the violations and/or system issues that occurred, and how suggested corrective actions will address the problems in the present and into the future.

For the past 10 years, RMIG has co-chaired the Legal Exposure Reduction Committee's (LERC) Medical Malpractice Sub-Committee, which has led to more thorough communication and best practices Countywide.

Open communication among departments is reaching new heights as departments work together on "Just Culture," CAPs, best practices, and sharing information. Discussions are held through LERC, cluster meetings, and departments reaching out to one another to share information regarding potential issues, as well as successes they had. Communication is key to having a strong and healthy organization, and RMIG will strive to continually cultivate these open-door discussions.



RMIG collaborated with the LERC Medical Malpractice Sub-Committee to evaluate the risks and benefits associated with installing Automated Electronic Defibrillators (AEDs) in County-occupied buildings. Defibrillation with an AED is meant to be a temporary, life-saving measure for people who experience sudden cardiac arrest, until emergency medical help can arrive. As part of this project, RMIG researched and collected data on County-occupied buildings and conducted walk-throughs and inspections of various sites to identify optimal locations for the AEDs, which in the future will have the devices readily available for use by both County employees and the public they serve.

Over the past year, RMIG also presented several live webinars online and in-person at the annual Risk Management Forum on topics that included: 1) timeliness and triggering events in the CAP and SCAP process—including the involvement of outside groups such as TPAs, County Counsel, Claims Board, Contract Cities' Board, and the Board; and 2) applicability notices to help address underlying issues that frequently occur Countywide. The webinars have been recorded and made available via the RMIG's intranet site, as well as via a dedicated Vimeo channel for risk and litigation employees to view anytime.

RISK MANAGEMENT INSPECTOR GENERAL — OBJECTIVES FY 2019-20

RMIG will continue to collaborate on the extensive development and implementation of the comprehensive RMIS to integrate the Risk Compliance Management System into applicable claims metrics. RMIG is identifying methods by which electronic communications with department litigation and risk management staff can be incorporated into this new system. RMIG will also continue to research and develop additional automation methods to incorporate reminders and routine processes into the software. Overall, the new system will allow for the creation and tracking of CAPs, and will automatically assign CAPs to relevant business areas and organizational structures. The new system is expected to generate a variety of status reports based on the progress of corrective actions, and will further assist in correlating the impact of the CAP to other loss measurements. Additionally, the system will provide a single clearinghouse for the storage of all reference documents and exhibits related to the CAP process.

RMIG continues to focus on liability loss control and incorporating data integration, tracking, and trending this fiscal year. RMIG will focus on proactive liability loss control measures instead of reactive measures, which traditionally has been the practice. Coupled with this endeavor, is the increasing need to address how succession planning and turnover in department litigation and risk management staff is affecting the CAP and SCAP processes. As such, RMIG plans to increase the frequency of department visits in order to provide hands-on training in CAP and SCAP processes to newer and newly promoted workforce in these critical areas.

In collaboration with the Liability Claims and Recovery Unit, RMIG will continue reviewing, revising, and updating high-priority claims on a weekly basis. Over the past fiscal year, RMIG has encouraged a more in-depth preliminary review of claims to determine essential and often complex case facts in order to promote early intervention and containment efforts by departments.

Ongoing LERC Medical Malpractice Sub-Committee projects include:

- Just Culture Implementation – Implement a “Just Culture” approach to error management in all County departments. This project will create a humane and fair evaluation and correction process for human errors in the County workplace.
- Adverse Event Mitigation and Early Settlement Authority – This project will create a less adversarial system for managing medical errors and possible related litigation. The Sub-Committee will help lead the educational and interpersonal effort to create the policies and procedures for this risk management approach.
- Automated External Defibrillators (AEDs) The Sub-Committee will continue to evaluate the risks and benefits associated with installing AEDs Countywide. This working group will finalize a Countywide AED and Hands-Only CPR policy to establish fundamental procedures for the management and maintenance of AEDs. The group will seek the input and feedback of various Countywide stakeholders, including, but not limited to, County Counsel.

RISK TRANSFER

The Risk Transfer Unit is responsible for purchasing commercial insurance Countywide, handling/issuing certificates of self-insurance Countywide, conducting insurance compliance reviews Countywide, and providing indemnification and insurance expertise to all County departments.

The County strives to obtain commercial insurance for multiple risks that could negatively affect the County. Examples of the types of commercial insurance procured are: Automobile, Aviation, Cyber, Crime, Earthquake, and Property. The County is constantly analyzing the risks and benefits by which obtaining insurance provides additional financial stability to the County and its constituents. The purchasing of insurance allows the County better protection when conducting day-to-day activities, as well as allowing the County to better serve its constituents by taking more proactive roles in public safety and health initiatives that may be of a higher risk but of greater public value.

RISK TRANSFER— SIGNIFICANT ACCOMPLISHMENTS FY 2018-19

The Risk Transfer Unit reorganized the various insurance coverages and procured more robust insurance policies to better protect the County from emerging risks and losses caused by catastrophic events. The enhanced policies cover losses emerging from cyber-attacks, fire, flood, earthquake property damage, and catastrophic workers' compensation losses. There were two new insurance coverages procured this fiscal year: Public Entity Excess General Liability; and Sexual Misconduct Liability.

Risk Transfer created a triage system to determine high-risk and essential buildings within the County. This was accomplished with the collaboration of the development of the Deferred Maintenance Building Condition Assessments and the Asset Management Database, in partnership with County departments. As a result, 121 buildings and other County properties were added at the request of the departments to the FY 2019-20 Property Insurance Policy in May 2019.

Risk Transfer continued to provide Countywide insurance compliance reviews and indemnification and insurance trainings, and advise to all County departments on acceptable risk transfer techniques to protect the County from indemnity and legal costs associated with claims which may arise from the activities of County contractors.



RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19 (CONTINUED)

Risk Transfer conducted 688 indemnification and insurance reviews for departments during FY 2018-19. The chart below illustrates the number of reviews completed per department.

DEPARTMENT	COMPLETED REVIEWS
Auditor-Controller	4
Beaches and Harbors	27
Board of Supervisors	8
Chief Executive Office	70
Children and Family Services	28
Community Development Commission	1
County Counsel	13
District Attorney	1
Fire	18
Health Services	58
Human Resources	14
Internal Services	82
Library	7
Medical Examiner-Coroner	1
Mental Health	19
Parks and Recreation	64
Probation	18
Public Health	66
Public Social Services	10
Public Works	83
Regional Planning	5
Registrar-Recorder/County Clerk	20
Sheriff	20
Treasurer and Tax Collector	38
Workforce Development, Aging and Community Services	13
TOTAL	688

