

**PROFESSIONAL SERVICES AGREEMENT FOR  
WORKER'S COMPENSATION CLAIMS ADMINISTRATION**

THIS AGREEMENT is made and entered into this 1st day of January, 2010 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), and CORVEL CORPORATION, a California corporation ("Consultant").

**W I T N E S S E T H :**

- A. WHEREAS, City proposes to have Consultant perform Worker's Compensation claims administration as described herein below; and
- B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code, Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and
- C. WHEREAS, City and Consultant desire to contract for specific services in connection with the project described below (the "Project") and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and
- D. WHEREAS, no official or employee of City has a financial interest, within the provisions of California Government Code, Sections 1090-1092, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

**1.0. SERVICES PROVIDED BY CONSULTANT**

1.1. Scope of Services. Consultant shall provide the professional services described in the City's Request for Proposal ("RFP") attached hereto as Exhibit "A" and incorporated herein by reference and Consultant's Response to City's RFP (the "Response"). A copy of said Response is attached hereto as Exhibit "B" and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every

nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.4. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code. Violation of this provision may result in the imposition of penalties referred to in Labor Code, Section 1735.

1.5 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.6. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

## **2.0. COMPENSATION AND BILLING**

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "C," attached hereto and made a part of this Agreement (the "Fee Schedule"). Consultant's compensation shall in no case exceed Five Hundred Nineteen Thousand Two Hundred Seventy-One Dollars (\$519,271.00). After the expiration of the initial term of the Agreement, Consultant may increase its fee. However, such compensation shall not exceed two percent (2%).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Response unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to City's Project Manager for approval on a progress basis, but no more often than monthly. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be

made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

### **3.0. TIME OF PERFORMANCE**

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

### **4.0. TERM AND TERMINATION**

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of three (3) years, ending on December 31, 2013, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties. City shall have the sole option to extend this Agreement for two (2) periods of one(1) year each after the expiration of the initial term of the Agreement.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated as to the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished documents, data, studies, drawings, and reports, shall be delivered to the City or transmitted to a third party as directed by City, within ten (10) days of delivery of termination notice to Consultant, at no cost to City.

## 5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain and maintain during the life of this Agreement all of the following insurance coverages:

- (a) Comprehensive general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- (b) Automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- (c) Workers' compensation insurance as required by the State of California.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The comprehensive general liability insurance policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, agents, and employees are additional insureds with respect to this subject project and contract with City."
- (b) Notice: "Said policy shall not terminate, nor shall it be cancelled, nor the coverage reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."

5.3. Certificates of Insurance: Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

5.4. Non-limiting: Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

**6.0. GENERAL PROVISIONS**

6.1. Entire Agreement: This Agreement constitutes the entire Agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices: Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

CorVel Corporation  
10750 Fourth Street  
Suite 100  
Rancho Cucamonga, CA 91730  
Tel: 909-257-3771  
Fax: 866-401-7274  
Attn: Scotty L. Benton, ARM

IF TO CITY:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626  
  
Tel: 714-754-5227  
Fax: 714-754-5040  
Attn: Debra Yasui

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City’s Council Policy 100-5, attached hereto as Exhibit “D” and incorporated herein by reference. Consultant’s failure to conform to the requirements

set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees: In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law: This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment: Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless: Consultant shall protect, defend, indemnify and hold harmless City and its elected and appointed officials, officers, and employees from any and all claims, liabilities, expenses, including attorney fees, damage to property or injuries to or death of any person or persons or damages of any nature including, but not by way of limitation, all civil claims or workers' compensation claims arising out of or in any way connected with the intentional or negligent acts, error or omissions of Consultant, its employees, agents or subcontractors in the performance of this Agreement.

6.10. Independent Contractor: Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall secure, at his expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder.

6.11. Ownership of Documents: All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete

documents furnished by Consultant. Consultant shall deliver to City or to any third party as designated by City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.12. Public Records Act Disclosure: Consultant has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et. seq.). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.13. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.14. Prohibited Employment: Consultant will not employ any regular employee of City while this Agreement is in effect.

6.15. Order of Precedence: In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of the RFP or the Response, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over both the Response and the RFP and the Response shall govern over the RFP.

6.16. Costs: Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.17. No Third Party Beneficiary Rights: This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.18. Headings: Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or

accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.19. Construction: The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.20. Amendments: Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.21. Waiver: The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.22. Severability: If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.23. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.24. Corporate Authority: The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so, the parties hereto are formally bound to the provisions of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,  
A municipal corporation

\_\_\_\_\_  
Mayor of the City of Costa Mesa

Date: \_\_\_\_\_

CORVEL CORPORATION

  
\_\_\_\_\_  
Signature

Date: 12/16/09

SCOTTY L. BENTON AREA VP  
Name and Title

42-1704550  
Social Security or Taxpayer ID Number

ATTEST:

\_\_\_\_\_  
City Clerk and ex-officio Clerk  
of the City of Costa Mesa

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

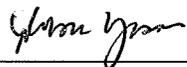
Date: 11/17/09

APPROVED AS TO INSURANCE:

  
\_\_\_\_\_  
Risk Management

Date: 11/20/09

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Project Manager

Date: 12/4/09

**EXHIBIT A**

**CITY'S REQUEST FOR PROPOSAL**



**CITY OF COSTA MESA**  
77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

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FINANCE DEPARTMENT  
PURCHASING

**COOPERATIVE REQUEST FOR PROPOSAL**  
**THE CITY OF COSTA MESA AND THE CITY OF NEWPORT BEACH**  
**FOR THE THIRD PARTY ADMINISTRATION OF THE WORKERS' COMPENSATION PROGRAM**  
**PROPOSAL NO. 1134**

NOTICE IS HEREBY GIVEN that sealed proposals shall be received by the City of Costa Mesa to wit: The City of Costa Mesa, City Clerk's Office, P. O. Box 1200, Costa Mesa, California 92628-1200, on or before the hour of **3:00 p.m. on September 04, 2009**. It shall be the responsibility of the respondent to deliver his/her proposal to the City Clerk's Office by the proper announced time. Delivery Location: City of Costa Mesa, 77 Fair Drive, Room 101, Costa Mesa, California 92626.

Each proposal shall be submitted with one original and five copies (6 total) to the attention of the City Clerk, within said time limit, in a sealed envelope identified on the outside with the *Respondent's Business Name, Proposal Item Number, Workers Comp Administration Services, and the Due Date*. There will be no public opening of proposals.

A pre-proposal meeting will take place on Wednesday, August 19, 2009 at 1:30 p.m. at the City of Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California 92626 in Room 1A. Attendance at the pre-proposal meeting is recommended, but is not mandatory.

A copy of the Request for Proposal may be obtained by respondents in the Purchasing Division of the City of Costa Mesa, 77 Fair Drive, Room 100, Costa Mesa, California 92626, (714) 754-5212 or online at [www.ci.costa-mesa.ca.us](http://www.ci.costa-mesa.ca.us).

Dated: August 10, 2009

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## **INTRODUCTION**

Through this cooperative Request for Proposals the Cities of Costa Mesa and Newport Beach (hereinafter referred to as the "Cities") are seeking professional services proposals from qualified and licensed Third Party Administrators (hereinafter referred to as the "Administrator or TPA") to provide appropriate workers compensation claims administration services for their self-insured Workers' Compensation Programs. The Cities have jointly developed the scope of work and specifications for this proposal. The City of Costa Mesa will be acting as the lead agency for this proposal.

Each respective Cities Human Resources Department is responsible for management of the workers' compensation program including contract administration of the TPA contract. The aspects of this contract will include: reporting of injuries; employee contact; providing lost time and salary information; training for managers, supervisors, and employees; early return to work program; claimant service evaluation and maintenance of the City workers' compensation claim files.

## **GENERAL DESCRIPTION OF WORK**

The Administrator shall provide effective and efficient claims administration in the California environment with an objective to provide the Cities' employees with appropriate benefits and medical treatment in a prompt and efficient manner.

## **MINIMUM QUALIFICATIONS**

The proposal shall clearly demonstrate that the Respondent Administrator has the training, required licensing, experience, relevant expertise and a thorough knowledge of the professional services, functions, activities and related responsibilities to successfully perform their role in providing worker's compensation administration services. The successful Administrator shall have at a minimum the following qualifications:

- Must be licensed by the State of California as a Third-Party Administrator (TPA).
- Have a claim administration office within reasonable proximity to both Cities.
- Have a minimum of five (5) years experience administering claims as a claim administrator for a public entity.
- Have sufficient means and/or resources to conduct field investigations, provide prompt reporting and adjudication of medical and indemnity payments.
- Must have an electronic database capable of producing specialized and ad hoc reports in addition to those required by the State of California.
- Have not received sanctions for nonconforming performance by the California Department of Industrial Relations (DIR) in the past three years. (Subject to verification with the State).

The Administrator shall provide sufficient information in the proposal on how they will perform the required professional services in accordance with the specifications presented in this RFP. The respondent should provide adequate information and supporting documentation for the evaluation of their ability to successfully provide the services as described in the Scope of Work.

## **TERM OF CONTRACT**

The initial term of this agreement will be for three (3) years beginning January 1, 2010 with two (2) one year renewal options.

## BACKGROUND

Both the City of Costa Mesa and the City of Newport Beach currently contract with CorVel Corporation for administration of all workers' compensation claims using iVOS software. The current contract ends December 31, 2009.

The City of Costa Mesa is a medium-sized, full-service City which employs 611 full-time employees and approximately 76 part-time and full-time-equivalents (FTE's). The City's workers' compensation program is self-insured for \$2,000,000 per occurrence. The City's claims history, as shown in its annual reports submitted to the Department of Industrial Relations, is as follows:

	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Number of Medical-Only Cases Reported in FY	37	57	57	46
Number of Indemnity Cases Reported in FY	44	32	53	46
Total Number of Indemnity Cases From All Years Open In FY	168	141	150	143
Number of Cases in Which Notices of Legal Representation Received in FY	7	3	12	4

The City of Newport Beach is a medium-sized, full-service City which employs 797 full-time employees and approximately 530 part-time and seasonal. The City's workers' compensation program is self-insured for \$1,000,000 per occurrence. The City's claims history, as shown in its annual reports submitted to the Department of Industrial Relations, is as follows:

	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Number of Medical-Only Cases Reported in FY	88	75	67	49
Number of Indemnity Cases Reported in FY	86	86	75	74
Total Number of Indemnity Cases From All Years Open In FY	283	271	268	300
Number of Cases in Which Notices of Legal Representation Received in FY	11	10	7	3

## TIMETABLE

Anticipated dates for activity relating to the proposal are given below:

Date	Action
08/10/2009	Release of Request for Proposal
08/19/2009	Pre-Proposal Meeting
09/04/2009	Deadline for Submission of Proposals
09/21/2009 (week of)	Notice of Oral Interviews
09/28/2009 (week of)	Oral Interviews
10/31/2009	Notice of Intent to Award Contract
12/01/2009	Contract approval by City Council
01/01/2010	Contract Commences

## **SCOPE OF WORK OVERVIEW**

The goal of this RFP process is to secure a Third Party Administrator (TPA) to provide appropriate workers' compensation claims administration and related services. In addition, the TPA is expected to analyze loss data, identify trends and develop methods to reduce costs for the Cities, and at the same time, improve program efficiency and effectiveness.

To be considered, the TPA shall demonstrate that the firm has the personnel and capital resources, knowledge, expertise, experience, creativity, innovation, insight and customer service skills to serve as a third party administrator handling both Cities' claims. The TPA must respond to all the required items in this RFP. The TPA shall demonstrate that all services will be performed in a manner to commensurate with the highest standards of professionals in the industry.

The respondent's management system shall have the capacity to transition all workers' compensation claims and related payment and file data from the existing system into data in the respondent's system. The respondent's system shall have the capacity to normalize during conversion and the Cities' claim payment data must remain intact.

The Cities reserve the right to select the Administrator that the Cities, in their sole discretion, determine will best serve its Workers' Compensation Program.

### **Records**

The Administrator shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by the Cities that relate to the performance of services under this agreement. The Administrator shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. The Administrator shall provide free access to the representatives of the Cities or their designees at all proper times to such books and records, and give the Cities the right to examine and audit same, and to make transcripts there from as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of no less than three (3) years after receipt of final payment.

All original books, manuals, films or any other patentable or copyrightable material developed with contract funds, reproduced, prepared or caused to be prepared by the Administrator pursuant to or in connection with this agreement shall be the exclusive property/rights of the Cities. The Administrator shall not copyright any report required by this agreement. Any report, information and data acquired or required by this agreement shall become the property of the Cities, and all publication rights are reserved to the Cities.

All records, files, transcripts, computer tapes, and other material or workers' compensation adjusting activity reports prepared by the Administrator shall be the property of the Cities and must be relinquished by the Administrator to the Cities at the conclusion of this contract. The Cities shall not be required to pay any additional costs for the retrieval of such information, documentation, and software.

The Administrator shall take all steps necessary to safeguard any data, files, reports or other information from confidentiality breaches, loss, destruction or erasure. Liability for any costs or expense of replacing or damages resulting from the loss of such data shall be borne by the Administrator unless at the time of loss, said data was in the exclusive custody of the Cities.

Administrator will cooperate with Cities and make available any and all claim files and records available for audits. Cities will have reasonable access to the necessary portions of Administrator facilities, records and files for review or audit purposes.

The Cities, at their option, shall have the right to have a claims audit(s) performed. The audit(s) will be directed to, including but not limited to, the following areas: Staffing; Examiner Caseloads; Reporting; Supervision; Case Reserves; File Documentation; Medical Payments; Disability Benefit Delivery; Fines & Penalties; Diary System; Claimant, Employer and Doctor Contact; Case Administration & Investigation; and Contract for Claim Administration Services; application of current WCAB rules and regulations and case law.

**Dedicated Claims Unit and Assigned Personnel**

The objective of this RFP is the establishment of a dedicated claims unit to service and manage the Cities' account exclusively. The respondent shall establish a dedicated claims office, or a segregated unit whose sole responsibility is the handling of the Cities' workers' compensation claims. Please provide staffing plan as requested on page 21 of this RFP document.

Administrator shall designate a full time Claims Supervisor to be assigned to these accounts and will act as the primary contact for the Cities and will be selected with the concurrence of the Cities. The Claims Supervisor must possess a State of California Self-Insurance Plan Certificate.

If for any reason the Cities find, in their sole discretion, that the service provided by any assigned personnel is unsatisfactory, the Administrator will agree to assign replacement personnel that must also be approved by Cities.

**Caseloads**

Caseload for the purpose of this RFP and the resulting contract are defined as all open claims, indemnity and medical only, to calculate "Total Caseload." Claims that are designated as companion files will be counted with the master claim file as one claim file.

The maximum caseload for the assigned personnel shall be as follows:

Claims Assistant:	Medical only claims
Claims Examiner:	175 open claims
Claims Supervisor:	20 open claims

If at any time during the term of the agreement the number of all open claims exceeds 175 per Examiner and 20 for the Supervisor, the Administrator shall, with the Cities' concurrence, assign additional staff to the Cities account.

**Program Administration**

The Cities are seeking a TPA who shall meet the following minimum Program Administration objectives:

- Develop policies and procedures relating to the workers compensation claims program, as well as provide information and guidance regarding the workers compensation program and specified claims.
- Inform the Cities of current changes or proposed changes in statutes, rules and regulations and case law affecting the workers compensation program.

- Represent Cities in all matters related to the set-up, investigation, adjustment, processing, negotiation and resolution of workers compensation claims against the Cities.
- Facilitate risk management and other related seminars for department heads and/or Cities' staff at request of Cities.
- Represent administrator at quarterly meetings with departments on-site at Cities, including the preparation of claim narratives for those attending the meetings.
- Provide copies of file correspondence and documentation as requested.
- Maintain and store all hardcopy files for five (5) years after file is closed.
- Destroy any claim records by shredding. There will be no additional cost to Cities for destruction of claim records. Provide Certificate of Destruction for all documents.
- Administrator shall provide to Cities, at no additional cost, within five (5) business days of the date of termination of this Agreement, all claims, reports, files and electronic data of Cities' self-insured workers' compensation annual reports.

### **Claims Administration**

The Cities are seeking a TPA who shall meet the following minimum Claims Administration objectives:

- Administer worker's compensation benefits in accordance with the California State Labor Code.
- Within 24 hours of receipt of the Employer's First Report of Injury the claims administrator will make initial contact with the injured employee and establish a claims file.
- All claim files, within the laws regarding medical information, are to be made available for review by the Cities anytime during the administrator's regular business hours.
- Maintain Utilization Review process as governed by Labor Code section 4610 to review treatment recommended by physicians to determine if it is medically necessary, either in-house or with the respective City's contracted vendor.
- Monitor treatment programs for injured employees to ensure that they receive proper care and to avoid over treatment situations.
- Investigate and recommend special, outside independent investigations for questionable claims with the consent, coordination and assistance of the Cities.
- Serve all medical reports on interested parties to a claim and file with the appropriate State agency within five (5) days of receipt.
- Complete a thorough analysis of relevant factors and coordinate recommendations with the Cities for settlement/disposition of claims. Final settlement authority shall rest with the Cities.
- Respond to City staff inquiries within twenty four (24) hours and on the same day involving critical issues.
- Provide Medicare Agent Services and the required reporting (including Section 111 of the Medicare, Medicaid & SCHIP Extension Act (MMSEA) of 2007).

### **Medical Service and Expenditures**

With respect to medical services provided to employees who incur job-related injuries or illnesses, the Administrator shall:

- Develop and recommend, as requested by Cities, a panel of physicians for the first treatment of employee injury or illness and recommend a panel of medical specialists for treatment requiring long-term or specialty care, utilizing those that are approved by the Cities.
- Monitor treatment programs for injured or ill employees including review of all doctors' reports, referring as necessary to a State-approved and Cities-approved utilization review management program for required determinations.
- Recommend referral and with the consent of Cities, submit a claim for nurse case management services for assistance in medical control of the claim or for consultation to a Cities-approved nurse case management company.
- Maintain close liaison with treating physicians.
- Provide guidance in the evaluation of physical capacity of injured employees and their ability to return to work.
- Determine eligibility for and authorize payment of medical benefits, and arrange and authorize examinations to determine the nature and extent of disability.
- Arrange and advise all interested parties to a claim of all medical appointments, including Agreed or Independent Medical Evaluations, using the panel list agreed upon between Administrator and Cities or as required by the State agency.
- File and serve all medical reports on interested parties of a claim and with the appropriate State agency within five (5) days of receipt.
- Review all billings for reasonableness using the State Medical Fee Schedules and submit for medical auditing as necessary to a Cities-approved bill review service.
- Assist Cities, as requested, with establishing a Medical Provider Network (MPN) to treat injured workers.

### **Consultation**

With respect to consultation provided to Cities and/or employees who incur job-related injuries or illnesses, the Administrator shall:

- Provide information and guidance to injured employees regarding the benefits they will receive in accordance with Cities' policies.
- Staff members to attend appointments, including but not limited to meetings, conferences, court appearances, and scene investigations at the request of City staff.
- Provide information, guidance and assistance to injured employees regarding permanent disability ratings, Qualified Medical and Agreed Medical Examiner process, delay process, conditional denial process and settlement of claims.
- Assist Cities in solving employee non-legal problems arising out of industrial injury cases.
- Work with the injured employees, Cities' personnel and other agencies to provide rehabilitation, retraining or reassignment of employees with physical or performance limitations arising out of industrial injuries.
- Assist in developing policies and procedures to insure that the return to work by, or reassignment of, injured employees is consistent with the medical findings.
- Assist Cities, as requested, with cost containment and incentive programs.

## **Litigation Management**

Litigation management services by the Administrator shall, at a minimum, include the following:

- Refer litigated cases to attorneys using a listing of legal firms provided by Cities.
- Assist in the preparation of litigated cases.
- Assist in negotiation of Compromise and Release settlements.
- Monitor all cases for potential subrogation recoveries, prepare correspondence to effect collection, and assist legal counsel where litigation is required to affect recovery.
- Ensure that, for employees who are represented by legal counsel, their attorneys receive copies of reports and correspondence as appropriate/required.
- Maintain a litigation management budget for each litigated file and provide litigation status reports on a monthly basis for each litigation file.
- Cooperate fully with all attorneys chosen by Cities, including City Attorneys.

## **Information Management and Reports**

The Cities are seeking a TPA who shall meet the following minimum Information Management and Reports objectives:

- Provide Cities' management with computerized reports at specified intervals on new claims, closed claims, paid losses, incurred costs, the progress of individual claims and the effectiveness of safety and other cost control programs.
- Administer and provide a comprehensive annual statistical summary survey customized to meet the Cities' needs, and if requested by Cities, a narrative report to serve as the basis for evaluation of Cities' programs.
- Prepare the Cities' annual Cal-OSHA Log 300 and the annual Public Entities Self-Insurers Report as required by the Department of Industrial Relations, Self Insurance Plans. Reports are to be submitted to the Cities no later than 30 days prior to the due date.
- Provide a written status of cases, as selected by Cities, and meet with Cities to discuss these cases at established intervals.
- Upon request by Cities, Administrator shall provide on-line usage of Administrator's computer system at designated individual agency sites.
- Upon request by Cities, Administrator shall provide secure, electronic reports to allow performance of certain routine data analysis by Cities.
- Upon request by Cities, provide narrative or analytical reports regarding major cases.
- Provide Cities with copies of initial and quarterly reporting to Medicare.

## **Financial Management**

Each City shall establish a Workers' Compensation Trust Fund, of which the Workers' Compensation Administrator shall be designated co-trustee. The purpose of this fund shall be to pay medical/legal and other expenses incurred as a result of accepted industrial injuries/illnesses, as well as payment of Workers' Compensation benefits to which eligible employees are entitled. With respect to the Trust Fund, it shall be the responsibility of the Workers' Compensation Administrator to:

- Report to the Cities at least monthly, or as needed, of charges against the fund, and obtain reimbursement to maintain the fund at an appropriate level determined by the Cities.

- Manage the Trust Fund in a reasonable and prudent manner and in compliance with Cities' policies.
- Issue vouchers to Cities from the Trust Fund in those instances where an employee is paid benefits directly by the Cities, i.e. Labor Code 4850 pay, temporary total disability benefits or salary continuation in lieu of temporary disability benefits.
- Actively collect any overpayment of benefits.
- Reimburse Cities for any penalties assessed against Cities which are found to be the result of Administrator's lack of proper claims handling or the holding of checks due to insufficient funds in the bank account.
- Establish procedures and necessary documentation enabling Cities to write checks for payment of benefits or to have Administrator draw checks for payment of benefits on an appropriate account of Cities.
- Absorb any costs for the printing of any checks. Cities' name will appear on the check, and imprinted on all check copies. All checks shall be printed in numerical order, locked and controlled by Administrator's accounting department. All checks must be accounted for as payments, voids, etc.
- Use a separate check register for Cities. Daily entries will be made on all checks disbursed on the account. Credits, if any, shall be entered, as well as all deposits made on checks, received on reimbursement requests made from Administrator's office. Administrator shall provide Cities with a check register, mailed to Cities.
- Provide Cities' accounting office, if requested, with one (1) copy of each check register, all voided checks, etc.
- Review periodically all Trustee accounts to determine if initial deposit is adequate for handling the dollar volume for the month so that the holding of checks waiting for a deposit does not occur. In such instances where it is determined that deposit is inadequate, Administrator's accounting office shall submit a report with a recommendation for an increase to the Trustee account based on this review. Prompt payments on Administrator's reimbursement requests are a major factor in the efficiency of a Trustee account. Cities' reimbursement payments should reach Administrator's office within ten (10) days from the date of Administrator's request in order to maintain a continuous flow of checks issued throughout the month.

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## GENERAL TERMS AND CONDITIONS

**ASSIGNMENT OF RIGHTS OR OBLIGATIONS:** Except as noted hereunder, successful respondent may not assign, transfer or sell any rights or obligations resulting from this solicitation without first obtaining the specific written consent of the Cities.

**ATTORNEY FEES:** In the event a suit or action is instituted in connection with any controversy arising out of this contract, the prevailing party shall be entitled to receive, in addition to its costs, such sum as the court may adjudge reasonable as to attorney's fees and costs.

**AUTHORITY OF THE CITY:** Subject to the power and authority of the Cities as provided by law in this contract, the Cities shall in all cases determine the quantity, quality, and acceptability of the work, provided under this contract. The Cities shall decide the questions that may arise relative to the fulfillment of the contract or the obligations of the contractor hereunder.

**CANCELLATION OF THE CONTRACT:** With or without cause, the Cities may cancel this contract at any time with sixty (60) days written notice to the supplier/contractor. Cancellation for cause shall be at the discretion of the Cities and shall be, but is not limited to, failure to supply the materials, equipment or service specified within the time allowed or within the terms, conditions or provisions of this contract. In the event of termination by either party, a pro-rata adjustment will be made on any sum paid under the applicable section of this agreement.

**CHANGES IN WORK:** The Cities may, at any time work is in progress, by written order and without notice to the sureties, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the Cities may find necessary or desirable. The Respondent shall not claim forfeiture of contract by reasons of such changes by the Cities. Changes in work and the amount of compensation to be paid to the Contractor for any extra work as so ordered shall be determined in accordance with the unit prices of contractor's proposal.

**COMPLIANCE OR DEVIATION TO SCOPE OF WORK/SPECIFICATIONS:** Respondent hereby agrees that the material, equipment or service offered will meet all the requirements of the specifications in this solicitation unless deviations from them are clearly indicated in the Respondent's response. Contractor may submit an attachment entitled "Exceptions to Specifications", which must be signed by Respondent's authorized representative. An explanation must be made for each item in which an exception is taken, giving in detail the extent of the exception and the reason for which it is taken. Proposals failing to comply with this requirement will be considered non-responsive.

**CONTRACT INCORPORATION:** This contract embodies the entire contract between the Cities and the Contractor. The parties shall not be bound by or be liable for any statement, representation, promise, inducement or understanding of any kind or nature not set forth herein. No changes, amendments, or modifications of any of the terms or conditions of the contract shall be valid unless reduced to writing and signed by both parties. The complete contract shall include the entire contents of the RFP solicitation, all addenda, all of Contractor's successful submittal, supplemental agreements, change orders, and any and all written agreements which alter, amend or extend the contract. Contractor's signed Proposal and Cities' written acceptance shall constitute a binding contract.

**FORCE MAJEURE:** If execution of this contract shall be delayed or suspended and if such failure arises out of causes beyond the control of and without fault or negligence of the Contractor, the Contractor shall notify the Cities, in writing, within twenty-four (24) hours, after the delay. Such causes may include but are not limited to acts of God, war, acts of a public enemy, and acts of any

governmental entity in its sovereign or contractual capacity, fires, floods, epidemics, strikes and unusually severe weather.

**ADHERENCE TO ALL LOCAL, STATE, AND FEDERAL LAWS AND REQUIREMENTS:** The Contractor shall adhere to all current applicable federal, state, and local laws, codes and ordinances, including, but not limited to, those promulgated by CAL-OSHA, FED-OSHA, EPA, the California State Department of Health Services, and the California State Department of Industrial Relations (DIR).

