AGREEMENT FOR PROVISION OF
ALCOHOL AND DRUG SERVICES
FISCAL YEAR 2011/2012 AND 2012/2013

PAROLEE REENTRY COURT GRANT

This is an Agreement between Pathway Society, Inc. (Provider) and the County of Santa Clara (County) for the purpose of providing alcohol and drug services.

ARTICLE I: STANDARD AGREEMENT

1.1 Services and Standards. This is an Agreement for provision of alcohol and drug services as set forth in this Agreement and in the following attached Exhibits, which are attached hereto and incorporated by this reference:

| Exhibit A-1 | Uniform Administrative Standards |
| Exhibit A-2 | Description of Program Services |
| Exhibit A-3 | Service Requirements and Performance Measures |
| Exhibit A-4 | Program Budget |
| Exhibit A-5 | Summary of Budget |
| Exhibit A-8 | Business Associate Agreement (if applicable) |
| Exhibit B-3 | Insurance Requirements for Professional Service Contracts and Indemnification |

1.2 Maximum Financial Obligation. The total maximum financial obligation of County shall be One Hundred Twenty Eight Thousand Dollars ($128,000.00).

1.3 Term, Termination, and Extension.

1.3.1 Term of Agreement. The term of this Agreement shall be from October 1, 2011, through September 30, 2012, unless modified, amended, or terminated as provided herein.

1.3.2 Termination.

a. Termination for convenience. This Agreement may be terminated at any time by either party giving thirty (30) days advance written notice of termination to the other party.

b. Termination for cause. County may terminate this Agreement for cause by providing written notice to Provider. Termination under this section shall be effective on the date notice of termination is given to Provider or such later date as may be specified in the notice. Grounds for termination include, but is not limited to, the following:

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1) Failure to comply with any provision of this Agreement;

2) Violation of any Federal, State or local law or ordinance;

3) Involvement of the Provider as a debtor in a bankruptcy or receivership;

4) Any violation or breach of contract;

5) Loss of necessary licensure or certification, including but not limited to state licensure for residential facilities, state certification for non-residential providers, and/or County certification of residential facilities and Sober Living Environments (SLE)/Transitional Housing Units (THU).

6) Loss of funding

c. **Documents.** Upon termination of this Agreement, all records held by Provider and prepared for purposes of this Agreement, other than those that revert to the State, shall become County’s property and shall be turned over immediately to the Director of the Department of Alcohol and Drug Services (DADS) or designee upon request. If a Provider determines that it is close to becoming insolvent, going out of business or declaring bankruptcy, the Provider shall inform the County within 48 hours of that determination. In the event Provider goes out of business or is a debtor in a bankruptcy proceeding, Provider shall promptly deliver all such records to Director or his/her designee. Providers who choose to keep copies of these records agree to comply with 42 CFR Part 2 and with the legal retention periods for these documents, including those set forth in Section 2.1.1 of this Agreement.

d. **Compensation upon termination.** If, for any reason, this Agreement is terminated by either party prior to the end of its term, total compensation paid to Provider shall be limited to a proration of net allowable undisputed costs after audit. Upon demand, Provider shall transfer to County all program funds on hand and any accounts receivable relating to the services provided pursuant to this Agreement.

e. **Early Termination.** In the event the Agreement is terminated prior to its expiration date, Provider agrees to assist the County with the work necessary to successfully transition the services provided under this Agreement to another provider. Such assistance is considered within the scope of this Agreement and the County is not required to pay any additional compensation to the Provider that would exceed the Maximum Financial Obligation set forth above.

1.4 **Right to monitoring.** During the term of this Agreement, the County shall monitor and document activities to evaluate whether services and other requirements under this Agreement are being performed as specified in this Agreement.
1.5 Notification of problems in provision of service. Provider shall immediately notify Director or his/her designee, in writing, of any problems in providing any service or in complying with any of the requirements set forth in this Agreement by the Provider or any of the Provider’s agents, employees or subcontractors. Such notification shall be made within three (3) business days of Provider becoming aware of such situations. Failure of Provider to notify Director within this time period shall constitute a material breach of this Agreement and is cause for withholding of payments or for termination of this Agreement by County. Notification does not preclude County’s right to terminate for cause.

1.6 Choice of law/venue. This Agreement shall be governed and construed in accordance with the laws of the State of California. Venue shall be the County of Santa Clara.