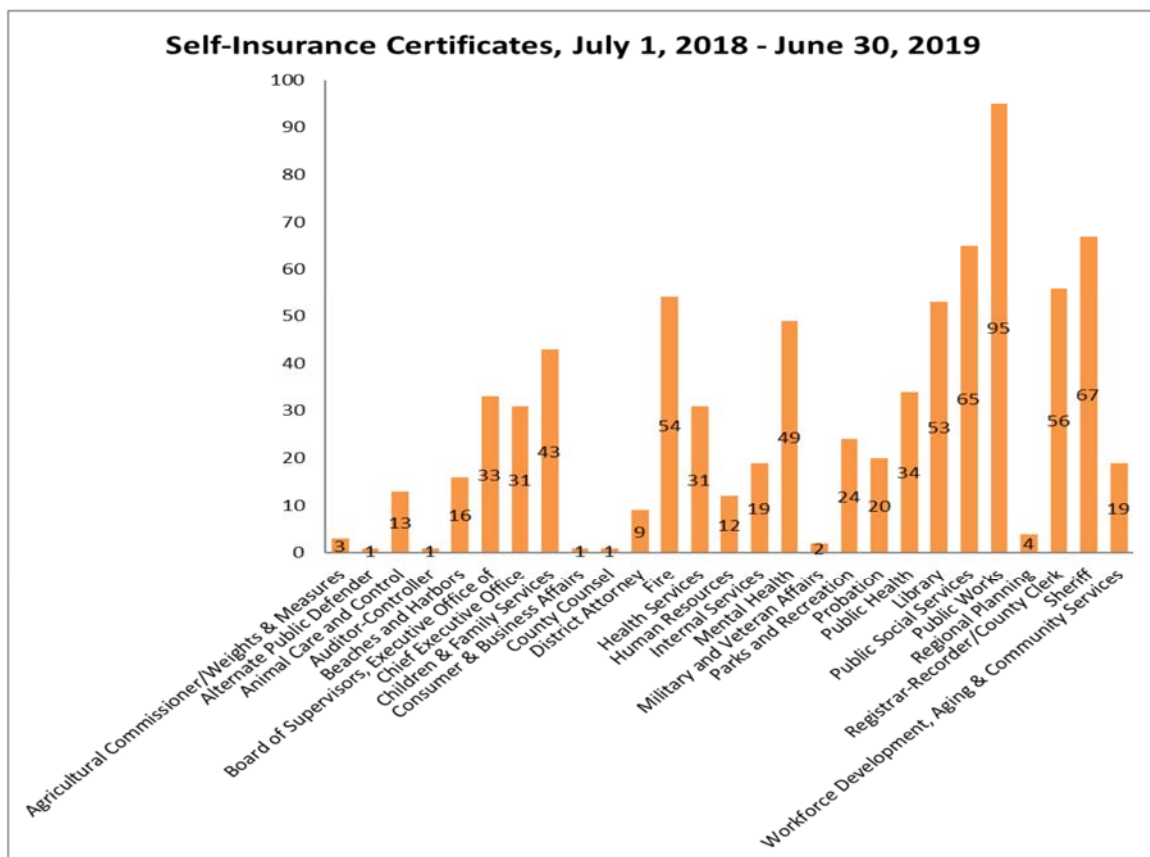
RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19 (CONTINUED)

Risk Transfer implemented an online Certificates of Self-Insurance System in January 2017. All County departments can now produce Certificates of Self-Insurance to meet their respective department needs. Departments are often required to provide these certificates to various public and private entities in order for the County to conduct business on their property and/or for the public's benefit.

Currently, all departments have access to the automated system and can produce their own Certificates of Self-Insurance within the requirements established by the County Risk Manager. This allows certificates to be expedited as needed and create a more efficient way of conducting business. Tracking of the certificates is now automated and can be created and sent via email within minutes.

Risk Transfer continues to train departments on the new system and provides ongoing technical and administrative support.

The graph below illustrates the number of County Certificates of Self-Insurance completed during FY 2018-19. A total of 756 certificates were completed by the following departments within this timeframe.



RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2018-19 (CONTINUED)

Risk Transfer presented at the first annual Risk Management Forum in April 2019. The presentation included a training on how to use the online Certificates of Self-Insurance system to generate County Self-insurance Certificates, and involved a simulated generation of the Certificate. The presentation was then converted into a webinar format. In addition, the Risk Transfer Unit presented a live webinar and posted the recordings on the Risk Management Intranet site. The webinar topic included, but not limited to, the following: how to identify adequate indemnification and insurance language for various County leases, including build-to-suit leases, full-service leases, and Marina del Rey parcel leases. The two webinars are available Countywide and preserved on the new Risk Management website, allowing employees access to view anytime.

Risk Transfer was asked to collaborate with other departments on various projects, including, but not limited to, the following: streamlining the County's contract solicitation process; County Code changes pertaining to environmental sustainability and business licensing; and new homeless housing initiatives. Departments were advised on possible risks associated with various projects and were provided recommendations on how to decrease such risks.

COLLABORATION



IDENTIFY

PREDICT

RISK TRANSFER — OBJECTIVES FY 2019-20

The Risk Transfer Unit will strive to insure as much County liability as deemed financially responsible in an effort to protect County assets from unforeseen disasters. Continuing with this strategy, Risk Transfer is now in the process of obtaining commercial excess coverage for Public Entity General Liability, Sexual Misconduct Liability, and Cyber Liability to further reduce risk to the County.

Risk Transfer will continue evaluating properties to determine high-risk and essential County buildings. Decisions to add County buildings to the property insurance policy will be made from a risk management perspective and will consider various factors such as location, population, and function of the buildings to ensure that all properties have the necessary coverage. In addition, Risk Transfer will initiate the appraisal and valuation of the Actual Cash Value and Business Interruption Value of County buildings covered by Property Insurance to obtain a revised valuation which includes all measurements suitable for insurance purposes.

Risk Transfer will continue to conduct live webinars on topics of interest to departments as part of our ongoing training program. A survey will be issued to County contract administration and contract monitoring divisions to solicit analysts' opinions on topics of interest.

Risk Transfer will continue to collaborate with other departments on various Countywide projects to help assess potential risks and transfer them using diverse risk transfer techniques. Risk Transfer will build up a partnership with the Office of the County Counsel to combine legal and risk management expertise to help the County improve its contracting solicitation, administration, and monitoring practices.

CORRECTIVE

HIGH-RISK



RESOLUTION

TRANSFER

THE OFFICE OF PRIVACY

The Office of Privacy (OOP) is a new division within CEO Risk Management. In June 2019, OOP retained a Chief Privacy Officer to oversee the Countywide privacy program and ensure the protection of the County's data. OOP is tasked with developing Countywide and departmental policies that focus on privacy compliance and privacy risk mitigation. Through these efforts, OOP will continue to expand and modernize the County's privacy program, while also enhancing existing privacy risk management activities.

THE OFFICE OF PRIVACY KEY PRIVACY OBJECTIVES

OOP manages the County's privacy program development and operations, which includes several key objectives:

Privacy Program Operations – Lead Countywide privacy policy development and privacy program management.

Compliance – Monitor the County's compliance with applicable laws, regulations, and County policies.

Privacy Risk Management – Conduct privacy-focused risk management activities that include breach management, privacy risk assessments, and coordination of internal audits and/or audits of third party vendors.

Training – Enhance the Countywide privacy training program for all employees and promote a culture of integrity and compliance with the handling of the County's data.

Privacy Risk Mitigation – Continue with ongoing mitigation of privacy and cyber risks for the County.

