

INTRADEPARTMENTAL CORRESPONDENCE

September 24, 2026
1.0

TO: Honorable Board of Police Commissioners

FROM: Executive Director, Board of Police Commissioners

SUBJECT: REVIEW AND TRANSMITTAL OF THE PROPOSED CONTRACT FOR
APPROVAL TO EXTEND CURRENT AUTO DISMANTLING CONTRACT

RECOMMENDATION:

1. That the Board of Police Commissioners (Board) REVIEW and APPROVE the attached contract amendment and one-year extension for the Department's Auto Dismantler Agreement with SA Recycling.
2. Given the urgent operational need to execute the agreement expeditiously and considering that the underlying contract was previously reviewed and approved by the Mayor's Office, it is recommended that the Board APPROVE and TRANSMIT a request for a waiver of the Executive Directive No. 3 (ED-3) review process.
3. That the Board TRANSMIT the attached amended and extended contract to the City Council and request authorization to execute the contract amendment and extension.
4. That, upon approval by the City Council, the Board AUTHORIZE the Chief of Police to exercise the one-year extension option and execute all documents necessary to effectuate the contract extension.

BACKGROUND

On May 20, 2026, the Board of Police Commissioners transmitted a Request for Proposal (RFP) for qualified Auto Dismantlers to ensure continuation of the Vehicle Recycling Program (VRP) (CF 22-1324). Over the past three years, the VRP has produced measurable and widely recognized results in reducing homelessness-related impacts and clearing City streets of dilapidated, unsafe, and environmentally hazardous recreational vehicles and other encampment-type vehicles that have long served as crime magnets and contributed to neighborhood blight. City leaders have an affirmative responsibility to safeguard public health, environmental quality, and basic living standards for all Angelenos.

The Comprehensive Cleaning and Rapid Engagement (CARE+) program represents one of the City's most far-reaching service models – providing sanitation operations, outreach, and housing connections for our most vulnerable residents while restoring public rights-of-way and reducing

entrenched encampments. The VRP is an essential and complementary component of this effort because it permanently ends the life cycle of dangerous motorhomes that were previously resold at auction for minimal value and repeatedly returned to City streets.

The success of CARE+ and the VRP cannot be overstated. Cleaner streets, reduced environmental contamination, elimination of crime-generating locations, and improved traffic safety are direct and ongoing benefits. According to the most recent homeless count by the Los Angeles Homeless Services Authority (LAHSA), Recreational Vehicles (RVs) on City streets have decreased by more than 30% citywide in the past three years, with Council Districts 11, 12, and 15 each experiencing reductions exceeding 58%.

Even upon the Council's approval to release the RFP, the Commission must engage in a thorough and meaningful deliberative process when selecting an auto dismantler. This industry is highly specialized, closely regulated, and operationally complex. Rushing the procurement process to meet an impending deadline risks preventable errors, insufficient vendor review, and inadequate time for qualified firms to prepare responsive proposals.

DISCUSSION

On November 21, 2026, the City's existing contract for auto dismantling services will expire, and without timely action, the progress achieved in addressing RV encampments and oversized vehicle blight throughout Los Angeles is likely to deteriorate rapidly.

Available data indicates that the City continues to experience a steady influx of RVs and other oversized vehicles, demonstrating that the issue remains ongoing rather than static. While the program has achieved measurable success in reducing the number of oversized vehicles occupying City streets, the underlying migration and relocation patterns persist. Consequently, any interruption in dismantling services would likely result in a reversal of those gains, as enforcement, abatement, and support efforts would no longer keep pace with incoming vehicles.

Furthermore, several neighboring jurisdictions have implemented programs modeled on the City's proven RV abatement strategy, including the removal and dismantling of dilapidated RVs and oversized vehicles. As these jurisdictions continue to replicate and expand efforts pioneered by Los Angeles, discontinuation of the City's program could inadvertently undermine the regional progress it has helped achieve by increasing the likelihood that dilapidated RVs and oversized vehicles are displaced into Los Angeles from surrounding communities. In the absence of the City's integrated approach of vehicle abatement, coordinated enforcement, and comprehensive outreach services, individuals maintaining or occupying such vehicles may have a greater incentive to relocate them into Los Angeles. Absent continuation of these services, the City could experience a renewed increase in dilapidated RVs and oversized vehicles on public streets, eroding the substantial progress achieved to date and increasing future enforcement, remediation, and social service demands.

To prevent this outcome, Commission Investigation Division requests approval of the Amended and Restated Agreement (Contract No. C-144631) with SA Recycling to extend the contract for

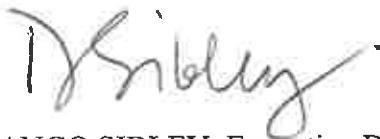
an additional one-year term. Following Board approval, the matter will be transmitted to the City Council for review and approval of the contract amendment, as well as authorization of the one-year extension. Upon receiving City Council authorization, the Board would authorize the Chief of Police to execute the amendment. Approval of this action will ensure the uninterrupted continuation of dismantling and recycling services while the Department completes the competitive Request for Proposals (RFP) process and secures a long-term contractual solution.

FISCAL IMPACT

The proposed amendment would extend the contract term through November 21, 2027; however, the Department has already included and appropriated \$3,000,000 in its Fiscal Year 2026-27 budget to support program operations during the current fiscal year. Accordingly, no additional appropriation is required as a result of this action. The extension of the contract term does not obligate the City to expend funds beyond those currently budgeted and appropriated. Any services provided or expenditures incurred after June 30, 2027, shall remain subject to the availability of funds, future budgetary appropriations, and all applicable City budget approval processes.

For additional information or questions, please contact Lieutenant II Scott Moffitt, Commanding Officer, Commission Investigation Division, at (213) 996-1230.

Respectfully,

A handwritten signature in dark ink, appearing to read "D. Sibley", with a stylized flourish at the end.

DJANGO SIBLEY, Executive Director
Board of Police Commissioners

Attachment

**THIRD AMENDED AND RESTATED AGREEMENT NUMBER C-144631
BETWEEN THE CITY OF LOS ANGELES
AND
SA RECYCLING
FOR LAPD VEHICLE RECYCLING PROGRAM (VRP)
FOR
CITYWIDE SERVICE**

THIS THIRD AMENDED AND RESTATED AGREEMENT (this "Contract") is entered into by and between the City of Los Angeles (hereinafter referred to as the "City"), a municipal corporation, acting by and through the Los Angeles Police Commission (hereinafter referred to as the "Board"), and SA Recycling, a Delaware Limited Liability Company (LLC), (hereinafter referred to as the "Contractor").

WHEREAS, on Wednesday, April 26, 2023, the City issued a Request for Proposals (RFP) (RFP No. 23-980-003) to secure service for the dismantling, recycling and disposal of passenger, commercial and recreational vehicles; and

WHEREAS, On Wednesday, June 21, 2023, RFP No. 23-980-003 closed and did not result in the receipt of a qualified proposal from a qualified contractor that had established the ability to perform the contract work; and

WHEREAS, the services to be provided by the Contractor are of a professional and technical nature and can be performed more feasibly by the Contractor than by City employees; and

WHEREAS, the City has determined that another request for competitive bids would not be practical or successful; and

WHEREAS, the services to be performed by the Contractor are within the Contractor's competency; and

WHEREAS, the City negotiated with the Contractor, who has satisfactorily performed services in vehicle dismantling and remains capable of providing the type and level of service required by the City; and

WHEREAS, the Board of Police Commissioners approved, on April 25, 2023, the implementation of the Vehicle Recycling Program and the direction to staff to identify a qualified contractor; and

WHEREAS, the Mayor of Los Angeles on November 17, 2023 approved this unamended agreement (C-144631); and

WHEREAS, the parties entered into an Agreement on November 21, 2023 (the "Original Contract"), pursuant to which the Contractor agreed to perform the work and furnish the services as more fully described therein; and

WHEREAS, on January 23, 2024 the City and Contractor entered into the First Amended and Restated Agreement in which the Parties agreed to amend Exhibit A – Rates, and make such other changes as the Parties deemed necessary; and

WHEREAS, on July 22, 2026 the City and Contractor entered in the Second Amended and Restated Agreement in which the Parties agreed to extend the term by one year and make such as other changes as the Parties deemed necessary; and

WHEREAS, the City and Contractor now desire to enter into this Third Amended and Restated Agreement to extend the term by one additional year, and makes certain other changes as the Parties deem necessary.

NOW THEREFORE, in consideration of the above premises and of the terms, covenants and considerations set forth herein, the parties do agree as follows:

SECTION 1.0 PARTIES TO THE AGREEMENT AND REPRESENTATIVES

1.1 Parties to Agreement

The parties to this Agreement are:

- a. City – The City of Los Angeles, a municipal corporation, acting by and through the LAPD, having its principal office at 100 West First Street, Los Angeles, California, 90012.
- b. Contractor – SA Recycling, a California corporation, having its principal office at 2411 North Glassell Street, Orange, CA 92885,

1.2 Representatives of the Parties

- A. The representatives of the parties who are authorized to administer this Agreement and to whom formal notices, demands and communications will be given are as follows:

- 1) The City's representative is, unless otherwise stated in the Agreement:

Jim McDonnell, Chief of Police
Los Angeles Police Department
100 West First Street
Los Angeles, California 90012

With copies to:

Django Sibley

Executive Director
Los Angeles Police Commission
100 West First Street, 1st Floor
Los Angeles, CA 90012
Telephone: (213) 236-1400
Facsimile: (213) 236-1410

- 2) The Contractor's representative is, unless otherwise stated in the Agreement:

Kubilay Karul, Regional General Manager
2411 North Glassell Street
Orange, CA 92885
Telephone: (714)270-1638
Facsimile: (714) 630-6811
Email: kkarul@sarecycling.com

1.3 Notices

Formal notices, demands and communications to be given hereunder by either party must be made in writing and may be affected by electronic mail (e-mail), personal delivery or by registered or certified mail, postage prepaid, return receipt requested and will be deemed communicated as of the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice will be given in accordance with this Section, within five (5) working days of said change.

1.4 Independent Contractor

Contractor is acting hereunder as an independent contractor and not as an agent or employee of the City. No employee of the Contractor has been, is, or shall be an employee of the City by virtue of this Agreement, and the Contractor shall so inform each employee organization and each employee who is hired or retained to perform services under this Agreement. Contractor shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the City.

SECTION 2.0 TERM OF THE AGREEMENT

The term of the original contract commenced upon November 21, 2023 and shall terminate upon November 20, 2027 unless otherwise terminated pursuant to

PSC-8 (Termination) of the Standard Provisions for City Contracts (Rev. 5/26) [v.1], attached hereto as **Attachment A** as though fully set forth herein.

