The table below illustrates key considerations and compares Defined Benefit Plan to Defined Contribution Plans.

Defined Benefit Plan versus Defined Contribution Plan

Strategic Considerations	Defined Benefit Plans	Defined Contribution Plans
Employee Retention	Attracts longer tenured/older employees	Attracts shorter tenured/younger employees
Financial Liabilities	Placed on employer	Placed on the participant
Responsibility placed on Employee	Very little	Significant – voluntary contributions, necessary investment decisions
Responsibility placed on Employer	Significant – investment decisions, financial liability	Less significant
Employer Fiduciary Responsibility	Significant	Significant
Investment Results	Average returns are higher/narrower distribution of returns	Average returns are lower/broader distribution of returns
Economic Savings	Significantly increases savings rate and the available pool of national savings	Less significantly increases savings rate and the available pool of national savings
Personal Retirement Savings	Maximizes savings for retirement	Allows withdrawals and loans before retirement, depleting retirement savings
Fees	Lower overall fees	Higher overall fees
Administrative Complexity	Generally high	Generally high
Portability	Not typical	Yes

County Comparison:

Comparing retirement benefits across public sector employers can be difficult because plan provisions are complicated. Many public sector employers do not participate in Social Security, and the retirement benefit is the sole source of income at retirement, other than personal savings. At the County Miscellaneous employees participate in Social Security, but Safety members do not. Riverside County also contracts with CalPERS to provide ancillary benefits such as Survivor Continuance, up to two percent Annual Cost-of-Living Adjustments, Reciprocity, and a Purchasing Power Protection Allowance that other agencies may not offer (Appendix B provides a description of these benefits.)

Pension benefits provided by the County for non-Safety employees are on average more generous than that provided by the surrounding counties (See tables in the following pages.)

When we compare the County's retirement benefits to those of the five nearby Counties (Los Angeles, Orange, San Diego, Ventura and San Bernardino), only San Diego has a non-Safety three percent @ 60 formula. However, San Diego County implemented a lower Defined Benefit Plan tier for its Safety and non-Safety new employees effective August 28, 2009. New non-Safety employees will receive 2.6 percent @ 62, and new Safety employees will receive a three percent @ 55 benefit (from 3 percent @ 50). Orange County is also implementing pension reform. The Orange County Board of Supervisors has approved a two-tiered hybrid pension plan for its new employees.

All new employees will have the option to choose the current pension benefit of 2.7 percent @ 55 (and pay for it) or the hybrid pension plan which includes a reduced defined benefit of 1.62 percent @ 65 and a Defined Contribution Plan with a matching contribution.

Below we summarize the Non-Safety and Safety benefit formulas and ancillary benefits for the County of Riverside and five nearby counties (prior to reform at Orange County.)

Non Safety Comparison

County	Formula Non-Safety	Compensation	EPMC Converted to Comp	Member Contribution	Social Security	Survivor Continuance	COLA
Riverside	3% @ 60	Single Highest Year	Yes – based on MOU	EE Rate = 8% Paid by ER after five years, except Unrepresented immediate pickup	Yes	25% of the unmodified allowance is paid in addition to the basic beneficiary allowance. The beneficiary allowance is dependant on the benefit payout option and age.	**2% Max**
Los Angeles	Plan D: 2% @ 61 Plan E: 2% @ 65 With 10 years of service	Plan D: Average Highest 12 consecutive months Plan E: Average Highest 3 years of service	No	Plan D: 7% Plan E: 0% (Paid by ER)	No	Plan D: 65% of Unmodified amount Plan E: 55% of unmodified amount	**2% Max**
Orange	Plan A 1.77% @ 55 Plan B 1.49% @ 55 Plan G 2.5% @ 55 Plan H 2.5% @ 55 Plan I 2.7% @ 55 Plan J 2.7% @ 55 Plan M 2.0% @ 55 Plan N 2.0% @ 55 With 10 years of service	Plans A, G, I and M = Highest consecutive 12 months Plans B, H, J and N = Highest consecutive 36 months	No	Member rate varies based on plan. Employer pays almost 100% but is not credited to EE account. Average =12.12%	No	60% of the Unmodified option	**3% Max**
San Bernardino	2% @ 55 With 10 years of service	Single Highest Year	No	Average = 9.20% ER pays 2.5% to 7% varies by job class.	No	60% of the Unmodified option	**2% Max**
San Diego	Tier A: 3% @ 60 Tier B: 2.6@ 62 with 10 years of service (effective 8/28/2009)	Single Highest Year	No	Average = 9.18% ER pays based on years of service (5 or less = 3.5% then 7%)	Yes	60% of the Unmodified option	**3% Max**
Ventura	Tier I: 1.24% @ 50 Tier II: 1.18% @ 50 With 10 years of service	Tier 1: Highest 12 months. Tier II: Highest 36 months.	No	Tier I: 8.39% Tier II: 5.48% ER pays portion	Yes	60% on Unmodified option	**Tier I: 3% Max. Tier II: 2% Max**

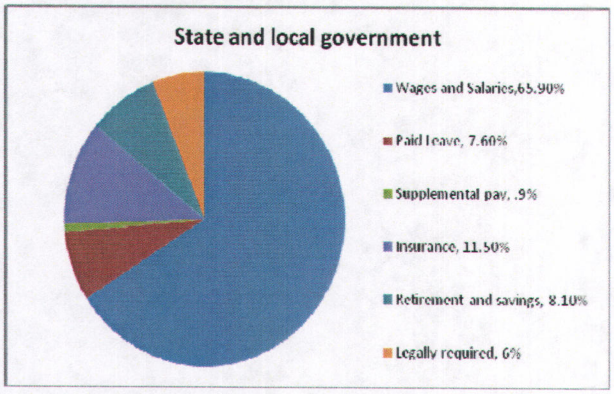
Safety

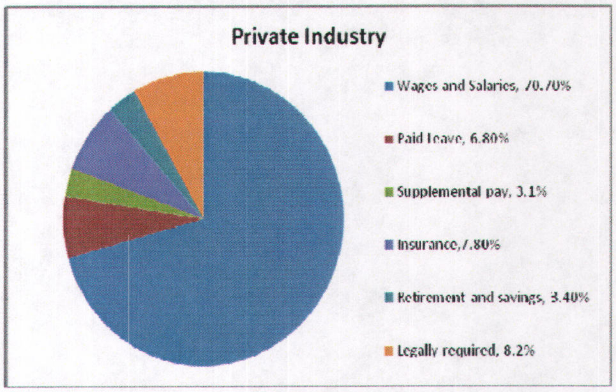
County	Formula Safety	Compensation	EPMC Converted to Comp	Member Contribution	Survivor Continuance	COLA
Riverside	3% @ 50	Single Highest Year	Yes	Rate = 9% ER pays based on MOU RSA =3 years, PSU =5, LEMU and MLX = DOH	50% on the unmodified allowance	**2% Max**
Los Angeles	2% @ 50 With 10 years of service.	Highest Consecutive 12 months	No	Plan A: Based on entry age ranges from 7.44% to 11.67% Plan B: Ranges from 6.42% to 12.23% No ER payment	65% on unmodified option	**Plan A is 3% Max** **Plan B is 2.0% Max**
Orange	3% @ 50 With 10 years of service.	Plan E: Highest consecutive 12 months Plan F: Highest consecutive 36 months	No	Range from 7.84% to 17.93% based on Entry Age. ER pays almost 100% % but is not credited to EE account.	60% on unmodified option	**3% Max**
San Bernardino	3% @ 50 With 10 years of service.	Single Highest Year	No	Rate varies by age ranging from 9.95% to 15.65% ER pays based on job classification	60% on unmodified option	**2% Max**
San Diego	Tier A: 3% @ 50 Tier B: 3% @ 55 with 10 years of service (effective 8/28/2009)	Single Highest Year	No	Rate = 10.76% ER pays 9.5%	60% on Unmodified option	**3% Max**
Ventura	2% @ 50 With 10 years of service	Single Highest Year.	No	Rate = 11.5% ER pays 11.5%	60% on Unmodified option	**3% Max**

Private Sector Comparison:

For many years, conventional wisdom has held that public sector wages were lower than private sector wages, and thus more generous retirement benefits were needed in order to attract and retain skilled workers in the public sector. Recent data from the U.S. Bureau of Labor Statistics suggest that total compensation averages in the public sector are more generous than private sector compensation averages.

Below is a breakdown of total compensation for both the private and public sector derived from the U.S. Bureau of Labor Statistics.





According to Greg Philipatis, the Assistant Regional Commissioner of the Chicago U.S. Bureau of Labor Statistics, numerous caveats should be considered before drawing any conclusions from the data.

- The employer survey is voluntary, with 15 percent to 20 percent of the private sector employers refusing to participate and only four percent to five percent of the public sector employees refusing to participate.

- More than 40 percent of public sector workers are represented by a union, while fewer than 10 percent of private sector workers are. When the data are controlled for union participation, the difference in the average compensation levels in the public and private sectors narrows. Union workers are typically better compensated than non-union workers.

- Average employee tenure is twice as long in the public sector.

- The occupational mix of each sector is different: Roughly two-thirds of public sector jobs are professional and administrative, while 51 of private sector jobs are retail sales and food service jobs. Relatively low-paid and often part-time positions represent 20 percent of private sector jobs, but only two percent of public sector jobs.

According to the Employee Benefit Research Institute (EBRI), public sector employees on average earn more per hour than private sector employees; see summary which (excludes bonuses and stock options.)

Below is a snapshot of the salary/wages survey results:

	Public Sector	% of Total	Private Sector	% of Total
Total Compensation	$39.50	100%	$26.09	**100%**
Wages and Salaries	$26.26	66.5%	$18.42	**70.6%**
Retirement benefits	$3.04	7.7%	$0.91	**3.6%**
Health benefits	$4.35	11.0%	$1.85	**7.1%**
Other	**$5.85**	**14.80%**	**$4.81**	**18.71%**

Keith A. Bender, Associate Professor of Economics, University of Wisconsin-Milwaukee, finds that in low-skilled jobs, public sector wages exceed private sector wages, but in high-skilled jobs, public sector wages significantly lag private sector wages. State and local governments employ 14 percent of American workers outside of agriculture.

Pension Cost

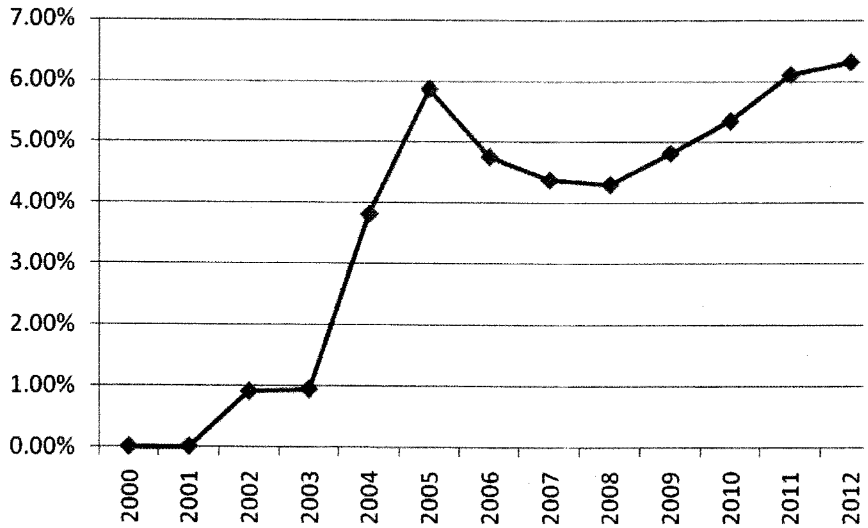
Government is service-oriented and labor intensive, making benefit costs a major expense. Pension benefit costs in the County for FY 2008 accounted for 4.31 percent of total expenditures. While pension costs are going up, the County, like most other municipalities, is experiencing a severe drop in tax revenues.

At the national level the recession appears to have ended during the summer. For state and local governments the end of the downturn does not alleviate its financial problems.

State and local sales tax revenues tend to lag behind the downturns as well as the upturns in the economy because of the time it takes for collections to catch up with depressed store sales and diminished incomes. Counties rely heavily on property tax revenue to support many general government services. Revenues for FY 2010 are being impacted by the 10 percent drop in the County's assessed valuation and declining sales taxes. The County Assessor's early projection is for a further 4.5 to 5 percent erosion of assessed values in the new year.

The graph below shows the cost of providing pension benefits as a percentage of total general government expenditure as reported in the CAFR. General government expenditure for FY 2010 through FY 2012 is projected to remain fixed at the FY 2009 level. It is possible that total County expenditures will fall given current economic conditions.

Riverside County Pension ARC as a Percentage of Total Government Expenditures



Source: CAFR

Lucy Dadayan, an Analyst at the Rockefeller Institute of Government at the State University of New York, expects continued weakness well into 2010, if not further.

Defined Benefit Pension Plans receive revenue from two principal sources: contributions and investment income earned on those contributions. Future pension costs are thus subject to contribution and market volatility. The favorable market performance of the late 1990's contributed to the decision to increase pension benefits in 2001 and 2002.

The cost of providing pension benefits consists of the following obligations: 1) pledges to currently retired employees; 2) benefits vested to terminated employees; 3) benefits vested to active employees; 4) benefits payable to non-vested active employees who may vest in the future; and, 5) benefits that will be earned by current workers resulting from future salary increases.