1.7 Legal requirements. Performance under this Agreement is subject to all applicable existing Federal and State Laws, Regulations, Standards, and Ordinances and Resolutions of the Santa Clara County Board of Supervisors and policies and procedures of Santa Clara County Alcohol and Drug Programs, and any amendments that are made from time to time. The County shall follow OMB Circular a-87, “Cost Principles of State, Local and Indian Tribal Governments”. Provider shall be familiar with and comply with all applicable Federal, State and local laws, rules and regulations ("Laws") that are in effect at the inception of this Agreement and any amendments to these laws and laws that become effective during the term of this Agreement, including without limitation the following applicable Statutes, Regulations, and Policies:

a. Health & Safety Code, Division 10.5 through 10.10
b. California Code of Regulations, Title 9, Division 4, including but not limited to Chapter 2.5 Substance Abuse and Crime Prevention Act of 2000.
d. Cost Principles published by the Federal Office of Management and Budget (OMB) including:
   A-110: Office Management and Budget Circular Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.
   A-122: Cost Principles for Non-Profit Organizations
   A-128: Audits of State and Local Government
e. Drug Program Fiscal System Manual, State Department of Alcohol and Drug Programs.
f. Government Code, Title 2, Division 4, Part 2, Chapter 2, Article 1.7 (commencing with section 16366.1), Federal Block Grants.
g. Government Code Title 5, Division 2, Part 1, Article 7 (commencing with section 53130), Federally Mandated Audits of Block Grant Funds allocated to local agencies.
h. 42 USC Section 290 dd-2.
i. 42 USC, section 300x-5; Reports and Audits for Block Grants.

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k. State Audit Assistance Guide.

l. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions (45 CFR, Appendix B to Part 76). Applicable clauses relating to this provision set forth in the State Contract are hereby incorporated herein.


n. Title 21 CFR Part 291 (Food and Drug Requirements for Narcotic Treatment Programs).

o. Title 21 CFR Part 1300 et seq. (Drug Enforcement Administration Requirements for Food and Drugs).

p. Provider shall comply with all provisions of the Agreement, as amended, between the State Department of Alcohol and Drug Programs and County of Santa Clara (State Contract), which is not attached but is incorporated by this reference, and which is available to Provider upon request, including provisions not specifically set forth in this Agreement.

q. Title 45 CFR Parts 160 and 164 (Health Insurance Portability and Accountability Act).

r. Title 42 CFR Parts 2, 54 and 54A.

s. Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and any other laws regarding access to facilities for the disabled, to the extent required.

ARTICLE II: PROGRAM PROVISIONS

2.1 Client Information.

2.1.1 Individual client records. Provider shall maintain individual client records, which includes electronic health records. The Provider’s maintenance of the records shall include fee assessment and collection. Such records shall be in sufficient detail to enable the Director or his/her designee to evaluate the services and operations of Provider. Such records shall contain all data necessary to prepare any reports reasonably required by Director or his/her designee or by the State Department of Alcohol and Drug programs. During this time, Provider agrees to provide copies of these records to the County upon request. Unless otherwise provided, Provider shall retain all client records for adult clients for a period of seven years from the expiration of this Agreement or any extension thereof, and shall retain all client records for adolescent clients for a period of seven years beyond the client’s eighteenth birthday. Upon termination of the contract, all original client charts and other individual client documentation shall be transferred to the County.
2.1.2 **Confidentiality of client information.** Provider shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this agreement or persons whose names or identifying information become available or are disclosed by County, its employees, agents or Subcontractors as a result of services performed under this agreement, except for statistical information not identifying any such person.

Provider shall comply with all applicable State and Federal statutes and regulations regarding confidentiality, including, but not limited to, the confidentiality of information requirements in the following:

a. 42 USC Section 290 dd-2;
b. Title 42, Part 2 of the Code of Federal Regulations;
c. Welfare and Institutions Code section 14100.2;
d. Health and Safety Code sections 11977;
e. Title 22 of the California Code of Regulations, Section 51009;
f. Title 45, CFR Parts 160 and 164 which cites the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Privacy Rule;
g. Civil Code Section 56-56.37—Confidentiality of Medical Information Act;
h. HSC Section 123110 et seq.—Patient Access to Medical Records.

Provider shall comply with County's requirements regarding staff training on confidentiality of client information. Provider shall document and maintain records of any suspected and/or confirmed breaches of Title 42, Part 2 of the Code of Federal Regulations and HIPAA, and shall notify the County immediately of such breaches.

2.1.3 **County Computer System.**

a. **Creation and ownership of information.** Provider shall participate in County's data processing procedures for this system including, but not limited to, computerized client tracking and services system. County shall own all the computer program documentation, computer manuals, and computer program descriptions. The County shall own all client data and information input onto the tracking and services system by Provider, and any statistical reports generated from the computer through information input by Provider. Provider shall make available to County any statistical reports generated from the computer. Provider shall allow County access to all reports, data, information, files, charts and documentation requested by County, including electronic health records.

b. **Restriction of users/access.** Provider shall restrict the use of County's computerized client tracking and services system to its employees who have completed the County's confidentiality-training program and have been issued individual passwords. Provider shall comply with confidentiality provisions in
accessing client information in County's tracking and services system. Provider shall notify the DADS Quality Improvement Division of terminated employees who were issued individual passwords within 24 hours of the termination.

c. **Use of County client tracking and services system.** In recognition of the fact that County's electronic client tracking and services system is a critical source of information for services, County shall provide Provider access to such system at Provider's expense. Except as may be otherwise provided in this Agreement, the Provider shall be responsible for all equipment purchases. County shall supply one Thin Client per location. Provider shall acquire any necessary hardware for their sites.

