

AGREEMENT

between

THE CITY OF LOS ANGELES

and

MUNISERVICES, LLC

for a

CITY TAX DISCOVERY PROGRAM

February 24, 2015

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**CITY OF LOS ANGELES AND
MUNISERVICES LLC
CONTRACT NO. _____**

This Agreement is made and entered into by and between the City of Los Angeles, a municipal corporation, acting by and through its Office of Finance's Tax & Permit Division or its successor (hereinafter referred to as "CITY") with offices located at 200 North Spring Street, Room 220, Los Angeles, California 90012, and MuniServices, LLC, a Delaware Limited Liability Company (hereinafter referred to as "CONTRACTOR") with offices located at 7625 North Palm Avenue, Suite 108 Fresno, CA 93711.

WITNESSETH

WHEREAS, CITY has issued a Request for Proposal (hereinafter referred to as "RFP") for a City Tax Discovery Program (hereinafter referred to as "PROGRAM"), and has selected the proposal submitted by CONTRACTOR as the most responsive; and

WHEREAS, CONTRACTOR possesses knowledge and experience in performing tax discovery and collection programs; and

WHEREAS, in entering into this Agreement, CITY has relied heavily upon CONTRACTOR'S representations to CITY regarding said knowledge and experience and the personnel it assigns to perform services; and

WHEREAS, the services to be performed by CONTRACTOR are of an expert and technical nature and are temporary and occasional in character;

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:

ARTICLE I: DEFINITIONS

A. BUSINESS

"Business" shall mean any person and/or business entity subject to the business tax as defined in Chapter II, Article 1 of the Los Angeles Municipal Code.

B. BUSINESS TAX YEAR

"Business Tax Year" shall mean the period of time a business may be liable for business taxes and encompasses January 1st through December 31st of any calendar year.

C REGISTERED ENTITIES

"Registered entities" shall mean any entity registered with the CITY in the LATAX database as either an active or inactive account.

D. UNREGISTERED ENTITIES

"Unregistered Entities" shall mean BUSINESSES as defined in Chapter II, Article I of the Los Angeles Municipal code that are not recorded in the LATAX or the Tax Discovery System (TDS) databases, and conducting business in the City without the Business Tax Registration Certificate as required by CITY's ordinance.

E. CITY BUSINESS TAX DISCOVERY EFFORTS

"City Business Tax Discovery Efforts" shall mean all office and field enforcement discovery activities conducted by CITY employees.

F. CITY BUSINESS TAX COLLECTION EFFORTS

“City Business Tax Collection Efforts” shall mean all office and enforcement activities conducted by CITY employees to identify, pursue, track, report, collect, and account for business tax liabilities due to the CITY.

G. CONTRACTOR TAX DISCOVERY SYSTEM ("System")

“Contractor Tax Discovery System” or “System” shall refer to the computer/telephone hardware and software stated in CONTRACTOR'S proposal used for identifying UNREGISTERED ENTITIES that have not registered for the privilege of engaging in business in the City of Los Angeles.

H. PENDING LEADS FILE

“Pending Leads File” shall mean the electronic file transmitted from CONTRACTOR to the CITY that contains potential UNREGISTERED ENTITIES. Data contained in the file must include legal name, DBA if applicable, business address and mailing address. Failure of CONTRACTOR to provide the four aforementioned data elements for matching purposes will negate the validity of the pending leads file. Additional information such as phone number, FEIN or SSN, and e-mail address are requested but not mandatory data elements to be included in the PENDING LEADS FILE.

I. OK TO PURSUE FILE

“OK to Pursue File” shall mean the electronic file transmitted from CITY to CONTRACTOR that consists of all UNREGISTERED ENTITIES approved by the CITY for which the CONTRACTOR may commence discovery efforts.

J. CONTRACTOR PURSUE START DATE

“Contractor Pursue Start Date” shall mean the date that the OK TO PURSUE FILE is transmitted to the CONTRACTOR with written confirmation that CONTRACTOR may begin discovery efforts on the UNREGISTERED ENTITIES contained the file.

K. CONTRACTOR PURSUE END DATE

“Contractor Pursue End Date” shall mean the date that the CONTRACTOR will stop all discovery efforts on an UNREGISTERED ENTITY which is twelve (12) months from the CONTRACTOR PURSUE START DATE except that no case shall the CONTRACTOR PURSUE END DATE extend beyond the termination or expiration date of this Contract.

L. CONTRACTOR INITIAL MAILING DATE

“Contractor Initial Mailing Date” shall mean the postmark date of the initial mail correspondence from CONTRACTOR to an UNREGISTERED ENTITY.

M. CONTRACTOR PAYMENT ELIGIBLE START DATE

“Contractor Payment Eligible Start Date” shall mean the date that the BUSINESS is registered after the CONTRACTOR INITIAL MAILING DATE. This is the date that the CONTRACTOR becomes eligible for compensation for payments made by this BUSINESS except that no case shall the CONTRACTOR PAYMENT ELIGIBLE START DATE be later than the termination or expiration date of this Contract.

N. CONTRACTOR PAYMENT ELIGIBLE END DATE

“Contractor Payment Eligible End Date” shall mean the date the CONTRACTOR is no longer eligible for compensation for payments made by this business. This will be set to December 31st of the next BUSINESS TAX

YEAR following the date of registration (e.g., if the business was registered in 2/1/2014 – a current BUSINESS TAX YEAR of 2014 – then the CONTRACTOR PAYMENT ELIGIBLE END DATE will be set to December 31st of 2015).

O. EFFECTIVE DATE

The “Effective Date” of this Agreement shall be the date on which the City Clerk approves and records the Agreement.

ARTICLE II: CONTRACTOR'S PERFORMANCE

A. SCOPE OF SERVICES

1. CONTRACTOR shall submit to the CITY a monthly PENDING LEADS FILE to be matched against the CITY LATAx database of REGISTERED ENTITIES and Tax Discovery System (TDS) database. Data contained in the PENDING LEADS FILE must include legal name, DBA if applicable, business address and mailing address. Failure of CONTRACTOR to provide the four aforementioned data elements for matching purposes will negate the validity of the pending leads file. Additional information such as phone number, FEIN or SSN, and e-mail address are requested but not mandatory data elements to be included in the PENDING LEADS FILE.
2. Once CONTRACTOR receives the OK TO PURSUE FILE from the CITY the CONTRACTOR will have twelve (12) months from the CONTRACTOR PURSUE START DATE to get the UNREGISTERED ENTITIES registered into LATAx in order to be eligible for compensation. If CITY requests an approved lead in the OK TO PURSUE FILE to be put on hold, the 12 month deadline for that lead will be extended commensurate with the amount of the delay. The cumulative period of time that contractor shall have to pursue to pursue a lead shall not to exceed 12 months. For example, if the 12 month deadline for a lead is February 1, 2015 and the City places the lead on hold for 3 months, the 12 month deadline for that lead will be adjusted to May 1, 2015. However, in no case shall the CONTRACTOR PURSUE END DATE extend beyond the termination or expiration date of this Contract.
3. CONTRACTOR shall apply all provisions of the Los Angeles Municipal Code, City Clerk Rulings and related policies in the operation of the Program as directed by the CITY.
4. CITY approval shall be required for CONTRACTOR's correspondence templates and proposed mailing campaign schedules.
5. CONTRACTOR's initial communications with potential UNREGISTERED ENTITIES must be completed in a written correspondence format. After establishing initial contact, CONTRACTOR may utilize telephonic or electronic communications, i.e. e-mail, for follow up. CONTRACTOR shall make no field investigations or audits of businesses.
6. All contacts made by CONTRACTOR'S employees with taxpayers, whether written, voice or electronic, shall be accomplished with a high degree of discretion and in a businesslike manner.
7. CONTRACTOR shall be responsible for managing all taxpayer inquiries, telephone calls and correspondence resulting from its letter, telephone and collection activities, file requests and/or other activities in a manner that will minimize significant impact on CITY employees. If CITY requests CONTRACTOR to slow efforts in order to minimize impact on CITY employees, the 12 month deadline for those leads not pursued as a result, is extended commensurate with the amount of the delay. The cumulative period of time that contractor shall have to pursue to pursue affected leads shall not exceed 12 months. For example, if the 12 month deadline for affected leads is February 1, 2015 and the affected leads are delayed for 1 month, the 12 month deadline for that lead will be adjusted to March 1, 2015. However, in no case shall the CONTRACTOR PURSUE END DATE extend beyond the termination or expiration date of this Contract.

