

0150-13104-0000

TRANSMITTAL

TO The City Council The City Attorney	DATE 11/25/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT All	

Proposed Contract with AllianceOne Receivables Management, Inc., Caine & Weiner, Inc., Harris & Harris, Ltd, and Linebarger Goggan Blair and Sampson LLP for Primary and Secondary Delinquent Account Collection Services.

Transmitted for your consideration. The Council has 60 days from the date of the receipt to act, otherwise the contract will be deemed approved pursuant to Administrative Code Section 10.5(a). See the attached City Administrative Officer report.



MAYOR
(Mitch Kamin for)

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 11-19-25	C.D. No. ALL	CAO File No.: 0150-13104-0000				
Contracting Department/Bureau: Office of Finance		Contact: Ricardo Estrada (213) 648-8713					
Reference: Transmittal from the Office of Finance dated September 9, 2025. Transmitted from the Mayor on September 9, 2025.							
Purpose of Contract: To provide delinquent account collection services for City departments.							
Type of Contract: (X) New contract () Amendment, Contract No.		Contract Term Dates: Five years, with one three-year option to extend.					
Contract/Amendment Amount: \$0							
Proposed amount: \$0 + Prior award(s): \$0 = Total: \$0							
Source of funds: Funding for the agreements is based on a contingency fee for revenues collected. Primary delinquent accounts are compensated at a commission rate of 18.75 percent of actual recoveries; secondary delinquent accounts are compensated at 20.00 percent of actual recoveries.							
Name of Contractor: 1) AllianceOne Receivables Management Inc. (512 Township Line Road, Suite 301, Blue Bell, PA 19422) 2) Caine & Weiner, Inc. (5805 Sepulveda Boulevard, 4 th Floor, Sherman Oaks, CA 91411) 3) Harris & Harris, Ltd. (111 W. Jackson Boulevard, Suite 650, Chicago, IL 60604) 4) Linebarger Goggan Blair & Sampson, LLP (18000 Studebaker Road, Suite 700, Cerritos, CA 90703)							
	Yes	No	N/A	Contractor has complied with:	Yes	No	N/A
1. Council has approved the purpose	X			8. Business Inclusion Program	X		
2. Appropriated funds are available			X	9. Equal Benefits & First Source Hiring Ordinances	X		
3. Charter Section 1022 findings completed	X			10. Contractor Responsibility Ordinance	X		
4. Proposals have been requested	X			11. Disclosure Ordinances	X		
5. Risk Management review completed	X			12. Bidder Certification CEC Form 50	X		
6. Standard Provisions for City Contracts included	X			13. Prohibited Contributors (Bidders) CEC Form 55	X		
7. Workforce that resides in the City: Caine and Weiner: 24%				14. California Iran Contracting Act of 2010	X		

RECOMMENDATION

That the Council approve and authorize the Director of the Office of Finance, or designee, to execute the proposed agreements with the following four Contractors: (1) AllianceOne Receivables Management, Inc., (2) Caine and Weiner Company, Inc., (3) Harris & Harris, Ltd., and (4) Linebarger Goggan Blair & Sampson, LLP (collectively Contractors), for outside collection services on the City's delinquent accounts. The term of the proposed agreements is five years, with one three-year option to extend. Funding for the Contractors' services is based on a contingency fee basis, subject to review by the City Attorney as to form.

SUMMARY

In accordance with Executive Directive No. 3, the Office of Finance (Department) requests authority to execute an agreement with four individual Contractors for delinquent account collection services. Under

<i>LaTanya Roux</i>	<i>Yolanda Chavez</i>
LRR Analyst 05260065	for City Administrative Officer

the terms of each of the agreements, the Contractors will provide primary collection services for invoices that are 45 days past due and secondary collection services for delinquent invoices that were previously assigned to outside collection agencies at the primary level and returned after a minimum of nine months. The initial term of the agreements is five years, with one option to extend by an additional three years for a cumulative term of eight years. Funding is provided on a contingency fee basis to the Contractors from revenue recovered at a commission rate of 18.75 percent for primary collection accounts and 20.00 percent for secondary collection accounts. Should there be no recovery made, there shall be no compensation due to the Contractor.

The City requires the need for collection services for various City departments. The Department has in-house staff working tax and non-tax collection cases and refers delinquent accounts to outside collection agencies. The majority of invoices referred to outside collection agencies by City departments includes, but is not limited to, unpaid business taxes, inspection fees, and emergency medical service fees.

On September 12, 2024, the Department released a Request for Proposals (RFP) to solicit bids from qualified vendors for primary and secondary delinquent account collection services. An evaluation panel, consisting of staff from the Revenue Management and Billing and Collection divisions, reviewed a total of nine proposals, considered the project approach and work plan, qualifications and debt collections experience, data management and security, and cost/fees for services to identify the top four firms for a contract award.

In accordance with Charter Section 1022, this Office found that the services set forth in the proposed contract can be performed more feasibly by an independent contractor rather than by City employees, as there is insufficient existing City staff to perform the work proposed to be contracted and additional staff cannot be employed and trained in a timely manner to meet the department's needs. A Notice of Intent was sent to the Employee Relations Division on August 2, 2024.

In accordance with Los Angeles Administrative Code Section 10.5(a), City Council approval of the proposed agreements is required because the cumulative term exceeds three years.

FISCAL IMPACT STATEMENT

Funding for the Contractor's services will be based on a commission rate applied to the revenues collected for each delinquent account. There is no anticipated impact to the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendations stated in this report are in compliance with the City's Financial Policies in that to the extent possible, funding for current operations will be funded by current revenues.

MWS:LRR:05260065

Attachments

DIANA MANGIOGLU
CITY TREASURER
DIRECTOR of FINANCE

CITY OF LOS ANGELES
CALIFORNIA



KAREN BASS
MAYOR

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 220 – CITY HALL
LOS ANGELES, CA 90012

(844) 663-4411

<https://finance.lacity.gov>

September 9, 2025

The Honorable Karen Bass, Mayor
City of Los Angeles
200 North Spring Street
Room 303, City Hall
Attention: Legislative Coordinator

RE: EXECUTIVE DIRECTIVE NO. 3 TRANSMITTAL: REQUEST TO EXECUTE CONTRACTS WITH [LIST OF FIRMS] FOR PRIMARY AND SECONDARY DELINQUENT ACCOUNT COLLECTION SERVICES

In accordance with Mayor's Executive Directive No. 3, the Office of Finance (Finance) requests approval to execute an agreement with AllianceOne Receivable Solutions, Caine & Weiner, Harris & Harris, LTD and Linebarger Goggoan Blair and Sampson, LLP. These Agreements will provide Finance and all City departments with primary and secondary delinquent account collection services. The initial term for each agreement is for five (5) years, with one optional three-year extension.

Many City Departments (Departments) refer delinquent invoices valued at \$5,000 or less directly to Outside Collection Agencies (OCAs) contracted with Finance (Contract Administrator) who administers these contracts on behalf of the City. This process results in Departments referring more than a hundred thousand delinquent invoices to contracted OCAs annually.

With more than forty (40) Departments, the volume and types of referred invoices may be varied in nature. However, in recent history, the majority of invoices referred to OCAs have been the result of unpaid Business Taxes, various Non-compliance or Inspection Fees, and Los Angeles Fire Department (LAFD) Emergency Medical Service (EMS) fees. Other major referred fees and fines have included, but are not limited to:

- Business Improvement District (BID) Fees
- Communications Users' Taxes
- Los Angeles Police Department (LAPD) DUI Emergency Response Fees
- LAPD False Alarm Fees
- Housing Department (LAHD) Code Enforcement Fees
- Parking Occupancy Taxes
- Property Damage Claims
- Sanitation Industrial Waste Fees
- Transient Occupancy Taxes



BACKGROUND

The Office of Finance has three responsibilities concerning revenue collection:

- Develop and implement the City’s revenue policy consistent with the City Charter and ordinance(s); and
- Develop guidelines for the collection of outstanding receivables; and
- Make recommendations to the Mayor and City Council concerning the efficient organization of the revenue collection functions performed by City offices and departments.

Historically, Finance has achieved these responsibilities through a multi-pronged approach: in-house staff work on both tax and non-tax cases, referring cases to OCAs, and facilitating the collection of other departments (non-Finance) debt through either in-house staff or OCAs.

On September 12, 2024, the Office of Finance released a Request for Proposals to solicit bids from qualified vendors for Primary & Secondary Delinquent Account Collection Services (RAMP ID 216054). Finance received nine proposals from the firms below.

- AllianceOne
- Caine & Winter
- Cedar Financial
- Harris & Harris
- IC System
- Linebarger Goggoan Blair and Sampson, LLP
- Ray Klein
- RSI
- USCB

Evaluation of Proposal

The evaluation Panel consisted of Finance staff from the Revenue Management and the Billing and Collection Divisions. The panel evaluated the proposal based on the evaluation criteria outlined in the RFP:

Table 1

Rating Criteria	Points
Proper submission and compliance with RFP specifications	Pass/Fail
<u>Project Approach and Work Plan</u> Firm's detailed approach and work plan, including any tools, strategies, personnel, and/or software, to be used to efficiently pursue collection of a large number of accounts in an effective and timely manner	40

<u>Qualifications and Experience</u> Firm's demonstrable qualifications, abilities, availability, and past experience and performance, including: a) prior Collection Rates for customers with similar account types and volume and b) technical skills of proposed staff and resources/abilities of the firm	30
<u>Data Management and Security</u> Compatibility, flexibility, and ability in: a) sending and receiving data and b) generating regular, customized, and ad-hoc reports in a timely manner and in a variety of format(s) that may be prescribed by the City which ensure robust data security	15
<u>Cost</u> Firm's costs and fees charged for comprehensive services at reasonable measure to City debtors	15
Total	100

The evaluation panel scored and ranked all the submitted proposals and identified the top four highest-ranked proposals as illustrated in Table 2 below.

Table 2

Proposer	Final Score	Rank
Harris & Harris	95.5	1
Caine & Weiner	91.5	2
AllianceOne	90.8	3
Linebarger Goggoan Blair and Sampson, LLP	89.8	4
Cedars Business Services	83.3	5
RSI Enterprises Inc.	82.5	6
Ray Klein, Inc. dba Professional Credit	81.3	7
USCB	77.3	8
IC System	66.5	9

The evaluation panel considered the experience of each firm's debt collection experience along with the rating criteria indicated in Table 1 above and identified the top four firms in Table 2 to be recommended for contract award.

The Honorable Mayor Karen Bass

September 9, 2025

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CURRENT REQUEST

Outside Collection services are an essential tool to maintain ongoing departmental debt collection operations. As such, Finance requests the authority to enter into these agreements for a term of five (5) years plus one (1) three-year extension option for a potential total contract term of eight (8) years. The Office of the City Attorney has reviewed the attached draft agreement.

FISCAL IMPACT

There is no impact to the General Fund, as the outside collection agencies are compensated on a commission fee basis added to the assigned amount owed and to be paid to the debtor. If an agency does not collect on an account that is referred to it for collection, then no payment is received by the collection agency.

RECOMMENDATION

Finance respectfully requests that the City Council, subject to the approval of the Mayor: Authorize the Director of Finance to execute agreements with AllianceOne Receivable Solutions, Caine & Weiner, Harris & Harris, LTD., and Linebarger Goggoan Blair and Sampson, LLP, for a period of five years, plus one (1) three-year extension option for a potential total contract term of eight (8) years subject to final review and approval by the Office of the City Attorney as to form and legality.

If you have any questions, please contact Ricardo Estrada at (213) 648-8713 or by e-mail at ricardo.estrada@lacity.org.

Sincerely,



Diana Mangioglu
City Treasurer / Director of Finance

Attachments: Draft Contracts with AllianceOne Receivable Solutions, Caine & Weiner, Harris & Harris, LTD., and Linebarger Goggoan Blair and Sampson, LLP.

cc: Lidia Manzanares, Office of the Mayor
Thomas Arechiga, Office of the Mayor
Delilah Puche, Office of the City Administrative Officer
LaTanya Roux, Office of the City Administrative Officer
Mario Interiano, Office of Finance
Angela Berumen, Office of Finance
Matthew Crawford, Office of Finance

AGREEMENT NO. C- _____
BETWEEN
THE CITY OF LOS ANGELES
OFFICE OF FINANCE
AND
ALLIANCEONE RECEIVABLES MANAGEMENT, INC.
FOR
COLLECTION SERVICES OF THE CITY'S DELINQUENT
ACCOUNTS RECEIVABLE

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), acting by and through its Office of Finance (herein after referred to as "Finance"), and AllianceOne Receivables Management, Inc., (hereinafter referred to as "Contractor" or "AllianceOne"), referred collectively herein as "Parties" or individually as "Party", with reference to the following:

WHEREAS, the City utilizes outside collection agency services, as a best practice, to collect delinquent obligations to the City; and

WHEREAS, on September 12, 2024 the City released a Request for Proposals ("RFP") for Primary and/or Secondary Collection Services to pursue collection of the City's delinquent accounts; and

WHEREAS, the RFP Evaluation Committee evaluated the proposals and recommended a number of proposers as qualifying contractors to provide the contemplated services to the City Council of Los Angeles ("City Council"); and

WHEREAS, on [insert date] the City Council has approved the Contractor as one of the agencies for collection services to pursue collection of the City's delinquent accounts; and

WHEREAS, the Parties hereto wish to enter into an Agreement by which the Contractor will perform the work and furnish all the labor, materials, supervision, tools, transportation, and equipment necessary to recover the monies due to the City as a result of active pursuit of outstanding accounts receivable;

NOW, THEREFORE, in consideration of the above premises and of the representations and covenants hereinafter set forth, the Parties hereto represent and covenant as follows:

1. PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1. Parties to the Agreement are:

City – The City of Los Angeles, Office of Finance, a municipal corporation, having its principal office at 200 N Spring Street, Room 220, Los Angeles, California 90012.

Contractor – AllianceOne Receivables Management, Inc., having its principal office at 512 Township Line Rd, Suite 301, Blue Bell, PA 19422.

1.2. Representatives of the Parties

The representatives of the Parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

1.2.1. The City's representative is, unless otherwise stated in the Agreement:

Diana Mangioglu
City Treasurer/Director of the Office of Finance
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012

With copies to:

Mario Interiano
Chief Management Analyst, Administrative Services Division
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012
mario.interiano@lacity.org

Andrew Kaplan
Revenue Manager, Citywide Revenue Management Division
Los Angeles Office of Finance
200 N Spring Street, Room 155, Los Angeles, California 90012
andrew.kaplan@lacity.org

1.2.2. The Contractor's representative is, unless otherwise stated in the Agreement:

Jason Koontz
Senior Vice President
AllianceOne Receivables Management, Inc.
512 Township Line Rd, Suite 301, Blue Bell, PA, 19422
Jason.Koontz@allianceoneinc.com

With copies to:

Harry Neerenberg
Chief Financial Officer
AllianceOne Receivables Management, Inc.
512 Township Line Rd, Suite 301, Blue Bell, PA, 19422
Harry.Neerenberg@allianceoneinc.com

1.3. Formal Notices

Formal notices, demands, and communications to be given hereunder by either Party must be made in writing and may be affected by personal delivery or by email, registered

or certified mail, postage prepaid, return receipt requested, and will be deemed communicated as of the date of mailing or email transmission.

2. TERM OF THE AGREEMENT

2.1. The term of this Agreement shall be for a period of five (5) years from the Effective Date hereof unless terminated earlier as set forth herein or under any other termination right available in the Agreement or under applicable law. The City may, at its sole discretion, extend the term of this Agreement for one (1) three-year period, under the same terms and conditions for such periods if both Parties agree to the extension.

2.2. Effective Date

The Effective Date of this Agreement shall be the date upon which the last of the following events should occur:

- (1) This Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
- (2) This Agreement has been approved by the Director of the Office of Finance;
- (3) The Office of the City Attorney has indicated the approval as to form of this Agreement; and
- (4) This Agreement has been signed on behalf of the City by the person designated to sign by the City Council or by the board, officer, or employee authorized to enter into this Agreement.

2.3. Ratification Clause

To the extent that the Contractor's services were performed in accordance with the terms and conditions of this Agreement prior to the Effective Date of this Agreement, those services are hereby ratified.

3. SERVICES TO BE PROVIDED BY THE CONTRACTOR

3.1. Scope of Work

Services to be performed by the Contractor for collection services herein include, but are not limited to, locating persons with a delinquent account with the City ("Debtors") , arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, email and text, and verifying assets. All mailed correspondence between the Contractor and the City debtors shall be sent by first-class mail.

3.1.1. Primary Collection Services

Primary collection services include collection efforts on initial referrals of delinquent accounts to a contracted collection agency by a City Department. City Departments may refer delinquent accounts at the time reasonable collection efforts have failed. Generally, delinquent accounts referred at the primary level

are at least forty-five (45) days past due, except for emergency medical services (“EMS”) accounts referred by the Los Angeles Fire Department (“LAFD”), which may be referred at a later date.

For primary-level services, the Contractor shall have a period of nine (9) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement.

3.1.2. Secondary Collection Services

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the City Department by the primary-level agency after at least nine (9) months from initial assignment and uncollected.

For secondary-level collection services, the Contractor shall have a period of six (6) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement. The Contractor shall only perform primary-level or secondary-level collection services on any particular account that is referred to it and shall not under any circumstance perform both primary-level and secondary-level collections on the same account.

3.1.3. Return of Accounts

In limited circumstances, the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain an account, in writing. For the purposes of this Agreement, the following terms shall apply:

- “Authorized Retention Period” means the allotted time to effect collection as specified in this Agreement from initial assignment to the conclusion of the referral period or the extended period that the City has authorized, as detailed in Section 3.3.11. Referral period refers to the consecutive allotment of time from initial assignment that consists of nine (9) months for accounts assigned for primary collection services and six (6) months for accounts assigned for secondary collection services as detailed in Sections 3.1.1 and 3.1.2 respectively.

Upon the expiration of the Authorized Retention Period, the Contractor shall cease all collection efforts on the account and return the account to the City Department that referred it. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City Department. Under no circumstance shall the Contractor retain an account past the expiration of the Authorized Retention Period without authorization from the City Department, except as defined in Section 3.3.11.

The Contractor shall not be entitled to any monies on payments initiated by debtors on expired, recalled, or returned accounts except where the debtor has initiated payment with the City to settle the account prior to the date of expiration, recall, or return. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor or outside of the Authorized Retention Period, the

Contractor shall not accept payment and direct the debtor to contact the City Department.

3.1.4. Uncollectible Accounts

In the event an account assigned to the Contractor is determined to be uncollectible, by City or Contractor, for reasons that include, but are not limited to, a debtor's bankruptcy filing, court-ordered receivership is granted over debtor's business, debtor is deceased or decedent's estate does not have sufficient assets to satisfy the indebtedness, the Contractor shall cease all collection efforts on said account upon receipt of this information and return the account to the referring City Department with notification of the reason(s) for return of the account, as detailed in Section 6.

3.1.5. Accounts Referred Prior to the Start of the Contract

Any accounts that were assigned to the Contractor under City Contract No. C-138234 shall be subject to the terms and provisions of said contract or agreement. This Agreement shall apply to any and all accounts assigned/referred on or after the Effective Date of this Agreement.

3.2. Referral Process

Each City Department assumes primary responsibility for matters regarding their respective assigned accounts or referrals. The Contractor shall direct any communications and inquiries regarding any assigned accounts to the respective City Department that assigned said accounts in accordance with the Participation Document and other directives from the City Department and Finance. City Departments shall provide written notice to the Contractor with regard to any changes in the Participation Document or management of their assigned accounts.

3.2.1. Participation Document

Prior to assigning any accounts to the Contractor, the City Department shall forward a Participation Document to the Contractor. The Participation Document includes key information regarding the City Department to facilitate the referral of accounts to the Contractor but shall not supersede this Agreement. Information in the Participation Document includes:

- Specific Department Information
- Type of Accounts to be Referred
- Liaison Contact Information for Account Inquiries and Technical Issues
- Invoicing Contact Information (if different from the Liaison Contact)
- Method to Transmit Accounts
- Specific Reporting and/or Remittance Requirements, in addition to those required by this Agreement

Under no circumstance shall the Contractor initiate collection on behalf of a City Department prior to receiving a completed and signed Participation Document from the City Department for which it will effect collection. Receipt of a completed Participation Document from a City Department does not obligate or guarantee

that the City Department will actually assign any accounts to the Contractor. At any time, the City Department may, at its sole discretion, utilize the services of the Contractor.

3.2.2. Referral Method

To assign accounts to the Contractor, City Departments may use various means or methods, which include electronic transmission, electronic file, and/or in writing. Assigned accounts will include the following information, if available, and any other relevant information that the City Department may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding (by Principal, Penalties, Interest, Fees, etc., if available)

3.3. Performance Requirements

In performing services for the City (or City Department), the Contractor shall adhere to the highest legal, ethical, and professional standards. The Contractor shall perform its services in a manner that is consistent with all federal and state fair debt collection practices, acts, and confidentiality provisions, including, but not limited to California Civil Code §§ 1788, et seq. All information and data, including taxpayer data per LAMC § 21.17, received by the Contractor from the City shall be regarded as confidential as applicable and pursuant to the terms of this Agreement.

Moreover, for collection of LAFD EMS accounts, the Contractor shall be in compliance with all Health Insurance Portability and Accountability Act (“HIPAA”) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162, and 164) and the American Recovery and Reinvestment Act of 2009, which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400, et seq.), throughout the term of this Agreement and sign a Business Associate Agreement with LAFD prior to receiving or being assigned any EMS accounts for collection. The Contractor shall be required to integrate with existing City HIPAA-compliant systems to ensure secure electronic transfer of EMS-related records.

In addition, in performing the services requested, the Contractor shall:

- 3.3.1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the City but that it is an entity separate and distinct from the City.
- 3.3.2. Collect on only amounts authorized by City Departments, as specified in Section 5 of this Agreement, and shall not add or collect any amounts not authorized by City Departments.
- 3.3.3. Deposit all monies collected for the City into a special trust fund which shall be kept separate and not commingled with other funds of the Contractor or other clients of the Contractor. If the trust fund is an interest-accruing account, such

accruals must be credited to the City. All monies collected by the Contractor for the City shall be remitted to the referring City Department on a monthly basis, as defined in Sections 3 and 8 of this Agreement.

- 3.3.4. Deliver to the City Department on or before the fifteenth (15th) of each month all monies due to said City Department from the amounts collected during the previous month, as specified in Section 5, and all associated reports. Together with the monthly delivery of monies collected during the previous month, the Contractor shall submit summary and detailed supporting documents that include the commission retained and a Remittance Report summarizing detailed information for payments received in accordance with the requirements outlined in Section 6 of this Agreement.
- 3.3.5. Deliver a copy of all letters used by the Contractor to effect collection before use, including those that may have been approved or submitted under previous contracts or agreements with the City, to the City Department and Finance.
- 3.3.6. Engage in payment plans, when determined appropriate, with debtors for a term no longer than twelve (12) months. Any payment plan in excess of twelve (12) months requires approval from the referring City Department. Prior to the expiration of an account's initial allowable period, regardless of duration, any payment plan that exceeds its initial allowable period, and the date of its expected full recovery or expiration, must be communicated to the City Department.
- 3.3.7. Agree that any information provided by City Departments on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose.
- 3.3.8. Maintain all City information and records separate from information and records related to other clients.
- 3.3.9. Bear all expenses and costs incurred to effect collection of any account referred by the City.
- 3.3.10. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other City-approved methods.
- 3.3.11. Return to the City Department, in automated format or other manner specified by the City Department, all accounts that remain wholly or partially uncollected by the Contractor upon the expiration of the Authorized Retention Periods in which the Contractor may retain said accounts, and shall cease all collection efforts, except for: (a) instances where payment plans are in effect and active payments are made in accordance with the plan or (b) in limited circumstances where the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing. In the event that an account is retained due to an active payment plan in good standing, the Contractor must notify the City Department in accordance with Section 3.3.6.

In no event shall the Contractor be entitled to any payment on an account once it has been returned to the City. The Contractor shall report to the City

Department, as outlined in Section 6 of this Agreement, on any account returned prior to the expiration of the Authorized Retention Period or retained past such period without approval.

- 3.3.12. Be able to accept account data through various communication methods employed by the City, whether paper-based or electronic. The Contractor must work with individual City Departments to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the Contractor.
- 3.3.13. Comply with any special collection campaigns authorized by the City, wherein selected account types may be targeted for specified reductions in balances owed; for example, offer in compromise and debt amnesty programs.
- 3.3.14. May only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the Contractor determines that legal action or legal services are required, the Contractor shall make a recommendation for such action to the City and return the account to the City. Under this circumstance, the Contractor may communicate to the debtor that the matter is being returned to the City with a recommendation to consider further legal recourse.

3.4. Prohibited Actions

In the performance of the services requested, the Contractor shall not:

- 3.4.1. Subcontract, assign, refer, or transfer any account referred by the City or otherwise assign its rights or delegate its duties under this Agreement to any other person or entity, including any attorney, without the express written consent of both the referring City Department and Finance.
- 3.4.2. Collect more than the Assigned Amount, as defined in Section 5.1.1. The Contractor shall not add and/or collect penalties, interest, or fees not authorized by the City in writing. Any amounts collected by the Contractor, whether authorized or unauthorized, shall be remitted to the City Department, as defined in this Agreement.
- 3.4.3. Threaten or intimidate debtors under any circumstances in the collection, or in the pursuit thereof, of City accounts or violate any applicable government laws or regulations.
- 3.4.4. Use or display the official seal of the City on any of its letterheads or communications with any debtor for any reason.
- 3.4.5. State or suggest, in any verbal, non-verbal, or written communication, that the Contractor intends to pursue legal action against the debtor, or imply that it has any authority to do so.
- 3.4.6. Take any legal action against a debtor on a City account.

