File No. 120411 Committee Item No. 9
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee **Date** May 16, 2012

Board of Supervisors Meeting **Date** _____

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☒	☐	**Resolution**
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OTHER **(Use back side if additional space is needed)**

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Completed by: Victor Young **Date** May 11, 2012
Completed by: Victor Young **Date** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

FILE NO. 120411 RESOLUTION NO.

[Contract Amendment - Triage Consulting Group - $1,823,761]

Resolution approving an amendment to the contract with Triage Consulting Group for retroactive claiming of aged accounts services to $1,823,761 for eight years.

WHEREAS, The Department of Public Health selected Triage Consulting Group through a Request for Proposals (RFP 30-2007) issued on March 17, 2008, which provided for an initial contract term of four years with options to renew to a maximum term of eight years; and

WHEREAS, The contract includes anticipated revenue to the City and County of one million dollars or more for the provision of services to review paid managed care accounts (including Workers Compensation, government, and non-government sources) to ensure that DPH receives optimum reimbursement; and

WHEREAS, The original contract was approved by the Board of Supervisors as required by the San Francisco Charter Sect. 9.118, for the four-year term of July 1, 2008, through June 30, 2012, through Resolution Number 428-08, on file with the Clerk of the Board of Supervisors in File No. 081142, which is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, The Department of Public Health wishes to amend the contract to extend the contract term by four years and to increase the total contract amount to $1,823,761; now, therefore, be it

RESOLVED, That the Board of Supervisors authorizes the Director of Public Health and the Office of Contract Administration, on behalf of the City and County of San Francisco, to amend the contract with Triage Consulting Group to increase the contract from $1,345,000 for the period of July 1, 2008, through June 30, 2012, to $1,823,761 for the period of July 1, 2009, through June 30, 2016.

APPROVED:

Barbara A. Garcia

Director of Health

APPROVED:

Mark Morewitz

Secretary, Health Commission

Items 8 and 9 Files 12-0409 and 12-0411	Department: Public Health

EXECUTIVE SUMMARY

Legislative Objective

- File 12-0409 would approve the second amendment to the existing agreement between the Department of Public Health (DPH) and Apollo Health Street, Inc. (Apollo) to (1) extend the agreement by four years, from July 1, 2012 through June 30, 2016, and (2) increase the not-to-exceed amount by $1,450,000, from $2,225,000 to $3,675,000.
- File 12-0411 would approve the second amendment to the existing agreement between DPH and Triage Consulting Group (Triage) to (1) extend the agreement by four years from July 1, 2012 through June 30, 2016, and (2) increase the not-to-exceed amount by $478,761, from $1,345,000 to $1,823,761.

Key Points

- DPH issued a Request for Proposals (RFP) in 2008 to select vendors to collect patient accounts that DPH was unable to collect. DPH selected Accordis, Inc. to collect aged patient accounts and Triage to retroactively collect on closed patient accounts that were underpaid. The Board of Supervisors previously approved the original agreements between DPH and Accordis, Inc. (File 08-1141) and between DPH and Triage (File 08-1142). Subsequently, the agreement between DPH and Accordis, Inc. was assigned to Apollo.

Fiscal Impacts

- According to Ms. Diana Guevara, Community Health Network (CHN) Patient Financial Services Director, DPH is proposing increases in the not-to-exceed amounts of the agreements between DPH and Apollo and between DPH and Triage, as noted above, to allow for sufficient authorization to pay fees to Apollo and to Triage from July 1, 2012 through June 30, 2016.
- Apollo is paid up to 25% of revenue collected from aged DPH patient accounts, depending on the type of account. From FY 2008-09 through FY 2010-11, Apollo has collected $8,721,955 in aged patient accounts, of which $1,074,876, or 12.3%, were fees paid to Apollo, and $7,647,079, or 87.7%, were net revenue to DPH.
- Triage is paid 25% of revenue collected from retroactively claiming closed DPH patient accounts that have been underpaid. From FY 2008-09 through FY 2010-11, Triage collected $963,958 in closed patient accounts that were underpaid, of which $240,990, or 25%, were fees paid to Triage, and $722,968, or 75%, were net revenues to DPH. According to Ms. Guevara, revenue from underpaid closed accounts collected by Triage has decreased from FY 2008-09 through FY 2010-11 because (1) San Francisco General Hospital has terminated all third party payer contracts except for MediCal and Medicare; and (2) San Francisco General Hospital has closed its Occupational Health Clinic, thus terminating Workers Compensation accounts which were previously a large source of underpaid closed accounts. According to Ms. Guevara, DPH has implemented billing and collection procedures, based on recommendations made by Triage, which have also reduced the number of closed accounts that are underpaid.

