

BOND ASSISTANCE PROGRAM LOS ANGELES

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

AND

PORT OF LOS ANGELES

AND

LOS ANGELES WORLD AIRPORTS

AND

DEPARTMENT OF WATER AND POWER

BOND ASSISTANCE PROGRAM LOS ANGELES

MEMORANDUM OF UNDERSTANDING

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THIS MEMORANDUM OF UNDERSTANDING (MOU), is made and entered into by and between the CITY OF LOS ANGELES (CITY), OFFICE OF THE CITY ADMINISTRATIVE OFFICER, RISK MANAGEMENT (representing Non-proprietary Departments) hereinafter called RISK MANAGEMENT, and the PORT OF LOS ANGELES and LOS ANGELES WORLD AIRPORTS and DEPARTMENT OF WATER AND POWER hereinafter collectively called DEPARTMENTS and individually called DEPARTMENT. Each DEPARTMENT joining this MOU will be responsible for its own activities as defined in this MOU.

RECITALS:

- A. CITY requires contractors to obtain bid, payment, and performance bonds when working on CITY projects.
- B. It has come to the attention of CITY that some Small, Local contractors are unable to compete for CITY work due to their difficulty obtaining the required surety bonds.
- C. RISK MANAGEMENT and DEPARTMENTS possess certain requisite knowledge and resources to coordinate and assist in the administration of the CITY's Bond Assistance Program Los Angeles (PROGRAM).
- D. Merriwether and Williams Insurance Services (BROKER) competed in a Request for Proposal process and was selected by the CITY to be the Broker on the PROGRAM. CITY has entered into a contract with Merriwether & Williams Insurance Services for Broker services.
- E. Pursuant to the Mayor's Policy Memorandum dated May 5, 2006 in which the Mayor stated his intention to expand the PROGRAM Citywide and encouraged all PROPRIETARY DEPARTMENTS to participate in the PROGRAM.

Now, therefore, the parties do agree as follows:

1.0 CAO RISK MANAGEMENT

RISK MANAGEMENT will:

- 1.1 Coordinate citywide PROGRAM between BROKER and DEPARTMENTS.
- 1.2 Develop PROGRAM components and specifications.
- 1.3 Work with BROKER in designing and creating PROGRAM forms, instructional documents, procedures manuals and other written documents as necessary.

- 1.4 Check monthly invoices for accuracy. Validate hourly rates, services provided, third party fees, etc. Distribute to appropriate contracting DEPARTMENT.
- 1.5 Execute BROKER Request for Proposal and Contract. Administer Contract to confirm BROKER activities are in compliance with Contract terms. Provide support for any Contract disputes.
- 1.6 Review monthly progress reports.
- 1.7 Establish PROGRAM cost controls to maintain Guarantee Fund balance and BROKER Contract amount.
- 1.8 Established Guarantee Fund through Ordinance No. 177249. Maintain Fund balance and monitor payment of fees and costs. To avoid costly bank penalties, there is currently \$300,000 of General Fund monies available to immediately pay bank for any PROGRAM member default. It is the contracting DEPARTMENT's responsibility to reimburse the Guarantee Fund, within 30 days, for the default amount.
- 1.9 Establish Line of Credit with authority to enter into Letters of Credit. Monitor balance to ensure PROGRAM does not overdraw.
- 1.10 Assist in settlement of PROGRAM member defaults.
- 1.11 Conduct periodic internal review to verify DEPARTMENT compliance with MOU terms and conditions.
- 1.12 Attend meetings with DEPARTMENT and BROKER as needed.
- 1.13 Provide timely and accurate information to BROKER when needed to administer PROGRAM.
- 1.14 Assist in negotiating sufficient levels for bond placement, i.e. underwriting information, Third Party Funds Administrator (TPFA), Irrevocable Letter of Credit (City Guarantee).
- 1.15 Respond to questions/complaints from City, contractors, BROKER, TPFA, etc.
- 1.16 Allocate PROGRAM costs to DEPARTMENT. Provide, prior to each fiscal year, the annual PROGRAM cost allocation percentages to DEPARTMENTS.
- 1.17 Determine PROGRAM member eligibility (through discussion with BROKER).
- 1.18 Review TPFA contract and Surety qualifications.
- 1.19 Provide additional services as deemed necessary.

2.0 DEPARTMENT

DEPARTMENT will:

- 2.1 Administer PROGRAM for DEPARTMENT contracting activities, if appropriate.
- 2.2 Review and pay monthly invoices directly to BROKER.
- 2.3 Maintain ongoing database of DEPARTMENT contracting activities.
- 2.4 Work with BROKER and TPFA in maintaining funds control.
- 2.5 Provide timely and accurate PROGRAM information to RISK MANAGEMENT when requested.
- 2.6 Review BROKER prepared monthly progress report for DEPARTMENT.
- 2.7 Attend meetings with CITY, BROKER, TPFA, etc.
- 2.8 Provide PROGRAM training to DEPARTMENT staff.
- 2.9 Monitor DEPARTMENT contracting activities.
- 2.10 Work with RISK MANAGEMENT and BROKER in reviewing underwriting information, TPFA.
- 2.11 Review and approve Irrevocable Letter of Credit requests (City Guarantee).
- 2.12 Coordinate with BROKER attendance at pre-bid meetings.
- 2.13 Review PROGRAM language to be included in various City documents, and Departmental contracts.
- 2.14 Determine PROGRAM member eligibility (through discussions with RISK MANAGEMENT).
- 2.15 Reimburse accrued indirect costs to all DEPARTMENTS (those Departments that are currently part of the Citywide BAP LA) based upon each DEPARTMENTS proportion of indirect costs paid to date.
- 2.16 Define account(s) from where PROGRAM member defaults would be paid. Establish method for reimbursing Guarantee Fund for DEPARTMENT PROGRAM member defaults, up to \$250,000.

- 2.17 Work with RISK MANAGEMENT and BROKER in negotiating sufficient levels for bond placement.
- 2.18 Participate in selection interview process for BROKER. The broker selection panel will consist of one representative from each DEPARTMENT and two representatives from the Office of the City Administrative Officer.
- 2.19 Provide additional services as deemed necessary.