- 3.4.7. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the City in writing.
- 3.4.8. Recommend to debtors the use of "payday" loans to satisfy City accounts, or any loans through a lender wherein the Contractor has any financial interest in the lender or where the Contractor would realize any additional financial gain through referral of business to the lender.
- 3.4.9. Perform secondary-level collection services on any account in which it has previously performed primary collection services under this Agreement.
- 3.4.10. Use, integrate with, interface with, or otherwise access any City systems and/or programs in any manner related to the provision of services under this Agreement without written approval from the Director of the Office of Finance, including any City systems and/or programs that the Contractor may have been authorized to utilize prior to the Effective Date of this Agreement, as defined in Section 7.

3.5. Recall of Accounts

Without charge or penalty, City Departments shall have the right at their sole discretion to recall from the Contractor, any account(s) assigned to the Contractor and redistribute accounts without reason. For purposes of this Agreement, the term "recall" shall mean the return of an assigned account at the request of the City at any time. Upon recall, the Contractor shall undertake no further collection efforts on those recalled account(s).

The Contractor shall not be entitled to any commission fees for payments received by the City on an account after the date of recall except where the debtor has contacted the City to engage in settlement of the account prior to the date of recall. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor, the Contractor shall not accept payment and direct the debtor to contact the City.

3.6. Quality Assurance

The Contractor's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the City, including, but not limited to, establishing contractor performance benchmarks and incentives relative to collection on City accounts. Performance benchmarks may include but are not limited to periodic tracking and grading of a Contractor's compliance with contractual obligations, such as the generation of ad hoc, routine, specialized or custom reports, responsiveness to department requests, practice of loading of referred accounts in a timely manner, practice of returning expired accounts in a timely manner, and adherence to City administrative requirements. In addition, the City reserves the right to publish the Contractor grades and rates of recovery on City accounts for use by City Departments via the City's Intranet or to be shared with the City's collection vendors under contract for information, incentive, and competitive purposes. The City may use a variety of inspection methods to determine the Contractor's compliance with the terms of this Agreement and to evaluate its performance level. The methods of inspection may include, but are not limited to:

- Random sampling

- Reports (monthly and as needed)
- Periodic inspection of output items

The City shall have the right at any time during regular business hours to inspect records relative to City Department accounts maintained by the Contractor at its place of business, with reasonable advance notification. Said records shall be retained by the Contractor at a minimum of three (3) years following final payment under this Agreement for non-EMS accounts or until the expiration of this Agreement, whichever is later. For LAFD EMS accounts, the Contractor shall retain records as required by HIPAA and the terms of the Business Associate Agreement between the Contractor and LAFD.

The Contractor must also be available to meet with representatives of the City or City Department on a quarterly basis, or as deemed appropriate by the City, to discuss issues or concerns relating to the contract and/or City accounts. Upon request by the City for an impromptu meeting with the Contractor, the Contractor shall coordinate with the City an amicable time; however, if the City deems the matter requires immediate attention, the Contractor shall make itself available to meet with the City within two (2) business days from the day of the City's request.

3.7. Membership in Professional Organizations

The Contractor shall maintain, at no cost to the City, membership in the American Collectors Association International, California Association of Collectors, and/or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said associations.

3.8. Tax Certificate

The Contractor agrees to have and maintain a valid City Business Tax Registration Certificate for the term of the Agreement, at no cost to the City.

3.9. Automation Support

The Contractor shall provide information technology/systems support to the City as deemed necessary by City Departments to establish and maintain account referral protocols, information exchanges, and reports. Such information technology/systems support services are to be provided by the Contractor at no expense to the City.

3.10. Client Assistance

The Contractor shall provide the City with as-needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the Contractor at no expense to the City. As-needed customer assistance may be requested by City Departments during the introduction and implementation phases at any time throughout the duration of this Agreement.

3.11. Training

The Contractor shall provide to the City on-site or virtual training relative to collection processes and procedures as deemed necessary by City Departments at no cost to the City.

3.12. Consulting

The Contractor shall provide to the City, upon request by management and supervisory-level personnel, consulting services relative to collection and revenue enhancement processes and procedures as deemed necessary by the City Department at no cost to the City. The Contractor shall provide to City management and supervisory-level staff data and information relative to collections, industry trends, best practices, projections, and any other relevant materials upon request to assist City staff in revenue collection management and analysis.

3.13. Access to Accounts

The Contractor shall provide to City Departments remote access to its accounts assigned to the Contractor through an internet website or similar process. The Contractor shall also provide City Departments with as-needed technical assistance, training, and requirements needed to establish and use remote access privileges to its accounts, and at no cost to the City. Furthermore, the Contractor shall provide secure online access to the Contractor's delinquent account collection system to designated Finance and other City staff for accounts referred from the City for the purpose of delinquent account review, performance, and ad hoc reporting purposes.

3.14. Complaint Handling

3.14.1. Complaint Response

The Contractor shall acknowledge and respond to all written and oral complaints received relative to City-assigned accounts or City debtors. For written complaints, the Contractor shall acknowledge receipt of the complaint in writing within two (2) business days from the day the written complaint is received. Complaints and/or inquiries by telephone shall be received by the Contractor's personnel during regular business hours. During non-business hours, the Contractor shall provide a means for debtors to leave a message regarding their complaint and/or inquiry. All phone messages regarding City accounts shall be responded to by the Contractor no later than the next business day from the day that the message was left.

3.14.2. Complaint Resolution

All complaints shall be directed to qualified customer service staff or manager who shall take responsibility for resolving the matter. The Contractor shall conduct any necessary investigations and take appropriate steps to resolve complaints within thirty (30) calendar days from receipt of the complaint, or other timeframe, if deemed appropriate and specified in writing by the City. The Contractor shall notify the complainant of the resolution of their complaint in writing and provide written notification of said resolution to the City, as defined in Section 6.1 of this Agreement. In circumstances when a complaint requires more

than thirty (30) calendar days to resolve, the Contractor shall inform the City of the additional time needed, basis for the delay, and estimated time to when a resolution is expected.

3.14.3. Complaint Notification to the City

The Contractor shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition, and the name and title of staff that handled the matter. The Contractor shall remit this Complaint Summary Report to Finance on a quarterly basis. At its sole discretion, Finance may modify the frequency or reporting requirements.

At its sole discretion, the City may require the Contractor to take further steps to resolve a complaint if determined by the City that the Contractor did not address the complaint in a manner satisfactory to the City. The Contractor shall provide to the City any record(s) relative to a complaint upon request of the City, and said record(s) shall be made available to the City within two (2) business days of the City's request.

The Contractor shall immediately notify the City of any legal actions initiated against the Contractor regarding any City account, and/or which may have any relevance to the City as a business partner. The Contractor shall within one (1) week of giving notice to the City of a legal action, submit a comprehensive written report, including any supporting documentation, to the City to acquaint the City of pertinent details regarding the legal matter. The City may, at its discretion, require the Contractor to provide said report sooner than one (1) week, if deemed appropriate. The Contractor shall keep the City informed on the status of any litigation matter at least on a quarterly basis, and shall immediately inform the City of any key developments with regard to the legal proceeding. The City may, at its sole discretion, modify the Contractor's reporting requirement regarding a legal matter as deemed appropriate. The Contractor shall assume all costs related to any litigation and the City shall be held harmless for any liabilities or damages that may result from litigation against the Contractor on any City account.

4. **CONTRACTOR PERSONNEL**

4.1. Contractor Key Personnel

Contractor Key Personnel ("Key Personnel") positions are considered to be essential to work performance herein. In addition to the Contractor's Project Manager, any additional Key Personnel positions shall be identified and presented to Finance.

The City's designated representative(s) shall have the right to review the qualifications and perform an interview of Key Personnel prior to their assignment under this Agreement. Key Personnel so identified shall not be diverted or removed from this project by the Contractor without approval of the City. If the City does not approve the candidate

suggested by the Contractor, the Contractor shall propose a qualified alternate(s) who shall be subject to the same approval process.

The Contractor shall provide a description of the location, position within the Contractor's project organizational hierarchy, and special expertise of each person identified to fill Key Personnel positions. The Contractor shall make every reasonable effort to ensure that all Contractor's personnel who perform any work for the City under this Agreement are qualified, trained professionals in their fields and are able to perform the work to the City's satisfaction.

4.2. Contractor Project Manager

On or before the start date for the services outlined in this Agreement, as mutually agreed upon between Finance and the Contractor, the Contractor shall designate in writing and communicate to Finance, an individual as its Project Manager ("Contractor Project Manager"), who shall serve as the single authoritative point of contact for the Contractor during the course of its activities pursuant to the Agreement. The Contractor Project Manager shall be experienced in providing the services described in this Agreement and in project management. The Contractor Project Manager shall be required to be available to Finance in-person or via phone within two (2) working hours.

The Contractor Project Manager shall have authority to make reasonable project staff re-assignments and to make all communications to Finance and its designated Project Manager, as well as any City department that is currently being provided services, as required, to maintain efficient progress on the Project. Nothing herein, however, shall be construed as precluding communication between subordinate persons for the purpose of consultation and cooperation.

4.3. Contractor Key Personnel, Project Manager, and Project Staff Termination

In the event that the Contractor's project staff are terminated either by the Contractor or the individual, with or without cause, or if individual project staff are otherwise unavailable to perform services for the Contractor, the Contractor shall provide Finance written notification of the unavailability of the project staff and designate replacement personnel. Written notification shall be provided to Finance and relevant City Departments prior to the date of termination or unavailability, to the maximum extent feasible, but no later than three (3) business days after the Contractor learns of the expected unavailability or termination of project staff.

4.4. Contractor's Project Staff Unavailability

The Contractor recognizes and agrees that early notification of project staff unavailability and proposed replacement personnel is essential to avoiding delays in completing the Deliverables/Work products established in this Agreement.

4.5. Contractor's Project Staff Removal

The City, in its sole discretion, shall have the right to request removal of Contractor project staff for working ineffectively or inefficiently and/or not being available to perform assigned tasks. The City shall request in writing to the Contractor to remove and or replace staff

within ten (10) business days of the notice and the Contractor and the City will meet to address the City's concerns. If the actions constitute a serious threat to the Agreement, breach of confidentiality, or physical or intellectual harm, Contractor staff shall be removed immediately upon notice by the City without further discussion.

If the Contractor desires to replace Key Personnel, the Contractor shall deliver to the City ten (10) business days advance written notice of the proposed replacement. In the event it becomes necessary to replace Key Personnel for reasons beyond the control of Contractor (i.e., death, illness, individual suddenly left the employ, etc.), the Contractor shall immediately notify the City Project Manager telephonically, in-person, or by email that a replacement will be needed and then follow that notice within ten (10) business days with a written notice of proposed replacement.

Whatever the reason for replacing project staff, the Contractor shall designate the name and qualifications of the proposed replacement, whose qualifications and capabilities shall be at least equal to those of the person being replaced. All replacements of Key Personnel, Project Manager, and Project Staff shall be subject to City's review and approval as described in Section 4.3.

5. CONTRACTOR'S COMPENSATION

5.1. Commission

The City agrees to compensate the Contractor on a commission fee basis for services to the City performed under this Agreement. **If no recovery is made on an account referred to the Contractor by the City during the Authorized Retention Period, there shall be no compensation due to the Contractor.**

5.1.1. Assigned Amount

For the purposes of this Agreement, for each account referred to the Contractor by City Departments, the following terms shall apply:

- "Total City Debt" shall mean a dollar total that includes the amount of the debt referred to the Contractor, including any City-authorized adjustments to the amount referred after assignment (i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account), but does not include the Contractor's commission fee. Total City Debt includes all principal, interest, penalties, adjustments, and other fees owed to the City.
- "Assigned Amount" shall include the Total City Debt and the Contractor's calculated commission fee based on the commission rates, as established in Section 5.2.

5.1.2. Commission Application

The commission due to the Contractor shall be based on the Contractor's applicable commission rate approved by the City, as specified and calculated in Sections 5.2 and 5.4, and any recovery made on an account that has been

assigned to the Contractor, up to but not to exceed the Assigned Amount, upon proper remittance to the City. The Contractor shall verify the inclusion of its fee relative to the debt owed upon assignment and, if applicable, adjustment. Refer to Section 6.3 for more details.

5.1.3. Adjustments

Any adjustments made to the Total City Debt shall be authorized by the City Department. The Contractor shall be entitled to a commission fee based on the final adjusted amount that was authorized by the City Department, the commission rates established in Section 5.2, and the recovered amount. The Contractor is not entitled to commission on amounts recovered that exceed the City's Assigned Amount, including any authorized adjustments.

5.2. Contractor's Commission Rate

The Contractor's approved commission rate shall be applied to actual amounts recovered on accounts referred, up to but not exceeding the Assigned Amount of the referral, and shall be:

Collection Level	Commission Rate
Primary Rate	18.75%
Secondary Rate	20.00%

5.3. Compensation Collection and Remittance

The Contractor shall not be compensated in any other method than that prescribed in this Section. Additional invoicing requirements are defined in Section 8.

5.3.1. Payments Collected by the Referring City Department

Any monies paid directly to the City Department during the Authorized Retention Period on an account assigned to the Contractor shall be deemed to have been collected by the Contractor, and the Contractor will be entitled to receive a commission on the payment, **unless: (1)** payment is received by the City Department or postmarked on or prior to the date of the City Department's receipt of the Contractor Acknowledgement Report, as set forth in this Section; **or (2)** collection activity, such as dunning notice sent or telephone contact with debtor, by the Contractor has not begun, in which case the Contractor would not be due any commission.

For those monies paid directly to the City and deemed to have been collected by the Contractor on City accounts, the City Department shall calculate the compensation owed in accordance with Section 5.4 and provide the Contractor with a Remittance Report or similar documentation, as determined by the City Department, detailing those monies and accounts, as detailed in Section 6.6. Upon receipt of the Remittance Report or similar documentation, the Contractor shall, in reference to the details provided therein: (1) apply monies to the

appropriate referred accounts and (2) submit an invoice to the City Department that totals the commission fees owed. Thereafter, the City Department shall remit payment to the Contractor in accordance with Section 8.

5.3.2. Payments Collected by the Contractor

For City accounts and on a monthly basis, the Contractor shall: (1) retain its own commission fees on payments made by debtors and paid to the Contractor in the previous month; (2) remit all payments to the referring City Department, less commission fees, made by debtors and paid to the Contractor in the previous month; and (3) submit to the City Department detailed supporting documentation, including the Remittance Report, and any other documentation required by the City Department.

5.4. Calculation of Compensation

Commission fees, in accordance with Section 5.4.1, shall be additive rather than a fraction of the City's Assigned Amount and shall not be subtracted from the principal that is owed to the City when calculating the Total City Debt. The Contractor shall be paid a commission fee based on the amount collected on an account, whether partially or fully, during the Authorized Retention Period. In the event that the Contractor collects partial payment(s) on an account during the Authorized Retention Period, the Contractor's compensation shall reflect a value less than the Maximum Commission Fee, as defined in Section 5.4.1, and shall be based on the actual amount recovered, as exemplified in Section 5.4.3.

5.4.1. Compensation Calculation Definitions

$$\text{Total City Debt} = \text{Principal} + \text{Penalties} + \text{Interest} + \text{Fees} \pm \text{Adjustments}$$

$$\text{Maximum Commission Fee} = \text{Total City Debt} \times \text{Commission Rate}$$

$$\text{Assigned Amount} = \text{Total City Debt} + \text{Maximum Commission Fee}$$

$$\text{Assigned Amount} = \text{Total City Debt} + (\text{Total City Debt} \times \text{Commission Rate})$$

$$\begin{matrix} \$ & & \$ & & \$ & & \% \end{matrix}$$

Total Amount to be Collected by the Contractor & is Owed by the Debtor

5.4.2. Payment Formulas

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \text{Amount Owed to City}$$

where

$$\text{Amount Owed to City} = \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

and

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

5.4.3. Fee and Payment Calculation Examples

An example has been provided herein for reference purposes only.

A City Department referred an account owing \$500 to the Contractor. The Contractor's commission rate is 10%.

$$\$500 + (\$500 \times 10\%) = \$550$$

Table 1.

Total City Debt	Commission Rate	Assigned Amount	Commission Owed to the Contractor
\$500	10%	\$550	Dependent upon the amount collected

Table 2.

Total City Debt	\$500		
Commission Rate	10%		
Assigned Amount	\$550		
		Full Debt Recovery	Partial Debt Recovery*
Amount Paid by the Debtor	?	\$550	\$385
Amount Owed to the City	?	\$500	\$350
Amount Owed to the Contractor (Commission Fee)	?	\$50	\$35

* In the Partial Debt Recovery example, if the Contractor recovers the remaining \$165 balance of the partially-recovered account within the Authorized Retention Period, then of that \$165 balance recovered, the City would be owed \$150 and the Contractor would retain \$15.

The Assigned Amount is \$550, which is inclusive of the Total City Debt and the Contractor's maximum commission fee. The final commission owed to the Contractor is dependent on the amount successfully recovered by the Contractor. It is the sole responsibility of the Contractor to ensure its commission has been included in the Assigned Amount prior to collection.

As illustrated in Table 2 above, recovering the entirety of the Assigned Amount will result in \$500 owed to the City, and \$50 owed to the Contractor. If only \$385 dollars of the \$550 is collected, then \$350 is owed to the City, and \$35 is owed to the Contractor. Note that $\$350 + (\$350 \times 10\%) = \$385$.

5.5. Reconciliation

Upon receipt of the Remittance Report defined in Section 6.6, the referring City Department will have six (6) months to validate all details set forth therein regarding monies collected from debtors by the Contractor on City-assigned accounts.

If the City Department identifies discrepancies between the actual amounts remitted to the City by the Contractor and the actual amounts owed to the City, the City Department shall send a Discrepancy Report to the Contractor detailing those instances at the City's discretion. The Contractor shall then have the opportunity to dispute amounts and/or details provided in said Discrepancy Report. Disputes shall be made in writing and received by the City Department within two (2) weeks from the receipt of the Discrepancy Report. All supporting information and evidence shall be, at a minimum, clearly delineated by account in the manner provided in the Discrepancy Report.

In the event that the discrepancies cannot be resolved, the Director of the Office of Finance, or their designee, shall make the final determination upon equal consideration of evidence provided by both parties. If the Discrepancy Report was disputed as specified above, a final Discrepancy Report shall be updated by the City Department and provided to the Contractor.

Any outstanding amounts determined to be owed, including documentation deemed necessary by the City Department, shall be remitted to the City Department or the Contractor to address the discrepancies.

The Discrepancy Report, if deemed necessary by the City Department, shall be sent within six (6) months of the receipt of the Remittance Report. If the Discrepancy Report is not sent within the six-month time frame, the payment made to the City Department, and described within the corresponding Remittance Report, shall be considered final and no adjustments shall be allowed to that payment.

6. REPORTING

6.1. Required Monthly Reports to Finance

The Contractor shall provide to Finance monthly electronic reports regarding collection activities, overall and specific to individual City Departments, performed by the Contractor during the previous month and from inception of this Agreement. Required monthly reports are due to Finance within five (5) working days of the close of the prior month. The City reserves the right to modify the Contractor's monthly reporting requirements as deemed appropriate, and the Contractor shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by City of the requested modification. Required monthly reporting shall be defined by the City, at its sole discretion, and may include, but is not limited to, the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors and Other Details (e.g., status, balance, etc.)
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Section 3.14 of this Agreement
- Monthly Data Reports

6.2. Required Monthly Reports to Referring City Departments

The Contractor shall also provide monthly electronic reports to each City Department that refers accounts. Monthly reports shall include information relative to collection activities specific to accounts referred to the Contractor by that City Department and include information for the prior month, or designated time period, and aggregate from the time that the department initiated account referral to the Contractor. Required monthly reports are due to City Departments within five (5) working days of the close of prior month. City Departments reserve the right to modify Contractor's monthly reporting requirements as deemed appropriate. The Contractor shall comply with any requested changes in monthly reporting within one (1) month of receiving notification from the department. Required monthly reporting to referring City Departments on accounts assigned to the Contractor may include, but are not limited to, the following:

- Activity Reports
- Status of Accounts Referred by the City Department
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

6.3. Acknowledgement Report

Upon receipt of a referral from a City Department, the Contractor shall provide an Acknowledgment Report to the City Department within one (1) City business day from the assignment to verify account placement. Timely submission of the Acknowledgment Report by the Contractor is essential in order for the Contractor to be entitled any commission for monies collected on a referred account, as set forth in Section 5 of this Agreement. The City Department shall specify to the Contractor the method for receipt of the Acknowledgment Report. Information in the report shall include, but not be limited to, the following on each account received:

- City Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Maximum Commission Fee
- Assigned Amount

6.4. Returned Accounts Report

The Contractor shall furnish to City Departments, when applicable, a Returned Accounts Report on accounts returned to the City. Reasons that an assigned account may be returned to the City include, but are not limited to, the following:

- Contractor was unable to collect the unpaid amounts within the time period allotted by the City to effect collection
- Court-ordered receivership is granted over debtor's business
- Debtor bankruptcy filing
- Debtor is deceased
- Decedent's estate lacks sufficient assets to satisfy the indebtedness
- City recalled the account

The Contractor shall state in its Report the reason(s) for the return of an account and be able to provide detailed information regarding all efforts undertaken by the Contractor to collect on an account prior to its return. The format for the Returned Accounts Report shall be specified by the referring City Department and shall accompany any returned accounts. At a minimum, information contained in the report shall include, but is not limited to, the following for each account returned:

- City Account Number
- Contractor Assigned Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Returned

6.5. Retained Accounts Report

The Contractor is required to furnish to City Departments, when applicable, a Retained Accounts Report on accounts retained by the Contractor beyond the initial allowable period. Monthly reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the City due to the expiration of the initial allowable period. The Contractor shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the City Department for any reason (e.g., expiration of the Authorized Retention Period).

City accounts shall not be retained by the Contractor unless authorized in writing by the referring City Department or where payment plans that will exceed the initial allowable retention period are in effect under which debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement. Regardless of the reason for the account retention, monthly reporting is required, as defined herein.

At any time the City may, at its sole discretion and for any reason, recall an account from the Contractor, as set forth in Section 3.5 of this Agreement. However, this action would not preclude payment obligations to the Contractor of commission fees in the event an

account with a payment plan in effect is taken over by the City and successfully collected by the City pursuant to said payment plan. At a minimum, the Retained Accounts Report shall include, but is not limited to, the following information for each account retained:

- City Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Retained

6.6. Remittance Report

The Contractor shall furnish to City Departments a Remittance Report setting forth the details from any monies that the Contractor collected during the previous month from debtors on City-assigned accounts. This Report shall accompany the monthly delivery of monies, as defined in Section 3.3.4 of this Agreement, and shall be delivered to the referring City Department on or before the fifteenth (15th) of each month when applicable. Automated remittance processes may be implemented upon written agreement between the referring City Department and the Contractor. Specific information required in the Remittance Report shall be determined by the City Department and may include, but not be limited to, the following:

- Identification of Collection Service Level (i.e., Primary or Secondary)
- Contract Number
- Contractor Assigned Vendor Code Number
- City Account Number
- Debtor Name
- Batch Number
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Contractor Commission Retained

City Departments shall furnish to the Contractor when applicable a Remittance Report, or similar documentation as determined by the City Department, setting forth the details from any monies paid directly to the City during the previous month by debtors on accounts referred to the Contractor and within the Authorized Retention Periods.

6.7. Customized, Ad Hoc, and Specialized As-Needed Reports

On an occasional basis, the Contractor may be required to provide to Finance or City Departments customized, ad hoc, or specialized as-needed reports. The Contractor shall furnish said reports within ten (10) business days from receipt of a written request, or other timeframe specified in writing, from Finance or City Departments. Specific details regarding the content and format of the specialized report shall be provided by the requesting party. Any system-related changes that may arise as a result of newly requested reports shall be implemented at no additional cost to the City.

7. SYSTEM USE AND INTEGRATION APPROVAL

Prior to any action to effect the commencement of services under this Agreement, the Contractor shall provide a list of any and all City systems and/or programs that the Contractor is either interfacing with or integrated with (i.e., FMS, RevQ, etc.) to the Director of the Office of Finance. The Director of the Office of Finance shall grant written approval or denial of each system or program and the duration for its use, including systems and programs that the Contractor currently utilizes or may utilize in the future. Until written approval is received, the Contractor shall immediately cease any and all utilization of said systems and/or programs.

The use of, integration with, and/or interfacing with any City system and/or program shall receive approval by the Director of the Office of Finance prior to their use by the Contractor in its pursuit . The Director of the Office of Finance may grant or revoke approval at any point for any system or program during the course of this Agreement, upon which the Contractor shall immediately cease any and all access to said technology.

8. INVOICING AND PAYMENTS

For payments made directly with the Contractor by debtors in the previous month on City-assigned accounts, the Contractor shall, on or before the fifteenth (15th) of the following month: (1) retain its own commission fees on those payments; (2) remit those payments, less its commission fees, to the referring City Department, in accordance with Section 5.4; and (3) provide supporting documentation, in accordance with Section 5.3.2. Additional payments may be required as a result of the Reconciliation process set forth in Section 5.5.

As defined in Section 5.3.1, for payments made directly with the City Department by debtors on accounts referred to the Contractor, the Contractor shall submit an invoice totaling commission fees owed based on those payments, in accordance with the Remittance Report, or similar documentation, provided by the City Department. In accordance with City policies, the City shall be in receipt of an invoice compliant with the requirements set forth in Section 8.1, prior to any payment processing or remittance to the Contractor.

