



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors

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Fifth District

April 16, 2002

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

Dear Supervisors:

**CONTRACTORS LIABILITY INSURANCE PROGRAM AND
SPECIAL EVENTS LIABILITY INSURANCE PROGRAM
(ALL DISTRICTS AFFECTED) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the renewal of the Contractors Liability Insurance Program, (known as SPARTA) and the Special Events Liability Program (SELIP); which includes purchase of blanket commercial general liability, excess auto and general liability and incidental professional liability coverage through Municipality Insurance Services, Inc. at an initial annual County Program Cost total of \$1,032.50, extension subject to anniversary renewal adjustments or changes in County operations, for the period of May 1, 2002 to May 1, 2005 with two additional one-year options to extend.
2. Approve and instruct the Chairman to execute the three year Broker Services Agreement, which County Counsel has approved as to form, with Municipality Insurance Services, Inc. (Attachment A).
3. Delegate authority to the Chief Administrative Officer to approve the two optional one-year extensions.
4. Instruct the Auditor-Controller to pay program costs, adjustments, deductible amounts, and related loss expenditures as invoiced and validated by the Chief Administrative Officer.



United We Stand

PURPOSE OF RECOMMENDED ACTION

We are recommending purchase of the above coverages to assist contractors and special event sponsors who are unable to obtain insurance at a reasonable cost by providing them with economically priced alternatives to meet County insurance requirements. Contractor, event sponsor and department participation is voluntary and, with the exception of the \$1,032.50 annual fee noted above, program costs will be funded through premiums paid to Municipality Insurance Services, Inc. by participating contractors and event sponsors.

JUSTIFICATION

SPARTA:

Every year County departments enter into numerous agreements with a variety of service providers, contractors, vendors, and consultants (hereafter collectively referred to as contractors). Contractors are required to indemnify the County and to provide general liability insurance, in order to protect the County from assuming indemnity and legal costs associated with claims and lawsuits arising from the contractor's operations. Depending upon the risk exposures associated with the contractor's operations, the County may also require that contractors maintain workers compensation and other specialized coverages.

In some instances, small or newly formed businesses have been unable to secure, afford or fully meet the County's liability insurance requirements. This has resulted in departments assuming financial responsibility for liability costs which are not paid by the contractor or covered under the contractor's insurance, or has made it difficult for these firms to compete on an equal footing with larger firms and participate in County contracting opportunities. This program will assist these contractors (which may include minority, women-owned and other disadvantaged business enterprises) in satisfying the County's requirements.

SELIP:

On a monthly basis, County departments provide insurance certificates to event sponsors at County facilities. In order to protect departments from inadvertently assuming indemnity and legal costs associated with claims and lawsuits arising from sponsor's events, event

sponsors are required to indemnify the County and to provide general liability insurance naming the County as an additional insured.

Similar to Contractor's Liability program, departments acknowledge that many event sponsors are unable to secure, afford or fully meet the County's liability insurance requirements which has resulted in event sponsor's inability to utilize County facilities. This program will assist event sponsors (including a large number of minority and disadvantaged community members) in satisfying the County's requirements.

Implementation of Strategic Plan Goals:

The recommended Board actions are consistent with the County's Service Excellence Goal, Strategy 2, within the Countywide Strategic Plan. By providing the County departments with Contractor's and Special Events Liability Programs, the County will continue to provide the public with easy access to quality services that are beneficial and responsive.

FISCAL IMPACT/FINANCING

SPARTA:

The County will pay Municipality Insurance Services, Inc. an annual fee of \$516.75 to establish and maintain the master blanket insurance policy for SPARTA. Insurance premium costs will be financed through premium charges assessed against participating contractors. The program will provide a coverage limit of \$1 million per occurrence insuring against third party liability arising from contractor activities associated with their County contract, and premium rates will be based upon the scope of work to be performed.

Coverage will be subject to a deductible of \$500.00 per claim which will be assessed against the responsible contractor. In the event the contractor is unable to pay the deductible, it will be charged to the department contracting for services. Departments may choose to recover deductible payments from the contractor in whatever manner they determine appropriate.

SELIP:

The County will pay Municipality Insurance Services, Inc. an annual fee of \$516.25 to establish and maintain the master blanket insurance policy for SELIP. Insurance premium

costs will be financed through premium charges assessed against participating special event sponsors. The program will provide a coverage limit of \$2 million per occurrence and \$1 million aggregate insuring against third party liability arising from event sponsor activities associated with County facilities, and premium rates will be provided by underwriters based on current market costs.