2.2 **Nondiscrimination in services.** By signing this contract Provider certifies under the laws of the State of California that it and its employees shall not unlawfully discriminate in the provision of services because of race, color, creed, sexual orientation, national origin, limited English proficiency, sex, age, or physical or mental disability or condition, including HIV/AIDS status, or any other ground, as provided by State and Federal law and in accordance with Title VI of the Civil Rights Act of 1964 (42 USC § 2000 (d)); the Age Discrimination Act of 1975 (42 USC § 6101); the Rehabilitation Act of 1973 (29 USC § 794); the Americans With Disabilities Act of 1990 (42 USC § 12132); Title 45 of the Code of Federal Regulations, Part 84; the provisions of the Fair Employment and Housing Act (Gov. Code § 12900 et seq), and the regulations promulgated there under (Title 2, California Code of Regulations, § 7285 et seq); Title 2, Division 3, Article 9.5 of the Government Code, commencing with section 11135; and Title 9, Division 4, Chapter 6 of the California Code of Regulations, commencing with section 10800.

a. **Definition.** For the purpose of this contract, discrimination includes, but is not limited to, the following: denying an otherwise eligible individual any service or providing a benefit which is different or is provided in a different manner or at a different time from that provided to others under this contract; subjecting an otherwise eligible individual to segregation or separate treatment in any matter related to the receipt of any service; restricting an otherwise eligible individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and/or treating any individual differently from others in determining whether such individual satisfied any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or benefit.

b. **Review.** Provider shall ensure that services and benefits are provided without discrimination. County reserves right to assess, monitor and document Provider's compliance with the Rehabilitation Act of 1973 and Americans with Disabilities Act of 1990 to ensure that recipients/beneficiaries of services are provided services without regard to physical or mental disability. County also reserves the right to monitor to ensure that beneficiaries and intended beneficiaries of service are provided services without regard to race, color, creed, national origin, sex, or age.
Provider shall ensure that all personnel involved in providing or managing services are educated with respect to HIV and AIDS.

c. Written procedures. The Provider shall establish written procedures under which service participants are informed of their rights, including their right to file a complaint alleging discrimination or a violation of their civil rights. Participants in programs funded hereunder shall be provided a copy of their rights that shall include the right of appeal and the right to be free from sexual harassment and sexual contact by members of the staff or volunteers.

d. Complaint, grievance, and appeals process. Provider will post in a public place, clients rights to complain, grieve, and appeal all issues of alleged discrimination or harassment as provided under laws specified in this section.

2.3 Personnel.

2.3.1 Equal employment opportunity. The County of Santa Clara is an equal opportunity employer. Provider shall comply with all applicable Federal, State, and local laws and regulations including Santa Clara County's equal opportunity requirements. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973 (section 503 and 504); California Fair Employment and Housing Act (Government Code §§ 12900 et seq. and California Code of Regulations, Title II, Division 4, Chapter 5); and California Labor Code sections 1101 and 1102.

2.3.2 Nondiscrimination in employment. Provider shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, status as disabled veteran or veteran of the Vietnam era, and use of family care leave. Provider shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Provider shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f et seq.) and the applicable regulations promulgated there under (CCR, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f, set forth in Chapter 5 of Division 4 of Title 2 of the CCR, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Provider shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

2.3.3 Posting of notices. Provider agrees to post in conspicuous places, notices available to all employees and applicants for employment, setting forth the

2.3.4 **Personnel standards.** Provider shall comply with all personnel standards and training requirements set forth in Exhibit A-1.

2.3.5 **Notice of changes in key personnel.** Provider shall inform the Director immediately and in writing of any changes in the Provider’s Executive Director, Program Director and fiscal staff.

2.3.6 **Notice of changes in direct service staff.** Provider shall inform the DADS Quality Improvement Division immediately and in writing of any changes in the Provider’s clinical staff.

2.3.7 **Unprofessional Conduct.** Provider shall prohibit any unprofessional conduct, including contact of a sexual nature between clients and Provider’s paid and unpaid personnel, agent, employee, volunteer or subcontractor. Provider shall inform all staff, members of its Board of Directors, and clients of this prohibition. If Provider learns of or suspects any unprofessional conduct between clients and Provider’s paid and unpaid personnel, agent, employee, volunteer or subcontractor, the Provider must notify the County immediately.