8.1. Invoicing

Upon receipt of the Remittance Report or similar documentation from the City Department, the Contractor shall submit an invoice to the City Department that includes the following information:

- Name and Address of the Contractor
- Remittance Address
- Date of Invoice
- Invoice Number
- Agreement Number
- Date(s) and description of services provided
- Amount of Invoice and, if different, Total Amount Payable
- Other additional information and/or requirements as determined by the City Department

The Participation Document provided by the City Department upon account referral to the Contractor shall include the appropriate contact information to which invoicing shall be sent, as defined in Section 3.2.1.

8.2. Review and Acceptance of Deliverables

Failure to adhere to the policies detailed in this Section 8 may result in nonpayment or non-approval of demands, pursuant to City Charter Section 262(a), which requires the Controller to inspect the quality, quantity, and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve demands before they are drawn on the Treasury.

9. GOVERNING LAW AND VENUE

This Agreement and any action related thereto will be governed and interpreted by and under the laws of the State of California, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction. Each Party hereby expressly consents to the exclusive personal jurisdiction and venue in the state and federal courts of Los Angeles County, California for any lawsuit filed there against it by the other Party arising from or related to this Agreement.

10. NON-EXCLUSIVE

The City and Contractor understand and agree this is a non-exclusive Agreement to provide services to the City and that the City reserves the right to enter into agreement with other contractors/consultants to provide similar services during the term of this Agreement.

11. SEVERABILITY

If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement shall remain enforceable and the invalid or unenforceable provision(s) shall be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

12. NO THIRD-PARTY BENEFICIARIES

Nothing herein is intended to create a third-party beneficiary in any subcontractor. The City has no obligation to any subcontractor. No privity is created with any subcontractor by this Agreement. Even if the Contractor uses subcontractors, the Contractor remains responsible for complete and satisfactory performance of the terms of this Agreement.

13. STANDARD PROVISIONS FOR CITY CONTRACTS

By entering into this Agreement with the City, the Contractor agrees to abide by the Standard Provisions for City Contracts (Rev. 1/25 [v.2]), attached hereto and incorporated herein as Attachment A.

14. PUBLIC INSPECTION AND RECORDS

Notwithstanding any other provisions to the contrary, this Agreement, including any and all exhibits and attachments incorporated herein, shall be made available for public inspection in accordance with the City Charter and, to the extent applicable, the California Public Records Act (California Government Code § 6250 *et. seq.*).

15. MUNICIPAL LOBBYING ORDINANCE

The Contractor is required to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if the Contractor qualifies as a lobbying entity under LAMC § 48.02. Agreements submitted without a completed CEC Form 50 by contractors that qualify as a lobbying entity under LAMC § 48.02 may be subject to penalties, termination of contract, and debarment.

16. DISCLOSURE OF BORDER WALL CONTRACTING ORDINANCE AND SLAVERY DISCLOSURE ORDINANCE

The Contractor shall comply with LAAC § 10.50 *et seq.*, ‘Disclosure of Border Wall Contracting.’ The City may terminate this Agreement at any time if the City determines that the Contractor failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in LAAC § 10.50.1.

The Contractor shall comply with the Slavery Disclosure Ordinance, LAAC § 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by Contractor for work to be performed under this Agreement must include an identical provision.

The Contractor shall complete and upload a Disclosure Ordinance Affidavit, on www.rampla.org.

17. CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this Agreement, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by LAAC § 10.39.2, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation, and any response from the Contractor, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

18. CONFIDENTIALITY

- (a) The parties agree to keep confidential and not to use or disclose to any third parties any non-public business information of the other party learned or disclosed in connection with services provided pursuant to this Agreement and any amendments thereto, including the contractor materials. The obligation of the parties with respect to the confidential information shall terminate with respect to any particular portion of the confidential information if and when:

- (i) it is in the public domain at the time of its communication;
- (ii) it is developed independently by the receiving party without use of any confidential information;
- (iii) it enters the public domain through no fault of the receiving party subsequent to the time of the disclosing party's communication to the receiving party; or
- (iv) the receiving party has the disclosing party's written permission.

(b) Each Party shall provide notice to the other of any demand made upon it under lawful process to disclose or provide any of the other party's confidential information. The receiving party agrees to cooperate with the other Party, at the other party's expense, if the other party elects to seek reasonable protective arrangements or oppose such disclosure. Any confidential information disclosed pursuant to such lawful process shall continue to be confidential information.

19. COUNTERPARTS AND ELECTRONIC SIGNATURES

This Agreement may be executed in one (1) or more counterparts, each of which will be deemed an original and all of which will be taken together and deemed to be one (1) instrument. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by the City) and sent by email shall be deemed original signatures.

20. ENTIRE AGREEMENT

This Agreement, and any exhibits, attachments, or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the Parties and supersedes all prior discussions between the Parties, oral or written. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by the duly authorized representatives of each Party.

21. ORDER OF PRECEDENCE

Unless otherwise provided for in this Agreement, in the event of any inconsistencies between the bodies of this Agreement, exhibits, attachments, and schedules, the order of precedence will be as follows:

- (1) This Agreement between the City and Contractor
- (2) Attachment A – Standard Provisions for City Contracts (Rev. 1/25 [v.2])

[Intentionally left blank. Signature page follows]

AGREEMENT NO. C- _____
BETWEEN
THE CITY OF LOS ANGELES
OFFICE OF FINANCE
AND
CAINE & WEINER COMPANY, INC.
FOR
COLLECTION SERVICES OF THE CITY'S DELINQUENT
ACCOUNTS RECEIVABLE

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), acting by and through its Office of Finance (herein after referred to as "Finance"), and Caine & Weiner Company, Inc., (hereinafter referred to as "Contractor" or "Caine & Weiner"), referred collectively herein as "Parties" or individually as "Party", with reference to the following:

WHEREAS, the City utilizes outside collection agency services, as a best practice, to collect delinquent obligations to the City; and

WHEREAS, on September 12, 2024 the City released a Request for Proposals ("RFP") for Primary and/or Secondary Collection Services to pursue collection of the City's delinquent accounts; and

WHEREAS, the RFP Evaluation Committee evaluated the proposals and recommended a number of proposers as qualifying contractors to provide the contemplated services to the City Council of Los Angeles ("City Council"); and

WHEREAS, on [insert date] the City Council has approved the Contractor as one of the agencies for collection services to pursue collection of the City's delinquent accounts; and

WHEREAS, the Parties hereto wish to enter into an Agreement by which the Contractor will perform the work and furnish all the labor, materials, supervision, tools, transportation, and equipment necessary to recover the monies due to the City as a result of active pursuit of outstanding accounts receivable;

NOW, THEREFORE, in consideration of the above premises and of the representations and covenants hereinafter set forth, the Parties hereto represent and covenant as follows:

1. PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1. Parties to the Agreement are:

City – The City of Los Angeles, Office of Finance, a municipal corporation, having its principal office at 200 N Spring Street, Room 220, Los Angeles, California 90012.

Contractor – Caine & Weiner Company, Inc., having its principal office at 5805 Sepulveda Blvd., 4th Floor, Sherman Oaks, California 91411.

1.2. Representatives of the Parties

The representatives of the Parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

1.2.1. The City's representative is, unless otherwise stated in the Agreement:

Diana Mangioglu
City Treasurer/Director of the Office of Finance
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012

With copies to:

Mario Interiano
Chief Management Analyst, Administrative Services Division
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012
mario.interiano@lacity.org

Andrew Kaplan,
Revenue Manager, Citywide Revenue Management Division
Los Angeles Office of Finance
200 N Spring Street, Room 155, Los Angeles, California 90012
andrew.kaplan@lacity.org

1.2.2. The Contractor's representative is, unless otherwise stated in the Agreement:

Joe Batie
President
Caine & Weiner Company, Inc.
5805 Sepulveda Blvd., 4th Floor, Sherman Oaks California 91411
joe.batie@caine-weiner.com

With copies to:

Steve Simon
Vice President Compliance and Quality Assurance
Caine & Weiner Company, Inc.
5805 Sepulveda Blvd., 4th Floor, Sherman Oaks, California 91411
steve.simon@caine-weiner.com

1.3. Formal Notices

Formal notices, demands, and communications to be given hereunder by either Party must be made in writing and may be affected by personal delivery or by email, registered

or certified mail, postage prepaid, return receipt requested, and will be deemed communicated as of the date of mailing or email transmission.

2. TERM OF THE AGREEMENT

2.1. The term of this Agreement shall be for a period of five (5) years from the Effective Date hereof unless terminated earlier as set forth herein or under any other termination right available in the Agreement or under applicable law. The City may, at its sole discretion, extend the term of this Agreement for one (1) three-year period, under the same terms and conditions for such periods if both Parties agree to the extension.

2.2. Effective Date

The Effective Date of this Agreement shall be the date upon which the last of the following events should occur:

- (1) This Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
- (2) This Agreement has been approved by the Director of the Office of Finance;
- (3) The Office of the City Attorney has indicated the approval as to form of this Agreement; and
- (4) This Agreement has been signed on behalf of the City by the person designated to sign by the City Council or by the board, officer, or employee authorized to enter into this Agreement.

2.3. Ratification Clause

To the extent that the Contractor's services were performed in accordance with the terms and conditions of this Agreement prior to the Effective Date of this Agreement, those services are hereby ratified.

3. SERVICES TO BE PROVIDED BY THE CONTRACTOR

3.1. Scope of Work

Services to be performed by the Contractor for collection services herein include, but are not limited to, locating persons with a delinquent account with the City ("Debtors") , arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, email and text, and verifying assets. All mailed correspondence between the Contractor and the City debtors shall be sent by first-class mail.

3.1.1. Primary Collection Services

Primary collection services include collection efforts on initial referrals of delinquent accounts to a contracted collection agency by a City Department. City Departments may refer delinquent accounts at the time reasonable collection efforts have failed. Generally, delinquent accounts referred at the primary level

are at least forty-five (45) days past due, except for emergency medical services (“EMS”) accounts referred by the Los Angeles Fire Department (“LAFD”), which may be referred at a later date.

For primary-level services, the Contractor shall have a period of nine (9) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement.

3.1.2. Secondary Collection Services

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the City Department by the primary-level agency after at least nine (9) months from initial assignment and uncollected.

For secondary-level collection services, the Contractor shall have a period of six (6) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement. The Contractor shall only perform primary-level or secondary-level collection services on any particular account that is referred to it and shall not under any circumstance perform both primary-level and secondary-level collections on the same account.

3.1.3. Return of Accounts

In limited circumstances, the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain an account, in writing. For the purposes of this Agreement, the following terms shall apply:

- “Authorized Retention Period” means the allotted time to effect collection as specified in this Agreement from initial assignment to the conclusion of the referral period or the extended period that the City has authorized, as detailed in Section 3.3.11. Referral period refers to the consecutive allotment of time from initial assignment that consists of nine (9) months for accounts assigned for primary collection services and six (6) months for accounts assigned for secondary collection services as detailed in Sections 3.1.1 and 3.1.2 respectively.

Upon the expiration of the Authorized Retention Period, the Contractor shall cease all collection efforts on the account and return the account to the City Department that referred it. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City Department. Under no circumstance shall the Contractor retain an account past the expiration of the Authorized Retention Period without authorization from the City Department, except as defined in Section 3.3.11.

The Contractor shall not be entitled to any monies on payments initiated by debtors on expired, recalled, or returned accounts except where the debtor has initiated payment with the City to settle the account prior to the date of expiration, recall, or return. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor or outside of the Authorized Retention Period, the

Contractor shall not accept payment and direct the debtor to contact the City Department.

3.1.4. Uncollectible Accounts

In the event an account assigned to the Contractor is determined to be uncollectible, by City or Contractor, for reasons that include, but are not limited to, a debtor's bankruptcy filing, court-ordered receivership is granted over debtor's business, debtor is deceased or decedent's estate does not have sufficient assets to satisfy the indebtedness, the Contractor shall cease all collection efforts on said account upon receipt of this information and return the account to the referring City Department with notification of the reason(s) for return of the account, as detailed in Section 6.

3.1.5. Accounts Referred Prior to the Start of the Contract

Any accounts that were assigned to the Contractor under City Contract No. C-137455 shall be subject to the terms and provisions of said contract or agreement. This Agreement shall apply to any and all accounts assigned/referred on or after the Effective Date of this Agreement.

3.2. Referral Process

Each City Department assumes primary responsibility for matters regarding their respective assigned accounts or referrals. The Contractor shall direct any communications and inquiries regarding any assigned accounts to the respective City Department that assigned said accounts in accordance with the Participation Document and other directives from the City Department and Finance. City Departments shall provide written notice to the Contractor with regard to any changes in the Participation Document or management of their assigned accounts.

3.2.1. Participation Document

Prior to assigning any accounts to the Contractor, the City Department shall forward a Participation Document to the Contractor. The Participation Document includes key information regarding the City Department to facilitate the referral of accounts to the Contractor but shall not supersede this Agreement. Information in the Participation Document includes:

- Specific Department Information
- Type of Accounts to be Referred
- Liaison Contact Information for Account Inquiries and Technical Issues
- Invoicing Contact Information (if different from the Liaison Contact)
- Method to Transmit Accounts
- Specific Reporting and/or Remittance Requirements, in addition to those required by this Agreement

Under no circumstance shall the Contractor initiate collection on behalf of a City Department prior to receiving a completed and signed Participation Document from the City Department for which it will effect collection. Receipt of a completed Participation Document from a City Department does not obligate or guarantee

that the City Department will actually assign any accounts to the Contractor. At any time, the City Department may, at its sole discretion, utilize the services of the Contractor.

3.2.2. Referral Method

To assign accounts to the Contractor, City Departments may use various means or methods, which include electronic transmission, electronic file, and/or in writing. Assigned accounts will include the following information, if available, and any other relevant information that the City Department may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding (by Principal, Penalties, Interest, Fees, etc., if available)

3.3. Performance Requirements

In performing services for the City (or City Department), the Contractor shall adhere to the highest legal, ethical, and professional standards. The Contractor shall perform its services in a manner that is consistent with all federal and state fair debt collection practices, acts, and confidentiality provisions, including, but not limited to California Civil Code §§ 1788, et seq. All information and data, including taxpayer data per LAMC § 21.17, received by the Contractor from the City shall be regarded as confidential as applicable and pursuant to the terms of this Agreement.

Moreover, for collection of LAFD EMS accounts, the Contractor shall be in compliance with all Health Insurance Portability and Accountability Act (“HIPAA”) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162, and 164) and the American Recovery and Reinvestment Act of 2009, which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400, et seq.), throughout the term of this Agreement and sign a Business Associate Agreement with LAFD prior to receiving or being assigned any EMS accounts for collection. The Contractor shall be required to integrate with existing City HIPAA-compliant systems to ensure secure electronic transfer of EMS-related records.

In addition, in performing the services requested, the Contractor shall:

- 3.3.1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the City but that it is an entity separate and distinct from the City.
- 3.3.2. Collect on only amounts authorized by City Departments, as specified in Section 5 of this Agreement, and shall not add or collect any amounts not authorized by City Departments.
- 3.3.3. Deposit all monies collected for the City into a special trust fund which shall be kept separate and not commingled with other funds of the Contractor or other clients of the Contractor. If the trust fund is an interest-accruing account, such

accruals must be credited to the City. All monies collected by the Contractor for the City shall be remitted to the referring City Department on a monthly basis, as defined in Sections 3 and 8 of this Agreement.

- 3.3.4. Deliver to the City Department on or before the fifteenth (15th) of each month all monies due to said City Department from the amounts collected during the previous month, as specified in Section 5, and all associated reports. Together with the monthly delivery of monies collected during the previous month, the Contractor shall submit summary and detailed supporting documents that include the commission retained and a Remittance Report summarizing detailed information for payments received in accordance with the requirements outlined in Section 6 of this Agreement.
- 3.3.5. Deliver a copy of all letters used by the Contractor to effect collection before use, including those that may have been approved or submitted under previous contracts or agreements with the City, to the City Department and Finance.
- 3.3.6. Engage in payment plans, when determined appropriate, with debtors for a term no longer than twelve (12) months. Any payment plan in excess of twelve (12) months requires approval from the referring City Department. Prior to the expiration of an account's initial allowable period, regardless of duration, any payment plan that exceeds its initial allowable period, and the date of its expected full recovery or expiration, must be communicated to the City Department.
- 3.3.7. Agree that any information provided by City Departments on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose.
- 3.3.8. Maintain all City information and records separate from information and records related to other clients.
- 3.3.9. Bear all expenses and costs incurred to effect collection of any account referred by the City.
- 3.3.10. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other City-approved methods.
- 3.3.11. Return to the City Department, in automated format or other manner specified by the City Department, all accounts that remain wholly or partially uncollected by the Contractor upon the expiration of the Authorized Retention Periods in which the Contractor may retain said accounts, and shall cease all collection efforts, except for: (a) instances where payment plans are in effect and active payments are made in accordance with the plan or (b) in limited circumstances where the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing. In the event that an account is retained due to an active payment plan in good standing, the Contractor must notify the City Department in accordance with Section 3.3.6.

In no event shall the Contractor be entitled to any payment on an account once it has been returned to the City. The Contractor shall report to the City

Department, as outlined in Section 6 of this Agreement, on any account returned prior to the expiration of the Authorized Retention Period or retained past such period without approval.

- 3.3.12. Be able to accept account data through various communication methods employed by the City, whether paper-based or electronic. The Contractor must work with individual City Departments to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the Contractor.
- 3.3.13. Comply with any special collection campaigns authorized by the City, wherein selected account types may be targeted for specified reductions in balances owed; for example, offer in compromise and debt amnesty programs.
- 3.3.14. May only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the Contractor determines that legal action or legal services are required, the Contractor shall make a recommendation for such action to the City and return the account to the City. Under this circumstance, the Contractor may communicate to the debtor that the matter is being returned to the City with a recommendation to consider further legal recourse.

3.4. Prohibited Actions

In the performance of the services requested, the Contractor shall not:

- 3.4.1. Subcontract, assign, refer, or transfer any account referred by the City or otherwise assign its rights or delegate its duties under this Agreement to any other person or entity, including any attorney, without the express written consent of both the referring City Department and Finance.
- 3.4.2. Collect more than the Assigned Amount, as defined in Section 5.1.1. The Contractor shall not add and/or collect penalties, interest, or fees not authorized by the City in writing. Any amounts collected by the Contractor, whether authorized or unauthorized, shall be remitted to the City Department, as defined in this Agreement.
- 3.4.3. Threaten or intimidate debtors under any circumstances in the collection, or in the pursuit thereof, of City accounts or violate any applicable government laws or regulations.
- 3.4.4. Use or display the official seal of the City on any of its letterheads or communications with any debtor for any reason.
- 3.4.5. State or suggest, in any verbal, non-verbal, or written communication, that the Contractor intends to pursue legal action against the debtor, or imply that it has any authority to do so.
- 3.4.6. Take any legal action against a debtor on a City account.

- 3.4.7. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the City in writing.
- 3.4.8. Recommend to debtors the use of "payday" loans to satisfy City accounts, or any loans through a lender wherein the Contractor has any financial interest in the lender or where the Contractor would realize any additional financial gain through referral of business to the lender.
- 3.4.9. Perform secondary-level collection services on any account in which it has previously performed primary collection services under this Agreement.
- 3.4.10. Use, integrate with, interface with, or otherwise access any City systems and/or programs in any manner related to the provision of services under this Agreement without written approval from the Director of the Office of Finance, including any City systems and/or programs that the Contractor may have been authorized to utilize prior to the Effective Date of this Agreement, as defined in Section 7.

3.5. Recall of Accounts

Without charge or penalty, City Departments shall have the right at their sole discretion to recall from the Contractor, any account(s) assigned to the Contractor and redistribute accounts without reason. For purposes of this Agreement, the term "recall" shall mean the return of an assigned account at the request of the City at any time. Upon recall, the Contractor shall undertake no further collection efforts on those recalled account(s).

The Contractor shall not be entitled to any commission fees for payments received by the City on an account after the date of recall except where the debtor has contacted the City to engage in settlement of the account prior to the date of recall. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor, the Contractor shall not accept payment and direct the debtor to contact the City.

3.6. Quality Assurance

The Contractor's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the City, including, but not limited to, establishing contractor performance benchmarks and incentives relative to collection on City accounts. Performance benchmarks may include but are not limited to periodic tracking and grading of a Contractor's compliance with contractual obligations, such as the generation of ad hoc, routine, specialized or custom reports, responsiveness to department requests, practice of loading of referred accounts in a timely manner, practice of returning expired accounts in a timely manner, and adherence to City administrative requirements. In addition, the City reserves the right to publish the Contractor grades and rates of recovery on City accounts for use by City Departments via the City's Intranet or to be shared with the City's collection vendors under contract for information, incentive, and competitive purposes. The City may use a variety of inspection methods to determine the Contractor's compliance with the terms of this Agreement and to evaluate its performance level. The methods of inspection may include, but are not limited to:

- Random sampling

- Reports (monthly and as needed)
- Periodic inspection of output items

The City shall have the right at any time during regular business hours to inspect records relative to City Department accounts maintained by the Contractor at its place of business, with reasonable advance notification. Said records shall be retained by the Contractor at a minimum of three (3) years following final payment under this Agreement for non-EMS accounts or until the expiration of this Agreement, whichever is later. For LAFD EMS accounts, the Contractor shall retain records as required by HIPAA and the terms of the Business Associate Agreement between the Contractor and LAFD.

The Contractor must also be available to meet with representatives of the City or City Department on a quarterly basis, or as deemed appropriate by the City, to discuss issues or concerns relating to the contract and/or City accounts. Upon request by the City for an impromptu meeting with the Contractor, the Contractor shall coordinate with the City an amicable time; however, if the City deems the matter requires immediate attention, the Contractor shall make itself available to meet with the City within two (2) business days from the day of the City's request.

3.7. Membership in Professional Organizations

The Contractor shall maintain, at no cost to the City, membership in the American Collectors Association International, California Association of Collectors, and/or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said associations.

3.8. Tax Certificate

The Contractor agrees to have and maintain a valid City Business Tax Registration Certificate for the term of the Agreement, at no cost to the City.

3.9. Automation Support

The Contractor shall provide information technology/systems support to the City as deemed necessary by City Departments to establish and maintain account referral protocols, information exchanges, and reports. Such information technology/systems support services are to be provided by the Contractor at no expense to the City.

3.10. Client Assistance

The Contractor shall provide the City with as-needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the Contractor at no expense to the City. As-needed customer assistance may be requested by City Departments during the introduction and implementation phases at any time throughout the duration of this Agreement.

3.11. Training

The Contractor shall provide to the City on-site or virtual training relative to collection processes and procedures as deemed necessary by City Departments at no cost to the City.

3.12. Consulting

The Contractor shall provide to the City, upon request by management and supervisory-level personnel, consulting services relative to collection and revenue enhancement processes and procedures as deemed necessary by the City Department at no cost to the City. The Contractor shall provide to City management and supervisory-level staff data and information relative to collections, industry trends, best practices, projections, and any other relevant materials upon request to assist City staff in revenue collection management and analysis.

3.13. Access to Accounts

The Contractor shall provide to City Departments remote access to its accounts assigned to the Contractor through an internet website or similar process. The Contractor shall also provide City Departments with as-needed technical assistance, training, and requirements needed to establish and use remote access privileges to its accounts, and at no cost to the City. Furthermore, the Contractor shall provide secure online access to the Contractor's delinquent account collection system to designated Finance and other City staff for accounts referred from the City for the purpose of delinquent account review, performance, and ad hoc reporting purposes.

3.14. Complaint Handling

3.14.1. Complaint Response

The Contractor shall acknowledge and respond to all written and oral complaints received relative to City-assigned accounts or City debtors. For written complaints, the Contractor shall acknowledge receipt of the complaint in writing within two (2) business days from the day the written complaint is received. Complaints and/or inquiries by telephone shall be received by the Contractor's personnel during regular business hours. During non-business hours, the Contractor shall provide a means for debtors to leave a message regarding their complaint and/or inquiry. All phone messages regarding City accounts shall be responded to by the Contractor no later than the next business day from the day that the message was left.

3.14.2. Complaint Resolution

All complaints shall be directed to qualified customer service staff or manager who shall take responsibility for resolving the matter. The Contractor shall conduct any necessary investigations and take appropriate steps to resolve complaints within thirty (30) calendar days from receipt of the complaint, or other timeframe, if deemed appropriate and specified in writing by the City. The Contractor shall notify the complainant of the resolution of their complaint in writing and provide written notification of said resolution to the City, as defined in Section 6.1 of this Agreement. In circumstances when a complaint requires more

than thirty (30) calendar days to resolve, the Contractor shall inform the City of the additional time needed, basis for the delay, and estimated time to when a resolution is expected.

3.14.3. Complaint Notification to the City

The Contractor shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition, and the name and title of staff that handled the matter. The Contractor shall remit this Complaint Summary Report to Finance on a quarterly basis. At its sole discretion, Finance may modify the frequency or reporting requirements.

At its sole discretion, the City may require the Contractor to take further steps to resolve a complaint if determined by the City that the Contractor did not address the complaint in a manner satisfactory to the City. The Contractor shall provide to the City any record(s) relative to a complaint upon request of the City, and said record(s) shall be made available to the City within two (2) business days of the City's request.

The Contractor shall immediately notify the City of any legal actions initiated against the Contractor regarding any City account, and/or which may have any relevance to the City as a business partner. The Contractor shall within one (1) week of giving notice to the City of a legal action, submit a comprehensive written report, including any supporting documentation, to the City to acquaint the City of pertinent details regarding the legal matter. The City may, at its discretion, require the Contractor to provide said report sooner than one (1) week, if deemed appropriate. The Contractor shall keep the City informed on the status of any litigation matter at least on a quarterly basis, and shall immediately inform the City of any key developments with regard to the legal proceeding. The City may, at its sole discretion, modify the Contractor's reporting requirement regarding a legal matter as deemed appropriate. The Contractor shall assume all costs related to any litigation and the City shall be held harmless for any liabilities or damages that may result from litigation against the Contractor on any City account.