Pension Cost Outlook:

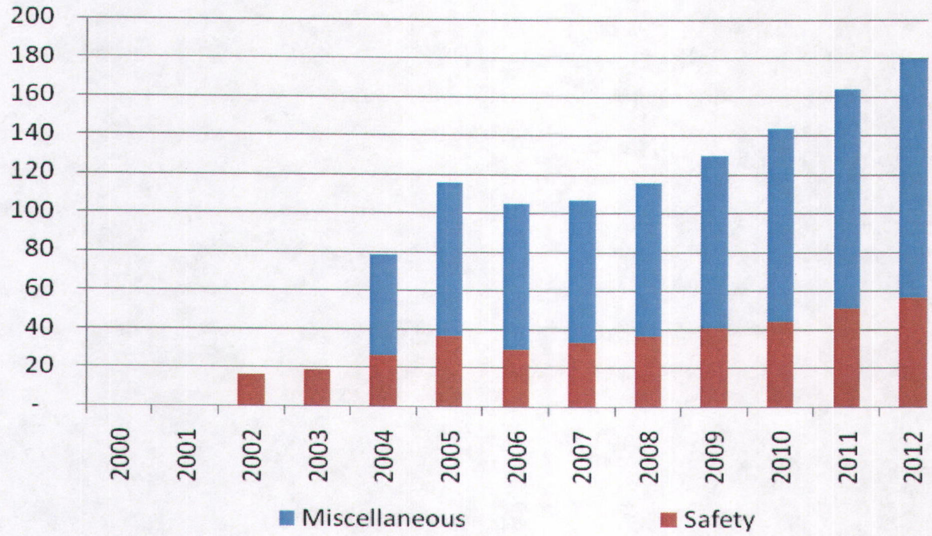
The Annual Required Contribution (ARC) is the annual cost of providing benefits and is usually reported as a percentage of covered payroll. It is calculated by the system's actuary and includes the cost allocated to the current fiscal year plus an amount to amortize unfunded actuarial accrued liabilities. Not paying the fully required amount over a period of time creates an unfunded liability that will have to be repaid with correspondingly higher payments at some future point. The cost for FY 2012 will be impacted by the 24.8 percent investment loss of 2009, due to a two-year delay between investment results and the incorporation of those results into the ARC rate. The impact of the investment loss on the ARC rate for FY 2012 would have been more severe had CalPERS not changed its smoothing methodology.

- **FY 2011:** The Miscellaneous and Safety Plans' ARC rate will rise to 12.2 percent and 19.3 percent, respectively. The projected contribution amounts are $113 million for the Miscellaneous Plan and $51.1 million for the Safety Plan.

- **FY 2012:** The Miscellaneous and Safety Plans' ARC rate will rise to 12.6 percent and 20.1 percent, respectively. The projected contribution amounts are $120.5 million for the Miscellaneous Plan and $55.0 million for the Safety Plan.

- Under the unmodified smoothing method the Miscellaneous and Safety Plans' ARC rate would have risen to 15.8 percent and 25.2 percent, respectively. The projected contribution amounts would have been $151.1 million for the Miscellaneous Plan and $68.9 million for the Safety Plan.

Below is a 10-year history of ARC payments as reported in the CAFR; and the expected FY 2011 and FY 2012 ARC payments. (Pension Obligation Bond [POB] debt service not included.)



Over the longer run, ARC rates as a percentage of payroll are projected to increase. The magnitude of the increase will depend on CalPERS' investment performance benefit changes, and changes in actuarial assumptions. If CalPERS were to continue to underperform for a sustained period, the impact upon rates would be negative, but that impact would be delayed by CalPERS' rate smoothing. The size of the County's PERSable payroll will determine the dollar cost impact. A smaller payroll will cap the dollar cost increase associated with higher ARC rates. It is important to note that the new smoothing method spreads the investment loss over a longer period of time, and thus it is financed over a longer period at CalPERS' assumed rate of return of 7.75 percent. The following information does not include the cost associated with POB and the early retirement program.

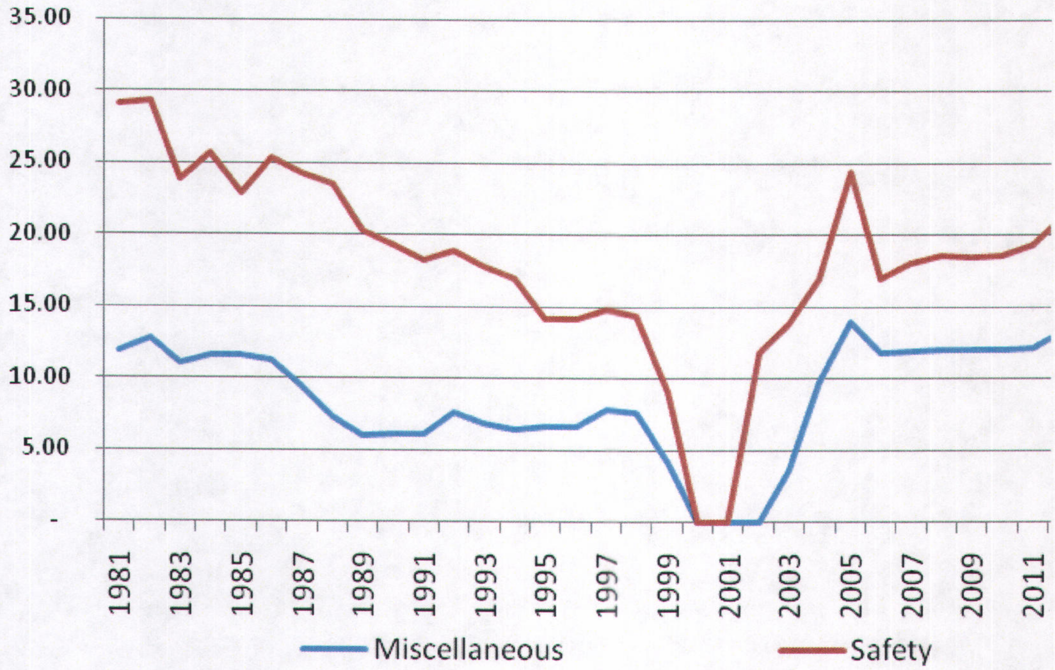
- **Investment Rate of Return scenario of 7.75 percent.** If an average rate of return of 7.75 percent is achieved, the ARC rates as a percentage of total payroll for the Miscellaneous and the Safety Plans are projected to increase to 15.0 percent and 24.0 percent, respectively by FY 2016.

- **Investment Rate of Return scenario of 4.3 percent.** If an average rate of return of between 0.4 percent and 3.6 percent is achieved, the ARC rates as a percentage of total payroll for the Miscellaneous and the Safety Plans are projected to increase to 19.1 and 30.4 percent, respectively by FY 2016, if an average rate of return of between 0.4 percent and 3.6 percent is achieved.

Below is a 28-year history and two-year projection of ARC payments expressed as a percentage of payroll.

The committee will monitor CalPERS' investment performance and the County's funding needs annually and might recommend making higher payments than CalPERS requires to mitigate the impact of sustained under performance in such a case. Riverside County's annual pension cost includes employer contributions and POB debt service. There will be $375 million in POB's outstanding as of June 30, 2010.

Riverside County Pension ARC Payments as a Percentage of Payroll



Pension Reform Landscape

Most public sector employers in California are faced with a difficult choice. Rising pension costs at a time of unprecedented budget constraints are forcing policy makers to re-evaluate pension offerings.

The stock market performance of the 1990's, contributed to the belief that more generous retirement benefits could be provided at little or no additional cost.

The adoption of Senate Bill 400 (SB 400) in 1999 led to the implementation of more generous retirement benefits for state employees.[11] In response, local agencies began to improve their retirement benefits to keep up with their neighbors. The County increased benefits for both the Safety and Miscellaneous Plans.

In California, attempts to reduce pension benefits have focused on the creation of two-tier plans (cutting benefits for new hires.) Benefit cuts to current employees are prevented by contract law under both the U.S. and the State's Constitutions. Pensions bargained under labor contracts are said to be protected by court decisions, which allow cuts only if something of equal value is provided.

Last June, Governor Schwarzenegger and, more recently, CalPERS' actuary Ron Seeling, have called current benefits "unsustainable." Some believe investment returns will be lower in the post-recession economy and others see higher pension costs in the future as a result of life science and improved standards of living, which are leading to longer life expectancy.

Four years ago, Governor Arnold Schwarzenegger briefly backed an initiative proposed by former Assemblyman Keith Richman, R-Northridge, that would have changed all new state and local government hires to a 401(k) style plan.

Many have proposed that pensions for new hires be rolled back to the formulas used before CalPERS' sponsored legislation SB 400.

A League of Cities task force proposed rolling back benefits for new hires. It recommends that "pensions should be fiscally sustainable and politically defensible."[12]

In July 2009 the Orange County Board of Supervisors approved a change to their pension plans. The change was also agreed to by the Orange County Employees Association. Under the new plan, new employees starting April 23, 2010 will receive a combination of 1.65 percent @ 65 defined with an additional two percent match to a defined contribution plan. Orange County also recently negotiated a two-tier plan with its deputy sheriffs.

The city and County of San Diego have both adopted "two-tier" pension systems, giving new hires lower benefits. But it's a long-term plan not expected to produce significant savings for several decades.

Members first hired on or after August 28, 2009 are classified as Tier B. The benefit formula per year of service credit is approximately 2.6 percent @ 62 for the General, Tier B members, and three percent @ 55 for Safety, Tier B members.[13]

[11] Ed Mendel, "From CalPensions: CalPERS actuary says pension costs are not sustainable" August 12, 2009

[12] Pension Reform in California, League of Cities, March 1, 2005

[13] San Diego County Employees Retirement Association, Retirement Plan Summary.

The Foundation for Fiscal Responsibility attempted to put a pension reform initiative on the November 2010 ballot that would mandate a much less generous second tier system across the State (as of yet, Governor Arnold Schwarzenegger has not endorsed the effort).

The plan proposes the following two-tier formulas: for peace officers or firefighters—2.3 percent @ 58; for other public safety employees—1.8 percent @ 60; for any other public agency employees that do not require Social Security contributions—1.65 percent at defined United States Social Security Old Age and Survivors Insurance Program (65-67), for any other public agency employee that does require Social Security contributions—1.25 percent at defined United States Social Security Old Age and Survivors Insurance Program (65-67).

Alternative Options

Benefits are provided through the Miscellaneous Plan with a three percent at 60 benefit formula and the Safety plan with a three percent at 50 benefit formula. The formula is applied to the highest consecutive 12-month compensation. CalPERS offers several other formulas and ancillary benefits established under the Public Employees' Retirement Law (PERL). Any changes to the benefit formula would only apply to new employees.

Pension reform has been framed as a spectrum of choices from which policy makers can determine courses of action. The menu below presents a range of options with increasing levels of change.

I. Cost Sharing:

Negotiate with unions for shared responsibility with employees for cost increases and/or increased pension contributions by County in lieu of employee pay raises.

All benefit changes including cost-sharing arrangements can be negotiated with unions. There are three approaches to cost-sharing that have been identified:

1. The County has obtained legal opinion that the PERL does allow for the reduction or elimination of the Employer Paid Member Contribution (EPMC) under section 20691 available to certain Miscellaneous employees without breaching employees' Vested Rights.

2. The PERL allows the County to share with employees the cost of prior benefit enhancements from the inception of the contract to date.

3. Independent of the above two items, the County may negotiate with unions for employees to pay a portion of the Employer Contribution. If this approach is taken, CalPERS will not be able to credit employees with the portion of the Employer Contribution they have paid, and most likely the contributions will be paid on an after-tax basis. Further legal review is required to determine the feasibility of this option. The County should anticipate that there may be legal challenges to cost sharing, in particular option 3. Bartel Associates estimates that reducing the employer-paid employee contributions by two percentage points may save the County $14.5 million for the Miscellaneous Plan and $6.6 million for the Safety Plan in fiscal year 2011. That translates to a reduction of approximately 1.6 percent of payroll for the miscellaneous and 2.5 percent of payroll for the Safety Plan for fiscal year 2010/11.

According to the State's Legislative Analyst Office (LAO) in regards to the Governor's proposal to shift the employer paid benefit to an employee-required contribution:

"There are serious concerns about the legal viability of the Governor's proposed five percent shift in pension contributions from the State employee, particularly if the shift is accomplished through the legislative process, instead of through collective bargaining. Courts have repeatedly negated attempts to create substantial savings from altering pension payments for current employees without offering comparable offsetting benefits in exchange."

II. CalPERS Two-Tier Plan:

Select a lower tier and for new employees from the menu of CalPERS Defined Benefit Plans.

Pensions bargained under labor contracts are said to be protected by court decisions, which allow cuts only if something of equal value is provided. Under a two-tier system all current employees continue to accrue benefits at the same level. New employees accrue benefits at a lower rate.

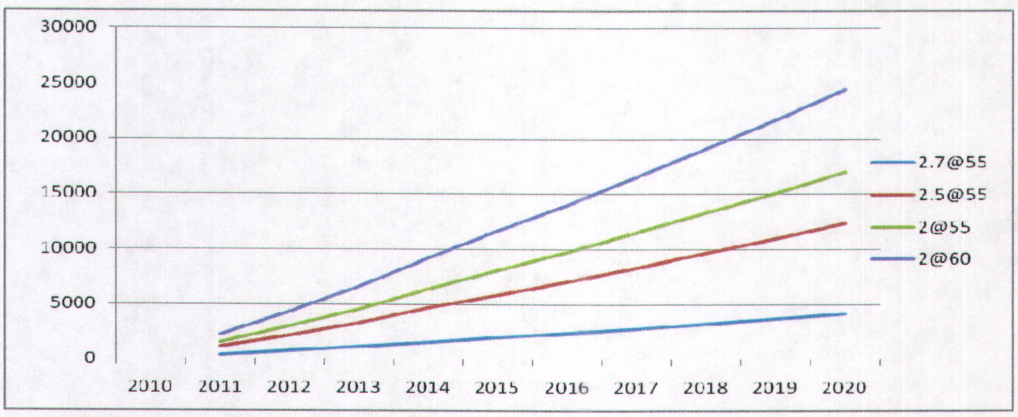
According to Bartel & Associates, moving to a two-tier Defined Benefit Pension system that offered lower benefits to new employees would result in savings in the long run. In the short run there would be very little savings associated with a new defined benefit tier as the proportion of new employees receiving the lower benefits would be proportionally small and thus have a limited impact on cost. Budgetary cuts will further limit short term benefits associated with a two-tier benefit system.

