

AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

THIS AGREEMENT (hereafter Agreement) is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereafter COUNTY) and BIT CA dba Document Fulfillment Services (DFS) having its principal place of business at 910 Riverside Parkway #40, West Sacramento, CA 95605 (hereafter CONTRACTOR) wherein CONTRACTOR agrees to provide and COUNTY agrees to accept the services specified herein.

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

1. **DESIGNATED REPRESENTATIVE.** Lauren Moore, at phone number (805) 681-4529 is the representative of COUNTY and will administer this Agreement for and on behalf of COUNTY. Steve Shill at phone number (916) 374-9002 is the authorized representative for CONTRACTOR. Changes in designated representatives shall be made only after advance written notice to the other party.

2. **NOTICES.** Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first class mail, postage prepaid, or otherwise delivered as follows:

To COUNTY: Lauren Moore, Data Processing Manager, Department of Social Services;
234 Camino Del Remedio, Santa Barbara, CA 93110

To CONTRACTOR: Steve Shill, Owner, DFS; 910 Riverside Parkway #40, West Sacramento, CA
95605

or at such other address or to such other person that the parties may from time to time designate. Notices and consents under this section, which are sent by mail, shall be deemed to be received five (5) days following their deposit in the U.S. mail.

3. **SCOPE OF SERVICES.** CONTRACTOR agrees to provide services to COUNTY in accordance with EXHIBIT A attached hereto and incorporated herein by reference.

4. **TERM.** CONTRACTOR shall commence performance on 07/01/10 and end performance upon completion, but no later than 06/30/13 unless otherwise directed by COUNTY or unless earlier terminated.

5. **COMPENSATION OF CONTRACTOR.** CONTRACTOR shall be paid for performance under this Agreement in accordance with the terms of EXHIBIT B attached hereto and incorporated herein by reference. Billing shall be made by invoice, which shall include the contract number assigned by COUNTY and which is delivered to the address given in Section 2 **NOTICES.** above following completion of the increments identified on EXHIBIT B. Unless otherwise specified on EXHIBIT B, payment shall be net thirty (30) days from presentation of invoice. Should COUNTY funding for these services be reduced from Federal, State, or local sources, the contract will be reduced accordingly.

6. **INDEPENDENT CONTRACTOR.** CONTRACTOR shall perform all of its services under this Agreement as an independent contractor and not as an employee of COUNTY. CONTRACTOR understands and acknowledges that it shall not be entitled to any of the benefits of a COUNTY employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, workers' compensation and protection of tenure.

7. **STANDARD OF PERFORMANCE.** CONTRACTOR represents that it has the skills, expertise, and licenses/permits necessary to perform the services required under this Agreement. Accordingly, CONTRACTOR shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which CONTRACTOR is engaged. All products of whatsoever nature, which CONTRACTOR delivers to COUNTY pursuant to this Agreement,

shall be prepared in a first class and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR's profession. CONTRACTOR shall correct or revise any errors or omissions, at COUNTY'S request without additional compensation. Permits and/or licenses shall be obtained and maintained by CONTRACTOR without additional compensation.

8. **TAXES.** COUNTY shall not be responsible for paying any taxes on CONTRACTOR's behalf, and should COUNTY be required to do so by state, federal, or local taxing agencies, CONTRACTOR agrees to promptly reimburse COUNTY for the full value of such paid taxes plus interest and penalty, if any. These taxes shall include, but not be limited to, the following: FICA (Social Security), unemployment insurance contributions, income tax, disability insurance, and workers' compensation insurance.

9. **CONFLICT OF INTEREST.** CONTRACTOR covenants that CONTRACTOR presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having any such interest shall be employed by CONTRACTOR.

10. **RESPONSIBILITIES OF COUNTY.** COUNTY shall provide all information reasonably necessary by CONTRACTOR in performing the services provided herein.

11. **OWNERSHIP OF DOCUMENTS.** COUNTY shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected, all documents of any type whatsoever, and any material necessary for the practical use of the data and/or documents from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CONTRACTOR shall not release any materials under this section except after prior written approval of COUNTY.

No materials produced in whole or in part under this Agreement shall be subject to copyright in the United States or in any other country except as determined at the sole discretion of COUNTY. COUNTY shall have the unrestricted authority to publish, disclose, distribute, and otherwise use in whole or in part, any reports, data, documents or other materials prepared under this Agreement.

12. **RECORDS, AUDIT, AND REVIEW.** CONTRACTOR shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CONTRACTOR's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. COUNTY shall have the right to audit and review all such documents and records at any time during CONTRACTOR's regular business hours or upon reasonable notice.

In accordance with Federal Government Accounting Standards, Contractor will only seek reimbursement from County for expenses that are allowable under the provisions of the specific Federal cost principles appropriate to their entity: OMB A-21 (Educational Institutions), OMB A-87 (State, Local, or Indian Tribe Governments), OMB A-122 (Non-Profit Organizations), 45 CFR part 74 Appendix E (Hospitals), and Federal Acquisition Regulation (FAR) at 48 CFR part 31 (commercial organizations and non-profit organizations listed in Attachment C to Circular A-122).