8. CONTRACTOR shall work with CITY to create an interface(s) to transmit new taxpayer registration information and payments electronically to CITY liaison for approval prior to entering into LATAX system. Such interface(s) shall be closely managed by CONTRACTOR to minimize any data entry errors and shall also be subject to system edits and review processes, as determined by CITY. CITY will provide CONTRACTOR 30 days advance notice of any system changes that may impact CONTRACTOR's interface.
9. Except as otherwise described in this Agreement, CONTRACTOR shall provide, for its own use, all hardware, software (including installation and maintenance), system design, data conversion, file transfers, data resources, and personnel needed to operate the Program described in this Agreement and designed to achieve the objectives described in Article II of this Agreement. Any modifications required to CONTRACTOR'S PROGRAM or SYSTEM in order to interface with or utilize information from CITY's LATAX system or any other databases or electronic files provided by CITY, shall be the responsibility, financial and otherwise, of CONTRACTOR. CONTRACTOR will maintain similar data interfaces to these systems at all times throughout the Agreement term at least the same level of the interface as at implementation. The provision of technical and non-technical support resources necessary for operation of the program is the sole responsibility of CONTRACTOR.
10. CONTRACTOR shall process and deliver all taxpayer payments within ten (10) business days of receipt subject to all CITY controls and review processes. CONTRACTOR shall not make any deductions from taxpayer payments collected.
11. CONTRACTOR shall apply payments according to the CITY payment application policy. The payment application policy is that taxpayer payments are applied first to principal, second to interest, and third to penalty except when a taxpayer designates the exact payment application that varies from above. The payments are applied according to the order of the years in statute, from oldest to newest.
12. CONTRACTOR will receive compensation for business tax liabilities of UNREGISTERED ENTITIES discovered by the CONTRACTOR only once the CITY has received payment. Office of Finance staff will be responsible for the determination and collection of any other types of taxes or permit fees that are due.
13. CONTRACTOR shall return UNREGISTERED ENTITY leads that have been approved by CITY in the "OK TO PURSUE FILE" to the CITY if initial and subsequent attempts by CONTRACTOR have not resulted in CONTRACTOR registering said tax discovery leads prior to the CONTRACTOR PURSUE END DATE. No compensation will be given to CONTRACTOR for accounts returned to the CITY. In no case shall the CONTRACTOR PURSUE END DATE extend beyond the termination or expiration date of this Contract.
14. CONTRACTOR shall not replace or duplicate the ongoing CITY BUSINESS TAX DISCOVERY and CITY BUSINESS TAX COLLECTION EFFORTS undertaken by the employees of CITY, or other entities with whom CITY may contract to perform tax discovery and/or collection, but will instead enhance those current efforts by bringing to CITY more sophisticated computer and telephonic tools to discover and contact UNREGISTERED ENTITIES conducting business in CITY. This restriction applies to the duplication of programs and not similar procedural tasks which may necessarily be required within the programs of the CITY and CONTRACTOR. CONTRACTOR will only pursue those UNREGISTERED ENTITIES identified in the OK TO PURSUE FILE.
15. Except as otherwise described in this Agreement, CONTRACTOR shall provide at its own expense, for its own use, furnishings and equipment to include, but not be limited to, the following: office desks, chairs, sound screen panels, copy machine, facsimiles machine, hardware, communications equipment, file cabinets, telephones, sundry office supplies and any other supplies or miscellaneous furniture necessary for CONTRACTOR to perform its obligations under this Agreement.
16. CONTRACTOR shall provide at its own expense, for itself, the staff required to perform and support the PROGRAM.
17. CONTRACTOR and its staff used to support the PROGRAM are prohibited from utilizing any taxpayer

information or contacts resulting from this PROGRAM for financial or other benefit to themselves or any other business entity except as provided for in this Agreement.

18. CITY will notify CONTRACTOR in the event that CITY employees are negatively impacted with a significantly increased workload as a result of CONTRACTOR's tax discovery mailing campaigns or activities. CONTRACTOR agrees to reduce mailings as requested by the CITY during tax renewal periods. The CONTRACTOR agrees to work with CITY to resolve any issues in this area.
19. CONTRACTOR shall not be responsible for reporting information regarding received or uncollected accounts to credit bureaus.

ARTICLE III: CONTRACTOR'S DELIVERABLES

A. PENDING LEADS FILE

CONTRACTOR shall submit to the CITY a monthly PENDING LEADS FILE to be matched by CITY against the CITY LATAX database of REGISTERED ENTITIES and the Tax Discovery System (TDS) database. Data contained in the PENDING LEADS FILE must include legal name, DBA if applicable, business address and mailing address. Failure of CONTRACTOR to provide the four aforementioned data elements for matching purposes will negate the validity of the pending leads file. Additional information such as phone number, FEIN or SSN, and e-mail address are requested but not mandatory data elements to be included in the PENDING LEADS FILE.

B. OPERATIONAL REVIEW

Upon the Agreement EFFECTIVE DATE, the CONTRACTOR shall perform a review of the existing CITY BUSINESS TAX DISCOVERY EFFORTS, existing CITY BUSINESS TAX COLLECTION EFFORTS, design initial correspondence, and identify reports that need to be developed (hereinafter "OPERATIONAL REVIEW"). The outcome of this OPERATIONAL REVIEW shall be the work plan as defined in Exhibit B, and as may be amended from time to time (hereinafter "WORK PLAN"). CONTRACTOR shall provide the WORK PLAN within forty-five (45) days of the Agreement EFFECTIVE DATE in order to accomplish the services as referenced in Article II.A, Scope of Services. Prior to commencement of work, CONTRACTOR shall meet with CITY's project coordinator in order for CITY to review and approve objectives. CONTRACTOR shall not begin registration or collection work until CITY has given written approval of the WORK PLAN. Any revisions to the WORK PLAN subsequent to the initial review and approval must be submitted to CITY for approval prior to implementation.

C. CONTRACTOR TAX DISCOVERY SYSTEM

CONTRACTOR shall establish the CONTRACTOR TAX DISCOVERY SYSTEM to accomplish the Scope of Services described in Article II.A. The timeline to establish the CONTRACTOR TAX DISCOVERY SYSTEM will be defined in the WORK PLAN.

D. LIMITED PROGRAM PILOT

CONTRACTOR will conduct a limited pilot program to test the CONTRACTOR TAX DISCOVERY SYSTEM on low volumes of potential UNREGISTERED ENTITIES. This will also test the automated processes developed between the CONTRACTOR and CITY. The timeline and scope for the Limited Program Pilot will be defined in the WORK PLAN (hereinafter "LIMITED PROGRAM PILOT").

E. ONGOING OPERATIONS

Once the LIMITED PROGRAM PILOT is complete, as completion is defined in the WORK PLAN, the CONTRACTOR will shift into ongoing operations within forty-five (45) days where the CONTRACTOR will perform the tax discovery tasks to register and secure payment on UNREGISTERED ENTITIES as described in the Article II.A, Scope of Services.

F. REPORTS

CONTRACTOR shall provide, as requested, written report(s) to CITY as set forth in Exhibit A.

G. CONTRACTOR EMPLOYEE CONDUCT

CONTRACTOR or CONTRACTOR's subcontractor shall keep confidential, as required by law, any CITY data, taxpayer information and programs provided by CITY when informed in writing that such is confidential. CONTRACTOR will investigate allegations of breach of confidentiality for appropriate action.

ARTICLE IV: CITY'S DELIVERABLES

A. LATAX / TDS MATCHING

1. The CITY will take the CONTRACTOR's monthly PENDING LEADS FILE and match it against the CITY LATAX database of REGISTERED ENTITIES and the Tax Discovery System (TDS) database. Data contained in the PENDING LEADS FILE must include legal name, DBA if applicable, business address and mailing address. Failure of CONTRACTOR to provide the four aforementioned data elements for matching purposes will negate the validity of the pending leads file. Additional information such as phone number, FEIN or SSN, and e-mail address are requested but not mandatory data elements to be included in the PENDING LEADS FILE.
2. The resulting OK TO PURSUE FILE of UNREGISTERED ENTITIES will be transmitted to the CONTRACTOR by the CITY within a period of thirty (30) calendar days from receiving the PENDING LEADS FILE.

B. FACILITIES

CITY shall provide CONTRACTOR with not more than two workstations at CITY's offices located at 1200 W. 7th Street, Los Angeles, or other such location as CITY may designate, for CONTRACTOR'S personnel to review interface data and perform additional LATAX data entry and payments processing as required. The size of the workstations will be determined at the sole discretion of the CITY, although reasonable effort will be taken to address the CONTRACTOR's needs.

C. CITY DATA

Twice monthly, CITY will electronically transmit to CONTRACTOR a file containing account activities and payment information regarding accounts CONTRACTOR has discovered.

D. ACTIVITY REPORTS

At regular monthly intervals, CITY will provide an approved monthly activity statement of all transactions of CONTRACTOR discovery accounts registered by CITY. The statement will provide the basis for CONTRACTOR's invoicing.

E. TRAINING

The CITY shall provide a maximum of 120 hours of training on the City of Los Angeles Business Tax Ordinance Class and applicable CITY policies and procedures to all members of the CONTRACTOR'S project team during the term of the Agreement.