3.0 PROGRAM COMPONENTS:

- 3.1 Available only to contractors and subcontractors looking to bid on CITY contracts.
- 3.2 Financial guarantees will not exceed \$250,000 per project.
- 3.3 In an effort to avoid costly banking penalties, RISK MANAGEMENT has established a PROGRAM Guarantee Fund (LAAC 5.168.6, adopted by Mayor/Council on 12/21/05) with General Fund monies to immediately reimburse the bank for any draw (letter of credit) against the line of credit (the City currently has a \$4,000,000 line of credit). There is currently \$300,000 in the fund. The DEPARTMENT will be required to reimburse the Guarantee Fund, within 30 days of the drawdown, for any PROGRAM member defaults that occur within their DEPARTMENT's contracting activities.
- 3.4 The first \$500 cost for financial statement preparation will be the responsibility of the PROGRAM member. The remaining amount will be provided by the City (typically the total cost for financial statement preparation is around \$3,000 to \$3,500). The CITY will provide this service one time only. Any additional preparation of financial statements will be the sole responsibility and cost of the PROGRAM member.
- 3.5 BROKER invoicing will be monthly and will only reflect actual services rendered.
- 3.6 PROGRAM components may only be changed with the written approval of all parties to this agreement.
- 3.7 By February 1st, Risk Management will provide DEPARTMENTS the allocated percentages used to calculate the indirect PROGRAM costs for the next fiscal year. This allocation percentage will be based upon each DEPARTMENT's prior fiscal years actual capital construction costs, not including equipment/installation and land only contracts, as a percentage of the total amount of capital construction costs in the PROGRAM.
- 3.8 Prior to successfully joining the PROGRAM, DEPARTMENTS must complete the following:

1. Agree to reimburse proportionate share of PROGRAM's prepaid startup costs. These costs, which have accrued since March 1, 2005, will be allocated similar to the PROGRAM indirect costs, based upon the DEPARTMENTS prior fiscal year actual capital construction costs less any equipment/installation contracts. DEPARTMENTS will pay their proportionate share of the accrued startup costs in twelve (12) equal monthly payments or as otherwise agreed upon by all parties to this MOU.
2. Establish and/or identify account(s) to cover the costs for monthly BROKER invoices (amounts based on annual contract limits) and any future PROGRAM member defaults within that DEPARTMENTS construction program (amount may need to be increased based upon higher levels of outstanding letters of credit).
3. Assign a Department staff member and a designee (in case of absence of the primary authority) to authorize letters of credit in an expeditious manner.
4. Sign and date the BAP LA MOU and Contract (if necessary).
5. Assign staff to assist RISK MANAGEMENT in coordinating Citywide PROGRAM.
6. Receive Board approval of PROGRAM including the use of Letters of Credit as collateral guarantees to sureties.

4.0 INDEMNIFICATION

- 4.1 All parties to this agreement agree to hold each other harmless for all causes of actions, claims, charges or other demands of any nature, arising from the acts or omissions of the indemnifying party in regard to services provided under and during the term of this MOU.

5.0 TERMINATION

- 5.1 This agreement may be canceled by any member of this MOU with or without cause on thirty (30) days' written notice and payment in full of all proportioned PROGRAM fees, costs and expenses. Said notice, on the CITY'S behalf, will be given by the City Administrative Officer or the Director of Risk Management as designee.

6.0 TERM OF MEMORANDUM OR UNDERSTANDING

6.1 The term of this MOU shall be coterminus with the Broker/Administrator contract.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Memorandum of Understanding on the 1st day of March, 2008 to be effective immediately.

City of Los Angeles

By: _____
Karen L. Sisson
Interim City Administrative Officer

Date: _____

Office of the City Clerk

By: _____

Date: _____

APPROVED AS TO FORM
Rockard Delgadillo
City Attorney

By: _____
Edward J. Jordan
Deputy City Attorney

Date: _____

Port of Los Angeles

By: _____
Executive Director

Date: _____

Los Angeles World Airports

By: _____
Executive Director

Date: _____

Department of Water and Power

By: _____
Executive Director

Date: _____

GLOSSARY OF TERMS

1. **BROKER** – The person or company who works on behalf of the City to assist small, MBE/WBE/OBE contractors in obtaining the CITY’s required surety bonding. Must have a Broker’s license to be a Broker.
2. **Surety bonds** – The financial instrument, required by the CITY to bid on CITY projects, that is written for a specific amount and for a specific project. The dollar amount of the bond is the amount which the surety is willing to front in case a PROGRAM member defaults on the CITY project.
 - a. **Bid Bond** – A guarantee that, if awarded, the contractor will enter into a contract under the same terms and conditions as bid.
 - b. **Performance Bond** – A bond that binds a surety company to complete a construction contract if the contractor defaults.
 - c. **Payment Bond** - Guarantees that subcontractors of the prime contractor will be paid for labor and materials.
3. **Surety** – The bond company that provides the bond on a specific project.
4. **PROGRAM Member** – The contractor or subcontractor who uses the CITY’S Bond Assistance Program to establish or increase their bonding capacity.
5. **Third Party Funds Administrator** – Manages progress payments from the City to a PROGRAM prime contractor or the City’s prime contractor payments to a PROGRAM subcontractor, ensuring all subcontractors and material suppliers are appropriately paid.
6. **Irrevocable Letter of Credit** – The instrument that is used by a surety to drawdown from the Letter of Credit as a form of City guarantee.
7. **Line of Credit** – A pool of money provided by a financial institution by which all parties to this agreement can use for financial guarantees.
8. **Underwriting data** – Data gathered by the BROKER and Surety to help make a determination on whether to provide a bond. Usually requires bank statements, tax statements, company financials, application data, etc.
9. **Drawdown** – A withdrawal from the Line of Credit which reduces the pool of available monies for future financial guarantees.
10. **Financial Guarantees** – An amount of money stated in dollars, that the CITY is willing to guarantee to the Surety in case of a default by a PROGRAM member against the bond.

11. Indirect Costs – Those costs of the PROGRAM that are not directly chargeable to a Department or project and are shared by each member of this MOU. These costs are typically all costs that occur prior to successfully bonding a contractor for a specific bid or contract. These costs would include PROGRAM outreach and administration, member consultation and technical assistance, financial statement preparation and review, review of application data, tax statements and company financials, and post award contract monitoring. It includes time spent working with PROGRAM broker, surety and CPA partners. It also includes costs to maintain the PROGRAM's line of credit.
12. Direct Costs – Once a PROGRAM member identifies a City contract that they want to bid on, those subsequent 3rd party costs directly associated with securing the required bonds are considered direct costs. Unlike indirect costs, these costs are not shared by all MOU members but are charged directly to the contracting Department. These costs typically include letter of credit fees for financial guarantees and TPFA fees. These costs are only incurred if the contractor is the successful low bidder.
13. PROGRAM member default – A PROGRAM member default occurs when a surety is obligated to payment under the bond following a PROGRAM contractor performance or payment.

