



1 [Agreement - Alliant Insurance Services, Inc. - Insurance Broker and Risk Management  
2 Consulting Services - Not to Exceed \$34,500,000]

3 **Resolution authorizing the Director of Risk Management to execute a brokerage and**  
4 **risk management consulting services agreement with Alliant Insurance Services, Inc.,**  
5 **for Insurance Broker and Risk Management Consulting Services, for a not to exceed**  
6 **amount of \$34,500,000 with a term of three years and an option to extend the**  
7 **agreement for three additional two year terms, for the period of July 1, 2017, or**  
8 **effective date through June 30, 2020.**

9  
10 WHEREAS, It is necessary by function of law for the City and County of San Francisco  
11 ("City") to procure the services of a qualified brokerage firm to place insurance coverages; and

12 WHEREAS, In March 2016, the City, acting through the Director of Risk Management  
13 ("Risk Manager"), issued a Request for Qualifications for Insurance Broker and Risk  
14 Management Consulting and selected Alliant Insurance Services, Inc. ("Alliant") as one of the  
15 qualified firms; and

16 WHEREAS, In July 2016, the Risk Manager established a prequalified consultant list  
17 from which the City is authorized to select contractors for such Insurance Broker and Risk  
18 Management Consulting Services for a three year period through 2020; and

19 WHEREAS, In February 2017, the Risk Manager selected Alliant as the broker of  
20 record for property insurance coverage for the City, and has negotiated tentative terms for a  
21 three year professional services agreement with Alliant for a not to exceed contract amount of  
22 \$34,500,000; and

23 WHEREAS, The term of the City's current Agreement with Alliant expires in July 2017,  
24 rather than further amend this Agreement, the Risk Manager wishes to enter into a new  
25 professional services agreement with Alliant for the placement of City property insurance

1 coverages, the term of which will begin July 1, 2017, or on effective date and end June 30,  
2 2020; now, therefore, be it

3           RESOLVED, That the Board of Supervisors authorizes the Director of Risk  
4 Management to enter into the new contract for insurance brokerage services Alliant Insurance  
5 Services, Inc., for a not to exceed amount of \$34,500,000 with a term of three years and an  
6 option to extend the agreement for three additional two year terms, for the period of July 1,  
7 2017, or effective date through June 30, 2020; and, be it

8           FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed  
9 by all parties, the Director of Risk Management shall provide the final contract to the Clerk of  
10 the Board for inclusion into the official file.

**Item 4**  
**File 17-0341**

**Department:**  
General Services Agency - City Administrator's Office  
(CAO)

### EXECUTIVE SUMMARY

#### Legislative Objectives

- The proposed resolution would approve a new agreement with Alliant Insurance Services, Inc. (Alliant) for insurance brokerage and risk management consulting services for an amount not-to-exceed \$34,500,000 over three years, from July 1, 2017, through June 30, 2020, with an option to extend the agreement for three additional two-year terms, for a total of up to nine years through June 30, 2026.

#### Key Points

- Risk Management entered into an agreement with Alliant in July 2011 to provide insurance brokerage services for various City departments for two years, with two additional two-year options to extend through July 21, 2017, for a total agreement term of six years and a not-to-exceed amount of \$9,500,000.
- In September 2012, the Board of Supervisors approved an increase to the not-to-exceed amount by \$5,600,000, from \$9,500,000 to \$15,100,000.
- In July 2013, the Board of Supervisors approved a new agreement with Alliant for an amount not-to-exceed \$19,520,840, for a term of two years and two months, with two two-year options to extend the agreement through July 30, 2019.
- In June 2015, the Board of Supervisors approved an amendment to exercise the first two-year option to extend the agreement through July 30, 2017, and increase the agreement not-to-exceed amount to \$32,288,248.
- The City's estimated total expenditures from FY 2013-14 through FY 2016-17 for insurance premiums under the existing Alliant agreement are \$41,417,902.
- Funding for the agreement comes from work orders by City departments that purchase insurance on their property.

#### Fiscal Impact

- Risk Management cannot project with the certainty what the City premiums and costs for the subject Alliant agreement will be due to constantly changing insurance market conditions and the effect of any potential future losses.
- The total estimated expenditures for insurance premiums under the proposed agreement for FYs 2017-18 through 2019-20 are \$34,448,944.

#### Recommendations

1. Amend the proposed resolution to state that the not-to-exceed agreement amount is \$34,500,000 rather than \$34,000,000 as currently stated in the proposed resolution.
2. Approve the proposed resolution, as amended.

**MANDATE STATEMENT**

City Charter Section 9.118(b) states that any agreement entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

**BACKGROUND**

The Risk Management Division (Risk Management) within the City's General Services Agency uses insurance brokerage services to purchase insurance for City departments, including property, liability, and other forms of third-party insurance. These brokers are responsible for evaluating City departments' insurance needs and assuring that City departments have the appropriate level of insurance coverage.

Risk Management entered into an agreement with Alliant Insurance Services, Inc. (Alliant) in July 2011, following a competitive Request for Qualifications (RFQ) process, to provide insurance brokerage services for various City departments<sup>1</sup>. The agreement was for a period of approximately two years, from July 28, 2011 through July 21, 2013, with two additional two-year options to extend through July 21, 2017, for a total agreement term of six years. The original not-to-exceed amount was \$9,500,000, which did not require Board of Supervisors approval because the amount was less than \$10,000,000.

In September 2012, the Board of Supervisors approved a resolution (File No. 12-0863) authorizing Risk Management to increase the not-to-exceed amount by \$5,600,000, from \$9,500,000 to \$15,100,000 for the original two-year term from July 28, 2011 through July 21, 2013, for art exhibits, construction projects, and other events that were not yet known.

In July 2013, the Board of Supervisors approved a new agreement with Alliant to perform insurance brokerage services rather than exercise the options to extend the agreement, based on the City's previous RFQ process in 2011. The new agreement was for an amount not-to-exceed \$19,520,840. The agreement term was for two years and two months, from June 1, 2013 through July 30, 2015 with two two-year options to extend the agreement through July 30, 2019, for a total agreement term of six years and two months (File 13-0704). In June 2015, the Board of Supervisors approved an amendment to the agreement to exercise the first two-year option to extend the agreement through July 30, 2017, and increase the agreement not-to-exceed amount to \$32,288,248 (File 15-0407).

Under the existing agreement, Alliant is responsible for evaluating City departments' insurance needs and assuring that City departments' have the appropriate level of insurance coverage. In accordance with the existing agreement, Alliant obtains and maintains insurance policies on

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<sup>1</sup> Departments included in the Alliant agreement are: Airport, Art Commission, Asian Art Museum, City Hall, Controller's Office, Convention Facilities, Elections, Emergency Communications, Environment, Fine Arts Museums, Human Services Agency, Juvenile Probation, Law Library, Library, MTA, Planning, Port, Public Health, Public Utilities Commission, Public Works, Real Estate Division, Recreation and Park, Rent Board, Retirement, SFGOVTV, Sheriff, Superior Court, Technology, and Treasurer/Tax Collector.

behalf of City departments with qualified insurance providers. Funding for the agreement comes from work orders by City departments that purchase insurance on their property.

The City's estimated total expenditures from FY 2013-14 through FY 2016-17 for insurance premiums under the existing Alliant agreement are \$41,417,902, as shown in Table 1 below.

**Table 1: Expenditures to Date for Existing Alliant Agreement**

Agreement Year	Amount
FY 2013-14	\$7,645,220
FY 2014-15	10,308,832
FY 2015-16	11,863,850
FY 2016-17 (estimated)	11,600,000
<b>Total</b>	<b>\$41,417,902</b>

#### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new agreement with Alliant Insurance Services, Inc. (Alliant) for insurance brokerage and risk management consulting services for an amount not-to-exceed \$34,500,000 over three years, from July 1, 2017, through June 30, 2020, with an option to extend the agreement for three additional two-year terms, for a total of up to nine years through June 30, 2026. According to Mr. Matt Hansen, Director of the Risk Management Division, the Risk Management Division is recommending entering into a new agreement with Alliant, rather than exercising the second option to extend the existing agreement through June 30, 2019, because the new agreement will not include insurance coverage for the Fine Arts Museums, which will be covered by a separate stand-alone agreement.

The Risk Management Division issued a RFQ for insurance brokerage and risk management services in March 2016 and established a prequalified list of insurance brokerage and risk management service providers for services. The Risk Management Division selected Alliant to provide these services based on the RFQ process.

#### FISCAL IMPACT

According to Mr. Hansen, Risk Management cannot project with the certainty what the City premiums and costs for the subject Alliant agreement will be for the three-year period from July 1, 2017 through June 30, 2020, due to constantly changing insurance market conditions and the effect of any potential future losses. The total estimated expenditures for insurance premiums under the proposed agreement for FYs 2017-18 through 2019-20 are \$34,448,944, as shown in Table 2 below, and the proposed agreement is for a not-to-exceed amount of \$34,500,000.

**Table 2: Projected Expenditures for Proposed Alliant Agreement**

Agreement Year	Property Insurance Program	Construction Coverage	Contingency	Total
FY 2017-18	\$10,025,500	\$150,000	\$750,000	\$10,927,500
FY 2018-19	10,528,875	157,500	787,500	11,473,875
FY 2019-20	11,055,319	165,375	826,875	12,047,569
<b>Total</b>	<b>\$31,611,694</b>	<b>\$472,875</b>	<b>\$2,364,375</b>	<b>\$34,448,944</b>

The FY 2017-18 projected expenditures of \$10,927,500 under the proposed new agreement with Alliant, as shown in Table 2 above, are \$672,500 or 5.8 percent less than the estimated expenditures of \$11,600,000 in FY 2016-17 under the existing agreement as shown in Table 1 above. As noted above, unlike the existing agreement, the proposed agreement will not include insurance coverage for the Fine Arts Museums.<sup>2</sup> The projected expenditures under the proposed new agreement are based on actual expenditures for FY 2016-17 with allowance for a 5 percent rate increase each year.

According to Mr. Michael Burdick, Budget and Planning Analyst of the Office of the City Administrator, funding for the requested agreement increase was appropriated by the Board of Supervisors for FY 2017-18, and the City Administrator will request funding for FY 2018-19 in the upcoming budget. As noted above, expenditures under the agreement are reimbursed by client departments through work orders paid to the General Services Agency.

The proposed resolution states that the new agreement not-to-exceed amount is \$34,000,000. The correct not-to-exceed amount is \$34,500,000.

## RECOMMENDATIONS

1. Amend the proposed resolution to state that the not-to-exceed agreement amount is \$34,500,000 rather than \$34,000,000 as currently stated in the proposed resolution.
2. Approve the proposed resolution, as amended.

<sup>2</sup> According to Mr. Hansen, the insurance agreement for the Fine Arts Museums will have expenditures of less than \$10,000,000, and is therefore not subject to Board of Supervisors approval in accordance with City Charter Section 9.118(b).

**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**

**Agreement between the City and County of San Francisco and  
Alliant Insurance Services, Inc. for Citywide Property Insurance**

This Agreement is made this 9th day of March, 2017, in the City and County of San Francisco ("City), State of California, by and between **Alliant Insurance Services, Inc.**, hereinafter referred to as "Broker," and City.