Additionally, the Provider may be subject to additional disciplinary action as set forth in Sections 4982 and 4992.3 of the Business and Professions Code:

**California Business and Professions Code Section 4982 provides in relevant part:** “The board may deny a license or registration or may suspend or revoke the license or registration of a licensee or registrant if he or she has been guilty of unprofessional conduct. Unprofessional conduct includes, but is not limited to, the following:

(k) Engaging in sexual relations with a client, or a former client within two years following termination of therapy, soliciting sexual relations with a client, or committing an act of sexually related crime, if that act or solicitation is substantially related to the qualifications, functions, or duties of a marriage and family therapist.” and Section 4992.3 provides in relevant part: The board may deny a license or a registration, or may suspend or revoke the license or registration of a licensee or registrant if he or she has been guilty of unprofessional conduct. Unprofessional conduct includes, but is not limited to, the following: (1) Engaging in sexual relations with a client or with a former client within two years from the termination date of therapy with the client, soliciting sexual relations with a client, or committing an act of sexual abuse, or sexual misconduct with a client, or committing an act punishable as a sexually related crime, if that act or
solicitation is substantially related to the qualifications, functions, or duties of a clinical social worker.

2.3.8 Prohibition of financial relationship. Provider shall prohibit any financial relationship between clients and Provider’s staff or members of its Board of Directors. If Provider learns of such a relationship, the Provider must notify the County immediately.

2.4 Consequence of noncompliance. In the event Provider fails to comply with the nondiscrimination provisions of this Agreement or of State or Federal law, this Agreement may be terminated or suspended by County in whole or in part.

2.5 Conflict of interest/nepotism. Provider shall comply with all Conflict of Interest and Nepotism laws, statutes and regulations applicable to the Provider and also non-profit corporations or similar organizations. Provider shall disclose to the County any related-party transactions it plans to enter into in order to carry out the services set forth in this Agreement whereby County funds will be used to pay for the transaction. The County reserves the right to object and reject such transactions.

2.6 Drug Free Workplace Act. By signing this Agreement Provider certifies that it will comply with the requirements of the Drug Free Workplace Act of 1990 (California Government Code, Title 2, Chapter 1, Division 5.5, Section 8350 et seq.) and will provide drug free workplaces by taking the following actions:

a. Publish a statement notifying all employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the person’s or organization’s work place and specifying the actions that will be taken against employees for violations of the prohibitions as required by Government Code, Section 8355(a).

b. Establish a drug-free awareness program as required by Government Code Section 8355(b) to inform employees about all of the following:

1)  The dangers of drug abuse in the work place;
2)  The person’s or organization’s policy of maintaining a drug-free work place;
3)  Any available drug counseling, rehabilitation, and employee assistance programs; and
4)  The penalties that may be imposed upon employees for drug abuse violations.

c. Provide, as required by Government Code Section 8355(c), that every employee engaged in the performance of the services pursuant to this Agreement:

1)  Be given a copy of the Provider’s drug-free policy statement; and
2)  As a condition of employment, agree to abide by the terms of the statement.
d. Failure to comply with these requirements for a drug-free work place may result in suspension of payments under, or termination of this Agreement or both, and Provider may be ineligible for future County Agreements if the County determines that any of the following has occurred:

1) Provider has made false certification; or
2) Provider has violated the certification by failing to carry out the requirements as noted above.

2.7 Messages regarding drugs. Provider agrees that information produced through these funds, and which pertains to drug- and alcohol-related programs, shall contain a clearly written statement that there shall be no unlawful use of drugs or alcohol associated with the program. Additionally, no aspect of a drug- or alcohol-related program shall include any message on the responsible use, if the use is unlawful, of drugs or alcohol (HSC Section 11999). By signing this Agreement, Provider agrees that it will enforce these requirements.

2.8 Facilities, Property and Equipment.

2.8.1 Facilities. Services will be provided in the facility or facilities at the location(s) listed on Exhibit A-2. Before providing services under this Agreement, Provider shall obtain all necessary licenses and permits required by Federal, State, and Local laws, including but not limited to fire clearances and related permits. Provider shall present confirming documentation to Director or his/her designee upon demand. All facilities shall be maintained in compliance with all applicable laws during the term of this Agreement.

2.8.2 Site inspection. The State and the County, through any authorized representatives, have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed pursuant to this Agreement including the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Provider, Provider shall provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work. The Provider shall notify the County of any scheduled or unscheduled external evaluation or site visit when it becomes aware of such a visit. The County shall reserve the right to attend any or all parts of this external review process.

2.8.3 Smoking prohibition requirements.

a. Provider shall comply with Public Law 103-227, also known as the Pro-Children Act, which was enacted in 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity
and used routinely or regularly for the provision of health, day care, early
care, education, or library services to children under
the age of 18 if the services are funded by federal programs either directly or
through state or local governments, by federal grant, contract, loan, or loan
guarantee. The law also applies to children’s services that are provided in indoor
facilities that are constructed, operated, or maintained with such federal funds. The
law does not apply to children’s services provided in private residences; portions
of facilities used for inpatient drug or alcohol treatment; service providers whose
sole source of applicable federal funds is Medicare or Medicaid; or facilities where
Women, Infants, and Children (WIC) coupons are redeemed.

b. **County No-Smoking Policy.** Contractor and its employees, agents and
subcontractors, shall comply with the County’s No Smoking Policy, as set forth in
the Board of Supervisors Policy Manual section 3.47 (as amended from time to
time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center
Campus and all County-owned and operated health facilities, (2) within 30 feet
surrounding County-owned buildings and leased buildings where the County is the
sole occupant, and (3) in all County vehicles.