2.1 Ratification Clause

Due to the need for Contractor's services to be provided upon the commencement of the Term hereof, Contractor may have provided services during the Term but prior to the execution of this Agreement. To the extent that said services were performed in accordance with the terms and conditions of this Agreement, those services are hereby accepted by the City and shall be treated as services performed under the terms and conditions of this Agreement.

In the event that this Agreement expires and the city has not yet identified and engaged a qualified contractor to assume the services, and upon mutual agreement, Contractor shall continue to provide services on the same terms and conditions set forth in this Agreement for a period not to exceed 90 days following the expiration date.

SECTION 3.0 GENERAL SCOPE OF SERVICES

3.1 Statement of Work to be Performed

- a. During the term of this Agreement, Contractor shall provide the Services, implement the tasks, and provide the services identified herein.
- b. All work, tasks, and deliverables are subject to City approval. Failure to receive approval may result in the withholding of compensation for such service(s) pursuant to Section 10.0 of this Agreement (Compensation).
- c. Contractor, at its own discretion, may deny vehicles or vessels from either storage or dismantling (or both), that do not have a signed and completed "Authorization for Vehicle Dismantling and/or Recycling" work order.
- d. Notwithstanding any other provision of this Agreement, the Contractor shall perform such other work and deliver such other items within the scope of services as are necessary to ensure that the services provided under this Agreement meet the requirements set forth in this Agreement and in all Attachments.
- e. In the event that City requires services in addition to those specified in this Agreement, Contractor agrees to provide such services in accordance with Section 16.0, Amendments and Changes to the Agreement. Prior to performance of additional work, this Agreement will be amended to include the additional work and payment.

- f. Contractor's performance of the work under this Agreement must not interfere unnecessarily with the operation of LAPD or any other City Department. If City, as a result of its own operations, delays, disrupts, or otherwise interferes with and materially affects Contractor's performance hereunder, adjustments will be determined by mutual agreement of the parties and may be accomplished in accordance with **Section 16.0, Amendments and Changes to the Agreement**. Contractor shall notify City immediately if delays, regardless of the cause, begin to put the implementation schedule in jeopardy.

4.0 FACILITIES

4.1 Primary Place of Business and Facilities

The Contractor must have, prior to execution of the contract, a primary place of business located in the City of Los Angeles or within 25 miles from Los Angeles.

Any facility involved in the initial or crude dismantling of vehicles or vessels must abide by rules set forth by the Los Angeles Police Commission. Additionally, such facilities shall be inspected and approved by the Board or Designee prior to use. The facility must be clean and conform to industry standards consistent with regulation of vehicle dismantlers and recyclers.

4.2 Recommended Storage Based on Needs

Based upon current needs, the approximate total storage recommendation is a minimum of one-quarter acre (or 12,000 square feet) for the temporary storage of vehicles or vessels awaiting dismantling and recycling.

Separately, the contractor shall have additional space to store vehicle components, waste, recycled materials, and all other vehicle components after the vehicle dismantling process has occurred.

4.3 Zoning Requirements

All facilities must be properly zoned in the City of Los Angeles as prescribed under Zoning Ordinance No. 152, 770, Eff. 9/15/79.

4.4 Hours and Days of Service

The Contractor must provide the City the hours and days of regular operating hours. The Contractor may perform work at any time during regular business hours but shall comply with local ordinances as it pertains to noise and other applicable regulations.

4.5 Contractor's Office

The Contractor must maintain an office where the Contractor conducts business related to this Contract. The Contractor's office must be equipped with a functioning telephone, facsimile, and email capabilities in the company's name where the Contractor conducts business.

At least one (1) Contractor employee who can respond to requests for services, inquiries, and/or complaints that may be received regarding Contractor's performance of the Contract services shall staff the office from 8:00 a.m. to 4:00 p.m., Monday through Friday, excluding government holidays (specific hours of operation are identified below).

SA Recycling will provide a minimum of two (2) available Contractor Offices for citywide vehicle and vessel recycling services where recycling may occur:

	Hours
SA Recycling 8250 Tujunga Avenue Sun Valley, CA 91325 (818) 767-4388 Contact: Eddie Venegas, General Manager Email: evenegas@sarecycling.com	M-F 7 AM – 4 PM Sat: 7 AM – 12 PM Sun: closed
SA Recycling 10313 Alameda Street Los Angeles, CA 90002 (323) 564-5601 Contact: Alejandro Morales, General Manager Email: amorales@sarecycling.com	M-F 6:30 AM – 4 PM Sat: 6:30 AM – 1 PM Sun: closed

SA Recycling may change or add a contractor office upon mutual agreement between SA Recycling and the Board of Police Commissioners. The intent of this agreement is to provide sufficient capacity and convenience for citywide recycling of vehicles.

4.6 Licensing and Permits

The contractor shall possess, at all times during the contracted period, a valid dismantler's license with the State of California, Department of Motor Vehicles. The contractor shall also possess and maintain all other permits and licenses as they pertain to the contracted work set forth in this document. All licenses and permits shall remain valid and in "good standing" during the term of the contract.

4.7 Tax Payments

The contractor shall remain current on all tax payments with the City of Los Angeles.

4.8 Universal Compliance

The contractor shall remain compliant with any federal, state, and local material disposal requirements, regulations, permits, or requirements.

5.0 OPERATING EQUIPMENT

Equipment shall be contemporary to minimize environmental impact and to ensure safe and responsible dismantling of vehicles. The contractor will service the entire City and therefore must have an adequate number of machines to dismantle up to and including 25 oversized or recreational vehicles and/or vessels per week.

The Contractor shall be responsible for providing all necessary supplies and work equipment required for the provision of services under the Contract. The purchase of all materials/equipment to provide the needed services shall be the sole responsibility of the Contractor. Contractor shall use materials and equipment that are safe for the environment and safe for use by the employees.

The Contractor shall provide training for all new employees and continue in-service training for all employees. All employees shall be trained in their assigned tasks and in the safe handling of equipment and materials to meet or exceed industry standards and all relevant legal requirements. Additionally, when appropriate, all employees performing tasks shall be properly licensed to do so. All equipment shall be checked daily for safety. All employees shall wear safety and protective gear according to Occupational Safety and Health Administration (OSHA) standards.

The Contractor shall provide adequate traffic control and safety measures at any site where Contractor will perform any work under this Contract.

6.0 SCOPE OF SERVICES

6.1 Dismantling, Salvage and Disposal Services of Passenger, Commercial and Recreational Vehicles (“RV’s”) and Vessels

General duties shall include the intake of passenger, commercial, recreational vehicles (“RV’s”), as well as boats, trailers and other identified vehicles or vessels from the possession of Official Police Garages (OPGs) within the city of Los Angeles. Prior to dismantling and acceptance, vehicles or vessels shall have one of the following forms:

- Certificate of Title
- Lien Sale Documents
- Disposal Authorization (DMV Form REG 462)
- Nonrepairable Vehicle Certificate (DMV Form REG 490)
- Bill of Sale (DMV Form REG 135)
- Verification of Vehicle (DMV Form REG 31)
- Other appropriate documentation or DMV forms

A copy of any documentation received for the vehicle or vessel shall be retained by Contractor.

6.2 Written Approval Required

Before services are provided by Contractor for the City, Contractor must receive written authorization for the dismantling and/or recycling of the vehicle. The authorization shall consist of an “Authorization for Vehicle Dismantling and/or Recycling” form signed by a representative from Commission Investigation Division (CID).

6.2 Accepting Vehicles and Vessels

Upon intake, the vehicle is to be weighed and the Gross Vehicle Weight (GVW) shall be recorded and kept. The vehicle shall also be photographed in a manner such that the vehicle is identifiable following the dismantling process (which should, when possible, include the license plate or VIN) and the front, rear, and sides of vehicle. The vehicle will then be required to be dismantled and prepared for recycling within 10 days of acquisition of the vehicle and appropriate documentation for the vehicle’s recycling and disposal.

Appropriate documentation shall include:

1. A legible copy of one of the above-listed documents within section 6.1
2. A legible and signed copy of an “Authorization for Vehicle Dismantling and/or recycling” work order, and

3. A "scale ticket" generated by SA Recycling at the time of initial weigh-in that records, at a minimum; date and time of entry; the vehicle weight (in pounds); vehicle length (in feet); a vehicle description to include the VIN number and/or license plate (if available); and the name of the OPG or tow company that delivered the vehicle to the contractor (if delivered by tow).

All recorded weights, photographs, and documents shall be maintained and provided upon request to the Los Angeles Police Department – Commission Investigation Division for accounting, monitoring, and auditing purposes. All such documentation and records shall be maintained a minimum of three (3) years from the date a reimbursement claim has been accepted by the City of Los Angeles or in the event no claim is submitted, within three (3) years of the vehicle's disposal date.

6.3 Types of Vehicles and Vessels

- a. A "recreational vehicle" or "RV" is defined as motorhome, house car, travel trailer, truck camper, or camp trailer; with or without motive power; designed for human habitation or other occupancy. Recreational vehicles are built on a single chassis and are self-propelled, a recreational vehicle is a motorhome, house car, travel trailer, truck camper, or camp trailer; with or without motive power; designed for human habitation or other occupancy. Recreational vehicles are built on a single chassis and are self-propelled (as defined within section 18010, California Health & Safety Code (H&S); as well as within sections 242 California Vehicle Code (CVC), 243 CVC, 324 CVC, 362 CVC).
- b. An "automobile" is a passenger vehicle that does not transport persons for hire and includes station wagons, sedans, vans, and sport utility vehicles (as defined within section 465 CVC).
- c. A "commercial vehicle" is defined as a vehicle required to be registered which is used or maintained for the transportation of persons for hire, compensation, or profit or designed, used, or maintained primarily for the transportation of property. The following vehicles may be registered as passenger or commercial - Multipurpose vehicles; Passenger-type vehicles transporting persons for hire; Pickup trucks with a camper permanently attached; and Station wagons as defined within section 260 CVC).
- d. A "motorcycle" is defined as a motor vehicle having a seat or saddle for the use of the rider, designed to travel on not more than three wheels in contact with the ground (as defined within section 400 CVC).

- e. A "vessel" is described as a watercraft used or capable of being used as a means of transportation on water (as defined within section 9873 CVC). It should be noted, in some instances, vessels or boats to be dismantled may have been constructed with the original intended use to be on water; however, if the current state of the vessels or boats are no longer capable of being used on water they shall be accepted for dismantling.
- f. All other "trailers" not identified in section A (above), to include auxiliary dollies, logging dollies, converter gears, motorized or non-motorized semi-trailers, tow dollies, travel trailers, utility trailers, and all other miscellaneous trailers.
- g. Non-Conventional Conveyances include, but are not limited to, all off-highway vehicles, motor driven cycles, mopeds/motorized bicycles, motorized Go-Karts, low speed vehicles, golf carts, pocket bikes, mini bikes, forklifts, or other motorized vehicles.

