

**Meeting Date: 2/25/2014**

**Report Type:** Review

**Report ID:** 2014-00126

**Title: (Agreement/Contract for Review and Information) Contract: Mail Preparation and Presorting Services**

**Location:** Citywide

**Recommendation:** Review report 1) authorizing the City Manager or the City Manager's designee award a two-year contract with three annual renewal options for mail preparation and presorting services to KP Corporation in an amount not to exceed \$1,355,000 for the five-year term; 2) authorizing the City Manager or the City Manager's designee to execute the contract specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year; and 3) continue to March 4, 2014, for approval.

**Contact:** Gary O'Neill, Program Analyst, (916) 808-7432; Craig Lymus, Procurement Services Manager, (916) 808-5524, Department of Finance

**Presenter:** None

**Department:** Finance

**Division:** Procurement Services

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Attachment 1

3-Contract

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### **City Attorney Review**

Approved as to Form

Lan Wang

2/11/2014 1:26:56 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 2/6/2014 4:24:32 PM

## Description/Analysis

**Issue Detail:** The City has an ongoing requirement for mail preparation, mail presorting services, and related services for all City departments. On December 5, 2013, Procurement Services, in accordance with City Code Chapter 3.56, issued Invitation for Bid (IFB) No. B14060151004 for mail preparation and presorting services. The existing contract is set to expire on March 4, 2014.

**Policy Considerations:** The recommendations in this report are in accordance with the provisions of City Code Chapter 3.56, Administrative Policy (AP) 4101, and Resolution No. 2013-0367, which requires additional posting time for labor agreements and agreements greater than \$1 million.

**Economic Impacts:** None

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** No environmental review is necessary because the recommendations in this report involve the purchase of printing, reprographic, and related services and are not considered to be a project in accordance with Section 15378(b)(2) of the CEQA Guidelines.

**Sustainability:** The recommendations in this report are in accordance with the Sustainability Purchasing Policy (AP 4003).

**Commission/Committee Action:** None

**Rationale for Recommendation:** On December 5, 2013, Procurement Services, in accordance with City Code Chapter 3.56, issued Invitation for Bid (IFB) No. B14060151004 to address the City's ongoing requirement for mail preparation and presorting services. Three bids were received. One bid was withdrawn after the bid closing upon request of the bidder. The bid results are provided in Attachment 1.

This agreement will allow the City to meter the mail at a savings of \$.025 per letter-sized piece of mail. Based upon the current volume of mail, this is an annual savings of approximately \$10,000 to the City of Sacramento.

**Financial Considerations:** In determining the recommended spending authority, staff reviewed the expenditure history for this service and considered future needs as identified by surveying the key users in the operating departments. The recommended not-to-exceed amount of \$1,355,000 includes a contingency in each year to allow for unexpected increases in postage costs as well as increased need by the various City departments. Funding for these services will be provided by the operating budgets or capital improvement project budgets of the departments that utilize the services. The existing contract will expire on March 4, 2014 and the new contract will begin March 5, 2014. Sufficient funding for purchases made from March 5, 2014 to June 30, 2014 is available in the FY 2013/14 budget. Purchases made after June 30, 2014 are subject to

funding availability in the budget adopted for the applicable fiscal year. Annual estimated expenditures are based on historical costs.

Vendor	Estimated Expenditure Amounts					
	2014	2015	2016	2017	2018	Total
KP Corporation	\$252,219	\$259,440	\$270,159	\$281,053	\$292,129	\$1,355,000

**Local Business Enterprise (LBE):** This vendor is located in West Sacramento.

**Attachment 1****Bid Results – Bid No. B14060151004****Bid Evaluation Amount**

<b>KP Corporation</b>	<b>Mailing System Inc.</b>	<b>Signature Reprographics</b>
\$1,002,148	Bid withdrawn	\$1,005,927

The bid evaluation total reflects all applicable preferences. The bid amount represents the total for the quantities selected for evaluation purposes only, which was calculated on historic annual expenditures. Authorization is requested to enter into a contract in a total amount not to exceed \$1,355,000 which anticipates a cost and/or volume increase and more closely reflects the actual amount anticipated to be expended overall for the potential five-year period.



Requires Council Approval:  No  YES Meeting: 02/25/2014

Real Estate  Other Party Signature Needed  Recording Requested

General Information

Table with 2 columns: Description and Value. Includes fields for Type, PO Type, Attachment, \$ Not to Exceed, Other Party, Project Name, Deed, Project Number, Bid Transaction #, and LBE.

Department Information

Department: Finance Division: Procurement
Project Mgr: Gary O'Neill Supervisor: Craig Lymus
Phone Number: 916-808-7432 Org Number: 06001521
Comment:

Review and Signature Routing

Department Signature or Initial Date
Initial and Forward to Next on List
Project Mgr: [Signature] 02/03/2014
Division Manager: [Signature] 2/3/14

City Attorney Signature or Initial Date
Initial and Date
City Attorney (L Wang): [Signature] 2/5/14
Send Interoffice Mail Notify for Pick Up

Authorization Signature or Initial Date
Leyne Milstein - Dept. Director:
CONTROL #
City Mgr: Yes No

For City Clerk Processing
Finalized:
Initial:
Date:
Imaged:
Initial:
Date:
Received:
(City Clerk Stamp Here)



PROJECT #: none  
PROJECT NAME: MAIL PREPARATION AND PRESORTING SERVICES  
DEPARTMENT: Finance  
DIVISION: Procurement  
CITY OF SACRAMENTO

**NONPROFESSIONAL SERVICES AGREEMENT**

**THIS AGREEMENT** is made at Sacramento, California, as of 03/05/2014, by and between the **CITY OF SACRAMENTO**, a municipal corporation ("CITY"), and

K/P CORPORATION  
3700 SEAPORT BLVD  
WEST SACRAMENTO, CA 95691  
Phone (916) 267-8485 / Fax (916) 375-8244

("CONTRACTOR"), who agree as follows:

1. **Contract.** The Contract shall consist of this Agreement and each of the following documents (if applicable), which are incorporated herein by reference:
  - ✓ Invitation to Bid
  - ✓ Instructions to Bidders
  - ✓ Certificate(s) of Insurance
  - ✓ Drug-Free Workplace Policy and Affidavit
  - ✓ Declaration of Compliance (Equal Benefits Ordinance)
  - ✓ Declaration of Compliance (Living Wage Ordinance)
  - ✓ Workers' Compensation Certificate
  - ✓ Contractor's Bid Proposal Form
  - ESBD Program Statement
  - ✓ Technical Specifications
  
2. **Services.** Subject to the terms and conditions set forth in this Agreement, CONTRACTOR shall provide to CITY the services described in Exhibit A. CONTRACTOR shall provide said services at the time, place, and in the manner specified in Exhibit A. CONTRACTOR shall not be compensated for services outside the scope of Exhibit A unless prior to the commencement of such services: (a) CONTRACTOR notifies CITY and CITY agrees that such services are outside the scope of Exhibit A; (b) CONTRACTOR estimates the additional compensation required for these additional services; and (c) CITY, after notice, approves in writing a Supplemental Agreement specifying the additional services and amount of compensation therefor. CITY shall have no obligations whatsoever under this Agreement and/or any Supplemental Agreement, unless and until this Agreement or any Supplemental Agreement is approved by the Sacramento City Manager or the City Manager's authorized designee, or by the Sacramento City Council, as required by the Sacramento City Code.
  
3. **Payment.** CITY shall pay CONTRACTOR for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B. The payments specified in Exhibit B shall be the only payments to be made to CONTRACTOR for the services rendered pursuant to this Agreement unless pursuant to Section 1, above, CITY approves additional compensation for additional services. CONTRACTOR shall submit all billings for said services to CITY in the manner specified in Exhibit B, or, if not specified in Exhibit B, according to the usual and customary procedures and practices that CONTRACTOR uses for billing clients similar to CITY.

4. **Facilities and Equipment.** Except as set forth in Exhibit C, CONTRACTOR shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement. CITY shall furnish to CONTRACTOR only the facilities and equipment listed in Exhibit C according to any terms and conditions set forth in Exhibit C.
5. **General Provisions.** The General Provisions set forth in Exhibit D, that include indemnity and insurance requirements, are part of this Agreement. In the event of any conflict between the General Provisions and any terms or conditions of any document prepared or provided by CONTRACTOR and made a part of this Agreement, including without limitation any document relating to the scope of services or payment therefor, the General Provisions shall control over said terms or conditions.
6. **Living Wage Requirements.** This Agreement is subject to the provisions of Sacramento City Code Chapter 3.58, Living Wage. The requirements of Sacramento City Code Chapter 3.58 are summarized in Exhibit E. The CONTRACTOR is required to sign the attached Declaration of Compliance (Living Wage Ordinance) to assure compliance with these requirements.
7. **Non-Discrimination in Employee Benefits.** This Agreement is subject to the provisions of Sacramento City Code Chapter 3.54, Non-Discrimination in Employee Benefits by City Contractors. The requirements of Sacramento City Code Chapter 3.54 are summarized in Exhibit F. CONTRACTOR is required to sign the attached Declaration of Compliance (Equal Benefits Ordinance), to assure compliance with these requirements.
8. **Authority.** The person signing this Agreement for CONTRACTOR hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of CONTRACTOR and to bind CONTRACTOR to the performance of its obligations hereunder.
9. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

Executed as of the day and year first above stated.

**CITY OF SACRAMENTO**  
A Municipal Corporation

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

ATTEST:

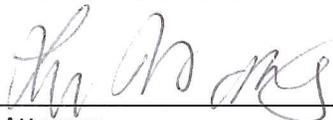
Print name: \_\_\_\_\_

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

\_\_\_\_\_  
City Clerk

For: John F. Shirey, City Manager

APPROVED TO AS FORM:

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

Attachments

- Exhibit A - Scope of Service
- Exhibit B - Fee Schedule/Manner of Payment
- Exhibit C - Facilities/Equipment Provided
- Exhibit D - General Provisions
- Exhibit E - Living Wage Requirements
- Exhibit F - Non-Discrimination in Employee Benefits

CONTRACTOR:

K/P CORPORATION

NAME OF FIRM

93-0563572

Federal I.D. No.

SYCH 15-626533

State I.D. No.

City of Sacramento Business Op. Tax Cert. No.

TYPE OF BUSINESS ENTITY (check one):

- Individual/Sole Proprietor
- Partnership
- Corporation (may require 2 signatures)
- Limited Liability Company
- Other (please specify: \_\_\_\_\_)

Signature of Authorized Person

Joseph P. Atturio, CEO

Print Name and Title

Additional Signature (if required)

Print Name and Title



The undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that he or she is authorized to bind the Contractor to the provisions of this Declaration.

J.P. Atturio  
Signature of Authorized Representative

Date: 1/31/2014

Print name: Joseph P. Atturio

Title: CEO



- b. If Contractor is unable to provide a certain benefit, despite taking reasonable measures to do so, if Contractor provides the employee with a cash equivalent Contractor will not be deemed to be discriminating in the application of that benefit.
  - c. If Contractor provides employee benefits neither to employee's spouses nor to employee's domestic partners.
  - d. If Contractor provides employee benefits to employees on a basis unrelated to marital or domestic partner status.
  - e. If Contractor submits written evidence of making reasonable efforts to end discrimination in employee benefits by implementing policies that will be enacted before the first effective date after the first open enrollment process following the date this Contract is executed by the City of Sacramento ("City"). Contractor understands that any delay in the implementation of such policies may not exceed one (1) year from the date this Contract is executed by the City, and applies only to those employee benefits for which an open enrollment process is applicable.
  - f. Until administrative steps can be taken to incorporate nondiscrimination in employee benefits. The time allotted for these administrative steps will apply only to those employee benefits for which administrative steps are necessary and may not exceed three (3) months from the date this Contract is executed by the City.
  - g. Until the expiration of a current collective bargaining agreement(s) if employee benefits are governed by such collective bargaining agreement(s).
  - h. Contractor takes all reasonable measures to end discrimination in employee benefits by either requesting that the union(s) involved agree to reopen the agreement(s) in order for Contractor to take whatever steps are necessary to end discrimination in employee benefits or by ending discrimination in employee benefits without reopening the collective bargaining agreement(s).
  - i. In the event Contractor cannot end discrimination in employee benefits despite taking all reasonable measures to do so, Contractor provides a cash equivalent to eligible employees for whom employee benefits, are not available. Unless otherwise authorized in writing by the City Manager, Contractor understands this cash equivalent must begin at the time the union(s) refuse to allow the collective bargaining agreement(s) to be reopened or not longer than three (3) months after the date this Contract is executed by the City.
5. Contractor understands that failure to comply with the provisions of Section 4(a) through 4(i), above, will subject Contractor to possible suspension and/or termination of this Contract for cause; repayment of any or all of the Contract amount disbursed by the City; debarment for future contracts until all penalties and restitution have been paid in full and/or for up to two (2) years; and/or the imposition of a penalty, payable to the City, in the sum of \$50.00 for each employee, for each calendar day during which the employee was discriminated against in violation of the provisions of the Ordinance.
6. Contractor understands and agrees to provide notice to each current employee and, within ten (10) days of hire, to each new employee, of their rights under the Ordinance. Contractor further agrees to maintain a copy of each such letter provided, in an appropriate file for inspection by authorized

representatives of the City. Contractor also agrees to prominently display a poster informing each employee of these rights.