**Recitals**

WHEREAS, the Risk Management Division of the City and County of San Francisco ("Department") wishes to secure the services of an insurance Broker for the City; and,

WHEREAS, this Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Qualifications ("RFQ") issued on **March 14, 2016**, in which City selected Broker as one of the qualified firms pursuant to the RFQ; and

WHEREAS, the Local Business Entity ("LBE") subcontracting participation requirement for this Agreement is 11%; and

WHEREAS, Broker represents and warrants that it is qualified to perform the Services required by City as set forth under this Agreement; and

WHEREAS, the City's Civil Service Commission approved Contract number PSC # 4021-10/11 on August 2, 2010, and as amended February 20, 2013; and

WHEREAS, approval for this Agreement was obtained from the San Francisco Board of Supervisors by Resolution No: ----- on -----;

Now, THEREFORE, the parties agree as follows:

**Article 1 Definitions**

The following definitions apply to this Agreement:

1.1 "Agreement" means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements which are specifically incorporated into this Agreement by reference as provided herein.

1.2 "City" or "the City" means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration or the Director's designated agent, hereinafter referred to as "Purchasing" and the Risk Management Division of the General Services Agency."



1.3 "CMD" means the Contract Monitoring Division of the City.

1.4 "Broker" or "Consultant" means Alliant Insurance Services, Inc., 100 Pine Street, 11<sup>th</sup> Floor San Francisco, CA 94111

1.5 "Deliverables" means Broker's work product resulting from the Services that are provided by Broker to City during the course of Broker's performance of the Agreement, including without limitation, the work product described in the "Scope of Services" attached as Appendix A.

1.6 "Effective Date" means the date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1.

1.7 "Mandatory City Requirements" means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws, that impose specific duties and obligations upon Broker.

1.8 "Party" and "Parties" mean the City and Broker either collectively or individually.

1.9 "Services" means the work performed by Broker under this Agreement as specifically described in the "Scope of Services" attached as Appendix A, including all services, labor, supervision, materials, equipment, actions and other requirements to be performed and furnished by Broker under this Agreement.

## Article 2 Term of the Agreement

2.1 The term of this Agreement shall commence on the later of: (i) July 1, 2017 or (ii) the Effective Date and expire on June 30, 2020, unless earlier terminated as otherwise provided herein.

2.2 The City has three (3) options to renew the Agreement for a period of two (2) years each for a total maximum term of six (9) years if all three options are exercised by City. The City may extend this Agreement beyond the expiration date by exercising an option at the City's sole and absolute discretion and by modifying this Agreement as provided in Section 11.5, "Modification of this Agreement."

2.3 Prior to expiration of this Agreement, Broker shall commence and perform, with diligence, all actions necessary on the part of Broker to effect the termination of this Agreement and to minimize the liability of Broker and City to third parties as a result of expiration. Further, Broker shall perform all actions necessary for the uninterrupted continuance of insurance policies secured pursuant to this Agreement with the City and/or through an alternative Broker of the City's choosing. All such actions shall be subject to the prior approval of City.

## Article 3 Financial Matters

3.1 **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. Broker'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.**

**3.2 Guaranteed Maximum Costs.** The City's payment obligation to Broker cannot at any time exceed the amount certified by City's Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments to Broker under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

**3.3 Compensation.**

**3.3.1 Payment.** Broker shall provide an invoice to the City on a monthly basis for Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the Director of Risk Management, in his or her sole discretion, concludes has been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice, unless the City notifies the Broker that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed **\$34,500,000 (Thirty Three Million Five Hundred Thousand dollars)**. The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. A portion of payment may be withheld until conclusion of the Agreement if agreed to both parties as retainage, described in Appendix B. In no event shall City be liable for interest or late charges for any late payments.

**3.3.2 Payment Limited to Satisfactory Services.** Broker is not entitled to any payments from City until The Risk Management Division of the General Services Agency approves Services, including any furnished Deliverables, as satisfying all of the requirements of this Agreement. Payments to Broker by City shall not excuse Broker from its obligation to replace unsatisfactory Deliverables, including equipment, components, materials, or Services even if the unsatisfactory character of such Deliverables, equipment, components, materials, or Services may not have been apparent or detected at the time such payment was made. Deliverables, equipment, components, materials and Services that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Broker without delay at no cost to the City.

**3.3.3 Withhold Payments.** If Broker fails to provide Services in accordance with Broker's obligations under this Agreement, the City may withhold any and all payments

due Broker until such failure to perform is cured, and Broker shall not stop work as a result of City's withholding of payments as provided herein.

**3.3.4 Invoice Format.** Invoices furnished by Broker under this Agreement must be in a form acceptable to the Controller and City, and must include a unique invoice number. Payment shall be made by City as specified in 3.3.6," or in such alternate manner as the Parties have mutually agreed upon in writing.

**3.3.5 LBE Payment and Utilization Tracking System.** Broker must submit all required payment information using the online LBE Utilization Tracking System (LBEUTS) as required by CMD to enable the City to monitor Broker's compliance with the LBE subcontracting commitments in this Agreement. Broker shall pay its LBE sub-brokers within three working days after receiving payment from the City, except as otherwise authorized by the LBE Ordinance. The Controller is not authorized to pay invoices submitted by Broker prior to Broker's submission of all required CMD payment information. Failure to submit all required payment information to the LBEUTS with each payment request may result in the Controller withholding 20% of the payment due pursuant to that invoice until the required payment information is provided. Following City's payment of an invoice, Broker has ten calendar days to acknowledge using the online LBEUTS that all sub-brokers have been paid. Broker shall attend a LBEUTS training session. LBEUTS training session schedules are available at [www.sfgov.org/lbeuts](http://www.sfgov.org/lbeuts).

**3.3.6 Getting paid for goods and/or services from the City.**

(a) All City vendors receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments through the City's Automated Clearing House (ACH) payments service/provider. Electronic payments are processed every business day and are safe and secure. To sign up for electronic payments, visit [www.sfgov.org/ach](http://www.sfgov.org/ach).

(b) The following information is required to sign up: (i) The enroller must be their company's authorized financial representative, (ii) the company's legal name, main telephone number and all physical and remittance addresses used by the company, (iii) the company's U.S. federal employer identification number (EIN) or Social Security number (if they are a sole proprietor), and (iv) the company's bank account information, including routing and account numbers.

**3.4 Audit and Inspection of Records.** Broker agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its Services. Broker will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Broker shall maintain such data and records in an accessible location and condition for a period of not fewer than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any Federal agency having an interest in the subject matter of this Agreement shall have the same rights as conferred upon City by this Section. Broker shall include the same audit and inspection rights and record retention requirements in all subcontracts.

3.5 **Submitting False Claims.** The full text of San Francisco Administrative Code Chapter 21, Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Pursuant to San Francisco Administrative Code §21.35, any Broker or sub-broker who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Broker or sub-broker will be deemed to have submitted a false claim to the City if the Broker or sub-broker: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

3.6 **Payment of Prevailing Wages - RESERVED**

#### **Article 4 Services and Resources**

4.1 **Services Broker Agrees to Perform.** Broker agrees to perform the Services provided for in Appendix A, "Scope of Services." Officers and employees of the City are not authorized to request, and the City is not required to reimburse the Broker for, Services beyond the Scope of Services listed in Appendix A, unless Appendix A is modified as provided in Section 11.5, "Modification of this Agreement."

4.2 **Qualified Personnel.** Broker shall utilize only competent personnel under the supervision of, and in the employment of, Broker (or Broker's authorized sub-brokers) to perform the Services. Broker will comply with City's reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Broker. Broker shall commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

4.3 **Subcontracting.**

4.3.1 Broker may subcontract portions of the Services only upon prior written approval of City. Broker is responsible for its sub-brokers throughout the course of the work required to perform the Services. All Subcontracts must incorporate the terms of Article 10 "Additional Requirements Incorporated by Reference" of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void.

4.3.2 City's execution of this Agreement constitutes its approval of the sub-brokers listed in Appendix C.

**4.4 Independent Broker; Payment of Employment Taxes and Other Expenses.**

**4.4.1 Independent Broker.** For the purposes of this Article 4, "Broker" shall be deemed to include not only Broker, but also any agent or employee of Broker. Broker acknowledges and agrees that at all times, Broker or any agent or employee of Broker shall be deemed at all times to be an independent Broker and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Broker, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Broker or any agent or employee of Broker shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Broker or any agent or employee of Broker is liable for the acts and omissions of itself, its employees and its agents. Broker shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Broker's performing services and work, or any agent or employee of Broker providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Broker or any agent or employee of Broker. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Broker's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Broker performs work under this Agreement. Broker agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Broker's compliance with this section. Should City determine that Broker, or any agent or employee of Broker, is not performing in accordance with the requirements of this Agreement, City shall provide Broker with written notice of such failure. Within five (5) business days of Broker's receipt of such notice, and in accordance with Broker policy and procedure, Broker shall remedy the deficiency. Notwithstanding, if City believes that an action of Broker, or any agent or employee of Broker, warrants immediate remedial action by Broker, City shall contact Broker and provide Broker in writing with the reason for requesting such immediate action.

**4.4.2 Payment of Employment Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Broker is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Broker which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Broker for City, upon notification of such fact by City, Broker shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Broker under this Agreement (again, offsetting any amounts already paid by Broker which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Broker shall not be considered an employee of City. Notwithstanding the foregoing, Broker agrees to indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this section.

4.5 **Assignment.** The Services to be performed by Broker are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by Broker unless first approved by City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

4.6 **Warranty.** Broker warrants to City that the Services will be performed with the degree of skill and care that is required by current, good and sound professional procedures and practices, and in conformance with generally accepted professional standards prevailing at the time the Services are performed so as to ensure that all Services performed are correct and appropriate for the purposes contemplated in this Agreement.

## **Article 5 Insurance and Indemnity**

### **5.1 Insurance.**

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

- (a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and
- (b) Commercial General Liability Insurance with limits not less than \$2,000,000 each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- (c) 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.
- (d) Professional liability insurance, applicable to Broker's profession, with limits not less than \$10,000,000 each claim with respect to negligent acts, errors or omissions in connection with the Services.

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

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

5.1.3 Broker shall provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the City address set forth in Section 11.1, entitled "Notices to the Parties."

5.1.4 Should any of the required insurance be provided under a claims-made form, Broker 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.

5.1.5 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.

5.1.6 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.

5.1.7 Before commencing any Services, Broker 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. Approval of the insurance by City shall not relieve or decrease Broker's liability hereunder.

5.1.8 The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Broker, its employees, agents and sub-brokers.

5.1.9 If Broker will use any sub-broker(s) to provide Services, Broker shall require the sub-broker(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Broker as additional insureds.

5.2 **Indemnification.** Broker shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Broker; (ii) loss of or damage to property; (iii) violation of local, state, or federal common law, statute or regulation, including but not limited to privacy or personally identifiable information, health information, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; or (v) losses arising from Broker's execution of subcontracts not in accordance with the requirements of this Agreement applicable to sub-brokers; so long as such injury, violation, loss, or strict liability (as set forth in subsections (i) – (v) above) arises directly or indirectly from Broker's performance of this Agreement, including, but not limited to, Broker's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Broker, its sub-brokers, or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

In addition to Broker's obligation to indemnify City, Broker specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim

which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Broker by City and continues at all times thereafter.