AGREEMENT NO. _____

AGREEMENT BETWEEN
THE CITY OF LOS ANGELES AND
MERRIWETHER & WILLIAMS INSURANCE SERVICES

THIS AGREEMENT is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation ("City"), acting by and through its Executive Director of the Harbor Department ("Executive Director"), and Merriwether & Williams Insurance Services, a California corporation, 523 W. Sixth Street, Suite 815, Los Angeles, CA 90014 ("Consultant").

WHEREAS, City requires contractors to obtain bid, payment, and performance bonds when working on city construction projects for the Los Angeles Harbor Department; and

WHEREAS, it has come to the attention of City that some contractors are unable to compete for City construction projects at Department due to their difficulty obtaining the required surety bonds; and

WHEREAS, the City of Los Angeles, acting by and through the City Council and Mayor, has adopted a Citywide Bond Assistance Program to assist contractors in addressing the barrier to surety bonding in order to enable greater participation of local, disadvantaged, and small contractors in bidding on City of Los Angeles construction projects; and

WHEREAS, The City of Los Angeles, acting by and through the city Council and Mayor, released an RFP for Broker Services Contract for its Bond Assistance Program; and

WHEREAS, Consultant was the proposer selected by the City of Los Angeles and entered into a Contract for Broker Services with the City of Los Angeles on March 1, 2008, to administer the City of Los Angeles Bond Assistance Program; and

WHEREAS, Consultant is well qualified by training, knowledge and experience to render such services;

WHEREAS, because of the temporary nature of the work and the special expertise of Consultant, it is more economical and/or more feasible to have the Consultant perform the work; and

WHEREAS, it is in the best interest of City to separately contract with Consultant to administer the Department's Program to retain independent control of funding and resources to ensure that Department funds expended for direct costs on the

Department's Program would directly benefit contractors bidding on City construction projects at Department; and

WHEREAS, the City is intent on securing the strictest fiduciary loyalty from insurance/bond brokers working for it and preventing conflicts of interest and related misconduct by insurance brokers with which the City deals; and

WHEREAS, Executive Director requires the professional, expert and technical services of Consultant on a temporary or occasional basis to assist the City in administering the Harbor Department's Program; and

WHEREAS, Consultant, by virtue of training and experience, is well qualified to provide such services to City; and

WHEREAS, City does not employ personnel with the required expertise nor is it feasible to do so on a temporary or occasional basis;

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I. SERVICES TO BE PERFORMED BY CONSULTANT

Consultant hereby agrees to render to City, as an independent contractor, certain professional, technical and expert services of a temporary and occasional character as set forth in Exhibit "A," and as may be required and requested from time to time in writing by the Executive Director or his or her designee.

II. SERVICES TO BE PERFORMED BY CITY

A. City shall furnish Consultant, upon its request, all documents and papers in possession of City which may lawfully be supplied to Consultant and which are necessary for it to perform its obligations.

B. The Executive Director or his or her designee is designated as the contract administrator for City and shall also decide any and all questions which may arise as to the quality or acceptability of the services performed and the manner of performance, the interpretation of instructions to Consultant and the acceptable completion of this Agreement and the amount of compensation due. Notwithstanding the preceding, the termination of this Agreement shall be governed by the provisions of Section VIII (Termination) hereof.

III. TERM OF AGREEMENT

The term of this Agreement shall be from March 1, 2008 until March 1, 2013; subject, however, to earlier termination as set forth hereinafter. The expiration date coincides with the City's Contract for Broker Services with the City of Los Angeles.

IV. COMPENSATION AND PAYMENT

A. As compensation for the satisfactory performance of the services required by this Agreement, City shall pay and reimburse Consultant at the rates set forth in Exhibit "B."

B. The maximum payable under this Agreement, including reimbursable expenses (see Exhibit "C"), shall be One Million One Hundred Sixty Two Thousand Five Hundred Sixty Two Dollars (\$1,162,562).

C. Consultant shall submit invoices in quadruplicate to City monthly following the effective date of this Agreement for services performed during the preceding month. Each such invoice shall be signed by the Consultant and shall include the following certification:

"I certify under penalty of perjury that the above bill is just and correct according to the terms of Agreement No. _____ and that payment has not been received. I further certify that I have complied with the provisions of the City's Living Wage Ordinance.

(Consultant's Signature)

D. Consultant must include on the face of each itemized invoice submitted for payment its Business Tax Registration Certificate number, as required at Article VI of this Agreement. No invoice will be processed for payment by City without this number shown thereon. All invoices shall be approved by the Executive Director or his or her designee prior to payment. All invoices due and payable and found to be in order shall be paid as soon as, in the ordinary course of City business, the same may be approved, audited and paid.

Consultant shall submit appropriate supporting documents with each invoice. Such documents may include provider invoices, payrolls, and time sheets. The City may require, and Consultant shall provide, all documents reasonably required to determine whether amounts on the invoice are allowable expenses under this Agreement.

Further, where the Consultant employs subconsultants under this Agreement, the Consultant shall submit to City, with each monthly invoice, a Monthly Subconsultant Monitoring Report Form (Exhibit D) listing SBE/MBE/WBE/OBE amounts. Consultant shall provide an explanation for any item that does not meet or exceed the anticipated participation levels for this Agreement, with specific plans and recommendations for improved subconsultant utilization. Invoices will not be paid without a completed Monthly Subconsultant Monitoring Report Form. All invoices are subject to audit. Consultant is not required to submit support for direct costs items of \$25 or less.

E. For payment and processing, all invoices should be mailed to the following address:

Accounting Section
Harbor Department, City of Los Angeles
PO Box 191
San Pedro, CA 90733-0191

This contract is subject to the provisions of the Los Angeles City Charter which, among other things, precludes the City from making any expenditure of funds or incurring any liability, including contractual commitments, in excess of the amount appropriated therefor.

The Board of Harbor Commissioners in awarding this contract is expected to appropriate sufficient funds to meet the estimated expenditures through June 30 of the current fiscal year and to make further appropriations in each succeeding fiscal year during the life of the contract. However, they are under no legal obligation to do so.

The City of Los Angeles, its boards, officers and employees are not bound by the terms of this agreement or obligated to make any payment thereunder in any fiscal year in which the board does not appropriate funds therefor. The contractor is not entitled to any compensation in any fiscal year in which funds have not been appropriated in the contract by the Board of Harbor Commissioners.

Although the contractor is not obligated to perform any work under the contract in any fiscal year in which no appropriation for the contract has been made, the contractor agrees to resume performance of the work required by the contract on the same terms and conditions for a period of 60 days after the end of the fiscal year if an appropriation therefor is approved within that 60-day period. The time for performance shall be extended during this period until the appropriation is made; however, such extension of time is not compensable.