Centralized Oversight – Act as the centralized contact and coordinator between County stakeholders for privacy-related initiatives, events, potential privacy violations, investigations, and breaches. Key stakeholders include the Office of the Chief Information Office, Board of Supervisors, County Counsel, District Attorney, Internal Services Department, Auditor-Controller, and departmental Privacy Officers and Information Security Officers.

THE OFFICE OF PRIVACY KEY HIPAA OBJECTIVES

OOP has a dedicated focus on the Health Insurance Portability and Accountability Act (HIPAA) privacy compliance activities across the County's HIPAA-covered departments. Under the direction of the Chief Privacy Officer, the HIPAA Compliance Officer will coordinate the HIPAA compliance activities among the County's HIPAA-covered departments. The County is a hybrid entity that performs both HIPAA-covered and non-covered functions. OOP oversees HIPAA-related activities pertaining to the development, implementation, and maintenance of the County's HIPAA and the Health Information Technology for Economic and Clinical Health Act privacy policies and legal compliance.

OOP's key objectives and activities regarding HIPAA matters include:

Compliance – Monitor the County's compliance with HIPAA and other applicable laws, regulations, and County policies.

HIPAA Risk Assessments – Perform HIPAA privacy risk assessments and related compliance monitoring initiatives.

THE OFFICE OF PRIVACY

THE OFFICE OF PRIVACY KEY HIPAA OBJECTIVES (CONTINUED)

HIPAA Training – Oversee HIPAA Privacy and Security Rules training contents and monitor compliance for all HIPAA-covered workforce members. Maintain website content with information pertaining to privacy and HIPAA matters, current events, and contact information for questions or concerns.

HIPAA Subject Matter Expertise – Provide internal review and modification of the Business Associate Agreements and Data Use Agreements to ensure that contract terms appropriately maintain privacy and integrity of Protected Health Information (PHI), as required by HIPAA.

Complaint Process – Streamline the reporting process for tracking, investigating, and resolving complaints concerning potential HIPAA violations, breaches, or violations of the County's or departmental privacy policies and procedures.

HIPAA Breach Response/Management – Collaborate with the Chief Information Office to retain breach management services vendors to assist with breach response components, as needed by the County. Streamline breach and/or incident reporting processes throughout the County.

HIPAA Privacy and Security Committee – Coordinate the HIPAA compliance program for departments that are within the County's healthcare component by leading the HIPAA Privacy and Security Committee. Members include the departmental Privacy Officers and Information Security Officers, County Counsel, and the Chief Information Office.

HIPAA Policy Development – Assist the HIPAA-covered departments with the development and/or revision of their HIPAA privacy policies, as needed.

THE OFFICE OF PRIVACY—OBJECTIVES FY 2019-20

Emerging technology continues to facilitate innovative opportunities within the County. As these innovations are incorporated into operations and services, the County must ensure the protection of its data and sensitive information. OOP strives to uphold the County's privacy interests by developing a robust Countywide privacy program and safeguarding the County's data from misuse or other potential threats. Additionally, OOP is committed to building a culture of privacy protection throughout the County by training personnel on the importance of safeguarding privacy and complying with Federal and State laws, as well as privacy policies. While OOP continues to work with individual County departments on their specific privacy needs, OOP will simultaneously maintain an enterprise-wide perspective on the privacy considerations of the County.

RISK



AUTHORITY

INTEGRITY

RESOLUTION

RISK MANAGEMENT FINANCE

The Risk Management Finance Unit (Finance) provides general accounting and internal auditing services for the various programs within CEO Risk Management. In addition, Finance provides accounting services for the Department of Human Resources' (DHR) Disability Management Programs.



EFFICIENCY

CONTROL

RISK MANAGEMENT FINANCE —SIGNIFICANT ACCOMPLISHMENTS FY 2018-19

Finance continued to create efficiencies in the processes that involved other County departments, contractors, and CEO Sections, as follows:

- Collaborated with the Internal Services Department to establish a central email box, thus eliminating faxed requests and facilitating a paperless process.
- Collaborated with CEO Risk Management's Workers' Compensation Program staff to streamline the collections process of duplicate payments identified by internal audits, which increased the overall efficiency of collecting reimbursements.
- Streamlined the request process for the Workers' Compensation MMCCs and TPAs by redesigning and simplifying the vendor request form and the Retro Temporary Disability request form.
- Transitioned to a completely paperless vendor administration process.
- In furtherance of our paperless environment, transitioned to electronic bank statements.
- Improved efficiency and reduced W-9 rejections from TPAs by creating an informational flyer/handout of common W-9 errors as a reference for the TPA examiner.

- Produced educational webinars that detailed:

- How claimants and vendors can sign up for direct deposit;
- How a check status can be requested and what the different check status signify; and
- The Retro Temporary Disability process.

Finance improved the accuracy of reported data as follows:

- Modified the 3-year rolling average methodology for both Long-Term Disability (LTD) and Workers' Compensation to be solely based on direct costs, which will enable Finance to quickly generate a report that automatically calculates the departmental distribution rates for LTD and workers' compensation expenditures.
- Improved the methodology for estimating the long-term liabilities of the LTD Megaflex and LTD Megaflex Health Programs by using figures produced by the County's actuaries.
- Performed a review of active ClaimsVision vendor records that were mapped to the same eCAPS vendor and address codes, which assisted in identifying duplicate or incorrectly mapped vendor records. Subsequently deactivated duplicate records, as necessary.
- Collaborated with CEO Information Technology Services to create a report that identified potential duplicate cycle payments and began recovery efforts.

RISK MANAGEMENT FINANCE —SIGNIFICANT ACCOMPLISHMENTS FY 2018-19 (CONTINUED)

Finance improved recordkeeping to protect Personally Identifiable Information (PII) as follows:

- Reviewed all eCAPS vendor records that pertained to claimants on direct deposit and identified and corrected any records that were viewable to other departments to protect PII. Established policies and procedures to perform the PII review annually.
- Redacted all banking information from prior fiscal years' deposit documents in our electronic document storage.

Finance fully implemented the Internal Control Certification Plan (ICCP) corrective action plan to ensure all Finance procedures are compliant with critical internal controls, including the following:

- Procured a security safe with a digital lock to ensure authorized Finance staff has the flexibility and immediate ability to change the passcode as personnel changes occur.
- Acquired all historical documentation of trust funds managed by CEO Risk Management.
- Documented preparation and approval of reconciliations.

Finance established and/or updated written policies and procedures for:

- Reimbursing other County departments for US Treasury interceptions that allegedly pertained to the Workers' Compensation Program.
- Preparing reconciliations for the Workers' Compensation and LTD Programs.
- Performing reconciliations of trust funds and trust accounts.
- Handling non-sufficient funds (NSF) checks and referring them to the Department of Treasurer and Tax Collector for collection (as required).
- Reversing Retro Temporary Disabilities (when an initial request was sent by a TPA in error) for the Workers' Compensation Program.

- Processing rush payments that pertain to the Insurance Budget.
- Establishing encumbrances for the LTD Program.
- Processing deposits for the LTD and Short-Term Disability (STD) Programs.
- Replenishing the revolving bank account for the LTD Program.