Broker shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Broker's Services.

**5.2.1 Limitations.** No insurance policy covering the Broker's performance under this Agreement shall operate to limit the Broker's Liabilities under this provision. Nor shall the amount of insurance coverage operate to limit the extent of such Liabilities. The Broker assumes no liability whatsoever for the sole negligence, active negligence, or willful misconduct of any Indemnitee or the Brokers of any Indemnitee.

**5.2.2 Copyright Infringement.** Broker shall also indemnify, defend and hold harmless all Indemnitees from all suits or claims for infringement of the patent rights, copyright, trade secret, trade name, trademark, service mark, or any other proprietary right of any person or persons in consequence of the use by the City, or any of its boards, commissions, officers, or employees of articles, work or deliverables supplied in the performance of Services. Infringement of patent rights, copyrights, or other proprietary rights in the performance of this Agreement, if not the basis for indemnification under the law, shall nevertheless be considered a material breach of contract.

## **Article 6 Liability of the Parties**

**6.1 Liability of City.** CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 3.3.1, "PAYMENT," OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

**6.2 Liability for Use of Equipment.** City shall not be liable for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Broker, or any of its sub-brokers, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

**6.3 Liability for Incidental and Consequential Damages.** Broker shall be responsible for incidental and consequential damages resulting in whole or in part from Broker's acts or omissions.

## **Article 7 Payment of Taxes**

**7.1** Except for any applicable California sales and use taxes charged by Broker to City, Broker shall pay all taxes, including possessory interest taxes levied upon or as a result of this Agreement, or the Services delivered pursuant hereto. Broker shall remit to the State of California any sales or use taxes paid by City to Broker under this Agreement. Broker agrees to



promptly provide information requested by the City to verify Broker's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 Broker acknowledges that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Broker to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

7.2.1 Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that Broker, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.2 Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Broker accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

7.2.3 Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Broker accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.4 Broker further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

## **Article 8 Termination and Default**

### **8.1 Termination for Convenience**

8.1.1 City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Broker written notice of termination. The notice shall specify the date on which termination shall become effective.

8.1.2 Upon receipt of the notice of termination, Broker shall commence and perform, with diligence, all actions necessary on the part of Broker to effect the termination of this Agreement on the date specified by City and to minimize the liability of Broker and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(a) Halting the performance of all Services under this Agreement on the date(s) and in the manner specified by City.

(b) Terminating all existing orders and subcontracts, and not placing any further orders or subcontracts for materials, Services, equipment or other items.

(c) At City's direction, assigning to City any or all of Broker's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(d) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(e) Completing performance of any Services that City designates to be completed prior to the date of termination specified by City.

(f) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Broker and in which City has or may acquire an interest.

8.1.3 Within 30 days after the specified termination date, Broker shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(a) The reasonable cost to Broker, without profit, for all Services prior to the specified termination date, for which Services City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Broker's direct costs for Services. Any overhead allowance shall be separately itemized. Broker may also recover the reasonable cost of preparing the invoice.

(b) A reasonable allowance for profit on the cost of the Services described in the immediately preceding subsection (a), provided that Broker can establish, to the satisfaction of City, that Broker would have made a profit had all Services under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(c) The reasonable cost to Broker of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(d) A deduction for the cost of materials to be retained by Broker, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the Services or other work.

8.1.4 In no event shall City be liable for costs incurred by Broker or any of its sub-brokers after the termination date specified by City, except for those costs specifically enumerated and described in Section 8.1.3. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services under this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under Section 8.1.3.

8.1.5 In arriving at the amount due to Broker under this Section, City may deduct: (i) all payments previously made by City for Services covered by Broker's final invoice; (ii) any claim which City may have against Broker in connection with this Agreement; (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4; and (iv) in instances in which, in the opinion of the City, the cost of any Service performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected

Services, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced Services in compliance with the requirements of this Agreement.

8.1.6 City's payment obligation under this Section shall survive termination of this Agreement.

**8.2 Termination for Default; Remedies.**

8.2.1 Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

(a) Broker fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims.	10.4	Nondisclosure of Private, Proprietary or Confidential Information
4.5	Assignment	10.10	Alcohol and Drug-Free Workplace
Article 5	Insurance and Indemnity	10.13	Working with Minors
Article 7	Payment of Taxes	11.10	Compliance with Laws

(b) Broker fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default continues for a period of ten days after written notice thereof from City to Broker.

(c) Broker (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Broker or of any substantial part of Broker's property; or (v) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Broker or with respect to any substantial part of Broker's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Broker.

8.2.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Broker any Event of Default; Broker shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Broker under this Agreement or any other agreement between City and Broker: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated

damages levied upon Broker pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

8.2.3 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 **Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

8.4 **Rights and Duties upon Termination or Expiration.**

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.2	Payment Limited to Satisfactory Services	9.1	Ownership of Results
3.3.7(a)	Grant Funded Contracts - Disallowance	9.2	Works for Hire
3.4	Audit and Inspection of Records	10.4	Nondisclosure of Private, Proprietary or Confidential Information
3.5	Submitting False Claims	11.6	Dispute Resolution Procedure
Article 5	Insurance and Indemnity	11.7	Agreement Made in California; Venue
6.1	Liability of City	11.8	Construction
6.3	Liability for Incidental and Consequential Damages	11.9	Entire Agreement
Article 7	Payment of Taxes	11.10	Compliance with Laws
8.1.6	Payment Obligation	11.11	Severability

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Broker shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed

work which, if this Agreement had been completed, would have been required to be furnished to City.

## **Article 9      Rights In Deliverables**

9.1      **Ownership of Results.** Any interest of Broker or its sub-brokers, in the Deliverables, including any drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Broker or its sub-brokers for the purposes of this agreement, shall become the property of and will be transmitted to City. However, unless expressly prohibited elsewhere in this Agreement, Broker may retain and use copies for reference and as documentation of its experience and capabilities.

9.2      **Works for Hire.** If, in connection with Services, Broker or its sub-brokers creates Deliverables including, without limitation, artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, whether in digital or any other format, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works shall be the property of the City. If any Deliverables created by Broker or its sub-broker(s) under this Agreement are ever determined not to be works for hire under U.S. law, Broker hereby assigns all Broker's copyrights to such Deliverables to the City, agrees to provide any material and execute any documents necessary to effectuate such assignment, and agrees to include a clause in every subcontract imposing the same duties upon sub-broker(s). With City's prior written approval, Broker and its sub-broker(s) may retain and use copies of such works for reference and as documentation of their respective experience and capabilities.

## **Article 10    Additional Requirements Incorporated by Reference**

10.1      **Laws Incorporated by Reference.** The full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement ("Mandatory City Requirements") are available at [http://www.amlegal.com/codes/client/san-francisco\\_ca/](http://www.amlegal.com/codes/client/san-francisco_ca/) .

10.2      **Conflict of Interest.** By executing this Agreement, Broker certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3      **Prohibition on Use of Public Funds for Political Activity.** In performing the Services, Broker shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Broker is subject to the enforcement and penalty provisions in Chapter 12G.

10.4      **Reserved.**

10.5      **Nondiscrimination Requirements**

**10.5.1 Non Discrimination in Contracts.** Broker shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Broker shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-brokers to comply with such provisions. Broker is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

**10.5.2 Nondiscrimination in the Provision of Employee Benefits.** San Francisco Administrative Code 12B.2. Broker does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

**10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance.** Broker shall comply with all applicable provisions of Chapter 14B ("LBE Ordinance"). Broker is subject to the enforcement and penalty provisions in Chapter 14B. Broker shall utilize LBE Sub-brokers for at least eleven per cent (11 %) of the Services except as otherwise authorized in writing by the Director of CMD. Broker shall incorporate the requirements of the LBE Ordinance in each subcontract made in the fulfillment of Broker's LBE subcontracting commitments.

**10.7 Minimum Compensation Ordinance.** Broker shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Broker is subject to the enforcement and penalty provisions in Chapter 12P. By signing and executing this Agreement, Broker certifies that it is in compliance with Chapter 12P.

**10.8 Health Care Accountability Ordinance.** Broker shall comply with San Francisco Administrative Code Chapter 12Q. Broker shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Broker is subject to the enforcement and penalty provisions in Chapter 12Q.

**10.9 First Source Hiring Program.** Broker must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Broker is subject to the enforcement and penalty provisions in Chapter 83.

**10.10 Alcohol and Drug-Free Workplace.** City reserves the right to deny access to, or require Broker to remove from, City facilities personnel of any Broker or sub-broker who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

**10.11 Limitations on Contributions.** By executing this Agreement, Broker 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. The prohibition on contributions applies to each prospective party to the contract; each member of Broker's board of directors; Broker's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Broker; any sub-broker listed in the bid or contract; and any committee that is sponsored or controlled by Broker. Broker must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

**10.12 Slavery Era Disclosure.** Broker shall comply with San Francisco Administrative Code Chapter 12Y, San Francisco Slavery Era Disclosure Ordinance, including but not limited to Broker's affirmative duty to research and disclose evidence of Broker, its parent or subsidiary entity, or its Predecessor Company's Participation in the Slave Trade or receipt of Profits from the Slave Trade. Broker is subject to the enforcement and penalty provisions in Chapter 12Y.

**10.13 Consideration of Criminal History in Hiring and Employment Decisions**

10.13.1 Broker agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Broker/Sub-broker Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. Broker is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

10.13.2 The requirements of Chapter 12T shall only apply to a Broker's or Sub-broker's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

**10.14 Food Service Waste Reduction Requirements.** Broker shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the remedies for noncompliance provided therein.

10.15 **RESERVED**

10.16 **Tropical Hardwood and Virgin Redwood Ban.** Pursuant to San Francisco Environment Code Section 804(b), the City urges Broker not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

10.16.1 Broker shall comply with San Francisco Environment Code Chapter 8, which provides that except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Broker shall not provide any items to the City in performance of this contract which are tropical hardwoods, tropical hardwood wood products, virgin redwood or virgin redwood wood products. Broker is subject to the penalty and enforcement provisions of Chapter 8.

10.17 **RESERVED**

**Article 11 General Provisions**

11.1 **Notices to the Parties.** Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To City: City and County of San Francisco  
Risk Management Division  
25 Van Ness Ave., Suite 750  
San Francisco, California 94102  
Attention: Matt Hansen  
Telephone: 415-554-2302  
Fax: 415-554-2357  
Email: matt.hansen@sfgov.org

To Broker: Alliant Insurance Services, Inc.  
100 Pine Street, 11th Floor  
San Francisco, CA 94111  
Attention: Dennis Mulqueeny  
Telephone: 415-403-1421  
Fax: 415-402-0773  
Email: dmulqueeny@alliantinsurance.com

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.2 **Compliance with Americans with Disabilities Act.** Broker shall provide the Services in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 **Reserved.**

11.4 **Sunshine Ordinance.** Broker acknowledges that this Agreement and all records related to its formation, Broker's performance of Services, and City's payment are subject to the



California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

**11.5 Modification of this Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, "Notices to Parties," regarding change in personnel or place, and except by written instrument executed and approved in the same manner as this Agreement. Broker shall cooperate with Department to submit to the Director of CMD any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20% (CMD Contract Modification Form).