7. Contractor understands that Contractor has the right to request a waiver of, or exemption from, the provisions of the Ordinance by submitting a written request to the City's Procurement Services Division prior to Contract award, which request shall identify the provision(s) of the Ordinance authorizing such waiver or exemption and the factual basis for such waiver or exemption. The City shall determine in its sole discretion whether to approve any such request.
8. Contractor agrees to defend, indemnify and hold harmless, the City, its officers and employees, against any claims, actions, damages, costs (including reasonable attorney fees), or other liabilities of any kind arising from any violation of the Requirements or of the Ordinance by Contractor.

The undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that he or she is authorized to bind the Contractor to the provisions of this Declaration.

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

1/31/2014  
\_\_\_\_\_  
Date

Joseph P. Atturio  
\_\_\_\_\_  
Print Name

CEO  
\_\_\_\_\_  
Title

**EXHIBIT A**

**NONPROFESSIONAL SERVICES AGREEMENT**

**SCOPE OF SERVICES**

**1. Representatives.**

The CITY Representative for this Agreement is:

GARYO'NEILL, PROCUREMENT ANALYST  
SACRAMENTO CITY HALL  
915 I ST 2ND FL  
SACRAMENTO CA 95814-2604  
Phone (916) 808-7432 / Fax (916) 808-5747 / E-mail goneill@cityofsacramento.org

All CONTRACTOR questions pertaining to this Agreement shall be referred to the CITY Representative or the Representative's designee.

The CONTRACTOR Representative for this Agreement is:

SHERI LMABERT, ACCOUNT MANAGER  
K/P CORPORATION  
3700 SEAPORT BLVD  
WEST SACRAMENTO CA 95691  
Phone (916) 267-8485 / Fax (916) 375-8244 / E-mail slambert@kpcorp.com

All CITY questions pertaining to this Agreement shall be referred to the CONTRACTOR Representative. All correspondence to CONTRACTOR shall be addressed to the address set forth on page one of this Agreement. Unless otherwise provided in this Agreement, all correspondence to the CITY shall be addressed to the CITY Representative.

- 2. Scope of Services.** *[Describe services to be provided here, or, if scope of services is described in an attachment, label the attachment "Attachment 1 to Exhibit A" and include the following sentence:]*

The services provided shall be as set forth in Attachment 1 to Exhibit A, attached hereto and incorporated herein.

- 3. Time of Performance.** The services described herein shall be provided during the period, or in accordance with the schedule, set forth in the scope of services.

TWO (2) YEARS EXPIRING ON 03/04/2016,  
WITH UP TO THREE (3) ANNUAL RENEWAL OPTIONS

**EXHIBIT B**

**NONPROFESSIONAL SERVICES AGREEMENT**

**FEE SCHEDULE/MANNER OF PAYMENT**

1. **CONTRACTOR's Compensation.** The total of all fees paid to the CONTRACTOR for the performance of all services set forth in Exhibit A, including normal revisions (hereafter the "Services"), and for all authorized Reimbursable Expenses, shall not exceed the total sum of \$ 1,355,000.
2. **Billable Rates.** CONTRACTOR shall be paid for the performance of Services on an hourly rate, daily rate, flat fee, lump sum or other basis, as set forth in Attachment 1 to Exhibit B, attached hereto and incorporated herein. *[Attach list of billable rates that apply, labeled "Attachment 1 to Exhibit B".]*
3. **CONTRACTOR's Reimbursable Expenses.** Reimbursable Expenses shall be limited to actual expenditures of CONTRACTOR for expenses that are necessary for the proper completion of the Services and shall only be payable if specifically authorized in advance by CITY.
4. **Payments to CONTRACTOR.**
  - A. Payments to CONTRACTOR shall be made within a reasonable time after receipt of CONTRACTOR's invoice, said payments to be made in proportion to services performed or as otherwise specified in Attachment 1 to Exhibit B. CONTRACTOR may request payment on a monthly basis. CONTRACTOR shall be responsible for the cost of supplying all documentation necessary to verify the monthly billings to the satisfaction of CITY.
  - B. All invoices submitted by CONTRACTOR shall contain the following information:
    - (1) Job Name
    - (2) Description of services billed under this invoice, and overall status of project
    - (3) Date of Invoice Issuance
    - (4) Sequential Invoice Number
    - (5) CITY's Purchase Order Number
    - (6) Total Contract Amount
    - (7) Amount of this Invoice (Itemize all Reimbursable Expenses)
    - (8) Total Billed to Date
    - (9) Total Remaining on Contract
    - (10) Updated project schedule. This shall identify those steps that shall be taken to bring the project back on schedule if it is behind schedule.
  - C. Items shall be separated into Services and Reimbursable Expenses. Billings that do not conform to the format outlined above shall be returned to CONTRACTOR for correction. CITY shall not be responsible for delays in payment to CONTRACTOR resulting from CONTRACTOR's failure to comply with the invoice format described below.

D. Requests for payment shall be sent to:

- (1) Mail Preparation = Various City Departments pursuant to instructions on Purchase Order(s)
- or - (2) Presorting Services = DGS CENTRAL SERVICES / CITY HALL / 915 I ST / SACRAMENTO CA 95814

*Attn:* ROSENDO ARMENDARIZ

- 5. **Additional Services.** Additional Services are those services related to the scope of services of CONTRACTOR set forth in Exhibit A but not anticipated at the time of execution of this Agreement. Additional Services shall be provided only when a Supplemental Agreement authorizing such Additional Services is approved by CITY in accordance with CITY's Supplemental Agreement procedures. CITY reserves the right to perform any Additional Services with its own staff or to retain other contractors to perform said Additional Services.
- 6. **Accounting Records of CONTRACTOR.** During performance of this Agreement and for a period of three (3) years after completing all Services and Additional Services hereunder, CONTRACTOR shall maintain all accounting and financial records related to this Agreement, including, but not limited to, records of CONTRACTOR's costs for all Services and Additional Services performed under this Agreement and records of CONTRACTOR's Reimbursable Expenses, in accordance with generally accepted accounting practices, and shall keep and make such records available for inspection and audit by representatives of the CITY upon reasonable written notice.
- 7. **Taxes.** CONTRACTOR shall pay, when and as due, any and all taxes incurred as a result of CONTRACTOR's compensation hereunder, including estimated taxes, and shall provide CITY with proof of such payment upon request. CONTRACTOR hereby agrees to indemnify CITY for any claims, losses, costs, fees, liabilities, damages or injuries suffered by CITY arising out of CONTRACTOR's breach of this Section 7.

EXHIBIT C

NONPROFESSIONAL SERVICES AGREEMENT

FACILITIES AND EQUIPMENT TO BE PROVIDED BY CITY

CITY shall [check one]  Not furnish any facilities or equipment for this Agreement; or

furnish the following facilities or equipment for the Agreement [*list, if applicable*]:

**EXHIBIT D**  
**NONPROFESSIONAL SERVICES AGREEMENT**

**GENERAL PROVISIONS**

**1. Independent Contractor.**

- A. It is understood and agreed that CONTRACTOR (including CONTRACTOR's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither CONTRACTOR nor CONTRACTOR's assigned personnel shall be entitled to any benefits payable to employees of CITY. CITY is not required to make any deductions or withholdings from the compensation payable to CONTRACTOR under the provisions of this Agreement, and CONTRACTOR shall be issued a Form 1099 for its services hereunder. As an independent contractor, CONTRACTOR hereby agrees to indemnify and hold CITY harmless from any and all claims that may be made against CITY based upon any contention by any of CONTRACTOR's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any Services under this Agreement. (As used in this Exhibit D, the term "Services" shall include both Services and Additional Services as such terms are defined elsewhere in this Agreement.)
- B. It is further understood and agreed by the parties hereto that CONTRACTOR, in the performance of its obligations hereunder, is subject to the control and direction of CITY as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by CONTRACTOR for accomplishing such results. To the extent that CONTRACTOR obtains permission to, and does, use CITY facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the CONTRACTOR's sole discretion based on the CONTRACTOR's determination that such use will promote CONTRACTOR's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the CITY does not require that CONTRACTOR use CITY facilities, equipment or support services or work in CITY locations in the performance of this Agreement.
- C. If, in the performance of this Agreement, any third persons are employed by CONTRACTOR, such persons shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CONTRACTOR. It is further understood and agreed that CONTRACTOR shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of CONTRACTOR's assigned personnel and subcontractors.
- D. The provisions of this Section 1 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between CITY and CONTRACTOR. CONTRACTOR may represent, perform services for, or be employed by such additional persons or companies as CONTRACTOR sees fit provided that CONTRACTOR does not violate the provisions of Section 5, below.

2. **Licenses; Permits, Etc.** CONTRACTOR represents and warrants that CONTRACTOR has all licenses, permits, City Business Operations Tax Certificate, qualifications, and approvals of whatsoever nature that are legally required for CONTRACTOR to practice its profession or provide any services under the Agreement. CONTRACTOR represents and warrants that CONTRACTOR shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals that are legally required for CONTRACTOR to practice its profession or provide such Services. Without limiting the generality of the foregoing, if CONTRACTOR is an out-of-state corporation, CONTRACTOR warrants and represents that it possesses a valid certificate of qualification to transact business in the State of California issued by the California Secretary of State pursuant to Section 2105 of the California Corporations Code.
3. **Time.** CONTRACTOR shall devote such time and effort to the performance of Services pursuant to this Agreement as is necessary for the satisfactory and timely performance of CONTRACTOR's obligations under this Agreement. Neither party shall be considered in default of this Agreement, to the extent that party's performance is prevented or delayed by any cause, present or future, that is beyond the reasonable control of that party.
4. **CONTRACTOR Not Agent.** Except as CITY may specify in writing, CONTRACTOR and CONTRACTOR's personnel shall have no authority, express or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONTRACTOR and CONTRACTOR's personnel shall have no authority, express or implied, to bind CITY to any obligations whatsoever.
5. **Conflicts of Interest.** CONTRACTOR covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of CITY or that would in any way hinder CONTRACTOR's performance of Services under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of CITY. CONTRACTOR agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of CITY at all times during the performance of this Agreement. If CONTRACTOR is or employs a former officer or employee of the CITY, CONTRACTOR and any such employee(s) shall comply with the provisions of Sacramento City Code Section 2.16.090 pertaining to appearances before the City Council or any CITY department, board, commission or committee.
6. **Confidentiality of CITY Information.** During performance of this Agreement, CONTRACTOR may gain access to and use CITY information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the CITY. CONTRACTOR agrees to protect all City Information and treat it as strictly confidential, and further agrees that CONTRACTOR shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of CITY. In addition, CONTRACTOR shall comply with all CITY policies governing the use of the CITY network and technology systems, as set forth in applicable provisions of the City of Sacramento Administrative Policy Instructions # 30. A violation by CONTRACTOR of this Section 6 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

**7. CONTRACTOR Information.**

- A. CITY shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by CONTRACTOR pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. CONTRACTOR shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by CITY.
- B. CONTRACTOR shall fully defend, indemnify and hold harmless CITY, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by CONTRACTOR pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. CITY shall make reasonable efforts to notify CONTRACTOR not later than ten (10) days after CITY is served with any such claim, action, lawsuit or other proceeding, provided that CITY's failure to provide such notice within such time period shall not relieve CONTRACTOR of its obligations hereunder, which shall survive any termination or expiration of this Agreement.
- C. All proprietary and other information received from CONTRACTOR by CITY, whether received in connection with CONTRACTOR's proposal to CITY or in connection with any Services performed by CONTRACTOR, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to CITY, CITY shall give notice to CONTRACTOR of any request for the disclosure of such information. The CONTRACTOR shall then have five (5) days from the date it receives such notice to enter into an agreement with the CITY, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorney fees) incurred by CITY in any legal action to compel the disclosure of such information under the California Public Records Act. The CONTRACTOR shall have sole responsibility for defense of the actual "trade secret" designation of such information.
- D. The parties understand and agree that any failure by CONTRACTOR to respond to the notice provided by CITY and/or to enter into an agreement with CITY, in accordance with the provisions of subsection C, above, shall constitute a complete waiver by CONTRACTOR of any rights regarding the information designated "trade secret" by CONTRACTOR, and such information shall be disclosed by CITY pursuant to applicable procedures required by the Public Records Act.

