



RALPH M. TERRAZAS  
FIRE CHIEF

July 5, 2016

BOARD OF FIRE COMMISSIONERS  
FILE NO. 16-087

TO: Board of Fire Commissioners

FROM: Ralph M. Terrazas, Fire Chief

SUBJECT: RESTATEMENT AND FIRST AMENDMENT TO AGREEMENT C-124643  
BETWEEN LOS ANGELES FIRE DEPARTMENT AND HARRIS &  
HARRIS, LTD. FOR PROFESSIONAL SERVICES

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

### SUMMARY

The Los Angeles Fire Department (LAFD) contracts for collection services to collect payment of delinquent emergency medical service billing accounts. The LAFD piggy-backed on the Office of Finance's Request for Proposal released on March 30, 2012 to contract with Harris & Harris, Ltd. on August 22, 2014. The Agreement (C-124643), which expired May 31, 2016, was for a 20 month term with two one-year extensions.

Harris & Harris collected revenues of \$2.5M in FY 2014-15 and \$2M in FY 2015-16. The LAFD proposes exercising a one year extension of the Agreement through May 31, 2017 to continue the provision of collection services.

### RECOMMENDATIONS

That the Board:

Approve the report and transmit the First Amendment with Harris & Harris, Ltd., for provision of collection services, to the Mayor and City Council for consideration and approval.

### FISCAL IMPACT

This contract has no fiscal impact for the LAFD or on the City's General Fund

Board report prepared by Stewart Young, Management Analyst II, Administrative Services Bureau.

Attachment

**FIRST AMENDMENT TO AGREEMENT C-124643  
BETWEEN  
THE CITY OF LOS ANGELES  
AND  
HARRIS & HARRIS, LTD.  
FOR COLLECTION SERVICES OF THE CITY'S  
DELINQUENT ACCOUNTS RECEIVABLE**

This Agreement is made between the City of Los Angeles (hereinafter referred to as the "CITY"), a municipal corporation, acting by and through the Los Angeles Fire Department (hereinafter referred to as the "LAFD") and Harris & Harris, Ltd., (hereinafter referred to as the "CONTRACTOR").

**WITNESSETH:**

**WHEREAS**, CITY utilizes outside collection agency services as a best practice in delinquent debt collection and revenue generator to the CITY; and

**WHEREAS**, CITY prepared and released a Request for Proposals (RFP) for Primary and/or Secondary Collection Services to pursue collection of the CITY's delinquent accounts; and

**WHEREAS**, the CONTRACTOR recognizes that the CITY may contract with multiple agencies for collection services and may utilize any account allocation process that it deems appropriate; and

**WHEREAS**, the RFP Evaluation Committee has evaluated the proposals received and recommended approval of the CONTRACTOR to the CITY Council; and

**WHEREAS**, the CITY Council has approved the CONTRACTOR as one of the agencies for collection services to pursue collection of the CITY's delinquent accounts; and

**WHEREAS**, on August 22, 2014 CITY Council (Council File No. 14-0870) authorized the Fire Chief, or designee, to execute the Agreement No. C-124643 between the LAFD and CONTRACTOR for collection services associated with delinquent EMS billing accounts, effective the date of execution through March 31, 2016, with up to two additional one-year extensions, on a contingency fee basis, subject to the approval of the City Attorney as to form and legality; and

**WHEREAS**, the Los Angeles Fire Department is a Covered Healthcare Entity within the City of Los Angeles organization, and in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) must enter into a separate agreement with the CONTRACTOR to ensure the security and segregation of accounts containing Protected Healthcare Information (PHI); and

**WHEREAS**, the LAFD desires in this First Amendment to exercise a one-year extension and extend the term of Agreement No. C-124643 up to and including March 31, 2017; and

**NOW THEREFORE**, in consideration of the above premises and the covenants, representations and agreements herein contained, the parties hereby agree as follows:

#### **ARTICLE I - SERVICES TO BE PROVIDED**

The CONTRACTOR is an independent organization that will provide primary and/or secondary collection services on delinquent accounts referred to it by the LAFD pursuant to the terms and conditions of this Agreement.