**11.6 Dispute Resolution Procedure.**

**11.6.1 Negotiation; Alternative Dispute Resolution.** The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance of services under this Agreement. If the Parties are unable to resolve the dispute, then, pursuant to San Francisco Administrative Code Section 21.36, Broker may submit to the Contracting Officer a written request for administrative review and documentation of the Broker's claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing the Broker of its right to judicial review. If agreed by both Parties in writing, disputes may be resolved by a mutually agreed-upon alternative dispute resolution process. If the parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law. The status of any dispute or controversy notwithstanding, Broker shall proceed diligently with the performance of its obligations under this Agreement in accordance with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this section.

**11.6.2 Government Code Claim Requirement.** No suit for money or damages may be brought against the City until a written claim therefor has been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Broker's compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

**11.7 Agreement Made in California; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**11.8 Construction.** All paragraph captions are for reference only and shall not be considered in construing this Agreement.

**11.9 Entire Agreement.** This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, "Modification of this Agreement."

11.10 **Compliance with Laws.** Broker shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

11.11 **Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

11.12 **Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of City and Broker, 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.

11.13 **Order of Precedence.** Broker agrees to perform the services described below in accordance with the terms and conditions of this Agreement, implementing task orders, the RFQ, and Broker's proposal dated April 15, 2016. The RFQ and Broker's proposal are incorporated by reference as though fully set forth herein. Should there be a conflict of terms or conditions, this Agreement and any implementing task orders shall control over the RFQ and the Broker's proposal.

## **Article 12 Department Specific Terms**

### **12.1 Broker Standard of Conduct**

Broker understands and agrees that the City desires to compare the cost of obtaining services or insurance products from Broker against other viable and competitive options and expects that the Broker will make its compensation agreements and revenue streams known to the City, so as to provide the City with a clear accounting of the costs of the placement of insurance services and products. The Broker shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of the City ahead of any other concerns in the placement of insurance services and products. To this end, Broker:

a. Warrants that it will adhere to its ethical obligations to the City to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverages, and to provide access to an open, fair, and competitive insurance market place;

b. Will exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact, and the name, address, phone number and email address of the individual contact for each market;

c. Will make every good faith attempt to avoid even the appearance of a conflict of interest between the Broker, the City, and any provider of any insurance product or service, and will promptly notify the City of any real or potential conflict of interest;

d. Agrees to provide to the City a copy of Broker's own Ethics Statement or Code, or Broker Compliance Statement, or to make such statements available on the Broker's website;

e. Will work with the City to analyze, mitigate, and transfer risk in the best interests of the City.

### **Article 13 Data and Security**

#### **13.1 Nondisclosure of Private, Proprietary or Confidential Information.**

13.1.1 If this Agreement requires City to disclose "Private Information" to Broker within the meaning of San Francisco Administrative Code Chapter 12M, Broker and sub-broker shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Broker is subject to the enforcement and penalty provisions in Chapter 12M.

13.1.2 In the performance of Services, Broker may have access to City's proprietary or confidential information, the disclosure of which to third parties may damage City. If City discloses proprietary or confidential information to Broker, such information must be held by Broker in confidence and used only in performing the Agreement. Broker shall exercise the same standard of care to protect such information as a reasonably prudent Broker would use to protect its own proprietary or confidential information.

#### **13.2 RESERVED.**

### **Article 14 MacBride And Signature**

14.1 **MacBride Principles -Northern Ireland.** The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Broker confirms that Broker has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

**CITY**

**BROKER**

Recommended by:

**Alliant Insurance Services, Inc.**

\_\_\_\_\_  
Matt Hansen  
Director  
Risk Management Division

\_\_\_\_\_  
Dennis Mulqueeny, Senior Vice President  
Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111

City vendor number: 56849

Approved as to Form:

Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_  
**Gustin Guibert**  
Deputy City Attorney

Approved:

\_\_\_\_\_  
Jaci Fong  
Director of the Office of Contract Administration,  
and Purchaser

**Appendices**

- A: Scope of Services
- B: Calculation of Charges

**Appendix A**  
**Scope of Services**

**1. Description of Services**

**Broker Services**

**A. Overview**

- 1. Act as an independent insurance advisor to the City and proactively provide ongoing unbiased professional advice and recommendations that benefit the City.**
- 2. Proactively provide ongoing review and analysis of the City's insurance programs and identification of risk transfer and risk financing options.**
- 3. Be familiar with:**
  - a. The coverages provided by all relevant insurance policies and documents issued to the City.**
  - b. The exposures of the City.**
- 4. Assure that insurance policies are placed in a timely manner, without lapses in coverage periods, with reputable and financially responsible insurers, who meet the City's standards.**
- 5. Service insurance policies placed for the City, including processing all changes and endorsements and verifying the accuracy of invoices within a reasonable time.**
- 6. Provide early warning of rate and coverage changes or renewal problems through a process. Promptly advise the City of any changes in exposure during the policy year that would require revisions to existing insurance coverages. Upon request of the City, but at least once a year, provide a comprehensive report that reviews all of the City's insurance programs.**
- 7. Be available to answer questions or obtain answers from underwriters for policy coverage questions. Meet with City Risk Management staff, Boards, City committees, and/or staff of City departments when requested.**
- 8. Provide consultation services and written reports as normally expected of a professional broker to a large client including Risk Management-related training and online resource development.**
- 9. Provide loss control services and assistance with claims as requested by City. Assist in analyzing loss exposures from existing and new operations, and determine the appropriate risk management alternatives, including types, availability, cost and extent of coverages that should be considered.**
- 10. Set up files on City master account and each individual department account showing coverages, schedules of covered property, premium for each department for each coverage, and other information required by Broker. Handle billing and invoicing of departments as approved by City management and assist in evaluating and implementing a revised cost allocation program within the City and its departments.**
- 11. Maintain appropriate accounting of amounts due, receipts, and payments to insurers.**

12. Develop and distribute City-approved mailings and other communications to City departments.

#### **B. Policy and Contract Review**

1. Review policies and other documents in detail within fourteen days of receipt of the documents to check the wording and accuracy of each policy, binder, certificate, endorsement or other document received from insurers to ensure that the intended coverage is provided, and all coverage, terms and conditions, and other wording is complete and accurate, and in compliance with financial arrangements and administrative procedures acceptable to City.
2. Obtain revisions needed to achieve compliance with coverage request(s) and forward to the City the original policies.
3. Provide a timeline for issuance of policy forms prior to issuance of premium invoice and provide sufficient copies of policies in both hard copy and digital media (or via secure online sources) to City Risk Management as well as the internal department client.
4. Review contracts and lease agreements as requested to ensure that the interests of City and its departments are protected and to avoid duplications in coverage.
5. At least 180 days prior to program anniversary, provide City with a written annual service summary for the policy year to include:
  - a. A schedule of coverage showing nature of coverage, limits, deductibles, insurer, policy number, premium and other relevant information.
  - b. Summary of team servicing the account.
  - c. Anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes.
  - d. Identified problem areas such as claim handling, safety hazards, insurer financial problems, etc.
  - e. Recommendations for improved program design.
  - f. Services performed for the current year and planned for the next year.
  - g. Accounting of all income received on each account.

#### **C. Policy Amendments**

1. Process requests for additions or deletions to policies within five (5) business days of receipt.
2. Provide City with copies of initial correspondence to the insurers. Follow up every two (2) weeks from request date until the insurer has handled request.
3. Advise in writing of any changes to insurance policy(ies) within fourteen calendar days.
4. Provide, on renewal and upon request, participants in each coverage program, and notify within five (5) business days of any participation changes.

#### **D. Marketing**

1. Monitor expiration dates of policies and provide City Risk Management Division Director with written notification at least 180 days prior to expiration, including a description of information needed to process the renewal.

2. Work with City Risk Management Division to develop and implement a marketing strategy, including identifying potential markets, for program renewals at least 180 days before policy expiration.
3. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals of policies placed including completing applications as necessary.
4. Provide actuarial and statistical analysis of loss and expense data to assist in the establishment of premium, and targets for various layers of risk.
5. Work with carriers to design policies and programs most advantageous to the City for coverage of exposures, policy form, exclusions, deductibles, self-insured retentions, coordination with other policies, costs and other pertinent factors.
6. Advise of and include City Risk Management Division Director to marketing meetings with prospective carriers.
7. Market renewal coverages for City by obtaining timely and competitive quotations from available and responsible insurers.
8. Provide indications to City at least 90 days prior to insurance policy expiration unless otherwise approved by City.
9. When more than one (1) market is approached for a line of coverage, provide City Risk Management Division Director with copies of declination letters and all premium quotations received with a summary of coverages explaining deficiencies or benefits of the quote compared to the recommended insurance program.
10. Provide quotations for specialized types of insurance, as requested by City. These services are expected at no additional cost.

#### **E. Claims**

1. Assist City departments and staff, as necessary, with filing claims on assigned insured programs.
2. Promptly notify City of any losses or accidents reported to Broker and work with internal or outside claims adjustors as necessary.
3. Represent the interests of City and its departments in policy interpretation and other negotiations with insurance carriers.
4. Assist City with review of claim reserves, and represent City to the insurer with regard to requested explanation or reduction of reserve amounts. Follow-up with insurer every 30 days until resolution of any reserve reduction requests are accomplished or until claim is closed.
5. For all lines of insurance where loss runs are not otherwise available, provide regular (e.g. quarterly) loss runs indicating the member name, claim status, amount paid, reserves, expected outcomes of cases, and other summary information.
6. Review all quarterly loss runs for all claims on all coverages. Evaluate loss history for trends or other indicators that might dictate changes in coverage strategy. Identify any relevant issues and advise City in writing.

7. Provide annual summaries by policy year for each of the last five (5) years indicating total number of losses by type for each line of coverage and showing earned premium, incurred losses and loss ratio.

#### **F. Certificates of Insurance**

Issue certificates of insurance within three (3) business days following the date of request and assist the City with the development and implementation of a comprehensive online insurance certificate tracking system, or as directed, use the City's selected provider for all certificates if available.

#### **Consulting & Risk Management Services**

- A. Provide Enterprise Risk Management consulting services to assist City and/or its departments in the assessment of its risks and utilize the City's preferred enterprise solution to mitigate, measure, and improve the City's risk profile.
- B. Provide consultant services and analysis for the completion of projects including but not limited to: plan document review, creation, or revision, feasibility studies for Owner Controlled Insurance Program ("OCIP"), Contractor Controlled Insurance Program ("CCIP"), etc., Risk Modeling, Self-Insurance Retention ("SIR") forecasting and self-insurance analysis, and surety bond and loan guarantee programs.
- C. Provide Third Party Administration and/or Audit of Self-Insured Claims for Property and Workers' Compensation.
- D. Provide a comprehensive online insurance certificate and/or policy tracking system, unless otherwise directed by the City to use an alternate method.
- E. Provide risk mitigation consulting services under the Floodplain Management Ordinance (Ordinance) and National Flood Insurance Program (NFIP) including seal level rise (SLR) coordination, consulting assistance and guidance.
  - a. Work with Develop and implement procedures for the City under the Ordinance.
  - b. Provide advisory services to the City related to the NFIP process.
  - c. Facilitate meetings and trainings with city departments on compliance with ordinance.
  - d. Facilitate meetings with and submittals to FEMA regarding preliminary and final Floodplain Insurance Rate Maps (FIRM).
  - e. Attend meetings with city departments and agencies and with FEMA to discuss comments on the preliminary FIRM, appeal period, and implementation of final maps.
  - f. Support City presentations at public meetings and community outreach events.
- F. Provide analysis and risk support services for complex issues involving various City agencies on an as needed basis

Broker agrees to perform the following Services:



All written Deliverables, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

2. **Services Provided by Attorneys.** Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as sub-brokers of Broker, will be paid unless the provider received advance written approval from the City Attorney.