Recommendation

- Approve the proposed resolutions.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118, any agreement having anticipated revenue to the City of $1 million or more, or the modification of such an agreement, is subject to approval by the Board of Supervisors.

Background

Apollo Health Street, Inc. (File 12-0409)

The Board of Supervisors previously approved an agreement between the Department of Public Health (DPH) and Accordis, Inc. (Accordis) for four years, from July 1, 2008 through June 30, 2012 (File 08-1141). Accordis was selected, based on a competitive Request for Proposals (RFP), to pursue aged patient accounts from third party payers.

In February 2011, DPH agreed to the assignment of the existing agreement with Accordis to Apollo Health Street, Inc. (Apollo). Under the existing agreement, Apollo identifies DPH aged patient accounts; determines patient eligibility for MediCal, Medicare, or other third party coverage; and pursues billing and collection from third party payers.

Triage Consulting Group (File 12-0411)

The Board of Supervisors approved the existing agreement between DPH and the Triage Consulting Group (Triage) for four years, from July 1, 2008 through June 30, 2012 (File 08-1142). Triage was selected, based on a competitive RFP, to provide retroactive claiming of closed paid patient accounts. Triage pursues collections with third party payers, such as MediCal and Medicare, for closed patient accounts that have been underpaid.

DETAILS OF PROPOSED LEGISLATION

File 12-0409 is a resolution approving the second amendment to the existing agreement between DPH and Apollo, which increases the term of the agreement by four years, and increases the not-to-exceed amount of the agreement by $1,450,000, from $2,225,000 to $3,675,000, as shown in Table 1 below.

Table 1
Proposed Second Amendment to Agreement between DPH and Apollo
For Collection of Aged Accounts

	Original	First Amendment	Proposed Second Amendment	Increase from First Amendment to Proposed Second Amendment
Term	July 1, 2008 to June 30, 2012 Four years	No change	July 1, 2012 to June 30, 2016 Extends term by four years for a total term of eight years	Four years
Not to Exceed Amount for Collection of Aged Accounts	$1,175,000	$2,175,000	$3,625,000	$1,450,000
Not to Exceed Amount for Other Professional Services	50,000	50,000	50,000	0
Total Not to Exceed Amount	$1,225,000	$2,225,000	$3,675,000	$1,450,000

File 12-0411 is a resolution approving the second amendment to the existing agreement between DPH and Triage, which increases the term by four years, and increases the not-to-exceed amount of the agreement by $478,761, from $1,345,000 to $1,823,716, as shown in Table 2 below.

Table 2
Proposed Second Amendment to Agreement between DPH and Triage
For Collection of Underpaid Closed Accounts

	Original	First Amendment	Proposed Second Amendment	Increase from First Amendment to Proposed Second Amendment
Term	July 1, 2008 to June 30, 2012 Four years	No change	July 1, 2012 to June 30, 2016 Extends term by four years for a total term of eight years	Four years
Total Not to Exceed Amount	N/a	$1,345,000	$1,823,761	$478,761

FISCAL IMPACT

According to Ms. Diana Guevara, Community Health Network (CHN) Patient Financial Services Director, DPH is proposing:

(1) An increase in the not-to-exceed amount in the agreement between DPH and Apollo of $1,450,000, from the existing not-to-exceed amount of $2,225,000 under the first amendment to a proposed not-to-exceed amount of $3,675,000 (see Table 1 above) to allow for sufficient authorization to pay Apollo's fees from July 1, 2012 through June 30, 2016; and

(2) An increase in the not-to-exceed amount in the agreement between DPH and Triage of $478,761, from the existing not-to-exceed amount of $1,345,000 under the first amendment to a proposed not-to-exceed amount of $1,823,761 (see Table 2 above) to allow for sufficient authorization to pay Triage's fees from July 1, 2012 through June 30, 2016.