Additionally, Contractor is required to comply with all requirements and responsibilities in Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations* from the Office of Management & Budget (OMB A-133), as applicable to their specific entity and expenditures of federal funds. Such requirements and responsibilities that may apply to the Contractor include Single Audits, program-specific audits, and/or pass-through entity responsibilities including identifying and monitoring sub-recipients and vendors, as defined within OMB A-133. Contractor will substantiate to County annual compliance with those portions of OMB A-133 which apply to the Contractor.

13. **INDEMNIFICATION AND INSURANCE.** CONTRACTOR shall agree to defend, indemnify and save harmless the COUNTY and to procure and maintain insurance in accordance with the provisions of EXHIBIT C attached hereto and incorporated herein by reference.

14. **NONDISCRIMINATION.** COUNTY hereby notifies CONTRACTOR that COUNTY's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and CONTRACTOR agrees to comply with said ordinance.

15. **NONEXCLUSIVE AGREEMENT.** CONTRACTOR understands that this is not an exclusive Agreement and that COUNTY shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by CONTRACTOR as the COUNTY desires.

16. **ASSIGNMENT.** CONTRACTOR shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of COUNTY and any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

17. **TERMINATION.**

A. **By COUNTY.** COUNTY may, by written notice to CONTRACTOR, terminate this Agreement in whole or in part at any time, whether for COUNTY's convenience or because of the failure of CONTRACTOR to fulfill the obligations herein. Upon receipt of notice, CONTRACTOR shall immediately discontinue all services effected (unless the notice directs otherwise), and deliver to COUNTY all data, estimates, graphs, summaries, reports, and all other records, documents or papers as may have been accumulated or produced by CONTRACTOR in performing this Agreement, whether completed or in process.

1. For Convenience. COUNTY may terminate this Agreement upon thirty (30) days written notice. Following notice of such termination, CONTRACTOR shall promptly cease work and notify COUNTY as to the status of its performance.

Notwithstanding any other payment provision of this Agreement, COUNTY shall pay CONTRACTOR for service performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CONTRACTOR be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. CONTRACTOR shall furnish to COUNTY such financial information as in the judgment of COUNTY is necessary to determine the reasonable value of the services rendered by CONTRACTOR. In the event of a dispute as to the reasonable value of the services rendered by CONTRACTOR, the decision of COUNTY shall be final. The foregoing is cumulative and shall not effect any right or remedy which COUNTY may have in law or equity.

2. For Cause. Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, COUNTY may, at COUNTY's sole option, terminate this Agreement by written notice, which shall be effective upon receipt by CONTRACTOR. CONTRACTOR shall be responsible for liquidated damages which shall include the amount of any fines that the County may be assessed from regulatory bodies. Such amount shall be the actual cash value agreed upon as the loss to the County resulting from the Contractor's default.

B. **By CONTRACTOR.** Should COUNTY fail to pay CONTRACTOR all or any part of the payment set forth in EXHIBIT B, CONTRACTOR may, at CONTRACTOR's option terminate this agreement if such failure is not remedied by COUNTY within thirty (30) days of written notice to COUNTY of such late payment.

18. **SECTION HEADINGS.** The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

19. **SEVERABILITY.** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

20. **REMEDIES NOT EXCLUSIVE.** No remedy herein conferred upon or reserved to COUNTY is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

21. **TIME IS OF THE ESSENCE.** Time is of the essence in this Agreement and each covenant and term is a condition herein.

22. **NO WAIVER OF DEFAULT.** No delay or omission of COUNTY to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to COUNTY shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of COUNTY.

23. **ENTIRE AGREEMENT AND AMENDMENT.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreements, course of conduct, waiver or estoppel.

24. **SUCCESSORS AND ASSIGNS.** All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

25. **COMPLIANCE WITH LAW.** CONTRACTOR shall, at his sole cost and expense, comply with all County, State and Federal ordinances and statutes now in force or which may hereafter be in force with regard to this Agreement. The judgment of any court of competent jurisdiction, or the admission of CONTRACTOR in any action or proceeding against CONTRACTOR, whether COUNTY be a party thereto or not, that CONTRACTOR has violated any such ordinance or statute, shall be conclusive of that fact as between CONTRACTOR and COUNTY.

26. **CALIFORNIA LAW.** This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

27. **EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

28. **AUTHORITY.** All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, CONTRACTOR hereby warrants that it shall not have breached the terms or conditions of any other contract or agreement to which CONTRACTOR is obligated, which breach would have a material effect hereon.

29. **PRECEDENCE.** In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.