F. CITY EMPLOYEE CONDUCT

CITY employees shall keep confidential, as required by law, any CONTRACTOR's or its subcontractor's proprietary property, information and programs provided by CONTRACTOR when informed in writing that such is confidential. CITY will investigate allegations of breach of confidentiality for appropriate action.

ARTICLE V: TERM

The initial term of the Agreement shall be for a three-year period commencing upon the Agreement EFFECTIVE DATE. This Agreement may be extended for up to two (2) additional years by agreement of both parties.

ARTICLE VI: COMPENSATION-INVOCING

A. COMPENSATION

1. CONTRACTOR'S compensation for providing and operating the City Tax Discovery Program shall be contingent upon CONTRACTOR'S efforts to identify and effect revenue collection from those UNREGISTERED ENTITIES as approved by the CITY in the OK TO PURSUE FILE. No compensation will be paid for businesses registered by the CONTRACTOR prior to the business having incurred and paid their business tax liability with the CITY.
2. The CONTRACTOR's compensation shall be a contingency fee on any business tax payments made by a BUSINESS registered as a result of the CONTRACTOR's City Tax Discovery Program between the CONTRACTOR PAYMENT ELIGIBLE START DATE and the CONTRACTOR PAYMENT ELIGIBLE END DATE.
3. **COMPENSATION RATES:**
 - a) **FULLY COMPENSATED ACCOUNT** – 19% of principal tax, interest, and penalty discovered by the CONTRACTOR and collected by CONTRACTOR or CITY, excluding 3rd party collection fees, for the first \$10,000,000 in revenue, 18% on revenue between \$10,000,001 and \$15,000,000, and 16% on revenue over \$15,000,000.
 - b) **PARTIALLY COMPENSATED ACCOUNT (Shared Accounts)** – 9.5% of principal tax, interest, and penalty discovered by the CONTRACTOR and collected by CONTRACTOR or CITY, excluding 3rd party collection fees, for the first \$10,000,000 in revenue, 9% on revenue between \$10,000,001 and \$15,000,000, and 8% on revenue over \$15,000,000.
 - c) **UNCOMPENSATED ACCOUNT** – 0% of principal tax, interest, and penalty discovered by the CONTRACTOR and collected by CONTRACTOR or CITY.
4. **FULLY COMPENSATED ACCOUNT** – If a BUSINESS is registered by CONTRACTOR and CONTRACTOR collects all business tax liabilities owed to the CITY between the CONTRACTOR PURSUE START DATE and the CONTRACTOR PURSUE END DATE, the CONTRACTOR's level of compensation will be set at the FULLY COMPENSATED RATE and CONTRACTOR shall be paid for revenues actually received by CITY for the current BUSINESS TAX YEAR, all past tax years in statute and for payments by the same registered business for up to one following BUSINESS TAX YEAR. No compensation shall be paid beyond the CONTRACTOR PAYMENT ELIGIBLE END DATE.
5. **PARTIALLY COMPENSATED ACCOUNT** – If a BUSINESS is registered by CONTRACTOR between the CONTRACTOR PURSUE START DATE and the CONTRACTOR PURSUE END DATE, but the CONTRACTOR is unable to collect all business tax liabilities owed to the CITY, the CONTRACTOR's level of compensation will be set at the PARTIALLY COMPENSATED RATE for all outstanding payments due to the CITY for the current BUSINESS TAX YEAR, all past tax years in statute and for payments by the same registered business for up to one following BUSINESS TAX YEAR. No compensation shall be paid beyond the CONTRACTOR PAYMENT ELIGIBLE END DATE.

6. **UNCOMPENSATED ACCOUNT** – The CONTRACTOR's level of compensation will be set at the UNCOMPENSATED RATE if the BUSINESS is registered by the CITY BUSINESS TAX DISCOVERY EFFORTS before the CONTRACTOR PURSUE START DATE or after the CONTRACTOR PURSUE END DATE.
7. Contingency fees paid to CONTRACTOR, as authorized above, shall be paid only for revenues actually received by CITY for the current BUSINESS TAX YEAR, all past tax years in statute and for payments by the same registered business for up to one following BUSINESS TAX YEAR. CONTRACTOR must pursue all applicable tax periods currently within statute.
8. Notwithstanding any other provision herein, CONTRACTOR shall receive compensation for up to one BUSINESS TAX YEAR following the BUSINESS TAX YEAR of registration, at the appropriate compensation rate in Section VI.A.3 above, for only those payments received between the CONTRACTOR PAYMENT ELIGIBLE START DATE and the CONTRACTOR PAYMENT ELIGIBLE END DATE as long as the registration date occurred after the CONTRACTOR INITIAL MAILING DATE. Compensation shall continue to be paid on eligible accounts for up to a maximum of two (2) years after the termination or expiration of the Agreement. In no case shall compensation be paid beyond the CONTRACTOR PAYMENT ELIGIBLE END DATE.
9. Contingency fees shall be based only on actual revenue received by CITY from UNREGISTERED ENTITIES discovered and registered by CONTRACTOR. Adjustments shall be made for returned checks, overpayments, refunds granted by CITY as provided by Municipal Code, or other corrections necessary to reflect the actual tax due. Adjustments will be in the form of a debit against future fees due to CONTRACTOR.

B. INVOICING

1. Invoices shall be submitted monthly and shall include only accounts on which actual revenues have been paid to CITY. These revenues shall include amounts collected as result of discovering unpaid business tax liability, revenues generated on account outstanding collections and revenues generated from work done by CITY employees after CONTRACTOR has identified the account.
2. Unless otherwise agreed by both parties, each invoice shall include the Legal Name of the discovered entity, Account Number, Payment Date, Business Address, D.B.A., Mailing Address, Fund and Classification Code, Start Date, Amount Collected by tax period, and total compensation due to CONTRACTOR. Each invoice shall be verified and approved by a designated CITY representative.
3. CITY will approve, reject or adjust CONTRACTOR's invoices for payment within forty-five (45) calendar days from the postmark date of CONTRACTOR's invoice, in order to meet its payment obligations herein. However, CITY reserves the right to deny payment when demand is not properly substantiated. Recommendation for payment will not be unreasonably delayed.
4. All approved contingency fees are to be paid to CONTRACTOR by electronic funds transfer to an account designated by CONTRACTOR or by check sent to ___ [information to be provided by MuniServices prior to execution]. CONTRACTOR's invoices are due and payable in full within forty-five (45) calendar days from the postmark date of the invoice. If CITY withholds any invoiced amount, which it disputes, CITY must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify CONTRACTOR in writing of the specific amount in dispute and the reasons why it disputes the amounts. In the event of a dispute over the amount of compensation due to the CONTRACTOR, CONTRACTOR shall have 30 days after CITY's payment of a CITY's revised invoice to file a written protest with the Chief Tax Compliance Officer II of the Tax and Permit Division stating the basis for the protest. The Chief Tax Compliance Officer II shall render an opinion within forty-five (45) calendar days of receiving the protest. The Chief Tax Compliance Officer II's decision shall be final.

ARTICLE VII: AUTHORIZED REPRESENTATIVES

A. CITY'S REPRESENTATIVES

The Director of Finance/City Treasurer, or his/her designee, shall be CITY's representative with respect to amendments or other matters directly related to this Agreement, provided, however, that any matters which would increase the financial obligation on the part of CITY shall be presented to the City Council for its consideration and approval or as otherwise provided in the City Charter and Codes.

B. CONTRACTOR'S REPRESENTATIVES

1. Staff Resources

Prior to commencing performance pursuant to this Agreement, CONTRACTOR shall submit to CITY's project coordinator for approval, a listing of the management personnel and their assignments of work.

2. Approval Required

Thereafter, if CONTRACTOR wishes to assign new or different management personnel to work under this Agreement, a supplemental listing of the personnel to be assigned, including a summary of their qualifications and experience shall be submitted to CITY's project coordinator for his/her approval prior to their beginning work. Such approval shall not be unreasonably withheld.

3. Interfacing with CITY Staff

All contact initiated by CONTRACTOR with CITY staff other than CITY employees designated to work with CONTRACTOR must be approved in writing in advance by the Director of Finance/City Treasurer, or his/her designee, or the project coordinator, prior to initiating such contact. Approval will not be unreasonably withheld.

ARTICLE VIII: TERMINATION OF SERVICES

- A. Notwithstanding Section PSC-10 of the Standard Provisions for City Contracts (Rev 3/09), Appendix A, during the first 12 months of this Agreement, neither party shall terminate this agreement except for Breach of Contract under PSC-10.B. Subsequent to the first 12 months, either party may terminate this Agreement under PSC-10.A - Convenience effective no earlier than 30 days after providing written notice of termination. In the event of any termination, CONTRACTOR shall be entitled to payment of all fees as provided in Article VI above with regard to its tax discovery efforts completed prior to termination of the Agreement, and the parties shall cooperate in good faith, and CONTRACTOR shall provide such information to enable CITY to calculate such fees as may become payable to CONTRACTOR after the effective date of termination.
- B. Upon the effective date of termination and upon CITY's request, CONTRACTOR shall return all information of CITY's in its possession, provided that CONTRACTOR may retain a copy of any information necessary to enable it to calculate fees which may become payable after the effective date of termination.