CalPERS offers the following benefit alternatives[14]:

Miscellaneous Plan	Safety Plan
2.0% @ 55	2.0% @ 50
2.0% @ 60	2.0% @ 55
2.5% @ 55	2.5% @ 55
2.7% @ 55	3.0% @ 50
3.0% @ 60	3.0% @ 55

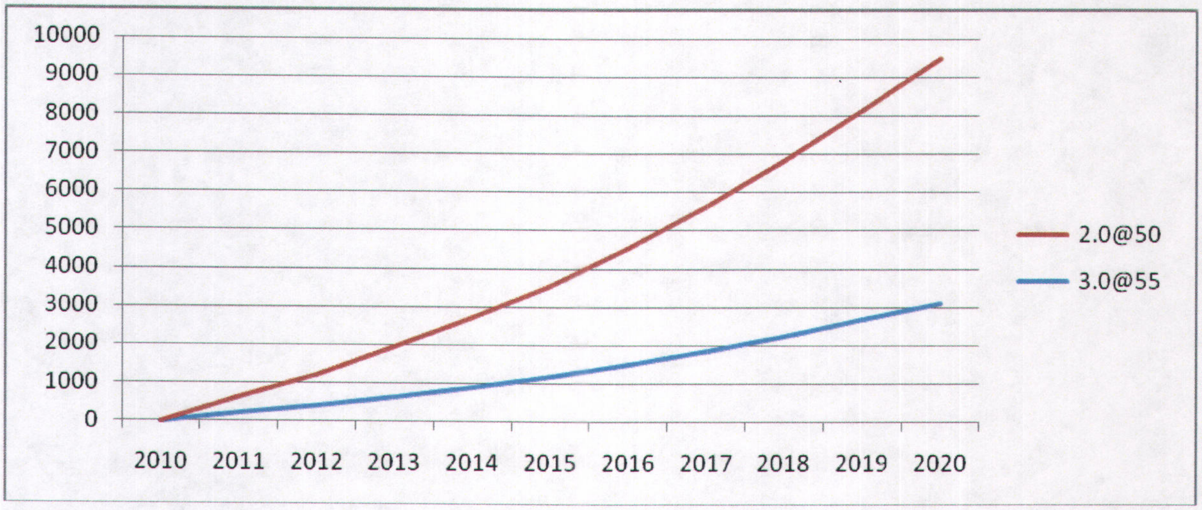
For the Miscellaneous Plan, going from the current formula of three percent at 60 to two percent at 60, would generate $98 million in savings on a present value basis, assuming a four percent discount rate by 2020. For the Safety Plan, going from the current formula of three percent at 50 to two percent at 50, would generate $22 million in savings on a present value basis, assuming a four percent discount rate by 2020. Cost savings will be dependent on the new tier plan design.

Miscellaneous Annual Savings by Benefit Formula (millions)



[14] CalPERS offers benefit alternatives

Safety Annual Savings by Benefit Formula (millions)



PERL does not allow participants to have current employees participate in CalPERS and new employees participate in a different mandatory pension plan system. All new employees must participate in CalPERS.

Contracting with CalPERS offers the County several advantages. As a CalPERS' participating agency the County is part of one of the largest pension plans in the world with huge economies of scale. The County receives the stability, track record and management resources of a $200 billion dollar plan.

However, participating in CalPERS' limits the County's flexibility in setting benefit levels and changing demographic assumptions. The inflexibility is problematic in crafting the optimal compensation package. Different employee subgroups value compensation differently. Younger employees place a higher value on wages and portable benefits, while older workers tend to place a higher value on the security offered by a Defined Benefit Plan.

If the County wishes to provide a lower second tier of benefits by either a lower defined benefit formula or a Defined Contribution Plan not offered by CalPERS; lobbying Sacramento for additional flexibility or leaving CalPERS would be the options available to the County.

Given the financial distress in the State and the growing tide for pension reform, should the County decide to remain with CalPERS, the County should pursue the most cost-effective and clearest path for changing benefits by leveraging its political assets in Sacramento so that CalPERS can introduce new benefit formulas.

The County can choose to leave CalPERS and establish its own pension system under the Counties Employees Law of 1937, commonly referred to as the "1937 Act" or join an existing pension system with much greater flexibility. A move out of CalPERS may result in a large termination fee and significant start up costs. The termination fee may require a large lump sum payment or ongoing payments for the accrued benefits of current participants. More information is needed from CalPERS to quantify the financial impact of a move out of CalPERS.

III. Non CalPERS Defined Benefit Two-Tier Plan:

Create a lower tier, Tier II for new employees' Defined Benefit Plan designed by the County. Tier II will contain features that produce additional savings (compared to CalPERS' plans) while still meeting a desired Replacement Ratio.

Establishing an independent system or a 1937 Act Plan would offer much more flexibility in designing pension benefits than CalPERS. The 1937 Act provides two methods by which a county may establish a 1937 Act retirement system: 1) an affirmative vote by a majority of the electors voting on the proposition at a general or special election; or, 2) by a four-fifths vote of the Board of Supervisors. Once a county elects to come under the 1937 Act, the Act's provisions become operative on either the following January 1, or July 1, but not sooner than 60 days after the appropriate election. A system established pursuant to the 1937 Act supersedes any previously established county retirement system. A 1937 Act plan would require establishment of a board with:

1. The authority to invest plan assets and select actuarial methods and assumptions.
2. Selection of one of several formulas and ancillary benefits established under the 1937 Act.
3. Responsibility for most administrative functions.

Article XI section 4 and 6 of the State Constitution authorizes Charter Counties to establish independent retirement systems if their charter so provides. San Luis Obispo County and San Francisco County have established such systems.

Under this option the County could potentially use the same retirement formula as currently used for TAP employees (two percent of eligible career compensation), although this may impact our ability to recruit top talent.

This option may require termination of the County's CalPERS' Contract. Defined Benefit Plans (like CalPERS) generally provides the most efficient allocation of employer dollars towards providing employees secure retirement income and provides higher relative benefit accruals at older ages. However, one major drawback is that, employer contributions can be volatile. CalPERS' smoothing methods mitigate this but cannot eliminate volatility. Defined Contribution Plans, on the other hand, generally provide higher benefit accruals in the early years of service thus potentially appealing to short-term, younger employees. In addition, they also appeal to employees who want more direct control over their retirement savings. Furthermore, employer contributions are very predictable.

Defined Benefit Plans typically also provide an efficient method of providing ancillary benefits (for example, disability and pre-retirement death benefits.)

IV. Defined Contribution Two-Tier Plan:

Create Tier II comprised either entirely of a defined contribution retirement benefit or apportioned benefits between a Defined Benefit Plan and Defined Contribution Plan thereby giving employees a safety net while allowing them to share in investment returns. Select a Defined Benefit Plan that provides a "base level" benefit. The County could potentially use the same retirement formula as currently used for TAP employees (two percent of eligible career compensation.)

This option may require termination of the County's CalPERS' Contract.

Defined Contribution Plans are usually established by agreement with bargaining groups with administration, investment and legal work handled by a third party administrator (TPA).

Defined Contribution Plan (DC): Promises a designated contribution to a retirement savings plan. Employers typically contribute a percentage of employee pay to an individual account plan. Employees often have the opportunity to defer a portion of their pay. The retirement benefit is determined in part by contributions to the plan, but also in large part by plan asset performance. Employees often are responsible for investment elections and always bear the risk of investment outcome. An advantage to DC plans is portability. Benefits can be paid in installments or as a lump sum.

A new Defined Contribution Tier, or Hybrid Tier, may produce greater cost savings in the near term in that once the County makes a contribution to the plan its obligation ends. Investment returns will not change the County's liability.

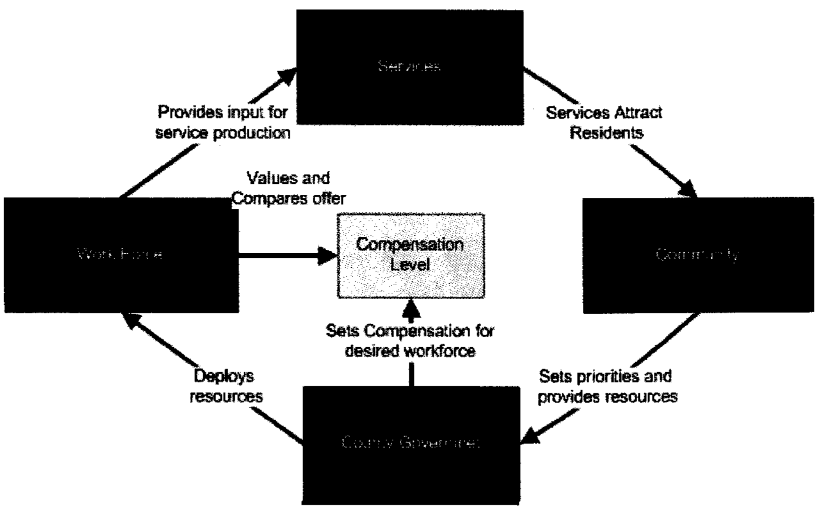
Over the last decade some public sector employers have introduced DC plans. However, according to a January 2008 Issue Brief published by the Center for State and Local Government Excellence, those participating in DC plans as their primary pension represent less than 4.0 percent of the state and local workforce and less than 1.0 percent of total state and local pension assets.

Framework for Analysis

Falling government revenues and rising pension costs are shrinking the budget and stressing the County's ability to provide services at a time when there is increased need for many services in the community.

The decision by an employer to offer a pension plan depends on employee preferences for current compensation relative to deferred compensation, the cost of providing a dollar of future income compared to providing a dollar today; and how the pension might influence worker turnover and retirement rates.

Compensation Level Setting Dynamics



Any benefit plan policy changes will be subject to stakeholder legal, contractual, and cost constraints. Stakeholders with vested interest in public pension funds include: 1) former public employees drawing benefits; 2) fund beneficiaries (current government employees have a stake in both their future retirement benefits and current contribution obligations); 3) CalPERS; and, 4) County residents.

Vested Rights: Under the contract clause of both the United States and the California Constitution, public employees earn vested rights to their pension benefits for performance of service with a governmental employer. Benefits of existing pension members, including the right to accrue future benefits from future service and compensation, cannot be reduced for current members without an offsetting benefit.

Collective Bargaining: Changes to employees' total compensation, including pension benefits, must be collectively bargained with the unions for represented employees. County employees are represented by various unions, and the County must bargain for change in pension benefits with each union.

CalPERS: As a contracting local agency with CalPERS the County is bound by the Public Employees' Retirement Law (PERL). PERL requires that all employees of a contracting agency (with limited exceptions) be members of CalPERS PERL does not allow the County to create a benefit plan for new employees outside of CalPERS while maintaining current benefits for existing employees at CalPERS.

Community: The decision of the employer to set the level of pension benefit depends on the employer's financial position and its need to attract and retain the optimal workforce that will maximize the delivery of services to the community.

Pension plan analysis requires a long-term horizon. Contribution and market volatility can lead to decisions with unintended consequences. Benefit level decisions should be based on a long-term assessment of what is financially feasible and labor/capital needs in the context of the local labor market.

The investment performance of the late 1990's lead to overfunded pension plans and low pension costs in the County. The County increased future benefit commitments by adopting more generous pension formulas. It was anticipated that the investment performance of the late 1990's would continue and no contribution increases would be required. The investment performance of the late 1990's was proven to be an aberration.

According to Fieldman, Rollap & Associates, 32 percent of the unfunded liability in FY 2004 could be attributed to increased pension benefits and other action taken by the County. (See Appendix 2)

In the aftermath of the Great Recession, the County is facing rising pension costs and a declining pension plan funding status as a result of devastating investment returns of FY 2009. Given the potential impact of any decision, independent third party analysis is needed.

Beyond the need for budgetary relief in this economic environment, the County needs to reform its pension plans to ensure that County pension plans are sustainable.

Improvements in the standard of living have increased the life expectancy of retirees. Consequently, public employers have seen pension plan costs rise as retirees are receiving benefits for longer periods than had been expected when benefits where granted.

Many investment professionals worry that investment returns in this economy, which is emerging from the aftermath of the largest economic contraction since World War II, will offer lower investment returns. A reduction in the rate of return will cause a fundamental shift in pension funding dynamics.

Recent poor investment performance has magnified the rise in cost. The cost of providing the current pension benefit levels was $123.4 million (POB debt not included) in FY 2008, representing 4.3 percent of total expenditures.

These trends require that the County evaluate what benefit levels are sustainable, and what impact any changes will have on recruitment and retention.

According to a Los Angeles Times article, one of every four dollars collected by the City of Los Angeles general fund may go towards retirement benefits in the City by 2013. That would negatively impact basic services such as police, parks and libraries.[15]

[15] Los Angeles Times, "Los Angeles officials consider a ballot measure to scale back pensions" January 6, 2010

The popular options for dealing with rising pension costs are rolling back benefits by changing to a two-tier pension system and utilizing Defined Contribution Plan features.