4. **CONTRACTOR PERSONNEL**

4.1. Contractor Key Personnel

Contractor Key Personnel ("Key Personnel") positions are considered to be essential to work performance herein. In addition to the Contractor's Project Manager, any additional Key Personnel positions shall be identified and presented to Finance.

The City's designated representative(s) shall have the right to review the qualifications and perform an interview of Key Personnel prior to their assignment under this Agreement. Key Personnel so identified shall not be diverted or removed from this project by the Contractor without approval of the City. If the City does not approve the candidate

suggested by the Contractor, the Contractor shall propose a qualified alternate(s) who shall be subject to the same approval process.

The Contractor shall provide a description of the location, position within the Contractor's project organizational hierarchy, and special expertise of each person identified to fill Key Personnel positions. The Contractor shall make every reasonable effort to ensure that all Contractor's personnel who perform any work for the City under this Agreement are qualified, trained professionals in their fields and are able to perform the work to the City's satisfaction.

4.2. Contractor Project Manager

On or before the start date for the services outlined in this Agreement, as mutually agreed upon between Finance and the Contractor, the Contractor shall designate in writing and communicate to Finance, an individual as its Project Manager ("Contractor Project Manager"), who shall serve as the single authoritative point of contact for the Contractor during the course of its activities pursuant to the Agreement. The Contractor Project Manager shall be experienced in providing the services described in this Agreement and in project management. The Contractor Project Manager shall be required to be available to Finance in-person or via phone within two (2) working hours.

The Contractor Project Manager shall have authority to make reasonable project staff re-assignments and to make all communications to Finance and its designated Project Manager, as well as any City department that is currently being provided services, as required, to maintain efficient progress on the Project. Nothing herein, however, shall be construed as precluding communication between subordinate persons for the purpose of consultation and cooperation.

4.3. Contractor Key Personnel, Project Manager, and Project Staff Termination

In the event that the Contractor's project staff are terminated either by the Contractor or the individual, with or without cause, or if individual project staff are otherwise unavailable to perform services for the Contractor, the Contractor shall provide Finance written notification of the unavailability of the project staff and designate replacement personnel. Written notification shall be provided to Finance and relevant City Departments prior to the date of termination or unavailability, to the maximum extent feasible, but no later than three (3) business days after the Contractor learns of the expected unavailability or termination of project staff.

4.4. Contractor's Project Staff Unavailability

The Contractor recognizes and agrees that early notification of project staff unavailability and proposed replacement personnel is essential to avoiding delays in completing the Deliverables/Work products established in this Agreement.

4.5. Contractor's Project Staff Removal

The City, in its sole discretion, shall have the right to request removal of Contractor project staff for working ineffectively or inefficiently and/or not being available to perform assigned tasks. The City shall request in writing to the Contractor to remove and or replace staff

within ten (10) business days of the notice and the Contractor and the City will meet to address the City's concerns. If the actions constitute a serious threat to the Agreement, breach of confidentiality, or physical or intellectual harm, Contractor staff shall be removed immediately upon notice by the City without further discussion.

If the Contractor desires to replace Key Personnel, the Contractor shall deliver to the City ten (10) business days advance written notice of the proposed replacement. In the event it becomes necessary to replace Key Personnel for reasons beyond the control of Contractor (i.e., death, illness, individual suddenly left the employ, etc.), the Contractor shall immediately notify the City Project Manager telephonically, in-person, or by email that a replacement will be needed and then follow that notice within ten (10) business days with a written notice of proposed replacement.

Whatever the reason for replacing project staff, the Contractor shall designate the name and qualifications of the proposed replacement, whose qualifications and capabilities shall be at least equal to those of the person being replaced. All replacements of Key Personnel, Project Manager, and Project Staff shall be subject to City's review and approval as described in Section 4.3.

5. CONTRACTOR'S COMPENSATION

5.1. Commission

The City agrees to compensate the Contractor on a commission fee basis for services to the City performed under this Agreement. **If no recovery is made on an account referred to the Contractor by the City during the Authorized Retention Period, there shall be no compensation due to the Contractor.**

5.1.1. Assigned Amount

For the purposes of this Agreement, for each account referred to the Contractor by City Departments, the following terms shall apply:

- "Total City Debt" shall mean a dollar total that includes the amount of the debt referred to the Contractor, including any City-authorized adjustments to the amount referred after assignment (i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account), but does not include the Contractor's commission fee. Total City Debt includes all principal, interest, penalties, adjustments, and other fees owed to the City.
- "Assigned Amount" shall include the Total City Debt and the Contractor's calculated commission fee based on the commission rates, as established in Section 5.2.

5.1.2. Commission Application

The commission due to the Contractor shall be based on the Contractor's applicable commission rate approved by the City, as specified and calculated in Sections 5.2 and 5.4, and any recovery made on an account that has been

assigned to the Contractor, up to but not to exceed the Assigned Amount, upon proper remittance to the City. The Contractor shall verify the inclusion of its fee relative to the debt owed upon assignment and, if applicable, adjustment. Refer to Section 6.3 for more details.

5.1.3. Adjustments

Any adjustments made to the Total City Debt shall be authorized by the City Department. The Contractor shall be entitled to a commission fee based on the final adjusted amount that was authorized by the City Department, the commission rates established in Section 5.2, and the recovered amount. The Contractor is not entitled to commission on amounts recovered that exceed the City's Assigned Amount, including any authorized adjustments.

5.2. Contractor's Commission Rate

The Contractor's approved commission rate shall be applied to actual amounts recovered on accounts referred, up to but not exceeding the Assigned Amount of the referral, and shall be:

Collection Level	Commission Rate
Primary Rate	17%
Secondary Rate	27%

5.3. Compensation Collection and Remittance

The Contractor shall not be compensated in any other method than that prescribed in this Section. Additional invoicing requirements are defined in Section 8.

5.3.1. Payments Collected by the Referring City Department

Any monies paid directly to the City Department during the Authorized Retention Period on an account assigned to the Contractor shall be deemed to have been collected by the Contractor, and the Contractor will be entitled to receive a commission on the payment, **unless: (1)** payment is received by the City Department or postmarked on or prior to the date of the City Department's receipt of the Contractor Acknowledgement Report, as set forth in this Section; **or (2)** collection activity, such as dunning notice sent or telephone contact with debtor, by the Contractor has not begun, in which case the Contractor would not be due any commission.

For those monies paid directly to the City and deemed to have been collected by the Contractor on City accounts, the City Department shall calculate the compensation owed in accordance with Section 5.4 and provide the Contractor with a Remittance Report or similar documentation, as determined by the City Department, detailing those monies and accounts, as detailed in Section 6.6. Upon receipt of the Remittance Report or similar documentation, the Contractor shall, in reference to the details provided therein: (1) apply monies to the

appropriate referred accounts and (2) submit an invoice to the City Department that totals the commission fees owed. Thereafter, the City Department shall remit payment to the Contractor in accordance with Section 8.

5.3.2. Payments Collected by the Contractor

For City accounts and on a monthly basis, the Contractor shall: (1) retain its own commission fees on payments made by debtors and paid to the Contractor in the previous month; (2) remit all payments to the referring City Department, less commission fees, made by debtors and paid to the Contractor in the previous month; and (3) submit to the City Department detailed supporting documentation, including the Remittance Report, and any other documentation required by the City Department.

5.4. Calculation of Compensation

Commission fees, in accordance with Section 5.4.1, shall be additive rather than a fraction of the City's Assigned Amount and shall not be subtracted from the principal that is owed to the City when calculating the Total City Debt. The Contractor shall be paid a commission fee based on the amount collected on an account, whether partially or fully, during the Authorized Retention Period. In the event that the Contractor collects partial payment(s) on an account during the Authorized Retention Period, the Contractor's compensation shall reflect a value less than the Maximum Commission Fee, as defined in Section 5.4.1, and shall be based on the actual amount recovered, as exemplified in Section 5.4.3

5.4.1. Compensation Calculation Definitions

$$\text{Total City Debt} = \text{Principal} + \text{Penalties} + \text{Interest} + \text{Fees} \pm \text{Adjustments}$$

$$\text{Maximum Commission Fee} = \text{Total City Debt} \times \text{Commission Rate}$$

$$\text{Assigned Amount} = \text{Total City Debt} + \text{Maximum Commission Fee}$$

$$\text{Assigned Amount} = \text{Total City Debt} + (\text{Total City Debt} \times \text{Commission Rate})$$

\$
\$
\$
%

Total Amount to be Collected by the Contractor & is Owed by the Debtor

5.4.2. Payment Formulas

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \text{Amount Owed to City}$$

where

$$\text{Amount Owed to City} = \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

and

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

5.4.3. Fee and Payment Calculation Examples

An example has been provided herein for reference purposes only.

A City Department referred an account owing \$500 to the Contractor. The Contractor's commission rate is 10%.

$$\$500 + (\$500 \times 10\%) = \$550$$

Table 1.

Total City Debt	Commission Rate	Assigned Amount	Commission Owed to the Contractor
\$500	10%	\$550	Dependent upon the amount collected

Table 2.

Total City Debt	\$500		
Commission Rate	10%		
Assigned Amount	\$550	Full Debt Recovery	Partial Debt Recovery*
Amount Paid by the Debtor	?	\$550	\$385
Amount Owed to the City	?	\$500	\$350
Amount Owed to the Contractor (Commission Fee)	?	\$50	\$35

* In the Partial Debt Recovery example, if the Contractor recovers the remaining \$165 balance of the partially-recovered account within the Authorized Retention Period, then of that \$165 balance recovered, the City would be owed \$150 and the Contractor would retain \$15.

The Assigned Amount is \$550, which is inclusive of the Total City Debt and the Contractor's maximum commission fee. The final commission owed to the Contractor is dependent on the amount successfully recovered by the Contractor. It is the sole responsibility of the Contractor to ensure its commission has been included in the Assigned Amount prior to collection.

As illustrated in Table 2 above, recovering the entirety of the Assigned Amount will result in \$500 owed to the City, and \$50 owed to the Contractor. If only \$385 dollars of the \$550 is collected, then \$350 is owed to the City, and \$35 is owed to the Contractor. Note that $\$350 + (\$350 \times 10\%) = \$385$.

5.5. Reconciliation

Upon receipt of the Remittance Report defined in Section 6.6, the referring City Department will have six (6) months to validate all details set forth therein regarding monies collected from debtors by the Contractor on City-assigned accounts.

If the City Department identifies discrepancies between the actual amounts remitted to the City by the Contractor and the actual amounts owed to the City, the City Department shall send a Discrepancy Report to the Contractor detailing those instances at the City's discretion. The Contractor shall then have the opportunity to dispute amounts and/or details provided in said Discrepancy Report. Disputes shall be made in writing and received by the City Department within two (2) weeks from the receipt of the Discrepancy Report. All supporting information and evidence shall be, at a minimum, clearly delineated by account in the manner provided in the Discrepancy Report.

In the event that the discrepancies cannot be resolved, the Director of the Office of Finance, or their designee, shall make the final determination upon equal consideration of evidence provided by both parties. If the Discrepancy Report was disputed as specified above, a final Discrepancy Report shall be updated by the City Department and provided to the Contractor.

Any outstanding amounts determined to be owed, including documentation deemed necessary by the City Department, shall be remitted to the City Department or the Contractor to address the discrepancies.

The Discrepancy Report, if deemed necessary by the City Department, shall be sent within six (6) months of the receipt of the Remittance Report. If the Discrepancy Report is not sent within the six-month time frame, the payment made to the City Department, and described within the corresponding Remittance Report, shall be considered final and no adjustments shall be allowed to that payment.

6. REPORTING

6.1. Required Monthly Reports to Finance

The Contractor shall provide to Finance monthly electronic reports regarding collection activities, overall and specific to individual City Departments, performed by the Contractor during the previous month and from inception of this Agreement. Required monthly reports are due to Finance within five (5) working days of the close of the prior month. The City reserves the right to modify the Contractor's monthly reporting requirements as deemed appropriate, and the Contractor shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by City of the requested modification. Required monthly reporting shall be defined by the City, at its sole discretion, and may include, but is not limited to, the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors and Other Details (e.g., status, balance, etc.)
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Section 3.14 of this Agreement
- Monthly Data Reports

6.2. Required Monthly Reports to Referring City Departments

The Contractor shall also provide monthly electronic reports to each City Department that refers accounts. Monthly reports shall include information relative to collection activities specific to accounts referred to the Contractor by that City Department and include information for the prior month, or designated time period, and aggregate from the time that the department initiated account referral to the Contractor. Required monthly reports are due to City Departments within five (5) working days of the close of prior month. City Departments reserve the right to modify Contractor's monthly reporting requirements as deemed appropriate. The Contractor shall comply with any requested changes in monthly reporting within one (1) month of receiving notification from the department. Required monthly reporting to referring City Departments on accounts assigned to the Contractor may include, but are not limited to, the following:

- Activity Reports
- Status of Accounts Referred by the City Department
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

6.3. Acknowledgement Report

Upon receipt of a referral from a City Department, the Contractor shall provide an Acknowledgment Report to the City Department within one (1) City business day from the assignment to verify account placement. Timely submission of the Acknowledgment Report by the Contractor is essential in order for the Contractor to be entitled any commission for monies collected on a referred account, as set forth in Section 5 of this Agreement. The City Department shall specify to the Contractor the method for receipt of the Acknowledgment Report. Information in the report shall include, but not be limited to, the following on each account received:

- City Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Maximum Commission Fee
- Assigned Amount

6.4. Returned Accounts Report

The Contractor shall furnish to City Departments, when applicable, a Returned Accounts Report on accounts returned to the City. Reasons that an assigned account may be returned to the City include, but are not limited to, the following:

- Contractor was unable to collect the unpaid amounts within the time period allotted by the City to effect collection
- Court-ordered receivership is granted over debtor's business
- Debtor bankruptcy filing
- Debtor is deceased
- Decedent's estate lacks sufficient assets to satisfy the indebtedness
- City recalled the account

The Contractor shall state in its Report the reason(s) for the return of an account and be able to provide detailed information regarding all efforts undertaken by the Contractor to collect on an account prior to its return. The format for the Returned Accounts Report shall be specified by the referring City Department and shall accompany any returned accounts. At a minimum, information contained in the report shall include, but is not limited to, the following for each account returned:

- City Account Number
- Contractor Assigned Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Returned

6.5. Retained Accounts Report

The Contractor is required to furnish to City Departments, when applicable, a Retained Accounts Report on accounts retained by the Contractor beyond the initial allowable period. Monthly reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the City due to the expiration of the initial allowable period. The Contractor shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the City Department for any reason (e.g., expiration of the Authorized Retention Period).

City accounts shall not be retained by the Contractor unless authorized in writing by the referring City Department or where payment plans that will exceed the initial allowable retention period are in effect under which debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement. Regardless of the reason for the account retention, monthly reporting is required, as defined herein.

At any time the City may, at its sole discretion and for any reason, recall an account from the Contractor, as set forth in Section 3.5 of this Agreement. However, this action would not preclude payment obligations to the Contractor of commission fees in the event an

account with a payment plan in effect is taken over by the City and successfully collected by the City pursuant to said payment plan. At a minimum, the Retained Accounts Report shall include, but is not limited to, the following information for each account retained:

- City Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Retained

6.6. Remittance Report

The Contractor shall furnish to City Departments a Remittance Report setting forth the details from any monies that the Contractor collected during the previous month from debtors on City-assigned accounts. This Report shall accompany the monthly delivery of monies, as defined in Section 3.3.4 of this Agreement, and shall be delivered to the referring City Department on or before the fifteenth (15th) of each month when applicable. Automated remittance processes may be implemented upon written agreement between the referring City Department and the Contractor. Specific information required in the Remittance Report shall be determined by the City Department and may include, but not be limited to, the following:

- Identification of Collection Service Level (i.e., Primary or Secondary)
- Contract Number
- Contractor Assigned Vendor Code Number
- City Account Number
- Debtor Name
- Batch Number
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Contractor Commission Retained

City Departments shall furnish to the Contractor when applicable a Remittance Report, or similar documentation as determined by the City Department, setting forth the details from any monies paid directly to the City during the previous month by debtors on accounts referred to the Contractor and within the Authorized Retention Periods.

6.7. Customized, Ad Hoc, and Specialized As-Needed Reports

On an occasional basis, the Contractor may be required to provide to Finance or City Departments customized, ad hoc, or specialized as-needed reports. The Contractor shall furnish said reports within ten (10) business days from receipt of a written request, or other timeframe specified in writing, from Finance or City Departments. Specific details regarding the content and format of the specialized report shall be provided by the requesting party. Any system-related changes that may arise as a result of newly requested reports shall be implemented at no additional cost to the City.

7. SYSTEM USE AND INTEGRATION APPROVAL

Prior to any action to effect the commencement of services under this Agreement, the Contractor shall provide a list of any and all City systems and/or programs that the Contractor is either interfacing with or integrated with (i.e., FMS, RevQ, etc.) to the Director of the Office of Finance. The Director of the Office of Finance shall grant written approval or denial of each system or program and the duration for its use, including systems and programs that the Contractor currently utilizes or may utilize in the future. Until written approval is received, the Contractor shall immediately cease any and all utilization of said systems and/or programs.

The use of, integration with, and/or interfacing with any City system and/or program shall receive approval by the Director of the Office of Finance prior to their use by the Contractor in its pursuit . The Director of the Office of Finance may grant or revoke approval at any point for any system or program during the course of this Agreement, upon which the Contractor shall immediately cease any and all access to said technology.

8. INVOICING AND PAYMENTS

For payments made directly with the Contractor by debtors in the previous month on City-assigned accounts, the Contractor shall, on or before the fifteenth (15th) of the following month: (1) retain its own commission fees on those payments; (2) remit those payments, less its commission fees, to the referring City Department, in accordance with Section 5.4; and (3) provide supporting documentation, in accordance with Section 5.3.2. Additional payments may be required as a result of the Reconciliation process set forth in Section 5.5.

As defined in Section 5.3.1, for payments made directly with the City Department by debtors on accounts referred to the Contractor, the Contractor shall submit an invoice totaling commission fees owed based on those payments, in accordance with the Remittance Report, or similar documentation, provided by the City Department. In accordance with City policies, the City shall be in receipt of an invoice compliant with the requirements set forth in Section 8.1, prior to any payment processing or remittance to the Contractor.

8.1. Invoicing

Upon receipt of the Remittance Report or similar documentation from the City Department, the Contractor shall submit an invoice to the City Department that includes the following information:

- Name and Address of the Contractor
- Remittance Address
- Date of Invoice
- Invoice Number
- Agreement Number
- Date(s) and description of services provided
- Amount of Invoice and, if different, Total Amount Payable
- Other additional information and/or requirements as determined by the City Department

The Participation Document provided by the City Department upon account referral to the Contractor shall include the appropriate contact information to which invoicing shall be sent, as defined in Section 3.2.1.

8.2. Review and Acceptance of Deliverables

Failure to adhere to the policies detailed in this Section 8 may result in nonpayment or non-approval of demands, pursuant to City Charter Section 262(a), which requires the Controller to inspect the quality, quantity, and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve demands before they are drawn on the Treasury.

9. GOVERNING LAW AND VENUE

This Agreement and any action related thereto will be governed and interpreted by and under the laws of the State of California, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction. Each Party hereby expressly consents to the exclusive personal jurisdiction and venue in the state and federal courts of Los Angeles County, California for any lawsuit filed there against it by the other Party arising from or related to this Agreement.

10. NON-EXCLUSIVE

The City and Contractor understand and agree this is a non-exclusive Agreement to provide services to the City and that the City reserves the right to enter into agreement with other contractors/consultants to provide similar services during the term of this Agreement.

11. SEVERABILITY

If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement shall remain enforceable and the invalid or unenforceable provision(s) shall be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

12. NO THIRD-PARTY BENEFICIARIES

Nothing herein is intended to create a third-party beneficiary in any subcontractor. The City has no obligation to any subcontractor. No privity is created with any subcontractor by this Agreement. Even if the Contractor uses subcontractors, the Contractor remains responsible for complete and satisfactory performance of the terms of this Agreement.

13. STANDARD PROVISIONS FOR CITY CONTRACTS

By entering into this Agreement with the City, the Contractor agrees to abide by the Standard Provisions for City Contracts (Rev. 1/25 [v.2]), attached hereto and incorporated herein as Attachment A.

14. PUBLIC INSPECTION AND RECORDS

Notwithstanding any other provisions to the contrary, this Agreement, including any and all exhibits and attachments incorporated herein, shall be made available for public inspection in accordance with the City Charter and, to the extent applicable, the California Public Records Act (California Government Code § 6250 *et. seq.*).

15. MUNICIPAL LOBBYING ORDINANCE

The Contractor is required to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if the Contractor qualifies as a lobbying entity under LAMC § 48.02. Agreements submitted without a completed CEC Form 50 by contractors that qualify as a lobbying entity under LAMC § 48.02 may be subject to penalties, termination of contract, and debarment.

16. DISCLOSURE OF BORDER WALL CONTRACTING ORDINANCE AND SLAVERY DISCLOSURE ORDINANCE

The Contractor shall comply with LAAC § 10.50 *et seq.*, ‘Disclosure of Border Wall Contracting.’ The City may terminate this Agreement at any time if the City determines that the Contractor failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in LAAC § 10.50.1.

The Contractor shall comply with the Slavery Disclosure Ordinance, LAAC § 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by Contractor for work to be performed under this Agreement must include an identical provision.

The Contractor shall complete and upload a Disclosure Ordinance Affidavit, on www.rampla.org.

17. CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this Agreement, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by LAAC § 10.39.2, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation, and any response from the Contractor, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

18. CONFIDENTIALITY

- (a) The parties agree to keep confidential and not to use or disclose to any third parties any non-public business information of the other party learned or disclosed in connection with services provided pursuant to this Agreement and any amendments thereto, including the contractor materials. The obligation of the parties with respect to the confidential information shall terminate with respect to any particular portion of the confidential information if and when:

- (i) it is in the public domain at the time of its communication;
 - (ii) it is developed independently by the receiving party without use of any confidential information;
 - (iii) it enters the public domain through no fault of the receiving party subsequent to the time of the disclosing party's communication to the receiving party; or
 - (iv) the receiving party has the disclosing party's written permission.
- (b) Each Party shall provide notice to the other of any demand made upon it under lawful process to disclose or provide any of the other party's confidential information. The receiving party agrees to cooperate with the other Party, at the other party's expense, if the other party elects to seek reasonable protective arrangements or oppose such disclosure. Any confidential information disclosed pursuant to such lawful process shall continue to be confidential information.

19. COUNTERPARTS AND ELECTRONIC SIGNATURES

This Agreement may be executed in one (1) or more counterparts, each of which will be deemed an original and all of which will be taken together and deemed to be one (1) instrument. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by the City) and sent by email shall be deemed original signatures.

20. ENTIRE AGREEMENT

This Agreement, and any exhibits, attachments, or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the Parties and supersedes all prior discussions between the Parties, oral or written. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by the duly authorized representatives of each Party.

21. ORDER OF PRECEDENCE

Unless otherwise provided for in this Agreement, in the event of any inconsistencies between the bodies of this Agreement, exhibits, attachments, and schedules, the order of precedence will be as follows:

- (1) This Agreement between the City and Contractor
- (2) Attachment A – Standard Provisions for City Contracts (Rev. 1/25 [v.2])

[Intentionally left blank. Signature page follows]

AGREEMENT NO. C- _____
BETWEEN
THE CITY OF LOS ANGELES
OFFICE OF FINANCE
AND
HARRIS & HARRIS, LTD.
FOR
COLLECTION SERVICES OF THE CITY'S DELINQUENT
ACCOUNTS RECEIVABLE

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), acting by and through its Office of Finance (herein after referred to as "Finance"), and Harris & Harris, Ltd., (hereinafter referred to as "Contractor" or "Harris & Harris"), referred collectively herein as "Parties" or individually as "Party", with reference to the following:

WHEREAS, the City utilizes outside collection agency services, as a best practice, to collect delinquent obligations to the City; and

WHEREAS, on September 12, 2024 the City released a Request for Proposals ("RFP") for Primary and/or Secondary Collection Services to pursue collection of the City's delinquent accounts; and

WHEREAS, the RFP Evaluation Committee evaluated the proposals and recommended a number of proposers as qualifying contractors to provide the contemplated services to the City Council of Los Angeles ("City Council"); and

WHEREAS, on [insert date] the City Council has approved the Contractor as one of the agencies for collection services to pursue collection of the City's delinquent accounts; and

WHEREAS, the Parties hereto wish to enter into an Agreement by which the Contractor will perform the work and furnish all the labor, materials, supervision, tools, transportation, and equipment necessary to recover the monies due to the City as a result of active pursuit of outstanding accounts receivable;

NOW, THEREFORE, in consideration of the above premises and of the representations and covenants hereinafter set forth, the Parties hereto represent and covenant as follows:

1. PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1. Parties to the Agreement are:

City – The City of Los Angeles, Office of Finance, a municipal corporation, having its principal office at 200 N Spring Street, Room 220, Los Angeles, California 90012.

Contractor – Harris & Harris, Ltd., having its principal office at 111 W Jackson Blvd., Suite 650, Chicago, IL 60604.