Finance Audit Team:

- Performed three duplicate payment audits and identified duplicate workers' compensation payments to be recovered from the TPA and/or MMCC.
- Implemented a new audit reviewing vendor payment system that deviates from the Benford Law.
- Established and documented written audit programs for current and upcoming audits.

RISK MANAGEMENT FINANCE — OBJECTIVES FY 2019-20

Finance will work with Ventiv Technology (the vendor for the new comprehensive RMIS), to ensure all internal control weaknesses identified in prior audits are addressed in the new system.

Finance will also begin a pilot program for direct deposit of workers' compensation payments to claimants who work for the Fire Department.

STATISTICS

FY 2016-17 TO FY 2018-19

All Claims Frequency and Expense Summary.....	Exhibit A
Workers' Compensation Claim Frequency and Expense Summary	Exhibit B
State of California Labor Code 4850 and Salary Continuation Expense Summary	Exhibit C
Vehicle Liability Claim Frequency and Expense Summary.	Exhibit D
General Liability Claim Frequency and Expense Summary	Exhibit E
General Liability/Law Enforcement Liability Claim Frequency and Expense Summary	Exhibit E-1
General Liability/Employment Practices Liability Claim Frequency and Expense Summary	Exhibit E-2
Medical Malpractice Claim Frequency and Expense Summary	Exhibit F
Cost of Risk Detail.....	Exhibit G



EXHIBIT A**ALL CLAIMS FREQUENCY AND EXPENSE SUMMARY**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	# New Claims	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	42	\$757,611	41	\$790,361	37	\$731,709
Alternate Public Defender	6	\$650,801	16	\$423,892	12	\$516,051
Animal Care and Control	76	\$942,243	110	\$1,149,332	115	\$1,293,645
Assessor	59	\$1,392,618	46	\$2,363,894	48	\$2,696,170
Auditor-Controller	22	\$450,386	26	\$613,019	26	\$402,823
Beaches and Harbors	44	\$1,277,422	55	\$4,243,545	44	\$1,458,240
Board of Supervisors	42	\$1,653,497	28	\$1,182,835	38	\$909,330
Chief Executive Office	20	\$2,511,484	15	\$1,733,886	14	\$1,300,499
Child Support Services	138	\$3,905,778	128	\$4,566,615	127	\$3,977,574
Children and Family Services	596	\$22,622,036	488	\$23,427,743	539	\$30,502,670
Consumer and Business Affairs	6	\$19,837	2	\$20,562	5	\$27,676
County Counsel	23	\$962,412	33	\$1,571,726	33	\$1,179,936
District Attorney	166	\$5,282,618	155	\$7,871,632	142	\$8,185,084
Fire	1,710	\$101,807,364	1,767	\$114,472,086	1,692	\$130,041,301
Health Services	1,938	\$53,447,757	2,151	\$59,019,331	2,889	\$54,432,934
Human Resources	16	\$634,743	10	\$553,099	16	\$592,997
Internal Services	126	\$4,436,172	168	\$4,552,125	168	\$5,045,347
LACERA	18	\$509,448	16	\$558,647	16	\$662,462
LA County Library	57	\$749,528	67	\$719,989	50	\$910,309
Medical Examiner - Coroner	57	\$1,034,072	36	\$1,796,437	40	\$2,066,814
Mental Health	331	\$12,703,618	315	\$12,435,839	370	\$8,933,086
Military and Veterans Affairs	1	\$96,611	2	\$157,861	3	\$104,228
Museum of Art	2	\$176,005	4	\$77,991	3	\$235,646
Museum of Natural History	0	\$134,005	0	\$152,900	1	\$81,995
Non-Jurisdictional	1,174	\$1,024,967	1,287	\$763,882	1,343	\$898,256
Parks and Recreation	278	\$11,114,573	245	\$6,855,346	232	\$5,988,037
Pending Assignment	20	\$0	0	\$0	3	\$0
Probation	728	\$30,226,827	794	\$39,187,091	950	\$36,666,076
Public Defender	78	\$2,483,817	54	\$2,670,554	59	\$2,008,936
Public Health	238	\$12,167,042	240	\$13,837,654	302	\$8,836,108
Public Social Services	1,125	\$35,600,373	1,121	\$43,154,086	1,020	\$35,001,766
Public Works	621	\$22,409,650	566	\$15,569,418	599	\$14,535,486
Regional Planning	37	\$965,033	41	\$962,716	29	\$1,789,597
Registrar-Recorder/County Clerk	102	\$2,586,964	95	\$2,922,947	103	\$2,791,658
Sheriff	5,595	\$242,003,544	5,685	\$241,732,671	5,695	\$288,619,617
Superior Court	224	\$11,527,855	210	\$9,953,525	176	\$10,851,018
Treasurer and Tax Collector	79	\$1,349,521	54	\$1,322,740	50	\$996,724
Workforce Development, Aging and Community Services	41	\$540,928	34	\$825,196	19	\$855,681
TOTAL⁴	15,722	\$592,171,058	15,916	\$624,214,684	16,832	\$666,127,486

1. Amount Paid is the total of the transactions paid by coverage code in the fiscal year regardless of occurrence date plus amounts paid for workers' compensation from the Workers' Compensation Status Report. Amount Paid includes indemnity and legal fees and expenses. Does not include RBNP or IBNR reserves. Workers' compensation paid does not reflect State of California Labor Code 4850 or salary continuation payments. Data does not include unemployment costs.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information does include County Counsel tort files. County Counsel expenditures are included.
3. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes. The FY 2018-19 expense figure does not include a settlement of \$51,782,241 received from Southern California Gas Company.