If in any subsequent fiscal year funds are not appropriated for work required by the contract, the contract shall be terminated. However, such termination shall not relieve the parties of liability for any obligation previously incurred.

V. INDEPENDENT CONTRACTOR

Consultant, in the performance of the work required by this Agreement, is an independent contractor and not an agent or employee of City. Consultant shall not represent itself as an agent or employee of the City and shall have no power to bind the City in contract or otherwise.

VI. BUSINESS TAX REGISTRATION CERTIFICATE

The City of Los Angeles Office of Finance requires the implementation and enforcement of Los Angeles Municipal Code Section 21.49(c). This section provides that every person, other than a municipal employee, who engages in any business within the City of Los Angeles, is required to obtain the necessary Business Tax Registration Certificate and pay business taxes. The City Controller has determined that this Code Section applies to consulting firms that are doing work for the Los Angeles Harbor Department (“Department”). See Exhibit “E.”

VII. INDEMNIFICATION AND INSURANCE

A. Indemnity for General Liability

Except for the sole negligence or willful misconduct of City, Consultant shall at all times indemnify, protect, defend, and hold harmless City and any and all of its boards, officers, agents, or employees from and against all claims, charges, demands, costs, expenses (including counsel fees), judgments, civil fines and penalties, liabilities or losses of any kind or nature whatsoever which may be sustained or suffered by or secured against the City, its boards, officers, agents, and/or employees by reason of any damage to property, injury to persons, or any action that may arise out of the performance of this Agreement that is caused by any act, omission, or negligence of Consultant, its boards, officers, agents, employees, or subconsultants regardless of whether any act, omission, or negligence of City, its boards, officers, agents, or employees contributed thereto; provided that (1) if the City contributes to a loss, Consultant’s indemnification of the City for the City’s share of the loss shall be limited to One Million Dollars (\$1,000,000), (2) notwithstanding the limitation in (1), Consultant shall remain responsible for one hundred percent (100%) of any loss attributable to it, and (3) the provisions in (1) and (2) apply on a per-occurrence basis.

B. Indemnity for Professional Liability

Except for the sole negligence or willful misconduct of City, Consultant shall at all times indemnify, protect, defend, and hold harmless City and any and all of its boards, officers, agents, or employees from and against all claims, charges, demands, costs, expenses (including counsel fees), judgments, civil fines and penalties, liabilities or losses of any kind or nature whatsoever which may be sustained or suffered by or secured against the City, its boards, officers, agents, and/or employees by reason of any damage to property, injury to persons, or any action that may arise out of the performance of this Agreement that is caused by any act, omission, or negligence of Consultant, its boards, officers, agents, employees, or subconsultants.

C. General Liability Insurance

Consultant shall procure and maintain in effect throughout the term of this Agreement, without requiring additional compensation from the City, commercial general liability insurance covering personal and advertising injury, bodily injury, and property damage providing contractual liability, independent contractors, products and

completed operations, and premises/operations coverages written by an insurance company authorized to do business in the State of California rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if Best's is not available) within Consultant's normal limits of liability but not less than One Million Dollars (\$1,000,000) combined single limit for injury or claim. Said limits shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her judgment, such retention or self-insurance is justified by the net worth of Consultant. The insurance provided shall contain a severability of interest clause and shall provide that any other insurance maintained by Department shall be excess of Consultant's insurance and shall not contribute to it. In all cases, regardless of any deductible or retention, said insurance shall contain a defense of suits provision. Each policy shall contain an additional insured endorsement naming the City of Los Angeles Harbor Department, its boards, officers, agents, and employees and a 30-day notice of cancellation by receipted mail as shown in Exhibit "F".

D. Automobile Liability Insurance

Consultant shall procure and maintain at its expense and keep in force at all times during the term of this Agreement automobile insurance written by an insurance company authorized to do business in the State of California rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if Best's is not available) within Consultant's normal limits of liability but not less than One Million Dollars (\$1,000,000) covering injuries or death resulting from each accident or claim arising out of any one claim or accident. Each policy shall contain an additional insured endorsement naming the City of Los Angeles Harbor Department, its board, officers, agents, and employees and a 30-day notice of cancellation by receipted mail as shown in Exhibit "G".

E. Workers' Compensation

Consultant shall certify that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that the Consultant shall comply with such provisions before commencing the performance of the tasks under this Agreement. Consultant shall submit Workers' Compensation policies, whether underwritten by the state insurance fund or private carrier, which provide that the public or private carrier waives its right of subrogation against the City in any circumstance in which it is alleged that actions or omissions of the City contributed to the accident. See Exhibit "H".

F. Professional Liability Insurance

Consultant certifies that it now has professional liability insurance in the amount of One Million Dollars (\$1,000,000), which covers the work to be performed pursuant to

this Agreement and that it will keep such insurance or its equivalent in effect at all times during performance of said Agreement and until two (2) years following acceptance of the completed project by Board. Two (2) executed copies of the special endorsement, Exhibit "I", attached hereto and made a part hereof shall be filed with Executive Director. Alternatively, two (2) certified copies of the full policy containing a 30-calendar-day cancellation notice by receipted mail may be submitted. Notice of occurrences or claims under the policy shall be made to the Risk Management Division with copies to Executive Director.

G. Carrier Requirements

All insurance which Consultant is required to provide pursuant to this Agreement shall be placed with insurance carriers authorized to do business in the State of California and which are rated A-, VII or better in Best's Insurance Guide. Carriers without a Best's rating shall meet comparable standards in another rating service acceptable to City.

H. Notice of Cancellation

Each insurance policy described above shall provide that it will not be canceled or reduced in coverage until after the Board of Harbor Commissioners, Attention: Risk Manager and the City Attorney of City have each been given thirty (30) days' prior written notice by registered mail addressed to 425 S. Palos Verdes Street, San Pedro, California 90731.

I. Copies of Policies

Two certified copies of each policy containing the additional insured and 30-day cancellation notice language shall be furnished to Executive Director. Alternatively, two duplicate original additional insured endorsements on forms provided by the Department, as indicated above, may be submitted. The form of such policy or endorsement shall be subject to the approval of the Risk Manager of the Port.

J. Modification of Coverage

Executive Director, at his or her discretion, based upon recommendation of independent insurance consultants to City, may increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving ninety (90) days' prior written notice to Consultant.

K. Renewal of Policies

At least thirty (30) days prior to the expiration of each policy, Consultant shall furnish to Executive Director a renewal endorsement or renewal certificate showing that the policy has been renewed or extended or, if new insurance has been obtained, evidence of insurance as specified above. If Consultant neglects or fails to secure or

maintain the insurance required above, Executive Director may, at his or her own option but without any obligation, obtain such insurance to protect City's interests. The cost of such insurance will be deducted from the next payment due Consultant.