Apollo's fees are based on the revenue that they collect from aged DPH patient accounts. Apollo is paid up to 25% of revenue collected, depending on the type of account[1]. As shown in Table 3 below, Apollo collected $8,721,955 in revenues from FY 2008-09 through FY 2010-11. Fees paid to Apollo were $1,074,876 and net revenues to DPH were $7,647,079 ($8,721,955 less $1,074,876).

Table 3
Collection of Aged Accounts by Apollo
FY 2008-09 through FY 2010-11

Fiscal Year	Revenue Collected	Fees Paid to Apollo	Net Revenues to DPH
FY 2008-09	$2,846,563	$313,935	$2,532,627
FY 2009-10	2,962,817	386,426	2,576,392
FY 2010-11	2,912,575	374,515	2,538,059
Total	**$8,721,955**	**$1,074,876**	**$7,647,079**

Source: DPH

Under the existing agreement, Triage is paid 25% of all revenue collected by Triage from third party payers for DPH closed accounts. As shown in Table 4 below, Triage collected $963,958 in revenues from FY 2008-09 through FY 2010-11. Fees paid to Triage were $240,990 and net revenues to DPH were $722,968 ($963,957 less $240,990).

[1]Und er the existing agreement, Apollo is paid from 15% to 25% of collected revenues depending on the type of account. The total fee may be less than 15% of collected revenues if Apollo collects more than the baseline amount for self-pay patient accounts.

Table 4
Collection of Underpaid Closed Accounts by Triage
FY 2008-09 through FY 2010-11

Fiscal Year	Revenue Collected	25% Fees to Triage	Net Revenues to DPH
FY 2008-09	$671,557	$167,889	$503,667
FY 2009-10	212,401	53,100	159,301
FY 2010-11	80,000	20,000	60,000
Total	**$963,958**	**$240,990**	**$722,968**

Source: DPH

As shown in Table 4 above, total revenue collected by Triage for underpaid closed accounts from FY 2008-09 through FY 2010-11 decreased. According to Ms. Guevara, revenue from underpaid closed accounts collected by Triage has decreased in part because (1) San Francisco General Hospital has terminated all third party payer contracts except for MediCal and Medicare; and (2) San Francisco General Hospital has closed its Occupational Health Clinic, thus terminating Workers Compensation accounts which were previously a large source of underpaid closed accounts. According to Ms. Guevara, DPH has implemented billing and collection procedures, based on recommendations made by Triage, which have also reduced the number of closed accounts that are underpaid.

RECOMMENDATION

- Approve the proposed resolutions.

City and County of San Francisco
Office of Contract Administration
Purchasing Division

Second Amendment

THIS AMENDMENT (this "Amendment") is made as of November 29, 2011, in San Francisco, California, by and between **Triage Consulting Group** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Director of the Office of Contract Administration.

RECITALS

WHEREAS, City and Contractor have entered into the Agreement (as defined below); and

WHEREAS, City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the compensation and extend contract term.

WHEREAS, approval for this Amendment was obtained when the Civil Service Commission approved Contract number 4116-07/08 on October 31, 2011;

NOW, THEREFORE, Contractor and the City agree as follows:

1. **Definitions.** The following definitions shall apply to this Amendment:

a. **Agreement.** The term "Agreement" shall mean the Agreement dated 1st day of July 2008 Contract Number BPHG09000104 between Contractor and City, as amended by this amendment.