6.4 Storing of Vehicles

The capability to temporarily store vehicles or vessels for dismantling shall be stored in a separate, designated storage area away from already dismantled vehicles. Storage shall be utilized by the Contractor for vehicles with all completed authorizations for dismantling and recycling.

The Contractor shall not release or sell any VRP vehicle to any person without prior authorization from Commission Investigation Division.

The Contractor shall report security breaches of any type to Commission Investigation Division and the local police or LAPD division in the area of occurrence.

6.5 Depolluting, Recycling and Disposal

Prior to dismantling of vehicles or vessels, the Contractor shall empty the vehicle or vessel tanks and dispose of hazardous waste. The Contractor shall remove and recycle, including but not limited to the following vehicle parts and fluids:

- Black water (septic) tanks
- Gray water tanks
- Fresh water tanks
- Batteries
- Refrigerants
- Gasoline and/or diesel fuel

- Coolant, antifreeze, and/or radiator fluids
- Brake fluid
- Engine oil
- Transmission fluid
- Power steering fluid
- Differential fluid
- Windshield wiper fluid
- Any metal with reuse value such as lead, zinc, aluminum
- Any other hazardous fluids or materials present.
- Any additional hazardous material to be discarded prior to dismantling (i.e., tires, mercury switches, and lead components).
- Any traditional or non-traditional items found in vessels, RVs or similar vehicles, such as appliances (to include ammonia refrigerators, propane stoves, etc.), furniture, and other items.

All hazardous materials are to be responsibly stored, maintained and disposed of according to local, state and federal guidelines.

6.6 Removal and Devalving of Propane Tanks

Any and all propane tanks on the vehicle shall be removed, appropriately devalved and undergo disposal consistent with legally compliant best practices.

6.7 Hazardous Material

The Contractor shall be responsible for the proper and lawful handling, abatement, temporary storage, disposal, or recycling of vehicle, parts of any vehicle or vessel, hazardous substances, hazardous and solid wastes, fluids, petroleum products, and/or other associated chemicals, hazardous materials and all associated cost(s) thereof.

The Contractor shall comply with all local, state, and federal laws, regulations, and certifications pertaining to the treatment, removal, temporary storage, recycling, disposal, or any other handling of hazardous or solid wastes, vehicles or part of any vehicle, materials, fluids, petroleum products, and associated chemicals.

The Contractor shall secure any necessary and prudent studies, permits, certifications, and/or authorizations associated with treatment, removal, storage, disposal, or any other handling of hazardous substances, including, but not limited to, toxic waste, petroleum waste, asbestos, and

similar substances, prior to the removal and disposal of any vehicle under this Contract.

The Contractor shall report any oil spills that may occur while performing services related to this Contract to the National Response Center at 800-424-8802.

The Contractor shall immediately report a hazardous chemical spill while performing services related to this Contract to the appropriate local emergency response service, the National Response Center at 800-424-8802, and Commission Investigation Division if the release poses an imminent threat to human health. Additionally, the contractor shall ensure adherence to the reporting and handling of hazardous materials spills consistent with the law and standards established by the Federal Environmental Protection Agency (www.epa.gov).

The contractor shall make all reasonable telephonic and written notifications to emergency services, an appropriate environmental compliance agency or public protection agencies in the event of a hazardous chemical spill that presents a health risk to the general public or the environment. These reports shall be made promptly and commensurate to the perceived danger of the incident.

6.8 Dismantling of a Vehicle or Vessel

After all hazardous material has been removed, the vehicle or vessel is to be dismantled or crushed. The remnants of the dismantled vehicle or vessel shall be sorted to identify recyclable materials, salvage parts, as well as refuse. Identified recyclable materials shall be recycled, salvaged parts may be sold, and refuse shall be disposed of appropriately and in accordance with local, state and federal regulations and laws.

7.0 STORAGE AND DISPOSAL OF HAZARDOUS FLUIDS AND MATERIALS

Various types of hazardous fluids and materials found in discarded vehicles or vessels must never be sent to a municipal landfill or disposed of in a refuse receptacle. Hazardous materials require special handling, transportation, record-keeping and disposal facilities in accordance with local, state and federal laws and regulations. Some hazardous materials, such as lead components and waste batteries, can be recycled rather than discarded. Contact the appropriate secondary facility to arrange for the safe delivery/retrieval of hazardous materials that retain value.

The Contractor shall dispose of fuel tanks either as regular solid waste or recycle as scrap metal (pursuant to 40 CFR 261.7) only when a portable

or fixed tank for either gasoline or an oil and gasoline mixture is empty, meaning drained of all material that can be removed from the container by normal methods like pouring or pumping, AND no more than one inch (or 3% by weight) of residue remains in the container. If tank is not empty, it shall be disposed of as hazardous waste (pursuant to 40 CFR 262.11).

The Contractor shall store fuel tanks awaiting disposal away from ignition sources like heat or sparks.

The Contractor shall store cleaning and repair products in leak-proof containers with tight-fitting lids, in a manner that prevents contamination of products.

The Contractor shall properly label hazardous wastes for storage or disposal, identifying the contents of the container and its hazardous properties.

The Contractor shall maintain safe distance between different types of materials/chemicals to prevent cross-contamination and reactions. In fixed storage areas, containers of incompatible wastes shall be separated by means of dike, berm, wall, or similar device.

The above list is not inclusive of all Contractor responsibilities. The Contractor shall remain knowledgeable of and meet or exceed industry standards and established laws and regulations, including current or future legal, regulatory, or "industry-standard" amendments as they may pertain to the removal, handling, storage, and/or disposal of hazardous materials.

8.0 DATA COLLECTION AND RECORD KEEPING

8.1 Data Collection

Upon vehicle intake, the Contractor shall be provided with proper documentation and authorization from a Los Angeles City entity from the OPG delivering the vehicle.

The Contractor shall also record the following for each vehicle.

- When available, the license plate and/or VIN of the vehicle,
- Photographs that depict the identity of the vehicle (front, back, and sides),
- The length and height of the vehicle (by feet, rounded to the nearest foot),
- The GVW of the vehicle at intake (to the nearest pound),

- Retain a copy of the document authorizing the vehicle recycling and dismantling (i.e., Form REG 462).
- A copy of an "Authorization for Vehicle Dismantling and/or Recycling" signed by a Commission Investigation Division employee.

8.2 Records Retention

The Contractor shall maintain the above-mentioned documentation (Section 8.1) for a period of three (3) years from the date the reimbursement claim was deemed accepted by the City or in the event no claim is submitted, within three (3) years of the vehicle's disposal date.

9.0 AUDIT AND INSPECTION OF RECORDS

Pertaining to this Agreement, Contractor shall be subject to random audits to be conducted by the City. Contractor shall be subject to random fiscal inspections by the Board, or their designee, as the contract administrator.

Any subcontractor utilized by the contractor shall also similarly be subject to any relevant audits and inspections of records in fulfillment of this agreement.

The Contractor shall allow the Department and/or any other State of California representatives to inspect any site where Contractor is performing work under this Contract. Contractor is obligated to cooperate with any such audit or inspection.

9.1 Records Accessible and Available for Examination

At any time during business hours and as often as the City may deem necessary, the Contractor and any subcontractors hereunder shall make available for examination all data and records with respect to matters covered by the dismantling and disposal contract and shall permit the City and/or its duly authorized representatives to audit, examine and make excerpts and/or transcripts from such data and records, and to make audits of all invoices, materials, and other data relating to all contract matters and with respect to materials, payrolls, personnel records and other data relating to all matters covered by the contract. The Contractor shall maintain such data and records in an accessible location for a period **of three (3) years following the termination of the contract.** The Contractor and any subcontractors shall make this data available to the City at no expense to the City.

9.2 Subcontracts to Include Inspection and Records Clauses

The Contractor agrees to include the above clauses (9.1) on the matters of inspections and records examination in all subcontracts hereunder.

9.3 No Third-party Beneficiaries

This Agreement does not create or confer any third-party rights and, as such, there are no third-party beneficiaries under this Agreement.

10.0 COMPENSATION

10.1 VRP Rates

The contractually agreed upon amount to be paid by the City will be based upon the GVW of the vehicle to be dismantled upon the initial weigh-in at the scale upon its entry into an SA facility.

The rates, credits, and other considerations are established within **Exhibit A – Rates**.

10.2 Limitation of City's Obligation to Make Payment to Contractor

Notwithstanding any other provision in this Contract to the contrary, and in order for the City to comply with its governing legal requirements, the City shall have no obligation to make any payments unless the City shall have first made an appropriation of funds equal to or in excess of its obligation. Contractor shall have no obligation to provide services or incur expenses in excess of the appropriated amount until City appropriates additional funds.

10.3 Invoicing

All invoices must be submitted on Contractor's letterhead, contain Contractor's official logo, or other unique and identifying information such as the name and address of the Contractor. Evidence that tasks have been completed, in the form of detailed description of tasks performed per hours billed, shall be attached to all invoices. Invoices shall be submitted as per Section 7.3 and shall be payable to the Contractor no later than 30 days after City determination that the invoice is complete. Invoices are

considered complete when appropriate documentation or services provided are signed off as satisfactory by the Executive Director of the Los Angeles Police Commission or his designee, which approval shall not be unreasonably withheld, and which approval shall be provided within a reasonable amount of time. Notwithstanding the foregoing, and subject to any rules or regulations necessitated by the Office of the Los Angeles City Controller or as otherwise required by law, there shall exist a rebuttable presumption that invoices are complete upon submission by Contractor. Should there be any reason for which the invoices should not be deemed complete upon delivery, and for which reason payment should not occur upon 30 days of delivery of the invoices, City shall immediately notify Contractor, and the parties shall work together in good faith to immediately rectify any deficiencies. In no event shall City be responsible for any late fees, late charges, interest, or penalties.

10.4 Storage

The Contractor may make arrangements with various OPGs to temporarily store vehicles on the contractor's property awaiting recycling. In the event the Contractor is not allowing ongoing storage of vehicles awaiting disposal, the Contractor shall provide OPGs with at least 72-hours advance notice to deliver vehicles to the Contractor prior to the anticipated date of disposal and recycling.

10.5 Vehicle transport

The Contractor may arrange for the transport of vehicles to their facility from OPGs only upon prior arrangement with the OPGs and at the contractor's own expense. Such transportation shall be in compliance with all local, state and federal regulations, rules and legal requirements.

10.6 Complete ownership and responsibility, some exceptions

Upon acceptance of a vehicle and necessary documentation, ownership of the vehicle and all items within the vehicle transfer to the Contractor. The Contractor becomes wholly responsible for the proper disposal of all items, as well as the subsequent resale of salvaged parts, metal, or other vehicle components, with the following exceptions:

- a. The Contractor discovers an item of potential evidentiary value (i.e., a firearm, contraband, or other item of apparent evidentiary value).