1.2. Representatives of the Parties

The representatives of the Parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

1.2.1. The City's representative is, unless otherwise stated in the Agreement:

Diana Mangioglu
City Treasurer/Director of the Office of Finance
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012

With copies to:

Mario Interiano
Chief Management Analyst, Administrative Services Division
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012
mario.interiano@lacity.org

Andrew Kaplan
Revenue Manager, Citywide Revenue Management Division
Los Angeles Office of Finance
200 N Spring Street, Room 155, Los Angeles, California 90012
andrew.kaplan@lacity.org

1.2.2. The Contractor's representative is, unless otherwise stated in the Agreement:

Vince LoBianco
Vice President, Sales
Harris & Harris, Ltd.
111 W Jackson Blvd., Suite 650, Chicago, IL 60604
vlobianco@harriscollect.com

With copies to:

David Peters
Chief Executive Officer
Harris & Harris, Ltd.
111 W Jackson Blvd., Suite 650, Chicago, IL 60604
dpeters@harriscollect.com

1.3. Formal Notices

Formal notices, demands, and communications to be given hereunder by either Party must be made in writing and may be affected by personal delivery or by email, registered

or certified mail, postage prepaid, return receipt requested, and will be deemed communicated as of the date of mailing or email transmission.

2. TERM OF THE AGREEMENT

2.1. The term of this Agreement shall be for a period of five (5) years from the Effective Date hereof unless terminated earlier as set forth herein or under any other termination right available in the Agreement or under applicable law. The City may, at its sole discretion, extend the term of this Agreement for one (1) three-year period, under the same terms and conditions for such periods if both Parties agree to the extension.

2.2. Effective Date

The Effective Date of this Agreement shall be the date upon which the last of the following events should occur:

- (1) This Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
- (2) This Agreement has been approved by the Director of the Office of Finance;
- (3) The Office of the City Attorney has indicated the approval as to form of this Agreement; and
- (4) This Agreement has been signed on behalf of the City by the person designated to sign by the City Council or by the board, officer, or employee authorized to enter into this Agreement.

2.3. Ratification Clause

To the extent that the Contractor's services were performed in accordance with the terms and conditions of this Agreement prior to the Effective Date of this Agreement, those services are hereby ratified.

3. SERVICES TO BE PROVIDED BY THE CONTRACTOR

3.1. Scope of Work

Services to be performed by the Contractor for collection services herein include, but are not limited to, locating persons with a delinquent account with the City ("Debtors") , arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, email and text, and verifying assets. All mailed correspondence between the Contractor and the City debtors shall be sent by first-class mail.

3.1.1. Primary Collection Services

Primary collection services include collection efforts on initial referrals of delinquent accounts to a contracted collection agency by a City Department. City Departments may refer delinquent accounts at the time reasonable collection efforts have failed. Generally, delinquent accounts referred at the primary level

are at least forty-five (45) days past due, except for emergency medical services (“EMS”) accounts referred by the Los Angeles Fire Department (“LAFD”), which may be referred at a later date.

For primary-level services, the Contractor shall have a period of nine (9) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement.

3.1.2. Secondary Collection Services

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the City Department by the primary-level agency after at least nine (9) months from initial assignment and uncollected.

For secondary-level collection services, the Contractor shall have a period of six (6) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement. The Contractor shall only perform primary-level or secondary-level collection services on any particular account that is referred to it and shall not under any circumstance perform both primary-level and secondary-level collections on the same account.

3.1.3. Return of Accounts

In limited circumstances, the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain an account, in writing. For the purposes of this Agreement, the following terms shall apply:

- “Authorized Retention Period” means the allotted time to effect collection as specified in this Agreement from initial assignment to the conclusion of the referral period or the extended period that the City has authorized, as detailed in Section 3.3.11. Referral period refers to the consecutive allotment of time from initial assignment that consists of nine (9) months for accounts assigned for primary collection services and six (6) months for accounts assigned for secondary collection services as detailed in Sections 3.1.1 and 3.1.2 respectively.

Upon the expiration of the Authorized Retention Period, the Contractor shall cease all collection efforts on the account and return the account to the City Department that referred it. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City Department. Under no circumstance shall the Contractor retain an account past the expiration of the Authorized Retention Period without authorization from the City Department, except as defined in Section 3.3.11.

The Contractor shall not be entitled to any monies on payments initiated by debtors on expired, recalled, or returned accounts except where the debtor has initiated payment with the City to settle the account prior to the date of expiration, recall, or return. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor or outside of the Authorized Retention Period, the

Contractor shall not accept payment and direct the debtor to contact the City Department.

3.1.4. Uncollectible Accounts

In the event an account assigned to the Contractor is determined to be uncollectible, by City or Contractor, for reasons that include, but are not limited to, a debtor's bankruptcy filing, court-ordered receivership is granted over debtor's business, debtor is deceased or decedent's estate does not have sufficient assets to satisfy the indebtedness, the Contractor shall cease all collection efforts on said account upon receipt of this information and return the account to the referring City Department with notification of the reason(s) for return of the account, as detailed in Section 6.

3.1.5. Accounts Referred Prior to the Start of the Contract

Any accounts that were assigned to the Contractor under City Contract No. C-137456 shall be subject to the terms and provisions of said contract or agreement. This Agreement shall apply to any and all accounts assigned/referred on or after the Effective Date of this Agreement.

3.2. Referral Process

Each City Department assumes primary responsibility for matters regarding their respective assigned accounts or referrals. The Contractor shall direct any communications and inquiries regarding any assigned accounts to the respective City Department that assigned said accounts in accordance with the Participation Document and other directives from the City Department and Finance. City Departments shall provide written notice to the Contractor with regard to any changes in the Participation Document or management of their assigned accounts.

3.2.1. Participation Document

Prior to assigning any accounts to the Contractor, the City Department shall forward a Participation Document to the Contractor. The Participation Document includes key information regarding the City Department to facilitate the referral of accounts to the Contractor but shall not supersede this Agreement. Information in the Participation Document includes:

- Specific Department Information
- Type of Accounts to be Referred
- Liaison Contact Information for Account Inquiries and Technical Issues
- Invoicing Contact Information (if different from the Liaison Contact)
- Method to Transmit Accounts
- Specific Reporting and/or Remittance Requirements, in addition to those required by this Agreement

Under no circumstance shall the Contractor initiate collection on behalf of a City Department prior to receiving a completed and signed Participation Document from the City Department for which it will effect collection. Receipt of a completed Participation Document from a City Department does not obligate or guarantee

that the City Department will actually assign any accounts to the Contractor. At any time, the City Department may, at its sole discretion, utilize the services of the Contractor.

3.2.2. Referral Method

To assign accounts to the Contractor, City Departments may use various means or methods, which include electronic transmission, electronic file, and/or in writing. Assigned accounts will include the following information, if available, and any other relevant information that the City Department may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding (by Principal, Penalties, Interest, Fees, etc., if available)

3.3. Performance Requirements

In performing services for the City (or City Department), the Contractor shall adhere to the highest legal, ethical, and professional standards. The Contractor shall perform its services in a manner that is consistent with all federal and state fair debt collection practices, acts, and confidentiality provisions, including, but not limited to California Civil Code §§ 1788, et seq. All information and data, including taxpayer data per LAMC § 21.17, received by the Contractor from the City shall be regarded as confidential as applicable and pursuant to the terms of this Agreement.

Moreover, for collection of LAFD EMS accounts, the Contractor shall be in compliance with all Health Insurance Portability and Accountability Act (“HIPAA”) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162, and 164) and the American Recovery and Reinvestment Act of 2009, which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400, et seq.), throughout the term of this Agreement and sign a Business Associate Agreement with LAFD prior to receiving or being assigned any EMS accounts for collection. The Contractor shall be required to integrate with existing City HIPAA-compliant systems to ensure secure electronic transfer of EMS-related records.

In addition, in performing the services requested, the Contractor shall:

- 3.3.1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the City but that it is an entity separate and distinct from the City.
- 3.3.2. Collect on only amounts authorized by City Departments, as specified in Section 5 of this Agreement, and shall not add or collect any amounts not authorized by City Departments.
- 3.3.3. Deposit all monies collected for the City into a special trust fund which shall be kept separate and not commingled with other funds of the Contractor or other clients of the Contractor. If the trust fund is an interest-accruing account, such

accruals must be credited to the City. All monies collected by the Contractor for the City shall be remitted to the referring City Department on a monthly basis, as defined in Sections 3 and 8 of this Agreement.

- 3.3.4. Deliver to the City Department on or before the fifteenth (15th) of each month all monies due to said City Department from the amounts collected during the previous month, as specified in Section 5, and all associated reports. Together with the monthly delivery of monies collected during the previous month, the Contractor shall submit summary and detailed supporting documents that include the commission retained and a Remittance Report summarizing detailed information for payments received in accordance with the requirements outlined in Section 6 of this Agreement.
- 3.3.5. Deliver a copy of all letters used by the Contractor to effect collection before use, including those that may have been approved or submitted under previous contracts or agreements with the City, to the City Department and Finance.
- 3.3.6. Engage in payment plans, when determined appropriate, with debtors for a term no longer than twelve (12) months. Any payment plan in excess of twelve (12) months requires approval from the referring City Department. Prior to the expiration of an account's initial allowable period, regardless of duration, any payment plan that exceeds its initial allowable period, and the date of its expected full recovery or expiration, must be communicated to the City Department.
- 3.3.7. Agree that any information provided by City Departments on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose.
- 3.3.8. Maintain all City information and records separate from information and records related to other clients.
- 3.3.9. Bear all expenses and costs incurred to effect collection of any account referred by the City.
- 3.3.10. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other City-approved methods.
- 3.3.11. Return to the City Department, in automated format or other manner specified by the City Department, all accounts that remain wholly or partially uncollected by the Contractor upon the expiration of the Authorized Retention Periods in which the Contractor may retain said accounts, and shall cease all collection efforts, except for: (a) instances where payment plans are in effect and active payments are made in accordance with the plan or (b) in limited circumstances where the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing. In the event that an account is retained due to an active payment plan in good standing, the Contractor must notify the City Department in accordance with Section 3.3.6.

In no event shall the Contractor be entitled to any payment on an account once it has been returned to the City. The Contractor shall report to the City

Department, as outlined in Section 6 of this Agreement, on any account returned prior to the expiration of the Authorized Retention Period or retained past such period without approval.

- 3.3.12. Be able to accept account data through various communication methods employed by the City, whether paper-based or electronic. The Contractor must work with individual City Departments to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the Contractor.
- 3.3.13. Comply with any special collection campaigns authorized by the City, wherein selected account types may be targeted for specified reductions in balances owed; for example, offer in compromise and debt amnesty programs.
- 3.3.14. May only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the Contractor determines that legal action or legal services are required, the Contractor shall make a recommendation for such action to the City and return the account to the City. Under this circumstance, the Contractor may communicate to the debtor that the matter is being returned to the City with a recommendation to consider further legal recourse.

3.4. Prohibited Actions

In the performance of the services requested, the Contractor shall not:

- 3.4.1. Subcontract, assign, refer, or transfer any account referred by the City or otherwise assign its rights or delegate its duties under this Agreement to any other person or entity, including any attorney, without the express written consent of both the referring City Department and Finance.
- 3.4.2. Collect more than the Assigned Amount, as defined in Section 5.1.1. The Contractor shall not add and/or collect penalties, interest, or fees not authorized by the City in writing. Any amounts collected by the Contractor, whether authorized or unauthorized, shall be remitted to the City Department, as defined in this Agreement.
- 3.4.3. Threaten or intimidate debtors under any circumstances in the collection, or in the pursuit thereof, of City accounts or violate any applicable government laws or regulations.
- 3.4.4. Use or display the official seal of the City on any of its letterheads or communications with any debtor for any reason.
- 3.4.5. State or suggest, in any verbal, non-verbal, or written communication, that the Contractor intends to pursue legal action against the debtor, or imply that it has any authority to do so.
- 3.4.6. Take any legal action against a debtor on a City account.

- 3.4.7. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the City in writing.
- 3.4.8. Recommend to debtors the use of "payday" loans to satisfy City accounts, or any loans through a lender wherein the Contractor has any financial interest in the lender or where the Contractor would realize any additional financial gain through referral of business to the lender.
- 3.4.9. Perform secondary-level collection services on any account in which it has previously performed primary collection services under this Agreement.
- 3.4.10. Use, integrate with, interface with, or otherwise access any City systems and/or programs in any manner related to the provision of services under this Agreement without written approval from the Director of the Office of Finance, including any City systems and/or programs that the Contractor may have been authorized to utilize prior to the Effective Date of this Agreement, as defined in Section 7.

3.5. Recall of Accounts

Without charge or penalty, City Departments shall have the right at their sole discretion to recall from the Contractor, any account(s) assigned to the Contractor and redistribute accounts without reason. For purposes of this Agreement, the term "recall" shall mean the return of an assigned account at the request of the City at any time. Upon recall, the Contractor shall undertake no further collection efforts on those recalled account(s).

The Contractor shall not be entitled to any commission fees for payments received by the City on an account after the date of recall except where the debtor has contacted the City to engage in settlement of the account prior to the date of recall. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor, the Contractor shall not accept payment and direct the debtor to contact the City.

3.6. Quality Assurance

The Contractor's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the City, including, but not limited to, establishing contractor performance benchmarks and incentives relative to collection on City accounts. Performance benchmarks may include but are not limited to periodic tracking and grading of a Contractor's compliance with contractual obligations, such as the generation of ad hoc, routine, specialized or custom reports, responsiveness to department requests, practice of loading of referred accounts in a timely manner, practice of returning expired accounts in a timely manner, and adherence to City administrative requirements. In addition, the City reserves the right to publish the Contractor grades and rates of recovery on City accounts for use by City Departments via the City's Intranet or to be shared with the City's collection vendors under contract for information, incentive, and competitive purposes. The City may use a variety of inspection methods to determine the Contractor's compliance with the terms of this Agreement and to evaluate its performance level. The methods of inspection may include, but are not limited to:

- Random sampling

- Reports (monthly and as needed)
- Periodic inspection of output items

The City shall have the right at any time during regular business hours to inspect records relative to City Department accounts maintained by the Contractor at its place of business, with reasonable advance notification. Said records shall be retained by the Contractor at a minimum of three (3) years following final payment under this Agreement for non-EMS accounts or until the expiration of this Agreement, whichever is later. For LAFD EMS accounts, the Contractor shall retain records as required by HIPAA and the terms of the Business Associate Agreement between the Contractor and LAFD.

The Contractor must also be available to meet with representatives of the City or City Department on a quarterly basis, or as deemed appropriate by the City, to discuss issues or concerns relating to the contract and/or City accounts. Upon request by the City for an impromptu meeting with the Contractor, the Contractor shall coordinate with the City an amicable time; however, if the City deems the matter requires immediate attention, the Contractor shall make itself available to meet with the City within two (2) business days from the day of the City's request.

3.7. Membership in Professional Organizations

The Contractor shall maintain, at no cost to the City, membership in the American Collectors Association International, California Association of Collectors, and/or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said associations.

3.8. Tax Certificate

The Contractor agrees to have and maintain a valid City Business Tax Registration Certificate for the term of the Agreement, at no cost to the City.

3.9. Automation Support

The Contractor shall provide information technology/systems support to the City as deemed necessary by City Departments to establish and maintain account referral protocols, information exchanges, and reports. Such information technology/systems support services are to be provided by the Contractor at no expense to the City.

3.10. Client Assistance

The Contractor shall provide the City with as-needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the Contractor at no expense to the City. As-needed customer assistance may be requested by City Departments during the introduction and implementation phases at any time throughout the duration of this Agreement.

3.11. Training

The Contractor shall provide to the City on-site or virtual training relative to collection processes and procedures as deemed necessary by City Departments at no cost to the City.

3.12. Consulting

The Contractor shall provide to the City, upon request by management and supervisory-level personnel, consulting services relative to collection and revenue enhancement processes and procedures as deemed necessary by the City Department at no cost to the City. The Contractor shall provide to City management and supervisory-level staff data and information relative to collections, industry trends, best practices, projections, and any other relevant materials upon request to assist City staff in revenue collection management and analysis.

3.13. Access to Accounts

The Contractor shall provide to City Departments remote access to its accounts assigned to the Contractor through an internet website or similar process. The Contractor shall also provide City Departments with as-needed technical assistance, training, and requirements needed to establish and use remote access privileges to its accounts, and at no cost to the City. Furthermore, the Contractor shall provide secure online access to the Contractor's delinquent account collection system to designated Finance and other City staff for accounts referred from the City for the purpose of delinquent account review, performance, and ad hoc reporting purposes.

3.14. Complaint Handling

3.14.1. Complaint Response

The Contractor shall acknowledge and respond to all written and oral complaints received relative to City-assigned accounts or City debtors. For written complaints, the Contractor shall acknowledge receipt of the complaint in writing within two (2) business days from the day the written complaint is received. Complaints and/or inquiries by telephone shall be received by the Contractor's personnel during regular business hours. During non-business hours, the Contractor shall provide a means for debtors to leave a message regarding their complaint and/or inquiry. All phone messages regarding City accounts shall be responded to by the Contractor no later than the next business day from the day that the message was left.

3.14.2. Complaint Resolution

All complaints shall be directed to qualified customer service staff or manager who shall take responsibility for resolving the matter. The Contractor shall conduct any necessary investigations and take appropriate steps to resolve complaints within thirty (30) calendar days from receipt of the complaint, or other timeframe, if deemed appropriate and specified in writing by the City. The Contractor shall notify the complainant of the resolution of their complaint in writing and provide written notification of said resolution to the City, as defined in Section 6.1 of this Agreement. In circumstances when a complaint requires more

than thirty (30) calendar days to resolve, the Contractor shall inform the City of the additional time needed, basis for the delay, and estimated time to when a resolution is expected.

3.14.3. Complaint Notification to the City

The Contractor shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition, and the name and title of staff that handled the matter. The Contractor shall remit this Complaint Summary Report to Finance on a quarterly basis. At its sole discretion, Finance may modify the frequency or reporting requirements.

At its sole discretion, the City may require the Contractor to take further steps to resolve a complaint if determined by the City that the Contractor did not address the complaint in a manner satisfactory to the City. The Contractor shall provide to the City any record(s) relative to a complaint upon request of the City, and said record(s) shall be made available to the City within two (2) business days of the City's request.

The Contractor shall immediately notify the City of any legal actions initiated against the Contractor regarding any City account, and/or which may have any relevance to the City as a business partner. The Contractor shall within one (1) week of giving notice to the City of a legal action, submit a comprehensive written report, including any supporting documentation, to the City to acquaint the City of pertinent details regarding the legal matter. The City may, at its discretion, require the Contractor to provide said report sooner than one (1) week, if deemed appropriate. The Contractor shall keep the City informed on the status of any litigation matter at least on a quarterly basis, and shall immediately inform the City of any key developments with regard to the legal proceeding. The City may, at its sole discretion, modify the Contractor's reporting requirement regarding a legal matter as deemed appropriate. The Contractor shall assume all costs related to any litigation and the City shall be held harmless for any liabilities or damages that may result from litigation against the Contractor on any City account.

4. **CONTRACTOR PERSONNEL**

4.1. Contractor Key Personnel

Contractor Key Personnel ("Key Personnel") positions are considered to be essential to work performance herein. In addition to the Contractor's Project Manager, any additional Key Personnel positions shall be identified and presented to Finance.

The City's designated representative(s) shall have the right to review the qualifications and perform an interview of Key Personnel prior to their assignment under this Agreement. Key Personnel so identified shall not be diverted or removed from this project by the Contractor without approval of the City. If the City does not approve the candidate

suggested by the Contractor, the Contractor shall propose a qualified alternate(s) who shall be subject to the same approval process.

The Contractor shall provide a description of the location, position within the Contractor's project organizational hierarchy, and special expertise of each person identified to fill Key Personnel positions. The Contractor shall make every reasonable effort to ensure that all Contractor's personnel who perform any work for the City under this Agreement are qualified, trained professionals in their fields and are able to perform the work to the City's satisfaction.

4.2. Contractor Project Manager

On or before the start date for the services outlined in this Agreement, as mutually agreed upon between Finance and the Contractor, the Contractor shall designate in writing and communicate to Finance, an individual as its Project Manager ("Contractor Project Manager"), who shall serve as the single authoritative point of contact for the Contractor during the course of its activities pursuant to the Agreement. The Contractor Project Manager shall be experienced in providing the services described in this Agreement and in project management. The Contractor Project Manager shall be required to be available to Finance in-person or via phone within two (2) working hours.

The Contractor Project Manager shall have authority to make reasonable project staff re-assignments and to make all communications to Finance and its designated Project Manager, as well as any City department that is currently being provided services, as required, to maintain efficient progress on the Project. Nothing herein, however, shall be construed as precluding communication between subordinate persons for the purpose of consultation and cooperation.

4.3. Contractor Key Personnel, Project Manager, and Project Staff Termination

In the event that the Contractor's project staff are terminated either by the Contractor or the individual, with or without cause, or if individual project staff are otherwise unavailable to perform services for the Contractor, the Contractor shall provide Finance written notification of the unavailability of the project staff and designate replacement personnel. Written notification shall be provided to Finance and relevant City Departments prior to the date of termination or unavailability, to the maximum extent feasible, but no later than three (3) business days after the Contractor learns of the expected unavailability or termination of project staff.

4.4. Contractor's Project Staff Unavailability

The Contractor recognizes and agrees that early notification of project staff unavailability and proposed replacement personnel is essential to avoiding delays in completing the Deliverables/Work products established in this Agreement.

4.5. Contractor's Project Staff Removal

The City, in its sole discretion, shall have the right to request removal of Contractor project staff for working ineffectively or inefficiently and/or not being available to perform assigned tasks. The City shall request in writing to the Contractor to remove and or replace staff

within ten (10) business days of the notice and the Contractor and the City will meet to address the City's concerns. If the actions constitute a serious threat to the Agreement, breach of confidentiality, or physical or intellectual harm, Contractor staff shall be removed immediately upon notice by the City without further discussion.

If the Contractor desires to replace Key Personnel, the Contractor shall deliver to the City ten (10) business days advance written notice of the proposed replacement. In the event it becomes necessary to replace Key Personnel for reasons beyond the control of Contractor (i.e., death, illness, individual suddenly left the employ, etc.), the Contractor shall immediately notify the City Project Manager telephonically, in-person, or by email that a replacement will be needed and then follow that notice within ten (10) business days with a written notice of proposed replacement.

Whatever the reason for replacing project staff, the Contractor shall designate the name and qualifications of the proposed replacement, whose qualifications and capabilities shall be at least equal to those of the person being replaced. All replacements of Key Personnel, Project Manager, and Project Staff shall be subject to City's review and approval as described in Section 4.3.

5. CONTRACTOR'S COMPENSATION

5.1. Commission

The City agrees to compensate the Contractor on a commission fee basis for services to the City performed under this Agreement. **If no recovery is made on an account referred to the Contractor by the City during the Authorized Retention Period, there shall be no compensation due to the Contractor.**

5.1.1. Assigned Amount

For the purposes of this Agreement, for each account referred to the Contractor by City Departments, the following terms shall apply:

- "Total City Debt" shall mean a dollar total that includes the amount of the debt referred to the Contractor, including any City-authorized adjustments to the amount referred after assignment (i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account), but does not include the Contractor's commission fee. Total City Debt includes all principal, interest, penalties, adjustments, and other fees owed to the City.
- "Assigned Amount" shall include the Total City Debt and the Contractor's calculated commission fee based on the commission rates, as established in Section 5.2.

5.1.2. Commission Application

The commission due to the Contractor shall be based on the Contractor's applicable commission rate approved by the City, as specified and calculated in Sections 5.2 and 5.4, and any recovery made on an account that has been

assigned to the Contractor, up to but not to exceed the Assigned Amount, upon proper remittance to the City. The Contractor shall verify the inclusion of its fee relative to the debt owed upon assignment and, if applicable, adjustment. Refer to Section 6.3 for more details.

5.1.3. Adjustments

Any adjustments made to the Total City Debt shall be authorized by the City Department. The Contractor shall be entitled to a commission fee based on the final adjusted amount that was authorized by the City Department, the commission rates established in Section 5.2, and the recovered amount. The Contractor is not entitled to commission on amounts recovered that exceed the City's Assigned Amount, including any authorized adjustments.

5.2. Contractor's Commission Rate

The Contractor's approved commission rate shall be applied to actual amounts recovered on accounts referred, up to but not exceeding the Assigned Amount of the referral, and shall be:

Collection Level	Commission Rate
Primary Rate	14.65%
Secondary Rate	21.65%

5.3. Compensation Collection and Remittance

The Contractor shall not be compensated in any other method than that prescribed in this Section. Additional invoicing requirements are defined in Section 8.

5.3.1. Payments Collected by the Referring City Department

Any monies paid directly to the City Department during the Authorized Retention Period on an account assigned to the Contractor shall be deemed to have been collected by the Contractor, and the Contractor will be entitled to receive a commission on the payment, **unless: (1)** payment is received by the City Department or postmarked on or prior to the date of the City Department's receipt of the Contractor Acknowledgement Report, as set forth in this Section; **or (2)** collection activity, such as dunning notice sent or telephone contact with debtor, by the Contractor has not begun, in which case the Contractor would not be due any commission.

For those monies paid directly to the City and deemed to have been collected by the Contractor on City accounts, the City Department shall calculate the compensation owed in accordance with Section 5.4 and provide the Contractor with a Remittance Report or similar documentation, as determined by the City Department, detailing those monies and accounts, as detailed in Section 6.6. Upon receipt of the Remittance Report or similar documentation, the Contractor shall, in reference to the details provided therein: (1) apply monies to the

appropriate referred accounts and (2) submit an invoice to the City Department that totals the commission fees owed. Thereafter, the City Department shall remit payment to the Contractor in accordance with Section 8.

5.3.2. Payments Collected by the Contractor

For City accounts and on a monthly basis, the Contractor shall: (1) retain its own commission fees on payments made by debtors and paid to the Contractor in the previous month; (2) remit all payments to the referring City Department, less commission fees, made by debtors and paid to the Contractor in the previous month; and (3) submit to the City Department detailed supporting documentation, including the Remittance Report, and any other documentation required by the City Department.