First Amendment	Dated May 22, 2009 Contract Number BPHG09000104, and this amendment.

b. **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. **Modifications to the Agreement.** The Agreement is hereby modified as follows:

2a. Section 2. of the Agreement currently reads as follows:

2. ***TERM OF THE AGREEMENT***

Subject to Section 1, the term of this Agreement shall be from July 1, 2008 to June 30, 2012.

Such section is hereby amended in its entirety to read as follows:

2. ***TERM OF THE AGREEMENT***

Subject to Section 1, the term of this Agreement shall be from July 1, 2008 to June 30, 2016.

2b. Section 5. of the Agreement currently reads as follows:

5. *COMPENSATION*

a. The fee payable to Contractor for the Claiming of Aged Accounts Services (Appendix A-1) shall be a contingent fee of revenues generated in accordance with the schedule in Appendix B-1, attached hereto and incorporated by reference as though fully set forth herein. There is no maximum payment for these services.

b. Compensation for Professional Services (Appendix A-2) shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the **Director of the Public Health Department**, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed **One Million Three Hundred Forty Five Thousand Dollars ($1,345,000).** The breakdown of costs associated with this Agreement appears in Appendix B-2, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the **Department of Public Health** as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

Such section is hereby amended in its entirety to read as follows:

5. *COMPENSATION.*

Compensation shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the **Director of the Department of Public Health**, in his or her sole discretion, concludes has been performed as of the 1st day of the immediately preceding month. In no event shall the amount of this Agreement exceed **One Million Eight Hundred Twenty Three Thousand Seven Hundred Sixty One Dollars ($1,823,761).** The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by **Department of Public Health** as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY

Recommended by:

Barbara Garcia, MPA / Date
Director of Health

CONTRACTOR

Triage Consulting Group

Brian Neece / Date
Chief Executive Officer
221 Main Street, Suite 1100
San Francisco, CA 94105

City vendor number: 66397

Approved as to Form:

Dennis J. Herrera
City Attorney

By: Deputy City Attorney / Date

Approved:

Naomi Kelly / Date
Director Office of Contract
Administration and Purchaser

CMS #6373

Appendix B

Calculation of Charges

THIS PAGE OF APPENDIX B IS LEFT BLANK AND IS NOT BEING USED

IN ORDER TO HAVE APPENDIX A-1 CLAIMING OF AGED ACCOUNTS CORRESPOND TO APPENDIX B-1 THE CALCULATION OF CHARGES RELATING TO APPENDIX A-1

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 10/14/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
BayRisk Insurance Brokers Inc.
1920 Minturn Street
P.O. Box 567
Alameda CA 94501-9667

CONTACT NAME: Julia Alexander
PHONE (A/C, No, Ext): (510) 523-3435 FAX (A/C, No): (510) 523-1632
E-MAIL ADDRESS: juliaa@bayrisk.com
PRODUCER CUSTOMER ID #: 00000633

INSURED
Triage Consulting Group
221 Main Street #1100
San Francisco CA 94105-1927

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Travelers Property Cas Co of A	36161
INSURER B: Landmark American Ins. Company	33138
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

COVERAGES CERTIFICATE NUMBER: 2012 renewal REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER X POLICY PRO-JECT LOC	X	X	P-660-8603P13A-TIL-11	4/18/2011	4/18/2012	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	X	X	P-810-9275P673-TIL-11	4/18/2011	4/18/2012	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DEDUCTIBLE A X RETENTION $ 10,000	X	X	PSM-CUP-9275P716-TIL-11	4/18/2011	4/18/2012	EACH OCCURRENCE AGGREGATE	$ 6,000,000 $ 6,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		PJUB-8644P96-A-11	4/18/2011	4/18/2012	X WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
B	Consultants Professional Liability			LHR814610	8/31/2011	8/31/2012	$1,000,000 per claim $3,000,000 aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Certificate holder is named as additional insured as respects general liability and auto liability.