**LAWS GOVERNING CONTRACT:** This contract shall be in accordance with the laws of the State of California. The parties stipulate that this contract was entered into in the County of Orange, in State of California. The parties further stipulate that the County of Orange, California, is the only appropriate forum for any litigation resulting from a breach hereof or any questions risen here from.

**NON-DISCRIMINATION:** In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code. Violation of this provision may result in the imposition of penalties referred to in Labor Code, Section 1735 (See Section 1.4 of the Professional Service Agreement).

**PERMITS AND LICENSES:** The Administrator, at its sole expense, shall obtain and maintain during the term of the agreement, all appropriate permits, certificates and licenses that may be required in connection with the performance of services. The Cities must be notified immediately of such failure to maintain these requirements.

**PROOF OF INSURANCE:** The Successful Contractor must furnish the City with the Certificates of Insurance proving coverage of General Liability, Workers' Compensation, Automobile insurance and Fidelity Bond. For the City of Costa Mesa, see Indemnification and Insurance Requirement pages 17-19, and Terms & Conditions page 13 item #15. If you have any questions regarding the insurance requirements for the City of Costa Mesa, please contact Jennifer Sommers in the Risk Management Office at (714) 754-5228. For the City of Newport Beach, see Section 14 of the City of Newport Beach Professional Service Agreement Form, (Attachment C). If you have any questions regarding the insurance requirements for the City of Newport Beach, please contact Sheri Anderson in the Risk Management Division at (949) 644-3307.

**SEVERABILITY:** If any provisions or portion of any provision, of this contract are held invalid, illegal or unenforceable, they shall be severed from the contract and the remaining provisions shall be valid and enforceable.

**SPECIFICATIONS, CHANGES TO:** The parties shall not be bound by or be liable for any statement, representation, promise, inducement or understanding of any kind or nature not set forth herein or by written amendment. No changes, amendments, or modifications of any of the terms or conditions of the specification shall be valid unless reduced to writing and signed by both parties.

**STANDARD TERMS AND CONDITIONS:** In addition to the terms and conditions of the RFP, the respective Cities' standard terms and conditions shall also apply to this contract. The City of Costa Mesa's Standard Conditions are listed on the next page (Page 13) and the City of Newport Beach's Standard Conditions are listed on the following page (Page 14).

**CONDITIONS.** The following standard conditions are always applicable, and the following work order conditions are also applicable when this order provides for performance of any work.

#### STANDARD CONDITIONS

1. **Law:** This contract is governed by the laws of the State of California. The provisions of the Uniform Commercial Code shall apply except as otherwise set forth in this contract.
2. **Contract:** This order, when accepted by SELLER either in writing or by the shipment of any article or other commencement of performance hereunder, constitutes the entire contract between SELLER and the CITY, no exceptions, alternates, substitutes or revisions are valid or binding on the CITY unless authorized by the CITY in writing. The SELLER acknowledges that he has read and agrees to all terms and conditions of this contract/purchase order. The only terms and conditions that will be applicable to the interpretation of this contract are those issued by the City of Costa Mesa.
3. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California State sales or use tax. The City is exempt from Federal excise tax.
4. **Delivery:** Time of delivery is the essence of this contract. The CITY reserves the right to refuse any goods and to cancel all or any part of the goods not delivered by the due date and/or not conforming to applicable specifications, drawings, samples or descriptions. Acceptance of any part of the order shall not bind CITY to accept future shipments, nor deprive it the right to return goods already accepted, at SELLER'S expense. Overshipments and undershipments shall be only as agreed to by CITY.
5. **Risk of Loss:** Delivery shall not be deemed to be complete until goods have been actually received and accepted by CITY. Payment shall be made after satisfactory acceptance of shipments by the CITY.
6. **Warranty:** SELLER expressly warrants that the goods covered by this order are of merchantable quality, satisfactory and safe for consumer use, and are fit for the particular purpose as set forth in the CITY'S specification. Acceptance of this order shall constitute an agreement upon SELLER'S part to indemnify and hold harmless from liability, loss, damage and expense, including reasonable attorney fees, incurred or sustained by CITY, its officers, employees and agents, by reason of the failure of the goods to conform to such warranties, faulty work performance, negligent or unlawful acts, and noncompliance with any applicable local, State or Federal codes, ordinances, orders, or statutes, including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law. Inspection by the City of Costa Mesa or its agents or employees and acceptance of the articles, materials and work covered by this contract shall not constitute release or waiver of the City of Costa Mesa's rights by reason of failure of Contractor to comply with any of the warranties contained herein. Warranties herein expressed or implied shall be construed as consistent with each other and as cumulative and, where in conflict, the specifications of the City of Costa Mesa shall be paramount.
7. **Infringement:** SELLER shall indemnify and defend CITY, at SELLER'S expense, against all claims, demands, suits, liability and expense on account of alleged infringement of any patent, copyright or trademark, resulting from or arising in connection with the manufacture, sale, normal use or other normal disposition of any article or material furnished hereunder.
8. **Assignment:** Neither this order nor any claim against CITY arising directly or indirectly out of or in connection with this order shall be assignable by SELLER or by operation or law, nor shall SELLER subcontract any obligations hereunder, without CITY'S prior written consent.
9. **Default:** If SELLER or any subcontractor breaches any provision hereof, or becomes insolvent, enters bankruptcy, receivership or other like proceeding (voluntarily or involuntarily) or makes assignment for the benefit or creditors, CITY shall have the right, in addition to any other rights it may have hereunder or by law, to terminate this order by giving SELLER written notice whereupon (a) CITY shall be relieved of all further obligation hereunder, except to pay the reasonable value of SELLER'S prior performance, but not more than the contracted price, and (b) CITY may procure the articles or services from other sources and may deduct from unpaid balance due the vendor or may collect against the bond or surety, or may invoice the vendor for excess cost so paid. The price paid by CITY shall be considered prevailing market price at the time such purchase is made.
10. **Labor Disputes:** Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, SELLER shall immediately give written notice thereof to CITY.
11. **Nondiscrimination:** In the performance of the terms of any contract resulting from this order, SELLER agrees that they will not engage nor permit such subcontractors, where applicable as he may employ, from engaging in discrimination in employment of persons because of the race, color, sex, national origin or ancestry, disability or religion of such person.
12. **Termination:** The CITY reserves the right to terminate this contract without penalty and without cause after 30 days' written notice unless otherwise specified.

#### WORK ORDER CONDITIONS

13. **Performance:** SELLER shall perform all work diligently, carefully, and in a good and workmanlike manner; shall furnish all labor, supervision, machinery, equipment, materials and supplies necessary therefore; shall obtain and maintain all building and other permits and licenses required by public authorities in connection with performance of the work; and, if permitted to subcontract, shall be fully responsible for all work performed by subcontractors. SELLER shall conduct all operations in SELLER'S own name and as independent contractor, and not in the name of, or as an agent for CITY.
14. **Indemnification:** The Contractor hereby agrees to defend at his own cost and to indemnify and hold harmless the City of Costa Mesa, its officers, agents and employees, from and against any and all liability, damages, costs, losses, claims and expenses, howsoever caused, resulting directly or indirectly from or connected with the performance of the contract (including but not limited to such liability, costs, damage, loss, claim, or expense arising from the death or injury to an agent or employee of the Contractor, subcontractor, or the City of Costa Mesa or loss of, damage to, or destruction of the property of Contractor, subcontractor, or of the City of Costa Mesa, or of any agent or employee of the Contractor, subcontractor, or of the City of Costa Mesa), except where such liability, damages, costs, losses, claims or expenses are caused solely by the negligent or wrongful acts of the City of Costa Mesa or any of its agents or employees other than negligent omission or commissions of the City of Costa Mesa, its agents or employees, in connection with the general supervision or direction of the work to be performed hereunder. The Contractor, in addition to the foregoing, specifically shall indemnify and save harmless the City of Costa Mesa, any and all of the City of Costa Mesa's officers, agents, and employees, from any liability by reason of California safe place statutes or similar provisions pertaining to the workplace or safety of materials or equipment supplied by the City of Costa Mesa or others at the direction of the City of Costa Mesa and used in the performance of the work hereunder.
15. **Insurance:** SELLER shall maintain in full force during the term of this contract the following insurances, in a form and with companies as approved by the CITY, with limits not less than those specified: (a) Worker's Compensation and Employer's Liability complying with any statutory requirements; (b) Commercial General Liability insurance including broad form property damage, products/completed operations and contractual liability coverage, with a \$1,000,000 combined single limit each occurrence; Endorsements to the Commercial General Liability insurance shall be obtained by contractor, adding the following three provisions; (1) Additional insured: "The City of Costa Mesa and its elected and appointed boards, officers, agents, and employees are additional insured with respect to the subject project and agreement." (2) Notice: "Said policy shall not terminate, nor shall it be cancelled nor the coverage reduced, until thirty (30) days after written notice is given to City." (3) Other insurance: "Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy." (c) Comprehensive Auto Liability (including the owned, non-owned and hired automobile hazards) with \$1,000,000 combined single limit each occurrence. If the CITY so desires, these limits may be increased or decreased.
16. **Bills and Liens:** SELLER shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. SELLER shall not permit any lien or charge to attach to the work or the premises, but if any does so attach, SELLER shall promptly procure its release and indemnify CITY against all damages and expense incident thereto.
17. **Bonds:** If the CITY so desires, SELLER shall provide payment and performance bonds as required.
18. **Changes:** SELLER shall make no change in the work or perform any additional work without the CITY'S specific written approval.

#### MISCELLANEOUS CONDITIONS

19. All plants and materials must be free of pests and disease. If any are found, the material will be rejected and refused. Vendor will pick up at no cost to the CITY.
20. Vendor is required to provide a completed MSDS (Material Safety Data Sheet) for hazardous substances as required by Labor Code Sections 6390; General Industrial Safety Order, Section 5194; and Title 8, California Admin. Code. MSDS sheet for each specified item shall be sent to place of shipment, and a copy sent to the Purchasing Division.

#### DEFINITION

Whenever used herein, "CITY" shall mean, City of Costa Mesa, a political subdivision of the State of California.

(5146-22)

**CONDITIONS:** The following standard conditions are always applicable, and the following work order conditions are also applicable when this order provides for performance of any work.

### STANDARD CONDITIONS

**1. Law:** This contract is governed by the laws of the state of California. In any legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California. The provisions of the Uniform Commercial Code shall apply except otherwise set forth in this contract. Seller shall at its own cost and expense comply with all statutes, ordinances, regulations and requirements of all governmental entities.

**2. Contract:** This order when accepted by SELLER either in writing or by the shipment of any goods or articles or other commencement of performance hereunder, constitutes the entire contract between SELLER and the CITY; no exceptions, alternates, substitute or revisions are valid or binding on the CITY unless authorized by the CITY in writing.

**3. Taxes:** Unless otherwise provided herein or by law, price quoted does not include California State sales or use tax.

**4. Delivery:** Time of delivery is the essence of this contract. The CITY reserves the right to refuse any goods and to cancel all or any part of the goods not conforming to applicable specifications, drawings, samples or descriptions. Acceptance of any part of the order for goods shall not bind CITY to accept future shipments, nor deprive CITY of the right to return goods already accepted, at SELLERS expense. Overshipments and under shipments shall be only as agreed to by the CITY.

**5. Risk of Loss:** Delivery shall not be deemed to be complete until goods have been actually received and accepted by CITY. Payment shall be made within thirty (30) days after invoice and acceptance of shipments by the CITY.

**6. Warranty:** SELLER expressly warrants that the goods covered by this order are: 1) free of liens or encumbrances, 2) of merchantable quality and good for the ordinary purposes for which they are used, 3) fit for the particular purpose for which they are intended, and 4) satisfactory and safe for consumer use. Acceptance of this order shall constitute an agreement upon SELLER'S part to indemnify, defend and hold CITY harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by CITY by reason of the failure of the goods to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable local, State or Federal codes, ordinances, orders, or statutes including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.

**7. Infringement:** Unless otherwise expressly provided in this contract, SELLER shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this contract. SELLER warrants that any software as modified through services provided hereunder will not infringe upon or violate any patent, proprietary right, or trade secret right of any third party. SELLER shall indemnify, defend and hold CITY harmless, at SELLER'S expense against all claims, demands, suits, liability and expense on account of alleged infringement of any patent, copyright or trademark, resulting from or arising in connection with the manufacture, sale, normal use or other normal disposition of any good or article of material furnished hereunder.

**8. Assignment:** Neither this order nor any claim against CITY arising directly or indirectly out of or in connection with this order shall be assignable by SELLER or by operation of law, nor shall SELLER subcontract any obligations hereunder, without CITY'S prior written consent. All terms, covenants, and conditions contained herein shall apply to and bind the successors and assigns of the parties.

**9. Default:** If SELLER or any approved subcontractor breaches any provision herein, or becomes insolvent, enters bankruptcy, receivership or other like proceedings (voluntarily or involuntarily) or makes assignment for the benefit of creditors, CITY shall have the right, in addition to any other rights it may have hereunder or by law, to terminate this order by giving SELLER written notice: whereupon (a) CITY shall be relieved of all further obligation hereunder, except to pay the reasonable value of SELLER'S prior performance, but not more than the contracted price, and (b) CITY may procure the articles or services from other sources and may deduct from unpaid balance due the vendor or may collect against the bond or surety, or may invoice the vendor for excess cost so paid. The price paid by CITY shall be considered prevailing market price at the time such purchase is made.

**10. Labor Disputes:** Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, SELLER shall immediately give written notice thereof to CITY.

**11. Non-Discrimination:** In the performance of the terms of any contract resulting from this order, SELLER agrees that they will not engage nor permit such subcontractors, where applicable as he may employ, from engaging in discrimination in employment of persons because of the age, race, handicap, color, sex national origin or ancestry or religion of such person.

**12. Termination:** The CITY reserves the right to terminate this contract without penalty with cause immediately or without cause after seven (7) days written notice, unless otherwise specified. Cause shall be defined as any breach of this contract, or any misrepresentation or fraud on the part of the SELLER. Exercise by CITY of its right to terminate shall relieve CITY of all further obligations. The City reserves the right to cancel this contract without cause by providing written notice to SELLER at any time before the goods or other articles are shipped to the City.

### WORK ORDER CONDITIONS

**13. Performance:** SELLER shall perform all work diligently, carefully, and in a good and workmanlike manner, shall furnish all labor, supervision, machinery, equipment, materials and supplies necessary therefore, shall obtain and maintain all building and other permits and or licenses required by Public authorities in connection with performance of the contractors, SELLER shall conduct all operations in SELLER'S own name and as independent contractor, and not in the name of or as an agent for CITY.

**14. Indemnification:** SELLER agrees to indemnify, defend and hold harmless the CITY, its elected and appointed officials, officers, employees and agents ("CITY INDEMNITEES") from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by SELLER pursuant to this contract, unless such injury is caused by the sole negligence or willful misconduct of the CITY or CITY INDEMNITEES. If SELLER'S negligence combines with the CITY'S active negligence to cause injury, SELLER and CITY agree that liability will be apportioned as determined by a court of competent jurisdiction.

**15. Insurance:** SELLER shall maintain in full force during the term of this contract the following insurances and limits not less than those specified: (a) Worker's Compensation and Employers' Liability complying with any statutory requirements; (b) Commercial General Liability Insurance in an amount not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, contractual liability; (c) Comprehensive Auto Liability (including the owned, non-owned and hired automobile hazards) covering bodily injury and property damage in an amount not less than one million dollars (\$1,000,000) combined single limit for each occurrence; (d) Professional Errors and Omissions Insurance covering services to be performed in connection with a Professional Service Agreement with the CITY in the minimum amount of one million dollars (\$1,000,000). If the CITY so desires, these limits may be increased or decreased.

**16. Bills and Liens:** SELLER shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. SELLER shall not permit any lien or charge to attach to the goods, the work or the premises, but if any does so attach, SELLER shall promptly procure its release, and in accordance with Paragraph 14 above, indemnify, defend and hold CITY harmless against all damages and expense incident thereto.

**17. Bonds:** If the CITY so desires, SELLER shall provide payment and performance bonds as required.

**18. Changes:** SELLER shall make no change in the work or perform any additional work without the CITY'S specific written approval.

### MISCELLANEOUS TERMS AND CONDITIONS

**19.** All plants and materials must be free of pests and disease. If any are found the material will be rejected and refused. Vendor shall pick up at no cost to the CITY.

**20.** Vendor is required to provide a completed MSDS (Material Safety Data Sheet) for hazardous substances as required by labor code Sections 6390, General Industrial Safety Order, Section 5194 and Title 6, California Admins. Code – MSDS sheet for each specified item shall be sent to place of shipment.

**21. Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, each party shall bear its own attorney's fees, costs and expenses.

**22. Terms and Conditions:** SELLER acknowledges that it has read and agrees to all the terms and conditions included in this contract.

**23. Definitions:** Whenever used herein, "CITY" shall mean City of Newport Beach, a political subdivision of the State of California. Whenever used herein, "SELLER" shall mean one who sells goods or articles or provides services under this contract.

## INSTRUCTIONS TO RESPONDENTS

- 1. DEFINITION OF KEY WORDS USED IN THE SOLICITATION:**

For purposes of this solicitation and subsequent contract, the following definitions shall apply:

**City:** The City of Costa Mesa, California.

**Cities:** The City of Costa Mesa, California and the City of Newport Beach, California.

**Contract:** The legal agreement executed between the Cities and the Contractor/Consultant. The Contract shall include this RFP document incorporated herein by reference, all terms, conditions, specifications, scope of work, Amendments and the Contractor's bid as accepted by the Cities.

**Contractor/Consultant:** The individual, partnership, or corporation who, as a result of the competitive solicitation process, is awarded a contract by the Cities.

**Contract Representative:** The Cities' employees who have specifically been designated to act as a contact person or persons to the Contractor; and are responsible for monitoring and overseeing the Contractor's performance under this Contract.

**May:** Indicates something that is not mandatory but permissible.

**Respondent:** The individual, partnership, or corporation who submits a proposal in response to a solicitation.

**Shall, Will, Must:** Indicates a mandatory requirement. Failure to meet these mandatory requirements, if they constitute a substantive requirement, may at the Cities' sole discretion, result in the rejection of the proposal as non-responsive.

**Should:** Indicates something that is recommended but not mandatory. If the Respondent fails to provide recommended information, the Cities may, at their sole option, ask the Respondent to provide the information or evaluate the proposal without the information.
- 2. PRE-PROPOSAL CONFERENCE:** If scheduled, the date and time of a Pre-Proposal conference is indicated on the cover page of this document. Attendance at this conference is not mandatory. Written minutes and/or notes will not be available, therefore attendance is encouraged. If a Respondent is unable to attend the Pre-Proposal Conference, questions may be submitted in writing. Respondents are encouraged to submit written questions, via electronic mail or facsimile, at least five days prior to the Request for Proposal due date to the Purchasing Supervisor. The purpose of this conference will be to clarify the contents of this Request for Proposal in order to prevent any misunderstanding. Any doubt as to the requirements of this Request for Proposal or any apparent omission or discrepancy should be presented to the Cities at this meeting. The Cities will then determine the appropriate action necessary, if any, and may issue a written amendment to the Request for Proposal. Oral statements or instructions will not constitute an amendment to this Request for Proposal.
- 3. INQUIRIES:** Any question related to the Request for Proposal shall be directed to the Purchasing Supervisor. Questions and comments regarding this solicitation must be submitted in writing, either by mail, facsimile or e-mail to the Purchasing Buyer, City of Costa Mesa, 77 Fair Drive, Costa Mesa, California, 92626, faxed to (714) 754-5040 or e-mailed to: [dstocker@ci.costa-mesa.ca.us](mailto:dstocker@ci.costa-mesa.ca.us), no later than ten (10) days before the Submittal Deadline. The questioner's company name, address, phone and fax number, and contact person must be included with the questions or comments. Any correspondence related to a solicitation should refer to the appropriate Request for Proposal number, page and paragraph number. An envelope containing questions should be identified as such; otherwise it may not be opened until after the official proposal due date and time. Oral interpretations or clarifications will be without legal effect. Only questions answered by a formal written amendment to the Request for Proposal will be binding. Answers will be sent to all known proposal holders.
- 4. AMENDMENT OF REQUEST FOR PROPOSAL:** The Respondent shall acknowledge receipt of a Request for Proposal Amendment by signing and returning the document by the specified due date and time.
- 5. FAMILIARIZATION WITH SCOPE OF WORK:** Prior to submitting a proposal, each Respondent shall familiarize themselves with the Scope of Work, laws, regulations and other factors affecting contract performance. The Respondent shall be responsible for fully understanding the requirements of the subsequent Contract and otherwise satisfy themselves as to the expense and difficulties accompanying the fulfillment of contract requirements. The submission of a proposal will constitute a representation of

compliance by the Respondent. There will be no subsequent financial adjustment, other than that provided by the subsequent Contract, for lack of such familiarization.

**6. PREPARATION OF PROPOSAL:**

- A. All proposals shall incorporate any forms provided in this Request for Proposal package. It is permissible to copy these forms as required. Facsimiles or electronic mail proposals shall not be considered.
- B. All proposal forms and any solicitation amendments must be signed and returned with the proposal. The forms submitted shall be signed by a person authorized to submit an offer. An authorized signature on the proposal forms, Proposal Amendment(s), or cover letter accompanying the proposal documents shall constitute an irrevocable offer to provide services specified herein. Respondent shall submit any additional requested documentation, signifying intent to be bound by the terms of the agreement.
- C. The authorized person signing the proposal shall initial erasure, interlineations or other modifications on the proposal.
- D. Periods of time, stated as a number of days, shall be in calendar days.
- E. It is the responsibility of all Respondents to examine the entire Request for Proposal package and seek clarification of any requirement that may not be clear and to check all responses for accuracy before submitting a proposal. Negligence in preparing a proposal confers no right of withdrawal after due date and time.
- F. The Cities shall not reimburse the cost of developing, presenting, submitting or providing any response to this solicitation.
- G. Periods of time, stated as a number of days, shall be in calendar days.
- H. Respondent must list any subcontractors to be utilized in the performance of the services specified herein. For each subcontractor, details on respective qualifications must be included.

**7. PROPOSAL/SUBMITTAL FORMAT:** Each submittal package will consist of the Original and 5 copies (6 total) of each proposal. The original copy of the proposal should be clearly labeled "Original". The material should be presented in sequence and format as indicated in the Proposal Evaluation Criteria section on page 20 of this document. Failure to do so could result in the submittal being rejected as non-compliant with the requirements of the Request for Proposals. Failure to include any requested information may have a negative impact on the evaluation of the Respondent's proposal.

**8. PUBLIC RECORD:** All proposals submitted in response to this Request for Proposal shall become the property of the Cities and shall become a matter of public record available for review subsequent to the award notification.

**9. CONFIDENTIAL INFORMATION:** The City of Costa Mesa and the City of Newport Beach are obligated to abide by all public information laws. If a Respondent believes that any portion of a proposal, offer, specification, protest or correspondence contains information that should be withheld; a statement advising the Purchasing Buyer of this fact should accompany the submission and the information shall be so identified wherever it appears. The Cities shall review all requests for confidentiality and may provide a written determination to designate specified documents confidential or the request may be denied. Price is not confidential and will not be withheld. If the confidential request is denied, such information shall be disclosed as public information.

**10. CERTIFICATION:** By signature on the Statement of Acknowledgments page, solicitation Amendment(s), or cover letter accompanying the submittal documents, Respondent certifies that:

- A. The submission of the offer did not involve collusion or other anti-competitive practices.
- B. The Respondent shall not discriminate against any employee or applicant for employment in violation of Federal or State law.
- C. The Respondent has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer.
- D. The Respondent hereby certifies that the individual signing the submittal is an authorized agent for the Respondent and has the authority to legally bind the Respondent to the Contract.
- E. The Respondent acknowledges that he/she has read and understands the City of Costa Mesa's Council Policy #100-5 for a "Drug-Free Workplace" (Attachment B) and hereby agrees to comply with required policy.

- 11. WHERE TO SUBMIT PROPOSALS:** In order to be considered, the Respondent must complete and submit their proposal to the City of Costa Mesa City Clerk's Office at the location indicated, prior to or at the exact date and time indicated on the Notice of Request for Proposal page. The Respondent's complete proposal shall be submitted in a sealed envelope. The words "SEALED PROPOSAL" with the REQUEST FOR PROPOSAL TITLE, REQUEST FOR PROPOSAL NUMBER, PROPOSAL DUE DATE AND TIME and RESPONDENT'S NAME AND ADDRESS shall be written on the envelope.
- 12. LATE PROPOSALS:** Late proposals will be rejected.
- 13. OFFER AND ACCEPTANCE PERIOD:** In order to allow for an adequate evaluation, the Cities require an offer in response to this solicitation to be valid and irrevocable for ninety (90) days after the proposal due date and time.
- 14. PROPOSAL OPENING AND RESULTS:** Please note that there will be no public opening of proposals. A list of the names of respondents who submitted proposals may be obtained within a reasonable time after the public opening.
- 15. WITHDRAWAL OF PROPOSAL:** At any time prior to the specified solicitation due date and time, a respondent may formally withdraw the proposal by a written letter, facsimile or electronic mail from the Respondent or a designated representative. Telephonic or oral withdrawals shall not be considered.
- 16. CANCELLATION OF SOLICITATION:** The Cities may cancel this solicitation at any time.
- 17. RIGHT OF DISCUSSION:** The City reserves the right to conduct discussions with respondents who submit proposals determined to be reasonably susceptible of being selected for an award. Discussions may be for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements.
- 18. AWARD SELECTION PROCESS:** Selection of qualified Respondents will be based on the following: quality and completeness of submitted proposal; understanding of program objectives; program approach; experience and expertise with public agencies and similar types of efforts; and references. Additional questions may be asked of Respondents and interviews may be conducted. Respondents will be notified of any additional required information or interviews after the written proposals have been evaluated. The recommended proposals will be submitted to the respective City Council for contract approval. The Respondent selected will enter into a separate contract with each of the Cities.
- 19. AWARD OF CONTRACT:** Notwithstanding any other provision of the Request for Proposal, the Cities reserve the right to:
- (1) waive any immaterial defect or informality; or to
  - (2) reject any or all proposals, or portions thereof; or to
  - (3) investigate the qualifications of all firms under consideration and to confirm any part of the information furnished by a proposer, or to require other evidence of managerial, financial, or technical capabilities considered necessary to fulfill the contract successfully; or to
  - (4) re-issue the Request for Proposal.