- b. The Contractor is advised by the LAPD or another law enforcement agency that an item of evidentiary value or contraband may be present inside or upon a vehicle in the Contractor's possession. The Contractor shall grant access to that item to an authorized individual within that agency.
- c. The Contractor discovers a stolen item or another item which is unlawful to possess. The Contractor shall contact LAPD or other appropriate entity for retrieval of such items.
- d. If there exists any evidence of a crime or if there exists a compelling need for notification of law enforcement.

11.0 STANDARD PROVISIONS FOR CITY CONTRACTS

The document titled "Standard Provisions for City Contracts (Rev. 5/26) [v.1]" is attached hereto as Attachment A and is incorporated into this Contract as though fully set forth herein.

12.0 PROOF OF LICENSES, CERTIFICATIONS, MEMBERSHIPS, PERMITS

The Contractor providing services under the Contract must possess, comply with and keep current all applicable licenses, certifications, memberships, and permits required for this Contract. The Contractor must provide copies of all licenses, certifications, memberships, and permits required to perform the required work, which may include but not limited to a valid business license, hazardous waste and pollution discharge permits, and motor carrier permits.

13.0 INDEMNITY, INSURANCE AND LIABILITY

13.1 Indemnity Requirements and Acceptability of Insurance

The Contractor is required to adhere to the indemnity requirements and the conditions governing the acceptability of any insurance that may be required are set forth in detail in the Standard Provisions for City Contracts (Attachment A). Upon agreement of the contract, but before work commences, the Contractor must submit proof of insurance (ACORD certificate) to the Risk Manager electronically at <https://kwikcomply.org/>. Insurance requirements for the services are described in the Standard Provisions for City Contracts (Attachment A).

13.2 Contractors to Maintain Satisfactory Insurance

Contractors shall maintain insurance in effect at all times in amounts satisfactory to the Board of Police Commissioners.

13.3 Insurance Coverage for the VRP Operations

Insurance shall protect the Contractor and the City against any and all liability and damages arising from all operations of the VRP.

13.4 Liability

In accordance with indemnification requirements elsewhere in the Contract, the Contractor shall be liable for any injury to persons or damage to City or private property incurred at a job site in the course of performing the services under this Contract. The Contractor shall be liable for the cost of repairs for any such damages and expenses associated with any injury.

14.0 CONFIDENTIALITY AND RESTRICTIONS ON DISCLOSURE

- a. All documents, records, and information provided by the City to the Contractor, or accessed or reviewed by the Contractor, during performance of the contract will remain the property of the City. All documents, records and information provided by the City to the Contractor or accessed or reviewed by the Contractor during the performance of the contract, are confidential (hereinafter collectively referred to as "Confidential Information"). The Contractor agrees not to provide Confidential Information, nor disclose their content or any information contained in them, either orally or in writing, to any other person or entity. The Contractor agrees that all Confidential Information used or reviewed in connection with the Contractor's work for the City will be used only for the purpose of carrying out City business and cannot be used for any other purpose. The Contractor will be responsible for protecting the confidentiality and maintaining the security of City documents and records in its possession.
- b. The Contractor will make the Confidential Information provided by the City to the Contractor or accessed or reviewed by the Contractor during performance of the contract, available to its employees, agents and subcontractors, only on a need-to-know basis. Further, the Contractor will provide written instructions to all of its employees, agents and subcontractors with access to the Confidential Information about the penalties for its unauthorized use or disclosure. The Contractor will store and process Confidential Information in an electronic format in such a way that unauthorized persons cannot retrieve the information by computer, remote terminal or other means.

- c. The Contractor must not remove Confidential Information or any other documents or information used or reviewed in connection with the Contractor's work for the City from City facilities without prior approval from the City. The Contractor will not use, other than in direct performance of work required pursuant to the Contract or make notes of any home address or home telephone numbers contained in Confidential Information provided by the City that are reviewed during work on this Agreement. The Contractor will, at the conclusion of the contract, or at the request of the City, promptly return any and all Confidential Information and all other written materials, notes, documents, or other information obtained by the Contractor during the course of work under the contract to the City. The Contractor will not make or retain copies of any such information, materials, or documents.
- d. Any reports, findings, deliverables, analyses, studies, notes, information or data generated as a result of the contract are to be considered confidential. The Contractor will not make such information available to any individual, agency, or organization except as provided for in the contract or as required by law.
- e. The Contractor will require all its employees, agents and subcontractors who will review be provided, or have access to Confidential Information, during the performance of the contract, execute a confidentiality agreement that incorporates the provisions of this Section, prior to being able to access Confidential Information.

15.0 AMENDMENTS AND CHANGES TO THE AGREEMENT

Any change in the terms of this Agreement, including changes in the services to be performed by the Contractor and extension of the Contract term, agreed to by the parties, must be incorporated into this Agreement by a written amendment, properly executed and signed by the persons authorized to bind the parties thereto.

16.0 COMPLETE AGREEMENT

This Agreement contains the full and complete Agreement between the two parties. No verbal agreement or conversation with any officer or employee of either party will affect or modify any of the terms and conditions of this Agreement.

ORDER OF PRECEDENCE

In the event of an inconsistency between any of the provisions of this Third Amendment and Restatement to Contract No. C-144631; or all prior or current attachments, the inconsistency shall be resolved by giving previous attachments and/or amendments precedence in the following order:

- 1) This Third Amended and Restated Contract No. C-14463;
- 2) Second Amended and Restated Contract No. C-14463;
- 3) First Amended and Restated Contract No. C-14463;
- 4) LAPD Contract No. C-144631,
- 5) Standard Provisions for City Contracts (Rev. 5/26) [v. 1]; and
- 6) Exhibit A – Rates.

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

[Signature page follows]

IN WITNESS THEREOF, the parties hereto have caused this agreement to be executed by their respective duly authorized representatives.

CITY OF LOS ANGELES

SA RECYCLING

By: _____
Jim McDonnell
Chief of Police
Los Angeles Police Department

By: _____
Kubilay Karul
Regional General Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO, City Attorney

By: _____
Andrew Said
Deputy City Attorney

Date: _____

ATTEST:

PATRICE LATTIMORE, INTERIM CITY CLERK

By: _____
Deputy City Clerk

Date: _____

City Business Tax Registration Certificate No: 0002268909-0004-4

IRS Federal Tax ID No: 74-3222369

City Agreement No: C-144631

EXHIBIT A – RATES (PAGE 1 OF 3)

The contractually agreed upon amount to be paid by the City will be based upon the GROSS Vehicle Weight (GVW) of the vehicle to be dismantled upon the initial weigh-in at the scale upon its entry into an SA facility.

The rate shall be \$450.00 per net ton (\$0.225 / pound) of GVW if wastewater has not been removed from the vehicle. If wastewater has been removed, the fee is \$403.85 per net ton (\$0.202 / pound) of GVW.

In determining payment, the cost shall be calculated to the nearest pound of the vehicle as determined at weigh in.

The following additional provisions shall also apply:

EXCEPTIONS

A trailer that consists of at least 50% recyclable metals by weight shall be accepted free of charge by SA Recycling and will not be subject to “credits” as established below.

A burnt frame chassis that consists of at least 70% recyclable metals by weight shall be accepted free of charge by SA Recycling and will not be subject to “credit” as established below.

“Automobiles” as defined under section 6.3 of this contract shall be accepted free of charge by SA recycling and will not be subject to “credits” as established below.

CREDITS

The City will receive credits based upon the American Metals Market (AMM) monthly index as published by Fastmarkets (cross-commodity price reporting agency). Contractor shall provide CID with the previous months “Los Angeles No2 Bundle Price” for a gross ton of metal on or before the **15th day of the successive month.**

The Index shall be sent to: pcaudits@lapd.online

EXHIBIT A – RATES (PAGE 2 OF 3)

SA will provide a financial recycling credit to the City based upon the following:

Component	Description	AMM Rate (gross ton)	Formula
Chassis	Small – At least 4 feet in length to a maximum length of 20 feet.	Market rate	22%
Chassis	Medium – Greater than 20 feet in length, up to 33 feet.	Market rate	55%
Chassis	Large – Greater than 33 feet in length.	Market rate	78%
Engine	Small vehicle – contained within a vehicle at least 4 feet in length to a maximum length of 20 feet.	Market rate	11%
Engine	Medium vehicle – contained within a vehicle greater than 20 feet in length, up to 33 feet.	Market rate	44%
Engine	Large vehicle – contained within a vehicle greater than 33 feet in length.	Market rate	78%
Transmission	Small vehicle – contained within a vehicle at least 4 feet in length to a maximum length of 20 feet.	Market rate	4%
Transmission	Medium vehicle – contained within a vehicle greater than 20 feet in length, up to 33 feet.	Market rate	11%
Transmission	Large vehicle – contained within a vehicle greater than 33 feet in length.	Market rate	32%

As listed in the above chart, the length of the vehicle shall determine the estimated size of the component. Credits will be determined based upon the market rate of metals for the month in which the vehicle is recycled.

INVOICING

Vehicles or Vessels will be required to be dismantled and prepared for recycling within 10 days of acquisition. The City shall be invoiced within 30 days of the dismantling and recycling of the vehicle. The invoice shall deduct any “credit” from the invoice cost, so that credits are not owed to the city:

Example: GVW (in pounds) [multiplied by] \$0.225 / pound = RATE

EXHIBIT A – RATES (PAGE 3 OF 3)

RATE (*minus*) CREDITS = INVOICED TOTAL

Invoices should be sent or emailed to the following address:

Los Angeles Police Commission
Commission Investigation Division
OPG Section
100 West 1st Street, Room 147
Los Angeles, CA 90012
pcaudits@lapdonline

Emailed invoices are not considered received unless Contractor receives an affirmative email reply from an authorized CID representative.

CALCULATION EXAMPLE

A 25-foot-long RV weighing 9,205 pounds (at weigh-in) is recycled on October 15, 2023 and contains a chassis, engine, transmission, plus wastewater is not removed.

Cost: 9,205 [GVW] (**multiplied**) \$0.225 [price per pound] = \$2,071.13

(AMM price index for Bundle No. 2 in October 2023 is \$90.00 per gross ton.)