2.8.4 **Property and Equipment.**

a. **Supplies, furniture, and equipment.** Except as may be otherwise provided in
this Agreement, Provider shall furnish and be responsible for all supplies,
furniture, telephones, and equipment necessary for the performance of this
Agreement.

b. **Title.** All personal property, supplies and equipment purchased in full or in part
from payments received under this Agreement shall become the property of
County, unless otherwise agreed in writing by Provider and Director or his/her
designee.

c. **Identification and records.** All major personal property, furniture and equipment
purchased by Provider in whole or in part under this Agreement shall be so
identified and marked by Provider. Provider shall maintain a separate detailed list
identifying all such items, together with the name and address of seller, total cost,
and the amount of payment requested, and shall make such list available to the
Director or his/her designee upon request.

d. **Disposition of property upon termination.** Upon termination of this Agreement,
Provider shall immediately return all personal property, furniture, supplies and
equipment purchased in whole or in part with County funds to County, except as
may be specified and approved by the Director.

e. **Annual inventory.** Provider shall prepare an annual inventory of all fixed assets
such as personal property, furniture and equipment valued at five thousand dollars
($5,000.00) or more that is purchased in whole or in part with County funds pursuant to this and previous alcohol or drug services agreements with County. This inventory shall be provided to County when requested at the annual monitoring site review.

f. **Donations.** Donated personal property, including supplies and equipment, shall become the property of Provider or such other person or entity specified by donor. Provider shall keep accurate records of all such donations, as well as any donations of services. Such records shall include the identification of the donors. Such records shall be made available to Director or his/her designee upon written request.

2.9 **Insurance and Indemnification Requirements.** Provider shall comply with the insurance requirements that are set forth in Exhibit B-3 attached hereto and incorporated herein by this reference. In addition to the requirements set forth in Exhibit B-3, Provider also agrees to indemnify, reimburse, hold harmless and defend the County, including the members of the Board of Supervisors of the County and the officers, agents, and employees of the County, both individually and collectively, from any and all liability, damages, loss, costs, and obligations, including, but not limited to, court costs and reasonable attorney’s fees, arising out of any claim, suit, judgment, loss or expense occasioned by, but not limited to, injury or death of any person or persons, or loss or damage to any property, caused by the negligence or willful misconduct of the Provider, or those of its officers, agents, contractors, employees and invitees, including animals, relating to the services set forth in this Agreement. If there is a conflict between this provision and the terms set forth in Exhibit B-3 pertaining to indemnification, then the terms in this provision shall apply.

2.9.1 **Assignment of Clayton Act, Cartwright Act Claims.** Provider hereby assigns to the County all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the Provider for sale to the County pursuant to this Agreement.

2.10 **Relationship of Parties; Independent Contractor.** Provider shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant or employee of County. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create, any relationship between the parties other than that of independent parties contracting with each other for purpose of effecting the provisions of this Agreement. The parties are not, and shall not be construed to be, in a relationship of joint venture, partnership or employer-employee. Neither party shall have the authority to make any statements, representations or commitments of any kind on behalf of the other party, except with the written consent of the other party. Provider shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors and subcontractors, if any. Provider’s personnel rendering services under this
Agreement shall not have any of the rights or privileges of County or State employees. Provider and its agents, employees and subcontractors shall not have any claim against the County or State for any employee privileges and benefits, including but not limited to vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, unemployment benefits, and disability benefits. Notwithstanding any reference to a managed care plan or system of care, Provider shall act as an entity separate and apart from the County, and shall be considered an independent contractor for all purposes, including liability and litigation.

2.11 Certifications of Staff

2.11.1 Certification of "non-excluded provider" status. Provider certifies that none of its staff including all employees and agents (whether or not such employee or agent is providing services pursuant to this Agreement), applicants for hire, directors, board members, volunteers and owners of five percent interest or more, have been convicted of a criminal offense related to health care, nor have any staff been listed by any federal or state agency as debarred, excluded, or otherwise ineligible for participation in Medicare, Medi-Cal, or any other federal or state funded health care program. Provider will screen all staff prior to making this certification, and will screen all applicants for employment with Provider on the Office of Inspector General website at http://exclusions.oig.hhs.gov/. Provider will establish a system to monitor the status of all staff on a regular basis. Provider will draft a policy regarding the monitoring system Provider establishes to monitor all staff and will make such Policy available to County for review at County's request. Provider will maintain documentation verifying that Provider has screened all staff. Provider will make such documentation available to County at County's request. Provider will notify County immediately by sending a written notice to the Department Director upon Provider's learning that any staff person has been debarred, excluded, or otherwise listed as ineligible to participate in Medicare, Medi-Cal, or any other federal or state funded program.