A response to this Request for Proposal is an offer to contract with each of the Cities based upon the terms, conditions and scope of work contained in the Request for Proposal. Proposals do not become contracts unless and until they are executed by the respective City Council. A contract has its inception in the award, eliminating a formal signing of a separate contract. All of the terms and conditions of the contract are contained in the Request for Proposal, unless any of the terms and conditions are modified by a Request for Proposal amendment, a Contract Amendment, or by mutually agreed terms and conditions in the contract documents. An Evaluation Panel will be established by the City of Costa Mesa and the City of Newport Beach. The award will be made to the Respondent submitting the most advantageous proposal after consideration of all Evaluation Criteria set forth in The Proposal Evaluation Criteria Section (pages 20-23). The Evaluation Panel will evaluate all proposals received in accordance with the Proposal Evaluation Criteria. The Cities reserve the right to establish weight factors that will be applied to the criteria depending upon order of importance. The award will be made in the best interests of the Cities after all factors have been evaluated. The Cities respectively reserve the right to award separate contracts if determined to be in the best interest of the parties.

- 20. NEGOTIATIONS:** Exclusive or concurrent negotiations may be conducted with responsible respondent(s) for the purpose of altering or otherwise changing the conditions, terms and price of the proposed contract

unless prohibited. Respondents shall be accorded fair and equal treatment in conducting negotiations and there shall be no disclosure of any information derived from proposals submitted by competing respondents.

- 21. NOTICE OF INTENT TO AWARD:** A Notification of Intent to Award will be sent to the Respondent selected.
- 22. EXECUTION OF CONTRACT:** A Professional Services Agreement will be created by the City Attorney's Office (See Sample Document Attachment A for the City of Costa Mesa and Attachment C for the City of Newport Beach). The RFP, the Respondent's proposal, and the Professional Services Agreement will become incorporated as the complete contract. The Successful Respondent shall execute the contract, including but not limited to signing all necessary documents and submitting all required evidences of insurance, within ten (10) days after personal delivery of the notice or within fifteen (15) days after such notice has been deposited in the United States mail. One copy of the contract will be returned to the respondent after the City of Costa Mesa and the City of Newport Beach execute each contract. In case of failure by the Respondent to execute and return the contract and all required documents within the time allowed, the City of Costa Mesa and the City of Newport Beach may, at its option, consider that the Respondent to have abandoned the contract.
- 23. COMPLIANCE WITH LAWS:** All proposals shall comply with current federal, state, and other laws relative thereto including all ordinances, rules, and regulations enacted or issued by the Cities.
- 24. DISQUALIFICATION OF RESPONDENT(S):** If there is reason to believe that collusion exists among the Respondents, the City may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Respondent, or who has quoted prices on materials to a Respondent, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Respondents. Reasonable ground for believing that any Respondent is interested in more than one Proposal for the same work will cause the rejection of all Proposals for the work in which a Contractor is interested. If there is reason to believe that collusion exists among the Contractors, the City of Costa Mesa and the City of Newport Beach may refuse to consider Proposals from participants in such collusion. Contractors shall submit as part of their Proposal documents the completed Non-Collusion Affidavit provided herein.
- 25. EXPERIENCE AND COMPETENCY:** The successful respondent shall be skilled and regularly engaged in the general class or type of work called for under the contract. Each Respondent shall provide information about experience with the proposal. It is the intention of the City of Costa Mesa and the City of Newport Beach to award contracts to respondents who furnish satisfactory evidence that he/she has the requisite experience, ability, sufficient capital, and facilities to enable him to prosecute the work successfully and properly, and to complete it within the time specified in the contract. To determine the degree of responsibility to be credited to the Respondent, the City of Costa Mesa and the City of Newport Beach will weigh any evidence that the Respondent has performed satisfactorily other contracts of like nature, magnitude, and comparable difficulty and comparable rates of progress. In selecting the most responsive and responsible Respondent, consideration will be given not only to the financial standing but also to the general competency of the Respondent for the performance of the work specified in the contract documents.
- 26. INDEMNIFICATION:** Respondent shall protect and indemnify the Cities, the City Councils, and all of its or their officers, agents and servants against any claim or liability arising from or based on bidder's violation of any existing or future State, Federal, and local laws, ordinances, regulations, orders or decrees pertaining to bidder's submittal.

Respondent agrees to protect, defend, indemnify, save and hold harmless the Cities and its elected and appointed boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorney fees, for injury to or death of any person (respondent's employees included), and for injury to any property, including consequential damages of any nature resulting there from, arising out of or in any way connected with the performance of this contract, except that the indemnity obligation of respondent shall be reduced by an amount proportional to the active negligence of Cities, if any.

Respondent shall comply with all of the provisions of the Workers' Compensation insurance laws and Safety in Employment laws of the State of California, including the applicable provisions of Divisions 4 and 56 of the California Labor Code and all amendments thereto and regulations promulgated pursuant thereto, and all similar State, Federal, or local laws applicable; and contractor shall indemnify and hold harmless Cities from and against all claims, liabilities, expenses, damages, suits, actions, proceedings and judgments, or every nature and description, including attorney fees, that may be presented, brought or recovered against the Cities for or on account of any liability under or failure to comply with any of said laws which may be incurred by reason of any work performed under this contract by respondent or any subcontractor or others performing on behalf of respondent.

The Cities do not, and shall not waive any rights against respondent, which it may have by reason of the above hold harmless agreements, because of the acceptance by the Cities or the deposit with the Cities by contractor of any or all of the required insurance policies.

The hold harmless agreements by respondent shall apply to all liabilities, expenses, claims, and damages of every kind (including but not limited to attorney fees) incurred or alleged to have been incurred, by reason of the operations of respondent or any subcontractor or others performing on behalf of respondent, whether or not such insurance policies are applicable.

Respondent shall require any and all subcontractors to afford the same degree of indemnification to the City of Costa Mesa and the City of Newport Beach and their elected and appointed boards, officers, agents, and employees that is required of respondent and shall incorporate identical indemnity provisions in all contracts between respondent and his/her subcontractors.

In the event that respondent and Cities are sued by a third party for damages caused or allegedly caused by negligent or other wrongful conduct of respondent, or by a dangerous condition of a City's property created by respondent or existing while the property was under the control of respondent, said respondent shall not be relieved of its indemnity obligation to Cities by any settlement with any such third party unless that settlement includes a full release and dismissal of all claims by the third party against the Cities.

**INSURANCE:** Respondent shall not commence work under this contract until he/she has obtained all insurance required under this section and the insurance has been approved by the Cities as to form, amount, and carrier, nor shall respondent allow any subcontractor to commence any work until all similar insurance required of the subcontractor has been obtained and approved.

Neither the failure of respondent to supply specified insurance policies and coverage, nor the failure of the Cities to approve same shall alter or invalidate the provisions of this contract.

**WORKERS' COMPENSATION INSURANCE:** Respondent shall obtain and maintain during the life of this contract workers' compensation insurance and, if any work is sublet, respondent shall require all subcontractors to obtain workers' compensation insurance.

All workers' compensation insurance policies shall provide that the insurance may not be canceled without thirty (30) days advance written notice of such cancellation to Cities.

Respondent is aware of the provision of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workman's Compensation or undertake self-insurance in accordance with the provisions of that Code, and will comply, with such provisions before commencing the performance of the work of this contract.

**LIABILITY INSURANCE COVERAGE:** Respondent shall obtain and maintain during the life of this contract the following insurance coverage:

**Commercial General Liability,** including coverage for premises-operations, products/completed operations hazard, blanket contractual, broad form property damage, and independent contractors, personal injury.

**Automobile liability,** including owned, hired, and non-owned vehicles.

The above insurance coverage shall have limits of not less than one million dollars (\$1,000,000.00) combined single limit, per occurrence and aggregate.

**Endorsements to the policies providing the above insurance shall be obtained by respondent, adding the following three provisions:**

**Additional insured:** *(For Commercial General Liability only)*

**“The City of Costa Mesa and the City of Newport Beach and their elected and appointed boards, officers, agents, and employees are additional insured with respect to the subject project and agreement.”**

**Notice:**

**“Said policy shall not terminate, nor shall it be canceled nor the coverage reduced, until thirty (30) days after written notice is given to Cities.”**

**Other Insurance:**

**“Any other insurance maintained by the City of Costa Mesa or City of Newport Beach shall be excess and not contributing with the insurance provided by this policy.”**

**PROFESSIONAL LIABILITY ERRORS AND OMISSIONS INSURANCE:** Successful respondent will obtain Professional liability/errors and omissions insurance with a minimum of \$1,000,000 per occurrence, to include coverage for all errors and omissions which may result in financial loss to the Cities.

All insurance carriers utilized by the respondent or any subcontractor under this contract shall be approved by the California Department of Insurance to transact business in the State of California. The types of services provided under this contract may further require respondent’s insurance carrier(s) to be admitted insurers in the State of California.

**FIDELITY BOND:** Successful respondent will obtain a fidelity bond with a minimum limit of \$500,000 per occurrence, applied exclusively to each of the Cities.

**27. INDEPENDENT CONTRACTOR:** Contractor covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Contractor further covenants that, in the performance of this contract, no subcontractor or person having such an interest shall be employed. Contractor certifies that to the best of his knowledge, no one who has or will have any financial interest under this contract is an officer or employee of City of Costa Mesa or the City of Newport Beach. It is expressly agreed by Contractor that in the performance of the services required under this contract, Contractor, and any of its subcontractors or employees, shall at times be considered independent Contractors and not agents of City of Costa Mesa or the City of Newport Beach.

**28. INTERPRETATION OF CONTRACT DOCUMENTS:** If any person is in doubt as to the true meaning of any part of the specifications or other contract documents, or finds discrepancies or omissions in the specifications, he may submit to the City of Costa Mesa a written request for an interpretation or correction. Requests for interpretations shall be made in writing and delivered to the City of Costa Mesa Purchasing Division Attn: Donald Stocker, C.P.M., CPIM, Purchasing Buyer, by mail at PO Box 1200, Costa Mesa, California, 92626, by e-mail [dstocker@ci.costa-mesa.ca.us](mailto:dstocker@ci.costa-mesa.ca.us) or by facsimile to (714) 754-5040 at least ten (10) days before the Submittal Deadline. The requesting party is responsible for prompt delivery of any requests. When the City of Costa Mesa considers interpretations necessary, interpretations will be in the form of an addendum to the contract documents, and when issued, will be sent as promptly as is practical to all parties recorded by the City of Costa Mesa as having received contract documents. All such addenda shall become a part of the contract. Oral and other interpretations or clarifications shall be without legal or contractual effect. It is the responsibility of each Contractor to ensure the City of Costa Mesa has their correct business name and address on file. Any prospective Contractor who obtained a set of contract documents from anyone other than the City of Costa Mesa is responsible for advising the City of Costa Mesa that they have a set of contract documents and wish to receive subsequent Addenda.

**29.** The successful Respondent *may* be required to have a valid City of Costa Mesa and City of Newport Beach business license prior to providing service for the Cities.

**(SEE STANDARD AND WORK ORDER CONDITIONS ON PAGES 13 & 14)  
ALSO PRINTED ON THE BACK OF THE PURCHASE ORDER)**

## **PROPOSAL EVALUATION CRITERIA**

- A. Method of Approach
- B. Price Proposal
- C. Support & Services
- D. Qualifications & Experience

**REQUIREMENTS SPECIFIC TO EVALUATION CRITERIA:** The narrative portion and the materials presented in response to this Request for Proposal should be submitted in the same order as requested and must contain, at a minimum, the following:

### **A. Method of Approach**

The Scope of Work of this solicitation includes the specific requirements that the Cities will consider in the evaluation of proposals received. Respondents shall respond to all requirements in the order in which they are presented.

### **Proposal Content**

The proposal shall state that the Administrator will perform the required professional services in accordance with the specifications set forth in the RFP. Any exceptions shall be clearly stated. Otherwise, the Cities will consider the successful respondent to be responsible for compliance with all items offered.

### **Program Administration**

Describe how your firm will keep Cities advised of changes and/or proposed changes in statutes, rules and regulations and case law affecting the worker's compensation program.

Describe your firm's knowledge of an Early Return to Work Program and how it affects the Cities.

Describe your firm's risk management training and related seminar program(s) offered to Cities' staff.

Describe how your firm offers assistance in developing policies and procedures relating to the workers compensation claims program as well as information and guidance regarding specified claims.

Does your firm offer representation at, but not limited to; Board of Appeals hearings, status conferences, depositions and court appearances? If so, please describe your method of approach.

### **Claims Administration**

Describe your firm's procedures during the first 24 hours following your receipt of the Employer's First Report of Injury.

Describe your firm's method of approach for maintenance of its Utilization Review Process and/or your practices with outside vendors contracted with Cities for Utilization Review services.

Describe your firm's method of approach for investigating and recommending independent special investigations of questionable claims. Include how this will be coordinated with the Cities.

Describe how your firm has language translators readily available to assist with non-English speaking claimants.

Describe your firm's multi-lingual capacity and disability access capabilities.

Describe your firm's ability to provide Medicare Agent Services and the required reporting (including Section 111 of the Medicare, Medicaid & SCHIP Extension Act (MMSEA) of 2007).

### **Medical Service and Expenditures**

Describe your firm's capacity to establish, maintain and manage an interest bearing trust account for each City; to facilitate the Cities as co-signers on their respective accounts; and the Administrator providing copies of check registers and checks (at Cities' option) from the account.

Describe your firm's method of approach to assist Cities in developing a Medical Provider Network, as well as a panel of physicians for the first treatment of employee injury or illness, and recommend a panel of medical specialists for treatment requiring long-term or specialty care.

Describe your firm's approach to managing claims for nurse case management services (NCM) for assistance in medical control of the claim or for consultation.

Describe your firm's method of approach to determine eligibility for disability and to authorize payment of medical benefits.

### **Transition**

Provide a proposed Transition and Implementation Plan, containing all necessary tasks and deliverables as well as specific milestones to accomplish the transition and conversion of all claims currently in the Cities' Administrator's system to the Respondent's management system. The Respondent's submittal should provide the following information:

1. A detailed timetable for initial set-up and transition process.
2. Proposed detailed procedures for initial set-up and transition process.
3. Describe your firm's data processing methodology and staff experience with converting claims and financial data from former TPA's to your management system.
4. Describe your firm's disaster recovery plan to demonstrate how you will recover lost data and utilize alternate resources in the event of such an occurrence.

## **B. Price Proposal**

### **Proposal Pricing**

Respondent is to include a price quote with the proposal to perform the required services indicated in the RFP. The proposal pricing should be quoted in a way that divides the billing adequately for each separate City in an equitable and proportionate manner. Any of the methods offered may be accepted by the Cities or this may be negotiated further with the selected firm.

## **C. Support & Services**

### **Dedicated Claims Unit and Assigned Personnel**

All proposals shall provide information on support services and will include details for a dedicated staff sufficient to administer the Cities' WC Claims. Provide a staffing plan and outline the core responsibilities of and tasks undertaken by each member with respect to each City.

## **Consultation**

Describe your firm's service in contacting City employees to explain Worker's Compensation notices and other required forms and letters. Include how your firm would provide guidance and information regarding, but not limited to, permanent disability ratings, the Qualified Medical Examiner process and the settlement of claims.

Describe your firm's Return to Work Program and how it is administered with regards to all parties involved.

## **Litigation Management**

Describe your firm's service in assisting in the selection of defense and subrogation counsel.

Describe your firm's approach to subrosa activities with regards to cases.

Describe your firm's service in maintaining a litigation management budget for each litigated file and how controls and procedures are established to contain claim defense costs.

## **Information Management and Reports**

Demonstrate or describe your firm's capacity to provide a computer generated loss run analysis/summary report by the 5th business day of the following month covering activities on all new claims reported, containing as a minimum, the following information:

- Listing of open claims by department.
- Listing of open claims alphabetically by claimant.
- Listing of denied claims by department.

Demonstrate or describe your firm's capacity to provide Cities on the first workday of each month the following statistical information for the previous month:

- Number of closed files
- Number of new files
- Number of open files by category of Medical Only, Indemnity and Maintenance cases
- Number of claims assigned to each member of the dedicated unit
- Settlement Award Log
- Litigation Assignment Log
- Penalties Log

Describe capacity to provide special reports on demand, at no additional charge, such as injury analysis by age, site, occupation, cause, body part, years of service, fiscal year and calendar year reports for insurance renewals, OSHA Logs, etc.

Demonstrate or describe your firm's capacity to provide the Cities with quarterly reports beginning on January 1, containing the following information on open claims with total incurred exceeding \$100,000:

- Claimant's Name
- Date of injury
- Reinsurance Carrier(s)

- Self-Insured Retention Level
- Total Incurred
- Total Paid
- Total Reserves

**Financial Management**

Demonstrate or describe your firm’s capacity to provide the following:

With respect to each City’s Worker’s Compensation Trust Fund, it shall be the responsibility of the Workers’ Compensation Administrator to:

- Report to the Cities at least monthly, or as needed, of charges against the fund, and obtain reimbursement to maintain the fund at an appropriate level determined by the Cities.
- Issue vouchers to Cities from the Trust Fund in those instances where an employee is paid directly by the Cities; Labor Code 4850 pay, temporary total disability benefits, or salary continuation in lieu of temporary disability benefits.
- Establish procedures and necessary documentation enabling Cities to write checks for payment of benefits or to have Administrator draw checks for payment of benefits on an appropriate account of Cities.
- If requested, provide each City’s accounting office with one (1) copy of each City’s check register and all voided checks, etc.

Describe your firm’s program to periodically review all Trustee accounts to determine if initial deposit is adequate for handling the dollar volume. In such instances where it is determined that deposit is inadequate, Administrator’s accounting office shall submit a report with a recommendation for an increase to the Trustee account based on this review. Cities’ reimbursement payments should reach Administrator’s office within ten (10) days from the date of Administrator’s request in order to maintain a continuous flow of checks issued throughout the month.

Describe or list any affiliations or financial arrangements your firm has with any medical service providers, medical bill review services, investigators, copy service providers, defense attorneys, annuity companies and excess insurance companies. **Respondent must disclose any financial arrangements with any of these affiliations.**

**D. Qualifications & Experience**

Provide resumes for key personnel that will be managing the Cities’ account. Include copies of Self-Insured Certificates.

**References:**

Respondents are to provide a minimum of three (3) letters of reference, preferably from local public entities of comparable size to the City of Costa Mesa and City of Newport Beach programs, for which the respondent has provided services of a similar scope as set forth in this RFP, within the past three years. The letters should address the following questions:

1. Is (respondent name) currently administering a self-insured program for you? If no, have they administered a program for you in the last three years?
2. If they are a past provider, why did you change providers?
3. How long did they administer your program?
4. Approximately how many employees are covered in your self-insured plan?
5. Per year of the contract, how many open claims does (respondent name) administer for you?

**PROPOSAL PRICING**

Pricing quote must be proportionate based on each City’s respective workloads as indicated in the Background section on page 4 of the RFP document.

All fees for service must be clearly identified in the response to this RFP. For each item listed that is not included in the base price, provide the annual charge (if applicable) and the basis for the fee.

	City of Costa Mesa	City of Newport Beach
<b>Base Price:</b> Specify how the base price is computed, i.e. flat fee or price per claim. Please attach a staffing cost breakdown for each city. Include any minimums and maximums, and any special services included in the base price. Fiscal Year 2010	\$	\$
Fiscal Year 2011	\$	\$
Fiscal Year 2012	\$	\$
<b>Adjustments:</b> Adjustments to base price or optional services. Include any one-time costs, if any, for additional services, including data transfer.	\$	\$
Medical Provider Network, (if not included in base price).	\$	\$
Any services considered to be allocated expenses and not covered under the base price.	\$	\$
<b>Program Implementation:</b> Include one time costs, if any, for administration of existing claims (runoff of old claims)	\$	\$
Data Conversion	\$	\$
Customization of reports	\$	\$
On-site computer terminal access	\$	\$
Special reports	\$	\$
Preparation of 1099’s	\$	\$
Storage of claims	\$	\$
	\$	\$
<b>Total Annual Admin Fees</b>	\$	\$

This pricing grid is offered as a guideline. Respondents are is encouraged to submit proposals in as many ways and/or formats as possible, or as needed, to effectively communicate their pricing structure. **In any form, pricing must be submitted as proportionate as described above.**

## **GENERAL INFORMATION**

### **Shortlist:**

The Cities reserve the right to shortlist the respondents on all of the stated criteria. However, the Cities may determine that short listing is not necessary.

### **Interviews/Demonstrations:**

The Cities reserve the right to conduct interviews and/or demonstrations with some or all of the respondents at any point during the evaluation process. However, the Cities may determine that interviews/demonstrations are not necessary. In the event interviews/demonstrations are conducted, information provided during the interview/demonstration process shall be taken into consideration when evaluating the stated criteria. The Cities shall not reimburse the respondent for the costs associated with the interview process.

Each demonstration should utilize the actual proposed system. Demonstrations will be held at a time and place specified by the Cities. Each of the Respondent's key project team members, including any subcontractors who will be assigned to this project, are strongly encouraged to attend the interview/demonstration.

### **Additional Investigations:**

The Cities reserve the right to make such additional investigations as it deems necessary to establish the competence and financial stability of any respondent submitting a proposal.

### **Prior Experience:**

Prior experiences with the Cities may be taken into consideration when evaluating qualifications and experience.

### **Overall Evaluation of the Proposal Response:**

The overall completeness, accuracy and quality of the proposal may be taken into consideration when evaluating the qualifications and experience.

### **Piggyback Clause:**

Respondent shall indicate below if the same terms, and conditions of the submitted proposal would be extended to other public agencies: \_\_\_ Yes \_\_\_ No.

Respondent's response to this question will not be considered in award of contract. When the Respondent extends any of the prices, terms, and conditions of this proposal to other public agencies, the contract shall be between Respondent and the other agencies, and the City of Costa Mesa and/or the City of Newport Beach shall bear no responsibility or liability for those contracts.

**(THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY)**

## PROPOSAL QUESTIONNAIRE

Respondents must submit with their Proposal the following Questionnaire, completed and identified as the Questionnaire. In providing your responses to the questions below, restate each question in bold face type with your response directly below.

1. Give a history/background of your firm. Include a list of principals, an organization chart, the size and location of each office, and specify the office that will manage this contract, if awarded.
2. Discuss your firm's mission and goals as related to corporate growth, customer service and quality assurance.
3. Discuss any major changes in your firm's structure, ownership or financial standing over the past three years. Discuss anticipated changes in your firm's structure or ownership in the next three years.
4. Discuss your firm's relationship, if any, with any parent company, subsidiary, and/or partner.
5. Provide your firm's professional development plan and/or standards policy for adjusters and supervisors.
6. Describe the features and attributes that you believe distinguish your firm from other Claims Administrators.
7. Was your firm in any litigation with clients over the past five years? If yes, describe.
8. What is your firm's average closing ratio per adjuster?
9. What is your firm's average caseload per adjuster?
10. What is your firm's ratio of adjuster to claims assistant?
11. What percentage of the adjusters in your firm (excluding those who handle medical only claims and supervisors) have California Self-Insured Plan certification?
12. In the past two years, how many times have you been audited by a State agency? What were the results of the audit?  
No. of audits \_\_\_\_\_  
Number of claims \_\_\_\_\_  
Fines paid \_\_\_\_\_
13. What are the top ten "sound business or operational practices" your firm has implemented to achieve the best claims handling results? How are these results measured?
14. What is your best practice approach for processing and evaluating new claims?
15. What are your proposed procedures for the initial set-up and transition process? Describe in detail how your firm proposes to load and maintain the Cities' claims data from the prior TPA for all claims, open and closed, in a manner to ensure consistency in claims data reporting.

## STATEMENT OF ACKNOWLEDGMENTS

**Respondent's Acknowledgement of familiarity with Scope of Work and Proposal Requirements.**  
Signature below acknowledges the Respondent representing that it has thoroughly examined and become familiar with the services required under this RFP and that it is fully capable of providing the services to achieve the Cities' objectives.

**Respondent's Acknowledgement of Understanding of the Terms and Conditions.**  
Signature below verifies that Respondent has read, understands, and agrees to the terms and conditions contained herein and on all of the attachments and agenda.

**Statement of Respondent's Ability to Meet Insurance Requirements**  
Authorized signature below acknowledges that respondent has reviewed the attached City of Costa Mesa and City of Newport Beach Insurance Requirements with their insurance carrier and is able to provide verification of coverage following the award of the contract.

**Statement of Independent Price Determination**  
Authorized signature below certifies that this bid/proposal is made without prior understanding, arrangement, agreement, or connection with any corporation, firm or person submitting a bid/proposal for the same services, materials, supplies, or equipment, and is in all respects fair and without collusion or fraud. Authorized signature certifies that respondent has not entered into any arrangement or agreement with any City of Costa Mesa or City of Newport Beach public officer. Authorized signature acknowledges understanding that collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards. Authorized signature acknowledges agreement to abide by all conditions of this bid/proposal and certifies that person signing is authorized to sign this bid/proposal for the respondent.

**Statement of Acknowledgement of Drug-Free Workplace Policy**  
The respondent/contractor acknowledges that he/she has read and understands the City of Costa Mesa's Council Policy #100-5 in a "Drug-Free Workplace" included as Attachment B and hereby agrees to comply with said required policy.

**Representations Made Under Penalty Of Perjury**  
The representations herein are made under penalty of perjury. We do hereby offer to provide the services/materials to the City of Costa Mesa and City of Newport Beach at the prices stated herein and under the terms and conditions herein, attached, or incorporated by referenced.

\_\_\_\_\_  
Respondent Name (Person, Firm, Corp.)

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Address

\_\_\_\_\_  
Printed Name of Authorized Representative

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Facsimile Number

**I. PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2009 (“Effective Date”), by and between the CITY OF COSTA MESA, a municipal corporation (“City”), and \_\_\_\_\_, a (“Consultant”).

**WITNESSETH:**

- A. WHEREAS, City proposes to have Consultant perform the services described herein below; and
- B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code, Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and
- C. WHEREAS, City and Consultant desire to contract for specific services in connection with the project described below (the “Project”) and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and
- D. WHEREAS, no official or employee of City has a financial interest, within the provisions of California Government Code, Sections 1090-1092, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

**1.0. SERVICES PROVIDED BY CONSULTANT**

1.1. Scope of Services. Consultant shall provide the professional services described in the City’s Request for Proposal (“RFP”) attached hereto as Exhibit “A” and incorporated herein by reference and Consultant’s Response to City’s RFP (the “Response”). A copy of said Response is attached hereto as Exhibit “B” and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant’s performance of this Agreement.

1.3. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers’ compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys’ fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant’s performance under this Agreement.

1.4. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code. Violation of this provision may result in the imposition of penalties referred to in Labor Code, Section 1735.

1.5 Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.6. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

## 2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "\_\_\_\_," attached hereto and made a part of this Agreement (the "Fee Schedule"). Consultant's compensation shall in no case exceed \_\_\_\_\_ Dollars (\$0.00).

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Response unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to City's Project Manager for approval on a progress basis, but no more often than monthly. Said invoice shall be based on the total of all the Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

## 3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement will commence upon notification/request by the City representative as described in the Scope of Work and Standards section on page 3 of this Agreement. Said services shall be performed in strict compliance with the Scope of Work and Standards as stated herein. The Project Schedule may be amended by mutual agreement of the parties. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

#### 4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of two (2) years, ending on February 28, 2011 and can be renewed on an annual basis for three additional one year periods, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated as to the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4 Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

#### 5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain and maintain during the life of this Agreement all of the following insurance coverage:

- a) Comprehensive general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- b) Automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate.
- c) Workers' compensation insurance as required by the State of California.
- d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00) combined single limits, per occurrence and aggregate. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The comprehensive general liability insurance policy shall contain or be endorsed to contain the following provisions:

- a) Additional insured: "The City of Costa Mesa and its elected and appointed boards, officers, agents, and employees are additional insured with respect to this subject project and contract with City."