Coverage will be subject to a deductible of \$500.00 per claim which will be assessed against the responsible event sponsor. The deductible will be charged to the department where the claim originated. Funding for the total costs of both programs is \$1,032.50 and is included in the 2002-03 Insurance Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Contractor, event sponsors and department participation is entirely voluntary. Sub-contractors to participating prime contractors are also eligible for this coverage. Contractors and event sponsors will submit an application for coverage directly to Municipality Insurance Services, Inc. Municipality Insurance Services, Inc. will provide quotes, and issue certificates of insurance to the County and to the contractors and event sponsors for the period of May 2002 to May 1, 2005.

Insurance coverage provided by the SPARTA and SELIP programs exclude coverage for pollution liability, employment related practices, injury to contractor or special event sponsor or guests, "Year 2000" computer system failures and "high risk" contracting operations (such as aircraft maintenance and water main construction). Excess auto and general liability coverage is included in the SPARTA program for contractors who need to increase their coverage limits to meet the County's requirements.

Some limited incidental professional liability coverage (primarily errors and omissions coverage for certain consultants) is also available through SPARTA and SELIP along with the general liability coverage. Municipality Insurance Services, Inc. is continuing to work with the insurance marketplace to explore the possibility of expanding this area of coverage at some time in the future.

Program coverages, terms and conditions have also been reviewed by an independent risk management consulting firm, which concurs with the selection of the program. Municipality's programs are presently utilized by 285 California cities (including the City of Los Angeles and the City and County of San Francisco) and the County of San Bernardino.

Honorable Board of Supervisors
April 16, 2002
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CONTRACTING PROCESS

To establish these programs, a Request for Proposals (RFP) was issued to 58 insurance brokers, including three firms that have met the Los Angeles County Community Business Enterprise (LAC/CBE) criteria and three firms that report they are self-certified. The RFP was also posted on the County Office of Small Business Web Site and advertised in the Los Angeles Times, La Opinion and Acton/Agua Dulce News publications.

Three proposals were received, and an evaluation committee selected the proposal submitted by Municipality Insurance Services Inc. as the most responsive to the County's requirements at the lowest cost. Municipality Insurance Services, Inc. is a woman-owned company, and is currently applying for CBE certification with the Los Angeles County Office of Affirmative Action Compliance, (Attachment B).

This Broker Services Agreement does not include a cost of living increase.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This program will assist departments in accessing services from contractors and special event sponsors who might not otherwise be able to contract with the County due to their inability to obtain or afford liability insurance coverage.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
DU:CSR:lis

c: County Counsel
Auditor-Controller

COUNTY OF LOS ANGELES



CONTRACT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

MUNICIPALITY INSURANCE SERVICES, INC.

FOR

CONTRACTOR LIABILITY INSURANCE AND
SPECIAL EVENTS LIABILITY INSURANCE PROGRAMS

Implementation Date: May 1, 2002

**Prepared by:
Chief Administrative Office (CAO)
Risk Management Operations
Delta Uyenoyama, Chief**

COUNTY OF LOS ANGELES

**CONTRACTORS LIABILITY INSURANCE PROGRAM and
SPECIAL EVENTS LIABILITY INSURANCE PROGRAM
BROKER SERVICES AGREEMENT**

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Exhibit A	Request for Proposal (Not Attached)
Exhibit B	Proposal of Municipality Insurance Services, Inc. (Not Attached)
Exhibit C	Contractor/Employee Acknowledgment and Confidentiality Agreement (Included in Proposal)

**CONTRACTORS LIABILITY INSURANCE PROGRAM AND SPECIAL
EVENTS LIABILITY INSURANCE PROGRAM
BROKER SERVICES AGREEMENT**

This Contract is made and entered into this first day of May, Two Thousand and Two, BY AND BETWEEN COUNTY OF LOS ANGELES, a body corporate and politic, referred to as "County" and Municipality Insurance Services, Inc., incorporated April 3, 1997 and hereafter referred to as "Contractor," doing business at 1920 E. 17th Street, Suite 136, Santa Ana, California 92705.

1.0 APPLICABLE DOCUMENTS

This Contract and the Exhibits listed below form the entire agreement between the parties. Any conflict in the terms of the agreement shall be resolved by giving preference first to the provisions of the Contract, then the Request for Proposal, and then the Proposal submitted by Contractor dated December 13, 2001.

EXHIBITS

- A Request for Proposal (RFP) for the Appointment of Broker of Record to the Contractors Liability Insurance Program and Special Events Liability Insurance Program released November 1, 2001 (Incorporated, but not attached).

- B Proposals of Contractor dated December 13,2001 (Incorporated, but not attached).

- C Contractor/Employee Acknowledgment and Confidentiality Agreement (Included in Exhibit B, but not attached).

2.0 DEFINITIONS

- 2.1 Broker of Record: The brokerage firm selected through a competitive request for proposal process to place coverage and administer a County's insurance program for a designated period, also referred to as Contractor herein.

- 2.2 Certificate Holder: Those persons purchasing certificates through the Special Events Liability Program (SELIP) and Service Providers, Artisans and Tradesman Activities (SPARTA) Program.