30. **NONAPPROPRIATION CLAUSE.** Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state, or County governments, or funds are not otherwise available for payments in fiscal year(s) covered by the term of this Agreement, then COUNTY will notify CONTRACTOR of such occurrence and COUNTY may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, COUNTY shall have no obligation to make payments with regard to the remainder of the term.

In the event that funds have been appropriated or budgeted, CONTRACTOR understands that monies paid to CONTRACTOR by COUNTY are derived from federal, state, or local sources, including local taxes, and are subject to curtailment, reduction, or cancellation by government agencies or sources beyond the control of COUNTY. COUNTY shall have the right to terminate this agreement in the event that such curtailment, reduction, or cancellation occurs.

31. **BUSINESS ASSOCIATES.** The County is considered to be a "Hybrid Entity" under the Health Insurance Portability and Accountability Act (HIPAA), 42 U.S.C. 1320d et seq. and its implementing regulations including but not limited to 45 Code of Federal Regulations parts 142, 160, 162, and 164, ("Privacy Rule and Security Rule"). The Contractor is considered to be a "Business Associate" under the Privacy Rule. Contractor must also comply with the Security Rule as a Business Associate, if under this Agreement, it receives, maintains or transmits any health information in electronic form in connection with a transaction covered by part 162 of title 45 of the Code of Federal Regulations.

The County and Contractor acknowledge that HIPAA mandates them to enter into a business associate agreement in order to safeguard protected health information that may be accessed during the performance of this Agreement. The parties agree to the terms and conditions set forth in Exhibit E - HIPAA Business Associate Agreement.

Agreement for Services of Independent Contractor between the **County of Santa Barbara** and BIT CA Document Fulfillment Services (DFS).

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective 07/01/10.

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

COUNTY OF SANTA BARBARA

By: _____
Chair, Board of Supervisors

By: _____
Deputy

Date: _____

APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy County Counsel

By: _____
Deputy

APPROVED AS TO FORM:
RAY AROMATORIO
RISK MANAGEMENT

By: _____
Risk Management

Agreement for Services of Independent Contractor between the **County of Santa Barbara** and BIT CA Document Fulfillment Services (DFS)

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective 07/01/10.

CONTRACTOR

By: _____

Date: _____

EXHIBIT A

STATEMENT OF WORK

CalWIN (CalWORKs Information Network) Enterprise Printing

Santa Barbara County will produce several types of client correspondence through the CalWIN computer system. All subject documents will be printed and mailed under this agreement. DFS agrees to exercise special skills to accomplish the following results:

I. PURPOSE/TERM:

The purpose of this Agreement is for DFS to provide printing and mailing services for client correspondence generated out of the CalWIN computer system to Santa Barbara County Department of Social Services for the period of July 1, 2010 through June 30, 2013, FY 10/11, \$292,000, FY 11/12, \$292,000 and FY 12/13, \$292,000 at a total cost not to exceed \$896,000.00.

II. BACKGROUND:

The CalWORKs Information Network (CalWIN) system was implemented by the Department of Social Services (DSS) in March 2006 to meet federal requirements for a statewide automated system. Through a competitive bidding process held in February 2010, the County selected DFS as its Contractor to meet the DSS's printing and mailing requirements for CalWIN Client Correspondence.

DFS has been the Department's print and mail vendor for CalWIN client correspondence since March 2006 and has served thirteen other counties within the CALWIN consortium. As one of the only vendors in California specializing in Printer Control Language (PCL) data, they have developed methodology to virtually eliminate handwork thus saving money. DFS provides client correspondence print services for 14 of the CalWIN Consortium Counties and with that experience they have come to understand the unique requirements necessary in processing client correspondence for the CalWIN project. DFS also has experience working closely with Hewlett-Packard (HP). HP is the CalWIN Project contractor for all facets of software and hardware operations.

III. PROCESSING SUMMARY:

- A. A daily batch cycle will be run five nights a week, Monday-Friday, and a merged output file for Santa Barbara County will be produced the following morning. This file will then be run and placed on DVD disks, Tuesday through Saturday by 6:00 a.m. at the Hewlett Packard (HP) Data Center (Contractor for CalWIN Project) located at 10888 White Rock Road, Rancho Cordova, California. DFS will be responsible for picking up the disks at the HP Data Center. An additional batch process may occasionally be run on a weekend to process special jobs. A separate DVD will be created for these special jobs. In addition to the daily process jobs, a monthly job is run approximately the third week of the month to produce periodic reports. A separate DVD(s) is prepared for this monthly job. The DVD method of transporting the data may be replaced by secure electronic transmission or other method required by CalWIN during the term of this contract. The processing will take place at the DFS office located at 910 Riverside Parkway, Suite 40 in West Sacramento. The United States Postal Service (USPS) picks up mail from facility daily at 4:00pm and 8:00pm.)
- B. Correspondence shall be grouped by household based on address and caseload number to maximize postal savings.
- C. DFS will use USPS Certified Address Standardization Software (CASS) to ensure address cleansing and correction capability.