- b) Notice: "Said policy shall not terminate, nor shall it be cancelled, nor the coverage reduced, until thirty (30) days after written notice is given to City."
- c) Other insurance: "Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."

5.3. Certificates of Insurance: Consultant shall provide to City certificates of insurance showing the insurance coverage and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

5.4. Non-limiting: Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

## 6.0. GENERAL PROVISIONS

6.1. Entire Agreement: This Agreement constitutes the entire Agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement. Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement. Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

IF TO CITY:

Tel:  
Fax:  
Attn:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626  
Tel: 714-754-5277  
Fax: 714-754-4856  
Attn: Khanh Nguyen

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City’s Council Policy 100-5, attached hereto as Exhibit “A” and incorporated herein by reference. Consultant’s failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys’ Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless. Consultant shall protect, defend, indemnify and hold harmless City and its elected and appointed officials, officers, and employees from any and all claims, liabilities, expenses, including attorney fees, damage to property or injuries to or death of any person or persons or damages of any nature including, but not by way of limitation, all civil claims or workers’ compensation claims arising out of or in any way connected with the intentional or negligent acts, error or omissions of Consultant, its employees, agents or subcontractors in the performance of this Agreement.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall secure, at his expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder.

6.11. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys’ fees, arising out of or resulting from City’s use of such documents for

other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.12. Public Records Act Disclosure. Consultant has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et. seq.). Exceptions to public disclosure may be those documents or information that qualifies as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.13. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.14. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.15. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of the RFP or the Response, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over both the Response and the RFP and the Response shall govern over the RFP.

6.16. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.17. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.18. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.19. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.20. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.21. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.22. Prevailing Wage. Consultant shall comply in all respects with Title 40 U.S.C. Section 276a, also known as "The Davis-Bacon Act," where Federal government funds are involved and Consultant shall also comply in all respects with California Labor Code, Sections 1770 et seq., including the keeping of all records required by the provisions of Labor Code Section 1776.

Contractor who is engaged in the construction, prosecution, completion or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the Federal government, shall furnish each week to City a statement with respect to the wages of each of its employees during the preceding weekly payroll period.

6.23. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, and then both parties agree to substitute such provision(s) through good faith negotiations.

6.24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.25. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so; the parties hereto are formally bound to the provisions of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,  
A municipal corporation

\_\_\_\_\_  
Mayor of the City of Costa Mesa

\_\_\_\_\_  
Date

CONSULTANT

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Social Security or Taxpayer ID Number

ATTEST:

\_\_\_\_\_  
Deputy City Clerk and ex-officio Clerk  
of the City of Costa Mesa

# CITY OF COSTA MESA, CALIFORNIA

## COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
<b>DRUG-FREE WORKPLACE</b>	<b>100-5</b>	<b>8/08/89</b>	<b>1 OF 3</b>

**BACKGROUND**

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This Policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

**PURPOSE**

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and non-profit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

**POLICY**

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or sub-grantee hereby certifies that it will provide a drug-free workplace by:
  - A. Publishing a statement notifying employees that the unlawful manufacturer, distribution, dispensing, possessing, or use of a controlled substance is prohibited in Contractor's and/or subgrantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will taken against the employees for violation of such prohibition;
  - B. Establishing a Drug-Free Awareness Program to inform employees about:
    1. The dangers of drug abuse in the workplace;

CITY OF COSTA MESA, CALIFORNIA

**COUNCIL POLICY**

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
<b>DRUG-FREE WORKPLACE</b>	<b>100-5</b>	<b>8/08/89</b>	<b>2 OF 3</b>

2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;

3. Any available drug counseling, rehabilitation and employee assistance programs; and

4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

C. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by Subparagraph A.

D. Notifying the employee in the statement required by Subparagraph 1.A that, as a condition of employment under the contract, the employee will:

1. Abide by the terms of the statement; and
2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such violation.

E. Notifying the City of Costa Mesa within ten (10) days after receiving notice under Subparagraph 1.D.2 from an employee or otherwise receiving the actual notice of such conviction.

F. Taking one of the following actions within thirty (30) days of receiving notice under Subparagraph 1.D.2 with respect to an employee who is so convicted:

1. Taking appropriate personnel action against such an employee, up to and including termination; or
2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency.

G. Making a good faith effort to maintain a drug-free workplace through implementation of Subparagraph 1.A through 1.F, inclusive.

2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:

- A. Contractor and/or sub-grantee has made a false certification under Paragraph 1 above.

**CITY OF COSTA MESA, CALIFORNIA**

**COUNCIL POLICY**

<b>SUBJECT</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
<b>DRUG-FREE WORKPLACE</b>	<b>100-5</b>	<b>8/08/89</b>	<b>3 OF 3</b>

- B. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of Subparagraphs 1.A through 1.G above.
  - C. Such number of employees of Contractor and/or sub-grantee having been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the Contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
3. Should any Contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2.A, B and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, or local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a Contractor and/or sub-grantee, the Contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon Issuance of any final decision recommending against debarment of the Contractor and/or sub-grantee, the Contractor and/or sub-grantee shall be eligible for compensation as provided by law.

PROFESSIONAL SERVICES AGREEMENT WITH  
[ADD NAME OF PERSON/ COMPANY]  
FOR [PROJECT TITLE]

THIS AGREEMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by and between the CITY OF NEWPORT BEACH, a Municipal Corporation ("City"), and \_\_\_\_\_ a [type of business, i.e., an individual, a partnership, a joint venture, a California Corporation or some other business entity] whose address is \_\_\_\_\_, California, \_\_\_\_\_ ("Consultant"), and is made with reference to the following:

RECITALS

- A. City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of City.
- B. City is planning to (insert description of what is being planned)
- C. City desires to engage Consultant to (describe Consultant's services here) ("Project").
- D. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement.
- E. The principal member[s] of Consultant for purposes of Project, shall be \_\_\_\_\_
- F. City has solicited and received a proposal from Consultant, has reviewed the previous experience and evaluated the expertise of Consultant, and desires to retain Consultant to render professional services under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. TERM

The term of this Agreement shall commence on the above written date, and shall terminate on the \_\_\_ day of \_\_\_\_\_, 200\_\_, unless terminated earlier as set forth herein.

2. SERVICES TO BE PERFORMED

Consultant shall diligently perform all the services described in the Scope of Services attached hereto as Exhibit A and incorporated herein by reference. The City may elect to delete certain tasks of the Scope of Services at its sole discretion.

3. TIME OF PERFORMANCE

Time is of the essence in the performance of services under this Agreement and Consultant shall perform the services in accordance with the schedule included in Exhibit A. The failure

by Consultant to strictly adhere to the schedule may result in termination of this Agreement by City.

**[Option B – Use in Place of Above Paragraph for Contracts Without Firm Schedule]** Time is of the essence in the performance of services under this Agreement and the services shall be performed to completion in a diligent and timely manner. The failure by Consultant to perform the services in a diligent and timely manner may result in termination of this Agreement by City.

Notwithstanding the foregoing, Consultant shall not be responsible for delays due to causes beyond Consultant’s reasonable control. However, in the case of any such delay in the services to be provided for the Project, each party hereby agrees to provide notice to the other party so that all delays can be addressed.

- 3.1 Consultant shall submit all requests for extensions of time for performance in writing to the Project Administrator not later than ten (10) calendar days after the start of the condition that purportedly causes a delay. The Project Administrator shall review all such requests and may grant reasonable time extensions for unforeseeable delays that are beyond Consultant’s control.
- 3.2 For all time periods not specifically set forth herein, Consultant shall respond in the most expedient and appropriate manner under the circumstances, by either telephone, fax, hand-delivery or mail.
- 3.3 **[Optional Provision]** The parties agree that it is extremely difficult and impractical to determine and fix the actual damages that City will sustain should the Consultant fail to complete the work called for in this Agreement. Should Consultant fail to complete the work called for in this Agreement, Consultant agrees to the deduction of liquidated damages in the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) per day for every day beyond the date scheduled for completion provided in Section \_\_\_\_\_. Execution of this Agreement shall constitute agreement by the City and Consultant that the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) per day is the minimum value of costs and actual damages caused by the failure of Consultant to complete the project within the allotted time. Such sum is liquidated damages and shall not be construed as a penalty, and may be deducted from payments due the Consultant if such delay occurs.

**4. COMPENSATION TO CONSULTANT**

City shall pay Consultant for the services on a time and expense not-to-exceed basis in accordance with the provisions of this Section and the Schedule of Billing Rates attached hereto as Exhibit B and incorporated herein by reference. Consultant’s compensation for all work performed in accordance with this Agreement, including all reimbursable items and subconsultant fees, shall not exceed \_\_\_\_\_ Dollars and no/100 (\$ \_\_\_\_\_) without prior written authorization from City. No billing rate changes shall be made during the term of this Agreement without the prior written approval of City.

- 4.1 Consultant shall submit monthly invoices to City describing the work performed the preceding month. Consultant’s bills shall include the name of the person who performed the work, a brief description of the services performed and/or the specific task in the Scope of Services to which it relates, the date the services were performed, the number of hours spent on all work billed on an hourly basis, and a description of any reimbursable expenditures. City shall pay Consultant no later than thirty (30) days after approval of the monthly invoice by City staff.

- 4.2** City shall reimburse Consultant only for those costs or expenses specifically approved in this Agreement, or specifically approved in writing in advance by City. Unless otherwise approved, such costs shall be limited and include nothing more than the following costs incurred by Consultant:
- A. The actual costs of subconsultants for performance of any of the services that Consultant agrees to render pursuant to this Agreement, which have been approved in advance by City and awarded in accordance with this Agreement.
  - B. Approved reproduction charges.
  - C. Actual costs and/or other costs and/or payments specifically authorized in advance in writing and incurred by Consultant in the performance of this Agreement.
- 4.3** Consultant shall not receive any compensation for Extra Work performed without the prior written authorization of City. As used herein, "Extra Work" means any work that is determined by City to be necessary for the proper completion of the Project, but which is not included within the Scope of Services and which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Compensation for any authorized Extra Work shall be paid in accordance with the Schedule of Billing Rates as set forth in Exhibit B.
- 4.4** **[Optional Provision]** Notwithstanding any other provision of this Agreement, when payments made by City equal 90% of the maximum fee provided for in this Agreement, no further payments shall be made until City has accepted the final work under this Agreement.

## **5. PROJECT MANAGER**

Consultant shall designate a Project Manager, who shall coordinate all phases of the Project. This Project Manager shall be available to City at all reasonable times during the Agreement term. Consultant has designated \_\_\_\_\_ to be its Project Manager. Consultant shall not remove or reassign the Project Manager or any personnel listed in Exhibit A or assign any new or replacement personnel to the Project without the prior written consent of City. City's approval shall not be unreasonably withheld with respect to the removal or assignment of non-key personnel.

Consultant, at the sole discretion of City, shall remove from the Project any of its personnel assigned to the performance of services upon written request of City. Consultant warrants that it will continuously furnish the necessary personnel to complete the Project on a timely basis as contemplated by this Agreement.

**[Optional Provision]** If Consultant is performing inspection or construction management services for City, the Project Manager and any other assigned staff shall be equipped with a cellular phone to communicate with City staff. Consultant's cellular phone number will be provided to City.

## **6. ADMINISTRATION**

This Agreement will be administered by the \_\_\_\_\_ Department. \_\_\_\_\_ shall be the Project Administrator and shall have the authority to act for City under this Agreement. The Project Administrator or his/her authorized representative shall represent City in all matters pertaining to the services to be rendered pursuant to this Agreement.

## 7. CITY'S RESPONSIBILITIES

In order to assist Consultant in the execution of its responsibilities under this Agreement, City agrees to, where applicable:

- A. Provide access to, and upon request of Consultant, one copy of all existing relevant information on file at City. City will provide all such materials in a timely manner so as not to cause delays in Consultant's work schedule.
- B. Provide blueprinting and other services through City's reproduction company for bid documents. Consultant will be required to coordinate the required bid documents with City's reproduction company. All other reproduction will be the responsibility of Consultant and as defined above.
- C. Provide usable life of facilities criteria and information with regards to new facilities or facilities to be rehabilitated.

## 8. STANDARD OF CARE

- 8.1 All of the services shall be performed by Consultant or under Consultant's supervision. Consultant represents that it possesses the professional and technical personnel required to perform the services required by this Agreement, and that it will perform all services in a manner commensurate with community professional standards. All services shall be performed by qualified and experienced personnel who are not employed by City, nor have any contractual relationship with City. By delivery of completed work, Consultant certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws and the professional standard of care.
- 8.2 Consultant represents and warrants to City that it has, shall obtain, and shall keep in full force in effect during the term hereof, at its sole cost and expense, all licenses, permits, qualifications, insurance and approvals of whatsoever nature that is legally required of Consultant to practice its profession. Consultant shall maintain a City of Newport Beach business license during the term of this Agreement.
- 8.3 Consultant shall not be responsible for delay, nor shall Consultant be responsible for damages or be in default or deemed to be in default by reason of strikes, lockouts, accidents, or acts of God, or the failure of City to furnish timely information or to approve or disapprove Consultant's work promptly, or delay or faulty performance by City, contractors, or governmental agencies.
- 8.4 **[Optional Provision]** The term Construction Management or Construction Manager does not imply that Consultant is engaged in any aspect of the physical work of construction contracting. Consultant shall not have control over or be in charge of and shall not be responsible for the project's design, City's project contractor ("Contractor"),

construction means, methods, techniques, sequences or procedures, or for any health or safety precautions and programs in connection with the work. These duties are and shall remain the sole responsibility of the Contractor. Consultant shall not be responsible for the Contractors' schedules or failure to carry out the work in accordance with the contract documents. Consultant shall not have control over or be responsible for acts or omissions of City, Design Engineer, Contractor, Subcontractors, or their Agents or employees, or of any other persons performing portions of the work.

## 9. HOLD HARMLESS

### **[OPTION A: For Use In All Contracts Except Those With Architects, Engineers And Surveyors]**

To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless City, its City Council, boards and commissions, officers, agents, volunteers, and employees (collectively, the "Indemnified Parties") from and against any and all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorney's fees, disbursements and court costs) of every kind and nature whatsoever (individually, a Claim; collectively, "Claims"), which may arise from or in any manner relate (directly or indirectly) to any breach of the terms and conditions of this Agreement, any work performed or services provided under this Agreement including, without limitation, defects in workmanship or materials or Consultant's presence or activities conducted on the Project (including the negligent and/or willful acts, errors and/or omissions of Consultant, its principals, officers, agents, employees, vendors, suppliers, consultants, subcontractors, anyone employed directly or indirectly by any of them or for whose acts they may be liable or any or all of them).

Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify the Indemnified Parties from any Claim arising from the sole negligence or willful misconduct of the Indemnified Parties. Nothing in this indemnity shall be construed as authorizing any award of attorney's fees in any action on or to enforce the terms of this Agreement. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the Consultant.

### **[OPTION B: For Use with Design Professionals (Engineers, Surveyors And Architects)]**

To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless City, its City Council, boards and commissions, officers, agents, volunteers and employees (collectively, the "Indemnified Parties") from and against any and all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorney's fees, disbursements and court costs) of every kind and nature whatsoever (individually, a Claim; collectively, "Claims"), which may arise from or in any manner relate (directly or indirectly) to the negligence, recklessness, or willful misconduct of the Consultant or its principals, officers, agents, employees, vendors, suppliers, consultants, subcontractors, anyone employed directly or indirectly by any of them or for whose acts they may be liable or any or all of them.

Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify the Indemnified Parties from any Claim arising from the sole negligence, active

negligence or willful misconduct of the Indemnified Parties. Nothing in this indemnity shall be construed as authorizing any award of attorney's fees in any action on or to enforce the terms of this Agreement. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the Consultant.

## 10. INDEPENDENT CONTRACTOR

It is understood that City retains Consultant on an independent contractor basis and Consultant is not an agent or employee of City. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the expressed terms of this Agreement. Nothing in this Agreement shall be deemed to constitute approval for Consultant or any of Consultant's employees or agents, to be the agents or employees of City. Consultant shall have the responsibility for and control over the means of performing the work, provided that Consultant is in compliance with the terms of this Agreement. Anything in this Agreement that may appear to give City the right to direct Consultant as to the details of the performance or to exercise a measure of control over Consultant shall mean only that Consultant shall follow the desires of City with respect to the results of the services.

## 11. COOPERATION

Consultant agrees to work closely and cooperate fully with City's designated Project Administrator and any other agencies that may have jurisdiction or interest in the work to be performed. City agrees to cooperate with the Consultant on the Project.

## 12. CITY POLICY

Consultant shall discuss and review all matters relating to policy and Project direction with City's Project Administrator in advance of all critical decision points in order to ensure the Project proceeds in a manner consistent with City goals and policies.

## 13. PROGRESS

Consultant is responsible for keeping the Project Administrator and/or his/her duly authorized designee informed on a regular basis regarding the status and progress of the Project, activities performed and planned, and any meetings that have been scheduled or are desired.

## 14. INSURANCE

Without limiting Consultant's indemnification of City, and prior to commencement of work, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, a policy or policies of liability insurance of the type and amounts described below and in a form satisfactory to City.

- A. Certificates of Insurance. Consultant shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required herein. Insurance certificates must be approved by City's Risk Manager prior to commencement of performance or issuance of any permit. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement.

- B. Signature. A person authorized by the insurer to bind coverage on its behalf shall sign certification of all required policies.
- C. Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.
- D. Coverage Requirements.
- i. Workers' Compensation Coverage. Consultant shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for his or her employees in accordance with the laws of the State of California. In addition, Consultant shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by City at least thirty (30) calendar days (10 calendar days written notice of non-payment of premium) prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Consultant for City.
  - ii. General Liability Coverage. Consultant shall maintain commercial general liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, contractual liability. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement, or the general aggregate limit shall be at least twice the required occurrence limit.
  - iii. Automobile Liability Coverage. Consultant shall maintain automobile insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than one million dollars (\$1,000,000) combined single limit for each occurrence.
  - iv. Professional Errors and Omissions Insurance. Consultant shall maintain professional errors and omissions insurance, which covers the services to be performed in connection with this Agreement in the minimum amount of one million dollars (\$1,000,000).
- E. Endorsements. Each general liability and automobile liability insurance policy shall be endorsed with the following specific language:

- i. The City, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the Consultant.
  - ii. This policy shall be considered primary insurance as respects to City, its elected or appointed officers, officials, employees, agents and volunteers as respects to all claims, losses, or liability arising directly or indirectly from the Consultant's operations or services provided to City. Any insurance maintained by City, including any self-insured retention City may have, shall be considered excess insurance only and not contributory with the insurance provided hereunder.
  - iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
  - iv. The insurer waives all rights of subrogation against City, its elected or appointed officers, officials, employees, agents and volunteers.
  - v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its elected or appointed officers, officials, employees, agents or volunteers.
  - vi. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits, by either party except after thirty (30) calendar days (10 calendar days written notice of non-payment of premium) written notice has been received by City.
- F. Timely Notice of Claims. Consultant shall give City prompt and timely notice of claim made or suit instituted arising out of or resulting from Consultant's performance under this Agreement.
- G. Additional Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

## 15. PROHIBITION AGAINST ASSIGNMENTS AND TRANSFERS

Except as specifically authorized under this Agreement, the services to be provided under this Agreement shall not be assigned, transferred contracted or subcontracted out without the prior written approval of City. Any of the following shall be construed as an assignment: The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant if Consultant is a partnership or joint-venture or syndicate or cotenancy, which shall result in changing the control of Consultant. Control means fifty percent (50%) or more of the voting power, or twenty-five percent (25%) or more of the assets of the corporation, partnership or joint-venture.

## 16. SUBCONTRACTING

**[OPTION A: No Subcontractors]** The parties recognize that a substantial inducement to City for entering into this Agreement is the professional reputation, experience and competence of Consultant. Assignments of any or all rights, duties or obligations of the Consultant under this

Agreement will be permitted only with the express written consent of City. Consultant shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of City.

**[OPTION B: Subcontracts Authorized]** City and Consultant agree that subconsultants may be used to complete the work outlined in the Scope of Services. The subconsultants authorized by City to perform work on this Project are identified in Exhibit A. Consultant shall be fully responsible to City for all acts and omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between City and subcontractor nor shall it create any obligation on the part of City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise required by law. The City is an intended beneficiary of any work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and the City. Except as specifically authorized herein, the services to be provided under this Agreement shall not be otherwise assigned, transferred, contracted or subcontracted out without the prior written approval of City.

## 17. OWNERSHIP OF DOCUMENTS

Each and every report, draft, map, record, plan, document and other writing produced (hereinafter "Documents"), prepared or caused to be prepared by Consultant, its officers, employees, agents and subcontractors, in the course of implementing this Agreement, shall become the exclusive property of City, and City shall have the sole right to use such materials in its discretion without further compensation to Consultant or any other party. Consultant shall, at Consultant's expense, provide such Documents to City upon prior written request.

Documents, including drawings and specifications, prepared by Consultant pursuant to this Agreement are not intended or represented to be suitable for reuse by City or others on any other project. Any use of completed Documents for other projects and any use of incomplete Documents without specific written authorization from Consultant will be at City's sole risk and without liability to Consultant. Further, any and all liability arising out of changes made to Consultant's deliverables under this Agreement by City or persons other than Consultant is waived against Consultant and City assumes full responsibility for such changes unless City has given Consultant prior notice and has received from Consultant written consent for such changes.

**[Optional Paragraph]** All improvement and/or construction plans shall be prepared with indelible waterproof ink or electrostatically plotted on standard 24-inch by 36-inch Mylar with a minimum thickness of three mils. Consultant shall provide to City 'As-Built' drawings, and a copy of digital ACAD and tiff image files of all final sheets within ninety (90) days after finalization of the Project. For more detailed requirements, a copy of the City of Newport Beach Standard Design Requirements is available from the City's Public Works Department.

## 18. COMPUTER DELIVERABLES

**[Optional: Only Use if CADD data is called for under scope of work]** CADD data delivered to City shall include the professional stamp of the engineer or architect in charge of or responsible for the work. City agrees that Consultant shall not be liable for claims, liabilities or losses arising out of, or connected with (a) the modification or misuse by City, or anyone authorized by City, of CADD data; (b) the decline of accuracy or readability of CADD data due to inappropriate storage conditions or duration; or (c) any use by City, or anyone authorized by City, of CADD data for additions to this Project, for the completion of this Project by others, or for any other Project, excepting only such use as is authorized, in writing, by Consultant. By acceptance of CADD

data, City agrees to indemnify Consultant for damages and liability resulting from the modification or misuse of such CADD data. All original drawings shall be submitted to City in the version of AutoCAD used by CITY in “.dwg” file format on a CD, and should comply with the City’s digital submission requirements for Improvement Plans. The City will provide AutoCAD file of City Title Sheets. All written documents shall be transmitted to City in the City’s latest adopted version of Microsoft Word and Excel.

**19. CONFIDENTIALITY**

All Documents, including drafts, preliminary drawings or plans, notes and communications that result from the services in this Agreement, shall be kept confidential unless City authorizes in writing the release of information.

**20. OPINION OF COST**

**[Optional: Only use if an opinion of costs is called for in the scope of work]** Any opinion of the construction cost prepared by Consultant represents his/her judgment as a design professional and is supplied for the general guidance of City. Since Consultant has no control over the cost of labor and material, or over competitive bidding or market conditions, Consultant does not guarantee the accuracy of such opinions as compared to contractor bids or actual cost to City.

**21. INTELLECTUAL PROPERTY INDEMNITY**

The Consultant shall defend and indemnify City, its agents, officers, representatives and employees against any and all liability, including costs, for infringement of any United States’ letters patent, trademark, or copyright infringement, including costs, contained in Consultant’s drawings and specifications provided under this Agreement.

**22. RECORDS**

Consultant shall keep records and invoices in connection with the work to be performed under this Agreement. Consultant shall maintain complete and accurate records with respect to the costs incurred under this Agreement and any services, expenditures and disbursements charged to City, for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such records and invoices shall be clearly identifiable. Consultant shall allow a representative of City to examine, audit and make transcripts or copies of such records and invoices during regular business hours. Consultant shall allow inspection of all work, data, Documents, proceedings and activities related to the Agreement for a period of three (3) years from the date of final payment to Consultant under this Agreement.

**23. WITHHOLDINGS**

City may withhold payment to Consultant of any disputed sums until satisfaction of the dispute with respect to such payment. Such withholding shall not be deemed to constitute a failure to pay according to the terms of this Agreement. Consultant shall not discontinue work as a result of such withholding. Consultant shall have an immediate right to appeal to the City Manager or his/her designee with respect to such disputed sums. Consultant shall be entitled to receive interest on any withheld sums at the rate of return that City earned on its

investments during the time period, from the date of withholding of any amounts found to have been improperly withheld.

**24. ERRORS AND OMISSIONS**

In the event of errors or omissions that are due to the negligence or professional inexperience of Consultant which result in expense to City greater than what would have resulted if there were not errors or omissions in the work accomplished by Consultant, the additional design, construction and/or restoration expense shall be borne by Consultant. Nothing in this paragraph is intended to limit City's rights under the law or any other sections of this Agreement.

**25. CITY'S RIGHT TO EMPLOY OTHER CONSULTANTS**

City reserves the right to employ other Consultants in connection with the Project.

**26. CONFLICTS OF INTEREST**

The Consultant or its employees may be subject to the provisions of the California Political Reform Act of 1974 (the "Act"), which (1) requires such persons to disclose any financial interest that may foreseeably be materially affected by the work performed under this Agreement, and (2) prohibits such persons from making, or participating in making, decisions that will foreseeably financially affect such interest.

If subject to the Act, Consultant shall conform to all requirements of the Act. Failure to do so constitutes a material breach and is grounds for immediate termination of this Agreement by City. Consultant shall indemnify and hold harmless City for any and all claims for damages resulting from Consultant's violation of this Section.

**27. NOTICES**

All notices, demands, requests or approvals to be given under the terms of this Agreement shall be given in writing, and conclusively shall be deemed served when delivered personally, or on the third business day after the deposit thereof in the United States mail, postage prepaid, first-class mail, addressed as hereinafter provided. All notices, demands, requests or approvals from Consultant to City shall be addressed to City at:

Attn:  
\_\_\_\_\_ Department  
City of Newport Beach  
3300 Newport Boulevard  
Newport Beach, CA, 92663  
Phone: 949-644-33XX  
Fax: 949-644-33XX

All notices, demands, requests or approvals from CITY to Consultant shall be addressed to Consultant at:

Attention:

Phone:

Fax:

## **28. TERMINATION**

In the event that either party fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, that party shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) calendar days, or if more than two (2) calendar days are reasonably required to cure the default and the defaulting party fails to give adequate assurance of due performance within two (2) calendar days after receipt of written notice of default, specifying the nature of such default and the steps necessary to cure such default, and thereafter diligently take steps to cure the default, the non-defaulting party may terminate the Agreement forthwith by giving to the defaulting party written notice thereof.