ARTICLE IX: GENERAL PROVISIONS

A. CONFIDENTIAL INFORMATION

1. CITY's Confidential Information

All taxpayer related information and data received by CONTRACTOR through CITY Tax Discovery Program shall be regarded as confidential under Section 21.17 of the Los Angeles Municipal Code attached hereto as Exhibit D and other applicable statutes and may not be disclosed to anyone without written approval of CITY's

project coordinator.

2. Ownership of Information

- a. All information related to the LATAx system or to any taxpayer information provided to CONTRACTOR by CITY or discovered by CONTRACTOR during the term of Agreement shall be considered confidential and the property of CITY and may not be disclosed without written approval from the Director of Finance/City Treasurer or his/her designee.
 - b. All information or knowledge related to the process or procedures for the operation of the CONTRACTOR'S Program shall be owned by CONTRACTOR. In addition, CONTRACTOR shall own its confidential information and any upgrades or enhancements that it makes to the CONTRACTOR TAX DISCOVERY SYSTEM.
3. All personnel associated with CONTRACTOR's support of the Program shall abide by the provisions of Section 21.17 of the Los Angeles Municipal Code and other applicable statutes and regard all taxpayer related information as confidential as though they were employees of the CITY.

4. CONTRACTOR's Confidential Information

All taxpayer related information and data received by CITY from CONTRACTOR shall be regarded as confidential under Section 21.17 of the Los Angeles Municipal Code attached hereto as Exhibit D.

B. CODE OF ETHICS

All personnel associated with CONTRACTOR'S support of the Program shall abide by all applicable provisions of the City of Los Angeles, Code of Ethics, adopted by Council Resolution, July 21, 1959 and amended August 23, 1979 by Council Resolution. Attached hereto is the Code of Ethics in Exhibit C.

C. AUDIT RIGHTS

1. Upon termination or expiration of the Agreement, the CITY shall have up to two (2) years after the expiration or termination of this Agreement, the right to audit for a period of three (3) years prior to the date of termination or expiration of the Agreement. CONTRACTOR shall make available records such as compliance notifications, billing statements, collection receipts, and correspondence submitted by taxpayers who were billed and any other information necessary to ascertain the validity and accuracy of invoices claimed for payment related to this Agreement.
2. CONTRACTOR shall have the right to audit, for a period of two (2) years after the final invoice is approved by CITY's representative, CITY records such as payment information, of only those accounts identified by CONTRACTOR as accounts relating to the City Tax Discovery Program for the purpose of verifying payments CONTRACTOR is entitled to receive. If there has been a breach of confidentiality of taxpayer information by CONTRACTOR as defined in Article IX.A.1 of this Agreement, CITY reserves the right to deny CONTRACTOR access to confidential CITY information.
3. CITY reserves the right to conduct periodic or as needed analysis, reviews and/or audit of the Program operation to assure CONTRACTOR'S continuing compliance with all provisions of this Agreement. Access to CONTRACTOR facilities or personnel reasonably necessary to conduct such reviews or audits shall be at mutually agreeable times and subject to CONTRACTOR's security and other policies related to access to facilities. The scope and duration of such reviews will be as mutually agreed so as not to interfere with CONTRACTOR's operations.

D. NOTICES

All notices required under this Agreement will be deemed delivered within three (3) days if placed in the U.S. Mail, first class postage prepaid, and delivered to the following:

FOR CONTRACTOR:
MuniServices, LLC
7625 North Palm Avenue, Suite 108
Fresno, CA 93711
Attn: Doug Jensen

FOR CITY:
City of Los Angeles, Office of Finance
City Hall, 200 N. Spring Street, Room 220
Los Angeles, CA 90012
Attn: Robert Lee, Chief TCO II

E. INCORPORATION OF EXHIBITS AND APPENDICES

The following are incorporated by this reference into this Agreement, collectively "Contract Documents":

1. Appendix A - Standard Provisions for City Contracts (Rev.3-09).
2. Exhibit A - Management Reports
3. Exhibit B - WORK PLAN Requirements
4. Exhibit C - City of Los Angeles Code of Ethics
5. Exhibit D – Los Angeles Municipal Code Section 21.17
6. Appendix B - CITY'S Request for Proposal ("RFP")
7. Appendix C - CONTRACTOR'S proposal dated May 20, 2014

F. ORDER OF DOCUMENT PRECEDENCE

In the event of any inconsistency between any of the provisions of this Agreement (including amendments thereto), and the documents incorporated by reference, the inconsistency shall be resolved by giving precedence in the following order:

1. The Articles of this Agreement, followed by the Appendices, and Exhibits of this Agreement (including amendments thereto);
2. CONTRACTOR'S Proposal; and,
3. CITY's Request for Proposal.

G. INTEGRATION

This Agreement constitutes the entire agreement between the parties, and supersedes all other prior or contemporaneous communications between the parties (whether written or oral), and all other communications relating to the subject matter of this Agreement. The Agreement may only be modified or amended in a writing signed by both parties.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be signed by their respective duly authorized officers:

Approved Corporate Signature Methods (Please sign in blue ink):

- a) Two Signatures: one from each of the following two categories:
 - (1) Chairman of **the** Board, President, or Vice President **and**
 - (2) Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer. **or**
- b) One Signature: by Corporate designated individual **together with** properly attested resolution of the Board of Directors authorizing the individual to sign on the company behalf.

CITY OF LOS ANGELES

MUNISERVICES LLC

By: _____
ANTOINETTE CHRISTOVALE, CPA
Director of Finance/City Treasurer

By: _____
DOUG JENSEN
Senior Vice President, Client Services

Date: _____

Date: _____

By: _____

Printed: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

ATTEST:

MICHAEL N. FEUER
City Attorney

HOLLY L. WOLCOTT
City Clerk

By: _____
Deputy City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____

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 hereof. The language of this Contract shall be construed according to its fair meaning and not strictly for or against the **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" herein in this Contract includes the party or parties identified in the Contract. The singular shall include the plural; if there is more than one **CONTRACTOR** herein, unless expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. NUMBER OF ORIGINALS

The number of original texts of this Contract shall be equal to the number of the parties hereto, one text being retained by each party. At the **CITY'S** option, one or more additional original texts of this Contract may also be retained by the City.

PSC-3. APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT

Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. 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, and/or procedures that apply to the performance of this Contract.

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 law of a federal, state or local government having jurisdiction over this Contract, the validity of the remaining parts, terms or provisions of the Contract shall not be affected thereby.

PSC-4. 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** hereto;
- 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 the **CITY** by the person designated by the *City Council*, or by the board, officer or employee authorized to enter into this Contract.

PSC-5. INTEGRATED CONTRACT

This Contract sets forth *all of the rights and duties* of the parties with respect to the subject matter hereof, 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 paragraph PSC-6 hereof.

PSC-6. AMENDMENT

All amendments to this Contract shall be in writing *and signed and approved* pursuant to the provisions of PSC-4.

PSC-7. EXCUSABLE DELAYS

In the event that performance on the part of any party *hereto* is delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to, acts of God or of the public enemy; insurrection; acts of the *Federal Government* or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; earthquakes; epidemics; quarantine restrictions; strikes; freight *embargoes* or delays in transportation, to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

PSC-8. BREACH

Except for excusable delays as described in PSC-7, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or *should any representation made by it be untrue*, any aggrieved party may avail itself of all rights

and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

PSC-9. 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-10. TERMINATION

A. TERMINATION FOR CONVENIENCE

The CITY may terminate this Contract for the CITY'S convenience at any time by giving CONTRACTOR thirty days written notice thereof. Upon receipt of said notice, CONTRACTOR shall immediately take action not to incur any additional obligations, cost or expenses, except as may be reasonably necessary to terminate its activities. The 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 affect such termination. Thereafter, CONTRACTOR shall have no further claims against the CITY under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights thereto, shall become CITY property upon the date of such termination. CONTRACTOR agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein.

B. TERMINATION FOR BREACH OF CONTRACT

1. Except for excusable delays as provided in PSC-7, 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, the CITY may give CONTRACTOR written notice of such default. If CONTRACTOR does not cure such default or provide a plan to cure such default which is acceptable to the CITY within the time permitted by the CITY, then the CITY may terminate this Contract due to CONTRACTOR'S breach of this Contract.
2. 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 the CITY may immediately terminate this Contract.
3. If CONTRACTOR engages in any dishonest conduct related to the performance or administration of this Contract or violates the

CITY'S lobbying policies, then the **CITY** may immediately terminate this Contract.