Third Party Analysis:

Prior to moving aggressively to restructure the County's employee compensation regime, the County should conduct a thorough analysis to determine how its compensation package stacks up against competing employers. That analysis would provide the public and the Board with the data necessary to push for changes to the current system. Having an independent third party produce that information will give it a higher degree of credibility with employee groups.

PARC Composition:

As pension issues have become more complex and as the composition of the committee has changed, a number of Committee members have suggested that the Board expand its membership. Additional members would increase institutional knowledge of pension issues and bring additional perspective to the discussion.

Financing Status

Pension Obligation Bonds (POB). The County sold a $400 million Pension Obligation Bond (POB) in February 2005 and made its first payment on August 15, 2005. Contemporaneous projections show the POB's were expected to save $161.8 million over the life of the bonds. The projections assumed CalPERS earns its 7.75 percent assumed actuarial rate of return over the life of the bonds. The "break-even" rate for the bond transaction is 4.91 percent, the rate on the POBs.

Based upon the analysis of the independent actuary Bartel & Associates, the County has lost $54.0 million as a result of the sale of the POB. Recent historic losses in the equity and real estate markets have erased all prior year gains associated with this transaction. It is worth noting that the FY 2007 analysis showed $130 million in savings. Given the low break-even rate of 4.91 percent, it is reasonable to expect that over the remaining 25-year life of the bonds the transaction will produce savings. CalPERS' long-term expected rate of return is still 7.75 percent despite the recent economic downturn. The calculation is shown below.

Analysis of Performance to Date[16]

	Amount (millions)
CalPERS' Investment Earnings[17]	$42.9
POB Interest Payments	(93.8)
Cost of Issuance	(3.1)
Net Savings	**($54.0)**

Liability Management Fund

One key aspect incorporated into the POB structure is the Liability Management Fund. The fund collects an amount representing 50 percent of the projected savings that would otherwise be passed on to departments. The purpose is to accelerate repayment of the County's pension liabilities, reducing pension costs in the long term, and reducing the marginal risk associated with issuing POBs.

PARC policy dictates that at the end of the year the Committee is to recommend whether the funds should pay down any liability at CalPERS or buy down POBs. As of April 1, 2010, there was $4.2 million in the Liability Management Fund. It is projected that fiscal year ending balance will be $6.2 million.

In prior years, the Committee has recommended using the captured savings to pay down its unfunded pension liability. The Unfunded Actuarial Liability's assumed rate of return is 7.75 percent and is more expensive than the POB interest rate of 4.91 percent (the imputed rate of return.)

16 Provided by Bartel Associates. It should be noted that there could be any number of alternative calculation methods. They all would produce a negative return.

17 On POB proceeds only.

The Committee will recommend that the balance in the Liability Management fund, now estimated at $6.2 million, be sent to CalPERS to pay down the County's unfunded liability.

CalPERS Annual Prepayment:

One of the first steps PARC initiated was the annual prepayment program. CalPERS offers participants a discount for prepaying its projected annual employer's pension cost in a lump sum at the beginning of the fiscal year. The discount amounts to 50 percent of CalPERS' assumed actuarial return.

Since FY 2004 the General Fund has had a savings of approximately $13.4 million by executing the CalPERS' prepayment program, which takes advantage of the prepayment discount and associated internal cash flows.

For FY 2011 the County is obligated to pay $163 million, which is the employer's projected contribution amount for pension costs.

The Committee recommends that 40 percent, and 80 percent of the projected annual pension cost for the Miscellaneous and Safety Plan.

Summary Prepayment Savings (millions)

	FY 2006	FY 2007	FY 2008	FY 2009
Total Normal Cost	$97.74	$107.05	$113.20	$143.5
Normal Cost Prepaid	$87.96	$71.37	$75.46	$86.31
PERS discount	$3.22	$2.61	$2.76	$3.16
Interest earned	$1.59	$2.09	$1.80	$0.52
Net Borrowing cost	$(3.31)	$(2.46)	$(2.69)	$(.623)
Savings	**$1.50**	**$2.39**	**$1.87**	**$2.96**

Recommendations:

1. Receive and file the FY 2009/10 PARC Report.
2. Adopt the recommendation to use money in the Liability Management Fund to reduce the County's CalPERS' liability by transferring the funds to CalPERS. The amount available for transfer is estimated to be $6.2 million for FY 2010/11. (See page 38)
3. Adopt the recommendation to pre-pay the County's FY 2010/11 pension cost. (See page 39)
4. Engage the debate on pension reform directly and through CSAC and other advocacy organizations.
5. Prior to making any changes to the pension plan, conduct a RFI to engage a third-party actuary outside legal counsel and/or other benefit consultant(s) for advice.
   a. Cost Savings and benefit adequacy of various Pension Plan design.
   b. Examination of legal constraints.
   c. Impact on employee recruitment and retention for specific plan design options.

REQUEST FOR PROPOSAL # [Assigned on Approval]
Pension Consulting Services

By:
[Assigned on Approval], Procurement Contract Specialist
Riverside County Purchasing & Fleet Services
2980 Washington Street
Riverside, CA 92504-4647
(951) 955-4937 / (951) 955-3730 (fax)
Email: **[Assigned on Approval]**
NIGP Code(s): **[Assigned on Approval]**

NOTE: BIDDERS ARE RESPONSIBLE TO READ ALL INFORMATION THAT IS STATED IN THIS REQUEST FOR PROPOSAL AND PROVIDE A RESPONSE AS REQUIRED

TABLE OF CONTENTS

Content **Page**

INSTRUCTIONS TO BIDDERS

Visit our Website: www.purchasing.co.riverside.ca.us

Telephone: (951) 955-4937

I. Vendor Registration – Unless stated elsewhere in this document, vendor must register online at www.Purchasing.co.riverside.ca.us with all current Vendor information, to be registered on the County's database.

II. Prices/Notations All prices/notations must be typewritten or written in ink. No erasures permitted. Mistakes shall be crossed out, corrections made adjacent and initialed by person signing document. Each item shall be bid separately.

III. Pricing/Terms/Tax - All pricing shall be quoted both F.O.B. shipping destination, (e.g., cash terms less than 20 days should be considered net) excluding applicable tax. The County pays California Sales Tax and is exempt from Federal excise tax. In the event of an extension error, the unit price shall prevail.

IV. Period of Firm Pricing - Unless stated otherwise elsewhere in this document, prices shall be firm for 120 days after the RFP closing date. If the County elects to do negotiations that require additional time, the County may request bidder's prices be firm for an additional period of time to complete negotiations and award the contract.

V. Recycled Material - Wherever possible, the County of Riverside is looking for items made from, or containing in part, recycled material. Bidders are encouraged to bid items containing recycled material as an alternative for the items specified; however, the County reserves the right to reject those alternatives as non-responsive.

VI. Method of Award - The County reserves the right to reject any or all offers, to waive any discrepancy or technicality and to split or make the award in any manner determined by the County to be most advantageous to the County. The County recognizes that prices are only one of several criteria to be used in judging an offer and the County is not legally bound to accept the lowest offer.

VII. Other Terms and Conditions – The terms and conditions as indicated in this document and/or attached are hereby included with full force and like effect as if set forth herein. Copies of the applicable Terms and Conditions may be obtained by visiting the County's website at www.purchasing.co.riverside.ca.us or contact Riverside County Purchasing at the number shown above and request a copy to be faxed or mailed to you.

VIII. Return of Bid/Closing Date/Return to - The bid response shall be delivered to **Purchasing and Fleet Services, 2980 Washington Street, Riverside, CA 92504 by 1:30 p.m**. on the closing date listed above. Bid responses not received by County Purchasing by the closing date and time indicated above will not be accepted. The closing date and time and the R.F.Q./R.F.P. number referenced above shall appear on the outside of the sealed envelope. A duly executed copy of the signature page of this bid document must accompany your response. The County will not be responsible for and will not except late bids due to delayed mail delivery or courier services.

IX. Auditing – The Contractor agrees that Riverside, County the State of California, the Federal government, or designated representatives shall have the right to review and copy any records and supporting documentation pertaining to the performance of this contract. Contractor agrees to maintain such records for possible audit for a minimum of (3) years after final payment, or until closure of pending matter unless a longer period of records retention is stipulated. Contractor agrees to allow auditor(s) access to such records during normal business hours and allow interviews of any employees or others who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of Riverside County, the State of California, or the Federal government to audit records and interview staff in any subcontract related to the performance of this contract.

X. Local Preference - The County of Riverside has adopted a local preference program for those bidders located within the County of Riverside. A five percent (5%) price preference may be applied to the total bid price during evaluation of the bid responses. To qualify as a local business, the business must have fixed offices within the geographical boundaries of Riverside County and must credit all sales taxes paid resulting from this RFQ/P to that Riverside County location. To qualify for local preference BIDDER must include a copy of a Riverside Business Tax Certificate that supports the local preference status and complete Form 116-260 Local Business Qualification Affidavit. Application of this local preference may be waived if funding sources disallow it.

Or

XI. Disabled Veteran Business Enterprise Preference - The County of Riverside has implemented a Disabled Veteran Owned Business preference policy. A three (3) percent preference shall be applied to the total bid price of all quotes/bids/proposals received by the County from certified disabled veterans owned businesses. Bidder must provide certification of Disabled Veteran Status. If the bid is submitted by a non-Disabled Veteran owned business, but lists subcontractors that are identified and qualified as Disabled Owned Business, the total bid price will be adjusted by 3% of the value of that subcontractor's portion of the bid.

IF CHECKED, THE FOLLOWING DOCUMENTS HEREBY MADE PART OF THIS RFQ/P
Please go to www.purchasing.co.riverside.ca.us to access these terms and conditions

_X_ APPENDIX "A" _X_ EXHIBIT (A-E) ___ PLANS/DRAWINGS ___ SAMPLES

___ #116-110	Special Conditions/Response	___ 116-130	Equipment Information Sheet
_X_ #116-260	Local Business Qualification Affidavit	___ 116-311	Boilerplate Agreement

IF CHECKED, THE FOLLOWING GENERAL CONDITIONS ARE INCLUDED WITH FULL FORCE AND LIKE EFFECT AS IF SET FORTH HEREIN

___ #116-200	General Conditions	___ #116-210	General Conditions Materials and/or Services
___ #116-230	General Conditions - Equipment	___ #116-220	General Conditions - Public Works
___ #116-240	General Conditions - Personal/Professional Service		

Proposal Cover Page

BIDDER TO COMPLETE ALL APPLICABLE AREAS

Bidders are required to register (If not already registered) on the County of Riverside Purchasing website:

WWW.PURCHASING.CO.RIVERSIDE.CA.US

The County of Riverside Purchasing Department on behalf of The Human Resources Department is soliciting proposals from qualified organizations to Employee Benefits Consulting and Actuarial Services as detailed in Appendix A.

BID CLOSING DATE: November 1, 2010 no later than 1:30 pm.

NO FAXED PROPOSALS WILL BE ACCEPTED

After close of this RFP, the award may be announced within 30- 120 days.

If an addendum is issued for this procurement, it will be the Bidder's responsibility to retrieve all applicable addendum(s) from the Purchasing website.

"Execution hereof is certification that the undersigned has read and understands the terms and conditions hereof, and that the undersigned's principal is fully bound and committed."

Company Name:

Street Address:

Mailing Address:

City: State: Zip:

Remit to Address:

City: State: Zip:

Phone # ( ) FAX # ( )

Vendor Website:

Name: Title:

Signature:______________________________ Date:__________ Email:______________________________

Please Check ___ Disabled Veteran or ____Local Business – if checked, the above signer certifies that the above business is located within the geographical boundaries of Riverside County and that all sales taxes generated based on this RFP will be credited to that location in Riverside County. Form 116-260 must be completed and submitted with the Bidder's proposal

Form #116-100 RFP Form Word

APPENDIX A
SCOPE OF SERVICE

1.0 DEFINITIONS

Wherever these words occur in this RFP, they shall have the following meaning:

A. "RFP" shall mean Request for Proposal.

B. "Addendum" shall mean an amendment or modification to the RFP (Request for Proposals).

C. "Bid" shall mean the proposal submitted by a Bidder on the Bid Form consistent with the Instructions to Bidders, to complete the Work for a specified sum of money and within a specified period of time.

D. "Bidder" shall mean an individual, firm, partnership or corporation that submits a qualified Bid for the Work, either directly or through a duly authorized representative.

E. "Contractor" shall mean any employee, agent or representative of the contract company used in conjunction with the performance of the contract. For the purposes of this RFP, Contractor and Bidder are used interchangeably.

F. "MQs" shall mean minimum qualifications.

G. "COUNTY" shall mean the County of Riverside and its Human Resources Department. For purposes of this RFP, Human Resources and County are used interchangeably.

H. "CalPERS" shall mean the California Public Employees Retirement System.

2.0 PURPOSE/BACKGROUND

2.1 PURPOSE

The County of Riverside is soliciting this Request for Proposal from qualified Bidders for consulting services to analyze alternate pension benefit options for new County employees. Consulting services will include an analysis of cost, a review of legal considerations, and impact on total compensation and recruitment and retention. The County seeks a consultant expert in public pension plans and experienced in advising comparable public agencies.

2.2 BACKGROUND

a. Riverside County is the fourth largest county in California with a population of over 2 million people. The County maintains a workforce of over 18,000 employees, in over 30 departments and agencies, and has approximately 3,000 retired employees.

b. The County of Riverside recognizes excellence and performance by providing a comprehensive and competitive benefit program to its employees; for more information visit http://www.rc-hr.com and click the Benefits tab.

c. The County contracts with the CalPERS to provide Miscellaneous and Safety Employees defined benefit pension plans commonly known as 3% @ 60 and 3%@50 plans respectively; for more information visit www.calpers.ca.gov.

d. As a result of escalating costs, the County Board of Supervisors (Board) has approved the evaluation of alternate pension benefits for new employees and cost sharing options for current employees. See attached Pension Advisory Review Committee (PARC) and Pension Review Advisory Committee (PRAC) reports prepared at the direction of the Board for additional information.