Notwithstanding the above provisions, City shall have the right, at its sole discretion and without cause, of terminating this Agreement at any time by giving seven (7) calendar days prior written notice to Consultant. In the event of termination under this Section, City shall pay Consultant for services satisfactorily performed and costs incurred up to the effective date of termination for which Consultant has not been previously paid. On the effective date of termination, Consultant shall deliver to City all reports, Documents and other information developed or accumulated in the performance of this Agreement, whether in draft or final form.

## **29. COMPLIANCE WITH ALL LAWS**

Consultant shall at its own cost and expense comply with all statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted. In addition, all work prepared by Consultant shall conform to applicable City, county, state and federal laws, rules, regulations and permit requirements and be subject to approval of the Project Administrator and City.

## **30. WAIVER**

A waiver by either party of any breach, of any term, covenant or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein, whether of the same or a different character.

## **31. INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions herein.

## **32. CONFLICTS OR INCONSISTENCIES**

In the event there are any conflicts or inconsistencies between this Agreement and the Scope of Services or any other attachments attached hereto, the terms of this Agreement shall govern.

**33. INTERPRETATION**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of the Agreement or any other rule of construction which might otherwise apply.

**34. AMENDMENTS**

This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney.

**35. SEVERABILITY**

If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

**36. CONTROLLING LAW AND VENUE**

The laws of the State of California shall govern this Agreement and all matters relating to it and any action brought relating to this Agreement shall be adjudicated in a court of competent jurisdiction in the County of Orange.

**37. EQUAL OPPORTUNITY EMPLOYMENT**

Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed on the day and year first written above.

**APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY:**

**CITY OF NEWPORT BEACH,  
A Municipal Corporation**

By: \_\_\_\_\_

By: \_\_\_\_\_

Assistant City Attorney

Mayor

**ATTEST:**

**CONSULTANT:**

By: \_\_\_\_\_  
Leilani Brown,  
City Clerk

By: \_\_\_\_\_  
(Corporate Officer)

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
(Financial Officer)

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Attachments:**

**(THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY)**

## RESPONDENT'S SUBMITTAL CHECK-LIST

- One original plus five copies of the proposal submittal (6 total)
- Response to Proposal Evaluation Criteria (Pages 21-24)
- Response to Proposal Pricing (Page 25)
- Response to Proposal Questionnaire (Page 27)
- Statement of Acknowledgements - Signature Page (Page 28)

**CORVEL**

November 12, 2009

City of Costa Mesa  
77 Fair Drive  
P.O. Box 1200  
Costa Mesa, CA 92628

Attn: Don Stocker

Re: CorVel's Response to RFP

Dear Don,

I am sending this missive to clarify two items in reference to CorVel's response to the RFP.

1. The 2% increase in years four and five apply to both Costa Mesa and Newport Beach.
2. The claims system is CorVel's proprietary system and is owned by CorVel. However, the data for the files of Costa Mesa belongs to Costa Mesa.

I hope this clarifies those issues. If you have any further questions, please do not hesitate to contact me.

Sincerely,



Scotty L. Benton, ARM  
Area Vice President



# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FINANCE DEPARTMENT  
PURCHASING

Date: 08/26/09

## RFP 1134 - Addendum #1

### Request for Proposals for Worker's Comp TPA Services

**This addendum MUST be signed and returned with your proposal package.**

The following changes, updates and answers to questions are to be included into the request for proposals for RFP 1134 as a result of the pre-proposal meeting of August 19, 2009. As a reminder, proposals are due on September 04, 2009 at 3:00 p.m. in the City Clerk's Office. Only pages 25 through 28 with signatures need be submitted, along with this addendum, supporting documents as described on pages 21 through 24 and the Proposal Questionnaire answers as described on page 27.

#### **Page 4 – Background:** (question addressed)

With regards to each City's claims history, the question was asked in contrast to claims history, how many current open or pending cases each city had.

That information, as of 08/20/09, is as follows:

Assigned to	City	Claim Type	# Claims
Claims Supervisor	NB & CM	Open	33
Claims Specialist	NB	Indemnity	135
Claims Specialist	NB	Future Med	141
Claims Specialist	CM	Future Med Maint & Indemnity	131
Claims Assistant	NB & CM	Medical Only	21

Newport Beach	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Number of Open Indemnity Claims in FY	166	177	166	162
Number of Open Maintenance Claims in FY	117	94	102	135
Number of Open Medical Only Claims in FY	23	28	36	14

Costa Mesa	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Number of Open Indemnity Claims in FY	126	86	92	90
Number of Open Maintenance Claims in FY	42	55	58	53
Number of Open Medical Only Claims in FY	11	12	30	7

**Page 4 – Timetable:** (Oral Interviews)

Please note that oral interviews are being moved from the week of Sept 28, 2009 to the week of Oct. 5, 2009.

**Page 5 – Scope of Work Overview:** (request addressed)

With regards to the third paragraph, a request was made to provide the interface configuration of the current medical bill review provider, Lien On Me. The following is the response from Lien On Me:

We currently interface with many claims systems. Some of the claims systems are Valley Oak (IVOS), Gensource(Gencomp), Sucaba, Guidewire, Risk Master, Talisman, David Systems (Renaissance), Pyramid, QISS, Torcs, Jopari and Allegro. As long as they're using one of the listed claims systems then the interface should not be a problem. If they're using any other claims system it would just take a little longer and additional cost for the interface. Most of the TPA's in California are using Valley Oak, Gensource, Renaissance or Sucaba.

We currently handle this client's WCIS State reporting as well. This doesn't require any additional work as long as the bill review and claims system can interface. The system allows us to exchange production claim, vendor, and payment information via EDI with the California Workers' Compensation Information system (WCIS).

**Page 6 – Assigned Personnel:** (strike and insert)

**Strike:** The Claims Supervisor must possess a State of California Self-Insurance Plan Certificate.

**Insert:** It is required that Supervisors assigned to the account possess a State of California Self-Insurance Plan Certificate, and have a minimum of five years full-time experience. It is preferred that Adjusters/Examiners assigned to the account also have a minimum of five years full-time experience as a workers' compensation adjuster, including public sector experience. Adjusters/Examiners must obtain the Self-Insurance Plan Certificate within one year of being assigned to the account.

**Page 6 – Caseloads:** (question addressed re: companion files)

The question was asked of a rough estimate as to what percentage of each city's claims were companion files. The response to that question is as follows:

The percentage of companion files for Costa Mesa is 8% and for Newport Beach is 9%.

**Page 7 – Scope of Work / Program Administration:** (Hardcopy files)

The text states "The Cities require that the TPA "Maintain and store all hardcopy files for five (5) years after file is closed." Several prospective respondents have indicated they work with completely paperless databases. While electronic copies of claim files can be stored indefinitely, no hardcopy files are stored.

The Cities have determined that as long as the electronic claim files can be completely replicated from the database and can be authenticated, this would be acceptable and considered as meeting the criteria of this RFP.

**Page 8 – Medical Service and Expenditures: (strike and insert)**

**Strike:** Assist Cities, as requested, with establishing a Medical Provider Network (MPN) to treat injured workers.

**Insert:** Assist Cities, if requested, with establishing a Medical Provider Network (MPN) to treat injured workers.

**Page 18 – Item #24 – Disqualification of Respondent(s): (Non-collusion Affidavit)**

**Strike last sentence:** Contractors shall submit as part of their Proposal documents the completed Non-Collusion Affidavit provided herein.

The provisions of the Non-Collusion Affidavit are covered by the section entitled Statement of Independent Price Determination on page 28 of this RFP.

**Page 21 – Program Administration: (strike)**

**Strike:** Describe your firm's knowledge of an Early Return to Work Program and how it affects the Cities.

**Page 23 – Consultation: (strike)**

**Strike:** Describe your firm's Return to Work Program and how it is administered with regards to all parties involved.

**Page 25 – Proposal Pricing: (revised page)**

The cities have no current Medical Provider Network. Please replace Page 25 of the RFP with the revised Page 25 attached to this addendum. The reference to a Medical Provider Network has been removed from the revised page.

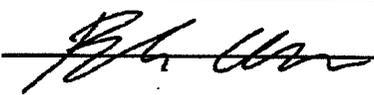
**Prospective Respondent's E-mailed Questions:**

At the pre-proposal meeting it was announced that a prospective respondent had submitted a lengthy list of questions by e-mail just prior to the pre-proposal meeting. Due to the short length of time between their receipt and the meeting's start time, it was determined they could not properly be addressed at the meeting. In the best interest of all parties, those questions and answers, along with all other e-mailed questions and answers, accompany this addendum. Signature below acknowledges their receipt.

**Please sign this addendum sheet and return as part of your bid submittal.**

Company name: CorVel Enterprise Comp, Inc.

Representative name (print): Brandon O'Brien

Representative signature: 

Date: 9/2/2009

Donald L. Stocker, C.P.M., CPIM  
Purchasing - Buyer



# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FINANCE DEPARTMENT  
PURCHASING

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**Please sign this addendum sheet and return as part of your bid submittal.**

Company name: \_\_\_\_\_

Representative name (print): \_\_\_\_\_

Representative signature: \_\_\_\_\_

Date: \_\_\_\_\_

Donald L. Stocker, C.P.M., CPIM  
Purchasing - Buyer

## **E-mailed questions received from prospective respondents:**

Received on 08/18/09...

1. Who will be on the panel to select the TPA ? Can you provide background information on panelist?  
The Evaluation Panel will consist of experienced professionals in the industry. The integrity of the evaluation process would dictate that their identities remain undisclosed.
2. How long has the current TPA been in place?  
The current TPA has been in place since January 2007.
3. How many open files are expected to be transferred on Jan 1 (or worded another way, what are the open file counts as of today)? Lost time? Medical Only?  
Please refer to the Open Caseload report discussed in Addendum #1.
4. Is it desirable for the TPA staff specifically assigned to the Cities to occupy offices adjacent to one of the risk manager's offices? Which risk manager (Costa Mesa or Newport Beach)  
It is required that the TPA's office and staff assigned to the account be located in the immediate Southern California Region so as to accommodate in-person meetings and interviews by either city. Office space will not be provided by the Cities.
5. Please provide the paid and incurred by fiscal year available?  
The cities have provided their 07/08 Public Self-Insurer's Annual Report attached to this document, which will provide information for Fiscal Years 03/04, 04/05, 05/06, 06/07, and 07/08 valued as of 06/30/08.
6. Please provide the lost time days by fiscal year available?  
The Cities respectfully decline to answer this question as the information being requested is determined to not be applicable to the process.
7. Please provide some guidance of the return to work programs available at both of the Cities?  
No formal program is currently in place at either city. The question on page 21 regarding Return to Work Programs is to be stricken from the RFP as noted in Addendum #1.
8. Does either of the cities currently utilize an MPN (just clarifying, the RFP indicated no).  
Neither of the cities currently utilizes a MPN. However, if requested, the TPA would be expected to assist the cities with establishing one. The reference to a MPN in the Pricing Matrix on page 25 is to be stricken for the RFP as noted in Addendum #1. A replacement page 25 is attached to Addendum #1.
9. Please provide the most current version of the panel of providers utilized (to allow a cross over analysis to be performed/ submitted with the response to the rfp).  
The current interface configuration of Lien On Me is addressed in Addendum #1.
10. Please provide the top 100 providers utilized by dollars and procedure count.
11. What PPO network is/are currently being utilized?
12. What is the PPO savings percentage off the State Fee schedule?
13. What is the access fee paid for the PPO?  
The Cities respectfully decline to answer questions 10 thru 13 as the information being requested is determined to not be applicable to the process.
14. Who performs medical bill review and what system do they use?  
Medical bill review services are provided to both cities by Lien On Me. The system in use and the interface capabilities are discussed in Addendum #1.
15. What is the bill review fee?  
The Cities respectfully decline to answer this question as the information being requested is determined to not be applicable to the process.
16. Will medical bill data be available to convert?  
This is a part of the interface configuration of Lien On Me included in Addendum #1.
17. Who do you currently utilize for medical case management (telephonic / field)?  
This service is contracted on an as needed basis.
18. Are you open to proposals from the TPA for medical case management and utilization services?  
Neither city is open for these proposals at this time.

**E-mailed questions received from prospective respondents:**

Received on 08/24/09...

Would you please let us know how many hard copy closed claims there are in storage?

The Cities' response...

From the current TPA:

<u>Newport Beach</u>	<u>Costa Mesa</u>
116 boxes total	80 boxes total
50 closed	36 closed
66 future medical	44 future medical

Files are destroyed with client's approval after 5 years if there is no future medical care warranted.

Received on 08/25/09...

On page 22 of the RFP it states **Dedicated Claims Unit and Assigned Personnel.** At the Pre-Bid Conference it was stated that the Current Staffing model is as follows:

1 Supervisor      2 Examiners      ½ Future Medical

In order to effectively price **dedicated** labor costs my questions are as follows:

1. Is the Supervisor 100% dedicated to the Cities, or does the supervisor, supervise other clients in addition to the Cities? Is it the Cities desire to have a **dedicated** Supervisor or is it acceptable to have a **designated** Supervisor shared with other clients?
2. Is the ½ future medical staff person an experienced Senior examiner, Junior examiner, claims assistant or clerical person? What are the Cities qualifications for a future medical staff person?
3. Does the current staffing model include **dedicated** or **designated** clerical support staff? It is the cities desire to have dedicated support staff i.e.; clerical, mail scanning, receptionist etc.?

The Cities' response...

The Supervisor is dedicated to the Cities only. They do not work with other clients and that is our preference.

The ½ future medical staff person is a claims specialist by title. The current incumbent is very seasoned and would technically be a Sr. Examiner; however, he/she only works part-time. We would want the same qualifications as the examiners. The current staffing model includes a dedicated assistant.

Received on 08/26/09...

Will the Cities be unbundling the Claims Administration from the Managed Care Services? Will there be two separate RFPs?

The Cities' response...

The City of Newport Beach is unbundled for Managed Care Services – we are only looking for Claims Administration at this time.

This is for claims admin services for Costa Mesa as well. If there is a need for utilization review or medical bill review, it will be done separately.

NOTE: Complete both sides of this page for ALL annual reports  
 State of California  
 Department of Industrial Relations  
 Self Insurance Plans  
 2265 Watt Avenue, Suite 1  
 Sacramento, CA 95825  
 Web site: <http://slp.dir.ca.gov>  
 E-mail: [slp@dir.ca.gov](mailto:slp@dir.ca.gov)



**PUBLIC SELF INSURER'S ANNUAL REPORT**

**I GENERAL - To be completed by the employer**

<p><b>1. CERTIFICATE NUMBER:</b> A-7124-02-316</p> <p><input checked="" type="checkbox"/> Active    <input type="checkbox"/> Revoked</p>	<p><b>2. PERIOD OF REPORT:</b></p> <p><input checked="" type="checkbox"/> Full Year    <input type="checkbox"/> Interim/Amended Report for the Period of:</p> <p style="text-align: right;">From Date (mm/dd/yy)    To Date (mm/dd/yy)</p>
--	--

**3. NAME OF MASTER CERTIFICATE HOLDER**

NAME City of Costa Mesa	FEDERAL TAX ID. NUMBER
ADDRESS 77 Fair Dr	95-6005030
CITY Costa Mesa	STATE CA
ZIP +4 92626	

**4. TYPE OF PUBLIC AGENCY:**

<input checked="" type="checkbox"/> CITY/COUNTY	<input type="checkbox"/> POLICE/FIRE	<input type="checkbox"/> TRANSIT
<input type="checkbox"/> SCHOOL	<input type="checkbox"/> HOSPITAL	<input type="checkbox"/> OTHER

**5. During the period of this report, has there been any of the following with respect to the master certificate holder, subsidiary, affiliate, JPA's or its member agencies?**

A merger or unification?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Changes in name or identify	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Any addition to Self Insurance Program?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, explain:

**6. TOTAL EMPLOYMENT AND WAGES PAID IN FISCAL YEAR 2007-2008 FOR THIS SELF INSURER:**

(a) NUMBER OF EMPLOYEES 899  
 (Number of individual employees listed on for DE-6 for year ending June 30, 2008)

(b) TOTAL WAGES AND SALARIES PAID \$ 56,323,899  
 (As reported on EDD Form DE-6 Line M for all four quarters)

**7. TO WHOM DO YOU WANT CORRESPONDENCE ADDRESSED?**

TITLE HR Analyst    FIRST NAME Ryan    MI L    LAST Thomas

COMPANY NAME: City of Costa Mesa

ADDRESS: 77 Fair Drive

CITY: Costa Mesa    STATE: CA    ZIP+: 92626

PHONE: (714) 754-5104    FAX: (714) 754-4991

E-MAIL ADDRESS: [rthomas@ci.costamesa.ca.us](mailto:rthomas@ci.costamesa.ca.us)

**8. CERTIFICATION BY AGENCY OFFICIAL:**

I declare under the penalty of perjury that I have examined this Self Insurer's Annual Report and to the best of my knowledge and believe it is true, correct and complete.

SIGNATURE (Original Only): *Terri L. Cassidy*    DATE: 9/29/08

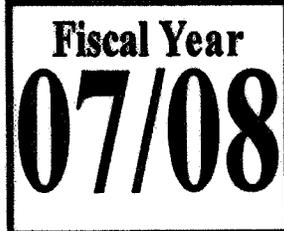
TYPED NAME: Terri L. Cassidy, HR Manager

AGENCY NAME: City of Costa Mesa

STREET ADDRESS: 77 Fair Drive

CITY: Costa Mesa    STATE: CA    ZIP+: 92626

PHONE: (714) 754-5104    FAX: (714) 754-4991



---

5. (Continued)

N/A

---

9. List the full legal names of each separate affiliate member whose liabilities are being reported under this annual report, the certificate number of each such member.

---

Full Legal Name

Affiliate Certificate No.

N/A

**NOTE 1:** Add additional page(s) to list additional members, is necessary.

**NOTE 2:** If more than one claims administrator is used, then liabilities must be reported separately for each claims adjusting location using a Liabilities by Reporting Location page.

Fiscal Year  
**07/08**

**NOTE: Self Insured Employer**  
Complete this page on ALL reports.

---

**RECORDS STORAGE**

---

1. Are claim records stored at any location other than with the current administrator?

Yes  No If yes, Where?

A. Agency Name

Address

City

Zip+4

State

Phone

C. Agency Name

Address

City

Zip+4

State

Phone

B. Agency Name

Address

City

Zip+4

State

Phone

D. Agency Name

Address

City

Zip+4

State

Phone

---

**INSURANCE COVERAGE**

---

1. Are any of your workers' compensation liabilities in California during the reporting period covered by a standard workers' compensation insurance policy?

Yes  No If Yes:

1. Name of Insurance Company:

Policy Number:

Policy Issue Date:

2. Name of Insurance Company:

Policy Number:

Policy Issue Date:

2. Are any of your workers' compensation liabilities in California during the reporting period covered by a specific excess workers' compensation insurance policy?

Yes  No If Yes:

1. Name of Carrier: Midwest Employers Casualty Co.

Policy Number: EWC006897

Policy Issue Date: 07/01/07

Retention Limit: 2,000,000

2. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

3. Do you carry an aggregate (stop loss) workers' compensation insurance policy?

Yes  No If Yes:

1. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

2. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

---

**OPEN INDEMNITY CLAIMS**

---

A. Attach a list of ALL Open Indemnity Claims by reporting location and by year reported and with claims in alphabetical order, or a computer prepared printout organized in the same format.

**Fiscal Year**  
**07/08**

NOTE: Claims Administrator  
Complete this page for ALL reports



**II. LIABILITIES BY REPORTING LOCATION**

Reporting Location Nos.: **A-7124-02-316**  
 Name of Master Certificate Holder: **City Of Costa Mesa**  
 Type of Report:

Original Report (Due October 1 each year)  Amended Report for the Period of:  Interim Report

From Date (mm/dd/yy) **07/01/07** To Date (mm/dd/yy) **06/30/08**

A. CASES AND BENEFITS (to nearest dollar)							
	Number	Incurred Liability		Paid to Date		Future Liability	
		\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical
1. Comparison of 2007-08 Estimated Future Liab-ty	64	2,688,570	6,867,992	2,279,695	4,885,944	506,875	2,202,046
2. Open & Closed Cases							
a. FY 2007-08 Total Cases Reported	123	1,889,203	1,107,383	1,727,780	875,489	161,423	128,664
FY 2007-08 Cases Open	12	692,443	689,271	631,020	530,487		
b. FY 2004-05 Total Cases Reported	107	287,941	309,477	279,189	232,634	19,762	76,638
FY 2004-05 Cases Open	9	144,181	179,914	125,429	103,175		
c. FY 2005-06 Total Cases Reported	81	408,028	228,255	380,298	133,527	47,730	89,328
FY 2005-06 Cases Open	12	168,928	146,815	121,198	83,487		
d. FY 2006-07 Total Cases Reported	89	330,117	424,828	225,678	156,117	106,541	288,211
FY 2006-07 Cases Open	16	309,440	380,482	202,909	112,281		
e. FY 2007-08 Total Cases Reported	110	544,679	435,671	327,234	183,194	217,445	283,377
FY 2007-08 Cases Open	66	527,704	418,204	310,259	131,827		
SUBTOTAL						\$ Indemnity	\$ Medical
TOTAL						660,788	3,052,467
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical)						3,913,233	
4. Total Benefits paid during FY 2007-08 (including all case expenditures):						\$ Indemnity	\$ Medical
5. Number of MEDICAL-ONLY cases reported in FY 2007-08:						67	
6. Number of INDEMNITY cases reported in FY 2007-08:						69	
7. TOTAL of 5 and 6 (also entered in 2c above):						110	
8. TOTAL number of open indemnity cases (all years):						150	
9. Number of Fatality cases reported in FY 2007-08:						6	
10. (a) Number of FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:						11	
10. (b) Number of non-FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:						1	

Fiscal Year  
**07/08**

**A. NAME OF ADMINISTRATOR(S)/ADMINISTRATING AGENCY(IES) SUBMITTING THIS REPORT.**

1. Name (Person) Alan B. Schiller

Administrative Agency's

Agency Name Corvel Corporation

Certificate No.: 316

Address 14275 Pipeline Avenue

or  Self Administered

City Chino

State CA Zip+4 91710

**B. HAS THERE BEEN A CHANGE IN ADMINISTRATOR/ADMINISTRATIVE AGENCY DURING THE PERIOD OF THIS REPORT PERIOD?**  YES  NO

IF YES: DATE OF CHANGE:

TYPE OF CHANGE:

Change in Administrative Agency

Change to or from Self Administration

NAME OF NEW ADMINISTRATOR(S)/ADMINISTRATIVE AGENCY(IES):

Name

Agency Name

Address

City

State

Zip+4

**CERTIFICATION**

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this liabilities report of this self insurer's workers' compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the workers' compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of workers' compensation claims made in this report reflect the administrator's best judgment as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Original Signature of Administrator (Qualified Person)

Date: 07/16/08

*Alan B. Schiller*

TYPED NAME OF ADMINISTRATOR

Administrator's First Name: Alan

MI: B.

Last Name: Schiller

Title: Claims Manager

Name of Administrative Agency or Employer: Corvel Corporation

Street Address: 14275 Pipeline Avenue

City: Chino

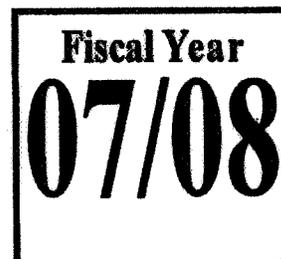
State: CA

Zip+4: 91710

Phone No. of Administrator: (909) 203-4101

Fax No.: (866) 401-8636

E-mail Address of Administrator: alan\_schiller@corvel.com



NOTE: Complete both sides of this page for ALL annual reports

State of California  
Department of Industrial Relations  
Self Insurance Plans  
2265 Watt Avenue, Suite 1  
Sacramento, CA 95825  
Web site: <http://slp.dir.ca.gov>  
E-mail: [slp@dir.ca.gov](mailto:slp@dir.ca.gov)



### PUBLIC SELF INSURER'S ANNUAL REPORT

#### I. GENERAL - To be completed by the employer

<b>1. CERTIFICATE NUMBER:</b> A-7114-02-318 <input checked="" type="checkbox"/> Active <input type="checkbox"/> Revoked	<b>2. PERIOD OF REPORT:</b> <input checked="" type="checkbox"/> Full Year <input type="checkbox"/> Interim/Amended Report for the Period of 07/01/07    06/30/08 <small>From Date (mm/dd/yy)    To Date (mm/dd/yy)</small>
---	---

**3. NAME OF MASTER CERTIFICATE HOLDER**

NAME: City of Newport Beach	FEDERAL TAX ID NUMBER: 95-6000751
ADDRESS: 3300 Newport Blvd.	
CITY: Newport Beach	STATE: CA
ZIP+4: 92663	

**4. TYPE OF PUBLIC AGENCY:**

<input checked="" type="checkbox"/> CITY/COUNTY	<input type="checkbox"/> POLICE/FIRE	<input type="checkbox"/> TRANSIT
<input type="checkbox"/> SCHOOL	<input type="checkbox"/> HOSPITAL	<input type="checkbox"/> OTHER

**5. During the period of this report, has there been any of the following with respect to the master certificate holder, subsidiary, affiliate, JPA's or its member agencies?**

A merger or unification?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Changes in name or identify	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Any addition to Self Insurance Program?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, explain:  
 [Redacted]

**6. TOTAL EMPLOYMENT AND WAGES PAID IN FISCAL YEAR 2007-2008 FOR THIS SELF INSURER:**

(a) NUMBER OF EMPLOYEES [Redacted]  
 (Number of individual employees listed on DE-6 for year ending June 30, 2008)

(b) TOTAL WAGES AND SALARIES PAID \$ [Redacted]  
 (As reported on EDD Form DE-6 Line M for all four quarters)

**7. TO WHOM DO YOU WANT CORRESPONDENCE ADDRESSED?**

TITLE: [Redacted] FIRST NAME: [Redacted] MI: [Redacted] LAST: [Redacted]

COMPANY NAME: [Redacted]

ADDRESS: [Redacted]

CITY: [Redacted] STATE: CA ZIP+4: [Redacted]

PHONE: [Redacted] FAX: [Redacted]

E-MAIL ADDRESS: [Redacted]

**8. CERTIFICATION BY AGENCY OFFICIAL:**

I declare under the penalty of perjury that I have examined this Self Insurer's Annual Report and to the best of my knowledge and believe it is true, correct and complete.