Provider agrees to notify County immediately should any staff person be investigated, charged, or convicted of a criminal offense related to health care. Provider will cooperate with County's requests regarding the staff person who is subject of the investigation including but not limited to, removing the staff person from any responsibility for, or involvement in, the provision of services under this Agreement. Provider will inform County regarding the status of any such investigation. Provider will not take any action regarding the investigation without receiving prior approval from County.

This Agreement may be terminated immediately by County if Provider fails to comply with the requirements of this section 2.11.1. Provider will indemnify, defend, and hold harmless County for all losses, and damages resulting from Providers failure to abide by the provisions of this section.

2.11.2 Certification of license status. Provider certifies that all staff performing services pursuant to this Agreement possess the required licenses and/or certification and that such
licenses and/or certifications are in good standing, and that all staff performing services pursuant to this Agreement are acting in accordance with any restrictions or limitations of these licenses and/or certifications. Provider shall have a system in place for monitoring the license or certification status of each staff person providing services pursuant to this Agreement. Provider shall make available all documentation verifying that Provider is in compliance with this section at County's request.

This Agreement may be terminated immediately by County if Provider fails to comply with the requirements of this section 2.11.2. Provider will indemnify, defend, and hold harmless County for all losses, and damages resulting from Provider's failure to abide by the provisions of this section.

2.12 Compliance Program and False Claims Act. If Provider utilizes County facilities, Provider agrees to read and abide by the requirements set forth in the Compliance Program policies and procedures of the Santa Clara Valley Health and Hospital Systems ("SCVHHS"), including, but not limited to, the Compliance Program Code of Conduct, Compliance Program Manual and False Claim Act-Fraud, Abuse and Waste. Provider will, at the request of the County, attend compliance workshops provided by SCVHHS. If the Provider does not utilize County facilities, the Provider will implement a Compliance Program that includes, at a minimum, a compliance plan, staff training, and a code of conduct. Provider will attend workshops hosted by the County regarding Compliance training. Provider will provide a copy of its compliance plan to County at County's request. The basic elements that should be included in a compliance plan, as recommended by the Office of the Inspector General, are: 1) Compliance Standards; 2) High Level of Responsibility; 3) Trustworthy Individuals; 4) Education and Training; 5) Monitoring and Auditing; 6) Response and Prevention; and 7) Open Lines of Communication. Provider must also distribute copies of the False Claims Act to its contractors, agents and employees, as appropriate. The compliance plan shall be approved by the Provider's Board of Directors or Executive Director.

By signing below, I acknowledge that I have read the requirements of Section 2.12 Compliance Program and False Claims Act in this Agreement and the Provider, including the Provider's Board of Directors and Executive Director, agrees to comply with the terms of Section 2.12.

Provider Authorized Signature: [Signature] Date: 10/7/11

2.13 Program Licensure and Certification. All Providers of services that are subject to reimbursement from Medicare or Medi-Cal shall be licensed, registered, DMC certified and/or approved in accordance with applicable laws and regulations. By signing this Agreement, Provider agrees to comply with the following regulations and guidelines:

a. Title 21, CFR Part 1300 et seq., Title 42, CFR, Part 8;
b. Drug Medi-Cal Certification Standards for Substance Abuse Clinics (Document 2E);

c. Title 22, Sections 51341.1, and 51516.1, (Document 2C);

d. Alcohol and/or Other Drug Program Certification Standards (Document 1P); and

e. Title 9, Sections 1000, et seq.

In the event of conflicts, the most stringent provision shall control.

Provider acknowledges that if it is under investigation by DHS or any state, local or federal law enforcement agency for fraud or abuse, the State may temporarily suspend the Provider from the DMC program, pursuant to W&IC Section 14043.36(a).

If, at any time, a Provider’s license, registration, certification or approval to operate a substance abuse treatment program or provide covered services, is revoked suspended, modified, or not renewed, the County may amend or terminate this Agreement.

A Provider’s certification to participate in the DMC program shall automatically terminate in the event that the Provider or its owners, officers or directors are convicted of Medi-Cal fraud, abuse or malfeasance. For purposes of this section, a conviction shall include a plea of guilty or nolo contendere.

2.14 Drug Program Certification Provisions. Provider shall comply with all State and County requirements regarding program licensure or certification, including but not limited to state licensure for residential facilities, state certification for non-residential providers, and/or County certification of residential facilities and Sober Living Environments (SLE)/Transitional Housing Units (THU). Provider shall comply with any program instituted by the Board of Supervisors for evaluation, inspection or certification of Provider’s facilities, employees, or programs including, but not limited to, the County’s Certification Program.

2.15 Certification Regarding Debarment and Suspension. Provider shall comply with applicable clauses relating to this provision as set forth in Exhibit B, Section I of the State Contract.