5.4. Calculation of Compensation

Commission fees, in accordance with Section 5.4.1, shall be additive rather than a fraction of the City's Assigned Amount and shall not be subtracted from the principal that is owed to the City when calculating the Total City Debt. The Contractor shall be paid a commission fee based on the amount collected on an account, whether partially or fully, during the Authorized Retention Period. In the event that the Contractor collects partial payment(s) on an account during the Authorized Retention Period, the Contractor's compensation shall reflect a value less than the Maximum Commission Fee, as defined in Section 5.4.1, and shall be based on the actual amount recovered, as exemplified in Section 5.4.3.

5.4.1. Compensation Calculation Definitions

$$\text{Total City Debt} = \text{Principal} + \text{Penalties} + \text{Interest} + \text{Fees} \pm \text{Adjustments}$$

$$\text{Maximum Commission Fee} = \text{Total City Debt} \times \text{Commission Rate}$$

$$\text{Assigned Amount} = \text{Total City Debt} + \text{Maximum Commission Fee}$$

$$\text{Assigned Amount} = \text{Total City Debt} + (\text{Total City Debt} \times \text{Commission Rate})$$

\$
\$
\$
%

Total Amount to be Collected by the Contractor & is Owed by the Debtor

5.4.2. Payment Formulas

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \text{Amount Owed to City}$$

where

$$\text{Amount Owed to City} = \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

and

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

5.4.3. Fee and Payment Calculation Examples

An example has been provided herein for reference purposes only.

A City Department referred an account owing \$500 to the Contractor. The Contractor's commission rate is 10%.

$$\$500 + (\$500 \times 10\%) = \$550$$

Table 1.

Total City Debt	Commission Rate	Assigned Amount	Commission Owed to the Contractor
\$500	10%	\$550	Dependent upon the amount collected

Table 2.

Total City Debt	\$500		
Commission Rate	10%		
Assigned Amount	\$550	Full Debt Recovery	Partial Debt Recovery*
Amount Paid by the Debtor	?	\$550	\$385
Amount Owed to the City	?	\$500	\$350
Amount Owed to the Contractor (Commission Fee)	?	\$50	\$35

* In the Partial Debt Recovery example, if the Contractor recovers the remaining \$165 balance of the partially-recovered account within the Authorized Retention Period, then of that \$165 balance recovered, the City would be owed \$150 and the Contractor would retain \$15.

The Assigned Amount is \$550, which is inclusive of the Total City Debt and the Contractor's maximum commission fee. The final commission owed to the Contractor is dependent on the amount successfully recovered by the Contractor. It is the sole responsibility of the Contractor to ensure its commission has been included in the Assigned Amount prior to collection.

As illustrated in Table 2 above, recovering the entirety of the Assigned Amount will result in \$500 owed to the City, and \$50 owed to the Contractor. If only \$385 dollars of the \$550 is collected, then \$350 is owed to the City, and \$35 is owed to the Contractor. Note that $\$350 + (\$350 \times 10\%) = \$385$.

5.5. Reconciliation

Upon receipt of the Remittance Report defined in Section 6.6, the referring City Department will have six (6) months to validate all details set forth therein regarding monies collected from debtors by the Contractor on City-assigned accounts.

If the City Department identifies discrepancies between the actual amounts remitted to the City by the Contractor and the actual amounts owed to the City, the City Department shall send a Discrepancy Report to the Contractor detailing those instances at the City's discretion. The Contractor shall then have the opportunity to dispute amounts and/or details provided in said Discrepancy Report. Disputes shall be made in writing and received by the City Department within two (2) weeks from the receipt of the Discrepancy Report. All supporting information and evidence shall be, at a minimum, clearly delineated by account in the manner provided in the Discrepancy Report.

In the event that the discrepancies cannot be resolved, the Director of the Office of Finance, or their designee, shall make the final determination upon equal consideration of evidence provided by both parties. If the Discrepancy Report was disputed as specified above, a final Discrepancy Report shall be updated by the City Department and provided to the Contractor.

Any outstanding amounts determined to be owed, including documentation deemed necessary by the City Department, shall be remitted to the City Department or the Contractor to address the discrepancies.

The Discrepancy Report, if deemed necessary by the City Department, shall be sent within six (6) months of the receipt of the Remittance Report. If the Discrepancy Report is not sent within the six-month time frame, the payment made to the City Department, and described within the corresponding Remittance Report, shall be considered final and no adjustments shall be allowed to that payment.

6. REPORTING

6.1. Required Monthly Reports to Finance

The Contractor shall provide to Finance monthly electronic reports regarding collection activities, overall and specific to individual City Departments, performed by the Contractor during the previous month and from inception of this Agreement. Required monthly reports are due to Finance within five (5) working days of the close of the prior month. The City reserves the right to modify the Contractor's monthly reporting requirements as deemed appropriate, and the Contractor shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by City of the requested modification. Required monthly reporting shall be defined by the City, at its sole discretion, and may include, but is not limited to, the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors and Other Details (e.g., status, balance, etc.)
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Section 3.14 of this Agreement
- Monthly Data Reports

6.2. Required Monthly Reports to Referring City Departments

The Contractor shall also provide monthly electronic reports to each City Department that refers accounts. Monthly reports shall include information relative to collection activities specific to accounts referred to the Contractor by that City Department and include information for the prior month, or designated time period, and aggregate from the time that the department initiated account referral to the Contractor. Required monthly reports are due to City Departments within five (5) working days of the close of prior month. City Departments reserve the right to modify Contractor's monthly reporting requirements as deemed appropriate. The Contractor shall comply with any requested changes in monthly reporting within one (1) month of receiving notification from the department. Required monthly reporting to referring City Departments on accounts assigned to the Contractor may include, but are not limited to, the following:

- Activity Reports
- Status of Accounts Referred by the City Department
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

6.3. Acknowledgement Report

Upon receipt of a referral from a City Department, the Contractor shall provide an Acknowledgment Report to the City Department within one (1) City business day from the assignment to verify account placement. Timely submission of the Acknowledgment Report by the Contractor is essential in order for the Contractor to be entitled any commission for monies collected on a referred account, as set forth in Section 5 of this Agreement. The City Department shall specify to the Contractor the method for receipt of the Acknowledgment Report. Information in the report shall include, but not be limited to, the following on each account received:

- City Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Maximum Commission Fee
- Assigned Amount

6.4. Returned Accounts Report

The Contractor shall furnish to City Departments, when applicable, a Returned Accounts Report on accounts returned to the City. Reasons that an assigned account may be returned to the City include, but are not limited to, the following:

- Contractor was unable to collect the unpaid amounts within the time period allotted by the City to effect collection
- Court-ordered receivership is granted over debtor's business
- Debtor bankruptcy filing
- Debtor is deceased
- Decedent's estate lacks sufficient assets to satisfy the indebtedness
- City recalled the account

The Contractor shall state in its Report the reason(s) for the return of an account and be able to provide detailed information regarding all efforts undertaken by the Contractor to collect on an account prior to its return. The format for the Returned Accounts Report shall be specified by the referring City Department and shall accompany any returned accounts. At a minimum, information contained in the report shall include, but is not limited to, the following for each account returned:

- City Account Number
- Contractor Assigned Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Returned

6.5. Retained Accounts Report

The Contractor is required to furnish to City Departments, when applicable, a Retained Accounts Report on accounts retained by the Contractor beyond the initial allowable period. Monthly reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the City due to the expiration of the initial allowable period. The Contractor shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the City Department for any reason (e.g., expiration of the Authorized Retention Period).

City accounts shall not be retained by the Contractor unless authorized in writing by the referring City Department or where payment plans that will exceed the initial allowable retention period are in effect under which debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement. Regardless of the reason for the account retention, monthly reporting is required, as defined herein.

At any time the City may, at its sole discretion and for any reason, recall an account from the Contractor, as set forth in Section 3.5 of this Agreement. However, this action would not preclude payment obligations to the Contractor of commission fees in the event an

account with a payment plan in effect is taken over by the City and successfully collected by the City pursuant to said payment plan. At a minimum, the Retained Accounts Report shall include, but is not limited to, the following information for each account retained:

- City Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Retained

6.6. Remittance Report

The Contractor shall furnish to City Departments a Remittance Report setting forth the details from any monies that the Contractor collected during the previous month from debtors on City-assigned accounts. This Report shall accompany the monthly delivery of monies, as defined in Section 3.3.4 of this Agreement, and shall be delivered to the referring City Department on or before the fifteenth (15th) of each month when applicable. Automated remittance processes may be implemented upon written agreement between the referring City Department and the Contractor. Specific information required in the Remittance Report shall be determined by the City Department and may include, but not be limited to, the following:

- Identification of Collection Service Level (i.e., Primary or Secondary)
- Contract Number
- Contractor Assigned Vendor Code Number
- City Account Number
- Debtor Name
- Batch Number
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Contractor Commission Retained

City Departments shall furnish to the Contractor when applicable a Remittance Report, or similar documentation as determined by the City Department, setting forth the details from any monies paid directly to the City during the previous month by debtors on accounts referred to the Contractor and within the Authorized Retention Periods.

6.7. Customized, Ad Hoc, and Specialized As-Needed Reports

On an occasional basis, the Contractor may be required to provide to Finance or City Departments customized, ad hoc, or specialized as-needed reports. The Contractor shall furnish said reports within ten (10) business days from receipt of a written request, or other timeframe specified in writing, from Finance or City Departments. Specific details regarding the content and format of the specialized report shall be provided by the requesting party. Any system-related changes that may arise as a result of newly requested reports shall be implemented at no additional cost to the City.

7. SYSTEM USE AND INTEGRATION APPROVAL

Prior to any action to effect the commencement of services under this Agreement, the Contractor shall provide a list of any and all City systems and/or programs that the Contractor is either interfacing with or integrated with (i.e., FMS, RevQ, etc.) to the Director of the Office of Finance. The Director of the Office of Finance shall grant written approval or denial of each system or program and the duration for its use, including systems and programs that the Contractor currently utilizes or may utilize in the future. Until written approval is received, the Contractor shall immediately cease any and all utilization of said systems and/or programs.

The use of, integration with, and/or interfacing with any City system and/or program shall receive approval by the Director of the Office of Finance prior to their use by the Contractor in its pursuit . The Director of the Office of Finance may grant or revoke approval at any point for any system or program during the course of this Agreement, upon which the Contractor shall immediately cease any and all access to said technology.

8. INVOICING AND PAYMENTS

For payments made directly with the Contractor by debtors in the previous month on City-assigned accounts, the Contractor shall, on or before the fifteenth (15th) of the following month: (1) retain its own commission fees on those payments; (2) remit those payments, less its commission fees, to the referring City Department, in accordance with Section 5.4; and (3) provide supporting documentation, in accordance with Section 5.3.2. Additional payments may be required as a result of the Reconciliation process set forth in Section 5.5.

As defined in Section 5.3.1, for payments made directly with the City Department by debtors on accounts referred to the Contractor, the Contractor shall submit an invoice totaling commission fees owed based on those payments, in accordance with the Remittance Report, or similar documentation, provided by the City Department. In accordance with City policies, the City shall be in receipt of an invoice compliant with the requirements set forth in Section 8.1, prior to any payment processing or remittance to the Contractor.

8.1. Invoicing

Upon receipt of the Remittance Report or similar documentation from the City Department, the Contractor shall submit an invoice to the City Department that includes the following information:

- Name and Address of the Contractor
- Remittance Address
- Date of Invoice
- Invoice Number
- Agreement Number
- Date(s) and description of services provided
- Amount of Invoice and, if different, Total Amount Payable
- Other additional information and/or requirements as determined by the City Department

The Participation Document provided by the City Department upon account referral to the Contractor shall include the appropriate contact information to which invoicing shall be sent, as defined in Section 3.2.1.

8.2. Review and Acceptance of Deliverables

Failure to adhere to the policies detailed in this Section 8 may result in nonpayment or non-approval of demands, pursuant to City Charter Section 262(a), which requires the Controller to inspect the quality, quantity, and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve demands before they are drawn on the Treasury.

9. GOVERNING LAW AND VENUE

This Agreement and any action related thereto will be governed and interpreted by and under the laws of the State of California, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction. Each Party hereby expressly consents to the exclusive personal jurisdiction and venue in the state and federal courts of Los Angeles County, California for any lawsuit filed there against it by the other Party arising from or related to this Agreement.

10. NON-EXCLUSIVE

The City and Contractor understand and agree this is a non-exclusive Agreement to provide services to the City and that the City reserves the right to enter into agreement with other contractors/consultants to provide similar services during the term of this Agreement.

11. SEVERABILITY

If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement shall remain enforceable and the invalid or unenforceable provision(s) shall be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

12. NO THIRD-PARTY BENEFICIARIES

Nothing herein is intended to create a third-party beneficiary in any subcontractor. The City has no obligation to any subcontractor. No privity is created with any subcontractor by this Agreement. Even if the Contractor uses subcontractors, the Contractor remains responsible for complete and satisfactory performance of the terms of this Agreement.

13. STANDARD PROVISIONS FOR CITY CONTRACTS

By entering into this Agreement with the City, the Contractor agrees to abide by the Standard Provisions for City Contracts (Rev. 1/25 [v.2]), attached hereto and incorporated herein as Attachment A.

14. PUBLIC INSPECTION AND RECORDS

Notwithstanding any other provisions to the contrary, this Agreement, including any and all exhibits and attachments incorporated herein, shall be made available for public inspection in accordance with the City Charter and, to the extent applicable, the California Public Records Act (California Government Code § 6250 *et. seq.*).

15. MUNICIPAL LOBBYING ORDINANCE

The Contractor is required to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if the Contractor qualifies as a lobbying entity under LAMC § 48.02. Agreements submitted without a completed CEC Form 50 by contractors that qualify as a lobbying entity under LAMC § 48.02 may be subject to penalties, termination of contract, and debarment.

16. DISCLOSURE OF BORDER WALL CONTRACTING ORDINANCE AND SLAVERY DISCLOSURE ORDINANCE

The Contractor shall comply with LAAC § 10.50 *et seq.*, ‘Disclosure of Border Wall Contracting.’ The City may terminate this Agreement at any time if the City determines that the Contractor failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in LAAC § 10.50.1.

The Contractor shall comply with the Slavery Disclosure Ordinance, LAAC § 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by Contractor for work to be performed under this Agreement must include an identical provision.

The Contractor shall complete and upload a Disclosure Ordinance Affidavit, on www.rampla.org.

17. CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this Agreement, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by LAAC § 10.39.2, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation, and any response from the Contractor, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

18. CONFIDENTIALITY

- (a) The parties agree to keep confidential and not to use or disclose to any third parties any non-public business information of the other party learned or disclosed in connection with services provided pursuant to this Agreement and any amendments thereto, including the contractor materials. The obligation of the parties with respect to the confidential information shall terminate with respect to any particular portion of the confidential information if and when:

- (i) it is in the public domain at the time of its communication;
 - (ii) it is developed independently by the receiving party without use of any confidential information;
 - (iii) it enters the public domain through no fault of the receiving party subsequent to the time of the disclosing party's communication to the receiving party; or
 - (iv) the receiving party has the disclosing party's written permission.
- (b) Each Party shall provide notice to the other of any demand made upon it under lawful process to disclose or provide any of the other party's confidential information. The receiving party agrees to cooperate with the other Party, at the other party's expense, if the other party elects to seek reasonable protective arrangements or oppose such disclosure. Any confidential information disclosed pursuant to such lawful process shall continue to be confidential information.

19. COUNTERPARTS AND ELECTRONIC SIGNATURES

This Agreement may be executed in one (1) or more counterparts, each of which will be deemed an original and all of which will be taken together and deemed to be one (1) instrument. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by the City) and sent by email shall be deemed original signatures.

20. ENTIRE AGREEMENT

This Agreement, and any exhibits, attachments, or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the Parties and supersedes all prior discussions between the Parties, oral or written. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by the duly authorized representatives of each Party.

21. ORDER OF PRECEDENCE

Unless otherwise provided for in this Agreement, in the event of any inconsistencies between the bodies of this Agreement, exhibits, attachments, and schedules, the order of precedence will be as follows:

- (1) This Agreement between the City and Contractor
- (2) Attachment A – Standard Provisions for City Contracts (Rev. 1/25 [v.2])

[Intentionally left blank. Signature page follows]

AGREEMENT NO. C- _____
BETWEEN
THE CITY OF LOS ANGELES
OFFICE OF FINANCE
AND
LINEBARGER GOGGAN BLAIR & SAMPSON, LLP
FOR
COLLECTION SERVICES OF THE CITY'S DELINQUENT
ACCOUNTS RECEIVABLE

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), acting by and through its Office of Finance (herein after referred to as "Finance"), and Linebarger Goggan Blair & Sampson, LLP, (hereinafter referred to as "Contractor" or "Linebarger"), referred collectively herein as "Parties" or individually as "Party", with reference to the following:

WHEREAS, the City utilizes outside collection agency services, as a best practice, to collect delinquent obligations to the City; and

WHEREAS, on September 12, 2024 the City released a Request for Proposals ("RFP") for Primary and/or Secondary Collection Services to pursue collection of the City's delinquent accounts; and

WHEREAS, the RFP Evaluation Committee evaluated the proposals and recommended a number of proposers as qualifying contractors to provide the contemplated services to the City Council of Los Angeles ("City Council"); and

WHEREAS, on [insert date] the City Council has approved the Contractor as one of the agencies for collection services to pursue collection of the City's delinquent accounts; and

WHEREAS, the Parties hereto wish to enter into an Agreement by which the Contractor will perform the work and furnish all the labor, materials, supervision, tools, transportation, and equipment necessary to recover the monies due to the City as a result of active pursuit of outstanding accounts receivable;

NOW, THEREFORE, in consideration of the above premises and of the representations and covenants hereinafter set forth, the Parties hereto represent and covenant as follows:

1. PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1. Parties to the Agreement are:

City – The City of Los Angeles, Office of Finance, a municipal corporation, having its principal office at 200 N Spring Street, Room 220, Los Angeles, California 90012.

Contractor – Linebarger Goggan Blair & Sampson, LLP, having its principal office at 18000 Studebaker Road, Suite 700, Cerritos, CA 90703.

1.2. Representatives of the Parties

The representatives of the Parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

1.2.1. The City's representative is, unless otherwise stated in the Agreement:

Diana Mangioglu
City Treasurer/Director of the Office of Finance
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012

With copies to:

Mario Interiano
Chief Management Analyst, Administrative Services Division
Los Angeles Office of Finance
200 N Spring Street, Room 220, Los Angeles, California 90012
mario.interiano@lacity.org

Andrew Kaplan
Revenue Manager, Citywide Revenue Management Division
Los Angeles Office of Finance
200 N Spring Street, Room 155, Los Angeles, California 90012
andrew.kaplan@lacity.org

1.2.2. The Contractor's representative is, unless otherwise stated in the Agreement:

Mark Lombardo
Director of National Sales
Linebarger Goggan Blair & Sampson, LLP
3150 El Camino Real, Suite D, Carlsbad, CA 92008
mark.lombardo@lgbs.com

With copies to:

Lori Gruver
Capital Partner and General Counsel
Linebarger Goggan Blair & Sampson, LLP
Terrace 2, 2700 Via Fortuna Dr, Ste 500, Austin, TX 78746
LoriG@lgbs.com

Nancy Su
Partner
Linebarger Goggan Blair & Sampson, LLP
18000 Studebaker Road, Suite 700, Cerritos, CA 90703
nancy.su@lgbs.com

1.3. Formal Notices

Formal notices, demands, and communications to be given hereunder by either Party must be made in writing and may be affected by personal delivery or by email, registered

or certified mail, postage prepaid, return receipt requested, and will be deemed communicated as of the date of mailing or email transmission.

2. TERM OF THE AGREEMENT

2.1. The term of this Agreement shall be for a period of five (5) years from the Effective Date hereof unless terminated earlier as set forth herein or under any other termination right available in the Agreement or under applicable law. The City may, at its sole discretion, extend the term of this Agreement for one (1) three-year period, under the same terms and conditions for such periods if both Parties agree to the extension.

2.2. Effective Date

The Effective Date of this Agreement shall be the date upon which the last of the following events should occur:

- (1) This Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
- (2) This Agreement has been approved by the Director of the Office of Finance;
- (3) The Office of the City Attorney has indicated the approval as to form of this Agreement; and
- (4) This Agreement has been signed on behalf of the City by the person designated to sign by the City Council or by the board, officer, or employee authorized to enter into this Agreement.

2.3. Ratification Clause

To the extent that the Contractor's services were performed in accordance with the terms and conditions of this Agreement prior to the Effective Date of this Agreement, those services are hereby ratified.

3. SERVICES TO BE PROVIDED BY THE CONTRACTOR

3.1. Scope of Work

Services to be performed by the Contractor for collection services herein include, but are not limited to, locating persons with a delinquent account with the City ("Debtors") , arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, email and text, and verifying assets. All mailed correspondence between the Contractor and the City debtors shall be sent by first-class mail.

3.1.1. Primary Collection Services

Primary collection services include collection efforts on initial referrals of delinquent accounts to a contracted collection agency by a City Department. City Departments may refer delinquent accounts at the time reasonable collection efforts have failed. Generally, delinquent accounts referred at the primary level

are at least forty-five (45) days past due, except for emergency medical services (“EMS”) accounts referred by the Los Angeles Fire Department (“LAFD”), which may be referred at a later date.

For primary-level services, the Contractor shall have a period of nine (9) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement.

3.1.2. Secondary Collection Services

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the City Department by the primary-level agency after at least nine (9) months from initial assignment and uncollected.

For secondary-level collection services, the Contractor shall have a period of six (6) months to effect collection unless otherwise authorized per Section 3.1.3 of this Agreement. The Contractor shall only perform primary-level or secondary-level collection services on any particular account that is referred to it and shall not under any circumstance perform both primary-level and secondary-level collections on the same account.

3.1.3. Return of Accounts

In limited circumstances, the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain an account, in writing. For the purposes of this Agreement, the following terms shall apply:

- “Authorized Retention Period” means the allotted time to effect collection as specified in this Agreement from initial assignment to the conclusion of the referral period or the extended period that the City has authorized, as detailed in Section 3.3.11. Referral period refers to the consecutive allotment of time from initial assignment that consists of nine (9) months for accounts assigned for primary collection services and six (6) months for accounts assigned for secondary collection services as detailed in Sections 3.1.1 and 3.1.2 respectively.

Upon the expiration of the Authorized Retention Period, the Contractor shall cease all collection efforts on the account and return the account to the City Department that referred it. In no event shall the Contractor be entitled to any payment on the account once it has been returned to the City Department. Under no circumstance shall the Contractor retain an account past the expiration of the Authorized Retention Period without authorization from the City Department, except as defined in Section 3.3.11.

The Contractor shall not be entitled to any monies on payments initiated by debtors on expired, recalled, or returned accounts except where the debtor has initiated payment with the City to settle the account prior to the date of expiration, recall, or return. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor or outside of the Authorized Retention Period, the

Contractor shall not accept payment and direct the debtor to contact the City Department.

3.1.4. Uncollectible Accounts

In the event an account assigned to the Contractor is determined to be uncollectible, by City or Contractor, for reasons that include, but are not limited to, a debtor's bankruptcy filing, court-ordered receivership is granted over debtor's business, debtor is deceased or decedent's estate does not have sufficient assets to satisfy the indebtedness, the Contractor shall cease all collection efforts on said account upon receipt of this information and return the account to the referring City Department with notification of the reason(s) for return of the account, as detailed in Section 6.

3.1.5. Accounts Referred Prior to the Start of the Contract

Any accounts that were assigned to the Contractor under City Contract No. C-137454 shall be subject to the terms and provisions of said contract or agreement. This Agreement shall apply to any and all accounts assigned/referred on or after the Effective Date of this Agreement.

3.2. Referral Process

Each City Department assumes primary responsibility for matters regarding their respective assigned accounts or referrals. The Contractor shall direct any communications and inquiries regarding any assigned accounts to the respective City Department that assigned said accounts in accordance with the Participation Document and other directives from the City Department and Finance. City Departments shall provide written notice to the Contractor with regard to any changes in the Participation Document or management of their assigned accounts.

3.2.1. Participation Document

Prior to assigning any accounts to the Contractor, the City Department shall forward a Participation Document to the Contractor. The Participation Document includes key information regarding the City Department to facilitate the referral of accounts to the Contractor but shall not supersede this Agreement. Information in the Participation Document includes:

- Specific Department Information
- Type of Accounts to be Referred
- Liaison Contact Information for Account Inquiries and Technical Issues
- Invoicing Contact Information (if different from the Liaison Contact)
- Method to Transmit Accounts
- Specific Reporting and/or Remittance Requirements, in addition to those required by this Agreement

Under no circumstance shall the Contractor initiate collection on behalf of a City Department prior to receiving a completed and signed Participation Document from the City Department for which it will effect collection. Receipt of a completed Participation Document from a City Department does not obligate or guarantee

that the City Department will actually assign any accounts to the Contractor. At any time, the City Department may, at its sole discretion, utilize the services of the Contractor.

3.2.2. Referral Method

To assign accounts to the Contractor, City Departments may use various means or methods, which include electronic transmission, electronic file, and/or in writing. Assigned accounts will include the following information, if available, and any other relevant information that the City Department may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding (by Principal, Penalties, Interest, Fees, etc., if available)

3.3. Performance Requirements

In performing services for the City (or City Department), the Contractor shall adhere to the highest legal, ethical, and professional standards. The Contractor shall perform its services in a manner that is consistent with all federal and state fair debt collection practices, acts, and confidentiality provisions, including, but not limited to California Civil Code §§ 1788, et seq. All information and data, including taxpayer data per LAMC § 21.17, received by the Contractor from the City shall be regarded as confidential as applicable and pursuant to the terms of this Agreement.