4. In the event the **CITY** terminates this Contract as provided in this section, the **CITY** may procure, upon such terms and in such manner as the **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to the **CITY** for all of its costs and damages, including, but not limited, any excess costs for such services.
5. All finished or unfinished documents and materials produced or procured under this Contract, including all intellectual property rights thereto, shall become **CITY** property upon date of such termination. **CONTRACTOR** agrees to execute any documents necessary for the **CITY** to perfect, memorialize, or record the **CITY'S** ownership of rights provided herein.
6. 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-10(A) Termination for Convenience.
7. The rights and remedies of the **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.

PSC-11. INDEPENDENT CONTRACTOR

CONTRACTOR is acting hereunder as an independent contractor and not as an agent or employee of the **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 the **CITY**.

PSC-12. CONTRACTOR'S PERSONNEL

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

CONTRACTOR shall not use subcontractors to assist in performance of this Contract without the prior written approval of the **CITY**. If the **CITY** permits the use of subcontractors, **CONTRACTOR** shall remain responsible for performing all aspects of

this Contract. The CITY has the right to approve CONTRACTOR'S subcontractors, and the CITY reserves the right to request replacement of subcontractors. The CITY does not have any obligation to pay CONTRACTOR'S subcontractors, and nothing herein creates any privity between the CITY and the subcontractors.

PSC-13. PROHIBITION AGAINST ASSIGNMENT OR DELEGATION

CONTRACTOR may not, unless it has first obtained the written permission of the 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-14. PERMITS

CONTRACTOR and its directors, officers, partners, agents, employees, and subcontractors, to the extent allowed hereunder, shall obtain and maintain all licenses, permits, certifications and other documents necessary for CONTRACTOR'S performance hereunder and shall pay any fees required therefor. CONTRACTOR certifies to immediately notify the CITY of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents.

PSC-15. CLAIMS FOR LABOR AND MATERIALS

CONTRACTOR shall promptly pay when due all amounts payable 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), against CONTRACTOR'S rights to payments hereunder, or against the CITY, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

PSC-16. CURRENT LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE REQUIRED

If applicable, CONTRACTOR represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the CITY'S Business Tax Ordinance, Section 21.00 et seq. of the Los Angeles Municipal Code. For the term covered by this Contract, CONTRACTOR shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended.

PSC-17. 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, in accordance with

requirements prescribed by the CITY. These records shall be retained for a period of no less than three years following final payment made by the CITY hereunder or the expiration date of this Contract, whichever occurs last. Said records shall be subject to examination and audit by authorized CITY personnel or by the CITY'S representative at any time during the term of this Contract or within the three years following final payment made by the CITY hereunder or the expiration date of this Contract, whichever occurs last. CONTRACTOR shall provide any reports requested by the CITY regarding performance of this Contract. Any subcontract entered into by CONTRACTOR, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract.

PSC-18. FALSE CLAIMS ACT

CONTRACTOR acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the CITY under the False Claims Act (Cal. Gov. Code §§ 12650 *et seq.*), including treble damages, costs of legal actions to recover payments, and civil penalties of up to \$10,000 per false claim.

PSC-19. BONDS

All bonds which may be required hereunder shall conform to CITY requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code.

PSC-20. INDEMNIFICATION

Except for the active negligence or willful misconduct of the CITY, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, CONTRACTOR undertakes and agrees to defend, indemnify and hold harmless the CITY and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits 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 the 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 the negligent acts, errors, omissions or willful misconduct incident to the performance of this Contract by CONTRACTOR or its subcontractors of any tier. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this Contract and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of PSC-20 shall survive expiration or termination of this Contract.

PSC-21. INTELLECTUAL PROPERTY INDEMNIFICATION

CONTRACTOR, at its own expense, undertakes and agrees to defend, indemnify, and hold harmless the CITY, and any of its Boards, Officers, Agents, Employees, Assigns,

and Successors in Interest from and against all suits 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 the CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever 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 right (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 of any tier, in performing the work under this Contract; or (2) as a result of the CITY'S actual or intended use of any Work Product furnished by CONTRACTOR, or its subcontractors of any tier, under the Agreement. Rights and remedies available to the CITY under this provision are cumulative of those provided for elsewhere in this Contract and those allowed under the laws of the United States, the State of California, and the CITY. The provisions of PSC-21 shall survive expiration or termination of this Contract.

PSC-22. 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, patents, copyrights, trademarks, trade secrets, rights of publicity and proprietary information.

PSC-23. OWNERSHIP AND LICENSE

Unless otherwise provided for herein, all Work Products originated and prepared by CONTRACTOR or its subcontractors of any tier under this Contract shall be and remain the exclusive property of the CITY for its use in any manner it deems appropriate. Work Products are all works, tangible or not, created under this Contract including, without limitation, documents, material, data, reports, manuals, specifications, artwork, drawings, sketches, 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. CONTRACTOR hereby assigns, and agrees to assign, all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared by CONTRACTOR under this Contract. CONTRACTOR further agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein.

For all Work Products delivered to the CITY that are not originated or prepared by CONTRACTOR or its subcontractors of any tier under this Contract, CONTRACTOR hereby grants 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 the **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract to contractually bind or otherwise oblige its subcontractors performing work under this Contract such that the **CITY'S** ownership and license rights of all Work Products are preserved and protected as intended herein. Failure of **CONTRACTOR** to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject **CONTRACTOR** to the imposition of any and all sanctions allowed by law, including but not limited to termination of **CONTRACTOR'S** contract with the **CITY**.

PSC-24. INSURANCE

During the term of this Contract and without limiting **CONTRACTOR'S** indemnification of the **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits customarily carried and actually arranged by **CONTRACTOR**, but not less than the amounts and types listed on the Required Insurance and Minimum Limits sheet (Form General 146 in Exhibit 1 hereto), covering its operations hereunder. Such insurance shall conform to **CITY** requirements established by Charter, ordinance or policy, shall comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto) and shall 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-25. DISCOUNT TERMS

CONTRACTOR agrees to offer the **CITY** any discount terms that are offered to its best customers for the goods and services to be provided hereunder and apply such discount to payments made under this Contract which meet the discount terms.

PSC-26. 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-27. NON-DISCRIMINATION

Unless otherwise exempt, this Contract is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The **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 the **CITY**. In performing this Contract, **CONTRACTOR** shall not

discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract.

Failure of **CONTRACTOR** to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject **CONTRACTOR** to the imposition of any and all sanctions allowed by law, including but not limited to termination of **CONTRACTOR'S** contract with the **CITY**.

PSC-28. EQUAL EMPLOYMENT PRACTICES

Unless otherwise exempt, this Contract is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this Contract, **CONTRACTOR** agrees and represents that it will provide equal employment practices and **CONTRACTOR** and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
 - 1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. **CONTRACTOR** agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. **CONTRACTOR** will, in all solicitations or advertisements for employees placed by or on behalf of **CONTRACTOR**, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- C. As part of the **CITY'S** supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, **CONTRACTOR** shall certify in the specified format that he or she has not discriminated in the performance of **CITY** contracts against any employee or applicant for employment on the basis or because of

race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

- D. **CONTRACTOR** shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the *Office of Contract Compliance* for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of **CITY** contracts. On their or either of their request **CONTRACTOR** shall provide evidence that he or she has or will comply therewith.
- E. The failure of any **CONTRACTOR** to comply with the Equal Employment Practices provisions of this Contract may be deemed to be a material breach of **CITY** contracts. Such failure shall *only be established* upon a finding to *that effect* by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice *and an opportunity to be heard* has been given to **CONTRACTOR**.
- F. Upon a finding duly made that **CONTRACTOR** has failed to comply with the Equal Employment Practices provisions of a **CITY** contract, the contract may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the **CITY**. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the **CONTRACTOR** is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, **CONTRACTOR** shall be disqualified from being awarded a contract with the **CITY** for a period of two years, or until **CONTRACTOR** shall establish and carry out a program in conformance with the provisions hereof.
- G. Notwithstanding any other provision of this Contract, the **CITY** shall have any and all other remedies at law or in equity for any breach hereof.
- H. Intentionally blank.
- i. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.
- J. At the time a supplier registers to do business with the **CITY**, or when an individual bid or proposal is submitted, **CONTRACTOR** shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of **CITY** Contracts.

- K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
 - 1. Hiring practices;
 - 2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 - 3. Training and promotional opportunities; and
 - 4. Reasonable accommodations for persons with disabilities.
- L. Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract. Failure of **CONTRACTOR** to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject **CONTRACTOR** to the imposition of any and all sanctions allowed by law, including but not limited to termination of the **CONTRACTOR'S** Contract with the **CITY**.