- 2.3 Certificate Insurance Fees: Processing fees as specified in Exhibit B paid by Certificate Holders to Contractors.

CONTRACTORS AND SPECIAL EVENTS LIABILITY INSURANCE PROGRAMS
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2.4 Commission: A percentage of the Certificate Holders' premiums, not to exceed 15% paid by the insurers to Contractor.

2.5 County Program Cost: The annual program cost, including State of California Surplus Lines Taxes and stamping fees, paid by the County to the Contractor as full compensation for the placement and on-going administration of the above County insurance programs. This amount shall be adjusted in accordance with changes in the State of California Surplus Lines Taxes and stamping fees.

2.6 Policy Period: The period that the policy is in effect. Generally, the policy period is for a 12 month period (May 1 through May 1).

3.0 **TERM**

3.1 The term of this Contract shall commence on May 1, 2002 and shall continue in full force and effect until May 1, 2005.

3.2 In the event of expiration or prior termination of the term of this Contract, the Contractor shall fully cooperate with County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

4.0 **OPTION TO EXTEND**

The County shall have the option to extend this Contract for two (2) additional one-year terms. County Program Manager shall give one hundred and eighty (180) days prior written notice to Contractor of County's intention to exercise said option.

Notwithstanding the giving of such notice, any option to extend this Contract shall be subject to approval by both County and Contractor and shall be executed by the Chief Administrative Officer (CAO), and shall include the terms and conditions set forth herein.

5.0 **COMPENSATION**

Contractor shall be compensated for all services under this agreement through County Program Cost, Commissions as agreed to by the insurers (not to exceed 15%) and the Certificate Issuance Fees.

All invoices submitted to the County Program Manager for payment of the County Program Cost must be identified as such.

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Except as explicitly provided herein, County shall not be responsible for any taxes, fees or additional charges or compensation claimed by the Contractor in addition to the payment of Commission and County Program Cost provided for herein. Contractor shall provide any supporting documents required by the County Program Manager to approve the invoice and issue payment within 30 days of receipt of the invoice or supporting documents.

6.0 **COUNTY'S PROGRAM MANAGER**

County's Program Manager for this Contract shall be:

Delta Uyenoyama, Chief
Risk Management Operations, CAO

All work performed by Contractor under this Contract shall be subject to approval by the County's Program Manager or his designee(s), who shall be responsible for ongoing evaluation of Contractor's performance and have full authority to direct the Contractor in areas relating to procedural requirements and other matters within the purview of this Contract.

7.0 **CONTRACTOR'S PROGRAM MANAGERS**

Contractor's Contract Manager shall be:

Carol Frost, President
Municipality Insurance Services, Inc.

This manager shall be a full-time employee of Contractor, and any replacement of this manager shall be subject to written approval by the County's Program Manager. He or she shall have overall responsibility for the performance of Contractor's activities under this contract and shall be authorized to act for and bind the Contractor in all matters relating to the administrative aspects of this contract.

8.0 **CONTRACTOR PERSONNEL**

The Contractor shall provide qualified personnel to perform work and provide deliverables as indicated in the RFP and Contractor's Proposal dated December 13, 2001. The Contractor will ensure that its staff possesses the required professional licenses and certificates, if any, required by State of California, and a sufficient number of competent personnel to adequately perform Contractor's Services, as described in Section 9.0 herein, on a timely basis. The County may assess liquidated damages against the Contractor as specified in Section 23.0 of this contract.

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The County reserves the right to approve or disapprove any of the Contractor's assigned personnel or any proposed changes in the Contractor's personnel and to require replacement of the Contractor's personnel. In each instance, the Contractor shall provide the County Program Manager or his designee with a resume of the proposed replacement and an opportunity to interview the person prior to assigning a person to the project.

9.0 **CONTRACTOR SERVICES**

Contractor shall provide the services required by the County including but not limited to the following:

9.1 Renewal of Coverages

9.1.1 Design, market, obtain quotations, evaluate insurers' financial status and place required insurance coverage with financially secure companies.

9.1.2 Structure insurance programs to eliminate gaps or overlaps in policies and to provide the limits and coverages requested by the County, to the extent such coverages and limits are available.

9.2 Administration of Policy(ies)

9.2.1 Review insurance binders, policies, certificates and other documents to ensure work is complete and accurate and to advise of and correct any deficiency or noncompliance if possible.

9.2.2 Monitor insurer's financial status, advise County's Program Manager or designee immediately of any downgrading of insurer's financial status, evaluate impact to the County and the actions to be taken to protect the County's interest.

9.2.3 Provide in writing an "early warning" forecast of any rate and coverage changes and probable impact on County's program prior to annual premium renewals.