3. **Reports.** Broker shall submit written reports as requested by the **Risk Management Division of the City and County of San Francisco**. Format for the content of such reports shall be determined by the **Risk Management Division of the City and County of San Francisco**. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

4. **Department Liaison**

In performing the Services provided for in this Agreement, Broker's liaison with the **Risk Management Division of the City and County of San Francisco** will be Matt Hansen.

## **Appendix B Calculation of Charges**

As applicable, proposals submitted in response to individual task orders must include a calculation of charges breaking down the insurance placement options (including disclosure of all applicable commissions, fees, taxes, etc.), or project costs by identifying the appropriate rates and charges. Some examples are:

- Personnel or Hourly Rate
- Flat rate for specified period (e.g., monthly)
- Rate for use of Broker's equipment, if applicable
- Rates for faxes (sending only), mileage, etc.
- Actual costs for contractor meals, accommodations, long distance and cellular phone charges, postage, vehicle rental, etc., subject to the approval of City.
- Any other applicable rates or charges under the Agreement

**City and County of San Francisco  
Risk Management Division  
25 Van Ness Ave., Suite 750  
San Francisco, California 94102**

**Agreement between the City and County of San Francisco**

**and**

**Alliant Insurance Services, Inc.**

This Agreement is made this 1st day of June, 2013, in the City and County of San Francisco, State of California, by and between: **Alliant Insurance Services, Inc.**, hereinafter referred to as "Broker," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Director, Risk Management Division or the Director's designated agent, hereinafter referred to as "Risk Management."

**Recitals**

WHEREAS, the Risk Management Division of the City and County of San Francisco ("Department") wishes to secure the services of an insurance Broker for the City and County of San Francisco ("City"); and,

WHEREAS, a Request for Qualifications ("RFQ") was issued on **May 11, 2011**, and City selected Broker as one of the qualified firms pursuant to the RFQ; and

WHEREAS, Broker 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 # 4021-10/11 on August 2, 2010 and as amended on February 20, 2013; and

WHEREAS, approval for this Agreement was obtained from the San Francisco Board of Supervisors by Resolution No: **298-13** on **July 30, 2013**; and,

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. Broker'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 for a two (2) year , two (2) month period beginning on June 1, 2013, and ending on July 30, 2015, (the "Service Period"). City shall have the option, in its sole discretion, to extend this Agreement two (2) times, in each case for a period of up to two (2) additional years, for a total maximum term of six (6) years if both options are exercised by City. City shall exercise each option by giving Broker written notice thereof no later than thirty (30) days prior to the expiration of the then-current term of this Agreement, whereupon the term of this Agreement shall be extended for up to an additional two (2) years as provided in such notice.

Prior to expiration of this Agreement, Broker shall commence and perform, with diligence, all actions necessary on the part of Broker to effect the termination of this Agreement and to minimize the liability of Broker and City to third parties as a result of expiration. Further, Broker shall perform all actions necessary for the uninterrupted continuance of insurance policies secured pursuant to this Agreement with the City and/or through an alternative Broker of the City's choosing. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation those listed in Section 21(b) of this Agreement.

## 3. Effective Date of Agreement

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

## 4. Services Broker Agrees to Perform

The Broker 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

Broker shall be compensated for providing the services to the City through retail and wholesale commissions received from City's payment to insurance companies either directly or through Broker. With the exception of claims administration services set forth in Appendix A, the City will not directly compensate Broker for goods or services provided under this Agreement but only through Brokers commission arrangements with City's insurers.

In no event shall the City's total expenditure (for example premiums, fees, and taxes for insurance coverage, including technology services, and/or claims administration services from Broker) for insurance, goods, and services secured or provided by Broker under this Agreement exceed **\$19,520,840 (Nineteen Million, Five Hundred Twenty Thousand, Eight Hundred Forty Dollars)** over the term of the contract. Each component of the Broker's compensation and the breakdown of costs associated with this Agreement will be itemized in specific proposals in response to task orders requested by Department and will appear in Appendix B, "Calculation of Charges," attached hereto and will be updated annually 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 Broker until reports, services, or both, required under this Agreement are received from Broker and approved by the City's Director of Risk Management as being in accordance with this Agreement. Only upon agreement by City's Director of Risk Management, in applicable cases, advance or prepayment of insurance premiums, goods, services or fees may be made. Payment for insurance premiums, including Broker commissions, are due in full within 60 (sixty) calendar days of coverage placement or receipt of correct and complete Broker invoice, whichever is later. City may withhold payment to Broker in any instance in which the City's Director of Risk Management reasonably concludes, in his or her sole discretion, that Broker has failed or refused to satisfy any material obligation provided for under this Agreement.

Broker shall not bind any coverage for the City's insurance programs until the City approves any commissions and/or contingent income collected or to be collected by Broker or its affiliates with respect to such placement. In addition Broker shall disclose the following:

1. All compensation agreements Broker already has with any insurer to which it has marketed the City's book of insurance;
2. An accounting of any amounts that would be paid to Broker's affiliates, and/or non-Broker intermediaries if available, in connection with coverages placed for the City's insurance programs, including any fees, if applicable, paid to Broker for services it provides to third parties;
3. All applicable premium taxes and/or fees;
4. An annual summary of all Broker revenue applicable to the City's insurance programs including all fees paid to or income generated from wholesale operations or intermediaries used in the process of obtaining the City's insurance coverage or services.

Broker may receive commissions from insurers for the individual coverages placed for the City's insurance programs, provided that Broker may not include the coverages placed for the City in its aggregate with the insurer that would be used to calculate contingent income based on the total volume of coverage placed by Broker with that insurer.

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

The Controller is not authorized to pay invoices submitted by Broker prior to Broker's submission of HRC Progress Payment Form. If Progress Payment Form is not submitted with Broker's invoice, the Controller will notify the department, the Director of HRC and Broker of the omission. If Broker's failure to provide HRC Progress Payment Form is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Progress Payment Form is provided. Following City's payment of an invoice, Broker has ten (10) days to file an affidavit using HRC Payment Affidavit verifying that all subcontractors have been paid and specifying the amount.

## **6. Guaranteed Maximum Costs**

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. 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 Broker for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

## **7. Payment; Invoice Format**

Invoices furnished by Broker under this Agreement must be in a form acceptable to the Controller, and must include a unique invoice number. All amounts paid by City to Broker shall be subject to audit by City. Payment shall be made by City to Broker at the address specified in the section entitled "Notices to the Parties."

## **8. Submitting False Claims; Monetary Penalties**

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at <http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

## **9. Disallowance – Left blank by agreement of the parties**

## **10. Taxes**

a. In some instances, insurance placements made by Broker on the City's behalf may require the payment of state surplus lines or other premium taxes and or fees in addition to the premium itself. Broker will make every effort to identify all such taxes and/or fees prior to binding any coverages for the City's insurance programs, but in all instances the payment of these taxes and/or fees shall be the obligation of City. Broker will invoice the City for the payment of such taxes and fees.

b. Payment of any other taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Broker.

c. Broker recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Broker to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

1) Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that Broker, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

2) Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Broker accordingly agrees on behalf of itself and its

permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

3) Broker, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Broker accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

4) Broker further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

#### **11. Payment Does Not Imply Acceptance of Work**

The granting of any payment by City, or the receipt thereof by Broker, shall in no way lessen the liability of Broker to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that does not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Broker without delay.

#### **12. Qualified Personnel**

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Broker. Broker will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Broker. Broker shall commit adequate resources to provide the required services within the project schedule specified in this Agreement.

#### **13. Responsibility for Equipment**

City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Broker, or by any of its employees, even though such equipment be furnished, rented or loaned to Broker by City.

#### **14. Independent Contractor; Payment of Taxes and Other Expenses**

##### **a. Independent Contractor**

Broker or any agent or employee of Broker shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Broker or any agent or employee of Broker shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Broker or any agent or employee of Broker is liable for the acts and omissions of itself, its employees and its agents. Broker shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Broker's performing services and work, or any agent or employee of Broker providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Broker or any agent or employee of Broker.

Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Broker's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Broker performs work under this Agreement.

**b. Payment of Taxes and Other Expenses**

Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Broker is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Broker which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Broker for City, upon notification of such fact by City, Broker shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Broker under this Agreement (again, offsetting any amounts already paid by Broker which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Broker shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Broker is an employee for any other purpose, then Broker agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Broker was not an employee.

**15. Insurance**

a. Without in any way limiting Broker's liability pursuant to the "Indemnification" section of this Agreement, Broker 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 for each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than \$2,000,000 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; and

(4) Errors and Omissions insurance with limits not less than \$10,000,000 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 be endorsed to 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 City address in the "Notices to the Parties" section 25 below.

d. Should any of the required insurance be provided under a claims-made form, Broker shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) 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, Broker shall do the following: (a) 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, and (b) furnish to City complete copies of policies promptly upon City request. 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 Broker hereunder.

i. If a subcontractor will be used to complete any portion of this Agreement, the Broker shall ensure that the subcontractor shall provide all necessary insurance and shall name the City, its officers, agents and employees and the Broker listed as additional insureds.

## **16. Indemnification and Infringement Indemnification**

Broker shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Broker or loss of or damage to property, arising directly or indirectly from Broker's performance of this Agreement, including, but not limited to, Broker's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Broker, its subcontractors or

either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City. In addition to Broker's obligation to indemnify City, Broker specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Broker by City and continues at all times thereafter. Broker shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

#### **17. Incidental and Consequential Damages**

Broker shall be responsible for incidental and consequential damages resulting in whole or in part from Broker's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

#### **18. Liability of City**

CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE AMOUNTS PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

#### **19. Liquidated Damages – Left blank by agreement of the parties**

#### **20. Default; Remedies**

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Broker fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, 53, 55, 57, or 58.

(2) Broker fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Broker.