L. Right to Self-Insure

Upon written approval by the Executive Director, Consultant may self-insure if the following conditions are met:

1. Consultant has a formal self-insurance program in place prior to execution of this Agreement. If a corporation, Consultant must have a formal resolution of its board of directors authorizing self-insurance.
2. Consultant agrees to protect the City, its boards, officers, agents and employees at the same level as would be provided by full insurance with respect to types of coverage and minimum limits of liability required by this Agreement.
3. Consultant agrees to defend the City, its boards, officers, agents and employees in any lawsuit that would otherwise be defended by an insurance carrier.
4. Consultant agrees that any insurance carried by Department is excess of Consultant's self-insurance and will not contribute to it.
5. Consultant provides the name and address of its claims administrator.
6. Consultant submits a Financial Statement or Balance Sheet prior to Executive Director's consideration of approval of self-insurance and annually thereafter evidence of financial capacity to cover the self-insurance.
7. Consultant agrees to inform Department in writing immediately of any change in its status or policy which would materially affect the protection afforded Department by this self-insurance.
8. Consultant has complied with all laws pertaining to self-insurance.

M. Accident Reports

Consultant shall report in writing to Executive Director within fifteen (15) calendar days after it, its officers or managing agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage in excess of Five Hundred Dollars (\$500.00) to property, occurring upon the premises, or

elsewhere within the Port of Los Angeles if Consultant's officers, agents or employees are involved in such an accident or occurrence. Such report shall contain to the extent available (1) the name and address of the persons involved, (2) a general statement as to the nature and extent of injury or damage, (3) the date and hour of occurrence, (4) the names and addresses of known witnesses, and (5) such other information as may be known to Consultant, its officers or managing agents.

VIII. TERMINATION PROVISION

The Executive Director, in his or her sole discretion, shall have the right to terminate and cancel all or any part of this Agreement for any reason upon giving the Consultant ten (10) days' advance, written notice of the Board's election to cancel and terminate this Agreement. It is agreed that any Agreement entered into shall not limit the right of the City to hire additional consultants or perform the services described in this Agreement either during or after the term of this Agreement.

IX. PERSONAL SERVICE CONTRACT

During the term hereof, Consultant agrees that it will not enter into other contracts or perform any work without the written permission of the Executive Director where the work may conflict with the interests of the Department.

Consultant shall not divulge any information which is proprietary or confidential.

X. AFFIRMATIVE ACTION

The Consultant, during the performance of this Agreement, shall not discriminate in its employment practices against any employee or applicant for employment because of employee's or applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status, or medical condition. The provisions of Section 10.8.4 of the Los Angeles Administrative Code shall be incorporated and made a part of this Agreement. All subcontracts awarded shall contain a like nondiscrimination provision. See Exhibit "J."

XI. SMALL BUSINESS DEVELOPMENT PROGRAM

It is the policy of the Department to provide Small Business Enterprises (SBE) and Minority-Owned, Women-Owned and all Other Business Enterprises (MBE/WBE/OBE) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. Consultant shall assist the City in implementing this policy and shall use its best efforts to afford the opportunity for SBEs, MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including SBEs, MBEs, WBEs, and OBEs, have equal participation opportunity which might be presented under this Agreement. See Exhibit "K."

NOTE: Prior to being awarded a contract with the City, Consultant and all subconsultants must be registered with the Department's Contracts Management Database, *e-DiversityXchange*.

XII. CONFLICT OF INTEREST

It is hereby understood and agreed that the parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflict of interest of public officers and employees, as well as the Los Angeles Municipal Code (LAMC) Municipal Ethics and Conflict of Interest provisions of Section 49.5.1 et seq. and the Conflict of Interest Codes of the City and Department. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to this Agreement. Notwithstanding any other provision of this Agreement, it is further understood and agreed that if such financial interest does exist at the inception of this Agreement, City may immediately terminate this Agreement by giving written notice thereof.

XIII. COMPLIANCE WITH APPLICABLE LAWS

Consultant shall at all times in the performance of its obligations comply with all applicable laws, statutes, ordinances, rules and regulations, and with the reasonable requests and directions of Executive Director.

XIV. GOVERNING LAW / VENUE

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to the conflicts of law, rules and principles of such State. The parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the State or Federal courts located in the County of Los Angeles, State of California, in the judicial district required by court rules.

XV. TRADEMARKS, COPYRIGHTS, AND PATENTS

Consultant agrees to save, keep, hold harmless, protect and indemnify the City and any of its officers or agents from any damages, cost, or expenses in law or equity from infringement of any patent, trademark, service mark or copyright of any person or persons, or corporations in consequence of the use by City of any materials supplied by Consultant in the performance of this Agreement.

XVI. PROPRIETARY INFORMATION

The Consultant may not disclose to any party without City's permission any information developed pursuant to this Agreement. The Department will, however, have

the right to disclose the information as it determines appropriate considering the nature of the information, its use and the laws applicable to the Department.

XVII. CONFIDENTIALITY

The data, documents, reports, or other materials which contain information relating to the review, documentation, analysis and evaluation of the work described in this Agreement and any recommendations made by Consultant relative thereto shall be considered confidential and shall not be reproduced, altered, used or disseminated by Consultant or its employees or agents in any manner except and only to the extent necessary in the performance of the work under this Agreement. In addition, Consultant is required to safeguard such information from access by unauthorized personnel.

XVIII. NOTICES

In all cases where written notice is to be given under this Agreement, service shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid. When so given, such notice shall be effective from the date of mailing of the same. For the purposes hereof, unless otherwise provided by notice in writing from the respective parties, notice to the Department shall be addressed to Director of Risk Management, Los Angeles Harbor Department, P.O. Box 151, San Pedro, California 90733-0151, and notice to Consultant shall be addressed to it at the address set forth above. Nothing herein contained shall preclude or render inoperative service of such notice in the manner provided by law.

XIX. TAXPAYER IDENTIFICATION NUMBER (TIN)

The Internal Revenue Service (IRS) requires that all consultants and suppliers of materials and supplies provide a TIN to the party that pays them. Consultant declares that its authorized TIN is _____. No payments will be made under this Agreement without a valid TIN.