9.2.4 Service each policy issued under this program including, but not limited to:

9.2.4.1 processing all changes and endorsements.

9.2.4.2 verifying the accuracy of all invoices and Certificates of Insurance.

CONTRACTORS AND SPECIAL EVENTS LIABILITY INSURANCE PROGRAMS BROKER SERVICES AGREEMENT

- 9.2.5 Based on Insurance Industry “BEST Practices” and as agreed to by County’s Program Manager prepare, issue, process and maintain, documentation such as insurance applications, underwriting quotations, Certificates of Insurance or insurance binders, premium collections, premium schedules/rate sheets, hazard categories/classifications and other related documentation.
- 9.2.6 To enable analysis of coverages, compliance with insurance requirements and monitoring of claims and coverage limits, provide monthly Bordereau reports for each program as stated in Exhibit B, and ad-hoc reports as required by the County Program Manager. The reports shall include but not be limited to a listing of participating parties, participating County departments, listing of claims, allocation of premiums, listing of certificates issued, etc.
- 9.2.7 Recommend methods or procedures that would more efficiently expedite the flow of information and documents.
- 9.2.8 Provide a stewardship report that chronicles the broker’s activities during the policy year and projects or recommends activities for the remaining and coming policy year. The report shall be provided as required by the County’s Program Manager.

9.3 Claims Services

Provide management of SELIP claims by providing the full range of claims services including at a minimum, the following:

- 9.3.1 Review of the adequacy and timeliness of all loss runs and reports and to make changes as needed,
- 9.3.2 Provide expert assistance on coverage and policy interpretation issues that will aggressively assist the named insured and the County in defending and resolving claims and lawsuits,
- 9.3.3 Provide expert assistance on coverage and policy interpretation issues,
- 9.3.4 Attendance at meetings regarding the claims process or relating to any claim or loss submitted under this insurance program.

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9.4 Other Services

- 9.4.1 Provide advisement on other coverages if requested by the County.
- 9.4.2 Provide, with the concurrence or at the request of the County's Program Manager, seminars and training sessions for the benefit of County personnel and other participating parties relating to this liability insurance program.

10.0 **CONTRACTOR AVAILABILITY**

- 10.1 Contractor's claims staff shall be accessible eight and a half hours a day to the County Program Manager and/or other County staff for emergency consultation and immediate reporting of losses.
- 10.2 Contractor shall maintain normal office hours from 8:30 a.m. to 5:00 p.m., Monday through Friday, excluding County holidays.

11.0 **CONTRACTOR'S FINANCIAL STATEMENT**

- 11.1 Contractor shall submit their most current financial statements (preferably audited) no later than 90 days prior to the annual insurance policy renewal or placement of a new policy. The Contractor will also provide any additional information required by the Auditor-Controller to confirm that the Contractor has the financial capability of maintaining the services necessary for the efficient administration of this insurance program.
- 11.2 The County will assess the financial status of the Contractor and assign one of the following ratings: "Excellent to Good", "Fair", or "Poor". Based on this assessment, the following actions will be taken:
 - An "Excellent to Good" rating - Contractor shall continue to provide a full range of services, including handling of premium and settlement payments.
 - A "Fair" rating - Contractor will continue to provide the required services except all premium payments due from the County will be directly processed by the County to the insurer(s) or provide a bond guaranteeing the fiduciary responsibility to the County as required by the County's Program Manager. Contractor will rebate the County up to 5% of its gross commission earned under this Contract during the previous contract year. The amount of the rebate will be determined by the County's Program Manager.

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- A "Poor" rating - Contractor will fully cooperate with County in transferring these contract services to the brokerage firm designated by the County. In addition to Section 22 of this contract, Termination for Default of Contractor, Contractor will return to the County any unearned commission, as determined by County, within 30 days of receiving notice of a Poor rating.

12.0 CHANGES AND AMENDMENTS

The County reserves the right to change any portion of this Agreement. All changes shall be accomplished as follows:

12.1 For any changes which affect the scope of work, term, compensation, or any provision included in this Agreement, a negotiated Amendment to this Agreement shall be prepared and executed by the Chief Administrative Officer and the Contractor.

12.2 For any change which does not affect the scope of work, term, compensation, or any provision included in this Agreement, a Change Notice shall be prepared and signed by the County's Program Manager and the Contractor's Contract Manager.

13.0 TERMINATION FOR CONVENIENCE OF THE COUNTY

13.1 Performance of services under this Agreement may be terminated by the County in whole or in part when such action is deemed by the County to be in its best interest. Termination of work shall be effected by delivery to the Contractor of a ten (10) day prior written Notice of Termination specifying the extent to which the performance of work is terminated and the date upon which such termination becomes effective. Said Notice of Termination shall be given by the County Program Manager.