- D. Client correspondence created by the batch process is contained in multiple files of Printer Control Language 5 (PCL5) images. Each document contains a header section. The header section contains PCL 5 “non-op”. The non-op section is a part of the PCL stream in each set of client correspondence – not a separate record. This header section identifies the information regarding each correspondence. These files are stored on up to 5 data DVD disks. PCL5 images are used because the client correspondence is printed in up to twenty-one (21) different languages. The PCL5 images are sorted by client household address order based on case serial number. Alternatively, HP may electronically transmit smaller batches of PCL5 files to the processing site. DFS may be able, at DFS cost, to secure the data delivered on DVD’s by other means. DFS will have a secure File Transfer Protocol (FTP) site with 128-bit encryption capability
- E. Barcodes are required and added to documents for several purposes.
- To facilitate the addition of inserts and return envelopes.
 - To allow the USPS to deliver the pieces (Post Net Barcode).
 - To facilitate handling of return mail (when return envelopes are enclosed). The barcode is included in the PCL5 image for Periodic Reporting (PR) forms: QR2, QR7, MC 176 S, and MC 176 TMC. The barcode contains a unique number generated by the CalWIN application to track the PR forms.
 - To facilitate the processing of correspondence for document imaging and other e-technology identified by the county.
- F. Other informational notices may need to be mailed to the clients, which are separate and apart from the correspondence produced by CalWIN. The document and mailing labels will be provided to the vendor by the County in either electronic or paper format.
- G. DFS will make available all header and record information online daily by 9:00 a.m. for review and research. This data will be stored for a pre-determined length of time determined by the County. There is no charge for this service.

IV. SCOPE OF SERVICES

- A. Services shall include materials (paper, envelopes, etc.) and processing (receiving and batching data, printing, folding, inserting, presorting, delivery to USPS, etc.) and use of postage meter. Postage usage is invoiced separately to COUNTY. A return envelope will be inserted into each correspondence type “F” and “O”.
- B. Additional COUNTY supplied inserts may be included in each run. Inserts may be selectively inserted in each document, triggered by information on the document. Inserts shall require executive approval by a DSS deputy director and scheduled by the County. The GEN 1365 mandatory insert is already included in the price per image charge stated in Attachment B-1.
- C. QR7’s produced in monthly cycles may need to be held for later mailing. These may be mixed with other documents on peak days.
- D. Any and all documents that need to be held for later mailings will be identified prior to processing daily work. These documents will be identified by case load number and will be treated as a “pull statement” item. If these documents need to be mailed at a later date, DFS will be notified when and where this is to occur. A special handling charge will apply (See Attachment B-1.)

V. QUALITY CONTROL/REPORTS:

- A. DFS picks up DVD from the CalWIN Project. In the event of a delay or damage to DVD issued by HP Data Center, correspondence may be delayed to USPS, but will be delivered within 24 hours of receiving replacement DVD's. In normal output delivery, output will be rendered and delivered to the United States Postal Service (USPS) in time for next day delivery to the addressee, unless other timeframes are agreed to by the COUNTY and DFS. (The standard for COUNTY mail delivery is to: West Sacramento Post Office, by 8:00 PM.) There are other cycles that are run less frequently than daily. Some of these will have output as well.
- B. Quality control measures must be inherent in the process. DFS will verify that services are provided using fully automated production processes that are capable of tracking each individual mail piece through the printing, inserting, and mailing processes. Duplicated, missing and misprinted documents and inserts and other errors must be identified and remedied before mailing. Mail must be in the hands of the USPS as described above. Any errors or variation must be reported to the COUNTY immediately. A report including the date and time items were mailed, the unique batch identifier, the number of documents printed, items mailed, inserts included, and postage used will be sent to the COUNTY daily at the completion of the process.
- B. Once data has been processed, PDF files containing control totals are e-mailed back to the County and all header records are loaded onto the County's FTP site for download and viewing. A work order is then generated and the production files are sent to the production department for printing and mailing. This process from receipt of PCL files to completion of data processing takes approximately 30 minutes for normal daily batch jobs.
- C. DFS Software Technology includes a custom developed system to process and track mail throughout their facility. This system is called "Zero Errors Users System" (ZEUS). ZEUS integrates every step of the mailing process into one system for reliable management of each job processed at DFS. Some of the key features of ZEUS are, work order tracking, inventory control, postage manager, client manager, client reports and Tracker 3000.
- The program ZEUS allows DFS to produce unique reports specifically for the County. It can produce reports for each of the four office sites, postage by weight, items mailed with date, and QR7's.
 - The ZEUS program includes a Planet Watch module that automates the postage process by tracking the usage levels by weight and job name. The date, meter time and cumulative account balance are available in detail through this module as well. The program offers a variety of reports showing summary and/or detailed usage for a designated time period.
 - The automated inventory module of the ZEUS system allows DFS to keep a close watch on the available resources, letters, envelopes and stamps. Specific thresholds are determined for each inventory resource and quantities are depleted upon work order completion. Again, this module offers a variety of reports showing summary and/or detailed usage for a designated time period.
 - Tracker 3000 is a dynamic, powerful production control and tracking system that is a program of ZEUS. Barcode driven, the system gathers information at every production stage. Tracker 3000 gives status reports of production and inventory. Intelligent, Barcode Reading Inserters with customer software track every piece of bar-coded paper and guarantees that every mail piece has been accounted for. This process is also followed by DFS's custom handwork assembly process. DFS technology systems are continuously updated to meet every critical requirement of the ever-changing United States Postal Service (USPS)