XX. SERVICE CONTRACTOR WORKER RETENTION POLICY AND LIVING WAGE POLICY REQUIREMENTS

The Board of Harbor Commissioners of the City of Los Angeles adopted Resolution No. 5771 on January 13, 1999, agreeing to adopt the provisions of Los Angeles City Ordinance No. 171004 relating to Service Contractor Worker Retention (SCWR), Section 10.36 et seq. of the Los Angeles Administrative Code, as the policy of the Department. Further, Charter Section 378 requires compliance with the City's Living Wage requirements as set forth by ordinance, Section 10.37 et seq. of the Los Angeles Administrative Code. Consultant shall comply with the policy wherever applicable. Violation of this provision, where applicable, shall entitle the City to terminate this Agreement and otherwise pursue legal remedies that may be available.

XXI. WAGE AND EARNINGS ASSIGNMENT ORDERS/NOTICES OF ASSIGNMENTS

The Consultant and/or any subconsultant are obligated to fully comply with all applicable state and federal employment reporting requirements for the Consultant and/or subconsultant's employees.

The Consultant and/or subconsultant shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignments applicable to them personally. The Consultant and/or subconsultant will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code Sections 5230 et seq. The Consultant or subconsultant will maintain such compliance throughout the term of this Agreement.

XXII. EQUAL BENEFITS POLICY

The Board of Harbor Commissioners of the City of Los Angeles adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits, Section 10.8.2.1 et seq. of the Los Angeles Administrative Code, as a policy of the Department. Consultant shall comply with the policy wherever applicable. Violation of this policy shall entitle the City to terminate any Agreement with Consultant and pursue any and all other legal remedies that may be available. See Exhibit "L."

XXIII. STATE TIDELANDS GRANTS

This Agreement is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, this Agreement is at all times subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City," approved June 3, 1929 (Stats. 1929, Ch. 651), as amended, and provisions of Article VI of the Charter of the City of Los Angeles relating to such lands. Consultant agrees that any interpretation of this Agreement and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations.

XXIV. INTEGRATION

This document constitutes the entire Agreement between the parties to this Agreement with respect to the subject matter set forth and supersedes any and all prior Agreements or contracts on this subject matter between the parties, either oral or written. This Agreement may not be amended, waived, or extended, in whole or in part, except in writing signed by both parties.

XXV. SEVERABILITY

Should any part of this Agreement be found to be invalid, the remainder of this Agreement is to continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date to the left of their signatures.

THE CITY OF LOS ANGELES
HARBOR DEPARTMENT

Dated: _____

By _____
Executive Director

(CONSULTANT'S NAME)

Dated: _____

By _____

Type Name:
Type Title:

Attest _____

Type Name:
Type Title:

APPROVED AS TO FORM

_____, 2008
ROCKARD J. DELGADILLO, City Attorney

Account #	<u>54490</u>	W.O. #	<u>000</u>
Ctr/Div #	<u>0550</u>	Job Fac. #	<u>000</u>
Proj/Prog #	<u>000</u>		

Budget FY:	Amount:
07/08	\$88,760
08/09	\$271,456
09/10	\$256,834
10/11	\$203,972
11/12	\$201,911
12/13	\$139,629

By _____
(Deputy/Assistant)

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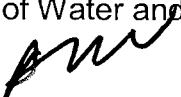
For Acct Div. Use Only:
Verified Funds Available _____
Date Approved _____



ANTONIO R. VILLARAIGOSA
MAYOR

MEMORANDUM

To: Executive Director, Los Angeles World Airports
Executive Director, Port of Los Angeles
General Manager, Department of Water and Power

From: Antonio R. Villaraigosa, Mayor 

Subject: Citywide Bond Assistance Program Los Angeles (BAP LA)

Date: May 5, 2006

This memo outlines information regarding the Citywide Bond Assistance Program Los Angeles (BAP LA). The program is currently funded by the Department of Public Works, Sewer Construction and Maintenance Fund and has been in effect since March 2005. I intend to expand the program Citywide, including all proprietary departments. I am therefore encouraging you to evaluate and participate in the proposed Citywide program.

City and State laws mandate that departments require bid bonds, performance bonds, and payment bonds on public works construction contracts. Proprietary departments also require these same bonds. The BAP LA is designed to assist contractors in addressing the barrier of surety bonding in order to enable greater participation of local, disadvantaged, and small contractors wishing to bid on City contracts.

The BAP LA provides bond assistance for both prime contractors and subcontractors. Efforts by the City and its Broker/Administrator are directed toward mitigating exposure on the surety bond through bond guarantees, third-party funds administration, contract monitoring, and pre-claim problem resolution. The Broker/Administrator works directly with the contractor, preparing them to meet the bond underwriting requirements (i.e., contractor assessments, CPA prepared financial statements, referrals to qualified financial institutions, etc.). This gives the surety bond companies a comfort level that allows them to bond those contractors that otherwise might be unable to obtain the requisite bonding.



Memo to Airports, Harbor and DWP
May 5, 2006
Page 2

In addition, some surety bond companies within the BAP LA, in agreeing to bond participating contractors, require a financial guarantee by the City in the event of a contractor bond default. (See attached Bond Guarantee Ordinance adopted by the City Council on December 21, 2005.)

There are over 60 contractors currently in the program at various levels of review and assistance. Some BAP LA graduates have already obtained bonding and have successfully bid and won City contracts. Also BAP LA graduates have already saved the City significant dollars through increased competition on City contracts. I believe this program offers a unique opportunity to increase the City's pool of bondable contractors and subcontractors interested in bidding on City contracts.

My staff member Mr. David Mora, Director of the Los Angeles Minority Business Opportunity Center (LA MBOC) at 213 978-0787, will contact you over the next few weeks to discuss your participation in the Citywide BAP LA.

Attachment

ARV: dm

ORDINANCE NO. 177249

An ordinance amending Article 7 of Chapter 9 of Division 5 of the Los Angeles Administrative Code to expand the scope of the Insurance Premiums Special Fund to include funds for payment of contractor bond defaults under the Bond Assistance Program Los Angeles, and to rename the article the Insurance and Bond Special Fund.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Article 7 of Chapter 9 of Division 5 of the Los Angeles Administrative Code is amended to read:

**ARTICLE 7
INSURANCE AND BOND SPECIAL FUND**

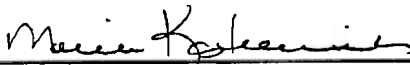
Sec. 5.168.6 Insurance and Bond Special Fund.

There is created and established within the Treasury of the City of Los Angeles a special fund to be known as the **Insurance and Bond Special Fund** (Fund) for the receipt and disbursement of funds to pay for the premiums for all of the insurance coverage purchased by the City. A portion of the Fund shall also be allocated for disbursement of funds to pay sureties for contractor bond defaults under the Bond Assistance Program Los Angeles. The Fund shall be administered by the City Administrative Officer. Interest earned on the Fund shall be credited to the Fund. At the end of the fiscal year, any surplus funds remaining in the Fund, over and above the amount allocated for the Bond Assistance Program Los Angeles, shall be credited to the Reserve Fund.