- 8. Standard of Performance.** CONTRACTOR shall perform all Services required pursuant to this Agreement in the manner and according to the standards currently observed by a competent practitioner of CONTRACTOR's profession in California. All products of whatsoever nature that CONTRACTOR delivers

to CITY pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in CONTRACTOR's profession, and shall be provided in accordance with any schedule of performance specified in Exhibit A. CONTRACTOR shall assign only competent personnel to perform Services pursuant to this Agreement. CONTRACTOR shall notify CITY in writing of any changes in CONTRACTOR's staff assigned to perform the Services required under this Agreement, prior to any such performance. In the event that CITY, at any time during the term of this Agreement, desires the removal of any person assigned by CONTRACTOR to perform Services pursuant to this Agreement, because CITY, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, CONTRACTOR shall remove such person immediately upon receiving notice from CITY of the desire of CITY for the removal of such person.

**9. Term; Suspension; Termination.**

- A. This Agreement shall become effective on the date that it is approved by both parties, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.
- B. CITY shall have the right at any time to temporarily suspend CONTRACTOR's performance hereunder, in whole or in part, by giving a written notice of suspension to CONTRACTOR. If CITY gives such notice of suspension, CONTRACTOR shall immediately suspend its activities under this Agreement, as specified in such notice.
- C. CITY shall have the right to terminate this Agreement at any time by giving a written notice of termination to CONTRACTOR. If CITY gives such notice of termination, CONTRACTOR shall immediately cease rendering Services pursuant to this Agreement. If CITY terminates this Agreement:
  - (1) CONTRACTOR shall, not later than five days after such notice of termination, deliver to CITY copies of all information prepared pursuant to this Agreement.
  - (2) CITY shall pay CONTRACTOR the reasonable value of Services rendered by CONTRACTOR prior to termination; provided, however, CITY shall not in any manner be liable for lost profits that might have been made by CONTRACTOR had the Agreement not been terminated or had CONTRACTOR completed the Services required by this Agreement. In this regard, CONTRACTOR shall furnish to CITY such financial information as in the judgment of the CITY is necessary for CITY to determine the reasonable value of the Services render by CONTRACTOR. The foregoing is cumulative and does not affect any right or remedy that CITY may have in law or equity.

**10. Indemnity.**

- A. Indemnity: CONTRACTOR shall defend, hold harmless and indemnify CITY, its officers and employees, and each and every one of them, from and against any and all actions, damages, costs, liabilities, claims, demands, losses, judgments, penalties, costs and expenses of every type

and description, including, but not limited to, any fees and/or costs reasonably incurred by CITY's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), including but not limited to Liabilities arising from personal injury or death, damage to personal, real or intellectual property or the environment, contractual or other economic damages, or regulatory penalties, arising out of or in any way connected with performance of or failure to perform this Agreement by CONTRACTOR, any subcontractor or agent, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, whether or not (i) such Liabilities are caused in part by a party indemnified hereunder or (ii) such Liabilities are litigated, settled or reduced to judgment; provided that the foregoing indemnity does not apply to liability for any damage or expense for death or bodily injury to persons or damage to property to the extent arising from the sole negligence or willful misconduct of CITY, its agents, servants, or independent contractors who are directly responsible to CITY, except when such agents, servants, or independent contractors are under the direct supervision and control of CONTRACTOR.

- B. Insurance Policies; Intellectual Property Claims: The existence or acceptance by CITY of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of CITY's rights under this Section 10, nor shall the limits of such insurance limit the liability of CONTRACTOR hereunder. This Section 10 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 7.B., above. The provisions of this Section 10 shall survive any expiration or termination of this Agreement.

**11. Insurance Requirements.** During the entire term of this Agreement, CONTRACTOR shall maintain the insurance coverage described in this Section 11.

Full compensation for all premiums that CONTRACTOR is required to pay for the insurance coverage described herein shall be included in the compensation specified for the Services provided by CONTRACTOR under this Agreement. No additional compensation will be provided for CONTRACTOR's insurance premiums.

It is understood and agreed by the CONTRACTOR that its liability to the CITY shall not in any way be limited to or affected by the amount of insurance coverage required or carried by the CONTRACTOR in connection with this Agreement.

A. Minimum Scope & Limits of Insurance Coverage

- (1) Commercial General Liability Insurance, providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.
- (2) Automobile Liability Insurance providing coverage at least as broad as ISO Form CA 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars

(\$1,000,000) per occurrence. The policy shall provide coverage for owned, non-owned and/or hired autos as appropriate to the operations of the CONTRACTOR.

No automobile liability insurance shall be required if CONTRACTOR completes the following certification:

"I certify that a motor vehicle will not be used in the performance of any work or services under this agreement." \_\_\_\_\_ (CONTRACTOR initials)

- (3) Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limits of not less than one million dollars (\$1,000,000). The Worker's Compensation policy shall include a waiver of subrogation for contracts involving construction or maintenance, or if required by the CITY by selecting the option below:

Workers' Compensation waiver of subrogation in favor of the City is required for all work performed by the CONTRACTOR.

No Workers' Compensation insurance shall be required if CONTRACTOR completes the following certification:

"I certify that my business has no employees, and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance." \_\_\_\_\_ (CONTRACTOR initials)

B. Additional Insured Coverage

- (1) Commercial General Liability Insurance: The CITY, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out of activities performed by or on behalf of CONTRACTOR, products and completed operations of CONTRACTOR, and premises owned, leased or used by CONTRACTOR. The general liability additional insured endorsement must be signed by an authorized representative of the insurance carrier for contracts involving construction or maintenance, or if required by the CITY by selecting the option below:

Additional insured endorsement must be signed by an authorized representative of the insurance carrier.

If the policy includes a blanket additional insured endorsement or contractual additional insured coverage, the above signature requirement may be fulfilled by submitting that document with a signed declaration page referencing the blanket endorsement or policy form.

- (2) Automobile Liability Insurance: The CITY, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects auto liability.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

- (1) CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, its officials, employees and volunteers. Any insurance or self-insurance maintained by CITY, its officials, employees or volunteers shall be in excess of CONTRACTOR's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to CITY, its officials, employees or volunteers.
- (3) Coverage shall state that CONTRACTOR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (4) CITY will be provided with thirty (30) days written notice of cancellation or material change in the policy language or terms.

D. Acceptability of Insurance

Insurance shall be placed with insurers with a Bests' rating of not less than A:V. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section 11 must be declared to and approved by the CITY Risk Management Division in writing prior to execution of this Agreement.

E. Verification of Coverage

- (1) CONTRACTOR shall furnish CITY with certificates and required endorsements evidencing the insurance required. The certificates and endorsements shall be forwarded to the CITY representative named in Exhibit A. Copies of policies shall be delivered to the CITY on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.
- (2) The CITY may withdraw its offer of contract or cancel this Agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this Agreement. The CITY may withhold payments to CONTRACTOR and/or cancel the Agreement if the insurance is canceled or CONTRACTOR otherwise ceases to be insured as required herein.

F. Subcontractors

CONTRACTOR shall require and verify that all subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection A, above.

- 12. Equal Employment Opportunity.** During the performance of this Agreement, CONTRACTOR, for itself, its assignees and successors in interest, agrees as follows:

- A. Compliance With Regulations: CONTRACTOR shall comply with the Executive Order 11246 entitled "Equal Opportunity in Federal Employment", as amended by Executive Order 11375 and 12086, and as supplemented in Department of Labor regulations (41 CFR Chapter 60), hereinafter collectively referred to as the "Regulations".
- B. Nondiscrimination: CONTRACTOR, with regards to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation in selection and retention of subcontractors, including procurement of materials and leases of equipment. CONTRACTOR shall not participate either directly or indirectly in discrimination prohibited by the Regulations.
- C. Solicitations for Subcontractors, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by CONTRACTOR for work to be performed under any subcontract, including all procurement of materials or equipment, each potential subcontractor or supplier shall be notified by CONTRACTOR of CONTRACTOR's obligation under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation.
- D. Information and Reports: CONTRACTOR shall provide all information and reports required by the Regulations, or by any orders or instructions issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the CITY to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of CONTRACTOR is in the exclusive possession of another who fails or refuses to furnish this information, CONTRACTOR shall so certify to the CITY, and shall set forth what efforts it has made to obtain the information.
- E. Sanctions for Noncompliance: In the event of noncompliance by CONTRACTOR with the nondiscrimination provisions of this Agreement, the CITY shall impose such sanctions as it may determine to be appropriate including, but not limited to:
- (1) Withholding of payments to CONTRACTOR under this Agreement until CONTRACTOR complies;
  - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.
- F. Incorporation of Provisions: CONTRACTOR shall include the provisions of subsections A through E, above, in every subcontract, including procurement of materials and leases of equipment, unless exempted by the Regulations, or by any order or instructions issued pursuant thereto. CONTRACTOR shall take such action with respect to any subcontract or procurement as the CITY may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, CONTRACTOR may request CITY to enter such litigation to protect the interests of CITY.

13. **Entire Agreement.** This document, including all Exhibits, contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CONTRACTOR, and by CITY, in accordance with applicable provisions of the Sacramento City Code.
14. **Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
15. **Waiver.** Neither CITY acceptance of, or payment for, any Service or Additional Service performed by CONTRACTOR, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.
16. **Enforcement of Agreement.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court or Federal District Court located in Sacramento County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.
17. **Assignment Prohibited.** The expertise and experience of CONTRACTOR are material considerations for this Agreement. CITY has a strong interest in the qualifications and capability of the persons and entities that will fulfill the obligations imposed on CONTRACTOR under this Agreement. In recognition of this interest, CONTRACTOR shall not assign any right or obligation pursuant to this Agreement without the written consent of the CITY. Any attempted or purported assignment without CITY's written consent shall be void and of no effect.
18. **Binding Effect.** This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of the parties, subject to the provisions of Section 17, above.
19. **Use Tax Requirements.** During the performance of this Agreement, CONTRACTOR, for itself, its assignees and successors in interest, agrees as follows:
  - A. Use Tax Direct Payment Permit: For all leases and purchases of materials, equipment, supplies, or other tangible personal property used to perform the Contract or Agreement and shipped from outside California, the Contractor and any subcontractors leasing or purchasing such materials, equipment, supplies or other tangible personal property shall obtain a Use Tax Direct Payment Permit from the California State Board of Equalization ("SBE") in accordance with the applicable SBE criteria and requirements.
  - B. Sellers Permit: For any construction contract and any construction subcontract in the amount of \$5,000,000 or more, Contractor and the subcontractor(s) shall obtain sellers permits from the SBE and shall register the jobsite as the place of business for the purpose of allocating local sales

and use tax to the City. Contractor and its subcontractors shall remit the self-accrued use tax to the SBE, and shall provide a copy of each remittance to the City.

- C. The above provisions shall apply in all instances unless prohibited by the funding source for the Contract or Agreement.