Moreover, for collection of LAFD EMS accounts, the Contractor shall be in compliance with all Health Insurance Portability and Accountability Act (“HIPAA”) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162, and 164) and the American Recovery and Reinvestment Act of 2009, which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400, et seq.), throughout the term of this Agreement and sign a Business Associate Agreement with LAFD prior to receiving or being assigned any EMS accounts for collection. The Contractor shall be required to integrate with existing City HIPAA-compliant systems to ensure secure electronic transfer of EMS-related records.

In addition, in performing the services requested, the Contractor shall:

- 3.3.1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the City but that it is an entity separate and distinct from the City.
- 3.3.2. Collect on only amounts authorized by City Departments, as specified in Section 5 of this Agreement, and shall not add or collect any amounts not authorized by City Departments.
- 3.3.3. Deposit all monies collected for the City into a special trust fund which shall be kept separate and not commingled with other funds of the Contractor or other clients of the Contractor. If the trust fund is an interest-accruing account, such

accruals must be credited to the City. All monies collected by the Contractor for the City shall be remitted to the referring City Department on a monthly basis, as defined in Sections 3 and 8 of this Agreement.

- 3.3.4. Deliver to the City Department on or before the fifteenth (15th) of each month all monies due to said City Department from the amounts collected during the previous month, as specified in Section 5, and all associated reports. Together with the monthly delivery of monies collected during the previous month, the Contractor shall submit summary and detailed supporting documents that include the commission retained and a Remittance Report summarizing detailed information for payments received in accordance with the requirements outlined in Section 6 of this Agreement.
- 3.3.5. Deliver a copy of all letters used by the Contractor to effect collection before use, including those that may have been approved or submitted under previous contracts or agreements with the City, to the City Department and Finance.
- 3.3.6. Engage in payment plans, when determined appropriate, with debtors for a term no longer than twelve (12) months. Any payment plan in excess of twelve (12) months requires approval from the referring City Department. Prior to the expiration of an account's initial allowable period, regardless of duration, any payment plan that exceeds its initial allowable period, and the date of its expected full recovery or expiration, must be communicated to the City Department.
- 3.3.7. Agree that any information provided by City Departments on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose.
- 3.3.8. Maintain all City information and records separate from information and records related to other clients.
- 3.3.9. Bear all expenses and costs incurred to effect collection of any account referred by the City.
- 3.3.10. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other City-approved methods.
- 3.3.11. Return to the City Department, in automated format or other manner specified by the City Department, all accounts that remain wholly or partially uncollected by the Contractor upon the expiration of the Authorized Retention Periods in which the Contractor may retain said accounts, and shall cease all collection efforts, except for: (a) instances where payment plans are in effect and active payments are made in accordance with the plan or (b) in limited circumstances where the City Department may, at its sole discretion, elect to extend the time that the Contractor may retain said account in writing. In the event that an account is retained due to an active payment plan in good standing, the Contractor must notify the City Department in accordance with Section 3.3.6.

In no event shall the Contractor be entitled to any payment on an account once it has been returned to the City. The Contractor shall report to the City

Department, as outlined in Section 6 of this Agreement, on any account returned prior to the expiration of the Authorized Retention Period or retained past such period without approval.

- 3.3.12. Be able to accept account data through various communication methods employed by the City, whether paper-based or electronic. The Contractor must work with individual City Departments to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the Contractor.
- 3.3.13. Comply with any special collection campaigns authorized by the City, wherein selected account types may be targeted for specified reductions in balances owed; for example, offer in compromise and debt amnesty programs.
- 3.3.14. May only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the Contractor determines that legal action or legal services are required, the Contractor shall make a recommendation for such action to the City and return the account to the City. Under this circumstance, the Contractor may communicate to the debtor that the matter is being returned to the City with a recommendation to consider further legal recourse.

3.4. Prohibited Actions

In the performance of the services requested, the Contractor shall not:

- 3.4.1. Subcontract, assign, refer, or transfer any account referred by the City or otherwise assign its rights or delegate its duties under this Agreement to any other person or entity, including any attorney, without the express written consent of both the referring City Department and Finance.
- 3.4.2. Collect more than the Assigned Amount, as defined in Section 5.1.1. The Contractor shall not add and/or collect penalties, interest, or fees not authorized by the City in writing. Any amounts collected by the Contractor, whether authorized or unauthorized, shall be remitted to the City Department, as defined in this Agreement.
- 3.4.3. Threaten or intimidate debtors under any circumstances in the collection, or in the pursuit thereof, of City accounts or violate any applicable government laws or regulations.
- 3.4.4. Use or display the official seal of the City on any of its letterheads or communications with any debtor for any reason.
- 3.4.5. State or suggest, in any verbal, non-verbal, or written communication, that the Contractor intends to pursue legal action against the debtor, or imply that it has any authority to do so.
- 3.4.6. Take any legal action against a debtor on a City account.

- 3.4.7. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the City in writing.
- 3.4.8. Recommend to debtors the use of "payday" loans to satisfy City accounts, or any loans through a lender wherein the Contractor has any financial interest in the lender or where the Contractor would realize any additional financial gain through referral of business to the lender.
- 3.4.9. Perform secondary-level collection services on any account in which it has previously performed primary collection services under this Agreement.
- 3.4.10. Use, integrate with, interface with, or otherwise access any City systems and/or programs in any manner related to the provision of services under this Agreement without written approval from the Director of the Office of Finance, including any City systems and/or programs that the Contractor may have been authorized to utilize prior to the Effective Date of this Agreement, as defined in Section 7.

3.5. Recall of Accounts

Without charge or penalty, City Departments shall have the right at their sole discretion to recall from the Contractor, any account(s) assigned to the Contractor and redistribute accounts without reason. For purposes of this Agreement, the term "recall" shall mean the return of an assigned account at the request of the City at any time. Upon recall, the Contractor shall undertake no further collection efforts on those recalled account(s).

The Contractor shall not be entitled to any commission fees for payments received by the City on an account after the date of recall except where the debtor has contacted the City to engage in settlement of the account prior to the date of recall. In any attempt by a debtor to pay on a City account no longer assigned to the Contractor, the Contractor shall not accept payment and direct the debtor to contact the City.

3.6. Quality Assurance

The Contractor's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the City, including, but not limited to, establishing contractor performance benchmarks and incentives relative to collection on City accounts. Performance benchmarks may include but are not limited to periodic tracking and grading of a Contractor's compliance with contractual obligations, such as the generation of ad hoc, routine, specialized or custom reports, responsiveness to department requests, practice of loading of referred accounts in a timely manner, practice of returning expired accounts in a timely manner, and adherence to City administrative requirements. In addition, the City reserves the right to publish the Contractor grades and rates of recovery on City accounts for use by City Departments via the City's Intranet or to be shared with the City's collection vendors under contract for information, incentive, and competitive purposes. The City may use a variety of inspection methods to determine the Contractor's compliance with the terms of this Agreement and to evaluate its performance level. The methods of inspection may include, but are not limited to:

- Random sampling

- Reports (monthly and as needed)
- Periodic inspection of output items

The City shall have the right at any time during regular business hours to inspect records relative to City Department accounts maintained by the Contractor at its place of business, with reasonable advance notification. Said records shall be retained by the Contractor at a minimum of three (3) years following final payment under this Agreement for non-EMS accounts or until the expiration of this Agreement, whichever is later. For LAFD EMS accounts, the Contractor shall retain records as required by HIPAA and the terms of the Business Associate Agreement between the Contractor and LAFD.

The Contractor must also be available to meet with representatives of the City or City Department on a quarterly basis, or as deemed appropriate by the City, to discuss issues or concerns relating to the contract and/or City accounts. Upon request by the City for an impromptu meeting with the Contractor, the Contractor shall coordinate with the City an amicable time; however, if the City deems the matter requires immediate attention, the Contractor shall make itself available to meet with the City within two (2) business days from the day of the City's request.

3.7. Membership in Professional Organizations

The Contractor shall maintain, at no cost to the City, membership in the American Collectors Association International, California Association of Collectors, and/or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said associations.

3.8. Tax Certificate

The Contractor agrees to have and maintain a valid City Business Tax Registration Certificate for the term of the Agreement, at no cost to the City.

3.9. Automation Support

The Contractor shall provide information technology/systems support to the City as deemed necessary by City Departments to establish and maintain account referral protocols, information exchanges, and reports. Such information technology/systems support services are to be provided by the Contractor at no expense to the City.

3.10. Client Assistance

The Contractor shall provide the City with as-needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the Contractor at no expense to the City. As-needed customer assistance may be requested by City Departments during the introduction and implementation phases at any time throughout the duration of this Agreement.

3.11. Training

The Contractor shall provide to the City on-site or virtual training relative to collection processes and procedures as deemed necessary by City Departments at no cost to the City.

3.12. Consulting

The Contractor shall provide to the City, upon request by management and supervisory-level personnel, consulting services relative to collection and revenue enhancement processes and procedures as deemed necessary by the City Department at no cost to the City. The Contractor shall provide to City management and supervisory-level staff data and information relative to collections, industry trends, best practices, projections, and any other relevant materials upon request to assist City staff in revenue collection management and analysis.

3.13. Access to Accounts

The Contractor shall provide to City Departments remote access to its accounts assigned to the Contractor through an internet website or similar process. The Contractor shall also provide City Departments with as-needed technical assistance, training, and requirements needed to establish and use remote access privileges to its accounts, and at no cost to the City. Furthermore, the Contractor shall provide secure online access to the Contractor's delinquent account collection system to designated Finance and other City staff for accounts referred from the City for the purpose of delinquent account review, performance, and ad hoc reporting purposes.

3.14. Complaint Handling

3.14.1. Complaint Response

The Contractor shall acknowledge and respond to all written and oral complaints received relative to City-assigned accounts or City debtors. For written complaints, the Contractor shall acknowledge receipt of the complaint in writing within two (2) business days from the day the written complaint is received. Complaints and/or inquiries by telephone shall be received by the Contractor's personnel during regular business hours. During non-business hours, the Contractor shall provide a means for debtors to leave a message regarding their complaint and/or inquiry. All phone messages regarding City accounts shall be responded to by the Contractor no later than the next business day from the day that the message was left.

3.14.2. Complaint Resolution

All complaints shall be directed to qualified customer service staff or manager who shall take responsibility for resolving the matter. The Contractor shall conduct any necessary investigations and take appropriate steps to resolve complaints within thirty (30) calendar days from receipt of the complaint, or other timeframe, if deemed appropriate and specified in writing by the City. The Contractor shall notify the complainant of the resolution of their complaint in writing and provide written notification of said resolution to the City, as defined in Section 6.1 of this Agreement. In circumstances when a complaint requires more

than thirty (30) calendar days to resolve, the Contractor shall inform the City of the additional time needed, basis for the delay, and estimated time to when a resolution is expected.

3.14.3. Complaint Notification to the City

The Contractor shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition, and the name and title of staff that handled the matter. The Contractor shall remit this Complaint Summary Report to Finance on a quarterly basis. At its sole discretion, Finance may modify the frequency or reporting requirements.

At its sole discretion, the City may require the Contractor to take further steps to resolve a complaint if determined by the City that the Contractor did not address the complaint in a manner satisfactory to the City. The Contractor shall provide to the City any record(s) relative to a complaint upon request of the City, and said record(s) shall be made available to the City within two (2) business days of the City's request.

The Contractor shall immediately notify the City of any legal actions initiated against the Contractor regarding any City account, and/or which may have any relevance to the City as a business partner. The Contractor shall within one (1) week of giving notice to the City of a legal action, submit a comprehensive written report, including any supporting documentation, to the City to acquaint the City of pertinent details regarding the legal matter. The City may, at its discretion, require the Contractor to provide said report sooner than one (1) week, if deemed appropriate. The Contractor shall keep the City informed on the status of any litigation matter at least on a quarterly basis, and shall immediately inform the City of any key developments with regard to the legal proceeding. The City may, at its sole discretion, modify the Contractor's reporting requirement regarding a legal matter as deemed appropriate. The Contractor shall assume all costs related to any litigation and the City shall be held harmless for any liabilities or damages that may result from litigation against the Contractor on any City account.

4. **CONTRACTOR PERSONNEL**

4.1. Contractor Key Personnel

Contractor Key Personnel ("Key Personnel") positions are considered to be essential to work performance herein. In addition to the Contractor's Project Manager, any additional Key Personnel positions shall be identified and presented to Finance.

The City's designated representative(s) shall have the right to review the qualifications and perform an interview of Key Personnel prior to their assignment under this Agreement. Key Personnel so identified shall not be diverted or removed from this project by the Contractor without approval of the City. If the City does not approve the candidate

suggested by the Contractor, the Contractor shall propose a qualified alternate(s) who shall be subject to the same approval process.

The Contractor shall provide a description of the location, position within the Contractor's project organizational hierarchy, and special expertise of each person identified to fill Key Personnel positions. The Contractor shall make every reasonable effort to ensure that all Contractor's personnel who perform any work for the City under this Agreement are qualified, trained professionals in their fields and are able to perform the work to the City's satisfaction.

4.2. Contractor Project Manager

On or before the start date for the services outlined in this Agreement, as mutually agreed upon between Finance and the Contractor, the Contractor shall designate in writing and communicate to Finance, an individual as its Project Manager ("Contractor Project Manager"), who shall serve as the single authoritative point of contact for the Contractor during the course of its activities pursuant to the Agreement. The Contractor Project Manager shall be experienced in providing the services described in this Agreement and in project management. The Contractor Project Manager shall be required to be available to Finance in-person or via phone within two (2) working hours.

The Contractor Project Manager shall have authority to make reasonable project staff re-assignments and to make all communications to Finance and its designated Project Manager, as well as any City department that is currently being provided services, as required, to maintain efficient progress on the Project. Nothing herein, however, shall be construed as precluding communication between subordinate persons for the purpose of consultation and cooperation.

4.3. Contractor Key Personnel, Project Manager, and Project Staff Termination

In the event that the Contractor's project staff are terminated either by the Contractor or the individual, with or without cause, or if individual project staff are otherwise unavailable to perform services for the Contractor, the Contractor shall provide Finance written notification of the unavailability of the project staff and designate replacement personnel. Written notification shall be provided to Finance and relevant City Departments prior to the date of termination or unavailability, to the maximum extent feasible, but no later than three (3) business days after the Contractor learns of the expected unavailability or termination of project staff.

4.4. Contractor's Project Staff Unavailability

The Contractor recognizes and agrees that early notification of project staff unavailability and proposed replacement personnel is essential to avoiding delays in completing the Deliverables/Work products established in this Agreement.

4.5. Contractor's Project Staff Removal

The City, in its sole discretion, shall have the right to request removal of Contractor project staff for working ineffectively or inefficiently and/or not being available to perform assigned tasks. The City shall request in writing to the Contractor to remove and or replace staff

within ten (10) business days of the notice and the Contractor and the City will meet to address the City's concerns. If the actions constitute a serious threat to the Agreement, breach of confidentiality, or physical or intellectual harm, Contractor staff shall be removed immediately upon notice by the City without further discussion.

If the Contractor desires to replace Key Personnel, the Contractor shall deliver to the City ten (10) business days advance written notice of the proposed replacement. In the event it becomes necessary to replace Key Personnel for reasons beyond the control of Contractor (i.e., death, illness, individual suddenly left the employ, etc.), the Contractor shall immediately notify the City Project Manager telephonically, in-person, or by email that a replacement will be needed and then follow that notice within ten (10) business days with a written notice of proposed replacement.

Whatever the reason for replacing project staff, the Contractor shall designate the name and qualifications of the proposed replacement, whose qualifications and capabilities shall be at least equal to those of the person being replaced. All replacements of Key Personnel, Project Manager, and Project Staff shall be subject to City's review and approval as described in Section 4.3.

5. CONTRACTOR'S COMPENSATION

5.1. Commission

The City agrees to compensate the Contractor on a commission fee basis for services to the City performed under this Agreement. **If no recovery is made on an account referred to the Contractor by the City during the Authorized Retention Period, there shall be no compensation due to the Contractor.**

5.1.1. Assigned Amount

For the purposes of this Agreement, for each account referred to the Contractor by City Departments, the following terms shall apply:

- "Total City Debt" shall mean a dollar total that includes the amount of the debt referred to the Contractor, including any City-authorized adjustments to the amount referred after assignment (i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account), but does not include the Contractor's commission fee. Total City Debt includes all principal, interest, penalties, adjustments, and other fees owed to the City.
- "Assigned Amount" shall include the Total City Debt and the Contractor's calculated commission fee based on the commission rates, as established in Section 5.2.

5.1.2. Commission Application

The commission due to the Contractor shall be based on the Contractor's applicable commission rate approved by the City, as specified and calculated in Sections 5.2 and 5.4, and any recovery made on an account that has been

assigned to the Contractor, up to but not to exceed the Assigned Amount, upon proper remittance to the City. The Contractor shall verify the inclusion of its fee relative to the debt owed upon assignment and, if applicable, adjustment. Refer to Section 6.3 for more details.

5.1.3. Adjustments

Any adjustments made to the Total City Debt shall be authorized by the City Department. The Contractor shall be entitled to a commission fee based on the final adjusted amount that was authorized by the City Department, the commission rates established in Section 5.2, and the recovered amount. The Contractor is not entitled to commission on amounts recovered that exceed the City's Assigned Amount, including any authorized adjustments.

5.2. Contractor's Commission Rate

The Contractor's approved commission rate shall be applied to actual amounts recovered on accounts referred, up to but not exceeding the Assigned Amount of the referral, and shall be:

Collection Level	Commission Rate
Primary Rate	20%
Secondary Rate	26%

5.3. Compensation Collection and Remittance

The Contractor shall not be compensated in any other method than that prescribed in this Section. Additional invoicing requirements are defined in Section 8.

5.3.1. Payments Collected by the Referring City Department

Any monies paid directly to the City Department during the Authorized Retention Period on an account assigned to the Contractor shall be deemed to have been collected by the Contractor, and the Contractor will be entitled to receive a commission on the payment, **unless: (1)** payment is received by the City Department or postmarked on or prior to the date of the City Department's receipt of the Contractor Acknowledgement Report, as set forth in this Section; **or (2)** collection activity, such as dunning notice sent or telephone contact with debtor, by the Contractor has not begun, in which case the Contractor would not be due any commission.

For those monies paid directly to the City and deemed to have been collected by the Contractor on City accounts, the City Department shall calculate the compensation owed in accordance with Section 5.4 and provide the Contractor with a Remittance Report or similar documentation, as determined by the City Department, detailing those monies and accounts, as detailed in Section 6.6. Upon receipt of the Remittance Report or similar documentation, the Contractor shall, in reference to the details provided therein: (1) apply monies to the

appropriate referred accounts and (2) submit an invoice to the City Department that totals the commission fees owed. Thereafter, the City Department shall remit payment to the Contractor in accordance with Section 8.

5.3.2. Payments Collected by the Contractor

For City accounts and on a monthly basis, the Contractor shall: (1) retain its own commission fees on payments made by debtors and paid to the Contractor in the previous month; (2) remit all payments to the referring City Department, less commission fees, made by debtors and paid to the Contractor in the previous month; and (3) submit to the City Department detailed supporting documentation, including the Remittance Report, and any other documentation required by the City Department.

5.4. Calculation of Compensation

Commission fees, in accordance with Section 5.4.1, shall be additive rather than a fraction of the City's Assigned Amount and shall not be subtracted from the principal that is owed to the City when calculating the Total City Debt. The Contractor shall be paid a commission fee based on the amount collected on an account, whether partially or fully, during the Authorized Retention Period. In the event that the Contractor collects partial payment(s) on an account during the Authorized Retention Period, the Contractor's compensation shall reflect a value less than the Maximum Commission Fee, as defined in Section 5.4.1, and shall be based on the actual amount recovered, as exemplified in Section 5.4.3.

5.4.1. Compensation Calculation Definitions

$$\text{Total City Debt} = \text{Principal} + \text{Penalties} + \text{Interest} + \text{Fees} \pm \text{Adjustments}$$

$$\text{Maximum Commission Fee} = \text{Total City Debt} \times \text{Commission Rate}$$

$$\text{Assigned Amount} = \text{Total City Debt} + \text{Maximum Commission Fee}$$

$$\text{Assigned Amount} = \text{Total City Debt} + (\text{Total City Debt} \times \text{Commission Rate})$$

\$
\$
\$
%

Total Amount to be Collected by the Contractor & is Owed by the Debtor

5.4.2. Payment Formulas

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \text{Amount Owed to City}$$

where

$$\text{Amount Owed to City} = \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

and

$$\text{Amount Owed to Contractor} = \text{Amount Paid by Debtor} - \frac{\text{Amount Paid by Debtor}}{1 + \text{Commission Rate}}$$

5.4.3. Fee and Payment Calculation Examples

An example has been provided herein for reference purposes only.

A City Department referred an account owing \$500 to the Contractor. The Contractor's commission rate is 10%.

$$\$500 + (\$500 \times 10\%) = \$550$$

Table 1.

Total City Debt	Commission Rate	Assigned Amount	Commission Owed to the Contractor
\$500	10%	\$550	Dependent upon the amount collected

Table 2.

Total City Debt	\$500		
Commission Rate	10%		
Assigned Amount	\$550	Full Debt Recovery	Partial Debt Recovery*
Amount Paid by the Debtor	?	\$550	\$385
Amount Owed to the City	?	\$500	\$350
Amount Owed to the Contractor (Commission Fee)	?	\$50	\$35

* In the Partial Debt Recovery example, if the Contractor recovers the remaining \$165 balance of the partially-recovered account within the Authorized Retention Period, then of that \$165 balance recovered, the City would be owed \$150 and the Contractor would retain \$15.

The Assigned Amount is \$550, which is inclusive of the Total City Debt and the Contractor's maximum commission fee. The final commission owed to the Contractor is dependent on the amount successfully recovered by the Contractor. It is the sole responsibility of the Contractor to ensure its commission has been included in the Assigned Amount prior to collection.

As illustrated in Table 2 above, recovering the entirety of the Assigned Amount will result in \$500 owed to the City, and \$50 owed to the Contractor. If only \$385 dollars of the \$550 is collected, then \$350 is owed to the City, and \$35 is owed to the Contractor. Note that $\$350 + (\$350 \times 10\%) = \$385$.

5.5. Reconciliation

Upon receipt of the Remittance Report defined in Section 6.6, the referring City Department will have six (6) months to validate all details set forth therein regarding monies collected from debtors by the Contractor on City-assigned accounts.

If the City Department identifies discrepancies between the actual amounts remitted to the City by the Contractor and the actual amounts owed to the City, the City Department shall send a Discrepancy Report to the Contractor detailing those instances at the City's discretion. The Contractor shall then have the opportunity to dispute amounts and/or details provided in said Discrepancy Report. Disputes shall be made in writing and received by the City Department within two (2) weeks from the receipt of the Discrepancy Report. All supporting information and evidence shall be, at a minimum, clearly delineated by account in the manner provided in the Discrepancy Report.

In the event that the discrepancies cannot be resolved, the Director of the Office of Finance, or their designee, shall make the final determination upon equal consideration of evidence provided by both parties. If the Discrepancy Report was disputed as specified above, a final Discrepancy Report shall be updated by the City Department and provided to the Contractor.

Any outstanding amounts determined to be owed, including documentation deemed necessary by the City Department, shall be remitted to the City Department or the Contractor to address the discrepancies.

The Discrepancy Report, if deemed necessary by the City Department, shall be sent within six (6) months of the receipt of the Remittance Report. If the Discrepancy Report is not sent within the six-month time frame, the payment made to the City Department, and described within the corresponding Remittance Report, shall be considered final and no adjustments shall be allowed to that payment.

6. REPORTING

6.1. Required Monthly Reports to Finance

The Contractor shall provide to Finance monthly electronic reports regarding collection activities, overall and specific to individual City Departments, performed by the Contractor during the previous month and from inception of this Agreement. Required monthly reports are due to Finance within five (5) working days of the close of the prior month. The City reserves the right to modify the Contractor's monthly reporting requirements as deemed appropriate, and the Contractor shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by City of the requested modification. Required monthly reporting shall be defined by the City, at its sole discretion, and may include, but is not limited to, the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors and Other Details (e.g., status, balance, etc.)
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Section 3.14 of this Agreement
- Monthly Data Reports

6.2. Required Monthly Reports to Referring City Departments

The Contractor shall also provide monthly electronic reports to each City Department that refers accounts. Monthly reports shall include information relative to collection activities specific to accounts referred to the Contractor by that City Department and include information for the prior month, or designated time period, and aggregate from the time that the department initiated account referral to the Contractor. Required monthly reports are due to City Departments within five (5) working days of the close of prior month. City Departments reserve the right to modify Contractor's monthly reporting requirements as deemed appropriate. The Contractor shall comply with any requested changes in monthly reporting within one (1) month of receiving notification from the department. Required monthly reporting to referring City Departments on accounts assigned to the Contractor may include, but are not limited to, the following:

- Activity Reports
- Status of Accounts Referred by the City Department
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

6.3. Acknowledgement Report

Upon receipt of a referral from a City Department, the Contractor shall provide an Acknowledgment Report to the City Department within one (1) City business day from the assignment to verify account placement. Timely submission of the Acknowledgment Report by the Contractor is essential in order for the Contractor to be entitled any commission for monies collected on a referred account, as set forth in Section 5 of this Agreement. The City Department shall specify to the Contractor the method for receipt of the Acknowledgment Report. Information in the report shall include, but not be limited to, the following on each account received:

- City Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Maximum Commission Fee
- Assigned Amount

6.4. Returned Accounts Report

The Contractor shall furnish to City Departments, when applicable, a Returned Accounts Report on accounts returned to the City. Reasons that an assigned account may be returned to the City include, but are not limited to, the following:

- Contractor was unable to collect the unpaid amounts within the time period allotted by the City to effect collection
- Court-ordered receivership is granted over debtor's business
- Debtor bankruptcy filing
- Debtor is deceased
- Decedent's estate lacks sufficient assets to satisfy the indebtedness
- City recalled the account

The Contractor shall state in its Report the reason(s) for the return of an account and be able to provide detailed information regarding all efforts undertaken by the Contractor to collect on an account prior to its return. The format for the Returned Accounts Report shall be specified by the referring City Department and shall accompany any returned accounts. At a minimum, information contained in the report shall include, but is not limited to, the following for each account returned:

- City Account Number
- Contractor Assigned Account Number
- Debtor Name
- Assignment Date
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Returned

6.5. Retained Accounts Report

The Contractor is required to furnish to City Departments, when applicable, a Retained Accounts Report on accounts retained by the Contractor beyond the initial allowable period. Monthly reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the City due to the expiration of the initial allowable period. The Contractor shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the City Department for any reason (e.g., expiration of the Authorized Retention Period).