13.2 After receipt of the Notice of Termination and except as otherwise directed by the County, the Contractor shall:

13.2.1 Stop services under this Agreement on the date and to the extent specified in the Notice of Termination.

13.2.2 Complete performance of such part of the work as shall not have been terminated by the Notice of Termination.

14.0 RECORD RETENTION AND INSPECTION

Upon receipt of a written request, the Contractor shall at no cost to the County, make available to the County and all authorized representatives for examination,

CONTRACTORS AND SPECIAL EVENTS LIABILITY INSURANCE PROGRAMS BROKER SERVICES AGREEMENT

audit, excerpt, copy or transcription any pertinent transaction, activity, time card or other record relating to this Agreement. Failure on the part of the Contractor to comply with the provisions of this paragraph shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement.

Such material including books, records, documents, case files and all pertinent cost accounting, financial records, and proprietary data must be kept and maintained for a period of five (5) years after completion of the Agreement, or until such time as all audits are completed, whichever is earlier.

Upon expiration or cancellation of this Agreement, all documents, reports, records, case files, correspondence, and work product relating to the Contractor's operations under this Agreement shall be returned to the County or to such location as the County Program Manager may direct. Contractor agreed that all of the materials described above are the property of the County and not of the Contractor herein.

In the event that records are located outside of a 100 mile radius of the Los Angeles Civic Center area of the County of Los Angeles, the Contractor shall reimburse the County for County's travel and per diem costs in connection with an inspection or audit.

In the event that an audit specifically regarding this Agreement is conducted by any Federal or State auditor, or any auditor or accountant employed by the Contractor or otherwise, the Contractor shall file a copy of each such audit report with the County's Program Manager within thirty (30) days after the Contractor's receipt thereof.

15.0 **ADJUSTMENT TO PAYMENTS FOLLOWING AUDIT**

If, at any time during the term of this Agreement or five (5) years after the expiration or termination of this Agreement, authorized representatives of the County conduct an audit of the Contractor regarding the services provided to the County hereunder, and if as a result of such audit it is determined that the County's liability for such services is less than payments made by the County to the Contractor, then the Contractor agrees that the difference, at the County's option, shall be either: 1) repaid forthwith by the Contractor to the County by cash payment, or 2) credited against any future payments due hereunder to the Contractor. If, as a result of such audit, it is determined that the County's liability for compensation for services provided hereunder is more than payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County provided that in no event shall the County's maximum obligation exceed the amount appropriated by the Board of Supervisors.

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16.0 LIMITATION OF THE COUNTY'S OBLIGATION DUE TO NON-APPROPRIATION

The County's obligation is payable only and solely from funds appropriated for the purpose of this Agreement. All funds for payments after June 30 of the current fiscal year are subject to the County's legislative appropriation for this purpose. Payments during subsequent fiscal periods are dependent upon the same action. In the event this Agreement extends into succeeding fiscal year periods, and, if the Board of Supervisors does not allocate sufficient funds for the next succeeding fiscal year's payments, then the affected equipment and/or services shall be terminated as of June 30 of the then current fiscal year. The County shall notify the Contractor in writing of such non-allocation at the earliest possible date.

17.0 INDEPENDENT CONTRACTOR STATUS

This Agreement between the County and the Contractor is not intended and shall not be construed to create a relationship of agent, servant, employee, joint venture, or association as between the County and the Contractor. The Contractor understands and agrees that all persons furnishing services to the County pursuant to this Agreement are, for purposes of Workers' Compensation liability, employees solely of the Contractor and not employees of the County. The Contractor shall bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of the Contractor pursuant to this Agreement.

18.0 INDEMNIFICATION

Contractor shall indemnify, defend and hold harmless County, and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

19.0 INSURANCE

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

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1. **Evidence of Insurance:** Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to the County's Contract Manager prior to commencing services under this Agreement. Such certificates or other evidence shall:
 - (1) Specifically identify this Agreement.
 - (2) Clearly evidence all coverages required in this Agreement.
 - (3) Contain the express condition that County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
 - (4) Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as additional insureds for all activities arising from this Agreement.
 - (5) identify any deductibles or self-insured retentions for County's approval. The County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.
- B. **Insurer Financial Ratings:** Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.
- C. **Failure to Maintain Coverage:** Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of the contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.
- D. **Notification of Incidents, Claims or Suits:** Contractor shall report to County:
 - (1) any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within 24 hours of occurrence.

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- (2) any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.
- (3) any injury to a Contractor employee which occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to the County contract manager.
- (4) any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to Contractor under the terms of this Agreement.

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

F. Insurance Coverage Requirements for Sub-contractors: Contractor shall ensure any and all sub-contractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

- (1) Contractor providing evidence of insurance covering the activities of sub-contractors, or
- (2) Contractor providing evidence submitted by sub-contractors evidencing that sub-contractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of sub-contractor insurance coverage at any time.