SIGNATURE (Original Only): [Redacted] DATE: 09/05/08

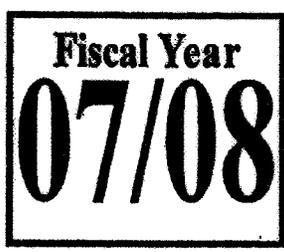
TYPED NAME: [Redacted]

AGENCY NAME: [Redacted]

STREET ADDRESS: [Redacted]

CITY: [Redacted] STATE: CA ZIP+4: [Redacted]

PHONE: [Redacted] FAX: [Redacted]





**NOTE: Self Insured Employer**  
Complete this page on ALL reports.

**RECORDS STORAGE**

1. Are claim records stored at any location other than with the current administrator?

Yes  No If yes, Where? City of Newport Beach HR 9300 Newport Blvd., Newport Beach, CA

<b>A. Agency Name</b> _____	<b>C. Agency Name</b> _____
<b>Address</b> _____	<b>Address</b> _____
<b>City</b> _____ <b>State</b> _____	<b>City</b> _____ <b>State</b> _____
<b>Zip+4</b> _____ <b>Phone</b> _____	<b>Zip+4</b> _____ <b>Phone</b> _____
<b>B. Agency Name</b> _____	<b>D. Agency Name</b> _____
<b>Address</b> _____	<b>Address</b> _____
<b>City</b> _____ <b>State</b> _____	<b>City</b> _____ <b>State</b> _____
<b>Zip+4</b> _____ <b>Phone</b> _____	<b>Zip+4</b> _____ <b>Phone</b> _____

**INSURANCE COVERAGE**

1. Are any of your workers' compensation liabilities in California during the reporting period covered by a standard workers' compensation insurance policy?

Yes  No If Yes:

<b>1. Name of Insurance Company:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	
<b>2. Name of Insurance Company:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	

2. Are any of your workers' compensation liabilities in California during the reporting period covered by a specific excess workers' compensation insurance policy?

Yes  No If Yes:

<b>1. Name of Carrier:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	
<b>Retention Limit:</b> _____	
<b>2. Name of Carrier:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	
<b>Retention Limit:</b> _____	

3. Do you carry an aggregate (stop loss) workers' compensation insurance policy?

Yes  No If Yes:

<b>1. Name of Carrier:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	
<b>Retention Limit:</b> _____	
<b>2. Name of Carrier:</b> _____	<b>Policy Issue Date:</b> _____
<b>Policy Number:</b> _____	
<b>Retention Limit:</b> _____	

**OPEN INDEMNITY CLAIMS**

A. Attach a list of ALL Open Indemnity Claims by reporting location and by year reported and with claims in alphabetical order, or a computer prepared printout organized in the same format.

**Fiscal Year**  
**07/08**

NOTE: Claims Administrator  
Complete this page for ALL reports



**II. LIABILITIES BY REPORTING LOCATION**

Reporting Location No.: **A-7114-02-316**  
 Name of Master Certificate Holder: **City Of Newport Beach**  
 Type of Report:

Original Report (Due October 1 each year)  Amended Report for the Period of  Interim Report

**07/01/2008** **08/30/2008**  
 From Date (mm/dd/yy) To Date (mm/dd/yy)

**A. CASES AND BENEFITS (to nearest dollar)**

	Number	Incurred Liability		Paid to Date		Future Liability	
		\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical
<b>1. Compensated Cases Reported</b>	<b>507</b>	<b>1,029,262</b>	<b>2,408,671</b>	<b>1,029,262</b>	<b>2,408,671</b>	<b>1,029,262</b>	<b>2,408,671</b>
<b>2. FY 2007-08 Total Cases Reported</b>	<b>1,472</b>	<b>346,025</b>	<b>336,332</b>	<b>346,025</b>	<b>336,332</b>	<b>346,025</b>	<b>336,332</b>
<b>3. FY 2007-08 Open Cases</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>4. FY 2007-08 Total Cases Reported</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>5. FY 2007-08 Open Cases</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>6. FY 2007-08 Total Cases Reported</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>7. FY 2007-08 Open Cases</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>8. FY 2007-08 Total Cases Reported</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>9. FY 2007-08 Open Cases</b>	<b>1,421</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>	<b>116,344</b>	<b>336,332</b>
<b>10. (a) Number of FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:</b>	<b>142</b>						
<b>10. (b) Number of non-FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:</b>							
<b>SUBTOTAL</b>						<b>2,407,619</b>	<b>2,160,360</b>
<b>TOTAL</b>						<b>2,407,619</b>	<b>2,160,360</b>
<b>3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical)</b>						<b>1,169,869</b>	<b>1,508,196</b>

- 4. Total Benefits paid during FY 2007-08 (including all case expenditures):
- 5. Number of MEDICAL-ONLY cases reported in FY 2007-08:
- 6. Number of INDEMNITY cases reported in FY 2007-08:
- 7. TOTAL of 5 and 6 (also entered in 2c above):
- 8. TOTAL number of open indemnity cases (all years):
- 9. Number of Fatality cases reported in FY 2007-08:
- 10. (a) Number of FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:
- 10. (b) Number of non-FY 2007-08 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2007-08:

**Fiscal Year**  
**07/08**



**EXHIBIT B**

**RESPONSE AND SCOPE OF SERVICES**

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***Note: Prior to reviewing our RFP response, please read the following carefully.***

**CORVEL ENTERPRISE COMP, INC.**

**CONFIDENTIAL TREATMENT REQUESTED**

Pursuant to the City of Costa Mesa and the City of Newport Beach Request for Proposal ("RFP") #1134 for Third Party Administration of the Worker's Compensation Program due September 4, 2009, CorVel Enterprise Comp, Inc., a wholly owned subsidiary of CorVel Corporation ("CorVel") hereby provides its statement regarding Requests for Confidentiality of Proposal pursuant to the California Public Records Act § 6254, as stated on page 16 under Section 8 "Public Record" of the RFP.

CorVel hereby states that certain confidential information shall be attached under this RFP which shall fall under the section of the California Code of Regulations, Title 10, § 250.10(a)(1) whereby it defines and provides a exemption for Confidential Information being provided under this RFP bid proposal as "Information which is of a proprietary business nature and is in fact confidential, including but not limited to trade secrets" and also §250.10(a)(2) which is defined as "Information which is of a confidential business nature and which is in fact confidential, the release of which would be damaging or prejudicial to the business concerned". These exempt trade secret documents that CorVel shall provide as part of the RFP shall be marked to read "CONFIDENTIAL INFORMATION" and must be treated as such as defined under the California Code of Regulations and not be disclosed publicly under this RFP.

CorVel hereby represents that pursuant to the California Code of Regulations, Title 10, § 250.10(b)(1-7) it is fully in compliance with its obligations for approval of its request for the Confidential Information being protected as stipulated in the above referenced code.

September 4, 2009

The City of Costa Mesa  
City Clerks Office  
P.O. Box 1200  
Costa Mesa, CA 92628

Dear Cities,

CorVel Corporation has had a partnership with the City of Newport Beach and the City of Costa Mesa since September 1, 1995, in providing comprehensive worker's compensation third party administration services. CorVel values this partnership and is committed to continuing it and making it even better and stronger.

Since the inception, the program has entailed a dedicated staff, in-house training sessions, regularly scheduled meetings with the cities Risk Management staff, quarterly file reviews and spirited interaction with cities' staff and ancillary service providers. We look forward to continuing our partnership with the City of Newport Beach and the City of Costa Mesa and are confident that you will conclude that our company has the financial strength as well as the products and service delivery that you are seeking.

It is CorVel's intention to demonstrate that our experience, technology and local service will support your Third Party Administration challenges. The Cities will also find that our pricing is competitive and commensurate with our level of service.

The program delineated in your Request for Proposal, and duly responded to by CorVel, can be best evaluated by considering a few general components. These components include:

- Customer service – CorVel offers customized, quality services measured by objective, performance driven standards. We are committed to high standards of excellent customer service available 7 days a week, 24 hours a day.
- Care<sup>MC</sup> – CorVel's comprehensive claims management system and portal, [www.caremc.com](http://www.caremc.com) offers industry leading claims automation with real time access to key information in order to keep employers ahead of their costs.

CorVel is excited to continue enhancing the program for the City of Newport Beach and the City of Costa Mesa. We are committed to continue investing in the partnership and hope this is clearly reflected in this proposal to you.

Sincerely,

  
Scotty Benton  
Area Vice President

**A. Method of Approach**

The Scope of Work of this solicitation includes the specific requirements that the Cities will consider in the evaluation of proposals received. Respondents shall respond to all requirements in the order in which they are presented.

**Proposal Content**

**The proposal shall state that the Administrator will perform the required professional services in accordance with the specifications set forth in the RFP. Any exceptions shall be clearly stated. Otherwise, the Cities will consider the successful respondent to be responsible for compliance with all items offered.**

CorVel agrees to perform the required professional services in accordance with the specifications set forth in the RFP.

**Program Administration**

**Describe how your firm will keep Cities advised of changes and/or proposed changes in statutes, rules and regulations and case law affecting the worker's compensation program.**

CorVel currently coordinates with the Cities to develop training programs customized to their needs. These sessions incorporate teaching Workers' Compensation guidelines through in-person and outside seminars, regular updates of California Case Law changes as well as impromptu needs expressed by the cities.

CorVel will be designating an Account Manager in addition to existing CorVel staff currently servicing the Cities. The Account Manager will provide updates, bulletins and newsletters. The Account Manager will also coordinate a variety of mass training options including online webinars, conference calls and onsite training.

**Describe you firm's risk management training and related seminar program(s) offered to Cities' staff.**

CorVel has coordinated with the cities to develop training programs customized to their needs. These planned sessions include Workers' Compensation 101 training, attendance at department meetings and vendor panel revision meetings.

**Describe how your firm offers assistance in developing policies and procedures relating to the workers compensation claims program as well as information and guidance regarding specified claims.**

The CorVel Claim Supervisor, Alisha Baca meets regularly with the city's staff to discuss current claim status' and action plans to resolve these claims. During these collaborative meetings, policies and procedures are often times amended to the claims handling guidelines in order to continually improve the program.

**Does your firm offer representation at, but not limited to; Board of Appeals hearings, status conferences, depositions and court appearances? If so, please describe your method of approach.**

When notified of a hearing before the Workers' Compensation Commission, a Board of Appeals hearing, status conference, depositions and court appearances, CorVel staff is available to attend these hearings with the assigned defense attorney. CorVel has and will continue to attend hearings at the Workers' compensation Appeals board set for settlement adequacy. CorVel provides necessary information should the attorney desire justification for a denial, or clarification concerning a file note.

### **Claims Administration**

**Describe your firm's procedures during the first 24 hours following your receipt of the Employer's First Report of Injury.**

The Cities claims are entered into the claim system directly by the city's staff. Regularly, the city's staff and the claims supervisor will communicate on a new claim before the claim is filed. This frequently allows a 3-point contact to begin or be completed prior to the claim being created in the claims system.

Every new claim is reviewed by the claims supervisor and discussed with the city's risk management personnel to determine the plan of action and investigation focus. Claims involving certain issues must have a detailed initial investigation performed and require clear detailed file documentation addressing compensability, possible exposure and outlining the future course of action.

Investigation begins within 24 hours. Contact with the employee, employer, and physician (three point contact) must be initiated within 24 hours and completed within 48 hours.

Situations preventing completion within 48 hours must be documented and additional efforts must be made to contact each claim stakeholder, including the use of email and regular mail (certified letter to the injured worker.)

**Describe your firm's method of approach for maintenance of its Utilization Review Process and/or your practices with outside vendors contracted with Cities for Utilization Review services.**

CorVel's utilization review program provides prospective, concurrent and retrospective review of all the treatments, including others such as home care, durable medical equipment, and supplies. CorVel uses its experienced staff of Professional Case Managers, board certified Medical Directors, medical treatment protocols, expert systems technology, and our panel of board certified peer review physicians to determine the medical appropriateness of care as well as frequency, duration and setting. The goal of our utilization review program is to avoid unnecessary treatments and their associated costs and to ensure high quality, timely, cost effective medical care for injured workers.

Key utilization review features include:

- Medical treatment plan review
- Patient referral to select CorVel PPO providers
- Pre-certification of an admission and approval of a specific length of stay after clinical information is received showing medical necessity criteria are met
- Coordination of discharge planning, DME, and other services
- Timeliness of service: compliance with California legislation
- A copy of the confirmation letter to the provider, claimant and claims administrator of any certification or denial

CorVel also works with outside Utilization Review vendors contracted with the Cities to determine the medical appropriateness of care.

**Describe your firm's method of approach for investigating and recommending independent special investigations of questionable claims. Include how this will be coordinated with the Cities.**

At CorVel, every claim is investigated. However, care is taken to eliminate overuse of outside investigators. In many cases, AOE/COE issues are resolved by CorVel claims professionals during our three-point contact process.

In cases where the cities have substantial questions concerning the legitimacy of a claim, CorVel utilizes the panel of investigation firms, designed by the cities with the help of CorVel, for investigative services to support a potential denial. By having a concrete statement in hand, we are able to solidify the facts early on so that they do not change in the future.

No referral to an outside investigator is assigned without prior authorization from the Cities. Our current investigation process begins with close communication between the cities' staff and the claims supervisor. Once an agreed to action plan and goals are established, CorVel refers the case to a panel investigator. The referral includes specific investigation goals and timelines for completion of those goals.

**Describe how your firm has language translators readily available to assist with non-English speaking claimants.**

Many of CorVel's staff, handling the cities' claims, speak Spanish fluently. Many of the staff, in the claims office, speak a multitude of languages to include: Spanish, French, German, Tagalong, Japanese and Swahili. CorVel also has translation services available to cover any language needs that may arise.

**Describe your firm's multi-lingual capacity and disability access capabilities.**

CorVel has a multi cultural staff capable of assisting and translating languages such as: Spanish, French, German, Tagalong, Japanese and Swahili.

All CorVel offices are easily accessible and built in accordance with current disability accommodation codes.

**Describe your firm's ability to provide Medicare Agent Services and the required reporting (including Section 111 of the Medicare, Medicaid & SCHIP Extension Act (MMSEA) of 2007).**

**Medicare Agent Reporting**

CorVel offers solutions to help you manage the requirements mandated by the Centers for Medicare and Medicaid Services (CMS). Our existing Medicare services have been expanded to assist our clients comply with new CMS reporting legislation. As an assigned agent, CorVel can provide services for Responsible Reporting Entities (RRE) such as insurers, third party administrators and employers. As an experienced information processing provider, CorVel will electronically submit files to the CMS in compliance with timelines and reporting requirements.

**A Summary of our Agents Services:**

- CorVel's MSA reporting solution has the Cities to receive data both through electronic file transfer and manual entry, integrating the data seamlessly into a web based form.

- If the claims have not been confirmed by the Cities with CMS as Medicare eligible, CorVel will queue the claims for the monthly query report, automatically informing the administrator when a claim is tagged as reportable.
- Alerts, notifications, and work queues are all managed from the web interface, letting the user know what data is missing or not compliant for any record, as well as incorporating a custom work calendar based on the Cities' quarterly report date and their preferences for when the data should be finalized.
- Once the data has been finalized and the report sent, CorVel will integrate the response file back into the work queue, automatically notifying the administrator of any compliance issues or missing data. If required by CMS, the claim will be queued again for reporting once the problem elements have been corrected.
- CorVel handles all ongoing medical responsibility (and other long-term) claims appropriately, re-queuing them for the eligibility query through the duration of the claim (if they are not immediately eligible), as well as setting a final report date for those eligible claims with a terminable ORM.
- CorVel offers reporting technology to provide statistics on report submissions, missing data, and compliance issues, as well as varying elements of the claim data, CorVel also offers the Cities to provide a copy of the actual report and its response directly back to the Cities.

#### Medicare Set Aside (MSA)

CorVel's Medicare Set Aside (MSA) services offer a complete solution from development and submission of the Medicare Set Aside Allocation Report through the completion of final settlement documents. By compiling, analyzing and summarizing extensive amounts of medical data, CorVel is able to reduce the amount of time and money spent preparing for the application process of a MSA while advocating quality care for patients.

CorVel has been providing Medicare Set Aside Services since 2001 and have a long standing relationship with the Centers for Medicare/Medicaid Services (CMS). We are experienced in the MSA requirements and our nurses are certified Medicare Set Aside Consultants and Life Care Planners, and are members of National Alliance of MSA Professionals.

Our experience leads to decreased settlement costs, low defensible set aside amounts and quick turnaround times. CorVel provides ongoing communications with all interested parties and expedited settlement agreements. In addition to providing Medicare Set Aside Services, we have expanded our solution to help our clients comply with the new CMS

reporting legislation. As an experienced information processing provider, CorVel can electronically submit files to the CMS in compliance with timelines and reporting requirements.

**Medical Service and Expenditures**

**Describe your firm's capacity to establish, maintain and manage an interest bearing trust account for each City; to facilitate the Cities as co-signers on their respective accounts; and the Administrator providing copies of check registers and checks (at Cities' option) from the account.**

CorVel maintains a checking trust account funded by the Cities to be used for guaranteed timely payments of all legitimate and authorized expenses associated with handling the Cities claims. These include medical bills, TTD payments, TPD payments, legal fees, investigation costs, rehabilitation expenses and other allocated loss expenses.

CorVel has the capacity to: establish and maintain an interest bearing checking account and facilitate the Cities as co-signers on their respective accounts. Currently, CorVel provides copies of check registers and checks to the city in accordance with the service agreement.

**Describe your firm's method of approach to assist Cities in developing a Medical Provider Network, as well as a panel of physicians for the first treatment of employee injury or illness, and recommend a panel of medical specialists for treatment requiring long-term or specialty care.**

CorVel offers a proprietary Medical Provider Network (MPN) to our clients.

CorVel Corporation has been certified by the State of California since 1997 to provide managed care programs to injured workers of California. As a certified existing Health Care Organization (HCO), CorVel's Medical Provider Network (MPN) is fully compliant with all aspects of the new laws and has been seamlessly transitioned. To date, CorVel has received over 80 MPN approvals from the Division of Workers' Compensation for both insurance carriers and self insured employers, and the number is climbing. CorVel's MPN offers an extensive network of preferred providers that specialize in occupational medicine to assist your employees throughout their episode of care.

Through our user friendly, online MPN Directory, CorVel offers a direct channeling to our network of over 46,000 providers statewide. The MPN Directory allows you to build a customized list of providers based on your specific geographic location and doctor specialties.

CorVel works closely with its customers to ensure maximum usage of the PPO network. Network channeling occurs along all points of the managed care continuum, beginning having adequate provider panels posted at the Cities locations. Also, CorVel works with all treating physicians to make sure all specialty referrals direct to an in-network provider. Every time provider channeling occurs during the course of treatment, it is noted within the system.

CorVel offers many channeling tools to its customers including online provider look up, demographic file downloads, online directories, a toll free scheduling number, a provider inquiry email, a toll free provider inquiry line and an on-line referral process. Also, CorVel network providers are contractually obligated to refer to other network providers whenever possible and according to state laws.

CorVel's online provider look-up functionality also includes enhanced features for the specialized needs of our customers. Features include printable directories and customized provider panels. Specific directories, based on physician specialty or geographic location can be generated directly by the customer and printed instantly for a readily available reference.

Clients can also hand select a panel of preferred providers for any given location, print the pre-formatted one page panel and post as any easy access resource guide for employees. The panel and directories are customized with the customer's name and location(s). These enhanced services pro-actively assist our customers in directing employees to preferred care providers. CorVel can provide The Cities a link to our network directory for easy access to employees, Occupational Benefit Specialist and the Cities treating providers.

**Describe your firm's approach to managing claims for nurse case management services (NCM) for assistance in medical control of the claim or for consultation.**

CorVel currently works closely with the Cities to ensure nurses preferred by the cities are utilized at all times. We work closely with the city and the nurse assigned to a claim to ensure medical control of the claim is maintained.

The Telephonic Case Manager (TCM) impacts the direction of the case, focusing on early return to work, Permanent & Stationary medical status and appropriate duration of disability. Facilitation of appropriate treatment, aggressive negotiation with medical providers and directing the care of the injured worker continues to be the Case Manager's role until the closure criteria is met.

When a claim requires an onsite referral, a Field Case Manager, agreed to by the cities, is assigned to the claim.

**Describe your firm's method of approach to determine eligibility for disability and to authorize payment of medical benefits.**

CorVel makes a preliminary determination of compensability in accordance with California Labor Code, within the first two business days from receipt of the Employer's Report of Injury. If a question arises regarding compensability in the initial review stage or at a later stage, CorVel initiates an investigation to further explore compensability, through contacts as appropriate with the injured worker, employer, provider, witnesses and any other indicated persons or resources. The decision and notification to either accept or deny a claim will be made within time frames mandated by California Labor Code. If there are any questions regarding compensability, we follow mutually agreed to protocols for review and discussion with The Cities.

Medical bill payments are first reviewed by the claim specialist for accuracy and appropriateness. The specialist then forwards the authorized bill to bill review for reduction. Bill review automatically downloads recommended payment amounts to the claims system for final review, approval and issuance by the claims specialist. The City regularly receives a payment register to include all payments made during the specified period.

**Transition**

**Provide a proposed Transition and Implementation Plan, containing all necessary tasks and deliverables as well as specific milestones to accomplish the transition and conversion of all claims currently in the Cities' Administrator's system to the Respondent's management system.**

- 1. A detailed timetable for initial set-up and transition process.**
- 2. Proposed detailed procedures for initial set-up and transition process.**
- 3. Describe your firm's data processing methodology and staff experience with converting claims and financial data from former TPA's to your management system.**
- 4. Describe your firm's disaster recovery plan to demonstrate how you will recover lost data and utilize alternate resources in the event of such an occurrence.**

As the current administrator of City of Costa Mesa and Newport Beach claims no transition is needed.

**B. Price Proposal**

**Proposal Pricing**

**Respondent is to include a price quote with the proposal to perform the**  
CorVel Corporation Page 12 Costa Mesa & Newport Beach  
Third Party Claims Administration

required services indicated in the RFP. The proposal pricing should be quoted in a way that divides the billing adequately for each separate City in an equitable and proportionate manner. Any of the methods offered may be accepted by the Cities or this may be negotiated further with the selected firm.

Please see Page 20 for CorVel's pricing plan.

### **C. Support & Services**

#### **Dedicated Claims Unit and Assigned Personnel**

**All proposals shall provide information on support services and will include details for a dedicated staff sufficient to administer the Cities' WC Claims. Provide a staffing plan and outline the core responsibilities of and tasks undertaken by each member with respect to each City.**

CorVel is dedicated to continue providing the Cities with an experienced staff that will exceed the Cities expectations. CorVel's associates not only demonstrate technical competency, but have a proven track record in customer service skills.

All Claim Specialists of the CorVel staff that are currently on the Cities' team have their Self Insured Certification and are certified as experienced claims adjusters.

The following team of CorVel colleagues currently handles the Cities' claims. Each will continue working with cities.

Scotty Benton – Area Vice President  
Alan Schiller – Branch Manager  
Alisha Baca– Claims Supervisor  
Laura Lopez – Senior Claims Specialist  
Lisa Herron – Senior Claims Specialist  
Nestor DeLoen – Senior Claims Specialist  
Cassandra Tortora– Claims Assistant  
Mike Possehl – Account Manager

#### **Claims Supervisor**

Alisha will continue to supervise the handling all of the Cities' claims to include the work in the specified tasks. She will endeavor to retain the current team dedicated to the Cities' claim handling and continue to have the support of the Branch Manager, Account Manager and Executive Management of CorVel Enterprise Comp.

#### **Senior Claims Specialist**

The Senior Claims Specialists assigned to the Cities' files all have a minimum of 5 years' experience. They are dedicated to the more complex claims where significant outstanding exposure remains. Senior examiners work closely with the Cities staff on ensuring aggressive treatment protocols are adhered to and

the City's modified and permanent return to work program is fully utilized.

**Claims Assistant.**

Cassandra has three (3) years experience and handles only claims with no compensable lost time suffered where treatment costs are below \$2,000. She focuses on timely authorization and payment of medical treatment to facilitate speedy recovery of the City's injured employees.

**Consultation**

**Describe your firm's service in contacting City employees to explain Worker's Compensation notices and other required forms and letters. Include how your firm would provide guidance and information regarding, but not limited to, permanent disability ratings, the Qualified Medical Examiner process and the settlement of claims.**

CorVel currently communicates with the injured workers at every stage of the claim from inception to closure. This would include initial communication to determine compensability, explanation of benefits and/or procedures during an initial investigation. Ongoing communication includes any changes in disability or medical status that would require a return to work or lost time from work. Communication with the injured worker is maintained during the latter portion of the claim to include direction to the injured workers on issues related to scheduling final medical examinations, Permanent & Stationary status, Qualified Medical Examiner policies and procedures, permanent disability ratings as well as settlement options and expectations.

CorVel has found that this level of active communication has led to reduced litigation and associated reduction in overall claims costs.

**Litigation Management**

**Describe your firm's service in assisting in the selection of defense and subrogation counsel.**

CorVel has worked closely with the cities to establish and improve their panel of defense and subrogation counsel. Interviews of perspective attorney's have been coordinated by CorVel with the cities. This has led to more responsive attorney correspondence and more effective litigation management. CorVel continues to work closely with The Cities in evaluating legal counsel and making recommendations regarding suitable panel attorneys.

**Describe your firm's approach to sub-rosa activities with regards to cases.**

As with all investigation referrals, it is our practice to discuss any sub-rosa activities with the Cities contact prior to the assignment. Some examples in which we may engage in sub-rosa include:

- We have reason to believe that the injured worker is working while collecting temporary disability or salary continuation.
- We have reason to believe that the injured worker is engaging in activities outside of their restrictions.
- The injured worker's permanent disability is grossly inconsistent with reported activities or the objective findings.

CorVel does not recommend sub-rosa assignments on files with very little potential exposure. Usually sub-rosa investigations are reserved for those cases where we expect a high cost benefit ratio of return for our clients. All sub-rosa assignments are discussed with the cities to obtain their approval prior to referral. Any request by the cities for sub-rosa is honored. CorVel currently refers to sub-rosa vendors in accordance with the established account instructions, and will honor any vendor selection by the cities for case referrals. As with all investigations, sub-rosa assignments are to be completed and submitted in a timely manner.

**Describe your firm's service in maintaining a litigation management budget for each litigated file and how controls and procedures are established to contain claim defense costs.**

Each claim has different defense requirements and may necessitate a different attorney with specialized experience. For this reason CorVel does not pay retainer fees in order to have an attorney available. All fees and charges for defense are paid from the appropriate claim file.

An action plan is agreed upon with the attorney including activities necessary, time frame for completion of those activities and anticipated expenses. If there are activities such as requesting medical records or photocopying, those are done by the Claims Adjusters. The Claims Adjuster closely monitors ongoing activity and expense. Control of the file is never transferred to the attorney.

#### **Information Management and Reports**

**Demonstrate or describe your firm's capacity to provide a computer generated loss run analysis/summary report by the 5th business day of the following month covering activities on all new claims reported, containing as a minimum, the following information:**

- Listing of open claims by department.
- Listing of open claims alphabetically by claimant.