3.0 SCOPE OF SERVICE

The County will select qualified consultant(s) to provide highly specialized services under the direction and at the request of the Assistant Chief Executive Officer/Human Resources Director in the categories described below. It is possible that the County will decide to retain more than one consultant pursuant to this RFP.

3.1 REQUIREMENTS

3.1.1 Alternate Pension Options (Tier II)

a. Provide actuarial analysis associated with alternate pension options
   - Consult with County representatives on appropriate alternate pension options for new employees, and to the extent not in violation of California Vested Rights provisions review alternate pension options for current employees.
   - Review actuarial cost analysis performed to date of defined benefit, defined contribution and hybrid pension options.
   - Discuss retirement income and income Replacement Ratios and determine the retirement income adequacy of proposed pension options. Use appropriate public sector and private sector benchmarks for comparison.
   - Use actuarial analysis performed to date to compare and discuss projected costs (Annual Required Contributions) associated with each alternative pension option. Compare costs with projected cost of current pension benefits and with appropriate Private and Public sector benchmarks.

3.1.2 Total Compensation

a. Consult with County representatives and develop a total compensation analysis for selected representative job classifications for active employees and retirees.
b. Analyze impact on total compensation for each alternate pension benefit available from CalPERS listed in PARC report.
c. Compare total compensation of alternate pension options to private and Public Sectors of similar size; specifically include detailed comparisons with local governmental entities. Include the five following surrounding Counties in the benchmarking analysis: Los Angeles, Ventura, San Bernardino, Orange, and San Diego. Also, include the following Northern California counties of a similar size
   a. Contra Costa
   b. Santa Clara

3.1.3 Recruitment and Retention

a. Analyze impact on recruitment and retention impact based on Section 3.1.2 total compensation analysis and other pertinent factors.
b. Discuss projected demographic, economic and other pertinent trends that will impact recruitment and retention in addition to Pensions.

3.1.4 Legal Compliance

a. Analyze in detail and provide an opinion on legal issues associated with:
   - The adoption of an alternate pension option (Tier II) for new employees.
   - Cost sharing with new and current employees for pension cost increases.
   - Changes to pension benefits for current employees, including but not limited to providing current employees an option to select an alternate pension benefit
   - Collective Bargaining requirements.
   - Introduction and adoption of new benefit options at CalPERS

3.1.5 Administrative Duties

a. Must be able to frequently (at minimum 6 times) meet in-person with County representatives.
b. Must be able to participate and present findings, if called upon at committee meetings such as PARC, and must be able to present findings to the Board of Supervisors as requested
c. Must provide analysis, assumptions and findings in a comprehensive and illustrative report.
d. Must complete analysis and report on findings expeditiously within 3 months of award of the RFP or an otherwise mutually agreed upon date.
e. Must provide continued ad hoc consulting support as requested by the County.

4.0 WORK PRODUCT

4.1 Proposals shall be submitted no later than November 1, 2010 with 6 copies.

4.2 All work papers prepared in connection with the contractual services will remain the property of the successful bidder; however, all reports rendered to the County are the exclusive property of the County and subject to its use and control.

5.0 TIMELINE DATES:

1. Release of Request for Proposal	**October 4, 2010**
2. Deadline for Submission of Questions. Email: [redacted]	**Must be in the form of an Email by 1:30pm on: October 18, 2010**
3. Deadline for Proposals	**November 1, 2010**
4. Tentative Date for Awarding RFP. Approximately 30 to 60 days after the RFP closes.	The Bidders are responsible for checking the Purchasing website for notice of intent to award at: www.Purchasing.ca.riverside.ca.us

5.1 **Inquiries:** All inquiries must be submitted on or before the last day for questions. Please refer to 5.0 Timeline for the particular date. Inquiries must reference the section number and title from the RFP. Inquiries must be in written format and emailed with the RFP bid number, to the attention of the Procurement Contract Specialist.

6.0 PERIOD OF PERFORMANCE

The period of performance shall begin with the award of the RFP and end with the final work product as outlined in this RFP.

7.0 PROPOSAL SUBMITTAL

All proposals shall be signed by an authorized agent and placed in a sealed package clearly marked "Bidder Proposal." The submitted proposal shall be prepared in a bound notebook(s).

Minimum Notebook requirement:

7.1 One (1) original and six (6) additional copies, each in a 3 ring binder for ease of opening by evaluators.

7.2 Binder capacity should be a minimum of 2" (two inches) to allow for ease of referencing various sections. (Small binders that are over stuffed or difficult to open may count against the bidder).

7.3 Include one (1) Microsoft Word or PDF document formatted on a virus free CD or flash drive within the original binder.

7.4 Financial statements should only be included in the binder marked "Original" (Financial statements will be removed and submitted for review), then placed in a sealed envelope and marked "Confidential."

7.5 **Faxed or emailed proposals will not be accepted.**

ALL SEALED BIDS MUST BE SENT TO: County of Riverside
Purchasing and Fleet Services
Attention: Assigned on Approval
RFP# Assigned on Approval
2980 Washington Street
Riverside, CA 92504-4647

8.0 GENERAL REQUIREMENTS

Procedures for Submitting Proposals

8.1. All proposals must be submitted in accordance with the standards and specifications contained within this Request for Proposal (RFP) and must contain a cover page with a certification of intent to meet the requirements specified.

8.2. The cover page of a responsive bid must be signed appropriately and completed with the date, company name, and name and title of a company officer/owner authorized to sign on behalf of the company.

8.3. The County reserves the right to waive, at its discretion, any irregularity, which the County deems reasonably correctable or otherwise not warranting rejection of the proposal.

8.4. The County shall not pay any costs incurred or associated in the preparation of this or any proposal or for participation in the procurement process.

8.5. Modification of Proposals, any bidder who wishes to make modifications to a proposal already received by the County must withdraw his/her proposal in order to make the modifications. All modifications must be made in ink, properly initialed by bidder's authorized representative, executed, and submitted in accordance with the terms and conditions of this solicitation. It is the responsibility of the bidder to ensure that modified proposals are resubmitted before the RFP submittal deadline of November 1, 2010.

8.6. Bidders may withdraw their proposals at any time prior to the due date and time by submitting notification of withdrawal signed by the bidder's authorized agent. Proposals cannot be changed or modified after the date and time designated for receipt.

8.7. Proposals must be typed uniformly on letter size (8 ½ " x 11") sheets of white paper, single sided or double sided, each section clearly titled, with tabs A-K, and each page clearly and consecutively numbered. Proposals must be clean and suitable for copying. Proposals must be specific unto themselves. For example, "*See Enclosed Manual*" will not be considered an acceptable proposal. Receipt of all addenda, if any, must be acknowledged in the proposal.

8.8. **Late proposals will not be accepted.** Postmarks will not be accepted in lieu of this requirement. Proposals submitted to any other County office will be rejected.

8.9. The proposal shall be concise and to the point. Costly bindings, color plates, glossy brochures, etc. are neither necessary nor recommended. Examples of previous work may be submitted but will not necessarily influence the evaluation process. A letter format in sufficient detail to allow thorough evaluation and analysis is required.

9.0 REQUIRED FORMAT OF PROPOSALS

Proposals must contain the following sections:

- **A.** Proposal Cover Page (Page 4 of this RFP)
- **B.** Table of Contents
- **C.** Corporate/Company/Agency Profile
- **D.** Description of Services
- **E.** Cost Proposal
- **F.** Credentials/Resumes/Certifications/Licenses
- **G.** References
- **H.** Evidence of Insurability/ Business Licenses
- **I.** Financial Information
- **J.** Clarification/Exceptions/Deviations

A. Proposal Cover Page

The Proposal Cover Page (page 4 of this RFP) must be signed by an authorized representative. Signature by an authorized representative of the organization on the proposal cover page shall constitute a warranty, the falsity of which shall entitle the County of Riverside to pursue any remedy authorized by law, which shall include the right, at the option of the County of Riverside, of declaring any contract made as a result thereof, to be void.

B. Table of Contents

This section shall include a comprehensive table of contents that identifies material by sections A –K (in the order list above) and by sequential page numbers.

C. Corporate Profile

This section of the proposal is designed to establish the bidder as an entity with the ability and experience to operate the program as specified in the RFP. The Company Profile should be concise and clear, and include descriptive information regarding service delivery. The following information must be provided as follows:

1. Business name and legal business status (i.e., partnership, corporation, etc.);
2. Proof of non-profit status, if applicable;
3. Company overview of services or activities performed, include:
   a. The history of the bidder's firm-include a brief history of the firm.
   b. The number of years in business under the present business name, as well as prior business names.
   c. Number of years experience providing the proposed, equivalent, or related services.
   d. Company hierarchy (President, Vice President, Company Officers, etc.) and organizational chart. Organizational chart shall clearly identify all positions that are being proposed to be funded under the project.
   e. Company size - number of staff, proposed number of staff to provide services, and participant base.
   f. Location of the office from which the work under this contract will be provided and the staff allocation at that office.
4. Whether the bidder holds controlling or financial interests in any other organization, or is owned or controlled by any other person or organization, if none that must be stated.

D. <u>Description of services</u>

All proposals must include a detailed description of the services to be rendered, including but not limited to the following:

1. A written general understanding to the requirements in the scope of services as detailed in the RFP, Appendix A including:
   a. Provide a work plan or description of how the work will be performed.
   b. Give precise detail on your project reporting mechanisms. Include:
      i. A complete description of how the interaction between the bidder's company and the County will take place to ensure that the services are performed and to the County's satisfaction, including resolving problems that may be encountered during the transition of consultant and actuary.
      ii. Describe the bidder's company policies and procedures regarding these services to ensure proper compliance and quality assurance.
      iii. Provide the bidder's company employee training.
      iv. Provide the bidder's company background checking procedures and company utilized.
   c. Describe the bidder's technical capabilities for these services.
   d. Indicate whether or not the bidder will be subcontracting portion(s) of the work. If so, indicate the name of the subcontractor and the portion of the work, which will be subcontracted. Provide subcontractors qualifications that meet the requirements of the scope of work and their corporate profile in the same format as section 9 (c) above.

E. <u>Cost Proposal</u>

In this section, please complete and include the Cost Proposal Sheet attached as Exhibit A. Bidders may also include any other documents as information to explain the proposed costs. Proposals must fully describe all costs to charges to County as part of this service. As stated in the Cost Proposal Sheet, bidders must provide fully inclusive blended rates, which include all of the bidders, project-related or supported expenses.

Describe how costs will be controlled and properly identified to the specific tasks, while providing a high quality of services, high level of integrity and outcomes.

F. Credentials/Resumes/Certifications/Licenses

This section shall state the person(s) responsible for administering or providing the services. Identify the account executive directly responsible for the overall management of the account and include his/her, responsibilities, qualification/experience, and a copy of his/her certification or licenses held if applicable.

Bidder shall specifically provide the following information on all employees to be providing service:

- Description of education;
- General experience;
- Experience or education related to the RFP project;
- Letters of reference if available;
- Any other information, which will assist in evaluating qualifications.

G. References

All bidder(s) must include present and past performance information with a minimum of three (3) references in the last twenty four (24) months. References cannot include Riverside County Elected Officials, Department Directors, or the requesting agency as a reference. However, references can include other county agencies that are not partaking in this RFP. Each reference shall include:

- Dates of work performed.
- Current contact person, company, address, and email and telephone number for each reference identified.
- Describe recent similar agency contracts that are equivalent to the County. These experiences must show the qualifications of the bidder's capabilities to meet the County's requirements. Provide a summary of the scope of services performed for these other agencies.

Please verify that all reference information is correct. References must clearly correlate their performance with the requirements of this RFP.

H. Evidence of Insurability/Business Licenses

All bidder(s) shall submit evidence of all required insurance. An Accord cover page will suffice and if awarded the contract the Bidder has ten (10) calendar days to produce the required insurances including a certified endorsement naming the County as additionally insured. The bidder shall certify to the possession of any and all current required licenses or certifications. Do not purchase additional insurance until this bid has been awarded. Provide a copy of **current** business license or other applicable licenses.

I. Financial Statement

The bidder must submit financial statements (**balance sheet and income statement**) for its business that are dated no more than twelve (12) months prior to the date of the proposal submission and cover a period of at least one (1) year. These statements should clearly identify the financial status and condition of the bidder's entire business entity. Please place in a separate envelope and mark "Confidential" if your firm requires this to be kept confidential. The County does not guarantee that the financials submitted will be kept confidential.

J. Clarification, Exceptions or Deviations

All bidder(s) shall describe any exception or deviation from the requirements of the RFP. Each clarification, exception or deviation must be clearly identified. If your firm has no clarification, exception or deviation, a statement to that effect shall be included in this section. The following contractual terms are non-negotiable:

1. Indemnification
2. All insurance terms
3. Termination
4. Ownership/Use of Contract Materials and Products(If applicable)

5. Disputes
6. Governing Law
7. Venue

10.0 EVALUATION CRITERIA

In addition to meeting the General Requirements listed in section 3.0, the following evaluation criteria will be utilized:

1. Overall responsiveness and general understanding of the RFP requirements,
2. Bidder's qualifications, experience, technical ability and project methodology.
3. Overall cost to the County.
4. References with demonstrated success with similar work to the Scope of Service.
5. Experience representing and advising public agencies comparable in size to the County (both in population and size of assets in deferred compensation plans).
6. Financial status.
7. Clarification, Exceptions or Deviations.
8. Credential/Resumes/Licenses/Certifications.