City accounts shall not be retained by the Contractor unless authorized in writing by the referring City Department or where payment plans that will exceed the initial allowable retention period are in effect under which debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement. Regardless of the reason for the account retention, monthly reporting is required, as defined herein.

At any time the City may, at its sole discretion and for any reason, recall an account from the Contractor, as set forth in Section 3.5 of this Agreement. However, this action would not preclude payment obligations to the Contractor of commission fees in the event an

account with a payment plan in effect is taken over by the City and successfully collected by the City pursuant to said payment plan. At a minimum, the Retained Accounts Report shall include, but is not limited to, the following information for each account retained:

- City Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Detailed Reason(s) Account has been Retained

6.6. Remittance Report

The Contractor shall furnish to City Departments a Remittance Report setting forth the details from any monies that the Contractor collected during the previous month from debtors on City-assigned accounts. This Report shall accompany the monthly delivery of monies, as defined in Section 3.3.4 of this Agreement, and shall be delivered to the referring City Department on or before the fifteenth (15th) of each month when applicable. Automated remittance processes may be implemented upon written agreement between the referring City Department and the Contractor. Specific information required in the Remittance Report shall be determined by the City Department and may include, but not be limited to, the following:

- Identification of Collection Service Level (i.e., Primary or Secondary)
- Contract Number
- Contractor Assigned Vendor Code Number
- City Account Number
- Debtor Name
- Batch Number
- Total City Debt
- Assigned Amount
- Collected Amount
- Remaining Balance Due
- Contractor Commission Retained

City Departments shall furnish to the Contractor when applicable a Remittance Report, or similar documentation as determined by the City Department, setting forth the details from any monies paid directly to the City during the previous month by debtors on accounts referred to the Contractor and within the Authorized Retention Periods.

6.7. Customized, Ad Hoc, and Specialized As-Needed Reports

On an occasional basis, the Contractor may be required to provide to Finance or City Departments customized, ad hoc, or specialized as-needed reports. The Contractor shall furnish said reports within ten (10) business days from receipt of a written request, or other timeframe specified in writing, from Finance or City Departments. Specific details regarding the content and format of the specialized report shall be provided by the requesting party. Any system-related changes that may arise as a result of newly requested reports shall be implemented at no additional cost to the City.

7. SYSTEM USE AND INTEGRATION APPROVAL

Prior to any action to effect the commencement of services under this Agreement, the Contractor shall provide a list of any and all City systems and/or programs that the Contractor is either interfacing with or integrated with (i.e., FMS, RevQ, etc.) to the Director of the Office of Finance. The Director of the Office of Finance shall grant written approval or denial of each system or program and the duration for its use, including systems and programs that the Contractor currently utilizes or may utilize in the future. Until written approval is received, the Contractor shall immediately cease any and all utilization of said systems and/or programs.

The use of, integration with, and/or interfacing with any City system and/or program shall receive approval by the Director of the Office of Finance prior to their use by the Contractor in its pursuit . The Director of the Office of Finance may grant or revoke approval at any point for any system or program during the course of this Agreement, upon which the Contractor shall immediately cease any and all access to said technology.

8. INVOICING AND PAYMENTS

For payments made directly with the Contractor by debtors in the previous month on City-assigned accounts, the Contractor shall, on or before the fifteenth (15th) of the following month: (1) retain its own commission fees on those payments; (2) remit those payments, less its commission fees, to the referring City Department, in accordance with Section 5.4; and (3) provide supporting documentation, in accordance with Section 5.3.2. Additional payments may be required as a result of the Reconciliation process set forth in Section 5.5.

As defined in Section 5.3.1, for payments made directly with the City Department by debtors on accounts referred to the Contractor, the Contractor shall submit an invoice totaling commission fees owed based on those payments, in accordance with the Remittance Report, or similar documentation, provided by the City Department. In accordance with City policies, the City shall be in receipt of an invoice compliant with the requirements set forth in Section 8.1, prior to any payment processing or remittance to the Contractor.

8.1. Invoicing

Upon receipt of the Remittance Report or similar documentation from the City Department, the Contractor shall submit an invoice to the City Department that includes the following information:

- Name and Address of the Contractor
- Remittance Address
- Date of Invoice
- Invoice Number
- Agreement Number
- Date(s) and description of services provided
- Amount of Invoice and, if different, Total Amount Payable
- Other additional information and/or requirements as determined by the City Department

The Participation Document provided by the City Department upon account referral to the Contractor shall include the appropriate contact information to which invoicing shall be sent, as defined in Section 3.2.1.

8.2. Review and Acceptance of Deliverables

Failure to adhere to the policies detailed in this Section 8 may result in nonpayment or non-approval of demands, pursuant to City Charter Section 262(a), which requires the Controller to inspect the quality, quantity, and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve demands before they are drawn on the Treasury.

9. GOVERNING LAW AND VENUE

This Agreement and any action related thereto will be governed and interpreted by and under the laws of the State of California, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction. Each Party hereby expressly consents to the exclusive personal jurisdiction and venue in the state and federal courts of Los Angeles County, California for any lawsuit filed there against it by the other Party arising from or related to this Agreement.

10. NON-EXCLUSIVE

The City and Contractor understand and agree this is a non-exclusive Agreement to provide services to the City and that the City reserves the right to enter into agreement with other contractors/consultants to provide similar services during the term of this Agreement.

11. SEVERABILITY

If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement shall remain enforceable and the invalid or unenforceable provision(s) shall be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

12. NO THIRD-PARTY BENEFICIARIES

Nothing herein is intended to create a third-party beneficiary in any subcontractor. The City has no obligation to any subcontractor. No privity is created with any subcontractor by this Agreement. Even if the Contractor uses subcontractors, the Contractor remains responsible for complete and satisfactory performance of the terms of this Agreement.

13. STANDARD PROVISIONS FOR CITY CONTRACTS

By entering into this Agreement with the City, the Contractor agrees to abide by the Standard Provisions for City Contracts (Rev. 1/25 [v.2]), attached hereto and incorporated herein as Attachment A.

14. PUBLIC INSPECTION AND RECORDS

Notwithstanding any other provisions to the contrary, this Agreement, including any and all exhibits and attachments incorporated herein, shall be made available for public inspection in accordance with the City Charter and, to the extent applicable, the California Public Records Act (California Government Code § 6250 *et. seq.*).

15. MUNICIPAL LOBBYING ORDINANCE

The Contractor is required to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if the Contractor qualifies as a lobbying entity under LAMC § 48.02. Agreements submitted without a completed CEC Form 50 by contractors that qualify as a lobbying entity under LAMC § 48.02 may be subject to penalties, termination of contract, and debarment.

16. DISCLOSURE OF BORDER WALL CONTRACTING ORDINANCE AND SLAVERY DISCLOSURE ORDINANCE

The Contractor shall comply with LAAC § 10.50 *et seq.*, ‘Disclosure of Border Wall Contracting.’ The City may terminate this Agreement at any time if the City determines that the Contractor failed to fully and accurately complete the required affidavit and disclose all Border Wall Bids and Border Wall Contracts, as defined in LAAC § 10.50.1.

The Contractor shall comply with the Slavery Disclosure Ordinance, LAAC § 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by Contractor for work to be performed under this Agreement must include an identical provision.

The Contractor shall complete and upload a Disclosure Ordinance Affidavit, on www.rampla.org.

17. CONTRACTOR PERFORMANCE EVALUATION ORDINANCE

At the end of this Agreement, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by LAAC § 10.39.2, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a “Marginal” or “Unsatisfactory” rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation, and any response from the Contractor, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

18. CONFIDENTIALITY

- (a) The parties agree to keep confidential and not to use or disclose to any third parties any non-public business information of the other party learned or disclosed in connection with services provided pursuant to this Agreement and any amendments thereto, including the contractor materials. The obligation of the parties with respect to the confidential information shall terminate with respect to any particular portion of the confidential information if and when:

- (i) it is in the public domain at the time of its communication;
- (ii) it is developed independently by the receiving party without use of any confidential information;
- (iii) it enters the public domain through no fault of the receiving party subsequent to the time of the disclosing party's communication to the receiving party; or
- (iv) the receiving party has the disclosing party's written permission.

(b) Each Party shall provide notice to the other of any demand made upon it under lawful process to disclose or provide any of the other party's confidential information. The receiving party agrees to cooperate with the other Party, at the other party's expense, if the other party elects to seek reasonable protective arrangements or oppose such disclosure. Any confidential information disclosed pursuant to such lawful process shall continue to be confidential information.

19. COUNTERPARTS AND ELECTRONIC SIGNATURES

This Agreement may be executed in one (1) or more counterparts, each of which will be deemed an original and all of which will be taken together and deemed to be one (1) instrument. The Parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by the City) and sent by email shall be deemed original signatures.

20. ENTIRE AGREEMENT

This Agreement, and any exhibits, attachments, or documents incorporated herein by inclusion or by reference, constitutes the complete and entire Agreement between the Parties and supersedes all prior discussions between the Parties, oral or written. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by the duly authorized representatives of each Party.

21. ORDER OF PRECEDENCE

Unless otherwise provided for in this Agreement, in the event of any inconsistencies between the bodies of this Agreement, exhibits, attachments, and schedules, the order of precedence will be as follows:

- (1) This Agreement between the City and Contractor
- (2) Attachment A – Standard Provisions for City Contracts (Rev. 1/25 [v.2])

[Intentionally left blank. Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

The City of Los Angeles, a Municipal Corporation

By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this contract.

By: _____
Diana Mangioglu
City Treasurer/Director of Finance
Office of Finance

Date: _____

[Firm Name]

By: _____
[NAME]
[Title]

Date: _____

By**: _____
[Name]
[Title]

Date: _____

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO, City Attorney

By: _____
Charles Hong
Assistant City Attorney

Date: _____

ATTEST:

PETTY F. SANTOS, Interim City Clerk

By: _____

Date: _____

City Agreement Number: _____

Council File Number: _____

NOTE: IF Contractor is a corporation, two signatures are required.

*The signature of President, Chairman of the Board, Or Vice President is required here; and

**an additional signature of Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer is also required for the Corporation.

ATTACHMENT A

Standard Provisions for City Contracts (Rev. 1/25 [v.2])

STANDARD PROVISIONS FOR CITY CONTRACTS

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STANDARD PROVISIONS FOR CITY CONTRACTS

PSC-1. Construction of Provisions and Titles Herein

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one **CONTRACTOR**, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. Applicable Law, Interpretation and Enforcement

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**.

In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. Time of Effectiveness

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

- A. This Contract has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR**;
- B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Contract as to form; and
- D. This Contract has been signed on behalf of **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract.

PSC-4. Integrated Contract

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only as provided for in the provisions of PSC-5 hereof.

PSC-5. Amendment

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3.

PSC-6. Excusable Delays

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract, if the delay or failure arises out of fires, floods, earthquakes, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar events to those described above, but in each case the delay or failure to perform must be beyond the control and without any fault or negligence of the party delayed or failing to perform (these events are referred to in this provision as "Force Majeure Events").

Notwithstanding the foregoing, a delay or failure to perform by a Subcontractor of **CONTRACTOR** shall not constitute a Force Majeure Event, unless the delay or failure arises out of causes beyond the control of both **CONTRACTOR** and Subcontractor, and without any fault or negligence of either of them. In such case, **CONTRACTOR** shall not be liable for the delay or failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit **CONTRACTOR** to perform timely. As used in this Contract, the term "Subcontractor" means a subcontractor at any tier.

In the event **CONTRACTOR'S** delay or failure to perform arises out of a Force Majeure Event, **CONTRACTOR** agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-7. Waiver

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-8. Suspension

At **CITY'S** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon receipt of the notice of suspension, **CONTRACTOR** shall immediately cease the services

suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services.

PSC-9. Termination

A. Termination for Convenience

CITY may terminate this Contract for **CITY'S** convenience at any time by providing **CONTRACTOR** thirty days written notice. Upon receipt of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

B. Termination for Breach of Contract

1. Except as provided in PSC-6, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may give **CONTRACTOR** written notice of the default. **CITY'S** default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of **CITY**. Additionally, **CITY'S** default notice may offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the default, which shall be submitted to **CITY** within the time period allowed by **CITY**. At **CITY'S** sole discretion, **CITY** may accept or reject **CONTRACTOR'S** plan. If the default cannot be cured or if **CONTRACTOR** fails to cure within the period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR'S** breach of this Contract.
2. If the default under this Contract is due to **CONTRACTOR'S** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance coverage and Contractor's obligation to suspend performance of services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY'S** requirements.

3. If a federal or state proceeding for relief of debtors is undertaken by or against **CONTRACTOR**, or if **CONTRACTOR** makes an assignment for the benefit of creditors, then **CITY** may immediately terminate this Contract.
4. If **CONTRACTOR** engages in any dishonest conduct related to the performance or administration of this Contract or violates **CITY'S** laws, regulations or policies relating to lobbying, then **CITY** may immediately terminate this Contract.
5. Acts of Moral Turpitude
 - a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, any act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").
 - b. If **CONTRACTOR** or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, **CITY** may immediately terminate this Contract.
 - c. If **CONTRACTOR** or a Key Person is charged with or indicted for an Act of Moral Turpitude, **CITY** may terminate this Contract after providing **CONTRACTOR** an opportunity to present evidence of **CONTRACTOR'S** ability to perform under the terms of this Contract.
 - d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse, elderly abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.

- e. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.
 6. In the event **CITY** terminates this Contract as provided in this section, **CITY** may procure, upon such terms and in the manner as **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to **CITY** for all of its costs and damages, including, but not limited to, any excess costs for such services.
 7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-9(A) Termination for Convenience.
 8. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

PSC-10. Independent Contractor

CONTRACTOR is an independent contractor and not an agent or employee of **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **CITY**.

PSC-11. Contractor's Personnel

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. **CITY** has the right to review and approve any personnel who are assigned to work under this Contract. **CONTRACTOR** shall remove personnel from performing work under this Contract if requested to do so by **CITY**.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of **CITY**. If **CITY** permits the use of Subcontractors, **CONTRACTOR** shall remain responsible for performing all aspects of this Contract and paying all Subcontractors. **CITY** has the right to approve **CONTRACTOR'S** Subcontractors, and **CITY** reserves the right to request replacement of any

Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR'S** Subcontractors, and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

PSC-12. Assignment and Delegation

CONTRACTOR may not, unless it has first obtained the written permission of **CITY**:

- A. Assign or otherwise alienate any of its rights under this Contract, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

PSC-13. Permits

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications and other documents necessary for **CONTRACTOR'S** performance of this Contract. **CONTRACTOR** shall immediately notify **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to **CONTRACTOR'S** performance of this Contract.

PSC-14. Claims for Labor and Materials

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.

PSC-15. Current Los Angeles City Business Tax Registration Certificate Required

For the duration of this Contract, **CONTRACTOR** shall maintain valid Business Tax Registration Certificate(s) as required by **CITY'S** Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-16. Retention of Records, Audit and Reports

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by **CITY**, (2) the expiration of this Contract or (3) termination of this Contract. The records will be subject to examination and audit by authorized **CITY** personnel or **CITY'S** representatives at any time. **CONTRACTOR** shall provide any reports requested by **CITY** regarding

performance of this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY'S** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

PSC-17. Bonds

All bonds required by **CITY** shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 *et seq.*, as amended from time to time.

PSC-18. Indemnification

Except for the active negligence or willful misconduct of **CITY**, or any of its boards, officers, agents, employees, assigns and successors in interest, **CONTRACTOR** shall defend, indemnify and hold harmless **CITY** and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including **CONTRACTOR'S** employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of an act, error, or omission by **CONTRACTOR**, Subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-19. Intellectual Property Indemnification

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under this Contract; or (2) as a result of **CITY'S** actual or intended use of any Work Product (as defined in PSC-21) furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive

and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-20. Intellectual Property Warranty

CONTRACTOR represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

PSC-21. Ownership and License

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

CONTRACTOR agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract such that **CITY'S** ownership and license rights of all Work Products are preserved and protected as intended herein.

PSC-22. Data Protection

- A. **CONTRACTOR** shall protect, using the most secure means and technology that is commercially available, **CITY**-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the “City Data”). **CONTRACTOR** shall notify **CITY** in writing as soon as reasonably feasible, and in any event within twenty-four hours, of **CONTRACTOR’S** discovery or reasonable belief of any unauthorized access of City Data (a “Data Breach”), or of any incident affecting, or potentially affecting City Data related to cyber security (a “Security Incident”), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. **CONTRACTOR** shall begin remediation immediately. **CONTRACTOR** shall provide daily updates, or more frequently if required by **CITY**, regarding findings and actions performed by **CONTRACTOR** until the Data Breach or Security Incident has been effectively resolved to **CITY’S** satisfaction. **CONTRACTOR** shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with **CITY**. At **CITY’S** sole discretion, **CITY** and its authorized agents shall have the right to lead or participate in the investigation. **CONTRACTOR** shall cooperate fully with **CITY**, its agents and law enforcement.
- B. If **CITY** is subject to liability for any Data Breach or Security Incident, then **CONTRACTOR** shall fully indemnify and hold harmless **CITY** and defend against any resulting actions.

PSC-23. Insurance

During the term of this Contract and without limiting **CONTRACTOR’S** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY’S** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-24. Best Terms

Throughout the term of this Contract, **CONTRACTOR**, shall offer **CITY** the best terms, prices, and discounts that are offered to any of **CONTRACTOR’S** customers for similar goods and services provided under this Contract.

PSC-25. Warranty and Responsibility of Contractor

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR'S** profession, doing the same or similar work under the same or similar circumstances.

PSC-26. Mandatory Provisions Pertaining to Non-Discrimination in Employment

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

- A. **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and **CITY**. In performing this Contract, **CONTRACTOR** shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The requirements of Section 10.8.2.1 of the LAAC, the Equal Benefits Ordinance, and the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.
- C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Equal Employment Practices" provisions of this Contract.
- D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Affirmative Action Program" provisions of this Contract.

Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-27. Child Support Assignment Orders

CONTRACTOR shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, **CONTRACTOR** shall fully comply with all applicable State and Federal employment reporting requirements. Failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract. Failure of **CONTRACTOR** or principal owner to cure

the default within 90 days of the notice of default will subject this Contract to termination for breach. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-28. Living Wage Ordinance

CONTRACTOR shall comply with the Living Wage Ordinance, LAAC Section 10.37 *et seq.*, as amended from time to time. **CONTRACTOR** further agrees that it shall comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-29. Service Contractor Worker Retention Ordinance

CONTRACTOR shall comply with the Service Contractor Worker Retention Ordinance, LAAC Section 10.36 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-30. Access and Accommodations

CONTRACTOR represents and certifies that:

- A. **CONTRACTOR** shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 *et seq.*, the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 *et seq.*, the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. **CONTRACTOR** shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. **CONTRACTOR** shall provide reasonable accommodation upon request to ensure equal access to **CITY**-funded programs, services and activities;
- D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and
- E. The buildings and facilities used to provide services under this Contract are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

CONTRACTOR understands that **CITY** is relying upon these certifications and representations as a condition to funding this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-31. Contractor Responsibility Ordinance

CONTRACTOR shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 *et seq.*, as amended from time to time.

PSC-32. Business Inclusion Program

Unless otherwise exempted prior to bid submission, **CONTRACTOR** shall comply with all aspects of the Business Inclusion Program as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. **CONTRACTOR** shall utilize the Regional Alliance Marketplace for Procurement ("RAMP") at <https://www.rampla.org/s/>, to perform and document outreach to Minority, Women, and Other Business Enterprises. **CONTRACTOR** shall perform subcontractor outreach activities through RAMP. **CONTRACTOR** shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of **CITY**.

PSC-33. Slavery Disclosure Ordinance

CONTRACTOR shall comply with the Slavery Disclosure Ordinance, LAAC Section 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-34. First Source Hiring Ordinance

CONTRACTOR shall comply with the First Source Hiring Ordinance, LAAC Section 10.44 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-35. Local Business Preference Ordinance

CONTRACTOR shall comply with the Local Business Preference Ordinance, LAAC Section 10.47 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-36. Iran Contracting Act

In accordance with California Public Contract Code Sections 2200-2208, all contractors entering into, or renewing contracts with **CITY** for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

PSC-37. Restrictions on Campaign Contributions and Fundraising in City Elections

Unless otherwise exempt, if this Contract is valued at \$100,000 or more and requires approval by an elected **CITY** office, **CONTRACTOR**, **CONTRACTOR'S** principals, and **CONTRACTOR'S** Subcontractors expected to receive at least \$100,000 for performance

under the Contract, and the principals of those Subcontractors (the “Restricted Persons”) shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles **CITY** to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected **CITY** officials or candidates for elected **CITY** office for twelve months after this Contract is signed. Additionally, a **CONTRACTOR** subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any **CONTRACTOR** subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least \$100,000 for performance under this Contract:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections

You are a subcontractor on City of Los Angeles Contract # _____ . Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles (“**CITY**”) officials and candidates for elected **CITY** office for twelve months after the **CITY** contract is signed. You are required to provide the names and contact information of your principals to the **CONTRACTOR** and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

PSC-38. Contractors’ Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors’ Use of Criminal History for Consideration of Employment Applications Ordinance, LAAC Section 10.48 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-39. Limitation of City’s Obligation to Make Payment to Contractor

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY** and **CITY** shall have no obligation to pay for the services, purchases or expenses. **CONTRACTOR** shall have no obligation to provide any services,

provide any equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

PSC-40. Compliance with Identity Theft Laws and Payment Card Data Security Standards

CONTRACTOR shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act (“FACTA”), including its requirement relating to the content of transaction receipts provided to Customers. **CONTRACTOR** also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards (“PCI DSS”). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA.

PSC-41. Compliance with California Public Resources Code Section 5164

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, **CONTRACTOR** shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by **CITY**. **CONTRACTOR** is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of **CONTRACTOR** working on premises to pass a fingerprint and background check through the California Department of Justice at **CONTRACTOR’S** sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

PSC-42. Possessory Interests Tax

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

PSC-43. Confidentiality

All documents, information, City Data (as that term is defined in PSC-22), and materials provided to **CONTRACTOR** by **CITY** or developed by **CONTRACTOR** pursuant to this Contract (collectively “Confidential Information”) are confidential. **CONTRACTOR** shall not provide, and shall prohibit its employees and subcontractors from providing or disclosing, any Confidential Information or their contents or any information therein either orally or in writing, to any person or entity, except as authorized by **CITY** or as required by law. **CONTRACTOR** shall immediately notify **CITY** of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.

PSC-44. Contractor Data Reporting

If Contractor is a for-profit, privately owned business, Contractor shall, within 30 days of the effective date of the Contract and on an annual basis thereafter (i.e., within 30 days of the annual anniversary of the effective date of the Contract), report the following information to City via the Regional Alliance Marketplace for Procurement (“RAMP”) or via another method specified by City: Contractor’s and any Subcontractor’s annual revenue, number of employees, location, industry, race/ethnicity and gender of majority owner (“Contractor/Subcontractor Information”). Contractor shall further request, on an annual basis, that any Subcontractor input or update its business profile, including the Contractor/Subcontractor Information, on RAMP or via another method prescribed by City.

EXHIBIT 1

INSURANCE CONTRACTUAL REQUIREMENTS

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low-cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS

CONTRACTOR AGREES THAT:

- 1. Additional Insured/Loss Payee.** The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.
- 2. Notice of Cancellation.** All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.
- 3. Primary Coverage.** CONTRACTOR will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.
- 4. Modification of Coverage.** The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving CONTRACTOR ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to CONTRACTOR, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.
- 5. Failure to Procure Insurance.** All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by CONTRACTOR.

CONTRACTOR'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.

- 6. Workers' Compensation.** By signing this Contract, CONTRACTOR hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake

self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, CONTRACTOR must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-3, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

Required Insurance and Minimum Limits

Name: _____

Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

Workers' Compensation (WC) and Employer's Liability (EL)

Waiver of Subrogation in favor of City

Longshore & Harbor Workers

Jones Act

WC

Statutor

✓

EL

General Liability

Products/Completed Operations

Fire Legal Liability _____

Sexual Misconduct _____

Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)

Professional Liability (Errors and Omissions)

Discovery Period _____

Property Insurance (to cover replacement cost of building - as determined by insurance company)

All Risk Coverage

Boiler and Machinery

Flood _____

Builder's Risk

Earthquake _____

Pollution Liability

Surety Bonds - Performance and Payment (Labor and Materials) Bonds

Crime Insurance

Other: _____