(3) Broker (a) is generally not paying its debts as they become due, (b) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Broker or of any substantial part of Broker's property or (e) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (a) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Broker or with respect to any substantial part of Broker's property, (b) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (c) ordering the dissolution, winding-up or liquidation of Broker.

b. On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Broker any Event of Default; Broker shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Broker under this Agreement or any other agreement between City and Broker all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Broker pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

## **21. Termination for Convenience**

a. City shall have the option, in its sole discretion, to terminate this Agreement or certain coverage parts of this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Broker written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Broker shall commence and perform, with diligence, all actions necessary on the part of Broker to effect the termination of this Agreement on the date specified by City and to minimize the liability of Broker and City to third parties as a result of termination. Further, Broker shall perform all actions necessary for the uninterrupted continuance of insurance policies secured pursuant to this Agreement with the City and/or through an alternative Broker of the City's choosing. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Broker's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Broker and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Broker shall submit to City an invoice, which shall set forth the next due premiums, fees, taxes and other costs for which the City is responsible and the amounts and due dates for all such charges due by the City for the balance of insurance policies secured pursuant to this Agreement. Further, Broker shall provide the City with a list and description of all insurance policies secured pursuant to this Agreement and all documents and authorizations necessary for the City to continue coverage with or without another Broker.

d. In no event shall City be liable for costs incurred by Broker or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Broker under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Broker's final invoice; (2) any claim which City may have against Broker in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

## 22. Rights and Duties upon Termination or Expiration

This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement:

- |   |   |
|---|---|
| 8. Submitting false claims                                      | 24. Proprietary or confidential information of City     |
| 9. Disallowance   | 26. Ownership of Results                                |
| 10. Taxes   | 27. Works for Hire                                      |
| 11. Payment does not imply acceptance of work                   | 28. Audit and Inspection of Records                     |
| 13. Responsibility for equipment                                | 48. Modification of Agreement.                          |
| 14. Independent Contractor; Payment of Taxes and Other Expenses | 49. Administrative Remedy for Agreement Interpretation. |
| 15. Insurance   | 50. Agreement Made in California;                       |

	Venue
16. Indemnification	51. Construction
17. Incidental and Consequential Damages	52. Entire Agreement
18. Liability of City	56. Severability
	57. Protection of private information

Subject to the immediately preceding sentence, upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Broker shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

**23. Conflict of Interest**

Through its execution of this Agreement, Broker acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

**24. Proprietary or Confidential Information of City**

Broker understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Broker may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Broker agrees that all information disclosed by City to Broker shall be held in confidence and used only in performance of the Agreement. Broker shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

If Broker or one of its affiliates prepares a loss control report regarding some or all of City's operations, City hereby consents and agrees that any such report may be disclosed to insurers or prospective insurers in providing the services described in Appendix A, provided that the recipient agrees to hold any confidential information in confidence to the same manner and extent as Broker has agreed herein.

**25. Notices to the Parties**

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To City: City and County of San Francisco  
Risk Management Division  
25 Van Ness Ave., Suite 750  
San Francisco, California 94102  
Attention: Matt Hansen  
Telephone: 415-554-2302  
Fax: 415-554-2357

Email: [matt.hansen@sfgov.org](mailto:matt.hansen@sfgov.org)

To Broker: Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111  
Attention: Dennis Mulqueeny  
Telephone: 415-403-1421  
Fax: 415-402-0773  
Email: [dmulqueeny@alliantinsurance.com](mailto:dmulqueeny@alliantinsurance.com)

Any notice of default must be sent by registered mail.

## **26. Ownership of Results**

Any interest of Broker or its Subcontractors in insurance applications, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Broker or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Broker may retain and use copies for reference and as documentation of its experience and capabilities.

## **27. Works for Hire**

If, in connection with services performed under this Agreement, Broker or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Broker or its subcontractors under this Agreement are not works for hire under U.S. law, Broker hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Broker may retain and use copies of such works for reference and as documentation of its experience and capabilities.

## **28. Audit and Inspection of Records**

Broker agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Broker will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Broker shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

## **29. Subcontracting**

Broker is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

### **30. Assignment**

The services to be performed by Broker are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Broker unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

### **31. Non-Waiver of Rights**

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

### **32. Earned Income Credit (EIC) Forms - FEDERAL LAW HAS BEEN RESCINDED**

### **33. Local Business Enterprise Utilization; Liquidated Damages**

#### **a. The LBE Ordinance**

Broker, shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase Broker's obligations or liabilities, or materially diminish Broker's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Broker's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Broker's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Broker shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

#### **b. Compliance and Enforcement**

**1) Enforcement.** If Broker willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Broker shall be liable for liquidated damages in an amount equal to Broker's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Broker authorized in the LBE Ordinance, including declaring the Broker to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Broker's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Agreement, Broker acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Broker further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Broker on any

contract with City. Broker agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

**2) Subcontracting Goals.** The LBE subcontracting participation goal for this contract is 11% of the risk management and insurance consulting services and not the insurance placement and brokerage services. Broker shall fulfill the subcontracting commitment outlined in the Request for Qualifications. Each invoice submitted to City for payment shall include the information required in the HRC Progress Payment Form and the HRC Payment Affidavit. Failure to provide the HRC Progress Payment Form and the HRC Payment Affidavit with each invoice submitted by Broker shall entitle City to withhold 20% of the amount of that invoice until the HRC Payment Form and the HRC Subcontractor Payment Affidavit are provided by Broker. Broker shall not participate in any back contracting to the Broker or lower-tier subcontractors, as defined in the LBE Ordinance, for any purpose inconsistent with the provisions of the LBE Ordinance, its implementing rules and regulations, or this Section.

**3) Subcontract Language Requirements.** Broker shall incorporate the LBE Ordinance into each subcontract made in the fulfillment of Broker's obligations under this Agreement and require each subcontractor to agree and comply with provisions of the ordinance applicable to subcontractors. Broker shall include in all subcontracts with LBEs made in fulfillment of Broker's obligations under this Agreement, a provision requiring Broker to compensate any LBE subcontractor for damages for breach of contract or liquidated damages equal to 5% of the subcontract amount, whichever is greater, if Broker does not fulfill its commitment to use the LBE subcontractor as specified in the bid or proposal, unless Broker received advance approval from the Director of HRC and contract awarding authority to substitute subcontractors or to otherwise modify the commitments in the bid or proposal. Such provisions shall also state that it is enforceable in a court of competent jurisdiction. If Broker desires to change LBE subcontractors due to poor performance of the LBE firm and use another HRC-certified LBE to complete this Agreement, such proposed changes must be approved by the City through a formal modification process. Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination of this contract and to make such records available for audit and inspection by the Director of HRC or the Controller upon request.

**4) Payment of Subcontractors.** Broker shall pay its subcontractors within three (3) working days after receiving payment from the City or from the other sources of compensation identified in Section 5 hereof, unless Broker notifies the Director of HRC in writing within ten (10) working days prior to receiving such payments that there is a bona fide dispute between Broker and its subcontractor and the Director waives the three-day payment requirement, in which case Broker may withhold the disputed amount but shall pay the undisputed amount. Broker further agrees, within ten (10) working days following receipt of such payments, to file the HRC Payment Affidavit with the Controller, under penalty of perjury, that the Broker has paid all subcontractors. The affidavit shall provide the names and addresses of all subcontractors and the amount paid to each. Failure to provide such affidavit may subject Broker to enforcement procedure under Administrative Code §14B.17.

#### **34. Nondiscrimination; Penalties**

**a. Broker Shall Not Discriminate.** In the performance of this Agreement, Broker agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race,



color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

**b. Subcontracts.** Broker shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Broker's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

**c. Nondiscrimination in Benefits.** Broker does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

**d. Condition to Contract.** As a condition to this Agreement, Broker shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

**e. Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C 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. Broker shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Broker understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Broker and/or deducted from any payments due Broker.

### **35. MacBride Principles—Northern Ireland**

Pursuant to San Francisco Administrative Code §12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Broker acknowledges and agrees that he or she has read and understood this section.

### **36. Tropical Hardwood and Virgin Redwood Ban**

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**37. Drug-Free Workplace Policy**

Broker acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Broker agrees that any violation of this prohibition by Broker, its employees, agents or assigns will be deemed a material breach of this Agreement.

**38. Resource Conservation**

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Broker to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

**39. Compliance with Americans with Disabilities Act**

Broker acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Broker shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Broker agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Broker, its employees, agents or assigns will constitute a material breach of this Agreement.

**40. Sunshine Ordinance**

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**41. Public Access to Meetings and Records**

If the Broker receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Broker shall comply with and be bound by all the applicable provisions of that Chapter and this Section. By executing this Agreement, the Broker agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Broker further agrees to make good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Broker acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Broker further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

**42. Limitations on Contributions**

Through execution of this Agreement, Broker 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. Broker 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. Broker further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Broker's board of directors; Broker's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Broker; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Broker. Additionally, Broker acknowledges that Broker must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Broker further agrees to provide to City the names of each person, entity or committee described above.

#### **43. Requiring Minimum Compensation for Covered Employees**

a. Broker agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of Broker's obligations under the MCO is set forth in this Section. Broker is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Broker to pay Broker's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Broker is obligated to keep informed of the then-current requirements. Any subcontract entered into by Broker shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Broker's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Broker.

c. Broker shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Broker shall maintain employee and payroll records as required by the MCO. If Broker fails to do so, it shall be presumed that the Broker paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Broker's job sites and conduct interviews with employees and conduct audits of Broker.

f. Broker's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a

breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Broker fails to comply with these requirements. Broker agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Broker's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Broker understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Broker fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Broker fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Broker represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Broker is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Broker later enters into an agreement or agreements that cause Broker to exceed that amount in a fiscal year, Broker shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Broker and this department to exceed \$25,000 in the fiscal year.

#### **44. Requiring Health Benefits for Covered Employees**

Broker agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Broker shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Broker chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Broker is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Broker's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Broker if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Broker fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Broker fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each

of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Broker shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Broker shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Broker shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Broker based on the Subcontractor's failure to comply, provided that City has first provided Broker with notice and an opportunity to obtain a cure of the violation.

e. Broker shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Broker's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Broker represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Broker shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Broker shall keep itself informed of the current requirements of the HCAO.

i. Broker shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Broker shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Broker shall allow City to inspect Broker's job sites and have access to Broker's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Broker to ascertain its compliance with HCAO. Broker agrees to cooperate with City when it conducts such audits.

m. If Broker is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Broker later enters into an agreement or agreements that cause Broker's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Broker and the City to be equal to or greater than \$75,000 in the fiscal year.

#### **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. Broker 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 Broker shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Brokers 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 non-duplicative, 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**

Broker 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**

Broker 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 quantify; 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 Broker 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.

#### **46. Prohibition on Political Activity with City Funds**

In accordance with San Francisco Administrative Code Chapter 12.G, Broker may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Broker agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are



incorporated herein by this reference. In the event Broker violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Broker from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Broker's use of profit as a violation of this section.

#### **47. Preservative-treated Wood Containing Arsenic**

Broker may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Broker may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Broker from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

#### **48. Modification of Agreement**

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Broker shall cooperate with Director of Risk Management to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20% (HRC Contract Modification Form).

#### **49. Administrative Remedy for Agreement Interpretation**

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the Director of Risk Management who shall decide the true meaning and intent of the Agreement.

#### **50. Agreement Made in California; Venue**

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

#### **51. Construction**

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

#### **52. Entire Agreement**

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48, "Modification of Agreement."

#### **53. Compliance with Laws**

Broker shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**54. Services Provided by Attorneys**

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Broker, will be paid unless the provider received advance written approval from the City Attorney.

**55. Supervision of Minors – Left blank by agreement of the parties**

**56. Severability**

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**57. Protection of Private Information**

Broker has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Broker agrees that any failure of Contactor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Broker pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Broker.