11.0 EVALUATION PROCESS

All proposals will be given thorough review. All contacts during the review selection phase will be only through the Purchasing Department. Attempts by the Contractor to contact any other County representative may result in disqualification of the Contractor. All evaluation material will be considered confidential and not released by the County. The County reserves the right to split or make the award that is most advantageous to the County.

11.1 Proposal Acceptance

The County reserves the right to accept or reject any and all proposals, to waive or permit cure of irregularities or technical deficiencies and to negotiate with the selected organization any desired change in the proposal which best meets the requirements of the County of Riverside and its employees. The reserves the right to maintain one or more of the current vendor option

12.0 INTERPRETATION OF RFP

The Contractor must make careful examination and understand all of the requirements, specifications, and conditions stated in the RFP. If any Contractor planning to submit a proposal finds discrepancies in or omissions from the RFP, or is in doubt as to the meaning, a written request for interpretation or correction must be given to the County. Any changes to the RFP will be made only by written addendum and may be posted on the Purchasing website at www.purchasing.co.riverside.ca.us. The County is not responsible for any other explanations or interpretations. If any provision in this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way. All notices regarding this procurement may be posted on the County's purchasing website at www.purchasing.co.riverside.ca.us.

13.0 CONTRACTUAL DEVELOPMENT

If a proposal is accepted, the County will enter into a contractual agreement with the selected Contractor. A sample of the standard County contract to be used for this service is attached as Exhibit C. If an agreement cannot be reached, negotiations with the second ranking Contractor shall commence.

All bidder(s) shall describe any exception or deviation from the requirements of the RFP. Each clarification, exception or deviation must be clearly identified. If your firm has no clarification, exception or deviation, a statement to that effect shall be included in this section. **The following contractual (Exhibit C of this RFP) terms are non-negotiable:**

- Indemnification (Point 21)
- All insurance terms (Point 22)
- Termination (Point 5)
- Ownership/Use of Contract Materials and Products ((If applicable) Point 6))
- Disputes (Point 11)
- Governing Law (Point 23.11)

14.0 CANCELLATION OF PROCUREMENT PROCESS

County may cancel the procurement process at any time. All proposals become the property of the County. All information submitted in the proposal becomes "public record" as defined by the State of California upon completion of the procurement process. If any proprietary information is contained in or attached to the proposal, it must be clearly identified by the Contractor; otherwise the Contractor agrees that any and all documents provided may be released to the public after contract award.

The procurement process may be canceled after opening, but prior to award if the County determines that cancellation is in the best interest of the County for reasons (but not limited to) such as:

- Inadequate, ambiguous, or otherwise deficient specifications that were cited in the RFP.
- The services are no longer required.
- Proposals received are at an unreasonable cost.
- Proposal did not independently arrive in open competition, were collusive, or were not submitted in good faith.
- The County determines, after analysis of the proposals that its needs can be satisfied through a less expensive method.

The County reserves the right to amend or modify the project Scope of Services prior to the award of contract, as necessity may dictate, and to reject any and all proposals hereunder. This Request for Proposal does not commit the County to award a contract or to pay any costs incurred in the preparation of a proposal in response to this request. The County reserves the right to accept or reject any or all proposals received as a result of this request, to negotiate with any qualified source or to cancel in part or in its entirety this Request of Proposal if it is in the best interest of the County.

15.0 CONFIDENTIALITY AND PROPRIETARY DATA

All materials received relative to this RFP will be kept confidential, until such time an award is made or the RFP is canceled, at which time all materials received will be made available to the public. Proposals received will be subject to Government Code §6250, the Public Information Act. Proposal Submitters should mark information they consider proprietary or confidential in the event it is exempt from the requirements of the Act.

16.0 COUNTY OBSERVED HOLIDAYS

HOLIDAY	DAY OBSERVED
* New Year's Day	January 1
Martin Luther King Jr's Birthday	Third Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Veterans' Day	November 11
*Thanksgiving Day	Fourth Thursday in November
* Following Thanksgiving	Friday following the fourth Thursday in November
*Christmas Day	December 25

*** Note:**

- Thanksgiving Day, which shall be the fourth Thursday in November unless otherwise appointed.
- Friday following Thanksgiving Day.
- December 24 and 31 when they fall on Monday.
- December 26 and January 2, when they fall on Friday.
- Friday proceeding January 1, February 12, July 4, November 11 or December 25, when such date falls on Saturday; the Monday following such date when such date falls on a Sunday.

EXHIBIT A
COST PROPOSAL SHEET

Consulting Services as described in the RFP must be expressed in a dollar amount.

Consultant Cost (Provide cost breakdown for each portion of RFP Section 3.0 Scope of Services):

					Yes / No
Will you provide Scope of Services as is? If no, provide an explanation in the last section of this table.					
Do you propose any changes to the Scope of Services? If yes, provide an explanation in the last section of this table.					
Are additional services offered and incorporated in cost? If yes, specify additional services in the last section of this table.					
Description	**Labor/Fees**	**Position Level**			
Hourly Rate: (please specify position level)	$				
Hourly Rate: (please specify position level)	$				
Hourly Rate: (please specify position level)	$				
Hourly Rate: (please specify position level)	$				
Hourly Rate: (please specify position level)	$				
		Estimated Rate? Yes / No	**Guaranteed Rate? Yes / No**	**Guaranteed Minimum Annual Cost**	**Guaranteed Maximum Annual Cost**
Total 1/2011 - 12/2011 Cost	$				
Total 1/2012 - 12/2012 Cost	$				
Total 1/2013 - 12/2013 Cost	$				
Please provide any additional cost information:					

CONSULTANT Alternate Pricing Proposal:

Use this section to propose any alternatives to the pricing options shown in prior pages (alternative packaging of benefit consulting services, alternative or additional services your consulting firm provides, flat rate, etc.). Be specific and concise.

Description of Service	Consultant Rate

Total Cost	**$**

EXHIBIT B
SAMPLE AGREEMENT

PROFESSIONAL SERVICE AGREEMENT

for

(INSERT NAME OF PROGRAM)

between

COUNTY OF RIVERSIDE

and

(INSERT COMPANY NAME)

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SECTION HEADING **PAGE NUMBER**

This Agreement, made and entered into this ____day of ____, 2010, by and between (INSERT COMPANY NAME), (herein referred to as "CONTRACTOR"), and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (herein referred to as "COUNTY"). The parties agree as follows:

1. **Description of Services**

1.1 CONTRACTOR shall provide all services as outlined and specified in Exhibit A, Scope of Services, consisting of (INSERT # OF PAGES) pages at the prices stated in Exhibit B, Payment Provisions, consisting of (INSERT # OF PAGES) pages, and Attachment I, HIPAA Business Associate Attachment to the Agreement, consisting of (INSERT # OF PAGES) pages.

1.2 CONTRACTOR represents that it has the skills, experience and knowledge necessary to fully and adequately perform under this Agreement, and the COUNTY relies upon this representation. CONTRACTOR shall perform to the satisfaction of the COUNTY and in conformance to and consistent with the highest standards of firms/professionals in the same discipline in the State of California.

1.3 CONTRACTOR affirms this it is fully apprised of all of the work to be performed under this Agreement; and the CONTRACTOR agrees it can properly perform this work at the prices stated in Exhibit B. CONTRACTOR is not to perform services or provide products outside of the Agreement.

1.4 Acceptance by the COUNTY of the CONTRACTOR's performance under this Agreement does not operate as a release of CONTRACTOR's responsibility for full compliance with the terms of this Agreement.

2. **Period of Performance**

2.1 This Agreement shall be effective upon signature of this Agreement by both parties and continue in effect through (INSERT DATE), with the option to renew for (INSERT # OF RENEWALS YEARS), renewable in one year increments by written amendment, unless terminated earlier. CONTRACTOR shall commence performance upon signature of this Agreement by both parties and shall diligently and continuously perform thereafter.

3. **Compensation**

3.1 The COUNTY shall pay the CONTRACTOR for services performed, products provided and expenses incurred in accordance with the terms of Exhibit B, Payment Provisions. Maximum payments by COUNTY to CONTRACTOR shall not exceed (INSERT DOLLAR AMOUNT) annually including all expenses. The COUNTY is not responsible for any fees or costs incurred above or beyond the contracted amount and shall have no obligation to purchase any specified amount of services or products. Unless otherwise specifically stated in Exhibit B, COUNTY shall not be responsible for payment of any of CONTRACTOR's expenses related to this Agreement.

3.2 No price increases will be permitted during the first year of this Agreement All price decreases (for example, if CONTRACTOR offers lower prices to another governmental entity) will automatically be extended to the COUNTY. The COUNTY requires written proof satisfactory to COUNTY of cost increases prior to any approved price adjustment. After the first year of the award, a minimum of 30-days advance notice in writing is required to be considered and approved by COUNTY. No retroactive price adjustments will be considered. Any price increases must be stated in a written amendment to this Agreement. The net dollar amount of profit will remain firm during the period of the Agreement. Annual increases shall not exceed the Consumer Price Index- All Consumers, All Items - Greater Los Angeles, Riverside and Orange County areas (Insert type of item or service) and be subject to satisfactory performance review by the COUNTY and approved (if needed) for budget funding by the Board of Supervisors.

3.3 CONTRACTOR shall be paid only in accordance with an invoice submitted to COUNTY by CONTRACTOR within fifteen (15) days from the last day of each calendar month, and COUNTY shall pay the invoice within thirty (30) working days from the date of receipt of the invoice. Payment shall be made to CONTRACTOR only after services have been rendered or delivery of materials or products, and acceptance has been made by COUNTY. Prepare invoices in duplicate. For this Agreement, send the original and duplicate copies of invoices to:

(INSERT DEPARTMENT NAME AND ADDRESS)

a) Each invoice shall contain a minimum of the following information: invoice number and date; remittance address; bill-to and ship-to addresses of ordering department/division; Agreement number (insert contract ID#); quantities; item descriptions, unit prices, extensions, sales/use tax if applicable, and an invoice total.
b) Invoices shall be rendered monthly in arrears.
c) In accordance with California Government Code Section 926.10, COUNTY is not allowed to pay excess interest and late charges.

3.4 The COUNTY obligation for payment of this Agreement beyond the current fiscal year end is contingent upon and limited by the availability of COUNTY funding from which payment can be made. No legal liability on the part of the COUNTY shall arise for payment beyond June 30 of each calendar year unless funds are made available for such payment. In the event that such funds are not forthcoming for any reason, COUNTY shall immediately notify CONTRACTOR in writing; and this Agreement shall be deemed terminated and have no further force and effect.

4. **Alteration or Changes to the Agreement**

4.1 The Board of Supervisors and the COUNTY Purchasing Agent and/or his designee are the only authorized COUNTY representatives who may at any time, by written order, make alterations to this Agreement. If any such alteration causes an increase or decrease in the cost of, or the time required for the performance under this Agreement, an equitable adjustment shall be made in the Agreement price or delivery schedule, or both, and the Agreement shall be modified by written amendment accordingly.

4.2 Any claim by the CONTRACTOR for additional payment related to this Agreement shall be made in writing by the CONTRACTOR within 30 days of when the CONTRACTOR has or should have notice of any actual or claimed change in the work which results in additional and unanticipated cost to the CONTRACTOR. If the COUNTY Purchasing Agent decides that the facts provide sufficient justification, he may authorize additional payment to the CONTRACTOR pursuant to the claim. Nothing in this section shall excuse the CONTRACTOR from proceeding with performance of the Agreement even if there has been a change.

5. **Termination**

5.1. COUNTY may terminate this Agreement without cause upon 30 days written notice served upon the CONTRACTOR stating the extent and effective date of termination.

5.2 COUNTY may, upon five (5) days written notice, terminate this Agreement for CONTRACTOR's default, if CONTRACTOR refuses or fails to comply with the terms of this Agreement or fails to make progress so as to endanger performance and does not immediately cure such failure. In the event of such termination, the COUNTY may proceed with the work in any manner deemed proper by COUNTY.

5.3 After receipt of the notice of termination, CONTRACTOR shall:

(a) Stop all work under this Agreement on the date specified in the notice of termination; and

(b) Transfer to COUNTY and deliver in the manner as directed by COUNTY any materials, reports or other products which, if the Agreement had been completed or continued, would have been required to be furnished to COUNTY.

5.4 After termination, COUNTY shall make payment only for CONTRACTOR's performance up to the date of termination in accordance with this Agreement and at the rates set forth in Exhibit B.

5.5 CONTRACTOR's rights under this Agreement shall terminate (except for fees accrued prior to the date of termination) upon dishonesty or a willful or material breach of this Agreement by CONTRACTOR; or in the event of CONTRACTOR's unwillingness or inability for any reason whatsoever to perform the terms of this Agreement. In such event, CONTRACTOR shall not be entitled to any further compensation under this Agreement.

5.6 The rights and remedies of COUNTY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.

6. **Ownership/Use of Contract Materials and Products**

The CONTRACTOR agrees that all materials, reports or products in any form, including electronic, created by CONTRACTOR for which CONTRACTOR has been compensated by COUNTY pursuant to this Agreement shall be the sole property of the COUNTY; and may be used by the COUNTY for any purpose COUNTY deems to be appropriate, including, but not limit to, duplication and/or distribution within the COUNTY or to third parties. CONTRACTOR agrees not to release or circulate in whole or part such materials, reports or products without prior written authorization of the COUNTY.