Services to be performed by the CONTRACTOR for primary and/or secondary collection services herein include, but are not limited to, locating debtors, arranging for payments, mailing dunning notices, skip-tracing delinquent accounts, contacting debtors by telephone, filing delinquent notifications with credit bureaus and verifying assets. All correspondence between the CONTRACTOR and the LAFD and CITY debtors shall be sent by first class mail.

Primary collection services include collection efforts on initial referrals of delinquent Emergency Medical Services (EMS) Billing accounts "hereinafter referred to as "delinquent accounts") to the CONTRACTOR by the LAFD. The LAFD may refer delinquent accounts at the time reasonable collection efforts have failed, which is generally within nine (9) months of the date of initial billing.

For primary level services, the CONTRACTOR shall have a period consistent with the CITY's financial policies to effect collection. If the CONTRACTOR is unable to collect on the referred account within the allotted time from assignment, the CONTRACTOR shall return the account to the LAFD and cease all collection efforts. For the purposes of this Agreement, the term "assignment" means the date that the account is referred to the CONTRACTOR. In no event shall the CONTRACTOR be entitled to any payment on the account once it has been returned to the LAFD. In limited circumstances, the LAFD, as directed by the CITY, may, at its sole discretion, elect to extend the time that the CONTRACTOR may retain said account in writing. For payments received by the CONTRACTOR subsequent the return of the accounts, the CONTRACTOR may deposit these payments, remit same to the LAFD, and then the CONTRACTOR will be entitled to a commission payment.

Secondary collection services include collection efforts on referrals of delinquent accounts that were previously assigned to a collection agency at the primary level and were returned to the CITY department by the primary level agency after the time allotted by the CITY from initial assignment and uncollected. For secondary level collection services, the CONTRACTOR shall have a period of six (6) months to effect collection. If the CONTRACTOR is not able to collect on the referred account within six (6) months from assignment, the CONTRACTOR shall return the account to the LAFD and cease all collection efforts. In no event shall the CONTRACTOR be entitled to any payment on the account once it has been returned to the LAFD, or the CITY. In limited circumstances, the LAFD, as directed by the CITY, may, at its sole discretion, elect to extend the time that the CONTRACTOR may retain said account in writing.

The CONTRACTOR shall only perform primary level or secondary level collection services on any particular account that is referred to it by the LAFD and shall not under any circumstance perform both primary and secondary level collections on the same account.

The CONTRACTOR is prohibited from instituting any legal action on behalf of the LAFD or the CITY against any debtor or performing any service that would constitute the practice of law in the State of California. The CONTRACTOR is also prohibited from using any threats of legal action. The CONTRACTOR may only inform the debtor of consequences of non-payment, such as reporting to credit bureaus. If the CONTRACTOR determines that legal action or legal services are required, the CONTRACTOR shall make a recommendation for such action and return the account to the LAFD. Under this circumstance, the CONTRACTOR may communicate to debtor that the matter is being returned to the LAFD with a recommendation to consider further legal recourse.

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

## **ARTICLE II - REFERRAL PROCESS**

Under no circumstance shall the CONTRACTOR initiate collection on behalf of the LAFD prior to written permission from the LAFD. Execution of this Agreement by the Parties does not obligate or guarantee that the LAFD will actually refer any accounts to the CONTRACTOR. At any time, the LAFD may, at its sole discretion, utilize the services of the CONTRACTOR or another contracted agency. This Agreement only applies to EMS Billing accounts referred by the LAFD. The CONTRACTOR agrees to meet with the LAFD, and in good faith, establish procedures, including, but not limited to, the secure transmittal to the CONTRACTOR of all accounts; recording of individual account transactions; processing and documentation of payments against accounts; the CONTRACTOR's HIPAA security practices and results of audits; transmittal of account information back to the LAFD; and the return, destruction or retention of account data.

The LAFD may use more than one means/methods to assign accounts to the CONTRACTOR, that includes electronic transmission, electronic file, or in writing. For the purposes of this Agreement, the term "assign" means the transfer of accounts by the LAFD to the CONTRACTOR to effect collection. Assigned accounts will include the following information, if available, and any other relevant information that the LAFD may have at the time of referral as deemed appropriate:

- Debtor Name(s)
- Debtor Address
- Type of Account
- Unpaid Balance Outstanding

### **ARTICLE III - PERFORMANCE REQUIRMENTS**

- A. In performing collection services for the LAFD, the CONTRACTOR shall adhere to the highest legal, ethical, and professional standards. The CONTRACTOR shall comply with the Taxpayer Bill of Rights and perform services in a manner that is consistent with all federal and state fair debt collection practices, acts and confidentiality provisions, including, but not limited to California Civil Code Sections 1788 et seq. In addition, all information and data received by the CONTRACTOR from the CITY shall be regarded as confidential under Section 21.17 of the Los Angeles Municipal Code.