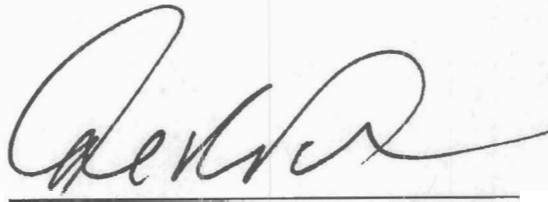
Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of DEC 21 2005

FRANK T. MARTINEZ, City Clerk


By 
Deputy

Approved JAN 03 2006


Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By 
EDWARD JORDAN
Deputy City Attorney

Date 12/14/05

File No. 03-0600-511

Office of the City Administrative Officer
Risk Management
Bond Assistance Program
www.imwis.com/citylosangeles.htm

HISTORY

The Miller Act of 1935 (40 USC 270A-270F) requires all governmental agencies obtain performance and payment bonds on public works construction contracts over \$100,000.

In recognizing the difficulty of getting surety bonds, the City of Los Angeles Bond Assistance Program (Program) was proposed by the Mayor and approved by the City Council in the 2004/2005 fiscal year budget. The Office of the City Administrative Officer, Risk Management administers the Program and through a competitive bid process contracted the broker/administrator duties to Merriwether and Williams Insurance Services, Inc. (Broker/Administrator).

BOND ASSISTANCE PROGRAM

Designed to assist contractors in removing the barrier of surety bonding, the Program helps enable greater participation of local Minority/Women Owned and Small contractors wanting to bid on City projects. Assistance is provided for the following types of bonds:

- bid bonds (guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds)
- payment bonds (guarantees that the contractor will pay laborers and suppliers associated with the project)
- performance bonds (protects the City from financial risk should the contractor default or fail to perform the job according to the terms and conditions of the contract)

The Program provides bond assistance for both prime and sub contractors.

Efforts by the City and its Broker/Administrator are directed towards mitigating exposure to the Surety through bond guarantees, third-party funds administration, contract monitoring and pre-claim problem resolution. The Broker/Administrator

works directly with the contractor preparing them to meet the bond underwriting requirements, i.e., contractor assessments, CPA prepared financial statements, referrals to qualified financial institutions, etc. This gives Sureties a comfort level that allows them to bond those contractors that previously were unable to obtain the necessary bonding.

PROGRAM BENEFITS

SUBCONTRACTORS OR SMALL PRIME CONTRACTORS

- Assists in obtaining first bond
- Helps in obtaining increased bond capacity
- Enhances ability to bid on other City projects
- Helps create a track record of bonded work which makes getting future bonds and loans easier
- Provides technical, management and/or financial assistance for the contractor to keep the project on schedule
- Provides small prime contractors more competitive prices from subcontractors and suppliers who are protected by a payment bond

LARGE CONTRACTORS

- Assists in expanding the pool of local bondable subcontractors
- Sureties are more favorable towards general contractors who have an established policy of bonding subcontractors
- Helps protect the general contractor's bond exposure in the event of a subcontractor default
- Results in timely project completion and less likelihood of subcontractor failure

CITY OF LOS ANGELES

- Expands existing pool of local, small and minority bondable contractors
- Supports community relations efforts
- Assists with local small and minority contractor outreach with quantifiable results
- Increases contract savings from enhanced competition
- Increases local hiring of skilled and non-skilled labor
- Increases local City tax revenue resulting from growth of local small and minority contractors

PROGRAM CONTACT INFORMATION

For further information regarding the City of Los Angeles Bond Assistance Program or to become a Program client, please go to Merriwether and Williams Insurance Services, Inc. (Program Broker/Administrator) website at www.imwis.com/citylosangeles.htm or call them directly at (213) 327-0298.

[Previous](#)[Back to Results](#)[Search Again](#)[Next](#)**File Number**

03-0600-S11

Last Changed Date

05/09/2006

Title

INSURANCE COVERAGE PURCHASED BY CITY / PREMIUMS

Initiated by

City Attorney R03-0235

Subject

Transmittal from City Attorney R03-0235 relative to an ordinance amending the Los Angeles the Los Angeles Administrative Code to create an insurance premiums special fund for the receipt and disbursement of funds to pay for the premiums for all of the insurance purchase by the City.

Date Received

05/19/2003

File History

5-30-03 - For Council

5-30-03 - File to Council Clerk

6-6-03 - Council Action - Ordinance OVER ONE WEEK TO June 13, 2003

6-13-03 - Council Action - Ordinance ADOPTED amending the Los Angeles Administrative Code by creating an Insurance Premiums Special Fund for the receipt and disbursement of funds to pay for the premiums for all of the insurance coverage purchased by the City.

6-17-03 - File to Mayor for signature

6-25-03 - File to Calendar Clerk

7-2-03 - File in files

12-15-05 - For ref - Communication from the City Attorney R05-0441, dated December 14, 2005, relative to a draft ordinance amending Article 7 of Chapter 9 of Division 5 of the Los Angeles Administrative Code (Insurance Premiums Special Fund) to include funds for payment of contractor bond defaults under the Bond Assistance Program Los Angeles.

12-16-05 - Ref to Budget and Finance Committee

12-19-05 - File to Budget and Finance Committee Clerk

12-20-05 - For ref - Communication from the City Administrative Officer, dated December 19, 2005, relative to the Bond Assistance Program Guarantee Fund Ordinance.

12-20-05 - Ref to Budget and Finance Committee - to Committee Clerk

12-21-05 - Council Action - Motion ADOPTED to APPROVE Budget and Finance Committee report recommendations, subject to the approval of the Mayor to:

1. PRESENT and ADOPT the accompanying ORDINANCE amending Article 7 of Chapter 9 of Division 5 of the LAAC to include funds for payment of contractor bond defaults under the BAP.

2. AUTHORIZE the creation of a sub-account in the Insurance Premiums Special Fund with a one-time transfer of \$300,000 to establish the guarantee fund.

3. INSTRUCT the City Administrative Officer (CAO) to report back to the Council on an annual basis on the Insurance and Bond Special Fund - Ordinance ADOPTED.

12-22-05 - File to the Mayor for signature FORTHWITH

1-3-06 - Mayor's message concurred in action of December 21, 2005

1-9-06 - File to Calendar Clerk

1-18-06 - File to Budget and Finance Committee Clerk OK

1-19-06 - File in files

4-17-06 - For ref - Communication from the City Administrative Officer, dated April 13, 2006, relative to the Bond Assistance Program line of credit.