Credits:	Medium Chassis	<u>\$90</u> (multiplied) <u>55%</u> = <u>\$49.50</u>
	Medium Engine	<u>\$90</u> (multiplied) <u>44%</u> = <u>\$39.60</u>
	Medium Transmission	<u>\$90</u> (multiplied) <u>11%</u> = <u>\$9.90</u>

Invoice: \$2,071.13 [cost] (**minus**) \$99.00 [credit] = \$1,972.13 (DUE)

ATTACHMENT A

Standard Provisions for City Contracts (Rev. 5/26 [v.1])

STANDARD PROVISIONS FOR CITY CONTRACTS
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STANDARD PROVISIONS FOR CITY CONTRACTS

PSC-1. CONSTRUCTIONS OF PROVISIONS AND TITLES HEREIN

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one **CONTRACTOR**, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

As used in this Contract, unless otherwise specified in the Contract, the term "Written Notice" or "Writing" may include correspondence sent via electronic mail, certified mail, or through the United States Postal Service.

PSC-2. APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**. In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction and venue, and agrees to bring all such actions, exclusively in state or federal courts located in the County of Los Angeles, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. TIME OF EFFECTIVENESS

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

- A. This Contract has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR**;
- B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;

- C. This Contract has been signed on behalf of **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract; and
- D. The Office of the City Attorney has indicated in Writing (including electronic communication), its approval of this Contract as to form.

PSC-4. INTEGRATED CONTRACT/AMENDMENT

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only in Writing and signed by the duly authorized representatives of both parties, including the Office of the City Attorney as to form.

PSC-5. FORCE MAJEURE/EXCUSABLE DELAYS

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract if the delay or failure arises out of a Force Majeure Event. Force Majeure Events include but are not limited to fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), government furloughs, government shutdowns, freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar and unforeseeable events. For the party to be excused from performance for its delay or failure resulting from a Force Majeure Event, in each case, the delay or failure to perform must have been unforeseeable at the time of contract, and be beyond the control and without any fault or negligence of the party delayed or failing to perform. Notwithstanding the foregoing, **CONTRACTOR** shall not be entitled to terminate this Contract due to a Force Majeure Event in the event that **CONTRACTOR** is engaged to perform services in response to that event.

CONTRACTOR's non-performance shall not be excused by a delay or failure to perform by a Subcontractor resulting from a Force Majeure Event, unless (1) the delay or failure arises out of causes beyond the control of both **CONTRACTOR** and Subcontractor, and without any fault or negligence of either of them and (2) the **CONTRACTOR** establishes that the goods or services to be furnished by the Subcontractor could not have been obtained from other sources in sufficient time to permit **CONTRACTOR** to perform timely. In the event **CONTRACTOR's** delay or failure to perform is a result of a Force Majeure Event, **CONTRACTOR** agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-6. WAIVER

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term, or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-7. SUSPENSION

At **CITY's** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon delivery of the notice of suspension in accordance with the Contract, **CONTRACTOR** shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services.

PSC-8. TERMINATION

A. Termination for Convenience

CITY may terminate this Contract for **CITY's** convenience at any time by providing **CONTRACTOR** notice in Writing, which shall include the effective date of termination. Upon delivery of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination, provided that such amounts are approved, in Writing, by **CITY** in advance of the work being performed. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY's** ownership of rights provided herein.

B. Termination for Breach of Contract

1. Except as provided in PSC-5, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may immediately terminate this Contract by giving **CONTRACTOR** notice in Writing of the default and termination. Unless otherwise specified in **CITY's** termination notice, termination by **CITY** shall be effective three (3) days after the date of delivery of notice in Writing. Alternatively, in the event of a default, **CITY**, at its sole discretion, may send **CONTRACTOR** a default notice in Writing identifying the default and the time period to cure the default to the sole satisfaction of City. Additionally, **CITY's** default notice may offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the

default, which shall be submitted to **CITY** within the time period allowed by the default notice. At **CITY's** sole discretion, **CITY** may accept or reject **CONTRACTOR's** plan. If: (1) **CITY** rejects **CONTRACTOR's** plan; (2) the default cannot be cured; or (3) **CONTRACTOR** fails to cure within the period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR's** breach of this Contract.

2. If the default under this Contract is due to **CONTRACTOR's** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance coverage and **CONTRACTOR's** obligation to suspend performance of services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY's** requirements and provides written evidence to **CITY** that **CONTRACTOR** has obtained the required insurance coverage.
3. A breach of PSC-21, PSC-22, PSC-23, PSC-34, or PSC-37, or any unauthorized use of City Data or AI System, shall be deemed a breach of this Contract. **CITY** may require immediate suspension of the affected processing or services and may terminate this Contract if **CONTRACTOR** fails to cure within the period stated in **CITY's** notice, or immediately if the breach is not reasonably curable or presents an imminent risk to City Data, **CITY** systems, or the health, safety, or legal rights of any person.
4. If **CONTRACTOR** engages in any dishonest conduct related to the performance or administration of this Contract or violates City, state, or federal laws, regulations or policies relating to lobbying, then **CITY** may immediately terminate this Contract.
5. Acts of Moral Turpitude
 - a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person is informed that it is the target or subject of a local, state, or federal government investigation, or is criminally diverted, charged with, indicted for, convicted of, pleads nolo contendere to, forfeits bail, or fails to appear in court for a hearing, related to any act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").
 - b. Acts of Moral Turpitude include, but are not limited to: crimes set forth in California Penal Code Section 667.5, California Penal Code Section 1192.7, and California Public Resources Code Section 5164(a)(2) regardless of whether such acts are punishable by felony or misdemeanor conviction.

- c. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.
 - d. **CITY** shall be entitled to terminate this contract for breach due to an Act of Moral Turpitude.
 - 6. In the event **CITY** terminates this Contract as provided in this section, **CITY** may procure, upon such terms and in the manner as **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to **CITY** for all of its costs and damages, including, but not limited to, any excess costs for such services.
 - 7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-8(A) Termination for Convenience.
 - 8. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in Writing all other parties contracted with under the terms of this Contract within five (5) calendar days of the termination.

PSC-9. INDEPENDENT CONTRACTOR

CONTRACTOR is an independent contractor and not an agent or employee of **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **CITY**.

PSC-10. CONTRACTOR'S PERSONNEL

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. In the event that **CITY** is dissatisfied with the performance of any **CONTRACTOR** personnel, **CITY** and **CONTRACTOR** shall meet in person, virtually, or telephonically to attempt to resolve such concerns.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of **CITY**. If **CITY** permits the use of Subcontractors, **CONTRACTOR** shall remain responsible for performing all aspects of this Contract and

paying all Subcontractors. **CITY** has the right to approve **CONTRACTOR's** Subcontractors, and **CITY** reserves the right to require replacement of any Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR's** Subcontractors, and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

Any employee, agent, or Subcontractor with access to City Data or Confidential Information shall be subject to written confidentiality obligations and appropriate privacy and security training. For purposes of this Contract, any third party that hosts, stores, transmits, supports, analyzes, or otherwise processes City Data or provides a material AI System used in performance of this Contract shall be deemed a Subcontractor or Subprocessor subject to **CITY's** prior written approval under this PSC-10.

PSC-11. ASSIGNMENT AND DELEGATION

CONTRACTOR may not, unless it has first obtained the written permission of **CITY**:

- A. Assign or otherwise alienate any of its rights under this Contract by operation of law or otherwise, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

For the purposes of this Contract, any change of control of **CONTRACTOR** resulting from an amalgamation, merger, corporate reorganization, arrangement, business sale, or asset shall be deemed an assignment or delegation.

PSC-12. PERMITS

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications, and other documents necessary for **CONTRACTOR's** performance of this Contract. **CONTRACTOR** shall immediately notify **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to **CONTRACTOR's** performance of this Contract.

PSC-13. CLAIMS FOR LABOR AND MATERIALS/UNEMPLOYMENT

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.

**PSC-14. CURRENT LOS ANGELES CITY BUSINESS TAX REGISTRATION
CERTIFICATE REQUIRED**

For the duration of this Contract, **CONTRACTOR** shall maintain valid Business Tax Registration Certificate(s) as required by **CITY's** Business Tax Ordinance, Section 21.00 et seq. of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-15. RETENTION OF RECORDS, AUDIT AND REPORTS

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. Except in circumstances where either federal, state, or local law requires a longer period of retention, these records shall be retained for a period of no less than five (5) years from the later of the following: (1) final payment made by **CITY**, (2) the expiration of this Contract or (3) termination of this Contract ("Retention Period"). The records will be subject to examination and audit by authorized **CITY** personnel or **CITY's** representatives at any time.

CONTRACTOR acknowledges that this is an agreement with the Municipal Corporation of Los Angeles, and, as such, upon request by the Office of the Mayor, City Attorney, or Controller, agrees to provide such entities with access to any information, records, or data related to this Contract. **CONTRACTOR** shall provide any reports requested by **CITY** regarding performance of this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

Any Confidential Information and protected Personal Information contained in the records during the retention period will remain subject to the obligations and restrictions contained in the Contract. **CONTRACTOR** will not use the retained Confidential Information or Personal Information for any purpose.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY's** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract. At any time prior to or during Retention Period, **CONTRACTOR** shall, upon written request by **CITY**, provide all City Data to **CITY** in an electronic format, e.g. USB flash drive. Within thirty (30) days following the expiration of Retention Period, **CONTRACTOR** shall securely dispose of all City Data in its possession and provide **CITY** with written certification that it has completed secure disposal.

For purposes of this PSC-15, records pertaining to the performance of this Contract include records reasonably necessary to demonstrate **CONTRACTOR's** compliance with PSC-21, PSC-22, PSC-23, PSC-34, and PSC-37, including Subprocessor approvals, security assessments, incident reports, and policies or certifications made available to **CITY**. Retention of City Data itself shall remain subject to PSC-22.

PSC-16. BONDS

All bonds required by **CITY** shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 et seq. and any successor sections.