Moreover, for collection of the LAFD EMS accounts, the CONTRACTOR shall maintain at all times compliance with all Health Insurance Portability and Accountability Act (HIPAA) regulations and requirements as set forth in Title 45 of the Code of Federal Regulation (Parts 160, 162 and 164) and the American Recovery and Reinvestment Act of 2009 which added the Health Information Technology for Economic and Clinical Health Act of 2009 (Sections 13400 et seq.) throughout the term of the contract. The CONTRACTOR agrees to sign the Business Associate Agreement Rev. 2016 (hereinafter referred to as "BAA", and included in this Agreement as Exhibit A) with the LAFD prior to receiving any EMS accounts for collection. The CONTRACTOR is required to integrate with existing LAFD HIPAA compliant systems to ensure secure electronic transfer and documentation of EMS related records.

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

1. Perform its work as an independent contractor and shall, at all times, inform the debtors that it is acting as a collection agency for the CITY but that it is an entity separate and distinct from the CITY;
2. Collect on only amounts authorized by the CITY and shall not add or collect any amounts not authorized by the CITY;
3. Deposit all monies collected for the LAFD into a special trust fund which shall be kept separate and not commingled with other funds of the CONTRACTOR or other clients of the CONTRACTOR. If the trust fund is an interest accruing account, such accruals must be credited to the CITY. All monies collected by the CONTRACTOR for the CITY shall be remitted to the CITY on a monthly basis; as defined in this Article and Article V of this Agreement;
4. Deliver to the LAFD on or before the fifteenth (15<sup>th</sup>) of each month all monies collected during the previous month. The CONTRACTOR shall not, for any reason, withhold monies collected during the previous month on any account referred to the CONTRACTOR by the LAFD and shall promptly deliver said payments to the LAFD as specified above. Together with the monthly delivery of monies collected during the previous month, the CONTRACTOR shall submit an invoice in duplicate for commission owed and a remittance report summarizing detailed

information for payments received in accordance with the requirements outlined in Article V of this Agreement;

5. Obtain approval from the LAFD as to form and content for all letters used by the CONTRACTOR to effect collection before use;
6. Engage in payment plans, when determined appropriate, with the CITY debtors for a term of no longer than one (1) year. Payment plans in excess of one (1) year require written approval from the LAFD Fire Chief or Fire Administrator;
7. Agree that any information provided by the LAFD on delinquent accounts will be used solely for the purpose of collection, held in the strictest of confidence and used for no other purpose;
8. Maintain all LAFD information and records separate from information and records related to other clients;
9. Bear all expenses and costs incurred to effect collection of any account referred by the LAFD;
10. Report CITY department accounts to credit bureaus within forty-five (45) days of assignment, except for instances when the CITY has approved in writing a change in this time frame. The account may remain on a credit bureau report for the duration of the time in which the account is assigned with the CONTRACTOR and any written extension granted by the CITY, but upon return of the account to the CITY, the CONTRACTOR will instruct credit bureaus to remove any negative data reported relative to the account;
11. Provide electronic payment options to debtors including online, credit or debit card, e-check, ACH, as well as other CITY-approved methods;
12. Return to the LAFD, in automated format or other manner specified by the LAFD, all accounts that remain uncollected by the CONTRACTOR upon the period set by the LAFD from assignment, and shall cease all collection efforts, except for instances where payment plans are in affect and active payments are made in accordance with the plan or in limited circumstances where the LAFD, at the direction of the CITY may, at its sole discretion, elect to extend the time that the CONTRACTOR may retain said account in writing. In no event shall the CONTRACTOR be entitled to any payment on the account once it has been returned to the CITY, unless payment is received by the CONTRACTOR on the returned account. The CONTRACTOR shall report to the LAFD, as outlined in Article V of this Agreement, on any account returned prior to or retained past the allotted time specified by the CITY to effect collection in this Agreement;
13. Be able to accept account data through various communication methods employed by the LAFD, whether paper-based or electronic. The CONTRACTOR must work with the LAFD and its EMS billing

CONTRACTOR(s) to develop systems interfaces for efficient and secured data transfer of their accounts. All costs associated with the development of said systems will be borne by the CONTRACTOR;

14. Comply with any special collection campaigns authorized by the CITY, wherein selected account types may be targeted for specified reductions in balances owed, for example, offer in compromise and debt amnesty programs.