EXHIBIT B**WORKERS' COMPENSATION CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	24	\$631,103	22	\$734,844	29	\$638,042
Alternate Public Defender	4	\$625,503	7	\$295,709	7	\$423,469
Animal Care and Control	63	\$804,488	85	\$876,131	103	\$806,544
Assessor	17	\$679,761	21	\$762,649	20	\$698,901
Auditor-Controller	11	\$352,973	12	\$477,620	15	\$300,452
Beaches and Harbors	26	\$803,312	34	\$489,616	28	\$629,351
Board of Supervisors	7	\$257,650	9	\$182,537	10	\$423,799
Chief Executive Office	15	\$532,003	8	\$767,969	6	\$519,028
Child Support Services	116	\$3,432,706	114	\$4,307,002	114	\$3,735,831
Children and Family Services	366	\$14,543,857	335	\$17,410,224	381	\$13,830,911
Consumer and Business Affairs	5	\$15,929	1	\$20,462	3	\$17,706
County Counsel	21	\$494,845	28	\$669,636	18	\$919,423
District Attorney	104	\$3,529,618	80	\$4,442,485	78	\$5,190,621
Fire	1,562	\$60,781,342	1,622	\$69,117,368	1,548	\$80,820,596
Health Services	1,741	\$39,149,604	1,858	\$41,072,076	1,910	\$44,260,183
Human Resources	15	\$405,228	8	\$361,335	13	\$496,397
Internal Services	90	\$4,123,032	117	\$3,933,965	112	\$3,969,250
LACERA	18	\$448,631	16	\$554,895	16	\$627,957
LA County Library	50	\$720,217	53	\$686,241	36	\$759,506
Medical Examiner - Coroner	23	\$559,954	20	\$689,367	13	\$713,934
Mental Health	278	\$7,302,543	280	\$8,018,299	319	\$6,893,356
Military and Veterans Affairs	1	\$80,219	1	\$151,585	1	\$101,740
Museum of Art	1	\$158,754	2	\$77,507	3	\$230,322
Museum of Natural History	0	\$134,005	0	\$152,900	0	\$81,995
Non-Jurisdictional	0	\$0	0	\$0	0	\$0
Parks and Recreation	198	\$5,082,207	186	\$4,030,320	179	\$3,389,036
Pending Assignment	19	\$0	8	\$0	3	\$0
Probation	673	\$22,982,659	728	\$28,924,925	875	\$23,382,813
Public Defender	51	\$1,199,044	31	\$1,355,449	34	\$1,458,506
Public Health	210	\$7,197,092	204	\$7,624,572	277	\$6,728,319
Public Social Services	1,061	\$32,607,561	1,067	\$39,409,924	962	\$29,903,019
Public Works	189	\$5,547,677	180	\$6,554,521	177	\$6,356,039
Regional Planning	5	\$138,157	4	\$157,092	7	\$117,996
Registrar-Recorder/County Clerk	71	\$2,057,183	65	\$2,408,120	73	\$2,211,976
Sheriff	4,469	\$133,944,107	4,400	\$136,262,651	4,477	\$160,608,276
Superior Court	223	\$10,545,628	210	\$9,315,547	176	\$10,338,567
Treasurer and Tax Collector	15	\$1,011,000	22	\$1,204,636	17	\$898,135
Workforce Development, Aging and Community Svs	34	\$478,072	21	\$707,789	17	\$603,709
TOTAL	11,776	\$363,359,224	11,859	\$394,207,968	12,057	\$413,085,705

1. Amount Paid is the total of the transactions paid for workers' compensation in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves. Workers' compensation paid does not include State of California Labor Code 4850 or salary continuation payments.
2. Amounts shown as listed on the Workers' Compensation Status Report.
3. Superior Court expenses are billed to the State of California; these expenses are not controllable by the County as these are State of California employees.

EXHIBIT C**STATE LABOR CODE 4850 AND SALARY CONTINUATION EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17	FY 2017-18	FY 2018-19
	Amount Paid ¹	Amount Paid ¹	Amount Paid ¹
Agricultural Commissioner/Weights and Measures	\$47,909	\$2,543	\$27,586
Alternate Public Defender	\$0	\$91,756	\$22,826
Animal Care and Control	\$32,049	\$63,614	\$41,164
Assessor	\$81,885	\$41,462	\$17,756
Auditor-Controller	\$42,213	\$43,803	\$0
Beaches and Harbors	\$48,334	\$32	\$35,001
Board of Supervisors	\$1,599	\$30,400	\$25,813
Chief Executive Office	\$57,126	\$12,371	\$0
Child Support Services	\$156,339	\$147,299	\$158,328
Children and Family Services	\$1,033,214	\$1,001,246	\$609,089
Consumer and Business Affairs	\$0	\$0	\$8,870
County Counsel	\$2,556	\$8,058	\$45,604
District Attorney	\$701,550	\$1,359,357	\$2,057,232
Fire	\$36,001,289	\$39,518,597	\$46,485,677
Health Services	\$1,619,431	\$1,626,262	\$1,824,410
Human Resources	\$58,869	\$40,011	\$0
Internal Services	\$189,093	\$47,672	\$119,825
LACERA	\$60,817	\$3,752	\$34,505
LA County Library	\$15,186	\$0	\$0
Medical Examiner - Coroner	\$986	\$4,285	\$83,204
Mental Health	\$550,922	\$421,499	\$375,165
Military and Veterans Affairs	\$3,415	\$0	\$0
Museum of Art	\$16,130	\$326	\$0
Museum of Natural History	\$0	\$0	\$0
Non-Jurisdictional	\$0	\$0	\$0
Parks and Recreation	\$171,189	\$149,512	\$156,109
Pending Assignment	\$0	\$0	\$0
Probation	\$3,918,906	\$4,692,080	\$9,831,786
Public Defender	\$338,010	\$57,107	\$106,529
Public Health	\$366,511	\$70,788	\$232,574
Public Social Services	\$1,102,720	\$1,114,629	\$1,075,778
Public Works	\$257,217	\$263,209	\$381,794
Regional Planning	\$19,492	\$0	\$0
Registrar-Recorder/County Clerk	\$33,452	\$4,134	\$32,022
Sheriff	\$38,287,066	\$40,351,014	\$52,060,306
Superior Court	\$982,227	\$637,978	\$512,450
Treasurer and Tax Collector	\$16,327	\$20,298	\$71,289
Workforce Development, Aging and Community Svs	\$21,785	\$11,232	\$19,466
TOTAL	\$86,235,814	\$91,836,326	\$116,452,158

1. Amount Paid is as reported by the Auditor-Controller based on the sum of 70% IA, 100% IA, and MegaIA expense.

EXHIBIT D**VEHICLE LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY****FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	15	\$53,617	14	\$13,174	5	\$39,970
Alternate Public Defender	0	\$991	1	\$50	2	\$0
Animal Care and Control	4	\$49,568	7	\$43,593	1	\$112,949
Assessor	0	\$0	0	\$0	3	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	1	\$164,956	1	\$2,498,156	5	\$104,989
Board of Supervisors	9	\$150	6	\$26,609	7	\$142,059
Chief Executive Office	0	\$0	0	\$0	0	\$0
Child Support Services	1	\$100	1	\$962	1	\$982
Children and Family Services	67	\$192,530	53	\$435,915	47	\$620,439
Consumer and Business Affairs	0	\$0	1	\$100	1	\$1,101
County Counsel	0	\$0	3	\$0	0	\$5,543
District Attorney	2	\$11,771	13	\$17,803	7	\$70,723
Fire	89	\$3,401,849	87	\$3,748,752	100	\$1,827,348
Health Services	9	\$18,610	9	\$134,342	12	\$11,391
Human Resources	0	\$0	0	\$0	1	\$60
Internal Services	22	\$240,891	28	\$183,362	22	\$555,435
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	2	\$4,143	6	\$7,160	1	\$5,173
Medical Examiner - Coroner	1	\$12,512	1	\$19,730	4	\$51,648
Mental Health	8	\$251,324	11	\$330,286	14	\$425,455
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	1	\$0
Non-Jurisdictional	266	\$63,395	277	\$67,716	283	\$73,368
Parks and Recreation	21	\$1,083,648	13	\$244,948	5	\$395,200
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	11	\$49,920	14	\$54,951	15	\$134,688
Public Defender	7	\$771,189	5	\$657,371	6	\$68,465
Public Health	18	\$786,525	16	\$176,259	8	\$116,430
Public Social Services	17	\$43,924	12	\$69,542	9	\$190,945
Public Works	89	\$1,614,253	91	\$409,813	83	\$560,596
Regional Planning	0	\$0	1	\$0	0	\$0
Registrar-Recorder/County Clerk	15	\$6,933	4	\$7,020	11	\$2,817
Sheriff	366	\$8,495,274	422	\$13,526,135	361	\$8,349,810
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	1	\$0	0	\$2,222
Workforce Development, Aging and Community Svs	2	\$0	3	\$13,494	0	\$23,906
TOTAL⁴	1,041	\$17,318,073	1,100	\$22,687,243	1,015	\$13,893,712