**58. Graffiti Removal**

Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti. Broker shall remove all graffiti from any real property owned or leased by Broker in the City and County of San Francisco within forty eight (48) hours of the earlier of Broker's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Broker to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and

fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Broker to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

#### **59. Food Service Waste Reduction Requirements**

Effective June 1, 2007, Broker 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, Broker agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Broker 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 Broker's failure to comply with this provision.

#### **60. Slavery Era Disclosure**

a. Broker acknowledges that this contract shall not be binding upon the City until the Director receives the affidavit required by the San Francisco Administrative Code's Chapter 12Y, "San Francisco Slavery Era Disclosure Ordinance."

b. In the event the Director of Administrative Services finds that Broker has failed to file an affidavit as required by Section 12Y.4(a) and this Contract, or has willfully filed a false affidavit, the Broker shall be liable for liquidated damages in an amount equal to the Broker's net profit on the Contract, 10 percent of the total amount of the Contract, or \$1,000, whichever is greatest as determined by the Director of Administrative Services. Broker acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any monies due to the Broker from any contract with the City.

c. Broker shall maintain records necessary for monitoring their compliance with this provision.

#### **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.

#### **62. Broker Standard of Conduct**

Broker understands and agrees that the City desires to compare the cost of obtaining services or insurance products from Broker against other viable and competitive options and expects that the Broker will make its compensation agreements and revenue streams known to the City, so as to provide the City with a clear accounting of the costs of the placement of insurance services and products. The Broker shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of the City ahead of any other concerns in the placement of insurance services and products. To this end, Broker:

a. Warrants that it will adhere to its ethical obligations to the City to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverages, and to provide access to an open, fair, and competitive insurance market place;

b. Will exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact, and the name, address, phone number and email address of the individual contact for each market;

c. Will make every good faith attempt to avoid even the appearance of a conflict of interest between the Broker, the City, and any provider of any insurance product or service, and will promptly notify the City of any real or potential conflict of interest;

d. Agrees to provide to the City a copy of Broker's own Ethics Statement or Code, or Broker Compliance Statement, or to make such statements available on the Broker's website;

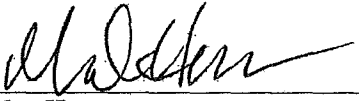
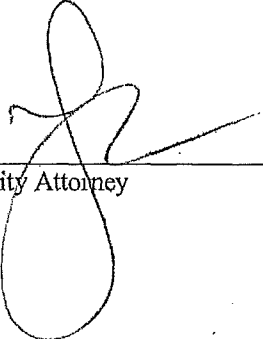
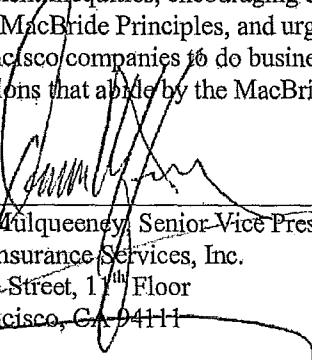
e. Will work with the City to analyze, mitigate, and transfer risk in the best interests of the City.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY	CONTRACTOR
<p>Recommended by:</p>  <hr/> <p>Matt Hansen Director Risk Management Division</p>	<p><b>Alliant Insurance Services, Inc.</b></p> <p>By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.</p>
<p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p>	<p>I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.</p>
<p>By:</p>  <hr/> <p>Deputy City Attorney</p>	 <hr/> <p>Dennis Mulqueeny, Senior Vice President Alliant Insurance Services, Inc. 100 Pine Street, 17<sup>th</sup> Floor San Francisco, CA 94111</p> <p>City vendor number: 56849</p>

**Appendices**

- A: Eligible Services to be Provided by Broker
- B: Calculation of Charges by Task Order



**Appendix A**  
**Eligible Services to be Provided by Broker**  
**City and County of San Francisco**

**1. Description of Services**

The Scope of Work, as may be modified through negotiation and/or by written addendum, will be made a part of any Final Agreement. While the exact nature and extent of the services are subject to negotiations, the minimum professional services are as follows:

**A. Overview**

1. Act as an independent insurance advisor to the City and proactively provide ongoing unbiased professional advice and recommendations that benefit the City and its members.
2. Proactively provide ongoing review and analysis of the City's insurance programs and identification of risk transfer and risk financing options.
3. Be familiar with:
  - a. The coverages provided by all relevant insurance policies and documents issued to the City.
  - b. The exposures of the City.
4. Assure that insurance policies are placed in a timely manner, without lapses in coverage periods, with reputable and financially responsible insurers.
5. Service insurance policies placed for the City, including processing all changes and endorsements and verifying the accuracy of invoices within a reasonable time.
6. Provide early warning of rate and coverage changes or renewal problems through a process. Promptly advise the City of any changes in exposure during the policy year that would require revisions to existing insurance coverages. Upon request of the City, but at least once a year, provide a comprehensive report that reviews all of the City's insurance programs.
7. Continually monitor City's operations and loss exposures and make any appropriate recommendations for coverage changes or new coverages.
8. Be available to answer questions or obtain answers from underwriters for policy coverage questions. Meet with City Risk Management staff, Boards, City committees, and/or staff of City departments when requested.
9. Provide consultation service and written reports as normally expected of a professional Broker to a large client including Risk Management-related training and online resource development.
10. Provide loss control services and assistance with claims as requested by City. Assist in analyzing loss exposures from existing and new operations, and determine the appropriate risk management alternatives, including types, availability, cost and extent of coverages that should be considered.
11. Set up files on City master account and each individual department account showing coverages, schedules of covered property, premium for each department for each coverage, and other information required by Broker. Handle billing of departments as approved by City management and assist in evaluating and implementing a revised cost allocation program within the City and its departments.
12. Develop and distribute mailings and other communications to City and its departments. City must approve all communications before distribution.

**B. Policy Review**

1. Review policies and other documents in detail within fourteen (14) days of receipt of the documents to check the wording and accuracy of each policy, binder, certificate, endorsement or other document received from insurers to ensure that the intended coverage is provided, and all

- coverage, terms and conditions, and other wording is complete and accurate, and in compliance with financial arrangements and administrative procedures acceptable to City.
2. Obtain revisions needed to achieve compliance with coverage request. Timely forward to the City the original policies with a sheet attached bearing the signature of the person responsible for compliance review.
  3. Provide a timeline for issuance of policy forms prior to issuance of premium invoice and provide sufficient copies of policies in both hard copy and digital media (or via secure online sources) to City Risk Management as well as the internal department client.

#### **C. Policy Amendments**

1. Process requests for additions or deletions to policies within five business days of receipt.
2. Provide City with copies of initial correspondence to the insurers. Follow up every two weeks from request date until the insurer has handled request.
3. Advise in writing of any changes to insurance policy(ies) within fourteen (14) days.
4. Provide, on renewal and upon request, participants in each coverage program, and notify within five business days of any participation changes.

#### **D. Marketing**

1. Monitor expiration dates of policies and provide City Risk Management Division Director with written notification at least, 150 days prior to expiration, including a description of information needed to process the renewal.
2. Work with City Risk Management Division Director to develop and implement a marketing strategy, including identifying potential markets, for program renewals at least 150 days before policy expiration.
3. Develop underwriting information and assist in gathering and organizing exposure and loss data for renewals of policies placed including completing applications as necessary.
4. Provide statistical analysis of loss and expense data to assist in the establishment of premium, and targets for various layers of risk.
5. Work with carriers to design policies and programs most advantageous to the City for coverage of exposures, policy form, exclusions, deductibles, self-insured retentions, coordination with other policies, costs and other pertinent factors.
6. Advise of and include City Risk Management Division Director to marketing meetings with prospective carriers.
7. Market renewal coverages for City by obtaining timely and competitive quotations from available and responsible insurers.
8. Provide indications to City at least 90 days prior to insurance policy expiration unless otherwise approved by City.
9. When more than one market is approached for a line of coverage, and whenever requested, provide City Risk Management Division Director with copies of declination letters and all premium quotations received with a summary of coverages explaining deficiencies or benefits of the quote compared to the recommended insurance program.
10. Provide quotations for specialized types of insurance, as requested by City. These scope items are expected at no additional cost.

#### **E. Claims**

1. Assist City departments and staff, as necessary, with filing claims on assigned insured programs.
2. Promptly notify City of any losses or accidents reported to Broker and work with internal or outside claims adjustors as necessary.
3. Represent the interests of City and its departments in policy interpretation and other negotiations with insurance carriers.



4. Assist City with review of claim reserves, and represent City to the insurer with regard to requested explanation or reduction of reserve amounts. Follow-up with insurer every 30 days until resolution of any reserve reduction requests are accomplished or until claim is closed.
5. For all lines of insurance where loss runs are not otherwise available, provide regular (e.g. quarterly) loss runs indicating the member name, claim status, amount paid, reserves, expected outcomes of cases, and other summary information.
6. Review all quarterly loss runs for all claims on all coverages. Evaluate loss history for trends or other indicators that might dictate changes in coverage strategy. Identify any relevant issues and advise City in writing.
7. Provide annual summaries by policy year for each of the last five years indicating total number of losses by type for each line of coverage and showing earned premium, incurred losses and loss ratio.

**F. Certificates of Insurance**

Issue certificates of insurance within three (3) business days following the date of request and assist the City with the development and implementation of a comprehensive online insurance certificate tracking system.

**G. Billing**

1. As directed by City, issue invoices to City and/or its departments for premiums due for insurance.
2. Maintain appropriate accounting of amounts due, receipts, and payments to insurers.

**H. Contract Review**

Review contracts and lease agreements as requested to ensure that the interests of City and its departments are protected and to avoid duplications in coverage.

**I. Legal Compliance**

Comply with all State and Federal laws and regulations pertaining to insurance Brokers licensed in the State of California.

**J. Stewardship**

Prior to the annual renewal strategy meeting, meet with the City to review the results of the prior renewal, discuss any new operations, identify emerging risks, and provide:

1. A schedule of coverage showing nature of coverage, limits, deductibles, insurer, policy number, premium and other relevant information.
2. Summary of team servicing this account.
3. Anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes.
4. Identified problem areas such as claim handling, safety hazards, insurer financial problems, etc.
5. Recommendations for improved program design.
6. Services performed for the current year and planned for the next year.
7. Accounting of all income received on this account.

**K. Consulting & Risk Management Services:**

Consulting services may include but are not limited to:

1. Provide Enterprise Risk Management consulting services to assist City and/or its departments in beginning the assessment of its risks and to propose an enterprise solution to mitigate, measure, and improve the City's risk profile. The resultant work product should provide an ongoing program of risk assessment, including risk identification,

assessment, analysis, mitigation and management and include an automated tracking and identification component.

2. Provide consultant services and analysis for the completion of projects such as feasibility studies for Owner Controlled Insurance Program ("OCIP"), Consultant Controlled Insurance Program ("CCIP"), etc., as well as Risk Modeling, Self Insurance Retention ("SIR") forecasting and self-insurance analysis.
3. Provide Third Party Administration and/or Audit of Self-Insured Claims for Property and Workers' Compensation.
4. Development and implementation of a comprehensive online insurance certificate and/or policy tracking system.
5. Provide risk mitigation consulting services under the Floodplain Management Ordinance (Ordinance) and National Flood Insurance Program (NFIP).
  - a. Work with Develop and implement procedures for the City under the Ordinance.
  - b. Provide advisory services to the City related to the NFIP process.
  - c. Facilitate meetings and trainings with city departments on compliance with ordinance.
  - d. Facilitate meetings with and submittals to FEMA regarding preliminary and final Floodplain Insurance Rate Maps (FIRM).
  - e. Attend meetings with city departments and agencies and with FEMA to discuss comments on the preliminary FIRM.
  - f. Support City presentations at public meetings.
6. Provide analysis and risk support services for the San Francisco Municipal Transit Authority
7. Any other insurance brokerage or risk management consulting service that the parties deem to be mutually acceptable.