Moreover, in performing the services requested, the CONTRACTOR shall not:

15. Subcontract, assign, refer or transfer any account referred to it by the LAFD, or otherwise assign its rights or delegate its duties under this Agreement to any other person or entity, including any attorney, without the express written consent of the LAFD;
16. Collect more than the amount of the assigned debt and any applicable contingency fees authorized by the CITY to be added to the assigned amount. The CITY's assigned debt may include both the principal amount and any penalties or interest on the unpaid principal amount, including any accrued amounts authorized by the CITY. The CONTRACTOR shall not add and/or collect penalties, interest or fees not authorized by the CITY in writing. Any additional authorized or unauthorized amounts collected by the CONTRACTOR shall be remitted to the LAFD and/or the CITY, as defined in Article V of this Agreement;
17. Threaten or intimidate debtors under any circumstances in the collection of the LAFD's accounts or violate any applicable government laws or regulations;
18. Use or display the official seal of the CITY or the LAFD on any of its letterheads or communications with any debtor for any reason;
19. State or suggest, in any verbal or written communication, that the CONTRACTOR intends to pursue legal action against the debtor, or imply that it has any authority to do so;
20. Take any legal action against a debtor on a CITY account;
21. Initiate, negotiate, or reach settlements on any account assigned to it for collection nor directly or indirectly imply that it has such authority, unless authorized by the CITY in writing;
22. Recommend to debtors the use of "payday" loans to satisfy CITY accounts, or any loans through a lender wherein the CONTRACTOR has any financial interest in the lender or where the CONTRACTOR would realize any additional financial gain through referral of business to the lender;

23. Perform secondary level collection services on any account in which it has previously performed primary collection services under this Agreement.

**B. Recall of Accounts**

The LAFD shall have the right at their sole discretion to recall from the CONTRACTOR without charge or penalty any account(s) assigned to the CONTRACTOR. For purposes of this Agreement, the term "recall" means the demand return of an assigned account to the CITY. Upon recall by the LAFD, the CONTRACTOR shall undertake no further collection efforts on recalled account(s). The CONTRACTOR shall also instruct credit bureaus to remove any negative data reported relative to the account(s) recalled. The CONTRACTOR shall not be entitled to any contingency fees for payments received by the LAFD on an account after the date of recall except where the debtor has contacted the LAFD or the CITY to engage in settlement of the account prior to the date of recall. If a debtor pays on an LAFD account no longer assigned to the CONTRACTOR, the CONTRACTOR shall accept payment and remit same to the LAFD, and will be entitled to commission fees.

**C. Quality Assurance**

The CONTRACTOR's performance will be evaluated according to contract standards and other performance measures deemed appropriate by the LAFD and/or the CITY, including, but not limited to, establishing the CONTRACTOR performance benchmarks and incentives relative to collection on the LAFD accounts. The LAFD and/or the CITY may use a variety of inspection methods to determine the CONTRACTOR's compliance with terms of this Agreement and evaluate performance level. The methods of inspection may include, but are not limited to:

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

The LAFD and/or the CITY shall have the right at any time during regular business hours to inspect records relative to the LAFD accounts maintained by the CONTRACTOR at its place of business. For the LAFD EMS accounts, the CONTRACTOR shall retain records as required by HIPAA and the terms of the BAA between the CONTRACTOR and the LAFD included herein as Appendix B.

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



**D. Account Redistribution**

The LAFD shall have sole discretion at any time without reason the right to distribute or redistribute accounts among the CITY's contracted collection agencies. For those accounts assigned to the CONTRACTOR wherein payments are being made and/or subject to a current, agreed upon payment plan, the LAFD may permit these accounts to remain with the CONTRACTOR while collections continue according to the arranged payment amount and schedule.