2.16 Notice to Clients Regarding Referrals to Alternate Provider. If Provider is a faith based or religious organization, Provider must give a notice regarding the right to receive alternative services to each client receiving services pursuant to this Agreement. The notice shall state the following, in accordance with 42 C.F.R., parts 54 and 54a:

“No provider of substance abuse services receiving Federal funds from the U.S. Substance Abuse and Mental Health Services Administration, including this organization, may discriminate against you on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to actively participate in a religious practice. If you object to
the religious character of this organization, Federal law gives you the right to a referral to another provider of substance abuse services. The referral, and your receipt of alternative services, must occur within a reasonable period of time after you request them. The alternative provider must be accessible to you and have the capacity to provide substance abuse services. The services provided to you by the alternative provider must be of a value not less than the value of the services you would have received from this organization.”

2.17 **Beverage Nutritional Criteria.** Provider shall not use County funds to purchase beverages that do not meet the County’s nutritional beverage criteria. This includes beverages that are served free of charge to individuals and groups participating in a program. The six categories of nutritional beverages that meet these criteria are (1) water with no additives; (2) 100% fruit juices with no added sugars, artificial flavors or colors (limited to a maximum of 10 ounces per container); (3) dairy milk, non-fat, 1% and 2% only, no flavored milks; (4) plant derived (i.e., rice, almond, soy, etc.) milks (no flavored milks); (5) artificially-sweetened, calorie-reduced beverages that do not exceed 50 calories per 12-ounce container (teas, electrolyte replacements); and (6) other non-caloric beverages, such as coffee, tea, and diet sodas. These criteria may be waived in the event of an emergency or in light of medical necessity.

**ARTICLE III: FISCAL PROVISIONS**

3.1 **Availability of funds.** Provider understands that payment for services provided under this Agreement may be contingent upon the availability and allocation of County, State and/or Federal funds. In the event of any reduction, suspension, or discontinuance of State or Federal funds, County shall have no liability to pay Provider any amount that exceeds the actual funds appropriated by County. County shall notify Provider in writing upon receiving written notice of any reduction, suspension, or discontinuance of County, State and/or Federal funds. County payment to Provider may be made from County, State or Federal funds, at the discretion of County.

3.1.1 **Budget Contingency.** This Agreement is contingent upon the appropriation of sufficient funding by the County for the services covered by this Agreement. Notwithstanding the termination provisions of section 1.3.2, if funding is reduced or deleted by the County for services covered by this Agreement, the County has the option to either terminate this Agreement without notice (except that necessary to transition clients in the discretion of the County) and with no liability occurring to the County, or to offer an amendment to this Agreement indicating the reduced amount.

3.2 **Restrictions on the use of funds.**

3.2.1 **Supplanting funds.** County reserves the right to monitor to ensure that funds are not used to supplant funds from any existing fund source or mechanism currently used to provide drug treatment services in the County.
3.2.2 **Promotion of legalization of controlled substances.** None of the funds made available through this Agreement may be used for any activity that promotes the legalization of any drug or other substance included in Schedule I of Section 202 of the Controlled Substances Act (21 USC 812).

3.2.3 **Distribution of sterile needles.** No funds made available through this Agreement shall be used to carry out any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

3.2.4 **Religious activity.** No state or federal funds shall be used by Provider for sectarian worship, instruction, or proselytization. No state funds shall be used to provide direct, immediate, or substantial support to any religious activity.

3.3 **Program Budget.** The attached Exhibit A-4, which is incorporated by this reference, contains the line item budget with estimates of gross costs, revenues and net cost of each program under this Agreement. Budget revisions may be approved by written agreement of Provider and Director or his/her Designee. Provider shall not reallocate between line item expenditures or between programs without prior written approval from the Director or his/her Designee.

3.4 **Accounting/Bookkeeping.** Provider shall engage an accountant or bookkeeper, or accounting or bookkeeping service that is qualified to maintain the financial records required by this Agreement.

3.5 **Control Requirements.** Provider shall establish written accounting procedures in accordance with generally accepted accounting principles including, but not limited to, the following requirements:

a. Health & Safety Code, Division 10.5;

b. Title 9, California Code of Regulations, Division 4, including but not limited to Chapter 2.5 Substance Abuse and Crime Prevention Act of 2000;

c. Government Code Section 16367.8;

d. Government Code, Article 7, Federally Mandated Audits of Block Grant Funds Allocated to Local Agencies, Chapter 1, Part 1, Division 2, Title 5, commencing at Section 53130;

e. Title 42, United States Code, Section 300x-5;

f. Title 42, United States Code, Chapter 6A, Subchapter XVII—Part B, Subpart II, commencing at Section 300x-21;
g. Single Audit Act of 1984 (31 USC section 7501 et seq.) and the Single Audit Act Amendments of 1996 (31 USC sections 7501-7507) and the corresponding most recently revised Office of Management and Budget (OMB) Circular A-133

h. Title 45 Code of Federal Regulations (CFR), Part 96, Subparts C and L, Substance Abuse Prevention and Treatment Block Grants;

i. Title 21, CFR, Part 291 (Food and Drug Administration Requirements for Narcotic Treatment Programs);

j. Title 21, CFR, Part 1300 et seq. (Drug Enforcement Administration Requirements for Food and Drugs); and

k. State Administrative Manual, Chapter 7200 (General Outline of Procedures); and