## EXHIBIT E

### LIVING WAGE REQUIREMENTS (Nonprofessional Service Agreement)

#### The Living Wage Ordinance

The City of Sacramento's Living Wage Ordinance (the "LWO") is codified as Chapter 3.58 of the Sacramento City Code. The LWO requires certain firms that enter into agreements or contracts (all subsequent references to a "contract" or "contracts" will refer to both contracts and agreements) to provide certain services to or for the CITY, to pay a specified minimum level of compensation to their employees for time spent performing any work on the CITY contract. The LWO also applies to certain subcontractors.

The LWO applies to contracts entered into, amended, or renewed or extended at the CITY's discretion, on or after March 1, 2004 (the "LWO Effective Date").

#### Contracts and Contractors Covered by the LWO

Determining whether the LWO applies to a specific CITY contract, contractor or subcontractor, depends on whether the contract, contractor and/or subcontractor meet the criteria specified in the LWO for contract type, contract amount, contractor size (# of employees), subcontract amount and subcontractor size (# of employees). These criteria are summarized below.

##### Contract Type

The LWO applies only to contracts for Nonprofessional Services. Under the LWO, this includes contracts for any services of a nonprofessional character, including but not limited to tree trimming services, repair services for motor vehicles and office equipment, vehicle towing, and security services.

The LWO does not apply to: (1) Incidental services, such as delivery, installation or maintenance, that are provided under contracts for the purchase or lease of equipment, supplies, or other personal property; (2) contracts that are subject to CITY, state, or federal prevailing-wage requirements; (3) contracts for professional services (including but not limited to services rendered by engineers, architects, auditors, banks, consultants, actuaries and attorneys); and (4) contracts with nonprofit corporations that are organized under section 501 of the Internal Revenue Code and have fewer than 100 employees, whether full or part time.

##### Contract Amount

The LWO applies to contracts entered into or amended after the LWO Effective Date that provide compensation from the CITY of \$100,000 or more. In addition, the LWO applies to a contract entered into or amended after the LWO Effective Date that, by itself, does not reach this amount, if the aggregate value of that contract and of any other Nonprofessional Services contracts covered by the LWO that the CITY has awarded to the same person or firm within the previous 12 months, is \$100,000 or more. IT IS THE CONTRACTOR'S RESPONSIBILITY TO DETERMINE WHETHER THIS AGGREGATE VALUE IS \$100,000 OR MORE, AND TO NOTIFY THE CITY IN WRITING WHENEVER THIS IS THE CASE.

### Contractor Size

The LWO only applies to a contractor that has at least 25 employees, working either full or part time. The number of employees that a contractor has is determined by adding the contractor's employees and the employees of any other person or entity deemed to be a "Related Person" under the LWO.<sup>a</sup>

### Subcontract Amount

The LWO applies to a subcontractor providing services under a covered contract if the amount of the subcontract is at least 25 % of the contract amount, without regard to the number of employees the subcontractor has.

### Subcontractor Size

The LWO also applies to a subcontractor providing services under a covered contract if the subcontractor has at least 25 employees, working either full or part time, whether or not the amount of the subcontract is at least 25 % of the contract amount.

## **Payment of Living Wage to Covered Employees**

If a contractor or subcontractor meets the criteria specified in the LWO for contract type, contract amount, contractor size, subcontract amount and/or subcontractor size, the contractor or subcontractor is deemed to be a "Covered Employer" under the LWO. The LWO requires a Covered Employer to provide specified minimum compensation to its employees who perform work directly related to the CITY contract (these employees are called "Covered Employees" under the LWO), for all hours the Covered Employees perform under the CITY contract.<sup>b</sup>

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<sup>a</sup> The LWO provides that a person or entity is a Related Person when any of the following circumstances exists:

- (1) The person or entity and the contractor are both corporations, and (i) share a majority of members of their governing boards, or (ii) have two or more officers in common, or (iii) are controlled by the same majority shareholder or shareholders (control means more than 50% of the corporation's voting power), or (iv) are in a parent-subsidiary relationship (such a relationship exists when one corporation directly or indirectly owns shares possessing more than 50% of another corporation's voting power); or
- (2) The person or entity otherwise controls and directs, or is controlled and directed by, the contractor, as determined by the City Manager.

<sup>b</sup> A Covered Employee includes full-time, part-time, contingent, contract and temporary employees, but does not include: (1) individuals who participate in job-training-and-education programs that have, as their express purpose, the provision of basic job skills and education to participants, with the goal of earning a high-school-equivalency diploma and permanent employment; (2) student interns; (3) individuals participating in specialized-training programs; and (4) an employee whose term and conditions of employment are governed by a bona fide collective-bargaining agreement containing an express waiver of the LWO.

The minimum compensation required is as follows:

- (1) If health benefits are provided to Covered Employees and the Covered Employer's contribution for the benefits is at least \$1.50 for each hour, then the rates are as follows:
  - (a) During 2007, the greater of \$10.00 an hour or \$9.00 adjusted by the increase in the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area (1982--1984=100) from January 1, 2004, through December 31, 2006.
  - (b) For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area (1982--1984=100) from January 1 through December 31 of the immediately preceding year.
  
- (2) If health benefits are not provided to Covered Employees or if health benefits are provided but the Covered Employer's contribution for the benefits is less than \$1.50 for each hour, then the rates are as follows:
  - (a) During 2007, the greater of \$11.50 an hour or \$10.50 adjusted by the increase in the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area (1982--1984=100) from January 1, 2004, through December 31, 2006.
  - (b) For each year after 2007, the rate shall be based on the rate from the immediately preceding year adjusted by the increase in the Consumer Price Index for All Urban Consumers, San Francisco/Oakland/San Jose area (1982--1984=100) from January 1 through December 31 of the immediately preceding year.

#### **Notification to Covered Employees**

The LWO requires a Covered Employer to give each existing employee and (at the time of hire) each new employee a copy of the following written notification:

**This company may enter into a contract to perform services for the City of Sacramento. If you work on such a contract, then you are entitled to be paid a living wage for each hour so worked. For more information, see Chapter 3.58 of the Sacramento City Code, which can be viewed at [www.cityofsacramento.org](http://www.cityofsacramento.org).**

The LWO requires the above notification to be provided in each language spoken by 10% or more of the Covered Employer's workforce.

The LWO also requires a Covered Employer to inform all employees of their possible right to the federal Earned Income Credit (EIC), and to make available to those employees any forms required to secure advance EIC payments from the Covered Employer.

#### **Subcontractor Compliance**

A contractor is responsible for requiring all of its subcontractors who are covered by these requirements to comply with the provisions of the LWO, by including these requirements in all subcontracts covered by the LWO.

## **Other Provisions of the LWO**

### Use of Funds Paid Under CITY Contracts

Under the LWO, Covered Employers may not directly use CITY funds to persuade Covered Employees to support or oppose unionization, and Covered Employers may not directly use CITY funds to schedule or hold meetings related to union representation during the Covered Employees' working hours. These restrictions do not apply to expenditures made during good-faith collective bargaining or to expenditures required under bona fide collective-bargaining agreements.

### No Reduction in Non-Wage Benefits

Under the LWO, Covered Employers may not fund any wage increases required by the LWO, nor shall Covered Employers otherwise respond to the enactment of the LWO, by reducing the health, insurance, pension, vacation, or other non-wage benefits of any of their employees.

### No Retaliation

The LWO prohibits a Covered Employer from taking any adverse action against a Covered Employee because the Covered Employee does any of the following: (1) exercises or asserts his or her rights under the LWO; (2) informs or assists other Covered Employees concerning their rights and the Covered Employer's obligations under the LWO; (3) complains about the Covered Employer's failure to comply with the LWO; or (4) seeks to enforce the LWO.

### No Reduction in Collective-Bargaining Wage Rates

The LWO does not require or authorize any Covered Employer to reduce wages set by a collective-bargaining agreement or required under any prevailing-wage law.

## **Violations and Monitoring**

The LWO provides that any violation of the LWO by a CITY contractor constitutes a material breach of the contract, and authorizes the CITY to terminate the contract and pursue all available legal and equitable remedies. In order to monitor compliance, the LWO authorizes the CITY to require Covered Employers to verify their compliance with the LWO by submitting certified payroll records to the CITY, and to take such other steps as may be necessary for the CITY to determine whether the requirements of the LWO have been satisfied.

The LWO also includes provisions authorizing an employee or interested person to file a judicial action against a contractor or subcontractor for violation of the LWO.

## **Declaration of Compliance**

To assure compliance with the LWO, any person or entity entering into a contract to provide Nonprofessional Services to or for the CITY, on or after March 1, 2004, is required to provide the CITY with a signed Declaration of Compliance in the form required by the CITY, prior to the CITY's execution of the contract. The Declaration of

Compliance shall be signed by a duly authorized representative of the person or entity entering into the contract, and, when accepted by the CITY, shall constitute part of the contract.

**Additional Information**

- For a complete description of the LWO's provisions, refer to the LWO codified at Sacramento City Code Chapter 3.58. The Sacramento City Code is available on the internet at [www.cityofsacramento.org](http://www.cityofsacramento.org).
- For more information on the LWO requirements and the CITY's LWO program, contact Procurement Services at 916-808-6240.

## EXHIBIT F

### REQUIREMENTS OF THE NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

#### INTRODUCTION

The Sacramento Non-Discrimination In Employee Benefits Code (the "Ordinance"), codified as Sacramento City Code Chapter 3.54, prohibits City contractors from discriminating in the provision of employee benefits between employees with spouses and employees with domestic partners, and between the spouses and domestic partners of employees.

#### APPLICATION

The provisions of the Ordinance apply to any contract or agreement (as defined below), between a Contractor and the City of Sacramento, in an amount exceeding \$100,000.00. The Ordinance applies to that portion of a contractor's operations that occur: (i) within the City of Sacramento; (ii) on real property outside the City of Sacramento if the property is owned by the City or if the City has a right to occupy the property; or (iii) at any location where a significant amount of work related to a City contract is being performed.

The Ordinance does not apply: to subcontractors or subcontracts of any Contractor or contractors; to transactions entered into pursuant to cooperative purchasing agreements approved by the Sacramento City Council; to legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City; where the requirements of the ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of any such agency with respect to any such grant, subvention or agreement; to permits for excavation or street construction; or to agreements for the use of City right-of-way where a contracting utility has the power of eminent domain.

#### DEFINITIONS

As set forth in the Ordinance, the following definitions apply:

"Contract" means an agreement for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided, at the expense of the City or to be paid out of moneys deposited in the treasury or out of the trust money under the control or collected by the City. "Contract" also means a written agreement for the exclusive use ("exclusive use" means the right to use or occupy real property to the exclusion of others, other than the right reserved by the fee owner) or occupancy of real property for a term exceeding 29 days in any calendar year, whether by singular or cumulative instrument, (i) for the operation or use by others of real property owned or controlled by the City for the operation of a business, social, or other establishment or organization, including leases, concessions, franchises and easements, or (ii) for the City's use or occupancy of real property owned by others, including leases, concessions, franchises and easements.

"Contract" shall not include: a revocable at-will use or encroachment permit for the use of or encroachment on City property regardless of the ultimate duration of such permit; excavation, street construction or street use permits; agreements for the use of City right-of-way where a contracting utility has the power of eminent domain; or agreements governing the use of City property that constitute a public forum for activities that are primarily for the purpose of espousing or advocating causes or ideas and that are generally protected by the First Amendment to the United States Constitution or that are primarily recreational in nature.

“Contractor” means any person or persons, firm, partnership, corporation, company, or combination thereof, that enters into a Contract with the City. “Contractor” does not include a public entity.

“Domestic Partner” means any person who has a currently registered domestic partnership with a governmental entity pursuant to state or local law authorizing the registration.

“Employee Benefits” means bereavement leave; disability, life, and other types of insurance; family medical leave; health benefits; membership or membership discounts; moving expenses; pension and retirement benefits; vacation; travel benefits; and any other benefit given to employees. “Employee benefits” shall not include benefits to the extent that the application of the requirements of this chapter to such benefits may be preempted by federal or state.

