

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

June 25, 2018

BOARD OF FIRE COMMISSIONERS
FILE NO. **18-067**

TO: Board of Fire Commissioners

FROM:  Ralph M. Terrazas, Fire Chief

SUBJECT: SECOND SUPPLEMENTAL AMENDMENT TO AGREEMENT C-124643
WITH HARRIS & HARRIS, LTD. FOR COLLECTION 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 Withdrawn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 Proposals, released on March 30, 2012, to contract with Harris & Harris, Ltd. on August 22, 2014. The initial Agreement (C-124643), which expired May 31, 2016 was for a 20-month term with two one-year extensions.

On October 24, 2016, the City exercised the first renewal option, and extended the term of the agreement through May 31, 2017.

On July 28, 2017, the City exercised the second renewal option, and extended the term of the agreement through May 31, 2018.

The Office of Finance is preparing a Request for Proposals (RFP) for collection services. Because the RFP process will not be completed by May 31, 2018, the LAFD desires to extend the term of Agreement C-124643 until a contractor is selected through this process.

Harris & Harris, Ltd. collected revenues of \$2.5M in FY 2014-15, \$2M in FY 2015-16, \$1.8M in FY 2016-17, and is projected to collect approximately \$1.9M in FY 2017-18. The LAFD proposes extending the term of the Agreement through May 31, 2019 to continue these collection services.

RECOMMENDATIONS

That the Board:

1. Approve and authorize the Fire Chief to execute the Second Supplemental Amendment to Agreement C-124643 between the City and Harris & Harris, Ltd., for collection services, for the period of June 1, 2018 through May 31, 2019.
2. Transmit the Second Supplemental Amendment to Agreement C-124643 to the Mayor in accordance with Executive Directive No. 3, and to the City Council for approval.
3. Request the City Council, subject to approval of the Mayor, approve the Second Supplemental Amendment to Agreement C-124643 for the period of June 1, 2018 through May 31, 2019.

FISCAL IMPACT

Extending the Agreement for collection services for an additional year will generate an estimated \$1.9 million in General Fund revenue.

Board report prepared by Lauren Nakasuji, Senior Management Analyst I,
Administrative Services Bureau.

Attachment

**SECOND SUPPLEMENTAL 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 Second Supplemental Amendment to Agreement C-124643 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, through its Office of Finance, 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 evaluated the proposals received and recommended approval of the CONTRACTOR to the CITY Council; and

WHEREAS, the CITY Council 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 Harris & Harris, Ltd. for collection services associated with delinquent Emergency Medical Services (EMS) billing accounts, effective the date of execution through May 31, 2016, with up to two additional one-year extensions, on a contingency fee basis; and

WHEREAS, the LAFD is a Covered Healthcare Entity within the CITY organization, and in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) must enter into a separate Business Associate Agreement (BAA) with CONTRACTOR to ensure the security and segregation of accounts containing Protected Healthcare Information (PHI); and

WHEREAS, on October 24, 2016, the CITY, in a Restatement and First Amendment to Agreement No. C-124643, extended the term through May 31, 2017 and updated the BAA; and

WHEREAS, on July 28, 2017, the CITY, in a First Supplemental Agreement to Agreement No. C-124643, extended the term through May 31, 2018; and

WHEREAS, the CITY, through its Office of Finance, is currently preparing an RFP for Primary and/or Secondary Collection Services; and

WHEREAS, until the CITY enters into a new agreement for collection services through the RFP process, the CITY desires in this Second Supplemental Amendment to extend the term of Agreement No. C-124643 through May 31, 2019; and

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

1. **ARTICLE VI – TERM**, is hereby amended in its entirety to read:

The term of this Agreement shall commence upon execution, and continue through May 31, 2019, unless terminated earlier as provided herein or amended as elsewhere provided herein.

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.

2. **Except as amended by this Second Supplemental Amendment, all other provisions of Agreement No. C-124643 shall remain in full force and effect**

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

THE CITY OF LOS ANGELES

HARRIS & HARRIS, LTD,

By: _____
RALPH M. TERRAZAS
Fire Chief

By: _____
ARNOLD S. HARRIS
President and CEO

Date: _____

Date: _____

By: _____
DAVID L. HARRIS
EVP & COO

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

ATTEST:
HOLLY L. WOLCOTT
City Clerk

By: _____
KIMBERLY D. MIERA
Deputy City Attorney

By: _____
Deputy Clerk

Date: _____

Date: _____