PSC-29. AFFIRMATIVE ACTION PROGRAM

Unless otherwise exempt, this Contract is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of a **CITY** contract, **CONTRACTOR** certifies and represents that **CONTRACTOR** and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
 - 1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
 - 2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
 - 3. **CONTRACTOR** shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.
- B. **CONTRACTOR** will, in all solicitations or advertisements for employees placed by or on behalf of **CONTRACTOR**, state that all qualified applicants will receive consideration for employment without regard to

their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

- C. As part of the **CITY'S** supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, **CONTRACTOR** shall certify on an electronic or hard copy form to be supplied, that **CONTRACTOR** has not discriminated in the performance of **CITY** contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.
- D. **CONTRACTOR** shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of **CITY** contracts, and on their or either of their request to provide evidence that it has or will comply therewith.
- E. The failure of any **CONTRACTOR** to comply with the Affirmative Action Program provisions of **CITY** contracts may be deemed to be a *material* breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to **CONTRACTOR**.
- F. Upon a finding duly made that **CONTRACTOR** has breached the Affirmative Action Program provisions of a **CITY** contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the **CITY**. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said **CONTRACTOR** is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such **CONTRACTOR** shall be disqualified from being awarded a contract with the **CITY** for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.
- G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that **CONTRACTOR** has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a **CITY** contract, there may be deducted from the amount payable to **CONTRACTOR** by the **CITY** under the contract, a penalty of ten dollars

(\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a CITY contract.

- H. Notwithstanding any other provisions of a CITY contract, the CITY shall have any and all other remedies at law or in equity for any breach hereof.
- I. Intentionally blank.
- J. Nothing contained in CITY contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.
- K. **CONTRACTOR** shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the CITY. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, **CONTRACTOR** may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, **CONTRACTOR** must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.
 - 1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.
 - 2. **CONTRACTOR** may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.
- L. The Office of Contract Compliance shall annually supply the awarding authorities of the CITY with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and **CONTRACTOR**.

- M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:
1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
 2. Classroom preparation for the job when not apprenticeable;
 3. Pre-apprenticeship education and preparation;
 4. Upgrading training and opportunities;
 5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;
 6. The entry of qualified women, minority and all other journeymen into the industry; and
 7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.
- N. Any adjustments which may be made in the contractor's or supplier's workforce to achieve the requirements of the CITY'S Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the workforce or replacement of those employees who leave the workforce by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.
- O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the CITY and may be used at the discretion of the CITY in its Contract Compliance Affirmative Action Program.
- P. Intentionally blank.

- Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the CITY and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the CITY.

PSC-30. CHILD SUPPORT ASSIGNMENT ORDERS

This Contract is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, **CONTRACTOR** will fully comply with all applicable State and Federal employment reporting requirements for **CONTRACTOR'S** employees. **CONTRACTOR** shall also certify (1) that the Principal Owner(s) of **CONTRACTOR** are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (2) that **CONTRACTOR** will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, et seq. of the California Family Code; and (3) that **CONTRACTOR** will maintain such compliance throughout the term of this Contract.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract, subjecting this Contract to termination if such default shall continue for more than ninety (90) days after notice of such default to **CONTRACTOR** by the CITY.

Any subcontract entered into by **CONTRACTOR**, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract. Failure of **CONTRACTOR** to obtain compliance of its subcontractors shall constitute a default by **CONTRACTOR** under this Contract, subjecting this Contract to termination where such default shall continue for more than ninety (90) days after notice of such default to **CONTRACTOR** by the CITY.

CONTRACTOR certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

PSC-31. LIVING WAGE ORDINANCE AND SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

- A. Unless otherwise exempt, this Contract is subject to the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 *et seq.* of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time. These Ordinances require the following:
1. **CONTRACTOR** assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of compensated and uncompensated days off and health benefits, as defined in the LWO.
 2. **CONTRACTOR** further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. **CONTRACTOR** shall require each of its subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. **CONTRACTOR** shall deliver the executed pledges from each such subcontractor to the **CITY** within ninety (90) days of the execution of the subcontract. **CONTRACTOR'S** delivery of executed pledges from each such subcontractor shall fully discharge the obligation of **CONTRACTOR** with respect to such pledges and fully discharge the obligation of **CONTRACTOR** to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.
 3. **CONTRACTOR**, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the **CITY** with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. **CONTRACTOR** shall post the Notice of Prohibition Against Retaliation provided by the **CITY**.
 4. Any subcontract entered into by **CONTRACTOR** relating to this Contract, to the extent allowed hereunder, shall be subject to the provisions of PSC-31 and shall incorporate the provisions of the LWO and the SCWRO.

5. **CONTRACTOR** shall comply with all rules, regulations and policies promulgated by the **CITY'S** Designated Administrative Agency which may be amended from time to time.
- B. Under the provisions of Sections 10.36.3(c) and 10.37.6(c) of the Los Angeles Administrative Code, the **CITY** shall have the authority, under appropriate circumstances, to terminate this Contract and otherwise pursue legal remedies that may be available if the **CITY** determines that the subject **CONTRACTOR** has violated provisions of either the LWO or the SCWRO, or both.
- C. Where under the LWO Section 10.37.6(d), the **CITY'S** Designated Administrative Agency has determined (a) that **CONTRACTOR** is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the **CITY** in such circumstances may impound monies otherwise due **CONTRACTOR** in accordance with the following procedures. Impoundment shall mean that from monies due **CONTRACTOR**, **CITY** may deduct the amount determined to be due and owing by **CONTRACTOR** to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6(d)(3) and disposed of under procedures described therein through final and binding arbitration. Whether **CONTRACTOR** is to continue work following an impoundment shall remain in the sole discretion of the **CITY**. **CONTRACTOR** may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.
- D. **CONTRACTOR** shall inform employees making less than Twelve Dollars (\$12.00) per hour of their possible right to the federal Earned Income Credit (EIC). **CONTRACTOR** shall also make available to employees the forms informing them about the EIC and forms required to secure advance EIC payments from **CONTRACTOR**.

PSC-32. AMERICANS WITH DISABILITIES ACT

CONTRACTOR hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.*, and its implementing regulations. **CONTRACTOR** will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. **CONTRACTOR** will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by **CONTRACTOR**, relating to this Contract, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

PSC-33. CONTRACTOR RESPONSIBILITY ORDINANCE

Unless otherwise exempt, this Contract is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time, which requires **CONTRACTOR** to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect **CONTRACTOR'S** fitness and ability to continue performing this Contract.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this Contract, **CONTRACTOR** pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this Contract, including but not limited to, laws regarding health and safety, labor and employment, wages and hours, and licensing laws which affect employees. **CONTRACTOR** further agrees to: (1) notify the **CITY** within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that **CONTRACTOR** is not in compliance with all applicable federal, state and local laws in performance of this Contract; (2) notify the **CITY** within thirty calendar days of all findings by a government agency or court of competent jurisdiction that **CONTRACTOR** has violated the provisions of Section 10.40.3(a) of the Contractor Responsibility Ordinance; (3) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, submit a Pledge of Compliance to the **CITY**; and (4) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the **CITY** within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

PSC-34. MINORITY, WOMEN, AND OTHER BUSINESS ENTERPRISE OUTREACH PROGRAM

CONTRACTOR agrees and obligates itself to utilize the services of Minority, Women and Other Business Enterprise firms on a level so designated in its proposal, if any. **CONTRACTOR** certifies that it has complied with Mayoral Directive 2001-26 regarding the Outreach Program for Personal Services Contracts Greater than \$100,000, if applicable. **CONTRACTOR** shall not change any of these designated subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of the **CITY**, provided that such approval shall not be unreasonably withheld.

PSC-35. EQUAL BENEFITS ORDINANCE

Unless otherwise exempt, this Contract is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of the Contract, **CONTRACTOR** certifies and represents that **CONTRACTOR** will comply with the EBO.
- B. The failure of **CONTRACTOR** to comply with the EBO will be deemed to be a material breach of this Contract by the **CITY**.
- C. If **CONTRACTOR** fails to comply with the EBO the **CITY** may cancel, terminate or suspend this Contract, in whole or in part, and all monies due or to become due under this Contract may be retained by the **CITY**. The **CITY** may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against **CONTRACTOR** in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.
- E. If the **CITY'S** Designated Administrative Agency determines that a **CONTRACTOR** has set up or used its contracting entity for the purpose of evading the intent of the EBO, the **CITY** may terminate the Contract. Violation of this provision may be used as evidence against **CONTRACTOR** in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 *et seq.*, Contractor Responsibility Ordinance.

CONTRACTOR shall post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at (213) 847-1922."

PSC-36. SLAVERY DISCLOSURE ORDINANCE

Unless otherwise exempt, this Contract is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as amended from time to time. **CONTRACTOR** certifies that it has complied with the applicable provisions of the Slavery Disclosure Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Contract.