- o **Listing of denied claims by department.**

CorVel currently provides the cities with a battery of reports between the first and the tenth of each month per the existing servicing agreement. CorVel has the capacity to deliver these reports on the 5<sup>th</sup> business day of each month. The current reports provided include:

- All Open Claims
- Open Indemnity claims
- Open Medical Only Claims
- Open Claims by Department
- Open Police Department Claims
- Open Fire Department Claims
- Monthly Closed Claim Log

Please see Attachment A for report examples.

**Demonstrate or describe your firm's capacity to provide Cities on the first workday of each month the following statistical information for the previous month:**

- o **Number of closed files**
- o **Number of new files**
- o **Number of open files by category of Medical Only, Indemnity and Maintenance cases**
- o **Number of claims assigned to each member of the dedicated unit**
- o **Settlement Award Log**
- o **Litigation Assignment Log**
- o **Penalties Log**

CorVel has the capacity to provide the reports listed above. Should the Cities desire these reports on a monthly basis, they can be provided on the first workday of each month.

**Describe capacity to provide special reports on demand, at no additional charge, such as injury analysis by age, site, occupation, cause, body part, years of service, fiscal year and calendar year reports for insurance renewals, OSHA Logs, etc.**

CorVel has a large selection of ad-hoc reports through our claims systems. The Cities are currently clients of CorVel and provide these reports as needed by the

Cities. If the cities wish to have additional reports that are not available CorVel will create those reports at no additional cost. An example of non-standard reports is the OSHA logs provided to the Cities as needed.

**Demonstrate or describe your firm's capacity to provide the Cities with quarterly reports beginning on January 1, containing the following information on open claims with total incurred exceeding \$100,000:**

- o Claimant's Name
- o Date of injury
- o Reinsurance Carrier(s) Self-Insured Retention Level
- o Total Incurred
- o Total Paid
- o Total Reserves

CorVel has the ability to provide the Cities with quarterly reports beginning January 1 containing all of the information listed above.

### **Financial Management**

**Demonstrate or describe your firm's capacity to provide the following:**

**With respect to each City's Worker's Compensation Trust Fund, it shall be the responsibility of the Workers' Compensation Administrator to:**

- **Report to the Cities at least monthly, or as needed, of charges against the fund, and obtain reimbursement to maintain the fund at an appropriate level determined by the Cities.**

CorVel maintains a checking trust account funded by the County to be used for guaranteed timely payments of all legitimate and authorized expenses associated with handling the County claims. CorVel currently provides the Cities a report of charges against the fund and seeks reimbursement to maintain the fund at the level determined by the cities.

- **Issue vouchers to Cities from the Trust Fund in those instances where an employee is paid directly by the Cities; Labor Code 4850 pay, temporary total disability benefits, or salary continuation in lieu of temporary disability benefits.**

CorVel currently issues vouchers to the cities from the Trust fund and will continue to do so in accordance with the Cities' instructions.

- **Establish procedures and necessary documentation enabling**

**Cities to write checks for payment of benefits or to have Administrator draw checks for payment of benefits on an appropriate account of Cities.**

Checks are prepared daily to cover claims expenses. A Check register is then forwarded to the Cities for transfer into the trust account. It is CorVel's policy to pay all bills within fourteen days of receipt to avoid double payments and potential penalties. The Cities Trustee accounts maintain a minimum funding amount that allows payments to be issued, by CorVel, within agreed to timelines.

CorVel has the capacity to issue vouchers for all payments therefore enabling the cities to write checks for payments, should the Cities prefer this arrangement.

- **If requested, provide each City's accounting office with one (1) copy of each City's check register and all voided checks, etc.**

CorVel agrees and will comply with the request to provide a check register and all voided checks.

**Describe your firm's program to periodically review all Trustee accounts to determine if initial deposit is adequate for handling the dollar volume. In such instances where it is determined that deposit is inadequate, Administrator's accounting office shall submit a report with a recommendation for an increase to the Trustee account based on this review. Cities' reimbursement payments should reach Administrator's office within ten (10) days from the date of Administrator's request in order to maintain a continuous flow of checks issued throughout the month.**

The Cities' trustee accounts are continually monitored to ensure an adequate balance is maintained. Under normal operations, the trustee account has maintained an adequate balance. When a large settlement has been agreed to and will exhaust the fund, the Cities are notified of the needed funding amount and payment has been made in order to maintain a continuous flow of checks.

**Describe or list any affiliations or financial arrangements your firm has with any medical service providers, medical bill review services, investigators, copy service providers, defense attorneys, annuity companies and excess insurance companies. Respondent must disclose any financial arrangements with any of these affiliations.**

CorVel has no affiliations or financial arrangements with any vendor or service provider.

**D. Qualifications & Experience**

**Provide resumes for key personnel that will be managing the Cities' account. Include copies of Self- Insured Certificates.**

Please see Attachment B for CorVel's resumes and Self-Insured certificates of key personnel.

**References:**

Respondents are to provide a minimum of three (3) letters of reference, preferably from local public entities of comparable size to the City of Costa Mesa and City of Newport Beach programs, for which the respondent has provided services of a similar scope as set forth in this RFP, within the past three years. The letters should address the following questions:

1. Is (respondent name) currently administering a self-insured program for you? If no, have they administered a program for you in the last three years?
2. If they are a past provider, why did you change providers?
3. How long did they administer your program?
4. Approximately how many employees are covered in your self-insured plan?
5. Per year of the contract, how many open claims does (respondent name) administer for you?

Reference	Current Claims Administration	Program Start Date	Employee Count	Open Claim Count
City of Pasadena	Yes	August, 2005	2,473	295
Good Samaritan Hospital	Yes	July, 2004	1,997	88
City of Upland	Yes	July, 2003	454	32

Please see Attachment C for Letters of Reference.

**PROPOSAL PRICING**

Pricing quote must be proportionate based on each City's respective workloads as indicated in the Background section on page 4 of the RFP document.

All fees for service must be clearly identified in the response to this RFP. For each item listed that is not included in the base price, provide the annual charge (if applicable) and the basis for the fee.

	City of Costa Mesa	City of Newport Beach
<b>Base Price:</b> Specify how the base price is computed, i.e. flat fee or price per claim. Please attach a staffing cost breakdown for each city. Include any minimums and maximums, and any special services included in the base price.		
Fiscal Year 2010	\$ 230,890	\$ 252,311
Fiscal Year 2011	\$ 237,817	\$ 259,880
Fiscal Year 2012	\$ 244,952	\$ 267,676
<b>Adjustments:</b> Adjustments to base price or optional services. Include any one-time costs, if any, for additional services, including data transfer.	CorVel will discount the by 15% if CorVel handles including Bill Review. \$	Claims Administration the entire program \$
Any services considered to be allocated expenses and not covered under the base price.	Index fees, Attorney fees, etc. will be charged to the respective file. \$	\$
<b>Program Implementation:</b> Include one time costs, if any, for administration of existing claims (runoff of old claims)	Not Applicable \$	Not Applicable \$
Data Conversion	\$ N/A	\$ N/A
Customization of reports	\$ 0	\$ 0
On-site computer terminal access	\$ 0	\$ 0
Special reports	\$ 0	\$ 0
Preparation of 1099's	\$ 0	\$ 0
Storage of claims	\$ 0	\$ 0
	\$ 0	\$ 0
<b>Total Annual Admin Fees</b>	<b>\$ 713,659</b>	<b>\$ 779,867</b>

This pricing grid is offered as a guideline. Respondents are is encouraged to submit proposals in as many ways and/or formats as possible, or as needed, to effectively communicate their pricing structure. **In any form, pricing must be submitted as proportionate as described above.**

**GENERAL INFORMATION****Piggyback Clause:**

Respondent shall indicate below if the same terms, and conditions of the submitted proposal would be extended to other public agencies:  Yes  No. Respondent's response to this question will not be considered in award of contract. When the Respondent extends any of the prices, terms, and conditions of this proposal to other public agencies, the contract shall be between Respondent and the other agencies, and the City of Costa Mesa and/or the City of Newport Beach shall bear no responsibility or liability for those contracts.

**PROPOSAL QUESTIONNAIRE**

**Respondents must submit with their Proposal the following Questionnaire, completed and identified as the Questionnaire. In providing your responses to the questions below, restate each question in bold face type with your response directly below.**

**1. Give a history/background of your firm. Include a list of principals, an organization chart, the size and location of each office, and specify the office that will manage this contract, if awarded.**

History

In 1987, Gordon Clemons joined investors from Minnesota, to found CorVel Corporation (originally named "FORTIS"). Three small vocational rehabilitation firms were consolidated to form the initial foundation of the new Company, valued at approximately \$2 million. The Company quickly exceeded 200 associates and proceeded with the conviction that local service backed by innovative information management systems could create a successful managed care enterprise.

Within two years, the number of service offices more than doubled to 51 locations and the Company entered the medical bill review and medical case management business. Investments in technology began almost immediately and a data center was established in Portland, Oregon.

In the spring of 1991, the Company first issued stock to the public and began trading on the NASDAQ at a market capitalization value of \$43 million. The following year the FORTIS name was sold, raising \$4 million and the Company changed its name to CorVel Corporation. The name CorVel is based on the Latin language meaning "of one heart."

With the funding from the name sale, CorVel began building the national preferred provider organization (PPO), an effort that dramatically changed the Company's breadth of service and strategic positioning in the casualty managed care marketplace. During the mid-'90's, CorVel doubled its office network again and expanded its software offerings. PPO services became an important part of most managed care sales. Out-of-network medical review was added to the portfolio of provider programs. Beginning in the year 2000, CorVel added a directed care network, including diagnostic imaging, physical therapy, independent medical examinations and chiropractic services. When the internet began to transform business communications, CorVel web enabled its entire service line via the launch of the Care<sup>MC</sup> website.

CorVel's most recent innovation is a new, innovative approach to disability management and claims administration. CorVel offers a comprehensive solution directed toward the self insured and municipal markets. The Company proactively

manages the entire claim episode by incorporating a medical management component combined with an event driven diary system and smart rules based processing. CorVel is able control the cost of claims more effectively than the traditional claims management model, saving customers time and money.

**Principals**

Daniel J. Starck, President and CEO  
Scott McCloud, Chief Financial Officer  
Don McFarlane, Chief Information officer

**Size & Location**

CorVel Corporation has approximately 2,700 associates who serve more than 2,000 customers through a national branch office network covering all 50 states and Puerto Rico.

**Local Office**

The office that currently services the Cities account is located at:  
10750 4<sup>th</sup> Street Suite 100  
Rancho Cucamonga, CA 91730

Please see Attachment D for an Organizational chart.

**2. Discuss your firm's mission and goals as related to corporate growth, customer service and quality assurance.****Mission Statement**

CorVel provides risk management, patient advocacy, and healthcare financing for patients seeking choice and access. Our Quality and Innovative Service commitment extends from every CorVel associate, customer and patient.

Looking to the future, the company has invested over \$200 million in new systems, technologies and people to develop better solutions for our clients. New information management tools are being added to the service line, further expanding the information processing capabilities that have always been the core of the Company's value proposition.

**Quality Assurance**

CorVel considers quality management a priority and uses our quality management process to place an emphasis on superior service delivery.

CorVel utilizes an existing internal audit procedure for the Cities to assure that our examiners are complying with the Labor Code and California rules and regulations. This process also applies to our own internal policies and client specific

requirements. The quality control plan is level in nature involving the team supervisor, office manager and the internal claims auditor/operations specialist.

- The claims supervisor conducts the first level of quality control. For the Cities, this involves five (5) claims per specialist per month. The audit measures initial file quality, ongoing file quality and the effectiveness of the action plan established for each claim. The results of these audits are applied to the specialist bonus program.
- examiners by the internal company auditor. The random audits are performed to ensure compliance as well as to objectively measure the quality of work being completed by the claims staff.

The internal audit process evaluates all aspects of claims handling to ensure that our personnel are maintaining the standards of service and procedures established by the state as well as our own internal standards. The internal audit process also provides recommendations related to the training of staff for both a specific and general nature. The success of CorVel's results has been validated when we have been audited by the State of California, excess insurance carriers and our clients. CorVel has always received positive ratings and are very proud of these accomplishments.

**3. Discuss any major changes in your firm's structure, ownership or financial standing over the past three years. Discuss anticipated changes in your firm's structure or ownership in the next three years.**

CorVel Corporation acquired Eagle Claim Services, Inc. ("ECS") located in Syracuse, New York. ECS is a New York based provider of integrated medical management, claims processing, risk management and technology services for workers' compensation and disability claim clients. The acquisition was completed in February, 2009.

CorVel Corporation acquired the assets of The Schaffer Companies, Ltd. (Schaffer). Schaffer is a Baltimore, Maryland based provider of integrated medical management, claims processing and technology services for workers' compensation clients. With nine offices serving twenty states, Schaffer customers include municipalities, private employers, and Longshore and Harbor carriers. The acquisition was completed on June 1, 2007.

CorVel Corporation acquired the assets of Hazelrigg Risk Management Services, Inc. and its affiliated companies (HRMS). HRMS is a California based provider of integrated medical management, claims processing and technology services for workers' compensation clients. The acquisition was completed during the fiscal quarter ending March 31, 2007.

The above acquisitions represent an expansion of CorVel's claims management service offering in the marketplace. CorVel offers a fully integrated end-to-end claims management solution directed toward the self-insured market. CorVel's solution proactively manages the entire episode of a workers' compensation claim, providing improved return to work and medical outcomes.

CorVel Corporation, as a publicly traded company held to the standards of NASDAQ and the SEC, cannot speculate as to any pending future buy-outs, mergers and/or acquisitions.

**4. Discuss your firm's relationship, if any, with any parent company, subsidiary, and/or partner.**

Not Applicable.

**5. Provide your firm's professional development plan and/or standards policy for adjusters and supervisors.**

CorVel has a detailed personnel management program for employee training and certification. We believe a well-trained educated associate not only represents CorVel better, but also provides superior service to our clients.

CorVel's national program ensures all associates have the training and skills necessary to meet our quality standards. Our training program addresses the needs of the highly specialized lines of insurance coverage in today's environment. It covers a variety of topics ranging from entry level claims management to advanced claims techniques, telephone etiquette to address abusive callers, and policies and procedures regarding the latest benchmark management reporting.

Our claims associates receive orientation training, on-the-job training and continuous formal and informal training. In jurisdictions such as California, where certification is required for an Examiner, we make sure our training program and supervisory staff assists the Examiner during the learning phase to ensure our Examiner obtains their certification within one year of their hire. Additionally, our best practices guidelines also support our training program, acting as an additional learning tool as it identifies the purpose, standard and procedure for each best practice component.

CorVel's standard claims practice includes the following:

- Contact within 24 hours of receipt of assignment with employee, employer, witnesses, immediate supervisor and medical provider(s).
- Payment of indemnity on all but pure denial cases within 14 days.
- Payment of medical bills within 30 days of receipt of bill or records, whichever is later.

- Immediate documentation of medical treatment on all lost time cases and follow up every 30 days for updates.
- Claims staff will file all requested workers' compensation filings within requirements established by statute.
- Division of Workers' Compensation notices, letters, etc. answered within 48 hours of receipt.
- A 30 day report on lost time claims within 30 Days of receipt of assignment. For medical only claims, report 120 days from assignment.
- Updates at 30 day intervals until claim investigation has ended and a final determination is made, medical issues have stabilized, and legal handling is not involved.
- Thirty (30) day follow up on all correspondence.

**6. Describe the features and attributes that you believe distinguish your firm from other Claims Administrators.**

CorVel offers our customers superior results by utilizing our completely integrated claims management and cost containment solution. CorVel has extensive expertise in both claims handling and managed care services allowing our clients to achieve the best of both worlds. The Cities can obtain greater efficiency and earlier return to work on their claim files, while, at the same time achieving greater reductions in the overall length and costs of medical treatment and medical treatment costs.

Programs such as telephonic nurse triage and telephonic case management can be highly effective at reducing lengths of disability and obtaining earlier safe return to work, especially, when combined with the Cities' ability to accommodate job modifications. As a claim progresses, the CorVel Adjuster works with the CorVel medical management team to coordinate services that would be beneficial to the claim such as: medical consultation, utilization review, field case management, independent medical exams and peer reviews.

The Cities can implement program triggers set up in advance to ensure that medical management tools are being utilized to reduce costs and improve outcomes.

Finally, providing customized, value added services is one of CorVel's distinctive competencies. Our ability and commitment to build unique service models for individual clients is an absolute necessity in the marketplace and represents one of our core strengths. In fact, many of our development decisions are made in conjunction with our clients.

CorVel's approach to claims administration has significant advantages over our competitors. CorVel's proprietary, integrated solution for workers' compensation focuses on improved outcomes that reduce total claim cost. Our philosophy is to:

- Reduce lost time days and all associated costs can be controlled and reduced.
- Integrate proactive claims management on our customers' claims to reduces all costs through outstanding customer services and superior claims handling.

**7. Was your firm in any litigation with clients over the past five years? If yes, describe.**

There has not been in the last five years any investigatory or regulatory action undertaken against the Company that will be associated with the Company's performance of any of the duties or responsibilities contemplated by the Cities. CorVel has been and currently is involved in litigation arising in the normal course of doing business; however, the Company has not been and is not currently a party to any material litigation involving our services other than as disclosed in the Company's publicly-filed financial statements.

**8. What is your firm's average closing ratio per adjuster?**

CorVel has a national average annual closing ratio exceeding 100%. On a monthly basis the Claims Manager and Supervisors receive management report which outlines the current closing ratio for each Adjuster and Employer. The Rancho Cucamonga Claims office has an annual closing ratio of 111%.

**9. What is your firm's average caseload per adjuster?**

Our Best Practices, and the Cities' current service contracts, dictate that caseloads for a Workers' Compensation Specialist do not exceed 150 open and active indemnity files. CorVel is in compliance with this requirement and will, going forward, ensure compliance with the maximum caseload of 175 per Claims Examiner as outlined in this Request for Proposal.

The Claims Supervisor currently carries a small caseload of complex claims as agreed to and discussed with the cities risk management staff.

**10. What is your firm's ratio of adjuster to claims assistant?**

CorVel's Adjuster to Assistant ratio is 2:1. The Cities currently have one full-time assistant dedicated to the two and ½ Claims Specialist's working on the cities files resulting in a 2.5:1 Adjuster to assistant ratio.

**11. What percentage of the adjusters in your firm (excluding those who handle medical only claims and supervisors) have California Self-Insured Plan certification?**

All the Claim Specialists handling the Cities' files hold their California Self-Insured certificate. In the Rancho office, all claim specialists have their Self-Insured Plan Certification.

**12. In the past two years, how many times have you been audited by a State agency? What were the results of the audit?**

**No. of audits**

**Number of claims**

**Fines paid**

CorVel has not had a state audit in the last two years. The last state audit was in 2006 and included 200 files. A score of 1.83856 or less was considered as a score meeting the PAR performance standard; the score for the Rancho Cucamonga claims office was .80913. No fines were assessed.

**13. What are the top ten "sound business or operational practices" your firm has implemented to achieve the best claims handling results? How are these results measured?**

1. Timely processing, investigation, and determination of benefits is essential in order to exercise effective cost control, and to meet payment and notice deadlines required by California Labor Code.
2. A claim will be set up and assigned within 1 business day so that work can commence immediately on the claim.
3. Claims involving certain issues must have a detailed initial investigation performed, requiring clear detailed file documentation addressing compensability, possible exposure and outlining the future course of action.
4. Investigation begins within 24 hours. Contact with the employee, employer, and physician (three point contact) must be initiated within 24 hours and completed within 48 hours.
5. The initial plan of action must be initiated within two (2) business days of claim receipt. On all open active claims, where compensation benefits are being paid, the file should be, updated at a minimum of every thirty (30) days.
6. Upon completion of the initial contacts and investigation, an accurate reserve reflecting the expected cost of the claim must be entered into the computer file, no later than five (5) days after the initial receipt of the claim based on the information known about the claim at the time.
7. Subrogation investigation must be addressed within fourteen (14) days of claim receipt.

8. Initial supervisor reviews are performed on all problematic claims every ninety (90) days.
9. Before the claims are referred to counsel, an action plan is drafted by the Claims Examiner addressing anticipated time, activities and anticipated expenses.
10. If a file is recognized to have one of approximately 10 characteristics from our fraud indicators, assignment to SIU or outside private investigator should be given consideration.

The internal audit process measures all aspects of claims handling to ensure that our personnel are maintaining the standards of service and procedures established by the state, the cities, as well as our own internal standards. The internal audit process also provides recommendations related to the training of staff for both a specific and general nature.

The success of CorVel's results has been validated when we have been audited by the State of California, excess insurance carriers and our clients. CorVel has always received positive ratings and are very proud of these accomplishments.

**14. What is your best practice approach for processing and evaluating new claims?**

The first notice of loss (FNOL) data for all reported claims is immediately entered into our claims management system, and an electronic file is created. This typically happens within four hours of the claim information being received; with our best practice procedure being claim files are created within 24 hours.

Investigation begins within 24 hours. Contact with the employee, employer, and physician (three point contact) must be initiated within 24 hours and completed within 48 hours.

Situations preventing completion within 48 hours must be documented and additional efforts must be made to contact each claim stakeholder, including the use of email and regular mail (certified letter to the injured worker.)

Once the investigation phase is complete, a determination of compensability is required. The initial plan of action must be initiated within two (2) business days of claim receipt. On all open active claims, where compensation benefits are being paid, the file should be updated at a minimum of every thirty (30) days. For all other indemnity claims, the plan should be updated every ninety (90) days.

Upon completion of the initial contacts and investigation, an accurate reserve reflecting the expected cost of the claim must be entered into the computer file, no later than five (5) days after the initial receipt of the claim based on the information known about the claim at the time. Our reserve review performed at thirty (30) days must

include a reserve worksheet detailing the reserve amount and taking into consideration additional received information, if any. The thirty (30) day reserve review philosophy is based on the ultimate probable cost. Reserves will be reviewed every ninety (90) days thereafter.

CorVel Examiners shall continuously develop an on-going, pro-active plan of action which includes a meaningful resolution plan for each claim incurred. At a minimum the Examiner shall review and update their claim specific plan of action at each diary date.

An automatic ninety (90) day diary for review by a supervisor is generated on all active indemnity claims. Supervisor diaries are appropriate to ensure the quality of claims handling and to follow up on direction in such cases. Spot reviews of other claims occur to ensure quality investigation and handling. Supervisor file reviews are documented in the file notes. The diary system serves as a status and service tool for the injured employee.

**15. What are your proposed procedures for the initial set-up and transition process? Describe in detail how your firm proposes to load and maintain the Cities' claims data from the prior TPA for all claims, open and closed, in a manner to ensure consistency in claims data reporting.**

As the current administrator of the City of Costa Mesa and Newport Beach claims there is no initial set-up or transition process is needed.

## STATEMENT OF ACKNOWLEDGMENTS

**Respondent's Acknowledgement of familiarity with Scope of Work and Proposal Requirements.**  
Signature below acknowledges the Respondent representing that it has thoroughly examined and become familiar with the services required under this RFP and that it is fully capable of providing the services to achieve the Cities' objectives.

**Respondent's Acknowledgement of Understanding of the Terms and Conditions.**  
Signature below verifies that Respondent has read, understands, and agrees to the terms and conditions contained herein and on all of the attachments and agenda.

**Statement of Respondent's Ability to Meet Insurance Requirements**  
Authorized signature below acknowledges that respondent has reviewed the attached City of Costa Mesa and City of Newport Beach Insurance Requirements with their insurance carrier and is able to provide verification of coverage following the award of the contract.

**Statement of Independent Price Determination**  
Authorized signature below certifies that this bid/proposal is made without prior understanding, arrangement, agreement, or connection with any corporation, firm or person submitting a bid/proposal for the same services, materials, supplies, or equipment, and is in all respects fair and without collusion or fraud. Authorized signature certifies that respondent has not entered into any arrangement or agreement with any City of Costa Mesa or City of Newport Beach public officer. Authorized signature acknowledges understanding that collusive bidding is a violation of State and Federal law and can result in fines, prison sentences, and civil damage awards. Authorized signature acknowledges agreement to abide by all conditions of this bid/proposal and certifies that person signing is authorized to sign this bid/proposal for the respondent.

**Statement of Acknowledgement of Drug-Free Workplace Policy**  
The respondent/contractor acknowledges that he/she has read and understands the City of Costa Mesa's Council Policy #100-5 in a "Drug-Free Workplace" included as Attachment B and hereby agrees to comply with said required policy.

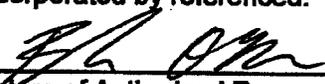
**Representations Made Under Penalty Of Perjury**  
The representations herein are made under penalty of perjury. We do hereby offer to provide the services/materials to the City of Costa Mesa and City of Newport Beach at the prices stated herein and under the terms and conditions herein, attached, or incorporated by referenced.

CorVel Enterprise Comp, Inc.  
Respondent Name (Person, Firm, Corp.)

2010 Main Street Suite 600  
Address

Irvine, CA 92614  
City, State, Zip Code

949-851-1473  
Telephone Number

  
\_\_\_\_\_  
Signature of Authorized Representative

Brandon O'Brien  
Printed Name of Authorized Representative

Secretary  
Title of Authorized Representative

949-851-1469  
Facsimile Number

**EXHIBIT C**  
**FEE SCHEDULE**



# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

FINANCE DEPARTMENT  
PURCHASING

## REQUEST FOR BEST AND FINAL OFFER

**RFP 1134 - THIRD PARTY ADMINISTRATION OF THE WORKERS' COMPENSATION PROGRAM**

**DATE BEST AND FINAL OFFERS REQUESTED: OCTOBER 20, 2009**

**DUE DATE FOR BEST AND FINAL OFFER: OCTOBER 27, 2009 AT 3:00 P.M.**

Your firm submitted a proposal in response to the above referenced cooperative Request for Proposal (RFP) issued by the Cities of Costa Mesa and Newport Beach.

The evaluation committee conducted an evaluation of the proposals received, and had discussions with respondents to obtain additional information for consideration in the evaluation process.

As a result of the tabulation and scores, your company has been named as one of the two respondents being asked to participate in additional discussions today. The discussion today is for the purpose of allowing both Cities to present questions and concerns before making the final decision(s) in awarding the contract. Each respondent will be given the opportunity to adequately address those concerns through the opportunity of submitting a Best and Final Offer. This Best and Final Offer will further assist in making the final award.

The Best and Final Offer can be expected to address the following information:

- Pricing as requested in the RFP to be proportionate to the workload
- Pricing and increases for the second and third year of the contract
- Clarification on staffing selection, and details on implementation if applicable
- Details and pricing if the contract is awarded by each City individually and not as a cooperative contract

By the end of today, each respondent will receive a list of the questions and concerns expressed in the meeting to assist with accurately addressing the specific concerns of each city.

Please submit any additional documents needed to adequately address the concerns discussed for further consideration in the award of the contract/s.