CERTIFICATE HOLDER

City and County of San Francisco
Dept. of Public Health
101 Grove Street, Room 307
San Francisco, CA 94102

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Kevin Milroy/VIVIAN

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the 'bloating;

BUSINESS AUTO COVERAGE FORM GARAGE
COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement the: provisions of the Coverage Form apply unless, modified by this endorsement

This endorsement :Identifies :person(s) organization ('s),'who are 'insured's" under the Who Is .An Insured:Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.
This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective:04/18/2011	**Countersigned By::**
Named Insured:Triage Consulting Group	
	(Authorized Representative)

SCHEDULE

Name of Person(s) or Organization(s):

City & County of San Francisco
Dept. of Public Health
101 Grove Street, Room 307
San Francisco, CA 94102

(If no entry *appears* above. Information required to complete this endorsement will be shown in the Declarations as applicable to the endorsement)

Each person or organization shown *in* the Schedule is an "Insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the who is an insured provision contained in Section II of the coverage form.

City and County of San Francisco
Office of Contract Administration
Purchasing Division

First Amendment

THIS AMENDMENT (this "Amendment") is made as of May 22, 2009, in San Francisco, California, by and between **Triage Consulting Group** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Director of the Office of Contract Administration.

RECITALS

WHEREAS, City and Contractor have entered into the Agreement (as defined below); and

WHEREAS, City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the compensation for Fiscal Year 2009-2010.

WHEREAS, approval for this Amendment was obtained when the Civil Service Commission approved Contract number 4116-07/08 on March 17, 2008;

NOW, THEREFORE, Contractor and the City agree as follows:

1. **Definitions**. The following definitions shall apply to this Amendment:

a. **Agreement**. The term "Agreement" shall mean the Agreement dated 1st day of July 2008 Contract Number BPHG09000104 between Contractor and City, as amended by this amendment.

b. **Other Terms**. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. **Modifications to the Agreement**. The Agreement is hereby modified as follows:

2a. Section 5. of the Agreement currently reads as follows:

5. ***COMPENSATION***

a. The fee payable to Contractor for the Claiming of Aged Accounts Services (Appendix A-1) shall be a contingent fee of revenues generated in accordance with the schedule in Appendix B-1, attached hereto and incorporated by reference as though fully set forth herein. There is no maximum payment for these services.

b. Compensation for Professional Services (Appendix A-2) shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the **Director of the Public Health Department**, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed **TWENTY THOUSAND DOLLARS ($20,000)**. The breakdown of costs associated with this Agreement appears in Appendix B-2, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the **Department of Public Health** as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

Such section is hereby amended in its entirety to read as follows:

5. COMPENSATION.

Compensation shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the Director of the Department of Public Health, in his or her sole discretion, concludes has been performed as of the 1st day of the immediately preceding month. In no event shall the amount of this Agreement exceed **One Million Three Hundred Forty Five Thousand Dollars ($1,345,000)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Department of Public Health as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

2b. Section 15. of the Agreement currently reads as follows:

15. INSURANCE

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than $1,000,000 each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(4) Blanket Fidelity Bond (Commercial Blanket Bond): Limits in the amount of the Initial Payment provided for in the Agreement.

(5) Professional liability insurance with limits not less than $1,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty (30) days' advance written notice to City of reduction or nonrenewal of coverages or cancellation of coverages for any reason. Notices shall be sent to the following address:

Office of Contract Management and Compliance
Department of Public Health
101 Grove Street, Room 307
San Francisco, California 94102

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

h. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

Such section is hereby amended in its entirety to read as follows:

15. INSURANCE

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than $1,000,000 each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Professional liability insurance, applicable to Contractor's profession, with limits not less than $1,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. Regarding Workers' Compensation, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

d. All policies shall provide thirty (30) days' advance written notice to the City of reduction or nonrenewal of coverages or cancellation of coverages for any reason. Notices shall be sent to the City address in the "Notices to the Parties" section:

e. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

f. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

g. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

h. Before commencing any operations under this Agreement, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory

to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

i. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

2c. Section 42 of the Agreement currently reads as follows:

42. LIMITATIONS ON CONTRIBUTIONS

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

Such section is hereby amended in its entirety to read as follows:

42. LIMITATIONS ON CONTRIBUTIONS.

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

2d. Section 45 of the Agreement currently reads as follows:

45. *FIRST SOURCE HIRING PROGRAM*

a. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement

As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. Hiring Decisions

Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. Exceptions

Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. Liquidated Damages

Contractor agrees:

(1) To be liable to the City for liquidated damages as provided in this section;

(2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

(3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantity; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to $5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first

investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

(4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to $10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

(5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

A. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of $348 per month, totaling approximately $14,379; and

B. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

therefore, liquidated damages that total $5,000 for first violations and $10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

(6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

(7) That in the event the City is the prevailing party in a civil action to recover liquidated damages for breach of a contract provision required by this Chapter, the contractor will be liable for the City's costs and reasonable attorneys fees.

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of $5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. Subcontracts

Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

Such section is hereby amended in its entirety to read as follows:

45. *FIRST SOURCE HIRING PROGRAM*

a. Incorporation of Administrative Code Provisions by Reference. The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement. As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the

employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. **Hiring Decisions.** Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. **Exceptions.** Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. **Liquidated Damages.** Contractor agrees:

(1) To be liable to the City for liquidated damages as provided in this section;

(2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

(3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantity; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to $5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

(4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to $10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not

exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

(5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

A. The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of $348 per month, totaling approximately $14,379; and

B. In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

therefore, liquidated damages that total $5,000 for first violations and $10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

(6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of $5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. **Subcontracts.** Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

2e. Section 59 of the Agreement currently reads as follows:

59. FOOD SERVICE WASTE REDUCTION REQUIREMENTS

Effective June 1, 2007, Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars ($100) liquidated damages for the first breach, two hundred dollars ($200) liquidated damages for the second breach in the same year, and five hundred dollars ($500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.

Such section is hereby amended in its entirety to read as follows:

59. FOOD SERVICE WASTE REDUCTION REQUIREMENTS.

Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars ($100) liquidated damages for the first breach, two hundred dollars ($200) liquidated damages for the second breach in the same year, and five hundred dollars ($500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.

2f. Section 61 of the Agreement currently reads as follows:

61. DISPUTE RESOLUTION PROCEDURE - LEFT BLANK BY AGREEMENT OF THE PARTIES

Such section is hereby amended in its entirety to read as follows:

61. COOPERATIVE DRAFTING.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

2h Section 62 of the Agreement currently reads as follows:

62. ADDITIONAL TERMS

Additional Terms are attached hereto as Appendix D and are incorporated into this Agreement by reference as though fully set forth herein.

Such section is hereby amended in its entirety to read as follows:

62. DISPUTE RESOLUTION PROCEDURE LEFT BLANK BY AGREEMENT OF THE PARTIES

2i Section 63 of the Agreement is hereby added as follows:

63. ADDITIONAL TERMS.

Additional Terms are attached hereto as Appendix D and are incorporated into this Agreement by reference as though fully set forth herein.

2j **Appendix B and B-1 in original contract are hereby deleted and Appendix B-1 dated May 22, 2009 is hereby added and substituted in its place.**

3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

CITY

Recommended by:

Mitchell H. Katz, M.D.
Director of Health

6-26-09
Date

CONTRACTOR

Triage Consulting Group

Andrew Meyers
Chief Financial Officer
221 Main Street, Suite 1100
San Francisco, CA 94105

6/22/09
Date

City vendor number: 66397

Approved as to Form:

Dennis J. Herrera
City Attorney

By: Deputy City Attorney

7.21.09
Date

RECEIVED

JUN 24 2009

CBHS OFFICE OF CONTRACT MGMT. & COMPLIANCE

RECEIVED

AUG - 6 2009

CBHS OFFICE OF CONTRACT MGMT. & COMPLIANCE

Approved:

Naomi Kelly
Director Office of Contract
Administration and Purchaser

Date

Appendix B
Calculation of Charges

THIS PAGE OF APPENDIX B IS LEFT BLANK AND IS NOT BEING USED

IN ORDER TO HAVE APPENDIX A-1 CLAIMING OF AGED ACCOUNTS CORRESPOND TO

APPENDIX B-1 CALCULATION OF CHARGES RELATING TO APPENDIX A-1

Appendix B-1
Calculation of Charges

COMPENSATION SCHEDULE

Claiming of Aged Accounts: CONTRACTOR will be paid on a **contingency fee** for Claiming of Aged Accounts services as outlined in Statement of Work, Appendix A-1.