- D. Errors not remedied by DFS quality control, involving 100 or more pieces from a single mailing, will incur a penalty credit in favor of the COUNTY in the amount of \$.04 per piece. This will include client correspondence mailed 24 hours after the target mailing date.

VI. CONFIDENTIALITY

Contractor must comply with the same privacy and security safeguards required by State and Federal rules, regulations, and law as the County regarding the confidentiality, physical security, encryption, transmission, transport and disposal of electronic and printed data. *Confidential data is defined as: name, date of birth, address, social security number, driver's license or other identification numbers or any information that can be used to identify or locate an individual.*

- A. Contractor shall not capture or retain any information from the County's mail. All information and processes made available to the Contractor by the County shall be kept confidential.
- B. Contractor must ensure:
1. All data is used and stored in an area that is physically safe from access by unauthorized persons during work and non-work hours.
 2. Access to secure areas is permitted only with properly coded key cards, authorized door keys or access authorization.
- C. Contractor must ensure that there is a monitored alarm system with or without security cameras or security guards twenty-four (24) hours a day, seven (7) days a week.
- D. Contractor must ensure:
1. All portable computer devices (laptops, notebooks, etc.), workstations, and electronic files (thumb drives, floppies, CD/DVD, etc.) that process and/or store data are encrypted using a vendor product that is recognized as an industry leader for the intended solution, such as a product specified on the California Strategic Sourced Initiative (CSSI) located at the following link: www.pd.dgs.ca.gov/masters/EncryptionSoftware.html.
 2. All workstations, laptops and other systems that process and/or store data have current security patches applied and are up-to-date.
 3. All data is wiped from systems when the data is no longer required.
 4. All remote access to data is established over an encrypted session protocol using a vendor product that is recognized as an industry leader in meeting the needs for the intended solution, such as products specified on the CSSI.
- E. Contractor must ensure that disks and other transportable media sent through the mail are encrypted using a vendor product that is recognized as an industry leader in meeting the needs for the intended solution, such as products specified on the CSSI.
- F. Contractor must ensure that all data transmissions are encrypted end-to-end using a vendor product that is recognized as an industry leader in meeting the needs for the intended solution, such as products specified on the CSSI. The data shall be encrypted at the minimum of 128 bit AES or 3DES (Triple DES) if AES is unavailable.
- G. Contractor must ensure that a bonded courier, with signature receipt, is used for the transport of paper documents and electronic media.
- H. Contractor must ensure that paper documents are disposed of through confidential means, such as cross cut shredding and pulverizing.
- I. If a breach of data security occurs, the Contractor must:

1. Ensure that the County is notified immediately by telephone call or Email upon the discovery of a breach of data security.
2. Ensure that the notification includes contact information, a description of the breach or loss with scope, time and location of the breach or loss, and a description of how the data was physically stored, contained or packaged (password protected, encrypted, locked container, etc.).
3. Take prompt corrective action to mitigate any risks or damages involved with the breach.
4. Investigate the breach and produce a written report within five (5) working days of the incident, detailing what data elements were involved. The report must include a description of:
 - i. The unauthorized persons known or believed to have improperly used or disclosed the data.
 - ii. Where the data is believed to have been improperly transmitted, sent or used.
 - iii. The probable cause(s) of the breach and a detailed action plan including steps taken to stop or contain the breach.

VII. PERFORMANCE MEASURES

DFS will provide printing and mailing services for client correspondence generated out of the CalWIN computer system to County.

- Errors not remedied by DFS quality control, involving 100 or more pieces from a single mailing will incur a penalty credit in favor of the County in the amount of \$.04 per piece. This will include client correspondence mailed 24 hours after the target mailing date.
- DFS will verify that services are provided using fully automated processes that are capable of tracking each individual mail piece through the printing, inserting and mailing processes. Duplicated, missing and misprinted documents and inserts and other errors must be identified and remedied before mailing. Any errors or variation must be reported to the County immediately.
- The contractor's performance will be measured by evaluating daily print reports received by DFS which detail daily correspondence volume processed, printed and mailed. These reports are compared to CalWIN caseload activity to ensure consistency is present.
- A DSS Help Center database is utilized to track questions, problems, issues and general communication with the vendor. This allows the County to create a knowledgebase of information for more effective contract monitoring.
- DSS will review the database quarterly to ensure that issues have been resolved by DFS to DSS's satisfaction within two business days.