19.1 Insurance Coverage Requirements: The Contractor shall maintain the following programs of insurance.

A. General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

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

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

C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible. If Contractor's employees will be engaged in maritime employment, coverage

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shall provide workers compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

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

- D. Professional Liability:** Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$5 million per occurrence and \$4 million aggregate. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Agreement.

19.5 Basic Health Insurance and Benefits

The Contractor will provide basic health coverage for employees of the Contractor who perform work under the provisions of this Agreement.

20.0 COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee excepting bona fide employees or bona fide established commercial or selling agents maintained by Contractor for the purpose of securing business. For breach or violation of this warranty, the County shall have the right to terminate this Agreement and, in its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

21.0 GOVERNING LAWS

This contract shall be construed in accordance with and governed by the laws of the State of California.

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22.0 COMPLIANCE WITH LAWS

- 22.1 The Contractor agrees to comply with all applicable Federal, State and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein, are hereby incorporated by this reference.
- 22.2 The Contractor shall indemnify, defend and hold harmless the County from any loss, damage or liability resulting from a violation on the part of the Consultant of such laws, rules, regulations and ordinances.

23.0 LIQUIDATED DAMAGES

- 23.1 If Contractor fails to provide the cost and coverages as guaranteed or proposed, Contractor agrees to pay the County all costs, as determined by the County, to remedy the coverage to the satisfaction of the County's Program Manager and may be assessed up to 20% of the annual commission as determined by the County's Program Manager.
- 23.2 If Contractor fails to perform agreed services or perform such services within the time specified in accordance with the terms of this Contract, County shall reduce Contractor's billing by an amount to be determined by the County Program Manager but not to exceed 20% of the annual commission.
- 23.3 As provided under this Contract, County's Program Manager shall serve written notice upon Contractor of deficient performance as described in Sections 8.0, 23.1 and 23.2. Contractor shall have up to ten (10) calendar days after receipt of deficiency notice to remedy deficiency before liquidated damages are assessed.

24.0 TERMINATION FOR DEFAULT OF CONTRACTOR

- 24.1 The County may, subject to the provisions outlined below, by written notice of default to the Contractor, terminate immediately the whole or any part of this Agreement if the Contractor fails to perform any material provision of this Agreement, or so fails to make sufficient progress as to preclude completion of performance of this Agreement in accordance with its terms, and in either of these two circumstances does not remedy such failure within a period of ten (10) calendar days (or such longer period as the County may authorize in writing) after receipt of notice from the County specifying such failure.

- 24.2 In the event the Contract is terminated for default, then the Contractor

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agrees to pay the County all additional costs incurred by the County, as determined by the County, for replacing the Contractor's services. In addition to the foregoing, Contractor shall be liable for consequential damages arising from the Contractor's failure to perform in all cases except where failure to perform arises out of causes beyond the control and without fault or negligence of the Contractor.

24.3 If, after notice of termination of this Agreement, it is determined for any reason that the Contractor was not in default under the provisions of this clause or that the default was excusable, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the clause entitled "Termination for Convenience of the County."

25.0 DELEGATION AND ASSIGNMENT

The Contractor shall not delegate its duties nor assign its rights hereunder, either in whole or in part, without the prior written consent of the County.

25.1 Any delegation of duties shall be in the form of a subcontract. The Contractor's request to the County, for approval to enter into a subcontract shall include:

25.1.1 A description of the services to be provided by a proposed subcontractor.

25.1.2 Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected.

25.1.3 The proposed subcontract amount, together with the Contractor's cost or price analysis thereof.

25.1.4 A copy of the proposed subcontract. Any later modification or amendment of such subcontract shall be approved in writing by the County before such modification or amendment is effective.

25.2 Subcontracts shall be made in the name of the Contractor and shall not bind nor purport to bind the County. The making of subcontracts hereunder shall not relieve the Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Approval of the provisions of any subcontract by the County shall not be construed to constitute a determination of the allowableness of any cost under this Agreement. In no event, shall approval

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of any subcontract by the County be construed as effecting any increase in the amount of compensation as set forth in Section 5.0 of this contract.

26.0 TERMINATION FOR IMPROPER CONSIDERATION

The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment or extension of the Agreement or the making of any determinations with respect to the Contractor's performance pursuant to the Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

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

27.0 DISCLOSURE OF INFORMATION

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

27.1 The Contractor shall develop all publicity material in a professional manner.

27.2 During the course of performance of this Agreement, the Contractor, its employees, agents, and subcontractors shall not publish or disseminate commercial advertisements, press releases, opinions or feature articles, using the name of the County without the County's prior consent.

27.3 The Contractor shall not possess any interest, title, or right to any County case data or records. The Contractor is prohibited from disclosing any identified or unidentified raw County data to any other party, or from

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combining any identified or unidentified raw County data with that of any other Contractor client or other party into any database or report format for any purpose whatsoever without the expressed, written authorization of the County.