4-18-06 - Ref to Budget and Finance Committee

4-18-06 - File to Budget and Finance Committee Clerk

4-25-06 - Council Action - CONTINUED TO APRIL 26, 2006

4-26-06 - Council Action - Verbal Motion - Parks Mover 2006 / Smith -

ADOPTED *AS AMENDED - HEREBY MOVE that Council ADOPT the following recommendations of the City Administrative Officer (Item #64, CF **03-0600-S11**), as amended, relative to the Bond Assistance Program Line of Credit:

1. AUTHORIZE the Treasurer to arrange a \$4,000,000 line of credit with a qualified bank for use by the Bond Assistance Program *and the execution of a reimbursement agreement for the line of credit, subject to the approval of the City Attorney as to form and legality. (*Parks - Smith)

2. AUTHORIZE the use of letters of credit, signed by the Director of Risk Management, as a City guarantee for a maximum amount of \$250,000.

5-5-06 - File to Budget and Finance Committee Clerk OK

5-9-06 - File in files

Ordinance

175309 (Effective: 08/04/2003)

177249 (Effective: 02/18/2006)

[Previous](#)[Back to Results](#)[Search Again](#)[Next](#)

The Mayor and Council adopted Ordinance No. 177249 on December 21, 2005. This Ordinance amended Article 7 of Chapter 9 of Division 5, of the Los Angeles Administrative Code, Insurance and Bonds Special Fund, to include \$300,000 for payment of contractor bond defaults under the Bond Assistance Program. This enables the Program to avoid costly bank penalties by immediately paying the bank for any draw by the surety for a contractor default. It is the responsibility of the contracting department where the default occurs to immediately reimburse the Insurance and Bonds Special Fund for the amount of the default. If needed, this amount will come from the Harbor's emergency fund. The CAO has been instructed to report back to the City Council on an annual basis regarding the status of the Insurance and Bonds Special Fund. This report will be provided to all participating departments and will include department-specific reports. Both the Citywide report and Harbor's report will be presented to the board on an annual basis.

**Bond Assistance Program Los Angeles
Cost Allocation**

Transmittal No. 6

Merriwether Williams Contract (5 Year)

Program Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Dept.	Allocation %	1,521,600	1,610,330	1,703,497	1,801,321	1,904,038	8,540,786
SCM	25%	380,400	402,583	425,874	450,330	476,010	2,135,197
DWP	35%	532,560	563,616	596,224	630,462	666,413	2,989,275
Port	11%	167,376	177,136	187,385	198,145	209,444	939,486
*LAWA	29%	641,264	666,996	694,014	722,383	752,171	3,476,828
Gen. Fund	Fixed	100,000	100,000	100,000	100,000	100,000	500,000

* Includes \$200,000 for dedicated Surety Specialist

Implementation Costs (over 36 months)

		Year 1	Year 2	Year 3	Year 4	Year 5	Totals
SCM		-	-	-	-	-	-
DWP	43%	163,572	173,110	30,604	-	-	367,286
Port	26%	98,904	104,671	19,500	-	-	223,075
LAWA	31%	117,924	124,801	22,545	-	-	265,270

Total Annual Costs

	Year 1	Year 2	Year 3	Year 4	Year 5	5-year totals
SCM	-	-	353,225	450,330	476,010	1,279,565
DWP	696,132	736,726	626,828	630,462	666,413	3,356,562
Port	266,280	281,808	206,885	198,145	209,444	1,162,562
LAWA	759,188	791,796	716,559	722,383	752,171	3,742,098

**Bond Assistance Program Los Angeles
Cost Allocation
Merriwether Williams Contract (5 Year)**

Transmittal No. 6

IMPLEMENTATION ONLY

Eff Dt 3/1/08

Exp Dt 3/1/13

	FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	
	Mar-June	July-June	July-June	July-June	July-June	July-Feb	
Jul		8,242	8,723	1,625	0	0	
Aug		8,242	8,723	1,625	0	0	
Sep		8,242	8,723	1,625	0	0	
Oct		8,242	8,723	1,625	0	0	
Nov		8,242	8,723	1,625	0	0	
Dec		8,242	8,723	1,625	0	0	
Jan		8,242	8,723	1,625	0	0	
Feb		8,242	8,723	1,625	0	0	
Mar	8,242	8,723	1,625	0	0	0	
Apr	8,242	8,723	1,625	0	0	0	
May	8,242	8,723	1,625	0	0	0	
Jun	8,242	8,723	1,625	0	0	0	
Total	32,968	100,826	76,281	13,000	0	0	223,075

PROGRAM ONLY

Eff Dt 3/1/08

Exp Dt 3/1/13

	FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	
	Mar-June	July-June	July-June	July-June	July-June	July-Feb	
Jul		13,948	14,678	15,615	16,512	17,454	
Aug		13,948	14,678	15,615	16,512	17,454	
Sep		13,948	14,678	15,615	16,512	17,454	
Oct		13,948	14,678	15,615	16,512	17,454	
Nov		13,948	14,678	15,615	16,512	17,454	
Dec		13,948	14,678	15,615	16,512	17,454	
Jan		13,948	14,678	15,615	16,512	17,454	
Feb		13,948	14,678	15,615	16,512	17,454	
Mar	13,948	14,678	15,615	16,512	17,454		
Apr	13,948	14,678	15,615	16,512	17,454		
May	13,948	14,678	15,615	16,512	17,454		
Jun	13,948	14,678	15,615	16,512	17,454		
Total	55,792	170,296	179,886	190,972	201,911	139,629	939,486

TOTAL (PROGRAM + IMPLEMENTATION)

Eff Dt 3/1/08

Exp Dt 3/1/13

	FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	
	Mar-June	July-June	July-June	July-June	July-June	July-Feb	
Jul		22,190	23,484	17,240	16,512	17,454	
Aug		22,190	23,484	17,240	16,512	17,454	
Sep		22,190	23,484	17,240	16,512	17,454	
Oct		22,190	23,484	17,240	16,512	17,454	
Nov		22,190	23,484	17,240	16,512	17,454	
Dec		22,190	23,484	17,240	16,512	17,454	
Jan		22,190	23,484	17,240	16,512	17,454	
Feb		22,190	23,484	17,240	16,512	17,454	
Mar	22,190	23,484	17,240	16,512	17,454		
Apr	22,190	23,484	17,240	16,512	17,454		
May	22,190	23,484	17,240	16,512	17,454		
Jun	22,190	23,484	17,240	16,512	17,454		
Total	88,760	271,456	256,834	203,972	201,911	139,629	1,162,562