For any account assigned to the CONTRACTOR and recalled by the LAFD to pursue other measures to collect, including redistribution to another contracted collection agency, the CONTRACTOR will not be due any commission after the date of recall by the LAFD except where debtor has contacted the LAFD to engage in settlement of the account prior to the date of recall. The CONTRACTOR shall direct the debtor to contact the LAFD on any attempt by a debtor to pay on a LAFD account that has been recalled by the LAFD or is no longer assigned to the CONTRACTOR.

**E. Membership in Professional Organizations**

The CONTRACTOR shall maintain, at no cost to the LAFD or the CITY, membership in the American Collectors Association, California Association of Collectors, or similar professional organizations that provide interstate and intrastate services and utilize collection techniques consistent with the Code of Ethics and standards adopted by said association(s).

**F. Tax Certificate**

The CONTRACTOR agrees to have and maintain a valid City of Los Angeles Business Tax Registration Certificate for the term of the Agreement, at no cost to the LAFD or the CITY.

**G. Automation Support**

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

**H. Client Assistance**

The CONTRACTOR shall provide to the LAFD as needed on-site customer assistance during, but not limited to, the first thirty (30) days of contract implementation. Client assistance services are to be provided by the CONTRACTOR at no expense to the LAFD.

**I. Training**

The CONTRACTOR shall provide to the LAFD on-site training relative to collection processes and procedures as deemed necessary by the referring CITY departments at no cost to the LAFD.

**J. Consulting**

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

**K. Access to Accounts**

The CONTRACTOR shall provide to the LAFD remote access to its accounts assigned to the CONTRACTOR through an internet website, or similar process approved by the LAFD. The CONTRACTOR shall also provide the LAFD with technical assistance, training and requirements needed to establish and use remote access privileges to its accounts, if needed, and at no cost to the LAFD. The remote access shall include the ability for the LAFD to view and print all transactions, information, and documents related to each account referred by the LAFD to the CONTRACTOR, including names and addresses noted on the account, if payer is different.

**L. Complaint Response and Handling**

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

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

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

The CONTRACTOR shall document and maintain records of all complaints initiated, including information regarding the person(s) that filed the complaint, specific details regarding the nature of the complaint, all parties involved, steps taken to resolve the matter, final disposition and the name and title of staff that handled the matter.

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

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

#### **ARTICLE IV - COMMISSION PAYMENTS**

The LAFD agrees to compensate the CONTRACTOR on a contingency fee basis for services to the LAFD performed under this Agreement. If no recovery is made on an account referred to the CONTRACTOR by the LAFD, there is no compensation due to the CONTRACTOR. The commission due the CONTRACTOR shall be based on the CONTRACTOR's applicable commission rate approved by the LAFD and any recovery made on an account that has been assigned to the CONTRACTOR, up to, but not to exceed the LAFD's assigned amount. For compensation purposes, the assigned amount is the amount of the debt referred to the CONTRACTOR, including any LAFD and/or CITY authorized adjustments to the amount referred after assignment, i.e., interest accruing on the unpaid balance or a reduction in the debt from an audit performed on the account.

Any adjustments made to an assigned amount shall be authorized by the CITY, and upon adjustment, the CONTRACTOR shall be entitled to commission on amounts

recovered up to the final adjusted assigned amount. The CONTRACTOR is not entitled to commission on amounts recovered that exceed the LAFD's assigned amount, i.e., the CONTRACTOR's contingency fees authorized by the CITY to be added to the assigned amount and collected by the CONTRACTOR.

The CONTRACTOR's approved commission rates for actual amounts recovered on accounts referred, up to, but not exceeding the assigned amount of the referral, shall vary under this Agreement and the applicable rate will be determined by the following:

- The level of collection services performed by the CONTRACTOR is primary or secondary, and
- Whether the account is pre-judgment or post-judgment. For the purposes of this Agreement the term "pre-judgment" refers to accounts that the CITY has not obtained a court order for payment against the debtor and "post-judgment" refers to accounts that the CITY has obtained a court order against the debtor for payment of the debt.