1. Amount Paid is the total of the transactions paid for vehicle liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts do not include non-insured and non-third party vehicle losses which are directly paid by the departments. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E**GENERAL LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	3	\$24,982	5	\$39,800	3	\$26,112
Alternate Public Defender	2	\$24,307	8	\$36,377	3	\$69,756
Animal Care and Control	9	\$56,138	18	\$165,994	11	\$332,987
Assessor	42	\$630,972	25	\$1,559,783	25	\$1,979,513
Auditor-Controller	11	\$55,200	14	\$91,596	11	\$102,371
Beaches and Harbors	17	\$260,820	20	\$1,255,741	11	\$688,899
Board of Supervisors	26	\$1,394,098	13	\$943,289	21	\$317,659
Chief Executive Office	5	\$1,922,355	7	\$953,546	8	\$781,471
Child Support Services	21	\$316,633	13	\$111,352	12	\$82,432
Children and Family Services	163	\$6,852,435	100	\$4,580,358	111	\$15,442,232
Consumer and Business Affairs	1	\$3,908	0	\$0	1	\$0
County Counsel	2	\$465,011	2	\$894,032	15	\$209,367
District Attorney	60	\$1,039,679	62	\$2,051,987	57	\$866,507
Fire	51	\$1,442,840	46	\$1,962,184	40	\$1,283,009
Health Services	100	\$3,420,785	149	\$5,736,757	811	\$4,100,078
Human Resources	1	\$170,646	2	\$151,753	2	\$96,541
Internal Services	14	-\$116,844	23	\$387,126	34	\$400,838
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	5	\$9,982	8	\$26,588	13	\$145,631
Medical Examiner - Coroner	27	\$436,273	15	\$909,224	23	\$1,116,693
Mental Health	28	\$4,445,325	18	\$2,501,659	33	\$1,196,704
Military and Veterans Affairs	0	\$12,977	1	\$6,276	2	\$2,488
Museum of Art	1	\$1,121	2	\$158	0	\$5,324
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	873	\$960,937	970	\$695,933	1,032	\$824,888
Parks and Recreation	59	\$4,777,529	46	\$2,430,566	48	\$2,047,691
Pending Assignment	1	\$0	0	\$0	0	\$0
Probation	44	\$3,273,867	51	\$5,500,382	59	\$3,272,090
Public Defender	20	\$175,574	18	\$600,627	19	\$375,436
Public Health	9	\$3,797,414	16	\$5,912,549	17	\$1,704,851
Public Social Services	47	\$1,846,168	42	\$2,559,991	49	\$3,832,023
Public Works	343	\$14,990,503	295	\$8,341,875	339	\$7,237,056
Regional Planning	32	\$807,384	36	\$805,624	22	\$1,671,601
Registrar-Recorder/County Clerk	16	\$489,396	26	\$503,673	19	\$544,843
Sheriff	746	\$61,058,005	858	\$50,677,112	854	\$67,483,489
Superior Court	1	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	64	\$322,194	31	\$97,806	33	\$25,078
Workforce Development, Aging and Community Services	5	\$41,071	10	\$92,681	2	\$208,600
TOTAL⁴	2,739	\$115,420,023	2,770	\$102,585,910	3,566	\$118,474,258

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E – 1 (SUBSET OF EXHIBIT E)**GENERAL LIABILITY/LAW ENFORCEMENT LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	0	\$0	0	\$0	0	\$0
Alternate Public Defender	1	\$13,116	0	\$482	0	\$15
Animal Care and Control	0	\$0	0	\$0	0	\$0
Assessor	0	\$0	1	\$0	0	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	0	\$0	0	\$0	1	\$0
Chief Executive Office	0	\$0	0	\$0	0	\$0
Child Support Services	0	\$0	0	\$0	0	\$0
Children and Family Services	1	\$0	3	\$0	1	\$34,575
Consumer and Business Affairs	0	\$0	0	\$0	1	\$0
County Counsel	1	\$0	0	\$0	2	\$2,235
District Attorney	17	\$268,699	19	\$352,694	10	\$214,952
Fire	0	\$0	1	\$0	5	\$0
Health Services	2	\$0	5	\$0	5	\$4,484
Human Resources	0	\$0	0	\$0	0	\$0
Internal Services	0	\$0	0	\$0	0	\$0
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	0	\$0	0	\$0	1	\$0
Medical Examiner - Coroner	0	\$0	0	\$0	1	\$0
Mental Health	2	\$353,350	0	\$141,276	2	\$14,423
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	18	\$2,624	31	\$5,539	28	\$21,911
Parks and Recreation	0	\$0	0	\$0	0	\$0
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	4	\$65,148	7	\$28,378	3	\$108,419
Public Defender	1	\$5,880	3	\$3,802	3	\$0
Public Health	0	\$0	0	\$0	0	\$0
Public Social Services	1	\$0	0	\$0	0	\$0
Public Works	0	\$0	0	\$0	1	\$0
Regional Planning	0	\$0	4	\$2,226	0	\$0
Registrar-Recorder/County Clerk	0	\$0	0	\$0	1	\$0
Sheriff	464	\$48,605,874	560	\$40,075,688	539	\$58,440,262
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	0	\$0	2	\$0
Workforce Development, Aging and Community Svs	0	\$8,536	0	\$50,344	0	\$78,034
TOTAL⁴	491	\$49,323,227	596	\$40,660,429	606	\$58,919,309

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E – 2 (SUBSET OF EXHIBIT E)**GENERAL LIABILITY/EMPLOYMENT PRACTICES LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Agricultural Commissioner/Weights and Measures	0	\$806	0	\$15,665	0	\$25,136
Alternate Public Defender	0	\$0	2	\$30,058	0	\$69,742
Animal Care and Control	0	\$0	0	\$0	1	\$0
Assessor	1	\$0	2	\$71,164	3	\$226,935
Auditor-Controller	1	\$14,470	0	\$44,188	1	\$69,294
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	1	\$36,414	0	\$100,864	1	\$0
Chief Executive Office	1	\$179,580	2	\$256,033	3	\$367,854
Child Support Services	5	\$276,826	1	\$30,672	1	\$22,858
Children and Family Services	34	\$793,626	11	\$979,457	13	\$756,393
Consumer and Business Affairs	0	\$0	0	\$0	0	\$0
County Counsel	0	\$463,399	0	\$838,828	0	\$53,052
District Attorney	2	\$426,489	1	\$778,780	4	\$93,215
Fire	14	\$1,237,395	5	\$1,340,594	4	\$1,120,512
Health Services	14	\$1,677,133	17	\$2,295,976	11	\$2,602,757
Human Resources	0	\$170,646	0	\$128,429	1	\$95,552
Internal Services	4	\$297,791	1	\$281,616	1	\$329,452
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	0	\$0	2	\$20,098	1	\$141,396
Medical Examiner - Coroner	1	\$51,381	1	\$493,007	2	\$87,074
Mental Health	6	\$1,623,714	1	\$1,441,860	6	\$558,107
Military and Veterans Affairs	0	\$0	0	\$0	1	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	11	\$13,603	18	\$17,979	6	\$1,492
Parks and Recreation	3	\$17,592	1	\$278,075	3	\$812,582
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	18	\$2,200,833	22	\$3,218,130	17	\$2,043,207
Public Defender	0	\$0	2	\$0	0	\$17,504
Public Health	3	\$866,014	3	\$137,768	1	\$132,869
Public Social Services	9	\$487,164	7	\$1,162,973	8	\$1,361,688
Public Works	8	\$683,069	2	\$298,550	5	\$384,129
Regional Planning	0	\$107,234	0	\$2,926	0	\$0
Registrar-Recorder/County Clerk	0	\$167,330	0	\$362,342	0	\$0
Sheriff	49	\$5,525,763	47	\$7,486,278	26	\$5,495,594
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	1	\$0	0	\$0
Workforce Development, Aging and Community Services	2	\$3,124	3	\$9,525	1	\$126,868
TOTAL⁴	187	\$17,331,734	150	\$22,123,346	121	\$16,995,262