#### **CONTRACTOR’S OBLIGATION TO PROVIDE THE CITY WITH DOCUMENTATION AND INFORMATION**

Contractor shall provide the City with documentation and information verifying its compliance with the requirements of the Ordinance within ten (10) days of receipt of a request from the City. Contractors shall keep accurate payroll records, showing, for each City Contract, the employee’s name, address, Social Security number, work classification, straight time pay rate, overtime pay rate, overtime hours worked, status and exemptions, and benefits for each day and pay period that the employee works on the City Contract. Each request for payroll records shall be accompanied by an affidavit to be completed and returned by the Contractor, as stated, attesting that the information contained in the payroll records is true and correct, and that the Contractor has complied with the requirements of the Ordinance. A violation of the Ordinance or noncompliance with the requirements of the Ordinance shall constitute a breach of contract.

#### **EMPLOYER COMPLIANCE CERTIFICATE AND NOTICE REQUIREMENTS**

(a) All contractors seeking a Contract subject to the Ordinance shall submit a completed Declaration of Compliance Form, signed by an authorized representative, with each proposal, bid or application. The Declaration of Compliance shall be made a part of the executed contract, and will be made available for public inspection and copying during regular business hours.

(b) The Contractor shall give each existing employee working directing on a City contract, and (at the time of hire), each new employee, a copy of the notification provided as Attachment “A.”

(c) Contractor shall post, in a place visible to all employees, a copy of the notice provided as Attachment “B.”

## Attachment A



### YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

On 03/05/2014 (date), your employer (the "Employer") entered into a contract with the City of Sacramento (the "City") for Mail Preparation & Presorting (contract details), and as a condition of that contract, agreed to abide by the requirements of the City's Non-Discrimination In Employee Benefits Code (Sacramento City Code Section 3.54).

The Ordinance does not require the Employer to provide employee benefits. The Ordinance does require that if certain employee benefits are provided by the Employer, that those benefits be provided without discrimination between employees with spouses and employees with domestic partners, and without discrimination between the spouse or domestic partner of employees.

The Ordinance covers any employee working on the specific contract referenced above, but only for the period of time while those employees are actually working on this specific contract.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

(Employee Benefits does not include benefits that may be preempted by federal or state law.)

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, or in the application of these employee benefits, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of the Ordinance, and after having exhausted all remedies with your employer,

#### You May . . .

- Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento  
Procurement Services Division  
915 I Street, Second Floor  
Sacramento, CA 95814

- Bring an action in the appropriate division of the Superior Court of the State of California against the Employer and obtain the following remedies:
  - Reinstatement, injunctive relief, compensatory damages and punitive damages
  - Reasonable attorney's fees and costs

## Attachment B



### YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

If your employer provides employee benefits, they must be provided to those employees working on a City of Sacramento contract without discriminating between employees with spouses and employees with domestic partners.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

If you feel you have been discriminated against by your employer . . .

**You May . . .**

- Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento  
Procurement Services Division  
915 I Street, Second Floor  
Sacramento, CA 95814

- Bring an action in the appropriate division of the Superior Court of the State of California against the employer and obtain reinstatement, injunctive relief, compensatory damages, punitive damages and reasonable attorney's fees and costs.

### **Discrimination and Retaliation Prohibited.**

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of this Ordinance . . .

**You May Also . . .**

Submit a written complaint to the City of Sacramento, Contract Services Unit, at the same address, containing the details of the alleged violation.

# Attachment 1 to Exhibit A

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## CONTRACT DOCUMENTS

### A. SPECIAL PROVISIONS

1. **Period of Performance.** Any contracts(s) resulting from this solicitation will be awarded with a base period beginning from March 5, 2014 through March 4, 2016. This contract may be renewed annually thereafter, at the City's sole discretion, for three one-year periods. However, at no time shall this contract extend beyond five years.
2. **Quantities Estimated.** The quantities listed are an estimated requirement projected from current usage. The City does not guarantee to purchase a minimum quantity or does not guarantee to purchase the Contractor's remaining stock.
3. **Quantities Unrestricted.** The City is not limited to purchase all of its requirements from any contract resulting from this request.
4. **Notification of Material Changes in Business.** Contractor agrees that if it experiences any material change in its business including, without limitation, a reorganization, refinancing, restructuring, leveraged buyout, bankruptcy, loss of key personnel, etc., it will immediately notify the City of the change(s). Contractor also agrees to immediately notify the City of any condition which may jeopardize the scheduled delivery or fulfillment of Contractor's contractual obligations to the City.
5. **Safety Requirements.** All services and merchandise must comply with current California State Division of Industrial Safety Orders and O.S.H.A.
6. **Drug-Free Workplace Policy.** The City of Sacramento is committed to providing a safe workplace for its employees and citizens alike. An essential part of this commitment is keeping the work environment free from drugs. In 1989, to assist in the achievement of this end, the City established a Drug-Free Workplace Policy. As a Contractor doing business with the City, it is expected that your firm will also implement a drug-free policy that informs your employees of the dangers and prohibition of drug abuse and that you will join with the City in maintaining a drug-free workplace. If, in the performance of work under this contract, any employee of the Contractor exhibits unacceptable behavior that may be related to use of drugs or alcohol, the City reserves the right to discuss the employee's behavior with the Contractor. If the unacceptable behavior persists, the City may require that the employee be removed from all work under this contract.
7. **Confidentiality of Information.** Contractor shall take all precautions necessary and appropriate to assure the confidentiality of City's record information. Contractor shall limit access to City's records only to Contractor's authorized employees. Contractor *shall not* reproduce any of the City records except as authorized in writing by the City. The City shall also have the right to review Contractor's procedures for handling City records and may make such inspections as it deems necessary to assure that Contractor is adequately safe-guarding City's record information.

Contractor acknowledges that in the course of providing services that they will have access to, and/or will be in possession of, confidential information of the City.

# Attachment 1 to Exhibit A

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Confidential information is defined as all information released to the Contractor for the purpose of having the Contractor perform the contracted for services.

The Contractor shall secure the City's confidential records in a manner to ensure that the information remains confidential. Access to the City's confidential information shall be restricted to only those personnel who have a need to use such information for the purposes of performing the contracted for services.

Original documents shall be adequately protected at all times while they are in the possession of the Contractor and returned in the same condition as received.

The Contractor shall not duplicate or allow for duplication of distribution of electronic data provided to Contractor, or created by the Contractor, and may not provide said files for review or use to any third party without written permission from the City of Sacramento.

Contractor's facilities shall have functioning fire protection/suppression systems and functional security/intrusion alarms.

8. **Inspection of Facilities.** The City may require an inspection tour of the Contractor's and/or Subcontractor's facilities at the location where the work on this contract will be accomplished. Moreover, the City reserves the right to conduct unannounced visits to the Contractor's and/or Subcontractor's place of business to make sure that the work is being performed correctly and on schedule.
9. **Authorities / Technical Direction.** The Contractor shall take no direction from any City employee or any other person other than the Procurement Services Manager of his/her designee that changes the terms and condition of the contract action, the Scope of Work, or any change that impacts the cost/price or schedule. Changes authorized by the Procurement Manager will be in the form of a written, official, signed modification to the contract, received by the Contractor before the Contractor will act upon those changes.
10. **Contract Modification.** The City may order changes in the work herein required and may order extra work in connection with the performance of the contract and the Contractor may comply with such orders if the changes are mutually agreed upon.

If changes in requirements, reports, or materials are of such a nature as to increase or decrease the cost of any part of the work, the price fixed in the contract will be increased or decreased by such amount as the Contractor and the Procurement Services Manager may agree upon as the reasonable and proper allowance for the increase or decrease in the cost of work.

No order for any alteration, modification, or extra work which will increase or decrease the cost of the work shall be valid unless the resulting increase or decrease in price shall have been agreed upon in writing and approved by the Procurement Services Manager. No oral statement of any person whatsoever shall in any manner or degree modifies or otherwise affects the terms of this contract, including the requirements of the specifications.

# Attachment 1 to Exhibit A

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11. **Price Changes.** Prices are to be the maximum for the term of the contract. In the event of a price decline, the benefit of such lower prices shall be immediately extended to the City. No price changes are permitted during the first two years of the contract, with the exception that if the USPS changes postal rates, the City processing fees may be adjusted by the same amount. This change shall be effective as of the corresponding date of the change to the USPS rates.

Pricing for mail preparation services required by the City, but not specifically itemized with in these specifications, may be negotiated on a case-by-case basis.

12. **Purchase Order.** A Purchase Order will be issued to the Contractor on behalf of the City organization(s) who will be ordering items/services covered in the contract. The Purchase Order will be enclosed with the resulting contract or will be issued shortly thereafter, and will become an integral part of the resulting contract. Each Purchase Order will cite a specific dollar value to cover a particular item or specified period of time. If a contract is for a specific period of time and extends beyond the close of the City's fiscal year of June 30th an additional purchase order may be issued for each additional fiscal year.

The Purchase Order does not supersede any provision of the resulting contract. Performance time and dates are determined solely by the contract and any modification/supplement thereto.

Delivery of material and/or services shall not to begin until receipt of the Purchase Order and/or other notification by the City Procurement Services Manager.

13. **Termination for Unsatisfactory Performance.** Whenever, in the opinion of the Procurement Services Manager, the said service is not satisfactory, the Contractor shall be advised of the reason(s) through a "Cure Notice". If the Contractor fails to correct the unsatisfactory conditions within five (5) business days, the Procurement Services Manager may declare this contract terminated and contract with another Contractor.

Notwithstanding any provision to the contrary herein, City shall have no obligation to give more than two notices of unsatisfactory performance in any calendar year. In the event two such notices of unsatisfactory performance are given in any calendar year, and in the event that Contractor(s) shall again fail to satisfactorily perform services pursuant to this contract, City may thereupon terminate this contract immediately.

The Contractor and/or surety will be liable and assessed for any and all costs for the re-procurement of the contract services.

It shall be understood and agreed that the contract may be terminated by the City upon thirty days written notice.

Upon expiration of the contract agreement or termination for any reason, all City property, including but not limited to source codes, formats, and related documentation and instructions which are in the possession of the Contractor shall be immediately delivered to the City.

# Attachment 1 to Exhibit A

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- 14. Non-appropriation of Funds.** This agreement is subject to the budget and fiscal provisions of the Charter of the City of Sacramento. This agreement will terminate without penalty at the end of the fiscal year in the event that funds are not appropriated for the next fiscal year. If funds are appropriated for a portion of the fiscal year this agreement will terminate, without penalty, at the end of the term for which funds are appropriated.
- 15. Invoices.** All invoices are to contain the following information:
- a. Contractor name, address, and telephone number
  - b. Invoice number
  - c. Invoice date
  - d. Contract/Purchase Order number
  - e. Bill to address for the City including the name of the City employee who placed the order
  - f. Name of the City project or the title of the printed piece
  - g. Description of the service(s) performed, the quantity, the rate price and the extended price.
  - h. Subtotal, sales tax, pick-up and/or delivery charge, and total amount to be remitted.
  - i. Postage cost will be separated from other charges.

All Invoices under this Agreement shall be accompanied by a copy of the following United States Postal Service forms if applicable to the job:

- o PS Form 3600 or Form 3602, whichever is applicable.
- o PS Form 3553 "CASS™ Summary Report".

- 16. Billing Disputes.** Billing disputes will be addressed on an individual job by job basis. The burden of proof of an incorrect billing shall be on the Contractor. Upon presentation and verification of the information provided by the contractor, the City will review all records and make a final determination and present its finding to the Contractor.

The Contractor will not be held responsible for delays caused by submittal of an incomplete work order or of incorrect data on data media *if* the Contractor notifies the City's contact within two hours of submission.

- 17. Payment Terms.** Payment terms are net 30 unless Contractor offers a prompt payment discount. All prompt payment discounts if taken shall be computed from the date of delivery or completion and acceptance of material, or from date of receipt of invoice, whichever is latest. Invoices must be submitted as specified at the time of shipping authorization. Partial payments may be made by the City on delivery and acceptance of goods and on receipt of Contractor's invoice.
- 18. Subcontracts and Assignments.** The contractor may subcontract portions of its work, as long as the Contractor retains the bulk of the work. Any subcontracting will be solely between the Contractor and its subcontractor(s). The Contractor will remain responsible for all work performed under the contract as though it was its own. The Contractor shall remain the sole agent dealing with the City.