The Best and Final Offers must be submitted to the City of Costa Mesa City Clerk's Office, 77 Fair Drive, Room 101, Costa Mesa, California 92626, in a sealed envelope, clearly identified with RFP 1134 – BAFO no later than the deadline specified above.

If a respondent does not submit a Best and Final Offer, their original proposal will be considered as their Best and Final Offer.

**RFP 1134 – BEST AND FINAL OFFER PRICING  
DEDICATED UNIT – COOPERATIVE CONTRACT**

Pricing quote must be proportionate based on each City's respective workloads as indicated in the Background section on page 4 of the RFP document.

All fees for service must be clearly identified in the response to this RFP. For each item listed that is not included in the base price, provide the annual charge (if applicable) and the basis for the fee.

	<b>City of Costa Mesa</b>	<b>City of Newport Beach</b>
<b>Base Price:</b> Specify how the base price is computed, i.e. flat fee or price per claim. Please attach a staffing cost breakdown for each city. Include any minimums and maximums, and any special services included in the base price.		
Fiscal Year 2010	\$ 168,000	\$ 312,000
Fiscal Year 2011	\$ 173,040	\$ 321,360
Fiscal Year 2012	\$ 178,231	\$ 331,000
<b>Adjustments:</b> Adjustments to base price or optional services. Include any one-time costs, if any, for additional services, including data transfer.	CorVel will discount the Claims Administration by 15% if CorVel handles the entire program, including bill review.	CorVel will discount the Claims Administration by 15% if CorVel handles the entire program, including bill review.
<b>Any services considered to be allocated expenses and not covered under the base price.</b>	Index fees, attorney fees, etc. will be charged to the respective claims file.	Index fees, attorney fees, etc. will be charged to the respective claims file.
<b>Program Implementation:</b> Include one time costs, if any, for administration of existing claims (runoff of old claims)	Not Applicable \$	Not Applicable \$
<b>Data Conversion</b>	\$ N/A	\$ N/A
<b>Customization of reports</b>	\$ 0	\$ 0
<b>On-site computer terminal access</b>	\$ 0	\$ 0
<b>Special reports</b>	\$ 0	\$ 0
<b>Preparation of 1099's</b>	\$ 0	\$ 0
<b>Storage of claims</b>	\$ 0	\$ 0
	\$ 0	\$ 0
<b>Total Admin Fees</b>	\$ 519,271	\$ 964,360

This pricing grid is offered as a guideline. Respondents are is encouraged to submit proposals in as many ways and/or formats as possible, or as needed, to effectively communicate their pricing structure. In any form, pricing must be submitted as proportionate as described above.

# CORVEL

## **RFP 1134 – BEST AND FINAL OFFER PRICING DEDICATED UNIT – COOPERATIVE CONTRACT**

The base price is computed on a flat annual fee basis. The pricing has been apportioned at a 35% (Costa Mesa) and 65% (Newport Beach) distribution.

This is a dedicated unit for the City of Costa Mesa and the City of Newport Beach. The staffing consists of:

- 1 Claims Supervisor – Alisha Baca
- 2.5 Claims Examiners
  - 1. Laura Lopez
  - 2. Lisa Herron
  - 3. Nestor DeLeon (.5)
- 1 Claims Assistant - Cassandra Tortora

Additional support staffing that will be actively involved in the City of Costa Mesa and the City of Newport Beach programs are as follows:

Area Vice President – Scotty Benton  
Claims Manager – Alan Schiller  
Account Manager – Michael Possehl  
Information Technology Support – Marcus Yovas  
Accounting – Rosa Venegas

# C O R V E L

## **RFP 1134 – BEST AND FINAL OFFER PRICING DEDICATED UNIT – COOPERATIVE CONTRACT**

CorVel has given pricing proposals as requested. The pricing has been apportioned based on a 35% Cost Mesa and a 65% Newport Beach workload.

CorVel understands the Cities desire to ensure that the pricing is equitable based on the number of claims and work being completed. We also recognize that as the years progress the claims and workload could change significantly on either or both cities. Therefore, CorVel is willing to propose a third option. This option would allow for continued equitability in pricing and workload.

### **Per Claim Fee**

\$83.50 per claim per month

Based on Newport having 311 open claims and Costa Mesa having 150 open claims (461 total) the estimate for 1/1/2010 – 12/31/2010 would be \$461,922.

There would be a 3% increase per claim in year 2 and in year 3 of the contract.

Based on the closing ratios over the history of the program, each City has the potential of substantial savings.

### **SUMMARY**

CorVel values the City of Costa Mesa and the City of Newport Beach as clients. We are willing to discuss further our presented pricing, or any other methodologies. We have enjoyed a long term relationship and we definitely want this partnership to continue.

**RFP 1134 – BEST AND FINAL OFFER PRICING  
NON-COOPERATIVE CONTRACT**

All fees for service must be clearly identified in the response to this RFP. For each item listed that is not included in the base price, provide the annual charge (if applicable) and the basis for the fee.

<u>CITY OF COSTA MESA</u>	Please attach outline of proposed staff to be handling account
<b>Base Price:</b> Specify how the base price is computed, i.e. flat fee or price per claim. Include any minimums and maximums, and any special services included in the base price.	
Fiscal Year 2010	\$ 168,000
Fiscal Year 2011	\$ 173,040
Fiscal Year 2012	\$ 178,231
<b>Adjustments:</b> Adjustments to base price or optional services. Include any one-time costs, if any, for additional services, including data transfer.	CorVel will discount the Claims Administration by 15% if CorVel handles the entire program, including bill review.
Any services considered to be allocated expenses and not covered under the base price.	Index fees, attorney fees, etc. will be charged to the respective claims file.
<b>Program Implementation:</b> Include one time costs, if any, for administration of existing claims (runoff of old claims)	Not Applicable
	\$
Data Conversion	\$ N/A
Customization of reports	\$ 0
On-site computer terminal access	\$ 0
Special reports	\$ 0
Preparation of 1099's	\$ 0
Storage of claims	\$ 0
	\$
<b>Total Admin Fees</b>	<b>\$ 519,271</b>

This pricing grid is offered as a guideline. Respondents are encouraged to submit proposals in as many ways and/or formats as possible, or as needed, to effectively communicate their pricing structure. In any form, pricing must be submitted as proportionate as described above.

**NOTE:** Please provide detailed information on staffing with regards to the change from a cooperative contract to a non-cooperative contract, including a staffing plan and outline of the core responsibilities of , and tasks undertaken by each member with respect to the City.

Also indicate if the staffing outline offered is a dedicated or non-dedicated unit.

# C O R V E L

## **RFP 1134 – BEST AND FINAL OFFER PRICING NON-COOPERATIVE CONTRACT**

The base pricing is computed on a flat annual fee basis. The pricing is for designated staffing. CorVel's policy is to try and have examiners handle only one account when at all possible.

The staffing for the City of Costa Mesa is as follows:

- .35 Claims Supervisor – Alisha Baca
- 1 Claims Examiner – Laura Lopez
- .35 Claims Assistant – Cassandra Tortora

Additional support staffing that will be actively involved in the City of Costa Mesa's program is as follows:

Area Vice President – Scotty Benton  
Claims Manager – Alan Schiller  
Account Manager – Michael Possehl  
Information Technology Support – Marcus Yovas  
Accounting – Rosa Venegas

**RFP 1134 – BEST AND FINAL OFFER PRICING  
NON-COOPERATIVE CONTRACT**

All fees for service must be clearly identified in the response to this RFP. For each item listed that is not included in the base price, provide the annual charge (if applicable) and the basis for the fee.

<u>CITY OF NEWPORT BEACH</u>	Please attach outline of proposed staff to be handling account
<b>Base Price:</b> Specify how the base price is computed, i.e. flat fee or price per claim. Include any minimums and maximums, and any special services included in the base price.	
Fiscal Year 2010	\$ 312,000
Fiscal Year 2011	\$ 321,360
Fiscal Year 2012	\$ 331,000
<b>Adjustments:</b> Adjustments to base price or optional services. Include any one-time costs, if any, for additional services, including data transfer.	CorVel will discount the Claims Administration by 15% if CorVel handles the entire program, including bill review.
Any services considered to be allocated expenses and not covered under the base price.	Index fees, attorney fees, etc. will be charged to the respective claims file.
<b>Program Implementation:</b> Include one time costs, if any, for administration of existing claims (runoff of old claims)	Not Applicable \$
Data Conversion	\$ N/A
Customization of reports	\$ 0
On-site computer terminal access	\$ 0
Special reports	\$ 0
Preparation of 1099's	\$ 0
Storage of claims	\$ 0
	\$
<b>Total Annual Admin Fees</b>	<b>\$ 964,360</b>

This pricing grid is offered as a guideline. Respondents are encouraged to submit proposals in as many ways and/or formats as possible, or as needed, to effectively communicate their pricing structure. **In any form, pricing must be submitted as proportionate as described above.**

**NOTE:** Please provide detailed information on staffing with regards to the change from a cooperative contract to a non-cooperative contract, including a staffing plan and outline of the core responsibilities of , and tasks undertaken by each member with respect to the City.

Also indicate if the staffing outline offered is a dedicated or non-dedicated unit.

# C O R V E L

## **RFP 1134 – BEST AND FINAL OFFER PRICING NON-COOPERATIVE CONTRACT**

The base pricing is computed on a flat annual fee basis. The pricing is for designated staffing. CorVel's policy is to try and have examiners handle only one account when at all possible.

The staffing for the City of Newport Beach is as follows:

- .65 Claims Supervisor – Alisha Baca
- 1.5 Claims Examiners – Lisa Herron  
- Nestor DeLeon (.5)
- .65 Claims Assistant – Cassandra Tortora

Additional support staffing that will be actively involved in the City of Costa Mesa's program is as follows:

Area Vice President – Scotty Benton  
Claims Manager – Alan Schiller  
Account Manager – Michael Possehl  
Information Technology Support – Marcus Yovas  
Accounting – Rosa Venegas

All inquiries in response to the Best and Final Offer are to be directed to the Buyer, Donald Stocker, CPM, CPIM, via telephone at (714) 754-5227 or via e-mail at [dstocker@ci.costa-mesa.ca.us](mailto:dstocker@ci.costa-mesa.ca.us).

**Best and Final Offer Inclusive**

The authorized signature below acknowledges that the respondent understands that their Best and Final Offer will be incorporated into the original submittal to RFP 1134. Only the questions and concerns that are addressed in the Best and Final will be added and/or replaced in the original RFP. All other terms and conditions of the original RFP will remain the same.

**Representations Made Under Penalty Of Perjury**

The representations herein are made under penalty of perjury. We do hereby offer to provide the services/materials to the City of Costa Mesa and/or City of Newport Beach at the prices stated herein and under the terms and conditions herein, attached, or incorporated by referenced.

CORVEL ENTERPRISE CORP  
Respondent Name (Person, Firm, Corp.)

[Signature]  
Signature of Authorized Representative

10750 4th STREET, STE 100  
Address

SCOTTY L. BENTON  
Printed Name of Authorized Representative

RANCHO CUCAMONGA, CA 91730  
City, State, Zip Code

ARGA VICE PRESIDENT  
Title of Authorized Representative

909-257-3771  
Telephone Number

866-401-7274  
Facsimile Number

10/26/09  
Date Signed



# CITY OF COSTA MESA

77 FAIR DRIVE, P.O. BOX 1200, COSTA MESA, CA 92628-1200

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FINANCE DEPARTMENT  
PURCHASING

Date: 10/20/09

## RFP 1134 – Best and Final Offer

### Questions Presented During Discussion Meeting

#### For Corvel Corporation

**Newport Beach** – The City is looking to present to Council a five-year contract commitment consisting of an initial 3-year contract term with two 1-year options for renewal. Please give an overview of the pricing structure for the 4th and 5th years of the contract.

**Costa Mesa** – During the oral interviews Scotty Benton briefly touched on CorVel implementing a proprietary software system rather than the current Ivos in the coming year. Please discuss the implementation timeline and plan for that transition. Also, please discuss the training program for that system to be offered to the cities.

**Costa Mesa** – Please discuss the implementation of scheduled monthly meetings for a TPA representative to meet with non-litigated workers comp claimants who may have questions regarding their claims.

**Costa Mesa** – Please discuss implementing a plan for closing some of the cities' aging claims/files.

**Costa Mesa** – The RFP clearly stated in three places that the pricing should be quoted as proportionate to the work load distribution. The workload matrix in the RFP indicated the distribution of the workload as 35% for Costa Mesa and 65% for Newport Beach. The pricing for every submittal received was within 2% of that standard, with the exception of CorVel's submission. CorVel's submission offered a 4% difference in the pricing for each City. Please address that discrepancy and/or submit pricing more in line with the RFP standard for workload distribution.

# CORVEL

Date: 10/27/2009

RFP 1131 – Best and Final Offer

Response to Questions Presented During Discussion Meeting

## CorVel Corporation

**Newport Beach** – The City is looking to present to Council a five-year contract commitment consisting of an initial 3-year contract term with two 1-year options for renewal. Please give an overview of the pricing structure for the 4th and 5th years of the contract.

CorVel is willing to give two 1 year options (4<sup>th</sup> year and 5<sup>th</sup> year) at a 2% increase each year. However, if the claims count has decreased more than 20% CorVel is willing to consider a reduction in the fee.

**Costa Mesa** – During the oral interviews Scotty Benton briefly touched on CorVel implementing a proprietary software system rather than the current Ivos in the coming year. Please discuss the implementation timeline and plan for that transition. Also, please discuss the training program for that system to be offered to the cities.

The targeted implementation time for the transition from IVOS to the CorVel Claims System is between the end of the first quarter of 2010 and the end of the second quarter of 2010. The system will allow the City to have total transparency to their claims and claims information. They will also have access to a multitude of adhoc reports as well as certain customizable reports.

The training will be presented by the Account Manager. The Account Manager will come to the Cities location and complete the training. There will also be modules available on the CorVel website.

It will be a relatively seamless transition and CorVel will have ample support available for the Cities.

## C O R V E L

**Costa Mesa** – Please discuss the implementation of scheduled monthly meetings for a TPA representative to meet with non-litigated workers comp claimants who may have questions regarding their claims.

CorVel agrees to implement monthly meetings with non-litigated claimants who may have questions regarding their claims. CorVel currently has this process in place for some other clients and find it very beneficial on many levels.

CorVel is amenable to starting the meetings now. We will have the claims supervisor, Alisha Baca, contact the City and schedule the first of these meetings.

**Costa Mesa** – Please discuss implementing a plan for closing some of the cities' aging claims/files.

CorVel will obtain an updated list of injured workers that have left the cities employment but still have open claims. CorVel will then contact these claimants and attempt to settle their claims. In addition, CorVel will obtain a top 10 list of claims from the City and make a concerted effort to resolve those claims as well.

CorVel will solicit the City to assist in obtaining signatures on claims where settlements are pending and we have been unable to get a response from the injured worker.

**Costa Mesa** – The RFP clearly stated in three places that the pricing should be quoted as proportionate to the work load distribution. The workload matrix in the RFP indicated the distribution of the workload as 35% for Costa Mesa and 65% for Newport Beach. The pricing for every submittal received was within 2% of that standard, with the exception of CorVel's submission. CorVel's submission offered a 4% difference in the pricing for each City. Please address that discrepancy and/or submit pricing more in line with the RFP standard for workload distribution.

CorVel has adjusted the pricing per a 35% (Costa Mesa) and a 65% (Newport Beach) work load distribution.

**EXHIBIT D**

**CITY COUNCIL POLICY 100-5**

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

**BACKGROUND**

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

**PURPOSE**

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa’s commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

**POLICY**

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
  - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor’s and/or sub-grantee’s workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

- b. Establishing a Drug-Free Awareness Program to inform employees about:
  - 1. The dangers of drug abuse in the workplace;
  - 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
  - 3. Any available drug counseling, rehabilitation and employee assistance programs; and
  - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- d. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
  - 1. Abide by the terms of the statement; and
  - 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- e. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- f. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
  - 1. Taking appropriate personnel action against such an employee, up to and including termination; or
  - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- g. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
    - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
    - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
    - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
  3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.

**EXHIBIT E**  
**CERTIFICATES OF INSURANCE**

**CERTIFICATE OF LIABILITY INSURANCE**

05/01/2009

MARSH USA INC.  
600 WEST MONROE STREET  
CHICAGO, IL 60661  
Attn: Fax: 212-948-0770 or Chicago.CertRequest@marsh.com

*PB 7074*

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

401944-ENTR2-wPRO1-09-10

**INSURED**

CORVEL ENTERPRISE COMPANY, INC. *J 17610*  
dba HAZELRIGG RISK MANAGEMENT SERVICES  
10750 4TH STREET  
SUITE 100  
RANCHO CUCAMONGA, CA 91730

**INSURERS AFFORDING COVERAGE**

**NAIC #**

INSURER A: Travelers Property Casualty Company Of

25674

INSURER B: N/A

N/A

INSURER C:

INSURER D:

INSURER E:

**COVERAGES**

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

INSR ADDL LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER POLICY <input type="checkbox"/> PRO <input type="checkbox"/> SECT <input checked="" type="checkbox"/> LOC	TJ-GLSA-280K509-5-09	04/30/09	04/30/10	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> AUTO PHYSICAL DAMAGE: COMP \$500/COLL \$500	TJ-CAP-280K510-2-09	04/30/09	04/30/10	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$
A		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	TC2J-UB-280K507-1-09 (AOS) TRJ-UB-280K5083-09 (AK,AZ,MA,NE,NH,NJ,OK,OR,WI)	04/30/09 04/30/09	04/30/10 04/30/10	<input checked="" type="checkbox"/> WC STATUS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENTS/SPECIAL PROVISIONS**  
 CITY OF COSTA MESA AND ITS ELECTED AND APPOINTED BOARDS, OFFICERS, AGENTS AND EMPLOYEES ARE INCLUDED AS ADDITIONAL INSURED UNDER THE GENERAL LIABILITY POLICY AS THEIR INTEREST MAY APPEAR, BUT ONLY TO THE EXTENT SUCH STATUS IS REQUIRED UNDER THEIR WRITTEN CONTRACT / AGREEMENT WITH THE NAMED INSURED. THIS INSURANCE IS PRIMARY AND NON-CONTRIBUTORY OVER ANY EXISTING INSURANCE AND LIMITED TO LIABILITY ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED AND WHERE REQUIRED BY WRITTEN CONTRACT.

**CERTIFICATE HOLDER** CHI-002166490-12 **CANCELLATION**

CITY OF COSTA MESA  
ATTN: JENNIFER SOMMERS  
77 FAIR DRIVE  
COSTA MESA, CA 92662

*Revised 5/11/09 JB*

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

APPROVED REPRESENTATIVE of Marsh USA Inc.  
Mary Radoszewski *Mary Radoszewski*

# CERTIFICATE OF LIABILITY INSURANCE

05/01/2008

**PRODUCER**  
 MARSH USA INC.  
 500 WEST MONROE STREET  
 CHICAGO, IL 60661

401944-FINPR-CRIME-07/08

**INSURED**  
 CORVEL ENTERPRISE COMP  
 2010 MAIN STREET  
 SUITE 600  
 IRVINE, CA 92614

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

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Ins Co Pittsburgh PA	19445
INSURER B: Twin City Fire Insurance Co	29459
INSURER C:	
INSURER D:	
INSURER E:	

**COVERAGES**

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

NSR	ADDL	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GENERAL AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (EA occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/PROP AGG \$
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (EA accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				[W/C STATE] [OTHER] [LIMITS] [OTHER] E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
4	3	<b>FIDELITY BOND/CRIME</b>	469-7060 00 FA 0242587 08	04/30/08 04/30/08	10/31/09 10/31/09	5,000,000 5,000,000

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

*Rec'd 5/1/08*

<p><b>CERTIFICATE HOLDER</b> CHI-001993419-05</p> <p>CITY OF COSTA MESA                  ATTN: JENNIFER SOMMERS                  77 FAIR DRIVE                  COSTA MESA, CA 92662</p>	<p><b>CANCELLATION</b></p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.</p> <p style="text-align: right; font-size: small;">AUTHORIZED REPRESENTATIVE of Marsh USA Inc. <i>D. S. N. D.</i></p>
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Posted 10/1/09

COMMERCIAL GENERAL LIABILITY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**OTHER INSURANCE – ADDITIONAL INSURED**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**PROVISIONS**

**COMMERCIAL GENERAL LIABILITY CONDITIONS**  
(Section IV), Paragraph 4. (Other Insurance), is amended as follows:

1. The following is added to Paragraph a. Primary Insurance:

However, if you specifically agree in a written contract or written agreement that the insurance provided to an additional insured under this Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

- a. The "bodily injury" or "property damage" for which coverage is sought occurs; and

- b. The "personal injury" or "advertising injury" for which coverage is sought arises out of an offense committed

subsequent to the signing and execution of that contract or agreement by you.

2. The first Subparagraph (2) of Paragraph b. Excess Insurance regarding any other primary insurance available to you is deleted.

3. The following is added to Paragraph b. Excess Insurance, as an additional subparagraph under Subparagraph (1):

That is available to the insured when the insured is added as an additional insured under any other policy, including any umbrella or excess policy.

*Corvel  
w/c administrator*

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OTHER ADDITIONAL INSURED**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

#### **PROVISIONS**

1. **WHO IS AN INSURED (SECTION II)** is amended to include as an insured any person or organization (called hereafter "additional insured") with whom you have agreed in a written contract, executed prior to loss, to name as an additional insured, but:

- a. Only with respect to liability because of "bodily injury" or "property damage" arising out of "your work" for that additional insured performed by you or for you; and
- b. Subject to any limitations in the written contract regarding the scope of the additional insured status.

This insurance does not apply to "bodily injury" or "property damage" arising out of "your work" included in the "products-completed operations hazard" unless you are required to provide such coverage by written contract and then only for the period of time required by the contract, but in no event beyond the expiration date of the policy.

2. The Limits of Insurance provided to such additional insured shall be:

- a. The limits which you have agreed to provide; or
- b. The limits shown on the Declarations whichever is less.

3. This insurance is excess over any valid and collectible insurance unless you have agreed in a written contract for this insurance to apply on a primary or contributory basis.

4. This insurance does not apply on any basis:

- a. To any person or organization for whom you have purchased an Owners and Contractors Protective policy.
- b. To any person or organization who distributes or sells "your products" in the regular course of its business.
- c. To any person or organization from whom you have acquired any products, or any ingredient, part or container, entering into, accompanying or containing such products.
- d. To any manager or lessor of premises with respect to liability arising out of the ownership, maintenance, or use of that part of any premises leased to you.
- e. To any lessor of leased equipment.
- f. To any architect, engineer or surveyor for injury or damage arising out of:
  - (1) The preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
  - (2) Supervisory, inspection or engineering services.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/20/2009
**PRODUCER**  
 MARSH USA INC.  
 500 WEST MONROE STREET  
 CHICAGO, IL 60661

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

401944-FINP1-CRIME-09-10

**INSURERS AFFORDING COVERAGE****NAIC #**
**INSURED**  
 CORVEL ENTERPRISE COMPANY, INC.  
 dba HAZELRIGG RISK MANAGEMENT SERVICES  
 10750 4TH STREET  
 SUITE 100  
 RANCHO CUCAMONGA, CA 91730

INSURER A: National Union Fire Ins Co Pittsburgh PA

19445

INSURER B: Twin City Fire Insurance Co

29459

INSURER C:

INSURER D:

INSURER E:

**COVERAGES**

4

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

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS								
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$								
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$								
	<b>EXCESS / UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$								
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE Y/N OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below				<table border="1"> <tr> <td>WC STATU-ITORY LIMITS</td> <td>OTH-ER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATU-ITORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$
WC STATU-ITORY LIMITS	OTH-ER												
E.L. EACH ACCIDENT	\$												
E.L. DISEASE - EA EMPLOYEE	\$												
E.L. DISEASE - POLICY LIMIT	\$												
A	<b>OTHER</b> FIDELITY BOND/CRIME	469-70-60	10/31/2009	10/31/2010	5,000,000								
B	XS FIDELITY BOND/XS CRIME	00FA024258709	10/31/2009	10/31/2010	5,000,000								

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

**CERTIFICATE HOLDER**

CHI-002702142-19

**CANCELLATION**
 CITY OF COSTA MESA  
 ATTN: JENNIFER SOMMERS  
 77 FAIR DRIVE  
 COSTA MESA, CA 92662

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

 AUTHORIZED REPRESENTATIVE  
 of Marsh USA Inc.
*Doug S. N. De*

## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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

## **DISCLAIMER**

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/20/2009

**PRODUCER**  
MARSH USA INC.  
500 WEST MONROE STREET  
CHICAGO, IL 60661  
Attn: Fax: 212-948-0770 or Chicago.CertRequest@marsh.com

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

401944-ALL-WPROF-09-10

**INSURERS AFFORDING COVERAGE****NAIC #**

**INSURED**  
CORVEL ENTERPRISE COMPANY, INC.  
dba HAZELRIGG RISK MANAGEMENT SERVICES  
10750 4TH STREET  
SUITE 100  
RANCHO CUCAMONGA, CA 91730

INSURER A: Travelers Property Casualty Company Of	25674
INSURER B: N/A	N/A
INSURER C: Employers Fire Insurance Company	20648
INSURER D:	
INSURER E:	

**COVERAGES**

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

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GENERAL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC	TJ-GLSA-280K509-5-09	04/30/2009	04/30/2010	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
						MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
A		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> AUTO PHYSICAL DAMAGE: COMP \$500/COLL \$500	TJ-CAP-280K510-2-09	04/30/2009	04/30/2010	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN EA ACC	\$
						AUTO ONLY: AGG	\$
		<b>EXCESS / UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
							\$
A	A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE Y/N OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	TC2J-UB-280K507-1-09 (AOS) TRJ-UB-280K5083-09 (AK,AZ,MA,NE,NH,NJ,OK,OR,WI)	04/30/2009 04/30/2009	04/30/2010 04/30/2010	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
C		<b>OTHER</b> <b>MANAGED HEALTHCARE</b> <b>PROF LIAB (E &amp; O)</b>	MCP-3757-09	10/31/2009	10/31/2010	PER CLAIM	5,000,000
						AGGREGATE	5,000,000
						SIR	250,000

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS**  
CITY OF COSTA MESA AND ITS ELECTED AND APPOINTED BOARDS, OFFICERS, AGENTS AND EMPLOYEES ARE INCLUDED AS ADDITIONAL INSURED UNDER THE GENERAL LIABILITY POLICY AS THEIR INTEREST MAY APPEAR, BUT ONLY TO THE EXTENT SUCH STATUS IS REQUIRED UNDER THEIR WRITTEN CONTRACT / AGREEMENT WITH THE NAMED INSURED.

**CERTIFICATE HOLDER** CHI-002702632-15**CANCELLATION**

CITY OF COSTA MESA  
ATTN: JENNIFER SOMMERS  
77 FAIR DRIVE  
COSTA MESA, CA 92662

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

AUTHORIZED REPRESENTATIVE  
of Marsh USA Inc.  
Mary Radaszewski

*Mary Radaszewski*

## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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

## **DISCLAIMER**

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.