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-4, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

[REDACTED]

MANAGEMENT REPORTS

CONTRACTOR shall provide, as requested, written report(s) to CITY for the following activities:

- A. Summary of Past Work - Actual revenues generated for CITY by CONTRACTOR on a monthly, quarterly, year-to-date, and cumulative basis.
- B. Work in Progress - Reports submitted on a monthly basis listing all identified accounts including the status of the account and revenue received by the CITY. Reports shall be in accordance with the CONTRACTOR'S WORK PLAN Schedule.
- C. Projected revenue and new business discovery totals by specified time frame and type of activity on a quarterly basis.
- D. Variance reports of actual number of businesses verified and actual revenue collected compared to projections on a quarterly basis.
- E. Actual revenue discovered/collected on a monthly basis.
- F. New accounts registered by geographic locations on a monthly basis.
- G. Documentation to support identification of and contact with non-filer, showing status of the account and receipt of taxes owed.
- H. CONTRACTOR Activity Reports shall provide to the CITY the following information:
 - Number of non-compliant entities identified and letters sent
 - Total number of accounts worked by CONTRACTOR'S staff
 - Number of taxpayer inquiries (phone and correspondence)
 - Number of accounts registered and paid, together with total revenue collected and average collection per account.
 - Number of accounts registered and billed together with balance of accounts receivable and average accounts receivable per account
 - Pending accounts
 - Accounts cancelled due to duplication
 - Accounts cancelled due to no tax liability due
 - Assessed accounts and revenue collected together with average amount collected and billed.
 - Account cancelled due to address unknown / no forwarding address
 - Monthly, year-to-date, and program total information (for monthly reports).

WORK PLAN REQUIREMENTS

CONTRACTOR'S WORK PLAN REQUIREMENTS shall address the following items:

- A. Identifying unregistered and/or non-compliant entities;
- B. Using processes designed to identify fixed location businesses, itinerant/transient businesses, and businesses that have taxable nexus but no physical presence within City limits;
- C. Contacting non-compliant entities and educate them regarding their filing requirements;
- D. Performing compliance checks of entities that register with CONTRACTOR to ensure accurate reporting of all taxable activities associated with the entity;
- E. Following up and maintaining communications with non-compliant entities to ensure that registration and payment remittance occurs;
- F. Minimizing, to the greatest extent possible, any time commitments from CITY's staff by coordinating efforts and maintaining open communications;
- G. Reducing the administration costs to CITY through efficient process set-up;
- H. Developing procedures to prevent duplication of effort;
- I. Providing regular Program status and performance reports to measure performance and facilitate management of the Program;
- J. Working with CITY to maximize taxpayer compliance and revenue enhancement;
Implementing policies and procedures, under the direction of CITY, to handle tax discovery that may incidentally occur during the course of conducting the Program;
- K. WORK PLAN Managers will be identified in the WORK PLAN document.

**City of Los Angeles
CODE OF ETHICS
STATEMENT OF APPROVED PRINCIPLES FOR PUBLIC SERVICE
IN THE GOVERNMENT OF THE CITY OF LOS ANGELES**

Adopted by Council Resolution, July 21, 1959 and Amended August 23, 1979 by Council resolution

I

General Rule with Respect to Conflicts of Interest

Persons in the public service shall not engage in nor shall they have any interest, direct or indirect, in any business or transaction, nor incur obligation which is in substantial conflict with the proper discharge of their official duties in the public interest or which impairs their independence of judgment in the discharge of such duties.

II

Actions and Conduct Designed to build Public Confidence

Persons in the public service shall not only be ever conscious that public service is a public trust but also shall be impartial and devoted to the best interests of the City, and shall so act and conduct themselves, both inside and outside the City's service, as not to give occasion for distrust of their impartiality or of their devotion to the city's best interests.

III

Acceptance of Favors and Gratuities

Persons in the public service shall not accept money or other consideration or favors from anyone other than the City for the performance of an act which they would be required or expected to perform in the regular course of their duties; nor shall such persons accept any gifts, gratuities or favors of any kind which might reasonably be interpreted as an attempt to influence their actions with respect to City business.

IV

Use of Confidential Information

Persons in the public service shall not disclose confidential information acquired by or available to them in the course of their employment with the City, or use such information for speculation or personal gain.

V

Use of City Employment and Facilities for Private Gain

Persons in the public service shall not use, for private gain or advantage, their City time or the City's facilities, equipment or supplies, nor shall they use or attempt to use their position to secure unwarranted privileges or exemptions for themselves or others.

VI

Contracts With the City

Persons in the public service shall not exercise any discretionary powers for, or make any recommendations on behalf of or to the City or any department or officer thereof with respect to any contract or sale to which the City or any department thereof is a party and in which such persons shall knowingly be directly or indirectly financially interested.

VII

Outside Employment Impairing Service to the City

Persons in the public service shall not engage in outside employment or business activity which involves such hours of work or physical effort that it would or could be reasonably expected to substantially reduce the quality or quantity of work or interfere with such persons' giving a full day's labor for a full day's pay.

VIII

Outside Employment Incompatible With Official Duties

Persons in the public service shall not engage in any outside employment which involves the performance by them of any work which will come before them as officers or employees of the City, or under their supervision, for approval or inspection; provided that nothing in this paragraph shall be taken to limit in any manner the outside employment of such persons where

the interests of the City are protected under Section 222 of the Charter and ordinances adopted thereunder.

IX

Personal Investments

Persons in the public service shall not make personal investments in enterprises which they have reason to believe may be involved in decisions or recommendations to be made by the, or under their supervision, or which will otherwise create a substantial conflict between their private interests and the public interest. If, however, persons in the public service have financial interests in matters coming before them, or before the department in which they are employed, they shall disqualify themselves from any participation therein.

X

Discussion of Future Employment

Persons in the public service shall not negotiate for future employment outside the City service with any person, firm, or organization known by such persons to be dealing with the City concerning matters within such persons' areas of responsibility or upon which they must act or make a recommendation,

XI

Conduct with Respect to Performance on the Job

Persons in the public service shall perform their duties earnestly, economically and efficiently.

XII

Activities Incompatible With Official Duties and the Reporting of Improper Government Activities

Persons in the public service shall not engage in any improper governmental activity or in any actions or practices which should interfere with the proper performance of the duties of others. Persons in the City service are strongly encouraged to fulfill their own moral obligations to the City by disclosing to the extent not expressly prohibited by law, improper governmental activities within their knowledge. No officer or employee of the City shall directly or indirectly use or attempt to use the authority or influence of such officer or employee for the purpose of intimidating, threatening, coercing, commanding, or influencing any person with the intent of interfering with that person's duty to disclose such improper activity.

XIII

Loyalty

Persons in the public service shall uphold the Federal and California State Constitutions, laws and legal regulations of the United States, the State of California, the City of Los Angeles, and all other applicable governmental entities therein.

XIV

Equal Employment Opportunity

Persons in the public service shall not, in the performance of their service responsibilities, discriminate against any person on the basis of race, color, national origin, ancestry, sex (including sexual harassment and gender identity or expression, which includes actual or perceived transgender status), sexual orientation, age, religion, creed, marital status, disability, medical condition (cancer or genetic characteristics), HIV/AIDS (acquired or perceived) or retaliation for having filed a discrimination complaint or participating in a protected activity; and they shall cooperate in achieving the equal employment opportunity goals and objectives of the City.

LOS ANGELES MUNICIPAL CODE

SEC. 21.17. CONFIDENTIAL CHARACTER OF INFORMATION OBTAINED – DISCLOSURE UNLAWFUL.

(Amended by Ord. No. 180,380, Eff. 1/5/09.)

- (a) It shall be unlawful for the Director of Finance or any person having an administrative duty under the provisions of this Article or Article 1.6 to make known in any manner whatever the business affairs and operations of, or the nature, amount or source of income, profits, losses, expenditures, net worth, or any particular thereof, or any other information set forth in any statement or return or obtained by an investigation of records and equipment of, any person required to obtain a business tax registration certificate or sales or use tax permit, or pay business, sales or use tax or any other person visited or examined in the discharge of official duty, or to permit any statement or return, or copy of either, or any book containing any abstract or particulars thereof to be seen or examined by any person.
- (b) Nothing in this section shall be construed to prevent:
1. the disclosure of information to, or the examination of records and equipment by, another City official or employee or a member of the Board of Review for the sole purpose of administering or enforcing any provision of this article or Article 1.6;
 2. the disclosure of information to, or the examination of records by federal or state officials, or the tax officials of another city or county, or city and county, if a reciprocal arrangement exists; or to a grand jury;
 3. the disclosure of information and results of examination of records of a particular taxpayer, or relating to a particular taxpayer, with respect to any proceeding in a court of law or before an administrative body in which the existence or amount of any business, sales or use tax liability of the particular taxpayer to the City of Los Angeles is relevant and material and the particular taxpayer is a party to the proceeding, including but not limited to proceedings before any Board or Commission as set forth in Municipal Code section 22.02;
 4. the disclosure after the filing of a written request to that effect, to the taxpayer himself, or to his successors, receivers, trustees, executors, administrators, assignees and guarantors, if directly interested, of information as to the items included in the measure of any paid tax, any unpaid tax or amounts of tax required to be collected, interest and penalties; further provided, however, that the City Attorney approves each such disclosure and that the Director of Finance may refuse to make any disclosure referred to in this paragraph when in his opinion the public interest would suffer thereby;
 5. the disclosure of the names and addresses of persons to whom registration certificates or sales tax and use tax permits have been issued;
 6. the disclosure of such information as may be necessary to the City Council in order to permit it to be fully advised as to the facts when a taxpayer files a claim for refund of business, sales or use taxes, or submits an offer of compromise with regard to a claim for refund of business, sales or use taxes, or submits an offer of compromise with regard to a claim asserted against him by the City for business, sales or use taxes, or where the existence or amount of business, sales, or use taxes are otherwise relevant to the determination of a matter required to be

submitted to the City Council under the City of Los Angeles Charter, the Los Angeles Municipal Code, or the Los Angeles Administrative Code;