PSC-17. INDEMNIFICATION

Except for the active negligence or willful misconduct of **CITY**, or any of its boards, officers, agents, employees, assigns and successors in interest, **CONTRACTOR** shall defend, indemnify and hold harmless **CITY** and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands, deficiencies, judgments, settlements, costs, and expenses of any kind, including, but not limited to, attorney's fees (both in house and outside counsel), costs of experts and consultants, damages or liability of any nature whatsoever whether foreseeable or unforeseeable (including, but not limited to, as related to death, personal injury, property damage, or economic loss), relating to or, arising in any manner by reason of the acts, errors, omissions or willful misconduct by **CONTRACTOR**, Subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. Without limiting the foregoing, such obligations apply to claims, losses, demands, and expenses arising out of or relating to any Security Incident or Data Breach, any unauthorized access to, acquisition, use, disclosure, loss, alteration, or destruction of City Data, any violation of PSC-21, PSC-22, PSC-23, PSC-34, or PSC-37, or any allegation that **CONTRACTOR's** use of an AI System under this Contract caused invasion of privacy, unlawful discrimination, defamation, or other injury, in each case to the extent caused by **CONTRACTOR** or its Subcontractors. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-18. INTELLECTUAL PROPERTY INDEMNIFICATION

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under this Contract; or (2) as a result of **CITY's** actual or intended use of any Work Product furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any

other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

For purposes of this PSC-18, intellectual property and proprietary information claims include claims arising from any software, dataset, AI System, model, training or fine-tuning data, prompt library, or output used or provided by **CONTRACTOR** or its Subcontractors in connection with the services. If any service, Work Product, or deliverable becomes, or in **CONTRACTOR's** reasonable judgment is likely to become, subject to such a claim, **CONTRACTOR** shall, at its expense and in addition to its defense and indemnity obligations, promptly: (1) procure for **CITY** the right to continue using the affected item; (2) replace or modify the affected item so that it becomes noninfringing without materially reducing functionality, security, or performance; or (3) if neither of the foregoing is commercially reasonable, refund the fees allocable to the affected item and assist **CITY** in an orderly transition. **CONTRACTOR** shall have no obligation under this paragraph to the extent a claim arises solely from modifications made by **CITY** other than through **CONTRACTOR**, use of the affected item contrary to the documentation or this Contract after notice by **CONTRACTOR**, or combination with items not supplied or approved by **CONTRACTOR** where the claim would not have arisen but for such combination.

PSC-19. INTELLECTUAL PROPERTY WARRANTY

CONTRACTOR represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

CONTRACTOR further represents and warrants that: (1) **CONTRACTOR** and its Subcontractors have obtained and will maintain all rights, licenses, consents, notices, and permissions necessary for the technologies, datasets, AI Systems, and other materials used to perform this Contract and to grant the rights granted to **CITY** herein, including any required rights relating to voice, image, likeness, biometric, or other protected data; (2) no Contractor Materials, Work Product, or AI-generated deliverable provided to **CITY** is subject to any license, use restriction, or other encumbrance that would require **CITY** to disclose source code, grant rights to third parties, or accept restrictions inconsistent with this Contract, except as expressly disclosed in writing and approved by **CITY**; and (3) **CONTRACTOR** will not use City Data to train or improve any AI System except as expressly permitted under PSC-23.

PSC-20. TECHNOLOGY, DATA AND AI DEFINITIONS

For purposes of these Standard Provisions for City Contracts, the following terms apply:

"AI System" means any machine-based system, including any generative artificial intelligence, large language model, machine learning model, algorithmic or automated decision system, or similar technology, that infers from the inputs it receives how to

generate outputs such as text, images, audio, video, code, classifications, scores, predictions, recommendations, or decisions.

“City Data” means all data, content, records, information, text, audio, video, images, software, documents, Personal Information, credentials, metadata, logs, prompts, inputs, outputs, feedback, configurations, and other information, in any form, that is: (i) provided by or on behalf of **CITY** to **CONTRACTOR**; (ii) made available to **CONTRACTOR** by **CITY’s** personnel, residents, users, agents, systems, or devices; or (iii) collected, received, accessed, stored, hosted, transmitted, generated, derived, created, or otherwise processed by **CONTRACTOR** or its Subprocessors in connection with this Contract, in each case where such information identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked to **CITY**, any individual or household, **CITY** operations, or **CITY** systems. City Data includes any data embodied in Work Product and any prompts, inputs, outputs, logs, and evaluation data used or generated in connection with any AI System under this Contract. City Data does not include Contractor Materials, and does not include De-Identified Data solely to the extent **CONTRACTOR** is expressly permitted to use such De-Identified Data under PSC-22.

“Contractor Materials” means preexisting or independently developed materials, services, software, source code, object code, models, algorithms, routines, templates, know-how, tools, methods, documentation, and other intellectual property that were not created specifically for **CITY** under this Contract and were not developed using City Data or **CITY** funding.

“Data Breach” means any unauthorized acquisition, access, use, disclosure, exfiltration, loss, theft, destruction, alteration, or compromise of City Data, or of the security, confidentiality, or integrity of City Data, whether or not such event constitutes a breach under applicable law.

“De-Identified Data” means data that cannot reasonably be used to infer information about, or otherwise be linked to, **CITY**, any individual, household, device, or **CITY** system, and with respect to which **CONTRACTOR** has implemented technical and organizational measures designed to prohibit re-identification and onward disclosure except as permitted by law.

“Personal Information” means any information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular individual or household, and any other data subject to privacy, confidentiality, security, breach notification, consumer protection, identity theft, employment, or similar laws, including sensitive personal information, personally identifiable information, protected health information, payment card data, financial account information, biometric information, credentials, education records, and government-issued identifiers.

“Security Incident” means any actual or reasonably suspected event that materially threatens or adversely affects the confidentiality, integrity, availability, or resilience of City

Data or of the systems used to provide the services, including malware, ransomware, denial of service, unauthorized access attempts, or material outages, but excluding unsuccessful routine scans, pings, or blocked attacks that do not result in unauthorized access to City Data or material degradation of the services.

“Subprocessor” means any subcontractor or other third party, including any cloud, hosting, support, analytics, payment, or AI provider, engaged by **CONTRACTOR** or its Subcontractors to host, access, receive, store, transmit, or otherwise process City Data or to provide a material technology service used in performance of this Contract.

PSC-21. OWNERSHIP AND LICENSE

- A. City Data. **CITY** retains all right, title, and interest in and to City Data. No rights in City Data are granted to **CONTRACTOR** except the limited, nonexclusive, nontransferable right to use City Data solely as necessary to perform this Contract and solely in accordance with this Contract and **CITY’s** written instructions. **CONTRACTOR** shall not sell, license, rent, disclose, release, transfer, assign, encumber, or otherwise exploit City Data and shall not assert any lien, withholding right, setoff, or other encumbrance against City Data.
- B. Work Product. Unless otherwise expressly provided in this Contract, all finished and unfinished works, tangible or intangible, originated and prepared by **CONTRACTOR** or its Subcontractors specifically for **CITY** under this Contract, including, without limitation, documents, reports, analyses, studies, specifications, manuals, software, code, configurations, interfaces, databases, designs, audiovisual materials, websites, domain names, inventions, discoveries, and other deliverables (each, a “Work Product”; collectively, “Work Products”), together with all intellectual property rights therein, shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all right, title, and interest worldwide in and to such Work Products. **CONTRACTOR** shall execute any documents reasonably necessary for **CITY** to perfect, memorialize, or record **CITY’s** ownership of rights provided herein.
- C. AI-Generated Output. To the extent any Work Product or portion thereof is generated or assisted by an AI System or is not capable of assignment or exclusive ownership as a matter of law, **CONTRACTOR** hereby grants to **CITY** a perpetual, irrevocable, worldwide, royalty-free, fully paid-up license, with the right to sublicense to **CITY’s** contractors and service providers acting on **CITY’s** behalf, to use, reproduce, modify, display, perform, distribute, create derivative works from, and otherwise exploit such Work Product or output for any **CITY** purpose.
- D. Contractor Materials. **CONTRACTOR** retains ownership of Contractor Materials. To the extent any Contractor Materials are incorporated into, delivered with, or reasonably necessary for **CITY** to use any Work Product or receive the benefits of the services, **CONTRACTOR** grants to **CITY** a nonexclusive, perpetual, irrevocable, worldwide, royalty-free, fully paid-up license, with the right to

sublicense to **CITY's** contractors and service providers acting on **CITY's** behalf, to use, execute, reproduce, display, perform, configure, maintain, support, and, if delivered in source or editable form, modify such Contractor Materials solely as necessary for **CITY** to use the Work Product and receive the benefits of the services.

- E. Third-Party Materials. For all materials, software, data, or other items delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure for **CITY**, at no additional cost to **CITY**, all rights necessary for **CITY** to use such items for **CITY** purposes and to receive the full benefit of this Contract.
- F. Restrictions on Disclosure. **CONTRACTOR** shall not provide or disclose any Work Product or City Data to any third party except as expressly permitted under this Contract or approved in writing by **CITY**.
- G. Subcontracts. Any subcontract or other agreement entered into by **CONTRACTOR** relating to this Contract shall preserve and protect **CITY's** rights in City Data and Work Product and shall state that no Subprocessor or subcontractor obtains any ownership interest in either.
- H. Equitable Relief. **CONTRACTOR** agrees that a monetary remedy for breach of this PSC-21 may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this PSC-21 by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

PSC-22. DATA PROTECTION

- A. General Standard. **CONTRACTOR** shall protect City Data using administrative, technical, physical, and organizational safeguards no less rigorous than accepted industry standards and no less protective than those **CONTRACTOR** uses for its own information of similar sensitivity, and in all events consistent with applicable law and the nature of the services and City Data. **CONTRACTOR** shall maintain a written information security program, incident response plan, and business continuity and disaster recovery capabilities appropriate to the services.
- B. Permitted Use; Restricted Use. **CONTRACTOR** shall collect, access, use, retain, disclose, store, and otherwise process City Data only for the limited and specified purpose of performing this Contract, complying with applicable law, and as otherwise expressly authorized in writing by **CITY**. **CONTRACTOR** shall limit access to City Data to personnel and approved Subprocessors with a need to know for performance of this Contract and who are bound by written confidentiality and data protection obligations at least as protective as this Contract. In addition to the

confidentiality obligations in PSC-37, **CONTRACTOR** shall not: (i) sell, share, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate City Data to any third party except as expressly authorized by **CITY** or required by law; (ii) use City Data for advertising, marketing, profiling for unrelated purposes, product development unrelated to the services, or any commercial purpose other than performance of this Contract; (iii) combine City Data with data from other customers or sources except as necessary to provide the services and subject to written controls that prevent unauthorized use or disclosure; or (iv) move, store, or permit access to City Data outside the United States without **CITY's** prior written approval.