VIII. GENERAL CONTRACT PROVISIONS

- A. Modification of Services – CONTRACTOR shall obtain the expressed written consent from the COUNTY for any variation in the provision of services described in this agreement. Approval of such modification of services will not require further Board of Supervisors approval if it is to provide additional services within the approved budget.
- B. Modification of Performance Measures – COUNTY and CONTRACTOR will evaluate the effectiveness of the performance measures established in Section VI, within 90 days of the

effective date of this agreement. If necessary to obtain meaningful data about services delivery, the performance measures will be amended by mutual agreement between the Designated Representatives of this agreement.

EXHIBIT B

PAYMENT ARRANGEMENTS

Periodic Compensation (with attached Schedule of Fees)

- A. For CONTRACTOR services to be rendered under this contract, CONTRACTOR shall be paid a total contract amount, including cost reimbursements, not to exceed \$ 876,000.00, FY 10/11, \$292,000, FY 11/12, \$292,000 and FY 12/13, \$292,000.
- B. Payment for services and /or reimbursement of costs shall be made upon CONTRACTOR's satisfactory performance, based upon the scope and methodology contained in **EXHIBIT A** as determined by COUNTY. Payment for services and/or reimbursement of costs shall be based upon the costs, expenses, overhead charges and hourly rates for personnel, as defined in **Attachment B1** (Schedule of Fees). Invoices submitted for payment that are based upon **Attachment B1** must contain sufficient detail to enable an audit of the charges and provide supporting documentation if so specified in **EXHIBIT A**.
- C. **MONTHLY**, CONTRACTOR shall submit to the COUNTY DESIGNATED REPRESENTATIVE an invoice or certified claim on the County Treasury for the service performed over the period specified. These invoices or certified claims must cite the assigned Board Contract Number. COUNTY REPRESENTATIVE shall evaluate the quality of the service performed and if found to be satisfactory and within the cost basis of **Attachment B1** shall initiate payment processing. COUNTY shall pay invoices or claims for satisfactory work within 30 days of presentation.
- D. COUNTY's failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of COUNTY's right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.

Schedule of Fees

Attachment B-1

Price Schedule:

Price per Image**	\$.062
Additional Inserts by machine.....	\$.007
Additional Inserts by hand.....	\$.015

** Price per image includes cost of materials (virgin stock paper, recycled paper, recycled envelopes, etc.) and cost of receiving and batching data, processing, folding, inserting, presorting, and delivery to the USPS. It also includes all monthly reports and all correspondences (dailies) requiring return envelopes having one of the five return address envelopes.

POSTAGE

One month postage reserve must be maintained at all times. CONTRACTOR will maintain a trust account with an approved vendor with postage reserve. CONTRACTOR will then invoice COUNTY monthly for actual postage used at the same discounted postal rate that is actually applied to the letters. All remaining postage reserve will be reimbursed to COUNTY at termination of contract.

EXHIBIT C

STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS for contracts NOT requiring professional liability insurance

INDEMNIFICATION

CONTRACTOR shall defend, indemnify and save harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the COUNTY.

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

Without limiting the CONTRACTOR's indemnification of the COUNTY, CONTRACTOR shall procure the following required insurance coverages at its sole cost and expense. All insurance coverage is to be placed with insurers which (1) have a Best's rating of no less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place CONTRACTOR in default. Upon request by the COUNTY, CONTRACTOR shall provide a certified copy of any insurance policy to the COUNTY within ten (10) working days.

1. Workers' Compensation Insurance: Statutory Workers' Compensation and Employers Liability Insurance shall cover all CONTRACTOR's staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by the COUNTY. In the event CONTRACTOR is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if CONTRACTOR has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and CONTRACTOR submits a written statement to the COUNTY stating that fact.
2. General and Automobile Liability Insurance: The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of CONTRACTOR and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by the CONTRACTOR in the indemnity and hold harmless provisions of the Indemnification Section of this Agreement between COUNTY and CONTRACTOR. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of CONTRACTOR pursuant to CONTRACTOR's activities hereunder. CONTRACTORS shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. COUNTY, its officers, agents, and employees shall be Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than

\$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention {SIR} over \$10,000 requires approval by the COUNTY.

Said policy or policies shall include severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

"Such insurance as is afforded by this policy shall be primary and if the COUNTY has other valid and collectible insurance that other insurance shall be excess and non-contributory."

If the policy providing liability coverage is on a 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

CONTRACTOR shall submit to the office of the designated COUNTY representative certificate(s) of insurance documenting the required insurance as specified above prior to this Agreement becoming effective. COUNTY shall maintain current certificate(s) of insurance at all times in the office of the designated County representative as a condition precedent to any payment under this Agreement. Approval of insurance by COUNTY or acceptance of the certificate of insurance by COUNTY shall not relieve or decrease the extent to which the CONTRACTOR may be held responsible for payment of damages resulting from CONTRACTOR'S services of operation pursuant to the contract, nor shall it be deemed a waiver of COUNTY'S rights to insurance coverage hereunder.