Accounts:	Percent (%) of Revenue Generated
Government Payer Sources	Fee for all accounts shall be twenty-five percent (25%).
Medi-Cal Inpatient **Medi-Cal Outpatient Fee-For-Service/FQHC** **Medi-Cal Outpatient Pharmacy** **Medi-Cal Managed Care Inpatient** **Medi-Cal Managed Care Outpatient**	
Medicare Managed Care Inpatient **Medicare Managed Care Outpatient** **Medicare Part A Inpatient, including Psychiatric** **Medicare Part B Outpatient, including Psychiatric** **Medicare Part B Outpatient Primary Care Health Centers**	
Commercial Insurance Inpatient **Commercial Insurance Outpatient**	
Other Third Payers	
Non-Government Payer Sources	
Third Party Insurance **Workers' Compensation** **Private Insurance such as HMO's or PPO's** **Other Third Payers** **Self Pay – Not applicable**	Fees for all accounts shall be twenty-five percent (25%)

The maximum dollar for each term shall be as follows:

July 1, 2008 through June 30, 2007	**270,000**
July 1, 2009 through June 30, 2010	**325,000**
July 1, 2010 through June 30, 2011	**375,000**
July 1, 2011 through June 30, 2012	**375,000**
July 1, 2008 through June 30, 2012	**$1,345,000**

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 04/09/2009

PRODUCER 510.523.3435 FAX 510.523.1632
BayRisk Insurance Brokers Inc.
1920 Minturn Street
P.O. Box 567
Alameda, CA 94501-9667

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Triage Consulting Group
221 Main Street #1100
San Francisco, CA 94105

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Hartford Insurance Group	
INSURER B: Hartford Fire Group	00914
INSURER C: Landmark American Ins. Company	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC	57UUNTL4310	04/18/2009	04/18/2010	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 300,000 $ 10,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	57UUNTL4310	04/18/2009	04/18/2010	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS / UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $ 10,000	57RHUTL3597	04/18/2009	04/18/2010	EACH OCCURRENCE AGGREGATE	$ 6,000,000 $ $ 6,000,000 $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N If yes, describe under SPECIAL PROVISIONS below	57WENU7481 CA, GA	04/18/2009	04/18/2010	X WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
C		OTHER Professional Liability	LHR810077	08/31/2008	08/31/2009	$1,000,000 per claim $3,000,000 aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

City and County of San Francisco, its officers, agents & employees & additional insureds under General Liability & Auto Liability, but only insofar as the operations under contract are concerned. General & Auto Liability are primary insurance to any other insurance to any other insurance available to the Additional Insureds & that insurance applies separately to each Insured. Per attached CG20100704, IH12011185, CA20480299. *Cancel Exception: 10 days for nonpay.

CERTIFICATE HOLDER

City and County of San Francisco
Dept. of Public Health
101 Grove Street, Room 307
San Francisco, CA 94102

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ~~XXXXXXXX~~ MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Kevin Milroy/KEVIN

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
SEE IH 12 01 11 85	

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. **Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

© ISO Properties, Inc., 2004

POLICY NUMBER: 57 UUN TL4310

COMMERCIAL AUTO
CA 20 48 02 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective	
Named Insured	Countersigned by

(Authorized Representative)

SCHEDULE

Name of Person(s) or Organization(s):

CITY AND COUNTY OF SAN FRANCISCO
ITS OFFICERS, AGENTS AND EMPLOYEES
DEPT. OF PUBLIC HEALTH
101 GROVE STREET, ROOM 307
SAN FRANCISCO, CA 94102

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to the endorsement.)