**CONTRACTOR's Approved Commission Rates**

<b>Collection Level</b>	<b>Judgment Status of Account</b>	<b>Commission Rate</b>
<b>Primary Collection</b>	<i>Pre-Judgment Accounts</i>	15.9%
	<i>Post-Judgment Accounts</i>	17.9%
<b>Secondary Collection</b>	<i>Pre-Judgment Accounts</i>	23.9%
	<i>Post-Judgment Accounts</i>	24.9%

The CONTRACTOR shall not be compensated in any other method than that prescribed in this Article. An invoice shall be submitted to the LAFD for commission owed the CONTRACTOR on amounts collected during the previous month, as detailed in Article III and Article V of this Agreement.

Any money paid directly to the CITY on any account assigned to the CONTRACTOR shall be deemed to have been collected by the CONTRACTOR, and the CONTRACTOR will be entitled to receive a commission on the payment, unless: 1) payment is received by the CITY or postmarked on or prior to the date of the CITY's receipt of the CONTRACTOR Acknowledgement Report as set forth in Article V of this Agreement or 2) collection activity, such as dunning notice sent or telephone contact with debtor, by the CONTRACTOR has not begun, in which case the CONTRACTOR would not be due any commission. The LAFD shall promptly notify the CONTRACTOR regarding any payment made directly to the CITY on an account assigned to the CONTRACTOR.

## **ARTICLE V - REPORTING**

### **A. Required Monthly Reports to CITY Contract Administrator**

All EMS accounts transmitted to the CONTRACTOR are deemed to contain PHI. The CONTRACTOR shall work with the LAFD to develop and ensure any and all reports provided to the CITY Contract Administrator, which includes monthly electronic reports regarding collection activities, overall and specific to EMS Billing Accounts, performed by the CONTRACTOR during the previous month and from inception of the Agreement, do not contain PHI. Required monthly reports are due to the CITY Contract Administrator within five (5) working days of the close of the prior month. The LAFD reserves the right to modify the CONTRACTOR's monthly reporting requirements to comply with Federal, State and Local laws, rules and regulations related to HIPAA and PHI. The CONTRACTOR shall comply with any requested changes to monthly reporting requirements within one (1) month of being notified by the LAFD of the requested modification. Required monthly reporting, as defined by the LAFD, may include, but are not limited to the following reports:

- Activity Reports
- Batch Reports
- Overall Status of Accounts Referred
- Lists of Delinquent Debtors
- Performance Reports
- Stair-Step Reports
- Status of Complaints, as defined in Article III of this Agreement

### **B. Required Monthly Reports to the LAFD**

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

- Status of Accounts Referred by the CITY department - Detailed for each account according to collection effort (e.g. payment plan, collection stage, call follow-up, pending dispute, skip trace, pending documents, etc.)
- Returned/Closed Accounts
- Retained Accounts
- Remittance Report

**C. Acknowledgement Report**

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

- CITY Account Number
- Debtor Name
- Assignment Date
- Assignment Amount

**D. Returned Accounts Report**

The CONTRACTOR is required to furnish to the LAFD, when applicable, a report on accounts returned to the LAFD. Reasons that an assigned account may be returned to the LAFD include, but are not limited to:

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

The CONTRACTOR must state in its report the reason(s) for the return of the account and be able to provide detailed information regarding all efforts undertaken by the CONTRACTOR to collect on the account prior to its return. The format for the report on returned accounts shall be specified by the LAFD and shall accompany any returned accounts. At a minimum, information contained in the report shall include the following for each account returned:

- LAFD Account Number
- CONTRACTOR Assigned Account Number
- Debtor Name
- Assignment Date
- Assigned Amount
- Amount Collected
- Remaining Balance Due
- Detailed Reason for Return (RCN)  
Detailed reasons for returns due to routine cancellation within the time period allotted by the City to effect collection (e.g. bad address, skip cannot locate, dispute, cease and desist, etc.)

**E. Retained Accounts Report**

The CONTRACTOR is required to furnish to the LAFD when applicable, a report on accounts retained by the CONTRACTOR beyond the approved period for collection. Reporting on retained accounts shall begin no later than the date that these accounts would normally have been returned to the LAFD due to the time period allotted by the LAFD to effect collection has expired. The CONTRACTOR shall continue to report on retained accounts, on a monthly basis, until said accounts are paid in full or returned to the LAFD.

LAFD accounts shall not be retained by the CONTRACTOR unless authorized in writing by the LAFD or the CITY or where payment plans are in effect and debtors are making active payments under the payment plan that will extend beyond the allotted time period to effect collection as specified under this Agreement.