- C. **Data Minimization and Retention.** **CONTRACTOR** shall collect and use only the minimum City Data reasonably necessary to perform this Contract, and shall retain City Data only for the duration reasonably necessary for the permitted purpose or as otherwise required by law or **CITY's** written instructions. If retention is required by law or PSC-15, such retained City Data shall remain subject to all protections of this Contract.
- D. **Security Controls.** Without limiting the foregoing, **CONTRACTOR** shall, to the extent applicable to the services, implement and maintain: (i) logical access controls based on least privilege and unique user identification; (ii) multi-factor authentication for remote access, privileged access, and access to systems hosting City Data where technically feasible; (iii) encryption of City Data in transit and at rest, to the extent commercially reasonable and appropriate to the sensitivity of the City Data and the architecture of the services, and in all cases for portable media and internet transmissions; (iv) malware protection, endpoint monitoring, and timely security patching and vulnerability management appropriate to risk; (v) logging and monitoring reasonably sufficient to detect, investigate, and respond to unauthorized access or use; (vi) secure configuration, secure development where software or AI-based services are provided, and change management; (vii) secure disposal of media containing City Data; (viii) periodic privacy and security training for personnel with access to City Data; and (ix) segregation of City Data from other data through logical or physical separation appropriate to the services.
- E. **Subprocessors.** **CONTRACTOR** shall not permit any Subprocessor to access or process City Data without **CITY's** prior written approval as required hereunder and a written agreement binding the Subprocessor to obligations no less protective than this Contract, including the restrictions in this PSC-22 and PSC-23. **CONTRACTOR** remains fully responsible for all acts and omissions of its Subprocessors.
- F. **Security Incidents and Data Breaches.** **CONTRACTOR** shall notify **CITY** in writing without unreasonable delay, and in any event no later than twenty-four (24) hours after discovery of any Security Incident or Data Breach. Such notice shall include, to the extent known at the time, the nature of the incident, the categories of City Data affected, the date and time or estimated date and time of the incident, the

systems affected, the measures taken or proposed to address it, and a point of contact. **CONTRACTOR** shall promptly take all reasonable steps to contain, investigate, mitigate, and remediate the incident; preserve relevant evidence; provide **CITY** with regular status updates at least daily until resolution, or more frequently if reasonably requested by **CITY**; and cooperate fully with **CITY**, its representatives, insurers, auditors, and law enforcement. **CONTRACTOR** shall not notify any third party, regulator, or affected individual, or issue any public statement, regarding any Security Incident or Data Breach involving City Data without **CITY's** prior written approval, unless required by law, in which case **CONTRACTOR** shall, to the extent legally permitted, consult with **CITY** in advance and provide **CITY** a copy of the proposed notice. **CONTRACTOR** shall reimburse **CITY** for reasonable documented third-party costs incurred by **CITY** to investigate, respond to, mitigate, notify, and remediate any Security Incident or Data Breach to the extent caused by **CONTRACTOR** or its Subprocessors, including legally required notice, call center support, credit or identity monitoring where reasonably appropriate, forensic services, data restoration, and other reasonable incident response costs.

- G. Assessments and Audit Cooperation. Upon **CITY's** reasonable request, not more than once annually except following a Security Incident, Data Breach, or material change in **CONTRACTOR's** security controls, **CONTRACTOR** shall provide **CITY** with then-current summaries of relevant independent security assessments, certifications, or audit reports, such as SOC 2 Type II, ISO 27001, or comparable reports, if available, together with remediation status for material findings relevant to the services. If such reports are unavailable, **CONTRACTOR** shall complete **CITY's** reasonable security questionnaire and provide reasonable supporting documentation sufficient to demonstrate compliance with this PSC-22. **CITY** or its designated representative may, upon reasonable notice and during normal business hours, perform a reasonable review of **CONTRACTOR's** compliance with this PSC-22 and PSC-23, subject to reasonable confidentiality, security, and operational safeguards. Any such review shall be limited to information and systems relevant to the services and City Data and shall not unreasonably interfere with **CONTRACTOR's** business operations or expose data of other customers.
- H. Return, Transition, and Deletion. Upon **CITY's** request, expiration, or termination of this Contract, **CONTRACTOR** shall promptly, and in no event later than thirty (30) days unless otherwise directed by **CITY**, return to **CITY** all City Data in a reasonably usable format designated by **CITY** and securely delete all copies of City Data in **CONTRACTOR's** and its Subprocessors' possession or control, except to the extent retention is required by law or by immutable backup media not reasonably accessible in the ordinary course. Any retained City Data shall remain subject to this Contract until deleted. Upon request, **CONTRACTOR** shall certify in writing its completion of the return and deletion obligations. The return of City Data in a reasonably usable format and the deletion certification required by this subsection shall be provided at no additional charge. Additional transition services

requested by **CITY** beyond those ordinary obligations shall be provided at the rates, if any, set forth in this Contract, or otherwise at mutually agreed rates.

- I. Legal Requests and Public Records. **CONTRACTOR** shall promptly notify **CITY** of any subpoena, court order, public records request, or other legal demand seeking City Data or Confidential Information, unless prohibited by law. **CONTRACTOR** shall not respond or produce City Data except as required by law and after giving **CITY** a reasonable opportunity to seek protective relief or otherwise direct the response. **CONTRACTOR** shall reasonably assist **CITY** in responding to requests for records relating to this Contract.
- J. Limited Use of De-Identified Data. **CONTRACTOR** may use De-Identified Data solely for internal security, fraud prevention, service support, capacity planning, and improvement of the services provided to **CITY**, provided that **CONTRACTOR** does not identify **CITY**, any individual, household, device, or **CITY** system, does not sell or share such data, and does not use such data to train or improve any general-purpose or third-party AI System without **CITY's** prior written approval.
- K. By entering into this Contract, **CONTRACTOR** certifies that it understands and will comply with the restrictions in this PSC-22 and PSC-23. This PSC-22 shall survive expiration or termination of this Contract.

PSC-23. ARTIFICIAL INTELLIGENCE AND AUTOMATED PROCESSING

- A. Disclosure and Approval. **CONTRACTOR** shall not use any AI System that processes City Data, generates deliverables for **CITY**, interacts with the public or **CITY** personnel on **CITY's** behalf, or materially informs services or decisions under this Contract, or permit any Subprocessor to do so, without prior written disclosure to **CITY** of the AI System or provider, intended use case, categories of City Data processed, hosting region, retention practices, and material limitations reasonably known to **CONTRACTOR** that may affect accuracy, reliability, security, confidentiality, intellectual property, or bias. No such AI System or material AI feature may be enabled for **CITY** without **CITY's** prior written consent if it materially changes how City Data is processed or materially changes the risk profile of the services.
- B. No Model Training or Secondary Use. Except as expressly authorized in a written amendment signed by **CITY**, **CONTRACTOR** shall not, and shall cause its Subprocessors and AI providers not to, use City Data to train, retrain, fine-tune, or otherwise improve any AI System or model, whether general-purpose or customer-specific. Any retention of prompts, inputs, outputs, or feedback for abuse monitoring, safety review, or troubleshooting must be disclosed to **CITY** in advance, limited to the minimum necessary, protected as City Data, and not used for model training or generalized product improvement.

- C. Responsibility and Human Oversight. **CONTRACTOR** remains fully responsible for all services performed with or through an AI System. **CONTRACTOR** shall implement reasonable governance and quality controls appropriate to the use case, including documented intended use, change management, testing for material errors and security risks, and human review before any AI-generated output is relied upon for material legal, financial, employment, eligibility, benefits, enforcement, or safety decisions affecting any individual, unless **CITY** expressly authorizes otherwise in writing and applicable law permits such use.
- D. Output and Records. Any output, report, recommendation, code, content, or other deliverable generated by an AI System for **CITY** under this Contract shall be treated as Work Product or City Data, as applicable. Upon **CITY's** reasonable request, **CONTRACTOR** shall identify whether a deliverable was materially generated or modified using an AI System. **CONTRACTOR** shall, upon **CITY's** reasonable request, maintain and provide records sufficient to identify the AI System used, the material version or model family, the date of use, and the categories of City Data processed in connection with the services, except to the extent disclosure would reveal **CONTRACTOR's** trade secrets unrelated to **CITY's** use, in which case **CONTRACTOR** shall provide a reasonably informative summary.
- E. Changes and Suspension. **CONTRACTOR** shall provide **CITY** with reasonable advance written notice of any material change in an AI System or AI provider used to perform the services that is reasonably likely to affect City Data, security, confidentiality, functionality, or the risk profile of the services. If **CITY** reasonably determines that an AI System presents a material risk to City Data, **CITY** systems, or affected individuals, **CITY** may direct **CONTRACTOR** to suspend the applicable AI-enabled processing until the risk is remediated to **CITY's** reasonable satisfaction.

This PSC-23 shall survive expiration or termination of this Contract.

PSC-24. INSURANCE

During the term of this Contract and without limiting **CONTRACTOR's** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY's** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

The insurance must name **CITY** as an additional insured with respect to liability coverage. No policies or certificates with respect to such insurance may be cancelled or materially changed without at least thirty (30) days' prior written notice by the respective insurer to **CITY**.

PSC-25. BEST TERMS/MOST FAVORED NATIONS

Throughout the term of this Contract, **CONTRACTOR**, shall offer **CITY** the same or better terms, prices, and discounts that are offered by **CONTRACTOR** to any person or entity for similar goods and services provided under this Contract. In the event that **CONTRACTOR** offers any customers pricing lower than that offered to **CITY** during the term of this **CONTRACT**, **CONTRACTOR** must immediately notify **CITY** in writing and provide those same terms to **CITY**.

PSC-26. WARRANTY AND RESPONSIBILITY OF CONTRACTOR

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR's** profession, doing the same or similar work under the same or similar circumstances.

CONTRACTOR further warrants that: (1) the services and any systems used to provide them will materially conform to the specifications, documentation, and representations made to **CITY** regarding functionality, security, retention, and AI use; (2) **CONTRACTOR** has implemented and will maintain the safeguards required by PSC-22 and PSC-23; (3) to **CONTRACTOR's** knowledge, and except as disclosed to **CITY** in writing, the services will not contain viruses, malware, back doors, time bombs, or other malicious code intentionally inserted by **CONTRACTOR**; and (4) any deliverable materially generated or supported by an AI System will be subject to reasonable human review and quality controls appropriate to its intended use before delivery to **CITY**.

PSC-27. NON-DISCRIMINATION IN EMPLOYMENT/AFFIRMATIVE ACTION

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

- A. **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and **CITY**. In performing this Contract, **CONTRACTOR** shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The requirements of Section 10.8.2.1 of the LAAC, including the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.

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- C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference.
- D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference.

Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include a provision requiring compliance with Sections 10.8.3, and 10.8.4 of the LAAC.

PSC-28. ADDITIONAL STATE LAW AND ORDINANCE COMPLIANCE

In addition to complying with all federal, state, and local laws, as part of **CONTRACTOR's** contractual obligations to the **CITY**, **CONTRACTOR** agrees to comply with the following state laws, local ordinances, and directives, as amended from time to time (*subcontractors are not exempt):

*Living Wage Ordinance (Los Angeles Administrative Code Section 10.37 et seq.)

*Worker Retention Ordinance (Los Angeles Administrative Code Section 10.36 et seq.)

Slavery Disclosure Ordinance (Los Angeles Administrative Code Section 10.41 et seq.)

*First Source Hiring (Los Angeles Administrative Code Section 10.44 et seq.)

Iran Contracting Act 2010 (California Public Contract Code Sections 2200-2208)

Border Wall Contracting (Los Angeles Administrative Code Section 10.50.1 et seq.)

*Local Business Preference (Los Angeles Administrative Code Section 10.25 et seq.)