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT F**MEDICAL MALPRACTICE CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2016-17 THROUGH FY 2018-19**

Department	FY 2016-17		FY 2017-18		FY 2018-19	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
DHS – Ambulatory Care Network	11	\$246,267	6	\$2,030,745	9	\$622,856
DHS – Correctional Health Services	3	\$0	9	\$947	16	\$2,139
DHS – Harbor-UCLA Medical Center	26	\$4,952,271	46	\$2,653,283	26	\$645,013
DHS – Juvenile Court Health Services	0	\$0	1	\$119	1	\$34,986
DHS – LAC+USC Medical Center	29	\$3,615,342	38	\$5,037,772	69	\$2,223,820
DHS – Olive View-UCLA Medical Center	21	\$335,577	32	\$207,383	35	\$545,405
DHS – Rancho Los Amigos	2	\$89,870	5	\$519,645	3	\$162,653
Health Services Subtotal⁴	88	\$9,239,327	135	\$10,449,894	156	\$4,236,872
Fire	8	\$180,044	12	\$125,185	4	-\$375,329
Medical Examiner – Coroner	6	\$24,347	0	\$173,831	0	\$101,333
Mental Health	17	\$153,504	6	\$1,164,096	4	\$42,406
Non-Jurisdictional	35	\$635	32	\$233	28	\$0
Probation	0	\$1,475	1	\$14,753	1	\$44,700
Public Health	1	\$19,500	4	\$53,486	0	\$53,934
Sheriff	14	\$219,092	5	\$915,759	3	\$117,736
TOTAL⁴	166	\$9,837,924	187	\$12,897,237	194	\$4,221,652

1. Amount Paid is the total of the transactions paid for medical malpractice claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2019.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT G

COST OF RISK DETAIL

		FY 2016-17	FY 2017-18	FY 2018-19
Workers' Compensation				
	Benefit Expense	\$264,228,188	\$292,840,708	\$283,222,728
	Loss Expense ¹	\$78,169,309	\$79,919,746	\$109,681,661
	Administrative Expense ²	\$15,670,819	\$15,716,148	\$16,198,578
	Purchased Insurance ³	\$5,290,907	\$5,731,366	\$3,982,738
	Workers' Compensation Expense Subtotal	\$363,359,224	\$394,207,968	\$413,085,705
Labor Code 4850 / Salary Continuation		\$86,235,814	\$91,836,326	\$116,452,158
Workers' Compensation Expense Total		\$449,595,037	\$486,044,294	\$529,537,863
Liability^{3,4}				
	Vehicle Liability Indemnity Expense	\$9,585,204	\$16,038,154	\$8,865,541
	General Liability Indemnity Expense	\$67,166,736	\$52,224,903	\$72,489,438
	Medical Malpractice Indemnity Expense	\$6,416,760	\$10,236,142	\$2,833,648
	Liability Indemnity Expense Subtotal	\$83,168,701	\$78,499,199	\$84,188,627
	Vehicle Liability Legal Expense	\$7,732,869	\$6,649,090	\$5,028,171
	General Liability Legal Expense	\$48,253,286	\$50,361,007	\$45,984,820
	Medical Malpractice Legal Expense	\$3,421,164	\$2,661,094	\$1,388,005
	Liability Legal Expense Subtotal	\$59,407,319	\$59,671,191	\$52,400,996
	Liability Administrative Expense ⁵	\$12,730,835	\$15,430,777	\$17,436,098
Liability Expense Total		\$155,306,855	\$153,601,167	\$154,025,721
Purchased Insurance (premiums and fees)		\$16,586,756	\$15,267,637	\$22,375,478
Cost of Risk^{6,7}		\$621,488,648	\$654,913,098	\$705,939,062
Total County Operating Budget		\$28,688,400,000	\$29,403,718,000	\$31,311,700,000
Cost of Risk (as percentage of County Operating Budget)		2.17%	2.23%	2.25%
Non-County Agencies				
	LACERA	\$448,631	\$554,895	\$627,957
	Superior Court	\$10,545,628	\$9,241,329	\$10,338,567
Subtotal (Non-County agencies)		\$10,994,259	\$9,796,224	\$10,966,524
Cost of Risk (excluding non-County agencies)		\$610,494,389	\$645,116,874	\$694,972,538
Cost of Risk (Non-County agencies as percentage of County Operating Budget)		2.13%	2.19%	2.22%

1. Loss Expense includes third party administrator fees, medical management fees, bill review fees, State User fee, etc.
2. Administrative Expense includes CEO, Auditor-Controller, and County Counsel expenses.
3. Paid claims represent the amount paid for all indemnity (pay type OC) in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves. Legal Expenses are defined in liability files as all fees and expenses paid from the liability claim (pay type SS).
4. Liability claim information included in this report is: (1) claims coded as Vehicle Liability (AL), General Liability (GL), and Medical Malpractice (MM); but, (2) information excludes Metropolitan Transportation Authority, Metrolink, departments not listed in Exhibit A, Children Services dependency cases, and probate funding accounts.
5. Liability Administrative Expense includes third party administrator fees, consulting and management fees, and CEO expenses.
6. The Cost of Risk is defined as the summation of the items listed but does not include non-insured property claims and property damage to County-owned vehicles.
7. All amounts are paid as of June 30, 2019, as reported in the County's liability claim database, workers' compensation information system (ClaimsVision), and/or the Workers' Compensation Status Report.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
RISK MANAGEMENT BRANCH**
COUNTY OF LOS ANGELES HALL OF RECORDS
320 WEST TEMPLE STREET, 7TH FLOOR
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This report is available on the Chief Executive Office, Risk Management Branch website, at:
<http://riskmanagement.lacounty.gov/>

PROJECT DESCRIPTION

The County of Los Angeles (County) has contracted with Ventiv Technology (Ventiv) for comprehensive claims management and related services under RMIS. Ventiv will develop a single RMIS capable of managing, administering, and reducing risk exposure Countywide.