In the event the CONTRACTOR is not able to comply with the COUNTY'S insurance requirements, COUNTY may, at their sole discretion and at the CONTRACTOR'S expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY's Risk Manager is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY's risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

**EXHIBIT D
YEAR 2000 DATE CHANGE COMPLIANCE WARRANTY
FOR GOODS AND SERVICES**

---- INTENTIONALLY OMITTED ----

**REMOVED
March 1, 2004**

THIS AGREEMENT DOES NOT INCLUDE EXHIBIT D

Exhibit E

HIPAA Business Associate Agreement

1. Use and Disclosure of Protected Health Information

Except as otherwise provided in this Exhibit, the Contractor may use or disclose Protected Health Information ("PHI")¹ to perform functions, activities or services for or on behalf of the County, as specified in the underlying agreement, provided that such use or disclosure does not violate HIPAA or other law. The uses and disclosures of PHI may not exceed the limitations applicable to the County under the regulations except as authorized for management, administrative or legal responsibilities of the Contractor. PHI includes without limitation "Electronic Protected Health Information" ("EPHI")².

2. Requirement to Train Own Employees

The Contractor has a responsibility to provide effective training for all members of its workforce (including its own employees, management, staff, volunteers and independent contractors) who will or who are likely to have any access to or exposure to PHI or EPHI. Members of the Contractor's workforce who use, disclose, handle, view, process, distribute, access, audit, create, receive or have any exposure to PHI or EPHI must receive training on both the HIPAA Privacy Rule and the HIPAA Security Rule. Privacy Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.530 (b). Security Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.308 (a)(5).

3. Further Disclosure of PHI

The Contractor shall not use or further disclose PHI other than as permitted or required by the underlying Agreement, or as required by law.

4. Safeguarding PHI

The Contractor shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by the underlying Agreement. Contractor shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI that Contractor creates, receives, maintains or transmits on behalf of County. The actions taken by the Contractor to safeguard EPHI shall include, but may not be limited to:

- a. Encrypting EPHI that it stores and transmits;
- b. Implementing strong access controls, including physical locks, firewalls, and strong passwords;
- c. Using antivirus software that is upgraded regularly;
- d. Adopting contingency planning policies and procedures, including data backup and disaster recovery plans; and
- e. Conducting periodic security training.

1 "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

2 "Electronic Protected Health Information" means Protected Health Information, which is transmitted by Electronic Media (as defined in the HIPAA Security and Privacy Rule) or maintained in Electronic Media.

5. Unauthorized Use or Disclosure of PHI

The Contractor shall report to the County any use or disclosure of the PHI not provided for by the underlying Agreement or otherwise in violation of the Privacy Rule or Security Rule. Contractor shall

report to County any security incidents within 10 days of becoming aware of such incidents. For purposes of this paragraph, "security incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system.

6. Agents and Subcontractors of the Business Associate

The Contractor shall ensure that any agent, including a subcontractor, to which the Contractor provides PHI received from, or created or received by the Contractor on behalf of the County, shall comply with the same restrictions and conditions that apply through the underlying Agreement to the Contractor with respect to such information. The Contractor shall ensure that any agent to whom it provides PHI, including a subcontractor, agrees to implement reasonable and appropriate safeguards to protect such PHI. Contractor shall not use subcontractors or agents, unless it receives prior written consent from County.

7. Access to PHI

At the request of the County, and in the time and manner designated by the County, the Contractor shall provide access to PHI in a Designated Record Set to an Individual or the County to meet the requirements of 45 Code of Federal Regulations Section 164.524.

8. Amendments to Designated Record Sets

The Contractor shall make any amendment(s) to PHI in a Designated Record Set that the County directs or at the request of the Individual, and in the time and manner designated by the County in accordance with 45 Code of Federal Regulations Section 164.526.

9. Documentation of Uses and Disclosures

The Contractor shall 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 in accordance with 45 Code of Federal Regulations Section 164.528. Contractor agrees to implement a process that allows for an accounting to be collected and maintained by Contractor and its agents or subcontractors for at least six years prior to the request, but not before the compliance date of the Privacy Rule.

10. Accounting of Disclosures

The Contractor shall provide to the County or an Individual, in the time and manner designated by the County, information collected in accordance with 45 Code of Federal Regulations Section 164.528, to permit the County to respond to a request by the Individual for an accounting of disclosures of PHI in accordance with 45 Code of Federal Regulations Section 164.528.