At any time the LAFD may, at its sole discretion and for any reason, recall an account from the CONTRACTOR, as set forth in Article III of this Agreement. However, this action would not preclude payment obligations to the CONTRACTOR of contingency fees in the event an account with a payment plan in effect is taken over by the LAFD and successfully collected by the LAFD or the CITY. The retained accounts report shall include at least the following information for each account retained:

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

**F. Remittance Report**

The CONTRACTOR is required to furnish to the LAFD when applicable, a remittance report setting forth the details from any monies collected from debtors on LAFD assigned accounts during the previous month. This report shall accompany the monthly delivery of monies, as defined in Article III of this Agreement, and shall be delivered to the LAFD on or before the fifteenth (15th) of each month that the CONTRACTOR collected payments on assigned accounts during the previous month. Automated remittance processes may be implemented upon written agreement between the LAFD and the CONTRACTOR. Specific information required in the report shall include, but not be limited to:

- Contract Number
- CONTRACTOR Assigned Vendor Code Number
- LAFD Account Number
- Debtor Name

- Batch Number
- Amount Collected
- Remaining Balance Due
- CONTRACTOR Commission

**G. Customized, Ad Hoc and Specialized As Needed Reports**

On an occasional basis, the CONTRACTOR may be required to provide to the LAFD and the CITY Contract Administrators customized, ad hoc or specialized as needed reports. The CONTRACTOR shall furnish said reports within five (5) business days from receipt of a written request, or other timeframe specified in writing, from the LAFD Contract Administrator. Specific details regarding the content and format of the specialized report shall be provided by the requesting party. All reports are to be delivered to the LAFD only. No report may be distributed to other parties without the prior approval of the LAFD.

**ARTICLE VI - TERM**

The term of this Agreement shall commence on upon execution, and continue through May 31, 2017, unless terminated earlier as provided herein or amended as elsewhere provided herein. Any amendment that extends the term of this agreement beyond three (3) years is subject to the approval the City Council in accordance with Los Angeles Administrative Code Section 10.5.

Where services are needed to be continued beyond the initial term of the Agreement, and where those services are consistent with the terms contained herein, those services are hereby ratified and covered by this Agreement.

**ARTICLE VII - MANAGEMENT, ORGANIZATION AND RESPONSIBILITIES**

**A. LAFD Contract Administrator**

The LAFD hereby appoints the Fire Administrator, or his/her designee, as the LAFD Contract Administrator with respect to overall management, amendments or other matters directly related to this Agreement, provided; however, that any matters which will increase the Department's financial obligation hereunder shall be presented to the City Council for its consideration and approval or otherwise approved as provided in the CITY's Charter or Administrative Codes.

The LAFD shall be primarily responsible for matters regarding their assigned accounts or referrals. The CONTRACTOR shall direct any communications and/or inquiries regarding any assigned accounts to the LAFD in accordance with this Agreement and other directives from the CITY. The LAFD shall provide written notice to the CONTRACTOR with regard to any changes in this Agreement or management of referred accounts.



B. **CONTRACTOR's Representative**

The CONTRACTOR hereby appoints Brent Brown, Director of Business Development, to represent the CONTRACTOR with respect to amendments or other matters to this Agreement.

**ARTICLE VIII - NOTICES**

Notices and all other communications to the CITY or the CONTRACTOR required by or regarding this Agreement shall be in writing and delivered personally or sent by first class mail or fax as follows:

A. **LAFD Address:**

Los Angeles Fire Department  
200 N. Main Street, Room 1800  
Los Angeles, California 90012  
Attn: Ralph M. Terrazas, Fire Chief  
Telephone: (213) 978-3800  
Fax: (213) 978-3815

With copies to:

Los Angeles Fire Department  
200 N. Main Street, Room 1630  
Los Angeles, California 90012  
Attn: June Gibson, Fire Administrator  
Telephone: (213) 978-3731  
Fax: (213) 978-3414

B. **CONTRACTOR's Address:**

Harris & Harris, Ltd.  
111 W. Jackson Blvd., Suite 400  
Chicago, IL 60604  
Attn: Arnold Harris, President  
Telephone: (312) 423-7400  
Fax: (312) 803-0020  
Email: aharris@harriscollect.com

Any change by either party with regard to notices and all other communications to the CITY or the CONTRACTOR shall be made through written notice to the other party in accordance with this Article.