# Attachment 1 to Exhibit A

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Where authorized by the City, the contractor shall select all subcontractors and suppliers on a competitive basis to the maximum practicable extent consistent with the objectives and requirements of the contract.

19. **F.O.B. Point.** The Free On Board terms shall be F.O.B. destination, freight prepaid and allowed (Contractor pays freight charges, if any).
20. **Ownership of Work Product.** All technical data, evaluations, plans, specifications, reports, documents, or other work products of Contractor provided hereunder shall become the property of the City and shall be delivered to the City upon completion of the services authorized hereunder. Contractor may retain copies thereof for its files and internal use. The Contractor shall obtain prior written approval from the City before publishing any data or information derived directly from the contracted work under the contract. The City recognizes that all technical data, evaluations, plans, specifications, reports, and other work products are instruments of the Contractor's services and are not designed for the use other than what is intended by the contract.
21. **Licenses and Permits.** The Contractor shall possess and maintain all necessary licenses, permits, certifications, and credentials required by the laws of the United States, the State of California, County of Sacramento, and all other appropriate governmental agencies, including any certification and credentials required by the City. Failure to maintain the licenses, permits, certifications, and credentials shall be deemed a breach of contract and constitutes grounds for the termination of the contract by the City.
22. **Supplies.** The Contractor agrees to provide, at no additional cost to the City, all USPS supplies necessary for the processing of the mail. These supplies include, but are not limited to, USPS tubs, trays, and cages. The Contractor will be solely responsible for the transfer of all material from any temporary container to the proper USPS container in the event that the City exhausts its supply of USPS containers.
23. **Health and Safety.** The Contractor shall plan and conduct work in a manner that will safeguard all persons from injury and shall take all precautions as required by California Department of Industrial Relations and Cal-OSHA (California Occupational Safety and Health Administration).
24. **Protection of Property.** Contractor shall take every precaution to protect all public and private property while performing on the contract. Any damage to existing facility or property caused by the Contractor's personnel or equipment shall be or will be promptly repaired to the condition existing before the damage or be replaced. All costs for such repairs or replacement shall be solely the responsibility of the Contractor.
25. **Environmentally Preferable Procurement.** The City has adopted a "Sustainable Procurement Policy (SPP) and program. The goal is to encourage the procurement of products and services that help minimize environmental impact resulting from use and disposal of these products. Contractors are encouraged to offer Energy Star, Green Seal, EcoLogo, EPEAT, or products that meet FEMP (Federal Energy Management Program) standards for energy consumption. City also encourages contractors to offer products that are produced with recycled materials, where appropriate, unless otherwise requested in this IFB. Contractors will offer products that have minimal virgin materials

# Attachment 1 to Exhibit A

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and maximum use of recycled products. Contractor must work with the City to attain these goals.

Notwithstanding the above, the Contractor agrees to supply the City of Sacramento with environmentally preferable and effective products in compliance with the specifications in this solicitation and provide services that help minimize environmental impact resulting from use and disposal of products specified in this bid.

The Contractor further agrees that its products specified in this bid do not contain any items, ingredients or components prohibited under the City's SPP Policy.

The City may terminate this contract or take other appropriate actions if the contractor fails to comply or provide adequate supporting documentation to substantiate compliance with the City's SP Policy and requirements specified in the bid.

The City's Sustainable Procurement Policy is available on line at:

[http://www.cityofsacramento.org/generalservices/procurement/documents/Sustainable\\_Purchasing\\_Policy\\_SPP.pdf](http://www.cityofsacramento.org/generalservices/procurement/documents/Sustainable_Purchasing_Policy_SPP.pdf)

Or by contacting the Procurement Services Division at (916) 808-6240.

26. **Prior Agreements.** The contract constitutes the entire agreement between the City and the Contractor regarding the subject matter of the contract. Any prior agreements, whether oral or written, between the City and the Contractor regarding the subject matter of the contract are hereby terminated effective immediately upon full execution of this contract. No modification or amendment to the contract shall be valid unless it is set forth in writing and is signed by both the City and the Contractor.
27. **Contractor is an Independent Contractor.** The contractor is an independent contractor and shall be liable and shall expressly assume and accept exclusive liability as an employer under the Federal Insurance Contribution Act, the Federal Unemployment Tax Act, Federal Social Security Act, the Unemployment Compensation Act, and/or any other Federal or State laws or acts which in any way affect or relate to the relationship of the employer and the employee. Contractor shall be liable for Social Security or Unemployment Compensation or other taxes or penalties arising or levied by reason of the employment of such persons, and shall be responsible for the collection and remittance of any taxes so levied, upon Contractor, on account of the persons employed by the Contractor.
28. **Points of Contact.** Requests for service(s) may be made by one or several organizational levels within the City. The Contractor should pose all questions about a specific work order to the City employee who placed the order. Points of Contact may change during the contract period and the City is not responsible to inform the Contractor of the change.

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The contractual point-of-contact for this contract is:

Contract Services Officer	<b>Gary O'Neill</b>
Department	Finance
Division	Procurement
Address	915 I St 2 <sup>nd</sup> Floor, Sacramento CA 95814-2601
Phone	916-808-7432
e-mail address	goneill@cityofsacramento.org

# Attachment 1 to Exhibit A

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## **B. TECHNICAL SPECIFICATIONS**

### **1.) MAIL PRESORTING SERVICES**

Services involved in the presorting of non-automated first-class metered letters, flats, postcards and permit mail. (At times, permit mail may be Standard Mail.) Contractor shall qualify the City's out-going U.S. mail for a presorted, automated discount.

Contractor shall provide all labor, supervision, equipment, materials and supplies – including a minimum of one (1) motor vehicle – to pick-up, bar-code (up to 11 digits and Fast Forward compliant), presort, identify, and deliver the City's out-going U.S. mail to the USPS. Mail preparation and presorting services shall be provided in accordance with USPS Classification Reform of May 11, 2009, USPS 2013 Domestic Mail Manual (or as amended for First Class and Standard Mail), and special provisions, terms and conditions set forth herein.

Contractor's presorting equipment and address management software shall be NCOA CASS and/or MASS Certified per USPS requirements.

**Metered Letter and Flat Mail:** This service shall apply to *sortable* metered letter and flat mail. "Sortable" letter mail is defined as envelopes bearing the notation "presorted first class", weighing 3 ounces or less; rectangular in shape, having an aspect ratio of height to length between 1 to 1.3 inclusive, no larger than 6-1/8" high by 11-1/2" long and 1/4" thick; all placed in USPS trays, upright, facing the same direction. "Sortable flat mail is defined as larger than the maximum letter size, rectangular in shape, not larger than 12" high by 15" long and 3/4" thick"; all placed in USPS 775 plastic tubs, facing the same direction. Envelopes shall be imprinted with proper discounted amount of postage and dated as of the day of delivery to the USPS.

Contractor will be required to deliver the sorted metered mail to the USPS, Bulk Mail Acceptance Unit, at 3775 Industrial Blvd, West Sacramento, CA 95691.

**Permit Mail:** This service shall apply to *sortable* permit mail. All USPS mail regulations will apply. All terms stated above will also apply.

Contractor will be required to deliver the sorted permit mail to the USPS, Bulk Mail Acceptance Unit, at 3775 Industrial Blvd, West Sacramento, CA 95691. Additionally, Contractor will be required to complete a Form 3600 or 3602 for each permit mailing delivered to the USPS.

### **2.) MAIL PREPARATION SERVICES**

Services involving machine folding and hand folding, inserting, gum and Cheshire labeling, mailing list verification, inkjet addressing, tabbing, pick-ups and deliveries, laser printing (emergency only), and other services. Each mailing shall be NCOA CASS certified.

Contractor shall furnish all labor, supervision, equipment, materials and supplies – including motor vehicle(s) to provide pick-ups and deliveries. Contractor shall pick-up all materials as required for each mailing services work order. Work orders may contain special instructions

# Attachment 1 to Exhibit A

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to inform Contractor as to what materials are required, where the materials are located, and what mail preparation services are required. Contractor shall complete preparation services, presort, and deliver mail to the USPS **within three (3) working days**. When unexpected situations arise, Contractor shall be flexible and willing to handle mail for same-day service.

For bulk mailings, the Contractor shall also notify the City Contact Person indicated on the work order when their jobs are completed and delivered to the USPS, Bulk Mail Acceptance Unit, at 3775 Industrial Blvd, West Sacramento, CA 95691. This information is necessary to ensure that all mandated deadlines are met and to provide some lead time should departments need to get ready for a higher number of telephone calls due to their mailings.

Inserting and folding shall be consistent with samples provided. Instructions provided shall clearly be conveyed to staff. All necessary supervision shall be provided to ensure that the work is done timely and correctly.

Late mailings of important correspondence, warrants, and/or errors on the part of the Contractor may create a public outcry and additional expense for the City. Under such circumstances, the City may declare the Contractor in default of the contracted services and may seek reimbursement (liquidated damages) from the Contractor for any corrective action required by the City to rectify the situation. Such expense may include postage, materials, labor, fines, and/or penalties levied against the City, lost revenues, and the cost to re-procure the contracted services.

Contractor may be required to assist mailroom personnel in providing training to City departments about postal address standards. Additionally, Contractor may be required to provide training regarding new and upcoming changes from USPS, to help expedite mail acceptance and final delivery of City mail. If requested, such presentation shall be provided at no additional charge to the City.

When the City departments have the Contractor meter their mail pieces, the Contractor shall itemize the postage cost separately on their invoices. Additionally, Contractor shall capture and summarize such postage expenditures on a periodic basis (perhaps monthly) for a report to the Contract Services Officer, at no additional charge to the City.

### 3.) POINTS OF CONTACT

Contractor shall contact the City employee that placed the job order for questions pertaining to a specific project.

For issues relating to the contract, contact:

Contact Name	<b>Gary O'Neill</b>
Department	Finance
Division	Procurement
Address	915 I St 2 <sup>nd</sup> Floor, Sacramento CA 95814-2601
Phone	916-808-7432
e-mail address	goneill@cityofsacramento.org

# Attachment 1 to Exhibit A

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## 4.) PICKUP AND DELIVERY

The contractor shall pick up all mail for presorting on all City work days between the hours of 3:30 PM and 4:30 PM. Pick-up shall be from Central Services located on the first floor of the New City Hall building. Contact information is below:

Contact Name	<b>Rosendo Armendariz</b>
Department	General Services
Division	Central Services
Address	915 I St 1st Floor, Sacramento CA 95814-2601
Phone	916-808-3143
e-mail address	rarmendariz@cityofsacramento.org

All mail for pre-sorting must be picked-up, processed, and accepted at the USPS on the same day.

The Contractor will be notified via Work Order of a particular project by the City department placing the order. All mailings shall be delivered to the USPS office of acceptance for the class of mail requested. An order shall not be considered complete until the USPS has officially accepted the mailing. The City may, on certain orders, specify an exact date for delivery of the finished mailing to the USPS. When a specific delivery date is specified by the City, the mailing may not be delivered to the USPS either prior to or after that date.

## 5.) STORAGE AND DELIVERY OF ENVELOPES

The Revenue Services division of the Finance Department requires that the Contractor store and maintain a stock of envelopes used for Revenue Services mailings. The maximum amount is six pallets of #9 and #10 envelopes. The envelopes may be printed by a third party who will ship the envelopes to the Contractor's place of business for storage. On some occasions, Revenue Services may require a quantity of envelopes to be delivered to their office at City Hall. Request will be made by facsimile or email from the authorized representative.

Vendor shall provide an updated inventory of envelopes to the authorized representative along with the invoice.

Revenue Services contact:

Contact Name	<b>Taulima Grady</b>
Department	Finance
Division	Revenue Services
Address	915 I St 1st Floor, Sacramento CA 95814-2601
Phone	916-808-1291
e-mail address	tgrady@cityofsacramento.org

# Attachment 1 to Exhibit A

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## **6.) QUALITY**

The Contractor is expected to meet or exceed the required percentage of accuracy of 99.5% for mail preparation and 97% read rate accuracy for presorting. The Contractor shall maintain a satisfactory quality control program.

