

May 5, 2020



RALPH M. TERRAZAS
FIRE CHIEF

April 21, 2020

BOARD OF FIRE COMMISSIONERS
FILE NO. 20-041

TO: Board of Fire Commissioners

FROM: *RMT* Ralph M. Terrazas, Fire Chief

SUBJECT: FOURTH 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 Withdrawn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 services to collect payment of delinquent emergency medical service billing accounts. The LAFD piggy-backed on the Office of Finance's Request for Proposals (RFP), released on March 30, 2012, to contract with Harris & Harris, Ltd. The initial Agreement between the LAFD and Harris & Harris, Ltd. was for a 20-month term, plus two one-year extensions. Agreement C-124643 began on September 22, 2014 and expired on May 31, 2016.

On August 16, 2016, the Board of Fire Commissioners approved a First Amendment to exercise the first renewal option to extend the term of the Agreement through May 31, 2017. On June 6, 2017, the Board of Fire Commissioners approved a First Supplemental Agreement to exercise the second renewal option to extend the term of the Agreement through May 31, 2018.

In 2018, the LAFD was advised that the Office of Finance (Finance) was preparing a RFP for collection services. Because the RFP process would not be completed by May 31, 2018, the Board of Fire Commissioners approved a Second Supplemental Amendment on July 3, 2018 to extend the term of the Agreement through May 31, 2019.

On May 17, 2019, Finance prepared and released an RFP for primary and secondary delinquent account collection services. Because the RFP process was not completed by May 31, 2019, the City Council approved a Third Amendment on September 3, 2019, to extend the term of the Agreement through May 31, 2020.

Finance continues to evaluate the proposals submitted in response to their RFP, and has advised that the RFP process will not be completed by May 31, 2020. As a result,

the LAFD desires to extend the term of the Agreement to May 31, 2021, in order to allow for sufficient time for the LAFD to piggy-back off of the Finance's RFP process to select a contractor.

Harris & Harris, Ltd. collected revenues of \$ 1.2 million in FY 2018-19, is projected to collect \$1.3 million in FY 2019-20, and approximately \$1.3 million in FY 2020-21. The LAFD proposes extending the term of the Agreement through May 31, 2021 to continue these collection services.

The City Attorney has reviewed and approved the Fourth Amendment as to legal form. Pursuant to Los Angeles City Charter Section 373, approval by the City Council is required.

RECOMMENDATIONS

That the Board:

1. Approve and authorize the Fire Chief to execute the Fourth Amendment to Agreement C-124643 between the City and Harris & Harris, Ltd., for collection services, for the period of June 1, 2020 through May 31, 2021.
2. Transmit the Fourth Amendment to Agreement C-124643 to the Mayor for approval in accordance with Executive Directive No. 3.

FISCAL IMPACT

Extending the Agreement for collection services for an additional year will generate additional collection services revenue for the General Fund.

Board report prepared by Cyndi Del Poso, Management Analyst, Administrative Services Bureau.

Attachment

**FOURTH 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 Fourth 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, on September 21, 2018, the CITY Council (C.F. 14-0870) approved a Second Supplemental Amendment to Agreement No. C-124643, to extend the term beyond three years to May 31, 2019; and

WHEREAS, the CITY, through its Office of Finance, prepared and released an RFP on May 17, 2019 for Primary and/or Secondary Collection Services; and

WHEREAS, on September 3, 2019, the CITY Council (C.F. 14-0870) approved a Third Amendment to Agreement No. C-124643, to extend the term beyond three years to May 31, 2020; and

WHEREAS, because the Office of Finance is still evaluating the proposals submitted in response to the RFP, and until the CITY enters into a new agreement for collection services through the RFP process, the CITY desires in this Fourth Amendment to extend the term of Agreement No. C-124643 through May 31, 2021; 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, 2021, 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 of 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.

2. **ARTICLE VIII – NOTICES**, Sub-section A, is hereby amended to read:

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: S. Jenny Park, Fire Administrator
Telephone: (213) 978-3731
Fax: (213) 978-3414

3. **ARTICLE X – INCORPORATION BY REFERENCE**, Sub-section C is hereby added in its entirety to read:

C. This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by City) and sent by e-mail shall be deemed original signatures.

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

[SIGNATURE PAGE FOLLOWS]

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: _____
SAMUEL W. PETTY
Deputy City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____