7. **Conduct of Contractor**

7.1 The CONTRACTOR covenants that it presently has no interest, including, but not limited to, other projects or contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with CONTRACTOR's performance under this Agreement. The CONTRACTOR further covenants that no person or subcontractor having any such interest shall be employed or retained by CONTRACTOR under this Agreement. The CONTRACTOR agrees to inform the COUNTY of all the CONTRACTOR's interests, if any, which are or may be perceived as incompatible with the COUNTY's interests.

7.2 The CONTRACTOR shall not, under circumstances which could be interpreted as an attempt to influence the recipient in the conduct of his/her duties, accept any gratuity or special favor from individuals or firms with whom the CONTRACTOR is doing business or proposing to do business, in accomplishing the work under this Agreement.

7.3 The CONTRACTOR or its employees shall not offer gifts, gratuity, favors, and entertainment directly or indirectly to COUNTY employees.

8. **Inspection of Service; Quality Control/Assurance**

8.1 All performance (which includes services, workmanship, materials, supplies and equipment furnished or utilized in the performance of this Agreement) shall be subject to inspection and test by the COUNTY or other regulatory agencies at all times. The CONTRACTOR shall provide adequate cooperation to any inspector or other COUNTY representative to permit him/her to determine the CONTRACTOR's conformity with the terms of this Agreement. If any services performed or products provided by CONTRACTOR are not in conformance with the terms of this Agreement, the COUNTY shall have the right to require the CONTRACTOR to perform the services or provide the products in conformance with the terms of the Agreement at no additional cost to the COUNTY. When the services to be performed or the products to be provided are of such nature that the difference cannot be corrected, the COUNTY shall have the right to: (1) require the CONTRACTOR immediately to take all necessary steps to ensure future performance in conformity with the terms of the Agreement; and/or (2) reduce the Agreement price to reflect the reduced value of the services performed or products provided. The COUNTY may also terminate this Agreement for default and charge to CONTRACTOR any costs incurred by the COUNTY because of the CONTRACTOR's failure to perform.

8.2 CONTRACTOR shall establish adequate procedures for self-monitoring and quality control and assurance to ensure proper performance under this Agreement; and shall permit a COUNTY representative or other regulatory official to monitor, assess or evaluate CONTRACTOR's performance under this Agreement at any time upon reasonable notice to CONTRACTOR.

9. Independent Contractor

The CONTRACTOR is, for purposes relating to this Agreement, an independent contractor and shall not be deemed an employee of the COUNTY. It is expressly understood and agreed that the CONTRACTOR (including its employees, agents and subcontractors) shall in no event be entitled to any benefits to which COUNTY employees are entitled, including but not limited to overtime, any retirement benefits, worker's compensation benefits, and injury leave or other leave benefits. There shall be no employer-employee relationship between the parties; and CONTRACTOR shall hold COUNTY harmless from any and all claims that may be made against COUNTY based upon any contention by a third party that an employer-employee relationship exists by reason of this Agreement. It is further understood and agreed by the parties that CONTRACTOR in the performance of this Agreement is subject to the control or direction of COUNTY merely as to the results to be accomplished and not as to the means and methods for accomplishing the results.

10. Subcontract for Work or Services

No contract shall be made by the CONTRACTOR with any other party for furnishing any of the work or services under this Agreement without the prior written approval of the COUNTY; but this provision shall not require the approval of contracts of employment between the CONTRACTOR and personnel assigned under this Agreement, or for parties named in the proposal and agreed to under this Agreement.

11. Disputes

11.1 The parties shall attempt to resolve any disputes amicably at the working level. If that is not successful, the dispute shall be referred to the senior management of the parties. Any dispute relating to this Agreement which is not resolved by the parties shall be decided by the COUNTY's Purchasing Department's Compliance Contract Officer who shall furnish the decision in writing. The decision of the COUNTY's Compliance Contract Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary, or so grossly erroneous as necessarily to imply bad faith. The CONTRACTOR shall proceed diligently with the performance of this Agreement pending the resolution of a dispute.

11.2 Prior to the filing of any legal action related to this Agreement, the parties shall be obligated to attend a mediation session in Riverside County before a neutral third party mediator. A second mediation session shall be required if the first session is not successful. The parties shall share the cost of the mediations.

12. Licensing and Permits

CONTRACTOR shall comply with all State or other licensing requirements, including but not limited to the provisions of Chapter 9 of Division 3 of the Business and Professions Code. All licensing requirements shall be met at the time proposals are submitted to the COUNTY. CONTRACTOR warrants that it has all necessary permits, approvals, certificates, waivers and exemptions necessary for performance of this Agreement as required by the laws and regulations of the United States, the State of California, the County of Riverside and all other governmental agencies with jurisdiction, and shall maintain these throughout the term of this Agreement.

13. Use By Other Political Entities

The CONTRACTOR agrees to extend the same pricing, terms and conditions as stated in this Agreement to each and every political entity, special district, and related non-profit entity in Riverside County. It is understood that other entities shall make purchases in their own name, make direct payment, and be liable directly to the CONTRACTOR; and COUNTY shall in no way be responsible to CONTRACTOR for other entities' purchases.

14. Non-Discrimination

CONTRACTOR shall not be discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Agreement; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code 12900 et. seq), the Federal Civil Rights Act of 1964 (P.L. 88-352), the Americans with Disabilities Act of 1990 (42 U.S.C. S1210 et seq.) and all other applicable laws or regulations.

15. Records and Documents

CONTRACTOR shall make available, upon written request by any duly authorized Federal, State or COUNTY agency, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the CONTRACTOR's costs related to this Agreement. All such books, documents and records shall be maintained by CONTRACTOR for at least five years following termination of this Agreement and be available for audit by the COUNTY. CONTRACTOR shall provide to the COUNTY reports and information related to this Agreement as requested by COUNTY.

16. Confidentiality

16.1 The CONTRACTOR shall not use for personal gain or make other improper use of privileged or confidential information which is acquired in connection with this Agreement. The term "privileged or confidential information" includes but is not limited to: unpublished or sensitive technological or scientific information; medical, personnel, or security records; anticipated material requirements or pricing/purchasing actions; COUNTY information or data which is not subject to public disclosure; COUNTY operational procedures; and knowledge of selection of contractors, subcontractors or suppliers in advance of official announcement.

16.2 The CONTRACTOR shall protect from unauthorized disclosure names and other identifying information concerning persons receiving services pursuant to this Agreement, except for general statistical information not identifying any person. The CONTRACTOR shall not use such information for any purpose other than carrying out the CONTRACTOR's obligations under this Agreement. The CONTRACTOR shall promptly transmit to the COUNTY all third party requests for disclosure of such information. The CONTRACTOR shall not disclose, except as otherwise specifically permitted by this Agreement or authorized in advance in writing by the COUNTY, any such information to anyone other than the COUNTY. For purposes of this paragraph, identity shall include, but not be limited to, name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

17. Administration/Contract Liaison

The COUNTY Purchasing Agent, or designee, shall administer this Agreement on behalf of the COUNTY. The Purchasing Department is to serve as the liaison with CONTRACTOR in connection with this Agreement.

18. Notices

All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted two days after their deposit in the United States mail, postage prepaid:

COUNTY OF RIVERSIDE	CONTRACTOR
(INSERT DEPARTMENT NAME)	(INSERT CONTRACTOR NAME)
(INSERT ADDRESS)	(INSERT ADDRESS)

19. Force Majeure

If either party is unable to comply with any provision of this Agreement due to causes beyond its reasonable control, and which could not have been reasonably anticipated, such as acts of God, acts of war, civil disorders, or other similar acts, such party shall not be held liable for such failure to comply.

20. EDD Reporting Requirements

In order to comply with child support enforcement requirements of the State of California, the COUNTY may be required to submit a Report of Independent Contractor(s) form **DE 542** to the Employment Development Department. The CONTRACTOR agrees to furnish the required data and certifications to the COUNTY within 10 days of notification of award of Agreement when required by the EDD. This data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders. Failure of the CONTRACTOR to timely submit the data and/or certificates required may result in the contract being awarded to another contractor. In the event a contract has been issued, failure of the CONTRACTOR to comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignments Orders and Notices of Assignment shall constitute a material breach of Agreement. If CONTRACTOR has any questions concerning this reporting requirement, please call (916) 657-0529. CONTRACTOR should also contact its local Employment Tax Customer Service Office listed in the telephone directory in the State Government section under "Employment Development Department" or access their Internet site at www.edd.ca.gov.

21. Hold Harmless/Indemnification

21.1 CONTRACTOR shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of CONTRACTOR, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of CONTRACTOR, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. CONTRACTOR shall defend, at its sole expense, all costs, and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

21.2 With respect to any action or claim subject to indemnification herein by CONTRACTOR, CONTRACTOR shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes CONTRACTOR'S indemnification to Indemnitees as set forth herein.

21.2 CONTRACTOR'S obligation hereunder shall be satisfied when CONTRACTOR has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved.

21.3 The specified insurance limits required in this Agreement shall in no way limit or circumscribe CONTRACTOR'S obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

21.4 In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the CONTRACTOR from indemnifying the Indemnitees to the fullest extent allowed by law.

21.5 CONTRACTOR's indemnification obligations shall also apply to any action or claim regarding actual or alleged intellectual property infringement related to any material or product provided to COUNTY pursuant to this Agreement. In the event of any such action or claim, CONTRACTOR shall provide immediate notice to COUNTY of the action or claim. CONTRACTOR may defend or settle the action or claim as CONTRACTOR deems appropriate; however, CONTRACTOR shall be required to obtain for COUNTY the right to continue to use the material or product (or a similar non-infringing material or product with the same function) on terms identical to those stated in this Agreement.

22. Insurance

22.1 Without limiting or diminishing the CONTRACTOR'S obligation to indemnify or hold the COUNTY harmless, CONTRACTOR shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

22.2 Workers' Compensation: If the CONTRACTOR has employees as defined by the State of California, the CONTRACTOR shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than $1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the County of Riverside.

22.3 Commercial General Liability: Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of CONTRACTOR'S performance of its obligations hereunder. Policy shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be less than $1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

22.4 Vehicle Liability: If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then CONTRACTOR shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than $1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the COUNTY as Additional Insureds.

22.5 Professional Liability: (ONLY TO BE INCLUDED IN CONTRACTS WITH SERVICE PROVIDERS INCLUDING BUT NOT LIMITED TO ENGINEERS, DOCTORS, AND LAWYERS). Contractor shall maintain Professional Liability Insurance providing coverage for the Contractor's performance of work included within this Agreement, with a limit of liability of not less than $1,000,000 per occurrence and $2,000,000 annual aggregate. If Contractor's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and CONTRACTOR shall purchase at his sole expense either 1) an Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that CONTRACTOR has Maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

22.6 General Insurance Provisions - All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) The CONTRACTOR must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds $500,000 per occurrence each such retention shall have the prior written consent of the County Risk

Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the COUNTY, and at the election of the Country's Risk Manager, CONTRACTOR'S carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) CONTRACTOR shall cause CONTRACTOR'S insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. *CONTRACTOR shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.*

4) It is understood and agreed to by the parties hereto that the CONTRACTOR'S insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the CONTRACTOR has become inadequate.

6) CONTRACTOR shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

7) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the COUNTY.

8) CONTRACTOR agrees to notify COUNTY of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

23. <u>General</u>

23.1 CONTRACTOR shall not delegate or assign any interest in this Agreement, whether by operation of law or otherwise, without the prior written consent of COUNTY. Any attempt to delegate or assign any interest herein shall be deemed void and of no force or effect.

23.2 Any waiver by COUNTY of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term of this Agreement. Failure on the part of COUNTY to require exact, full, and complete compliance with any terms of this Agreement shall not be construed as in any manner changing the terms or preventing COUNTY from enforcement of the terms of this Agreement.

23.3 In the event the CONTRACTOR receives payment under this Agreement which is later disallowed by COUNTY for nonconformance with the terms of the Agreement, the CONTRACTOR shall promptly refund the disallowed amount to the COUNTY on request; or at its option the COUNTY may offset the amount disallowed from any payment due to the CONTRACTOR.

23.4 CONTRACTOR shall not provide partial delivery or shipment of services or products unless specifically stated in the Agreement.

23.5 CONTRACTOR shall not provide any services or products subject to any chattel mortgage or under a conditional sales contract or other agreement by which an interest is retained by a third party. The CONTRACTOR warrants that it has good title to all materials or products used by CONTRACTOR or provided to COUNTY pursuant to this Agreement, free from all liens, claims, or encumbrances.

23.6 Nothing in this Agreement shall prohibit the COUNTY from acquiring the same type or equivalent equipment, products, materials or services from other sources, when deemed by the COUNTY to be in its best interest. The COUNTY reserves the right to purchase more or less than the quantities specified in this Agreement.

23.7 The COUNTY agrees to cooperate with the CONTRACTOR in the CONTRACTOR's performance under this Agreement, including, if stated in the Agreement, providing the CONTRACTOR with reasonable facilities and timely access to COUNTY data, information, and personnel.

23.8 CONTRACTOR shall comply with all applicable Federal, State and local laws and regulations. CONTRACTOR will comply with all applicable COUNTY policies and procedures. In the event that there is a conflict between the various laws or regulations that may apply, the CONTRACTOR shall comply with the more restrictive law or regulation.

23.9 CONTRACTOR shall comply with all air pollution control, water pollution, safety and health ordinances, statutes, or regulations which apply to performance under this Agreement.

23.10 CONTRACTOR shall comply with all requirements of the Occupational Safety and Health Administration (OSHA) standards and codes as set forth by the U.S. Department of Labor and the State of California (Cal/OSHA).

23.11 This Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

23.12 This Agreement, including any attachments or exhibits, constitutes the entire Agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous representations, proposals, discussions and communications, whether oral or in writing. This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.