28.0 NOTICE OF DELAYS

Except as otherwise expressly provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, within five (5) working days, give notice thereof, including all relevant information with respect thereto, to the other party.

29.0 VALIDITY

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

30.0 WAIVER

No waiver of a breach of any provision of this Agreement by the County shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. Failure of the County to enforce at any time, or from time to time, any provision of this Agreement, shall not be construed as a waiver thereof.

31.0 DEFAULT FOR INSOLVENCY

31.1 The County may cancel this Agreement for default in the event of the occurrence of any of the following:

31.1.1 Insolvency of the Contractor. The Contractor shall be deemed insolvent if it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not, and whether insolvent within the meaning of the Federal Bankruptcy Law or not.

31.1.2 The filing of a voluntary petition to bankruptcy.

31.1.3 The appointment of a Receiver or Trustee for the Contractor.

31.1.4 The execution by the Contractor of an assignment for the benefit of creditors.

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31.2 The remedies reserved to the County herein shall be cumulative and additional to any other remedies provided in law or equity.

32.0 **NOTICES**

32.1 Notices required or permitted to be given under the terms of this Agreement or by any law now or hereafter in effect may, at the option of the party giving notice, be given by personal delivery or by enclosing the same in a sealed envelope addressed to the party for whom intended and by depositing such envelope with postage prepaid in the United States Post Office or substation thereof, or any public mail box. Any such notice and the envelope containing same shall be addressed to the Contractor at its place of business as designated at the address set forth in Section 5.0 of this Agreement or such other place as may be hereinafter designated in writing by the Contractor.

The notices and envelopes containing same to the County shall be addressed to:

David E. Janssen
Chief Administrative Officer
713 Hall of Administration
500 West Temple Street,
Los Angeles, California 90012

32.2 Notice by personal delivery shall be deemed effective upon receipt and notice by mail shall be deemed effective by five (5) business days after placed in the mail.

32.3 In the event of suspension or termination of this Agreement, notices may also be given upon personal delivery to any person whose actual knowledge of such suspension or termination would be sufficient notice to the Contractor.

33.0 **NON-EXCLUSIVE CONTRACT**

This is a non-exclusive contract. The County reserves the right to contract with any and all successful proposers for the same or similar services.

34.0 **NON-DISCRIMINATION IN EMPLOYMENT**

34.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to or because of race, color, religion, ancestry, national

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origin, sex, age, condition of physical or mental handicap, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

34.2 The Contractor shall take affirmative action to ensure that qualified applicants are employed and that employees are treated during employment without regard to race, color, religion, sex, ancestry, national origin, age or condition of physical or mental handicap or marital status, or political affiliation. Such action shall include but is not limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

34.3 The Contractor shall deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, condition of physical or mental handicap, marital status, or political affiliation.

34.4 The Contractor shall allow the County's representative access to its employment records during regular business hours to verify compliance with the provisions of this section when so requested by the County.

34.5 If the County finds that any of the above provisions have been violated, the same shall constitute a material breach of contract upon which the County may cancel, terminate, or suspend this Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated State or Federal anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Agreement.

35.0 NON-DISCRIMINATION IN SERVICES

The Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ancestry, sex or age in accordance with all applicable requirements of Federal and State law.

35.1 For the purpose of this section, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of a facility; providing any service or benefit to any person which is different or is provided in a different manner

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or at a different time from that provided to others; subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service; treating any person differently from others in determining admission, enrollment quota, eligibility, membership or any other requirement or condition which persons must meet, in order to be provided any service or benefit.

35.2 The Contractor shall take positive steps to ensure that claimants are provided services without regard to race, color, religion, national origin, ancestry, sex, or age.

36.0 ASSURANCE OF COMPLIANCE WITH CIVIL RIGHTS LAWS

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

37.0 CONFLICT OF INTEREST

The Contractor represents and warrants that no County employee whose position in the County enables him/her to influence the award of this Agreement, and no spouse or economic dependent of such employee is or shall be employed in any capacity by the Contractor herein or does or shall have any direct or indirect financial interest in this Agreement.

38.0 CONFIDENTIALITY

The Contractor shall maintain the confidentiality of all its records, including but not limited to billing, County records, case records and patient records, in accordance with all applicable Federal, State and local laws, regulation, ordinances and directives relating to confidentiality. The Contractor shall inform all of its officers, employees, and agents providing services hereunder of the confidentiality provisions of this Agreement. As a condition of employment, all employees of the Contractor must sign and adhere to the attached "Contractor/Employee Acknowledgment and Confidentiality Agreement" (Exhibit VII). The Confidentiality Agreement shall be filed in the Contractor's personnel records for the employee and Contractor shall provide a copy upon request by the County.