EXHIBIT F

CONFIDENTIALITY AGREEMENT

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that as an Independent Contractor and not an employee of the County of Santa Barbara for any purpose whatsoever and does not have and will not acquire any rights or benefits of any kind from the County of Santa Barbara by virtue of their performance of work under this agreement. Contractor understands and agrees that they do not have and will not acquire any rights or benefits from the County of Santa Barbara pursuant to any agreement between any person or entity and the County of Santa Barbara.

CONFIDENTIALITY AGREEMENT:

Contractor may be involved with work pertaining to services provided by the County of Santa Barbara and, if so, may have access to confidential data and client protected information pertaining to persons and/or entities receiving services from the County. This information includes but is not limited to client name, address, Social Security Number, date of birth, driver's license number, identification number, or any other information that identifies the individual. In addition, Contractor may also have access to proprietary information supplied by the County of Santa Barbara or by other vendors doing business with the County of Santa Barbara. The County has a legal obligation to protect all such confidential data and client protected information in its possession, especially data and information concerning health, mental health, criminal and public assistance records. Should a Contractor be involved in County work, the County must ensure that the Contractor will protect the confidentiality of such data and client protected information. Consequently, Contractor must enter into this agreement as a condition of their work for the County.

Contractor hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to this agreement with the County of Santa Barbara. Contractor agrees to forward all requests for the release of any data or client protected information received to the County Designated Representative.

Contractor agrees to keep confidential all financial, health, criminal and public assistance records and all data and client protected information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, County proprietary information and all other original materials produced, created or provided to or by Contractor under this agreement. Contractor agrees to protect these confidential materials against disclosure to other than County employees who have a need to know the information. Contractor agrees that if proprietary information supplied by the County or by other County vendors is provided to them during this engagement, Contractor shall keep such information confidential.

Contractor agrees to report to the County Designated Representative any and all violations of this contract by Contractor and/or by any other person of which they have become aware. Contractor agrees to return all confidential materials to the County Designated Representative upon completion of termination of this contract.

Contractor acknowledges that violation of this agreement may subject me to civil and/or criminal action and that the County of Santa Barbara may seek all possible legal redress.

Contract Number : _____

D1. Fiscal Year : FY 07/10-FY 06/11, FY07/11-FY06/12, FY 07/12-FY 06/13
D2. Budget Unit Number (*plus -Ship/-Bill codes in paren's*) : 044
D3. Requisition Number : N/A
D4. Department Name : Department of Social Services
D5. Contact Person : Yalila "Lee" Gonzales
D6. Phone : (805) 346-8362

K1. Contract Type (*check one*): ☒ Personal Service ☐ Capital Project/Construction
K2. Brief Summary of Contract Description/Purpose : CalWIN Correspondence Printing and Mailing
K3. Original Contract Amount : \$ 876,000.00
K4. Contract Begin Date : 07/01/10
K5. Original Contract End Date : 06/30/13
K6. Amendment History (*leave blank if no prior amendments*):

<u>Seq#</u>	<u>EffectiveDate</u>	<u>ThisAmndtAmt</u>	<u>CumAmndtToDate</u>	<u>NewTotalAmt</u>	<u>NewEndDate</u>	<u>Purpose</u>
(2-4 words)						
	\$	\$	\$			

K7. Department Project Number :

B1. Is this a Board Contract? (*Yes/No*) : Yes
B2. Number of Workers Displaced (*if any*) : None
B3. Number of Competitive Bids (*if any*) : Two (2)
B4. Lowest Bid Amount (*if bid*) : \$
B5. If Board waived bids, show Agenda Date :
B6. ... and Agenda Item Number : #
B7. Boilerplate Contract Text Unaffected? (*Yes / or cite ¶¶*) :

F1. Encumbrance Transaction Code : 1701
F2. Current Year Encumbrance Amount : \$ 177,162.80
F3. Fund Number : 0055
F4. Department Number : 044
F5. Division Number (*if applicable*) : 07
F6. Account Number : 7450 & 7451
F7. Cost Center number (*if applicable*) : 01
F8. Payment Terms : Net 30

V1. Vendor Numbers (*A=uditor; P=urchasing*) : N/A
V2. Payee/Contractor Name : Document Fulfillment Services
V3. Mailing Address: 910 Riverside Parkway #40
V4. City State (*two-letter*) Zip (*include +4 if known*) : West Sacramento, CA 95605
V5. Telephone Number : (916) 374-9002
V6. Contractor's Federal Tax ID Number (*EIN or SSN*) : 37-1443695
V7. Contact Person : Steve Shill. Owner
V8. Workers Comp Insurance Expiration Date : 11/04/10
V9. Liability Insurance Expiration Date[s] (*G=enl; P=rofl*) : 11/22/10
V10. Professional License Number : #
V11. Verified by (*name of County staff*) : Yalila "Lee" Gonzales
V12. Company Type (*Check one*): ☐ Individual ☐ Sole Proprietorship ☐ Partnership ☒ Corporation

I certify: information complete and accurate; designated funds available; required concurrences evidenced on signature page.

Date: _____

Authorized Signature: _____