All work performed by the Contractor shall be of first class quality. Missing inserts, duplication of inserts, improper postage, incorrect packaging, mis-registered addresses in window envelopes, mis-aligned labels, are some, but not all, examples of unacceptable work. Additional costs for replacement of inserts or envelopes that are damaged shall be paid by the Contractor if, in the City's sole opinion, the amount of material lost is unreasonable.

The City reserves the right to audit for accuracy at any time and is not required to notify the Contractor of these findings within any particular time frame.

## **7.) PAYMENT AND INVOICING**

All applicable charges for City mailings shall be invoiced in arrears. Invoices shall be emailed in PDF format with all applicable documentation to the City's contact for the project. Invoices are due by the 5<sup>th</sup> of each month for the prior calendar month of service. Failure to submit invoices in a timely manner will result in a delay in payment.

## **8.) USPS FORM 3600 or 3602**

USPS Form 3600 or Form 3602, whichever is applicable to the particular job, shall be transmitted via facsimile or email to the City's contact by 11:00 AM the following business day. The form must contain the title of the mailing as stated by the ordering department of the City along with the date(s) or receipt and date(s) of mailing. Failure to provide this documentation may result in delays in payment of the invoice due to the time required to verify the information on the invoice.

## **9.) MONTHLY REPORT**

The Contractor is to submit a monthly report to the Central Services division detailing the quantity and category of pieces mailed that month, as well as the total amount charged for each category of mail. The report

## **10.) BACK-UP AND RETENTION**

The Contractor shall insure all keyed data information is backed-up on a daily basis. All jobs require retention of keyed data for a period of thirty (30) days. The City May request a previously processed job to be re-transmitted within this retention period.

## **11.) FORMS PROVIDED BY THE CONTRACTOR**

The Contractor shall provide a Work Order form to be used by the City to list the specifications for a mailing project and to officially place an order.

The Contractor shall provide a Customer Pick Up Slip to be used as a record of the amount and types of mail that are picked up on a daily basis from Central Services. The City reserves the right to modify the forms to fit the requirements of this contract.



# Attachment 1 to Exhibit B

## PRICE SCHEDULE

<b>Section A: Mailing</b>	<b>City price ea</b>
001 - Letter size, 1st class, 1 oz.	\$ 0.4350
002 - Letter size, 1st class, 2 oz.	\$ 0.4350
003 - Letter size, 1st class, 3 oz.	\$ 0.6950
004 - Letter size, 1st class, 3.5 oz.	\$ 0.8250
005 - Standard Mail	n/a
006 - Postcards	\$ 0.2930
007 - Flats, 1st class, 1 oz.	\$ 0.9800
008 - Flats, 1st class, 2 oz.	\$ 1.1900
009 - Flats, 1st class, 3 oz.	\$ 1.4000
<i>Pricing is based on USPS rates effective on January 26, 2014.</i>	
<i>This listed prices are what the City shall use on all outgoing mail metered by the Central Services division of the Department of General Services. The subcontractor co-mingles and presorts the mail to achieve lower rates on some types of mail.</i>	

<b>Section B: Presort, etc., charge</b>	<b>City price M</b>
013 - Letter size	\$ 0.0180
014 - Postcards	\$ 0.0100
015 - Flats	No charge
<i>This is the charge per piece to receive rates below that which is normally charged by the United States Postal Service</i>	

<b>Section C: Machine Fold / Insert</b>	<b>City price M</b>
016 - Fold 8-1/2x11" or 14" in half	\$ 5.00
017 - Roll fold 8-1/2x11" to 3-3/4x8-1/2"	\$ 6.00
018 - Fold 11x17" to 8-12x11"	\$ 8.00
019 - Fold 11x17" to 5-1/2x11"	\$ 8.00
020 - Gather 11x17" fold to 8-1/2x11"	\$ 150.00
021 - Gather 11x17" fold to 5-1/2x11"	\$ 180.00
022 - Insert one piece	\$ 20.00
023 - Insert two pieces	\$ 24.00
024 - Insert three pieces	\$ 28.00
025 - Insert four pieces	\$ 32.00
026 - Personalized match insert #10 env.	\$ 24.00
027 - Personalized match insert 9x12" etc.	\$ 120.00
<i>The minimum charge is 100 pieces.</i>	

<b>Section D: Hand Fold / Insert</b>	<b>City price M</b>
028 - Hand fold, one fold	\$ 80.00

# Attachment 1 to Exhibit B

029 - Hand fold, two folds	\$	120.00
030 - Hand fold, three folds	\$	160.00
031 - Hand insert, one piece	\$	80.00
032 - Hand insert, two pieces	\$	100.00
033 - Hand insert, three pieces	\$	120.00
034 - Hand insert, four pieces	\$	140.00
<i>There is no minimum charge</i>		

## Section E: Addressing

City price M

035 - Avery labeling	\$	65.00
036 - Cheshire labeling	\$	200.00
037 - Laser or ink jet printing	\$	15.00
038 - Laser print personalized one side	\$	25.00
039 - Laser print personalized two sides	\$	40.00
<i>The minimum charge is 100 pieces.</i>		

## Section F: Tabbing

City price M

040 - Apply two tabs	\$	12.00
041 - Apply three tabs	\$	18.00
<i>The minimum charge is 100 pieces.</i>		

## Section G: Metering

City price M

042 - Meter only	\$	8.00
043 - Meter & seal envelope	\$	8.00
044 - Ink jet indicia	\$	15.00
<i>There is no minimum charge</i>		

## Section H: Address updates

City price M

045 - From media disk	\$	2.00
046 - From e-mail attachment	\$	2.00
<i>The minimum charge is 100 pieces.</i>		

## Section I: Storage and/or delivery

Each

047 - Storage cost per pallet	\$	15.00
048 - Delivery charge per trip	\$	25.00

## Section J: Pre-paid postage

Each

049 - Fee to use Contractor's mail permit		No charge
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## Section K: Set-up & Prep fees

Each

050 - Inserting	\$	5.00
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# Attachment 1 to Exhibit B

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051 - Folding	\$	5.00
052 - Tabbings	\$	5.00
053 - Addressing	\$	5.00
054 - Reading or preparing files	\$	5.00
055 - USPS document preparation	\$	10.00

## Maximum annual increases allowed (sections B through K)

**Year One = 0%**

**Year Two = 0%**

**Year Three, if applicable = 5%**

**Year Four, if applicable = 5%**

**Year Five, if applicable = 5%**





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
01/24/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 0G66614 1-925-226-7350 One Risk Management & Insurance Services, LLC  5976 W. Las Positas Blvd. Suite 100 Pleasanton, CA 94588 Jay Fischer	CONTACT NAME: PHONE (A/C, No. Ext): 925-226-7350 E-MAIL ADDRESS: info@oneriskgroup.com	FAX (A/C, No): 925-226-7380
	INSURER(S) AFFORDING COVERAGE	
INSURED K/P Corporation  13951 Washington Avenue  San Leandro, CA 94578	INSURER A: TRAVELERS PROP CAS CO OF AMER	NAIC # 25674
	INSURER B: NORTH RIVER INS CO	21105
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

**COVERAGES** CERTIFICATE NUMBER: 38268034 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	X		630-3D449614-TIL-13	07/01/13	07/01/14	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Coll. Ded. <input checked="" type="checkbox"/> Comp. Ded.	X		810-3D449614-TIL-13	07/01/13	07/01/14	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						OCCUR CLAIMS-MADE \$ \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		X	408 706299 9	07/01/13	07/01/14	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
RE: Mail Preparation and Presorting Services; Bid Number: B14060151004  
City of Sacramento, its officers, employees and volunteers are additional insured as per the attached endorsements as required by written contract. Primary coverage applies to General Liability and Auto Liability.  
Waiver of Subrogation applies to Worker's Compensation per endorsement to be issued by the insurer.

<b>CERTIFICATE HOLDER</b>  City of Sacramento, its officers, employees and volunteers Procurement Services Div  Mail Stop 12600 915 I Street 2nd Floor Sacramento, CA 95814-2604  USA	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS AUTO EXTENSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESS AUTO COVERAGE FORM**

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**GENERAL DESCRIPTION OF COVERAGE** – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- |                                                                     |                                                                       |
|---------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>A. BROAD FORM NAMED INSURED</b>                                  | <b>H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT</b>  |
| <b>B. BLANKET ADDITIONAL INSURED</b>                                | <b>I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT</b> |
| <b>C. EMPLOYEE HIRED AUTO</b>                                       | <b>J. PERSONAL EFFECTS</b>                                            |
| <b>D. EMPLOYEES AS INSURED</b>                                      | <b>K. AIRBAGS</b>                                                     |
| <b>E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS</b>                 | <b>L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS</b>                    |
| <b>F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS</b> | <b>M. BLANKET WAIVER OF SUBROGATION</b>                               |
| <b>G. WAIVER OF DEDUCTIBLE – GLASS</b>                              | <b>N. UNINTENTIONAL ERRORS OR OMISSIONS</b>                           |

### **PROVISIONS**

#### **A. BROAD FORM NAMED INSURED**

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

Any organization you newly acquire or form during the policy period over which you maintain 50% or more ownership interest and that is not separately insured for Business Auto Coverage. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.

#### **B. BLANKET ADDITIONAL INSURED**

The following is added to Paragraph c. in A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

Any person or organization who is required under a written contract or agreement between you and that person or organization, that is signed and

executed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to be named as an additional insured is an "insured" for Liability Coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the **Who Is An Insured** provision contained in Section II.

#### **C. EMPLOYEE HIRED AUTO**

1. The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

## COMMERCIAL AUTO

### 2. The following replaces Paragraph **b.** in **B.5., Other Insurance, of SECTION IV – BUSINESS AUTO CONDITIONS:**

**b.** For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1) Any covered "auto" you lease, hire, rent or borrow; and
- (2) Any covered "auto" hired or rented by your "employee" under a contract in that individual "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

### D. EMPLOYEES AS INSURED

The following is added to Paragraph **A.1., Who Is An Insured, of SECTION II – LIABILITY COVERAGE:**

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

### E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph **A.2.a.(2), of SECTION II – LIABILITY COVERAGE:**

- (2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph **A.2.a.(4), of SECTION II – LIABILITY COVERAGE:**

- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

### F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS

The following replaces Subparagraph (5) in Paragraph **B.7., Policy Period, Coverage Territory, of SECTION IV – BUSINESS AUTO CONDITIONS:**

- (5) Anywhere in the world, except any country or jurisdiction while any trade sanction, embargo, or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or

within such country or jurisdiction, for Liability Coverage for any covered "auto" that you lease, hire, rent or borrow without a driver for a period of 30 days or less and that is not an "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

(a) With respect to any claim made or "suit" brought outside the United States of America, the territories and possessions of the United States of America, Puerto Rico and Canada:

(i) You must arrange to defend the "insured" against, and investigate or settle any such claim or "suit" and keep us advised of all proceedings and actions.

(ii) Neither you nor any other involved "insured" will make any settlement without our consent.

(iii) We may, at our discretion, participate in defending the "insured" against, or in the settlement of, any claim or "suit".

(iv) We will reimburse the "insured" for sums that the "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, that the "insured" pays with our consent, but only up to the limit described in Paragraph **C., Limit Of Insurance, of SECTION II – LIABILITY COVERAGE.**

(v) We will reimburse the "insured" for the reasonable expenses incurred with our consent for your investigation of such claims and your defense of the "insured" against any such "suit", but only up to and included within the limit described in Paragraph **C., Limit Of Insurance, of SECTION II – LIABILITY COVERAGE,** and not in addition to such limit. Our duty to make such payments ends when we have used up the applicable limit of insurance in payments for damages, settlements or defense expenses.

(b) This insurance is excess over any valid and collectible other insurance available

to the "insured" whether primary, excess contingent or on any other basis.

- (c) This insurance is not a substitute for required or compulsory insurance in any country outside the United States, its territories and possessions, Puerto Rico and Canada.

You agree to maintain all required or compulsory insurance in any such country up to the minimum limits required by local law. Your failure to comply with compulsory insurance requirements will not invalidate the coverage afforded by this policy, but we will only be liable to the same extent we would have been liable had you complied with the compulsory insurance requirements.