**ARTICLE IX - TERMINATION**

The LAFD may terminate the Agreement, or any part hereof, for its convenience, effective as of any date upon at least thirty (30) days written notification to the CONTRACTOR.

Upon termination of the Agreement, all accounts shall be deemed automatically reassigned by the CONTRACTOR to the LAFD. In-process collections may be considered waived from reassignment upon written consent from the LAFD. For the purpose of this Agreement, in-process collections are instances where payment plans are in affect and active payments are being made by the debtor in accordance with the plan. Contract terms and conditions will stay in effect with regard to accounts that remain with the CONTRACTOR for in-process collections, with no additional account referrals to the CONTRACTOR by the CITY. If any provision of this Agreement is held unenforceable, then such provision may be modified by mutual agreement to reflect the parties' intention. All remaining provisions of this Agreement shall remain in full force and effect.

#### **ARTICLE X - INCORPORATION BY REFERENCE**

The CONTRACTOR agrees to comply with all terms and conditions set forth in the CITY's "Standard Provisions for City Contracts" (revised March 2009), a copy of which is attached hereto as Appendix A and incorporated herein by reference.

#### **ARTICLE XI – LOS ANGELES CITY CHARTER SECTION 470(c)(12)**

The CONTRACTOR, Subcontractors, and their Principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract is valued at \$100,000 or more and requires approval of a City elected official. Additionally, CONTRACTOR is required to provide and update certain information to the City as specified by law. Any Contractor subject to Charter Section 470(c)(12), shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this contract:

##### **Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions**

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles Contract #124643. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide names and addresses of the subcontractor's principals and contact information to the contractor and shall update that information if it changes during the 12 month time period. Subcontractor's information included must be provided to contractor within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies include fines.

Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling (213) 978-1960.

## **ARTICLE XII—First Source Hiring Ordinance (FSHO)**

Unless otherwise exempt in accordance with the provisions of this Ordinance, this Agreement is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 et seq. of the Los Angeles Administrative Code, as amended from time to time.

CONTRACTOR shall, prior to the execution of the contract, provide to the DAA a list of anticipated employment opportunities that CONTRACTOR estimates he will need to fill in order to perform the services under the Agreement.

CONTRACTOR further pledges that it will, during the term of the Agreement, shall a) At least seven business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the Community Development Department (CDD), which will refer individuals for interview; b) Interview qualified individuals referred by CDD; and c) Prior to filling any employment opportunity, the CONTRACTOR shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the CONTRACTOR interviewed and the reasons why referred individuals were not hired.

Any Subcontract entered into by the CONTRACTOR relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

CONTRACTOR shall comply with all rules, regulations and policies promulgated by the designated administrative agency, which may be amended from time to time.

Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the designated administrative agency has determined that the CONTRACTOR intentionally violated or used hiring practices for the purpose of avoiding the article, the determination must be documented in the Awarding Authority's CONTRACTOR Evaluation, required under Los Angeles Administrative Code Section 10.39 et seq., and must be documented in each of the CONSULTANT's subsequent CONTRACTOR Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40 et seq. This measure does not limit the CITY's authority to act under this article.

Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this contract and otherwise pursue legal remedies that may be available if the designated administrative agency determines that the subject CONSULTANT has violated provisions of the FSHO.

## **ARTICLE XIII—IRAN CONTRACTING ACT**

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

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**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed by their respective duly authorized representatives.

Approved Corporate Signature Methods:

- a) Two signatures: one by Chairman of Board of Directors, President, or Vice President; and one by Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- b) One signature by corporate designated individual together with properly attested resolution of Board of Directors authorizing person to sign on the company's behalf.

THE CITY OF LOS ANGELES

HARRIS & HARRIS, LTD

By \_\_\_\_\_  
RALPH M. TERRAZAS  
Fire Chief

Date \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

APPROVED AS TO FORM:  
MICHAEL N. FEUER,  
City Attorney

By \_\_\_\_\_  
Laurel L. Lightner  
Assistant City Attorney

Date \_\_\_\_\_

ATTEST:  
HOLLY L. WOLCOTT,  
City Clerk

By \_\_\_\_\_  
Deputy Clerk

Date \_\_\_\_\_