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in **Section II** of the Coverage Form.

Copyright, Insurance Services Office, Inc., 1998

POLICY NUMBER: 57 UUN TL4310
CHANGE NUMBER: 002

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

ADDITIONAL INSURED
CG 20 10

COMMERCIAL GENERAL LIABILITY COVERAGE PART

IT IS HEREBY AGREED THE ATTACHED CG 20 10 APPLIES TO THE FOLLOWING:

CITY AND COUNTY OF SAN FRANCISCO
ITS OFFICERS, AGENTS AND EMPLOYEES
DEPT. OF PUBLIC HEALTH
101 GROVE STREET, ROOM 307
SAN FRANCISCO, CA 94102

*0100057TL4310 0501 04496

Triage Consulting Group

June 3, 2009

Junko Craft
Office of Contract Management & Compliance
City and County of San Francisco
Department of Public Health
1380 Howard Street, Room 442
San Francisco, CA 94103

To Whom It May Concern:

Triage Consulting Group is a firm that provides professional consulting services and our consultants do not drive vehicles as part of our services that we will provide to the City and County of San Francisco Department of Public Health.

Sincerely,
Triage Consulting Group

Liana Hans
Principal

Waiver of automobile liability insurance is hereby granted.

E. Flynghart
Risk Management
6/8/09

221 Main St., Suite 1100
San Francisco, California 94105

Telephone:
415.512.9400

Fax:
415.512.9404

City and County of San Francisco
Office of Contract Administration
Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685

** Complete copy of document is located in

File No. 120411

AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND TRIAGE CONSULTING GROUP

This Agreement is made this **1st** day of **July, 2008**, in the City and County of San Francisco, State of California, by and between **Triage Consulting Group**, hereinafter referred to as "Contractor," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Director of the Office of Contract Administration or the Director's designated agent, hereinafter referred to as "Purchasing."

Recitals

WHEREAS, the Department of Public Health, Community Health Network, San Francisco General Hospital Medical Center wishes to secure claiming of Aged Accounts from Government and Non-Government Payer Sources and as-needed professional services related to Patient Financials; and,

WHEREAS, a Request for Proposal ("RFP") was issued on March 17, 2008; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

WHEREAS, approval for this Agreement was obtained when the Civil Service Commission approved Contract number PSC# 4116-07/08 on March 17, 2008;

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of

Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from **July 1, 2008** to **June 30, 2012.**

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

a. The fee payable to Contractor for Claiming of Aged Accounts (Appendix A-1) shall be a contingent fee of revenues generated in accordance with the schedule in Appendix B-1, attached hereto and incorporated by reference as though fully set forth herein. There is no maximum payment for these services.

b. Compensation for Professional Services (Appendix A-2) shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 4 of this Agreement, that the **Director of the Public Health Department**, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this Agreement exceed **TWENTY THOUSAND DOLLARS ($20,000)**. The breakdown of costs associated with this Agreement appears in Appendix B-2, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the **Department of Public Health** as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

a. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for,

File No. 120411

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL

(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: Triage Consulting Group	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. (1) Board of directors: Rich Griffith, Patti Lee-Hoffmann, James Herbert, Brian Neece, Sean Alavi *(2)* Chief Executive Officer: Brian Neece, Chief Financial Officer: Sean Alavi, no chief operating officer *(3)* N/A *(4)* N/A *(5)* N/A	
Contractor address: 221 Main Street, Suite 1100, San Francisco, CA 94105	
Date that contract was approved:	Amount of contract: $1,823,761
Describe the nature of the contract that was approved: review services for paid managed care accounts (including Workers Compensation, government, and non-government sources) to ensure that DPH receives optimum reimbursement	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

_____
Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

_____ _____
Signature of City Elective Officer (if submitted by City elective officer) Date Signed

_____ _____
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) Date Signed