- (d) It is understood that we are not an admitted or authorized insurer outside the United States of America, its territories and possessions, Puerto Rico and Canada. We assume no responsibility for the furnishing of certificates of insurance, or for compliance in any way with the laws of other countries relating to insurance.

**G. WAIVER OF DEDUCTIBLE – GLASS**

The following is added to Paragraph D., **Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

**H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT**

The following replaces the last sentence of Paragraph A.4.b., **Loss Of Use Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

However, the most we will pay for any expenses for loss of use is \$65 per day, to a maximum of \$750 for any one "accident".

**I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT**

The following replaces the first sentence in Paragraph A.4.a., **Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

**J. PERSONAL EFFECTS**

The following is added to Paragraph A.4., **Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

**Personal Effects**

We will pay up to \$400 for "loss" to wearing apparel and other personal effects which are:

- (1) Owned by an "insured"; and
- (2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to this Personal Effects coverage.

**K. AIRBAGS**

The following is added to Paragraph B.3., **Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion 3.a. does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs A.1.b. and A.1.c., but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated.

We will pay up to a maximum of \$1,000 for any one "loss".

**L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS**

The following is added to Paragraph A.2.a., of **SECTION IV – BUSINESS AUTO CONDITIONS**:

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

- (a) You (if you are an individual);
- (b) A partner (if you are a partnership);
- (c) A member (if you are a limited liability company);
- (d) An executive officer, director or insurance manager (if you are a corporation or other organization); or
- (e) Any "employee" authorized by you to give notice of the "accident" or "loss".

**M. BLANKET WAIVER OF SUBROGATION**

The following replaces Paragraph A.5., **Transfer Of Rights Of Recovery Against Others To Us**, of SECTION IV – BUSINESS AUTO CONDITIONS:

**5. Transfer Of Rights Of Recovery Against Others To Us**

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by

such contract. The waiver applies only to the person or organization designated in such contract.

**N. UNINTENTIONAL ERRORS OR OMISSIONS**

The following is added to Paragraph B.2., **Concealment, Misrepresentation, Or Fraud**, of SECTION IV – BUSINESS AUTO CONDITIONS:

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **BLANKET ADDITIONAL INSURED (CONTRACTORS)**

This endorsement modifies Insurance provided under the following:  
COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. WHO IS AN INSURED – (Section II) is amended to include any person or organization that you agree in a "written contract requiring insurance" to include as an additional insured on this Coverage Part, but:
  - a) Only with respect to liability for "bodily injury", "properly damage" or "personal injury"; and
  - b) If, and only to the extent that, the injury or damage is caused by acts or omissions of you or your subcontractor in the performance of "your work" to which the "written contract requiring insurance" applies. The person or organization does not qualify as an additional insured with respect to the independent acts or omissions of such person or organization.
2. The insurance provided to the additional insured by this endorsement is limited as follows:
  - a) In the event that the Limits of Insurance of this Coverage Part shown in the Declarations exceed the limits of liability required by the "written contract requiring insurance", the insurance provided to the additional insured shall be limited to the limits of liability required by that "written contract requiring insurance". This endorsement shall not increase the limits of insurance described in Section III – Limits Of Insurance.
  - b) The insurance provided to the additional insured does not apply to "bodily injury", "properly damage" or "personal injury" arising out of the rendering of, or failure to render, any professional architectural, engineering or surveying services, including:
    - i. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders or change orders, or the preparing, approving, or failing to prepare or approve, drawings and specifications; and
    - ii. Supervisory, inspection, architectural or engineering activities.
3. The insurance provided to the additional insured by this endorsement is excess over any valid and collectible "other insurance", whether primary, excess, contingent or on any other basis, that is available to the additional insured for a loss we cover under this endorsement. However, if the "written contract requiring insurance" specifically requires that this insurance apply on a primary basis or a primary and non-contributory basis, this insurance is primary to "other insurance" available to the additional insured which covers that person or organization as a named insured for such loss, and we will not share with that "other insurance". But the insurance provided to the additional insured by this endorsement still is excess over any valid and collectible "other insurance", whether primary, excess, contingent or on any other basis, that is available to the additional insured when that person or organization is an additional insured under such "other insurance".
4. As a condition of coverage provided to the additional insured by this endorsement:
  - a) The additional insured must give us written notice as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, such notice should include:
    - c) The insurance provided to the additional insured does not apply to "bodily injury" or "properly damage" caused by "your work" and included in the "products-completed operations hazard" unless the "written contract requiring insurance" specifically requires you to provide such coverage for that additional insured, and then the insurance provided to the additional insured applies only to such "bodily injury" or "properly damage" that occurs before the end of the period of time for which the "written contract requiring insurance" requires you to provide such coverage or the end of the policy period, whichever is earlier.

## COMMERCIAL GENERAL LIABILITY

- i. How, when and where the "occurrence" or offense took place;
  - ii. The names and addresses of any injured persons and witnesses; and
  - iii. The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b) If a claim is made or "suit" is brought against the additional Insured, the additional Insured must:
- i. Immediately record the specifics of the claim or "suit" and the date received; and
  - ii. Notify us as soon as practicable.
- The additional insured must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c) The additional Insured must immediately send us copies of all legal papers received in connection with the claim or "suit", cooperate with us in the investigation or settlement of the claim or defense against the "suit", and otherwise comply with all policy conditions.
- d) The additional Insured must tender the defense and indemnity of any claim or "suit" to

any provider of "other insurance" which would cover the additional Insured for a loss we cover under this endorsement. However, this condition does not affect whether the insurance provided to the additional Insured by this endorsement is primary to "other insurance" available to the additional Insured which covers that person or organization as a named Insured as described in paragraph 3. above.

5. The following definition is added to SECTION V. -- DEFINITIONS:

"Written contract requiring insurance" means that part of any written contract or agreement under which you are required to include a person or organization as an additional Insured on this Coverage Part, provided that the "bodily injury" and "property damage" occurs and the "personal injury" is caused by an offense committed:

- a. After the signing and execution of the contract or agreement by you;
- b. While that part of the contract or agreement is in effect; and
- c. Before the end of the policy period.



Workers Compensation And Employers Liability

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective Date **01-24-14**      Policy No. **4087062999**      Endorsement No. **004**  
Insured Name **K/P CORPORATION**      Premium \$      **229.00**  
Policy Effective Date: **07-01-2013**  
Insurance Company **THE NORTH RIVER INSURANCE COMPANY**  
NCCI Carrier Code: **14508**      Countersigned By \_\_\_\_\_

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**GENERAL CHANGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**Workers Compensation And Employers Liability Insurance Policy**

THE FOLLOWING RATING PLAN IS AMENDED:

WAIVER MINIMUM DIFFERENCE (0930)      STATE: CA      AMOUNT: \$500.00  
TO \$750.00

THE FOLLOWING FORM(S) HAS BEEN ADDED:

FM 206.0.13      11-08      CRUM & FORSTER IND. CO. SIGNATURE PAGE

THE FOLLOWING FORM(S) HAS BEEN AMENDED:

WC 04 03 06      04-84      CA WAIVER OF OUR RIGHT TO RECOVER

Policy Number  
4087062999

**Crum Forster**

**PREMIUM PAYMENT SCHEDULE**

**THE NORTH RIVER INSURANCE COMPANY**

Named Insured K/P CORPORATION

Effective Date: 07-01-13  
12:01 A.M., Standard Time

Agent Name ONE RISK GROUP, LLC

Agent No. 88317

**ADDITIONAL PREMIUM: 229.00**

	DUE	SERVICE CHARGE	PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	07/01/2013		\$ 221.00	\$ 8.00	\$ 89,803.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

FM 600.0.963 04 94

**Crum & Forster Indemnity Company**  
**A Delaware Corporation**  
**Home Office: Wilmington, DE**

(A Capital Stock Company)

SIGNATURE



Marc J. Adee  
President

SIGNATURE



James Kraus  
Secretary

POLICY NUMBER: 4087062999

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5 % of the California workers' compensation premium otherwise due on such remuneration.

**SCHEDULE**

PERSON OR ORGANIZATION	JOB DESCRIPTION
<p>THE PERSON OR ORGANIZATION LISTED UNDER JOB DESCRIPTION IF YOU HAVE WAIVED SUCH RIGHT OR RECOVERY IN A WRITTEN CONTRACT WITH THAT PERSON OR ORGANIZATION PROVIDED SUCH WRITTEN CONTRACT:</p> <p>1. IS CURRENTLY IN EFFECT OR WILL BE EFFECTIVE DURING THE TERM OF THE OF THIS POLICY, AND</p> <p>2. WAS EXECUTED AND BECAME EFFECTIVE PRIOR TO THE OCCURANCE OF THE INJURY COVERED BY THIS POLICY.</p>	<p>CITY OF SACRAMENTO                      IT'S OFFICIALS, EMPLOYEES AND VOLUNTEERS                      PROCUREMENT SERVICES DIV                      MAIL STOP 12600                      915 I STREET, 2ND FLOOR                      SACRAMENTO, CA 95814-2604</p> <p>JOB: MAIL PREPARATION AND PRESORTING SERVICES                      BID NUMBER: B14060151004</p>

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.  
**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective 01-24-14      Policy No. 4087062999      Endorsement No. 004

Insured K/P CORPORATION      Premium \$ INCL.

Insurance Company THE NORTH RIVER INSURANCE COMPANY

Countersigned By \_\_\_\_\_

DATE OF ISSUE: 01-24-14

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 From the WCIRB's California Workers' Compensation Insurance Forms Manual 1999.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return) <b>K/P Corporation</b>		
	Business name/disregarded entity name, if different from above		
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____  <input type="checkbox"/> Other (see instructions) ▶ _____	Exemptions (see instructions):  Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____	
	Address (number, street, and apt. or suite no.) <b>13951 Washington Avenue</b>	Requester's name and address (optional)	
	City, state, and ZIP code <b>San Leandro, CA 94578</b>		
List account number(s) here (optional)			

<b>Part I Taxpayer Identification Number (TIN)</b>																					
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.																					
	<table border="1" style="margin: auto;"> <tr><td colspan="9" style="text-align: center;"><b>Social security number</b></td></tr> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table>	<b>Social security number</b>																			
<b>Social security number</b>																					
<p><b>Note.</b> If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.</p>	<table border="1" style="margin: auto;"> <tr><td colspan="10" style="text-align: center;"><b>Employer identification number</b></td></tr> <tr> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">3</td> <td style="width: 20px; height: 20px; text-align: center;">-</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">6</td> <td style="width: 20px; height: 20px; text-align: center;">3</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">7</td> <td style="width: 20px; height: 20px; text-align: center;">2</td> </tr> </table>	<b>Employer identification number</b>										9	3	-	0	5	6	3	5	7	2
<b>Employer identification number</b>																					
9	3	-	0	5	6	3	5	7	2												

<b>Part II Certification</b>	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and	
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and	
3. I am a U.S. citizen or other U.S. person (defined below), and	
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.	
<p><b>Certification instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.</p>	
<b>Sign Here</b>	Signature of U.S. person ▶ Date ▶ <u>1/31/2014</u>

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** The IRS has created a page on IRS.gov for information about Form W-9, at [www.irs.gov/w9](http://www.irs.gov/w9). Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

**Purpose of Form**

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

**Note.** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.



# 2014 Withholding Exemption Certificate

# 590

The payee completes this form and submits it to the withholding agent.

**Withholding Agent** (Type or print)

Name

CITY OF SACRAMENTO

**Payee**

Name

K/P Corporation

SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.  
9 3 - 0 5 6 3 5 7 2

Address (apt./ste., room, PO Box, or PMB no.)

13951 Washington Avenue

City (If you have a foreign address, see instructions.)

San Leandro

State ZIP Code  
CA 9 4 5 7 8 3 2 2 0

**Exemption Reason**

Check only one reason box below that applies to the payee.

By checking the appropriate box below, the Payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Corporations:**

The corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

**Partnerships or limited liability companies (LLCs):**

The partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return. If the trustee or noncontingent beneficiary becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

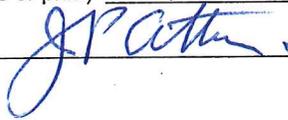
**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE OF PAYEE:** Payee must complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) Joseph P. Atturio Telephone (5 10) 614-7800

Payee's signature ►  Date 1/31/2014