#### **L. Disaster Preparedness**

The Risk Management Division of the City and County of San Francisco is implementing a business continuity program and sees the immediate need to access information under the care and control of our broker partners as critical in any recovery effort of the City and County of San Francisco after a disaster.

1. To that end, Broker will be required to provide a post-disaster access plan to the City and store data in a state other than California.
2. Broker may also be called upon to provide supplemental or surge staffing on an as-needed basis in the event of a disaster. The scope of those disaster services will be appropriate to the skills and experience of the Broker.

#### **2. Reports**

Broker shall submit written reports as requested by the Risk Management Division of the City and County of San Francisco. Format for the content of such reports shall be determined by the Risk Management Division of the City and County of San Francisco. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

#### **3. Department Liaison**

In performing the services provided for in this Agreement, Contractor's liaison with the Risk Management Division of the City and County of San Francisco will be Matt Hansen.

## **Appendix B Calculation of Charges**

As applicable, proposals submitted in response to individual task orders must include a calculation of charges breaking down the insurance placement options (including disclosure of all applicable commissions, fees, taxes, etc.), or project costs by identifying the appropriate rates and charges. Some examples are:

- Personnel or Hourly Rate
- Flat rate for specified period (e.g., monthly)
- Rate for use of Broker's equipment, if applicable
- Rates for faxes (sending only), mileage, etc.
- Actual costs for contractor meals, accommodations, long distance and cellular phone charges, postage, vehicle rental, etc., subject to the approval of City.
- Any other applicable rates or charges under the Agreement

AMENDED IN COMMITTEE

07/24/13

FILE NO. 130704

RESOLUTION NO. 298-13

1 [Agreement - Alliant Insurance Services, Inc. - Brokerage Services - Not to Exceed  
2 \$19,520,840]

3 **Resolution retroactively authorizing the Director of the Risk Management Division of**  
4 **the Office of the City Administrator to execute a brokerage and risk management**  
5 **consulting services agreement with Alliant Insurance Services, Inc., for a not to exceed**  
6 **value of \$19,520,840 with a term of up to two years and one month with an option to**  
7 **extend the term for two additional two year terms, pursuant to San Francisco Charter,**  
8 **Section 9.118 for the period of June 1, 2013, through June 30, 2015.**

9  
10 WHEREAS, It is necessary by function of law for the City and County of San Francisco  
11 ("City") to procure the services of a qualified brokerage firm to place insurance coverages;  
12 and

13 WHEREAS, In May 2011, the City, acting through the Director of Risk Management  
14 ("Risk Manager"), issued a Request for Qualifications for Insurance Broker and Risk  
15 Management Consulting Services and selected Alliant Insurance Services, Inc. ("Alliant") as  
16 one of the qualified firms; and

17 WHEREAS, In June 2011, the Risk Manager established a prequalified consultant list  
18 from which the City is authorized to select contractors for such Insurance Broker and Risk  
19 Management Consulting Services for a two-year period through June 2013 ("Prequalified  
20 Contractor List") and placed Alliant on that list; and

21 WHEREAS, In July 2011, the Risk Manager selected Alliant as the broker of record for  
22 the placement of coverages for the Public Entity Property Insurance Program ("PEPIP") and  
23 the fine arts program for various permanent installations and visiting exhibits in the City, and  
24 negotiated a two-year professional services agreement with Alliant for a not-to-exceed  
25 contract amount of \$9,500,000 ("Agreement 1"); and

1           WHEREAS, In September 2012, by Resolution No. 0324-12, the Board of Supervisors  
2 approved a request by the Risk Manager to increase the value of Agreement 1 to  
3 \$15,100,000; and

4           WHEREAS, The term of Agreement 1 expires in July 2013. Rather than further amend  
5 Agreement 1, the Risk Manager wishes to enter into a second professional services  
6 agreement with Alliant for the placement of City insurance coverages, the term of which will  
7 begin on June 1, 2013 and end on July 30, 2015, with a new not-to-exceed contract sum of  
8 \$22,000,000 ("Agreement 2"); and

9           WHEREAS, The funds for payment of the premiums under Agreement 2 will be paid  
10 via work order from the various benefitting departments and enterprises; now, therefore, be it

11           RESOLVED, That pursuant to San Francisco Charter Section 9.118, the Board of  
12 Supervisors hereby authorizes the Director of the Risk Management Division of the Office of  
13 the City Administrator to negotiate and execute a new contract for insurance brokerage  
14 services with Alliant Insurance Services, Inc., in substantially the form attached hereto, for a  
15 not-to-exceed contract amount of \$19,520,840, with a term of up to two years and one month  
16 with an option to extend the term for two additional two year terms for the period of June  
17 2013, through June 30, 2015.



City and County of San Francisco

Tails

Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 130704

Date Passed: July 30, 2013

Resolution retroactively authorizing the Director of the Risk Management Division of the Office of the City Administrator to execute a brokerage and risk management consulting services agreement with Alliant Insurance Services, Inc., for a not to exceed value of \$19,520,840 with a term of up to two years and one month with an option to extend the term for two additional two year terms, pursuant to San Francisco Charter, Section 9.118 for the period of June 1, 2013, through June 30, 2015.

July 24, 2013 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 24, 2013 Budget and Finance Committee - RECOMMENDED AS AMENDED

July 30, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 130704

I hereby certify that the foregoing Resolution was ADOPTED on 7/30/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

  
Mayor

8/7/2013  
Date Approved

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: GENERAL SERVICES AGENCY - CITY ADMIN Dept. Code: ADM

Type of Request: [ ] Initial [x] Modification of an existing PSC (PSC # 4021-10/11)

Type of Approval: [ ] Expedited [x] Regular ([ ] Omit Posting)

Type of Service: As needed insurance brokers and consultants and risk consultants

Funding Source: Work order funds

PSC Original Approved Amount: \$60,000,000

PSC Original Approved Duration: 09/01/10 - 11/30/16 (6 years 13 w

PSC Mod#1 Amount: \$29,000,000

PSC Mod#1 Duration: no duration added

PSC Mod#2 Amount: \$90,000,000

PSC Mod#2 Duration: 09/01/10-11/26/21 (4 years 51 weeks)

PSC Cumulative Amount Proposed: \$179,000,000

PSC Cumulative Duration Proposed: 11 years 12 weeks

1. Description of Work

A. Scope of Work:

PLEASE SEE ORIGINAL PSC

B. Explain why this service is necessary and the consequence of denial:

Insurance coverage and accurate and professionally produced risk management and insurance services are essential to the successful management of the City's risk management program. Denial will result in the inability of the Risk Management Division and multiple City departments to perform their statutory duties and will cause the City to lose its ability to manage and mitigate exposure through insurance placement. Additionally, insurance brokerage requires professional licensing in the state of California and cannot be completed by City staff.

C. Has this service been provided in the past. If so, how? If the service was provided via a PSC, provide the most recently approved PSC # and upload a copy of the PSC.

Yes

D. Will the contract(s) be renewed? Unknown

2. Union Notification: On 02/06/14, the Department notified the following employee organizations of this PSC/RFP request: Municipal Executive Association; Architect & Engineers, Local 21;

\*\*\*\*\*

FOR DEPARTMENT OF HUMAN RESOURCES USE

PSC# 4021-10/11

DHR Analysis/Recommendation:

03/17/2014

Commission Approval Required

Approved by Civil Service Commission

DHR Approved for 03/17/2014

03/17/2014



**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise:

Placement of insurance must be performed by a licensed insurance broker. Consultant services require a broad range of highly specialized insurance services and risk management analysis and interpretation.

B. Which, if any, civil service class(es) normally perform(s) this work?

0933,0931,1232,1237,

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If yes, explain:

No.

**4. Why Classified Civil Service Cannot Perform**

A. Explain why civil service classes are not applicable:

City employees are not licensed insurance brokers and do not have the high level specialized knowledge required to perform the consulting services to be provided by successful contractors.

B. Would it be practical to adopt a new civil service class to perform this work? Explain.

No. Work is as needed and a City employee would not act as an insurance broker.

**5. Additional Information (if "yes", attach explanation)**

**YES NO**

- A. Will the contractor directly supervise City and County employee?  YES  NO
- B. Will the contractor train City and County employee?  
1-5 hrs. 0933,0932,0931)Class 1822, 1825. Dept heads on request  YES  NO
- C. Are there legal mandates requiring the use of contractual services?  YES  NO
- D. Are there federal or state grant requirements regarding the use of contractual services?  YES  NO
- E. Has a board or commission determined that contracting is the most effective way to provide this service?  YES  NO
- F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? Additional need and duration; current vendors in pool may be used  YES  NO

THE ABOVE INFORMATION IS SUBMITTED AS COMPLETE AND ACCURATE ON BEHALF OF THE DEPARTMENT HEAD

ON 02/06/14 BY:

Name: Joan Lubamersky Phone: 4155544859 Email: joan.lubamersky@sfgov.org

Address: One Carlton B. Goodlett Place, Room 362 San Francisco, CA



OFFICE OF THE  
CITY ADMINISTRATOR



Edwin M. Lee, Mayor  
Naomi M. Kelly, City Administrator

March 29, 2017

Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

RECEIVED  
SUPERVISOR'S OFFICE  
2017 MAR 29 PM 3:46  
AK

Dear. Ms. Calvillo,

Attached please find an original single-sided and two single-sided, black and white copies of the proposed Resolution for the Board of Supervisors approval, authorizing the Director of Risk Management to enter into a new agreement with Alliant Insurance Services, Inc., for Insurance Broker and Risk Management Consulting Services.

The following is a list of accompanying documents:

- Alliant 3rd Contract - PEPiP March 2017
- Alliant Agreement - CCSF 2013 - signed copy
- Civil Service Approval 3.17.14 Risk PSC 4021-10.11

If you have any questions, please contact Jack Gallagher (415) 554-6272 or Matt Hansen (415) 554-2302. Thank you for your consideration.

Sincerely,

Naomi M. Kelly  
City Administrator

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
 (S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Alliant Insurance Services, Inc.</b>	
<p><i>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.</i></p> <p>(1) James Carey, Nicholas Zerbib, James Matthews, Tagar Olson, Thomas Corbett, Greg Zimmer, Ralph Hurst                  (2) CEO – Thomas Corbett; CFO – Ilene Anders; COO Peter Carpenter                  (3) N/A                  (4) O’Kane &amp; Tegay Insurance Brokers                  (5) No</p>	
Contractor address: 100 Pine Street, 11th Floor, San Francisco CA 94111	
Date that contract was approved:	Amount of contracts: Not to exceed \$34,500,000
Describe the nature of the contract that was approved:	
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

<b>Filer Information</b> <i>(Please print clearly.)</i>	
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 Pl., 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