39.0 AUTHORIZATION WARRANTY

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The Contractor represents and warrants that the signatory to this Agreement is fully authorized to obligate the Contractor hereunder and that all corporate acts necessary to the execution of this Agreement have been accomplished.

40.0 **MERGER**

This Agreement and all documents which are incorporated therein by reference shall constitute the complete and exclusive statement of understanding between the parties which supersedes all previous agreements, written or oral, and all other communications between the parties relating to the subject matter of this Agreement.

41.0 **LICENSES, PERMITS, REGISTRATIONS AND CERTIFICATES**

The Contractor shall obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations and certificates, if any, required by law, which are applicable to the performance of this Agreement, and shall further ensure that all of its officers, employees and agents who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations and certificates required by law which are applicable to their performance of services hereunder.

42.0 **CONTRACTOR'S OFFICE**

The Contractor shall notify the County's Program Manager in writing of the Contractor's intent to move and change its business location, at least thirty (30) calendar days prior to the effective date.

43.0 **UNLAWFUL SOLICITATION**

43.1 The Contractor shall inform all of its employees performing services hereunder of the provisions of Article 9 of Chapter 4 of Division 3 (commencing with section 6150) of the California Business and Professions Code (i.e., State Bar Act provisions regarding unlawful solicitations as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of such provisions by its employees.

43.2 The Contractor shall inform all of its officers, employees, and agents performing services hereunder of the provisions of Labor Code Section 3219. As a condition of employment, all employees of the Consultant must

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sign and adhere to the attached "Contractor/Employee Acknowledgment and Confidentiality Agreement" (Exhibit C).

44.0 **COUNTY LOBBYIST ORDINANCE**

The Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

45.0 **COUNTY'S RIGHT TO RENEGOTIATE CONTRACT**

The County retains the right to renegotiate the terms, conditions and fees during the period of the contract if such renegotiation is necessitated by budget shortfalls and reductions.

46.0 **CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFFS**

Should the Contractor require additional or replacement personnel after the effective date of this contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified permanent County employees who are targeted for layoff after the effective date of this contract.

47.0 **CONSIDERATION OF GREATER AVENUES FOR INDEPENDENCE (GAIN) OR GENERAL RELIEF OPPORTUNITIES FOR WORK (GROW) PARTICIPANTS FOR EMPLOYMENT**

Should contractor require additional or replacement personnel after the effective date of this agreement, contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunities for Work (GROW) Program who meet contractor's minimum qualifications for the open position. County will refer GAIN/GROW participants, by job category, to contractor.

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

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48.0 **RECYCLED BOND PAPER**

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

49.0 **COUNTY'S QUALITY ASSURANCE PLAN**

The County or its agent will evaluate Contractor's performance under this agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms and performance standards. Contractor deficiencies which County determines are severe or not corrected will be reported to the Board of Supervisors. The report will include improvements/corrective action measures taken by the County and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this agreement or impose other penalties as specified in this agreement.

50.0 **CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this contract to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

51.0 **TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 50.0, "Contractor's Warranty of Adherence to County's Child Support Compliance Program", shall constitute a default by contractor under this

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Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure to cure such default within 90 days of notice by the Los Angeles County District Attorney shall be grounds upon which the County Board of Supervisors may terminate this agreement pursuant to Paragraphs 24.0 - 24.3, "Termination for Default of Contractor".

52.0 **NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT**

Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

53.0 **CONTRACTOR RESPONSIBILITY AND DEBARMENT**

53.1 A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

53.2 The Contractor is notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the Contractor's performance on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the contract, debar the Contractor from bidding on County contracts for a specified period of time not to exceed three years, and terminate any or all existing contracts the Contractor may have with the County.

53.3 The County may debar a contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated any term of a contract with the County, (2) committed any act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

53.4 If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the

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basis for the proposed debarment and advise the Contractor of the date for a debarment hearing before the Contractor Hearing Board.

53.5 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. If the Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Contractor may be deemed to have waived all rights of appeal.

53.6 A record of the hearing, the proposed decision and recommendations of the Contractor Hearing Board will be provided to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

These terms shall also apply to subcontractors of County Contractors.

IN WITNESS THEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Chairman and the seal of such Board to be hereto affixed, and attested to by the Executive Officer-Clerk thereof, and the Contractor has caused this Agreement to be subscribed to on its behalf by its duly authorized officer, the day, month and the year first above written.

COUNTY OF LOS ANGELES

By _____

ATTEST:

JOANNE STURGES, Executive
Officer-Clerk of the Board of
Supervisors of the County of
Los Angeles

By _____

Deputy

Contractor

By

(Title)

APPROVED AS TO FORM:
Lloyd W. Pellman
County Counsel

By _____

Deputy