SCOPE

- Module 1 – Claims Management, Corrective Action Plans, Matter Management
- Module 2 – Workers’ Compensation System
- Module 3 – Disability Management System
- Module 4 – Loss Control and Prevention System

TIMELINE

The projected live date is December 2020 for all four modules. The replacement of the Absence Management System for Absence/Leave Management as part of Module 3 is scheduled to go live 2/18/2020. The other modules will follow in the latter part of 2020.

STATUS

Project is on track and on target.

FINANCE

The County has been billed \$8,918,469.33 to date out of a total maximum budget of \$59,651,176.36 (per revised contract).

GOVERNANCE

- Milestones with key deliverables established to ensure project stays on track and target.
- Communication plan in place covering status reports and meetings; executive steering committee meetings; financial documentation; and project stream meetings.
- To control risks, a risk management plan and issue management plan are in place.
- Stakeholder Groups includes Chief Executive Office, County Counsel, Human Resources, Chief Information Office, Auditor-Controller, and selected departments.

ACCOMPLISHMENTS/HIGHLIGHTS

- Module 1 – Claims Management, Corrective Action Plans, Matter Management
 - Data Conversion
 - Completed Trial 1 validation and received signoff by Chief Executive Office and County Counsel.
 - Establish Virtual Private Network connection allowing County Counsel access to Ventiv database to facilitate County Counsel data conversion of Risk Technologies, Inc. (existing RMIS).
 - Commenced Trial 2 including Matter Management and Corrective Actions data.
 - Wholistic data conversion strategy for go-live agreed upon between all parties.
 - Completed workflow session between Ventiv and County Counsel, focused on claims management events that trigger data exchange using Application Programming Interfaces (API).
 - Delivery of APIs for testing and configuration by County Counsel.

- Provided Application Administration training for County resources.
- High-level analysis of new scope (APIs and Message Bus for integration between County Counsel Customer Relationship Management system (CRM) and Ventiv Claims) completed.
- Commenced configuration based on documented configuration workbooks.
- Module 2 - Workers' Compensation
 - Completed Trial 1 validation and received signoff by Chief Executive Office and Third Party Administrators.
 - Developed solution for First Report of Injury/Subsequent Report of Injury (FROI/SROI) and Centers for Medicare and Medicaid Services (CMS) data conversion without the use of P&C Insurance Systems, Inc. (PCIS).
 - Started Trial 2 but placed on hold until County upgrades to latest version of ClaimsVision and can provide a new data source from PCIS so Trial 2 can continue.
 - Development of interfaces – 80% completed.
 - Completed work with Third Party Administrators, Medical Management Cost Containment (MMCC) vendors, and CEO Risk Management to define paperless workflow.
 - Continued work on Configuration Workbooks involving Third Party Administrators, On-Site County Representatives, and CEO Risk Management.
 - Completed requirements on payment approval process in compliance of Auditor-Controller.
- Module 3 - Disability Management
 - Data Conversion
 - Delivered, validated, and signed off on Trial 1, Trial 2, Trial 2.5 by CEO and Human Resources.
 - Documented Production Cutover plan for performing Final Data Conversion.
 - Developed, tested, and delivered enhancements per Amendment #1.
 - Completed business process analysis working sessions with Human Resources Subject Matter Experts to define and document configuration requirements.
 - Configured and validated configuration per configuration workbooks, including screen configuration, business rules, correspondence templates, and interfaces.
 - Conducted configuration knowledge transfer for business rules, screen configuration, correspondence, and reports so County can triage UAT issues.
 - Testing
 - Provided Recommended User Acceptance Test (UAT) plan to Human Resources.
 - Configured Service Helpdesk for UAT issue reporting.
 - Performed system and integration testing.
 - Initiated business process walkthrough sessions with Human Resources Subject Matter Experts to verify configuration and test results in preparation for UAT.

VENTIV CLAIMS – PROJECT AO-18-411 – RISK MANAGEMENT INFORMATION SYSTEM (RMIS)
SIX-MONTH UPDATE (6/1/2019 – 12/1/2019)

- Human Resources entered UAT on 9/30, completed Cycle 1 UAT with Human Resources and Public Social Services.
 - Ventiv supported UAT with reported application issues and level 2 support for configuration issues.
- **Module 4 – Loss Prevention**
 - Conducted requirements discussion on high-level approach for implementation and scope content. Currently it covers Occupational Safety and Health Administration (OSHA) Reporting, Asset Management, Policy Management, and Incident Intake.
 - Received Incident Intake forms, performed initial evaluation of intake forms.

GENERAL

- Change Control – Received final approval for Change Control/Amendment #1 for scope change related to County Counsel CRM APIs/integration framework and new enhancements for Leave Management functionality.
- Training – Completed Student Guide for Leave Management end user training.
- Environments – Completed build out of all environments for all three modules to support data conversion, testing, configuration, and production use.
- Deliverables – Completed 29 required Project Management deliverables, of which 4 were Key deliverables.

KEY ACTIVITIES FOR NEXT PERIOD (12/1/2019 – 5/1/2020)

- **Module 1 – Claims Management, Corrective Action Plans, Matter Management**
 - Complete and deliver Trial 2 data conversion for County validation and remediation.
 - Complete all remaining development items.
 - Configuration
 - Complete configuration including validation based on Configuration Workbooks.
 - Configure and unit test interfaces to eCAPS, Tymetrix T360, and Medicare.
 - Testing
 - Complete System and Integration testing on the fully configured application.
 - Initiate User Acceptance Testing with County.
- 1. **Module 2 – Workers’ Compensation**
 - Data Conversion
 - Receive data source from PCIS for Trial 2 and re-engage in conversion work.
 - Prepare change control for any modifications to conversion programs, if needed as a result of ClaimsVision upgrade.
 - Deliver Trial 2 and perform validation assuming schedule is not impacted by ClaimsVision upgrade.
 - Complete business process analysis sessions with County Workers’ Compensation Subject Matter Experts, Sedgwick and York, and with CorVel, AMC, and Medata (MMCCs) to document configuration requirements.
 - Complete configuration and testing of requirements in Configuration Workbooks.

**VENTIV CLAIMS – PROJECT AO-18-411 – RISK MANAGEMENT INFORMATION SYSTEM (RMIS)
SIX-MONTH UPDATE (6/1/2019 – 12/1/2019)**

- Configure and test interfaces to eCAPS, ISO Claim Search, California International Association of Industrial Accident Boards and Commissions (IAIABC), and Medicare.
 - Initiate System and Integration testing on the fully configured application.
2. Module 3 – Disability Management
- Perform Trial 3 data conversion and data validation.
 - Address UAT issue needed for go-live and capture items to be addressed post go-live
 - County to complete UAT and signoff.
 - Open up Ventiv University for users to take the self-paced fundamentals course.
 - Deliver instructor led training on Leave Management functionality to 350 users.
 - Production Cutover
 - Signoff on system readiness for Production Use.
 - Perform final data conversion and bring Leave Management into production use.
3. Module 4 – Loss Prevention
- Complete analysis of Incident Intake forms.
 - Define requirements for Asset import interface.
 - Configure several Incident Intake forms using Ventiv Digital product.