7. the disclosure of information to, or the examination of records by, contractors or employees of contractors with whom the City of Los Angeles has contracted to assist the City of Los Angeles for the sole purpose of administering or enforcing any provision of this Article or Article 1.6, if the contract requires the persons granted access to such information or records to abide by the confidentiality requirements of this Section, and if the City Council has approved the award and execution of such contract;
8. the disclosure of information to, or the examination of records by, purchasers of accounts receivable pursuant to Los Angeles Administrative Code section 5.186, or the disclosure to any employees of such purchasers of accounts receivable, if the purchase agreement requires the persons granted access to such information or records to abide by the confidentiality requirements of this Section;
9. the disclosure of the identity of any particular taxpayer with delinquent business, sales, or use taxes and the type and amount of the delinquent business, sales, or use tax liability of that taxpayer, and the publication of such information at the discretion of the Office of Finance pursuant to Los Angeles Municipal Code section 21.15(m);
10. the disclosure of information when compelled by an order of court or other judicial process; and
11. the disclosure of statistical or cumulative information when the disclosure does not identify any particular taxpayer or reveal information in a manner that could identify a particular taxpayer.

PERSONNEL DEPARTMENT CONTRACT REVIEW REPORT

1. Requesting Department: Office of Finance

2. Contacts:

Department: Ken White Phone No. 213-978-1510

CAO: Emily Mayeda Phone No. 213-473-7532

3. Work to be performed:

The Office of Finance is seeking a contract for professional services to develop and implement a Business Tax Discovery Program. The program will identify corporations, partnerships and individuals conducting business in the City without holding the required registration. The contractor will: identify the business; make contact; ensure that the business is properly registered, including the completion of all required documents; and ensure that the business has made the appropriate tax payments to the City. The contractor will search public, private and proprietary databases to identify businesses operating in the City, or with a business presence in the City, that do not appear to be registered to pay business tax. The contractor will format the data into an appropriate format for the City to compare it with the City's LATAX database to confirm if the business is already registered with the City. If the business is not registered, the contractor will contact the taxpayer to obtain their registration and payment of any tax due.

4. Is this a contract renewal? Yes No

5. Proposed length of contract: 3 years w/ possible option to extend for up to 2 additional years
Start Date: November 1, 2014

6. Proposed cost of contract (if known): Contingency-fee based (% of revenue collected)

7. Name of proposed contractors: To be determined

8. Unique or special qualifications required to perform the work:

The contractor's staff must be knowledgeable in the application of the City's Business Tax Ordinances. The contractor must have access to various specialized public, private and/or proprietary databases/information sources beyond those currently used by the City, and the ability to search and format the data for efficient comparison to the City's LATAX database. The contractor must submit a statement of similar work conducted in the previous five years, including a description of the relevant experience and the tax discovery revenue generated annually.

9. Are there City employees that can perform the work being proposed for contracting?

Yes No

Classification	Departments	List Expires
Tax Compliance Officer, 1179	Finance	No list
Senior Systems Analyst, 1514	Various	Indefinite

If yes,

- a. Which class(es) and Department(s): See above.
- b. Is there sufficient Department staff available to perform the work? Yes No
- c. Is there a current eligible list for the class(es)? Yes No Expiration Date See above.
- d. Estimated time to fill position(s) through CSC process? Unknown due to hiring freeze.
- e. Can the requesting department continue to employ staff hired for the project after project completion? Yes No
- f. Are there City employees currently performing the work? Yes No

10. Findings

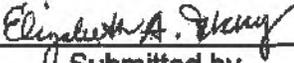
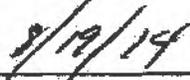
- City employees DO NOT have the expertise to perform the work
- City employees DO have the expertise to perform work. (Please see summary section.)

Check if applicable (explanation attached) and send to CAO for further analysis

- Project of limited duration would have to layoff staff at end of project
- Time constraints require immediate staffing of project
- Work assignment exceeds staffing availability

SUMMARY:

Finance is seeking a contractor to identify entities and individuals that are conducting business in the City without holding the required registration, and to ensure that the required tax payments are made to the City. The classes of Tax Compliance Officer and Senior Systems Analyst can perform this work, and are doing so currently at Finance. The department indicated that the contractor's work would supplement the work currently being done by Finance staff. The department indicated that it does not have sufficient staff to undertake these additional tasks.

			
Submitted by	Reviewed by	Approved by	Date
Elizabeth A. Terry	Don Harrahill	Raul Lemus	
Sr. Personnel Analyst I	Sr. Personnel Analyst II	Chief Personnel Analyst	

PERSONNEL DEPARTMENT 1022 INFORMATION FORM

1. Requesting Department: Office of Finance
2. Contacts
Department: Ken White Phone No. 213-978-1510 Fax No. 213-978-1760
CAO: Emily Mayeda Phone No. 213-473-7532 Fax No. 213-473-7511
3. Describe work to be performed. The objective of the Tax Discovery Program will be to identify corporations, partnerships, and individuals that are conducting business in the City and are not registered with the City. The contractor's proposal will provide the means to identify the business, make contact, ensure that the business is properly registered (including the completion of all required documents) and has made the appropriate tax payments to the City. The Tax Discovery Program to be contracted for will not replace or duplicate, but rather supplement and serve as a "backstop" to, the current tax discovery and collection efforts under taken by the employees of the Office of Finance.

Describe duties and tasks involved. Contractor is to search public, private and proprietary databases to identify businesses operating in the City or with a business presence in the City that do not appear to be registered to pay business tax. Contractor will then format the data into an appropriate format for the City to compare it with the City's LATAX database to confirm if the business is already registered with the City. If the business is not registered, the contractor will contact the taxpayer to obtain their registration and payment of any tax due by means of correspondence and/or telephone calls. Contractor's staff will require knowledge of the City's Business Tax Ordinance.
4. Is this a new contract? Yes No
5. Is this an amendment? Yes No
6. Proposed length of contract: 3 years + 2 one-year options
Proposed Start Date: November 1, 2014
Proposed cost of contract: \$ Contingency Fee based on the additional revenue received by the City as a result of the contractor's efforts.
7. Unique or special qualifications required to perform the work: Access to various specialized public, private and/or proprietary databases / information sources beyond those currently used by the City and the ability to search and format the data for efficient comparison to the City's LATAX database. Staff will require knowledge of the City Business Tax Ordinance.

8. Is there sufficient staff in your department with the appropriate expertise to perform the work?

Yes List job classifications:

No Please explain. **While the Office of Finance does have personnel with the skills to perform these tasks (Tax Compliance Officers and Sr. Systems Analysts) the Department cannot assign additional staff to these tasks except by diverting them from other revenue generating tasks. The Office of Finance does not have budgetary authority to hire additional staff to perform these tasks.**

List any training that would provide staff with the expertise to perform the work. **N/A**

9. Can the work to be performed be split between City employees and contractors with special expertise?

Yes List job classifications:

No **No additional City staff are available to be assigned to these tasks except by diverting them from other revenue generating tasks.**

10. Can the department hire the required number of staff within the required time frame? **No Explain. The Office of Finance does not have budgetary resources to hire additional staff.**

11. Are there City employees in your department currently performing this work?

Yes List job classifications: **Currently, Tax Compliance Officers and a Sr. Systems Analyst are performing this type of work, however this contract to supplement their efforts and discover additional revenue not currently being captured by the existing programs.**

No

12. Have City employees in your department performed this work in the past?

Yes List job classifications used: **Tax Compliance Officers and a Sr. Systems Analyst are currently operating similar programs which are to be supplemented, not replaced, by the proposed contract.**

No

13. If the project is of a limited duration:

The department could absorb the employees at the end of the project

The employees would have to be laid off at the end of the project

Please submit to: **Personnel Department, Classification Division,
Room 320, M.S. 391**