COUNTY:
(INSERT DEPARTMENT NAME)
(INSERT ADDRESS)

Signature:______________________________

Print Name: (YOUR NAME HERE)__________

Title: (INSERT TITLE)__________________

Dated: ______________________________

CONTRACTOR:
(INSERT CONTRACTOR NAME)
(INSERT ADDRESS)

Signature:__________________________

Print Name: (CONTRACTOR NAME HERE)

Title: (INSERT TITLE)_______________

Dated: ____________________________

Attachment I
HIPAA Business Associate Addendum to the Agreement
Between the County of Riverside
and
(CONTRACTOR).

This HIPAA Business Associate Agreement Addendum ("Addendum") supplements, and is made part of the Agreement for Services (the "Underlying Agreement") between the COUNTY OF RIVERSIDE ("County") and (Insert Contractor Name) ("Contractor") as of the date of approval by both parties (the "Effective Date").

RECITALS

WHEREAS, County and Contractor entered into the Underlying Agreement pursuant to which Contractor provides services to County, and in conjunction with the provision of such services certain Protected Health Information ("PHI") and/or certain electronic Protected Health Information (ePHI) may be made available to Contractor for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act, Pub. L. No. 104-161 of 1996 ("HIPAA"), more specifically the regulations found at Title 45, CFR, Parts 160 and 164 (the "Privacy Rule") and/or Part 162 (the "Security Rule"), as may be amended from time to time, which are applicable to the protection of any disclosure of PHI and /or ePHI pursuant to the Underlying Agreement; and,

WHEREAS, County is a Covered Entity, as defined in the Privacy Rule; and,

WHEREAS, Contractor, when a recipient of PHI and/or ePHI from County, is a Business Associate as defined in the Privacy Rule; and,

WHEREAS, the parties agree that any disclosure or use of PHI and/or ePHI be in compliance with the Privacy Rule, Security Rule, or other applicable law;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. <u>Definitions</u>. Unless otherwise provided in this Addendum, capitalized terms shall have the same meanings as set forth in the Privacy Rule and/or Security Rule, as may be amended from time to time.

2. <u>Scope of Use and Disclosure by Contractor of County Disclosed PHI and/or ePHI</u>

A. Contractor shall be permitted to use PHI and/or ePHI disclosed to it by the County:

(1) On behalf of the County, or to provide services to the County for the purposes contained herein, if such use or disclosure would not violate the Privacy Rule and/or Security Rule;

(2) As necessary to perform any and all of its obligations under the Underlying Agreement.

B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, Contractor may:

(1) Use the PHI and/or ePHI in its possession for its proper management and administration and to fulfill any legal obligations.

(2) Disclose the PHI and/or ePHI in its possession to a third party for the purpose of Contractor's proper management and administration or to fulfill any legal responsibilities of Contractor. Contractor may disclose PHI and/or ePHI as necessary for Contractor's operations only if:

(a) The disclosure is required by law; or

(b) Contractor obtains written assurances from any person or organization to which Contractor will disclose such PHI and/or ePHI that the person or organization will:

(i) Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose of which Contractor disclosed it to the third party, or as required by law; and,

(ii) The third party will notify Contractor of any instances of which it becomes aware in which the confidentiality of the information has been breached.

(3) Aggregate the PHI and/or ePHI aggregate the PHI and/or ePHI with that of other data for the purpose of providing County with data analyses related to the Underlying Agreement, or any other purpose, financial or otherwise, as requested by County.

(4) Not disclose PHI and/or ePHI disclosed to Contractor by County not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI as authorized in writing by County.

(5) De-identify any and all PHI and/or ePHI of County received by Contractor under this Addendum provided that the de-identification conforms to the requirements of the Privacy Rule and/or Security Rule and does not preclude timely payment and/or claims processing and receipt.

C. Contractor agrees that it will neither use nor disclose PHI and/or ePHI it receives from County, or from another business associate of County, except as permitted or required by this Addendum, or as required by law, or as otherwise permitted by law.

D. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are stricter in their requirements than the provisions of HIPAA and prohibit the disclosure of mental health, and/or substance abuse records, the applicable state and/or federal laws and/or regulations shall control the disclosure of records.

3. Obligations of County.

A. County agrees that it will make its best efforts to promptly notify Contractor in writing of any restrictions on the use and disclosure of PHI and/or ePHI agreed to by County that may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.

B. County agrees that it will make its best efforts to promptly notify Contractor in writing of any changes in, or revocation of, permission by any Individual to use or disclose PHI and/or ePHI, if such changes or revocation may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.

C. County agrees to make its best efforts to promptly notify Contractor in writing of any known limitation(s) in its notice of privacy practices to the extent that such limitation may affect Contractor's use of disclosure of PHI and/or ePHI.

D. County shall not request Contractor to use or disclose PHI and/or ePHI in any manner that would not be permissible under the Privacy Rule and/or Security Rule.

E. County will obtain any authorizations necessary for the use or disclosure of PHI and/or ePHI, so that Contractor can perform its obligations under this Addendum and/or the Underlying Agreement.

4. Obligations of Contractor. In connection with its use of PHI and/or ePHI disclosed by County to Contractor, Contractor agrees to:

A. Use or disclose PHI and/or ePHI only as permitted or required by this Addendum or as required by law.

B. Use reasonable and appropriate safeguards to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.

C. To the extent practicable, mitigate any harmful effect that is known to Contractor of a use or disclosure of PHI and/or ePHI by Contractor in violation of this Addendum.

D. Report to County any use or disclosure of PHI and/or ePHI not provided for by this Addendum of which Contractor becomes aware.

E. Require sub-contractors or agents to whom Contractor provides PHI and/or ePHI to agree to the same restrictions and conditions that apply to Contractor pursuant to this Addendum.

F. Use appropriate administrative, technical, and physical safeguards to prevent inappropriate use or disclosure of PHI and/or ePHI created or received for or from the County.

G. Obtain and maintain knowledge of the applicable laws and regulations related to HIPAA, as may be amended from time to time.

5. Access to PHI, Amendment and Disclosure Accounting. Contractor agrees to:

A. Provide access, at the request of County, within five (5) days, to PHI in a Designated Record Set, to the County, or to an Individual as directed by the County.

B. To make any amendment(s) to PHI in a Designated Record Set that the County directs or agrees to at the request of County or an Individual within sixty (60) days of the request of County.

C. To assist the County in meeting its disclosure accounting under HIPAA:

(1) Contractor agrees to document such disclosures of PHI and information related to such disclosures as would be required for the County to respond to a request by an Individual for an accounting of disclosures of PHI.

(2) Contractor agrees to provide to County or an Individual, within sixty (60) days, information collected in accordance with this section to permit the County to respond to a request by an Individual for an accounting of disclosures of PHI.

(3) Contractor shall have available for the County the information required by this section for the six (6) years preceding the County's request for information (except the Contractor need have no information for disclosures occurring before April 14, 2003).

D. Make available to the County, or to the Secretary of Health and Human Services, Contractor's internal practices, books and records relating to the use of and disclosure of PHI for purposes of determining Contractor's compliance with the Privacy Rule, subject to any applicable legal restrictions.

E. Within thirty (30) days of receiving a written request from County, make available any and all information necessary for County to make an accounting of disclosures of County PHI by Contractor.

F. Within thirty (30) days of receiving a written request from County, incorporate any amendments or corrections to the PHI in accordance with the Privacy Rule in the event that the PHI in Contractor's possession constitutes a Designated Record Set.

G. Not make any disclosure of PHI that County would be prohibited from making.

6. Access to ePHI, Amendment and Disclosure Accounting. In the event contractor needs to create or have access to County ePHI, Contractor agrees to:

A. Implement and maintain reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality of, the integrity of, the availability of, and authorized persons' accessibility to, County ePHI as applicable under the terms and conditions of the Underlying Agreement. The ePHI shall include that which the Contractor may create, receive, maintain, or transmit on behalf of the County.

B. Ensure that any agent, including a subcontractor, to whom Contractor provides ePHI agrees to implement reasonable and appropriated safeguards.

C. Report to County any security incident of which Contractor becomes aware that concerns County ePHI.

7. Term and Termination.

A. Term – this Addendum shall commence upon the Effective Date and terminate upon the termination of the Underlying Agreement, except as terminated by County as provided herein.

B. Termination for Breach – County may terminate this Addendum, effective immediately, without cause, if County, in its sole discretion, determines that Contractor has breached a material provision of this Addendum. Alternatively, County may choose to provide Contractor with notice of the existence of an alleged material breach and afford Contractor with an opportunity to cure the alleged material breach. In the event Contractor fails to cure the breach to the satisfaction of County in a timely manner, County reserves the right to immediately terminate this Addendum.

C. Effect of Termination – upon termination of this Addendum, for any reason, Contractor shall return or destroy all PHI and/or ePHI received from the County, or created or received by Contractor on behalf of County, and, in the event of destruction, Contractor shall certify such destruction, in writing, to County. This provision shall apply to all PHI and/or ePHI which is in possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the PHI and/or ePHI.

D. Destruction not Feasible – in the event that Contractor determines that returning or destroying the PHI and/or ePHI is not feasible, Contractor shall provide written notification to County of the conditions which make such return or destruction not feasible. Upon determination by Contractor that return or destruction of PHI is not feasible, Contractor shall extend the protections of this Addendum to such PHI and/or ePHI and limit further uses and disclosures of such PHI and/or ePHI to those purposes which make the return or destruction not feasible, for so long as Contractor maintains such PHI and/or ePHI.

8. Hold Harmless/Indemnification

Contractor shall indemnify and hold harmless all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Addendum, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever including fines, penalties or any other costs and resulting from any reason whatsoever arising from the performance of Contractor, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. Contractor shall defend, at its sole expense, all costs and fees including but not limited to attorney fees, cost of investigation, defense and settlements or awards all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Contractor, Contractor shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of County, which shall not be unreasonably withheld, and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Contractor's indemnification to County as set forth herein. Contractor's obligation to defend, indemnify and hold harmless County shall be subject to County having given Contractor written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and reasonable assistance, at Contractor's expense, for the defense or settlement thereof. Contractor's obligation hereunder shall be satisfied when Contractor has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in the Underlying Agreement of this Addendum shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless the County herein from third party claims arising from the issues of this Addendum.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the Contractor from indemnifying the County to the fullest extent allowed by law.

In the event there is a conflict between this indemnification clause and an indemnification clause contained in the Underlying Agreement of this Addendum, this indemnification shall only apply to the subject issues included within this Addendum.

9. General Provisions.

A. Amendment – the parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for County to comply with the Privacy Rule and HIPAA generally.

B. Survival – the respective rights and obligations of this Addendum shall survive the termination or expiration of this Addendum.

C. Regulatory References – a reference in this Addendum to a section in the Privacy Rule means the section as in effect or as amended.

D. Conflicts – any ambiguity in this Addendum and the Underlying Agreement shall be resolved to permit County to comply with the Privacy Rule, Security Rule, and HIPAA generally.

E. Interpretation of Addendum – this Addendum shall be construed to be a part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of HIPAA.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as set forth below:

CONTRACTOR	COUNTY OF RIVERSIDE
By: ______________________________	By: ______________________________
Date: ____________________________	Date: ____________________________

EXHIBIT C
LOCAL PREFERENCE

RFP # HRARC-040

Local Business Qualification Affidavit

The County of Riverside Local Business Preference may be applied to this Request for Proposal/Quotation. If you qualify for this preference, please submit this form along with your response to this RFP/Q.

Definition of Local Business

A local business shall mean business firms with fixed offices located within the geographical boundaries of Riverside County, authorized to perform business within the County, and in doing so, credit all sales tax from sales generated within Riverside County to the County, and who provide product or perform contracted work using employees, of whom the majority are physically located in said local offices.

Local businesses" shall have a Riverside County business street address. Post office box numbers, residential addresses or un-staffed sales offices shall not suffice to establish status as a "local business." To qualify as a "local business" the location must be open and staffed during normal business hours and the business must establish proof that it has been located and doing business in Riverside County for at least (6) six months preceding its certification to the County as a local business.

Additional supporting documentation that may be requested by the County to verify qualification includes:

1. **A copy of their current BOE 531-A and/or BOE 530-C form** (State, Local & District Sales and Use Tax Return Form). This is what businesses submit to the State Board of Equalization when paying the sales tax to the State of California indicating the amount of the payment to be credited to each jurisdiction (i.e. Counties, Cities).
2. **A current business license** if required for the political jurisdiction the business is located.
3. **Proof of the current business address.** The local business needs to be operating from a functional office that is staffed with the company's employees, during normal business hours.

Business Name: ______________________________

Physical Address: ______________________________

Phone: ____________ FAX: ____________ E-Mail: ____________

Length of time at this location: ____________ Number of Company Employees at this address: ________
If less than 6 month, list previous
Riverside County location: ______________________________

Business License # (where applicable): ____________ Jurisdiction ____________

Hours of Operation: ______________________________

Primary function of this location (i.e., sales, distribution, production, corporate, etc): ____________

____

______________________________ ____________
Signature of Company Official Date

Submittal of false data will result in disqualification of local preference and/or doing business with Riverside County.

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium), Speakers are entitled to three (3) minutes, subject Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: G. GRANT.

Address: ______________________
(only if follow-up mail response requested)

City: ______________ **Zip:** ______________

Phone #: ______________

Date: SEPT 4th 07 **Agenda #** 3.48.

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

______**Support** ______**Oppose** ______**Neutral**

Note: If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

______**Support** ______**Oppose** ______**Neutral**

I give my 3 minutes to: ______________________

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chairman:

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.