*MBE/WBE/SBE/EBE/DVBE/OBE (Executive Directive #14 (Villaraigosa))

*Contractor Responsibility (Los Angeles Administrative Code Section 10.40 et seq.)

City Contractor Evaluations (Los Angeles Administrative Code Section 10.39 et seq.)

*Prevailing Wage (Los Angeles Administrative Code Section 10.7.1)

*Child Support Assignment Orders (Los Angeles Administrative Code Section 10.10)

Restrictions on Campaign Contributions and Fundraising in City Elections (Los Angeles Administrative Code Section 49.7.35)

Compliance with California Public Resources Code Section 5164 (CA Public Resources Code Section 5164)

Time Off For Voting (CA Elections Code Section 14000 and 14001)

Zero Waste (Los Angeles Administrative Code Section 10.53)

Any subcontract entered into by a **CONTRACTOR** for work performed under this Contract must include a provision specifically requiring the subcontractor's compliance with each of the above provisions marked with an (*) asterisk.

PSC-29. ACCESS AND ACCOMMODATIONS

CONTRACTOR represents and certifies that:

- A. **CONTRACTOR** shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. **CONTRACTOR** shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. **CONTRACTOR** shall provide reasonable accommodation upon request to ensure equal access to **CITY**-funded programs, services and activities, including equal access to facilities, services, and programs without regard to any person's citizenship or immigration status to the maximum extent that federal and state permits.
- D. **CONTRACTOR** shall ensure all web and mobile applications, and web and mobile content, developed, provided to, or maintained on behalf of **CITY**, comply with applicable federal and state accessibility laws, including the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. Section 12101 et seq. and its implementing regulations at 28 C.F.R. Part 35, including Section 35.200 et seq. and subsequent amendments, and California Government Code Section 11135, and shall conform to Web Content Accessibility Guidelines (WCAG) 2.1 Level AA, or any successor standard.

CONTRACTOR understands that **CITY** is expressly relying upon these certifications and representations as a material condition to funding this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-30. BUSINESS INCLUSION PROGRAM

Unless otherwise exempted prior to bid submission, **CONTRACTOR** shall comply with all aspects of the Business Inclusion Program, including subcontractor outreach, as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. **CONTRACTOR** shall utilize the Regional Alliance Marketplace for

Procurement ("RAMP") at <https://www.rampla.org>, to perform and document outreach to Small, Emerging, Disabled Veteran, Minority, Women, and Other Business Enterprises. **CONTRACTOR** shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall **CONTRACTOR** reduce their level of such effort, without prior written approval of **CITY**.

PSC-31. RESTRICTIONS ON CAMPAIGN CONTRIBUTIONS AND FUNDRAISING IN CITY ELECTIONS

Unless otherwise exempt, if this Contract is valued at \$100,000 or more and requires approval by an elected **CITY** office, **CONTRACTOR**, **CONTRACTOR's** principals, and **CONTRACTOR's** Subcontractors expected to receive at least \$100,000 for performance under the Contract, and the principals of those Subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles **CITY** to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected **CITY** officials or candidates for elected **CITY** office for twelve (12) months after this Contract is signed. Additionally, a **CONTRACTOR** subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any **CONTRACTOR** subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least \$100,000 for performance under this Contract:

"Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections

You are a subcontractor on City of Los Angeles Contract #_____. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles ("**CITY**") officials and candidates for elected **CITY** office for twelve (12) months after the **CITY** contract is signed. You are required to provide the names and contact information of your principals to the **CONTRACTOR** and to amend that information within ten (10) business days if it changes during the twelve (12) month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

PSC-32. CONTRACTORS' USE OF CRIMINAL HISTORY FOR CONSIDERATION OF EMPLOYMENT APPLICATIONS

CONTRACTOR shall comply with the City Contractors' Use of Criminal History for Consideration of Employment Applications Ordinance, LAAC Section 10.48 et seq., as

amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-33. LIMITATION OF CITY'S OBLIGATION TO MAKE PAYMENT TO CONTRACTOR

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY** and **CITY** shall have no obligation to pay for the services, purchases or expenses. **CONTRACTOR** shall have no obligation to provide any services, provide any equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

PSC-34. COMPLIANCE WITH IDENTITY THEFT LAWS AND PAYMENT CARD DATA SECURITY STANDARDS

If **CONTRACTOR** stores, processes, transmits, or can access payment card data, financial account information, taxpayer information, or credentials that permit access to accounts or payment instruments, **CONTRACTOR** shall comply with all applicable identity theft, payment card, consumer protection, and data security laws and standards, including laws related to payment devices, credit and debit card fraud, the Fair and Accurate Credit Transactions Act ("FACTA"), and the then-current Payment Card Industry Data Security Standards ("PCI DSS"). **CONTRACTOR** shall use such information solely for the purpose of performing this Contract, shall not store authentication data after authorization except as expressly permitted by applicable standards, and shall implement reasonable measures to prevent skimming, credential compromise, and unauthorized account access. During the performance of any service to install, program, maintain, or update payment devices or payment applications, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA. Upon request, **CONTRACTOR** shall provide **CITY** with current attestation or other evidence of compliance reasonably acceptable to **CITY**. Any payment Security Incident shall be handled in accordance with PSC-22.

PSC-35. POSSESSORY INTEREST TAX

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax at its own expense. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

PSC-36. TAXES

CONTRACTOR shall report and pay all taxes, fees, levies, imposts, duties, assessments, charges and withholdings of any similar nature, however designated (including, any value added, transfer, sales, use, gross receipts, business, occupation, excise, personal property, real property, stamp or other taxes) ("Taxes") now or hereafter imposed or assessed by governmental body, agency or taxing authority in connection with this Contract, whether assessed on **CONTRACTOR** or **CITY**, other than any such Taxes required by law to be reported and paid by the **CITY**. **CITY** shall within 120 days of invoice reimburse **CONTRACTOR** for all such Taxes paid by **CONTRACTOR** on **CITY's** behalf, excluding Taxes on or measured by the overall gross receipts, net income, or the like of **CONTRACTOR** or its affiliates.

PSC-37. CONFIDENTIALITY

All City Data, Personal Information, Work Product, security information, system architecture, credentials, records, documents, materials, and other nonpublic information provided by **CITY** to **CONTRACTOR** or accessed, received, created, or developed by **CONTRACTOR** or its Subcontractors in connection with this Contract (collectively, "Confidential Information") are confidential. Confidential Information does not include information that **CONTRACTOR** can demonstrate by contemporaneous written records: (1) was lawfully known to **CONTRACTOR** without restriction before disclosure by **CITY**; (2) was independently developed without use of Confidential Information; or (3) becomes publicly available through no breach of this Contract; provided, however, that City Data, Personal Information, Work Product, and security information shall remain Confidential Information unless expressly released in writing by **CITY** or made public by **CITY**.

CONTRACTOR shall protect Confidential Information using at least the same degree of care it uses to protect its own confidential information of a similar nature, and in no event less than reasonable care. **CONTRACTOR** shall not access, use, reproduce, disclose, distribute, transfer, publish, or permit access to Confidential Information except as necessary to perform this Contract, as expressly authorized in writing by **CITY**, or as required by law. **CONTRACTOR** shall restrict access to Confidential Information to personnel and approved Subprocessors with a need to know and who are bound by written obligations of confidentiality and restricted use at least as protective as those contained in this Contract.

CONTRACTOR shall promptly notify **CITY** of any actual or attempted unauthorized access to Confidential Information and of any subpoena, court order, public records request, or other legal process seeking Confidential Information, unless prohibited by law. If disclosure is required by law, **CONTRACTOR** shall disclose only the minimum information legally required and, to the extent legally permitted, provide **CITY** a reasonable opportunity to seek protective relief or otherwise direct the response. **CONTRACTOR** shall not issue press releases or other public statements referencing **CITY's** Confidential Information without **CITY's** prior written approval.

Upon **CITY's** request or expiration or termination of this Contract, **CONTRACTOR** shall return or securely destroy Confidential Information in accordance with PSC-22. This provision shall survive expiration or termination of this Contract.

PSC-38. CONTRACTOR DATA REPORTING

If **CONTRACTOR** is a for-profit, privately owned business, **CONTRACTOR** shall, within thirty (30) days of the effective date of the Contract and on an annual basis thereafter (i.e., within thirty (30) days of the annual anniversary of the effective date of the Contract), report the following information to **CITY** via the Regional Alliance Marketplace for Procurement ("RAMP") or via another method specified by **CITY**: **CONTRACTOR's** and any Subcontractor's annual revenue, number of employees, location, industry, race/ethnicity and gender of majority owner ("Contractor/Subcontractor Information"). **CONTRACTOR** shall further request, on an annual basis, that any Subcontractor input or update its business profile, including the Contractor/Subcontractor Information, on RAMP or via another method prescribed by **CITY**.

PSC-39. SIGNATURES

This Contract may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or handwritten signatures scanned into .pdf format (or another electronic format designated by **CITY**) and sent by e-mail shall be deemed original signatures. Each party further agrees, and acknowledges that it is such party's intent, that if such party signs this Contract using an electronic signature, it is signing, and accepting this Contract and that signing this Contract using an electronic signature evidences the equivalent intent of a handwritten or facsimile signature on this Contract.

Exhibit 1

INSURANCE CONTRACTUAL REQUIREMENTS

EXHIBIT 1

INSURANCE CONTRACTUAL REQUIREMENTS

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low-cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS

CONTRACTOR AGREES THAT:

- 1. Additional Insured/Loss Payee.** The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.
- 2. Notice of Cancellation.** All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.
- 3. Primary Coverage.** CONTRACTOR will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.
- 4. Modification of Coverage.** The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving CONTRACTOR ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to CONTRACTOR, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.
- 5. Failure to Procure Insurance.** All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by CONTRACTOR.

CONTRACTOR'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.
- 6. Workers' Compensation.** By signing this Contract, CONTRACTOR hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake

self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, CONTRACTOR must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-3, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

Required Insurance and Minimum Limits

Name: _____

Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

Workers' Compensation (WC) and Employer's Liability (EL)

☐ Waiver of Subrogation in favor of City

☐ Longshore & Harbor Workers

☐ Jones Act

WC

Statutor

Y

EL

General Liability

☐ Products/Completed Operations

☐ Fire Legal Liability

☐
☐

Sexual Misconduct

Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)

Professional Liability (Errors and Omissions)

Discovery Period _____

Property Insurance (to cover replacement cost of building - as determined by insurance company)

☐ All Risk Coverage

☐ Flood

☐ Earthquake

☐ Boiler and Machinery

☐ Builder's Risk

☐

Pollution Liability

☐

Surety Bonds - Performance and Payment (Labor and Materials) Bonds

Crime Insurance

Other: _____