l. OMB Circular A-122, Cost Principles for Non-Profit Organizations

3.6 Financial Records. Provider shall maintain complete and accurate financial records and supporting documentation of expenditures that clearly reflect the cost of services provided and which shall evidence proper audit trails for verification of such cost. The records shall also reflect fees charged to and collected from clients. Provider agrees to comply with the applicable provisions relating to records as set forth in Exhibit C, Sections A and B of the State Contract. All financial and service records are subject to audit by representatives of County, State and, where applicable, Federal governmental agencies, at any time during the term of this Agreement, and the latest of:

a. For a period of five years from the expiration of this Agreement or any extension thereof, or

b. Until audit findings are resolved, or

c. Until any litigation, claim, negotiation, or action involving the records has been completed and finally resolved.

All such records shall be available for inspection by staff or properly designated auditors of such governmental entities at reasonable times during normal business hours.

3.7 Compensation and Payments.

3.7.1 Monthly claims. Provider shall submit monthly cost reimbursement claims within forty-five (45) days after the last day of the month which service was rendered. Each claim shall state all actual allowable cost as defined in the appropriate regulations, and all revenues received by Provider during the month for which the claim is filed. Claims submitted later than forty-five (45) days after the last day of the month in which service was rendered shall be ineligible for reimbursement without written approval from the Director or his/her designee.
Provider shall state separately the amount and sources of revenues for each program under this Agreement. Provider shall submit claims on County forms or in the format approved by County. All claims shall be subject to review and approval of the Director or his/her Designee prior to payment. County shall submit payment to Provider within twenty (20) working days after receipt of any undisputed claim and the accounting. Director may require reasonable format or other necessary billing changes that do not alter the substance of the Agreement during the term of this Agreement.

Provider can incur start-up expenses up to forty-five (45) days in advance of the start date and ninety (90) days after the start date to purchase certain preapproved items. Provider may only submit to the County for reimbursement the funds spent during that time period. Start-up funds to purchase equipment and supplies may be allowed and approved if other resources are not available. Provider shall submit claims for reimbursement for start-up expenses, separate from any claims for reimbursement for program expenses, and shall include receipts for all purchases that require reimbursement including, personal property, supplies and equipment purchased with start-up funds, as allowed by law.

3.7.2 Apportionment of Cost. Any apportionment of costs shall conform to generally accepted accounting principles. In those instances where Provider receives funds under separate agreements or funding sources or grants to provide similar or related services, a statement attached to each monthly claim shall be submitted by Provider to County showing in reasonable detail the sources, amounts, and uses of all funds. Any apportionment of costs between or among various programs shall be clearly detailed and documented in accordance with OMB A-122 Cost Principles and shall be the basis of cost reimbursement.

3.7.3 Compensation. Provider shall be compensated for the services it provides under this Agreement for “actual allowable costs.” County’s payments for the services provided by Provider shall be made on a monthly basis. In no case shall the total of the payments to Provider exceed County’s Total Maximum Financial Obligation. In addition, no monthly payment shall exceed one-tenth (1/10th) of the Total Maximum Financial Obligation, except with the written approval of the Director at the Director’s discretion.

3.7.4 Adjustments. Adjustments in payments may be made monthly, quarterly, and at the termination of this Agreement. Periodically, County may review the Provider’s cumulative units of service actually provided and compare this with the units of service as set forth in the Exhibits to this Agreement. If it is determined that Provider’s total cumulative units of service provided are less than the total allowable minimum units of service for such period, the maximum financial obligation of the County may be reduced. The actual units provided may be used to prorate the County’s maximum financial obligation. Payment to Provider for its actual costs shall not exceed the adjusted maximum financial obligation. In the
event of extenuating circumstances affecting the provision of services, the Director or his/her designee may meet with Provider to determine whether to revise the units of service as set forth in Exhibit A-2 or A-5, or to take other appropriate action.

3.7.5 Advance payments. Advance payments on this Agreement may be made only when specifically approved by the Director or his/her Designee. The total advance payments shall not exceed fifteen (15%) percent of the maximum financial obligation of the County, unless agreed to in writing by both parties. All advance payments made shall be applied against Provider’s subsequent claims for prospective monthly payments, with deductions spread out equally over the remaining term of the Agreement. County reserves the right to withhold payments for the final three months of the Agreement to satisfy any advance payments that remain unpaid.

3.7.6 Medi-Cal. State Medi-Cal payments relating to services provided under this Agreement shall be received solely by County and disbursed to Provider in accordance with applicable law. Provider shall be reimbursed at the current Drug Medi-Cal rate approved by the State Department of Health Services. Ten percent (10%) of the Drug Medi-Cal earned by the Provider shall be retained by the County for administrative fees per Exhibit A-1. If Provider elects to use the Interim Claim Payments instead of the Explanation of Benefits (EOB) for reimbursement, the County shall withhold fifteen (15%) in reserve from the Interim Claim Payments until the approved EOB becomes available. County reserves the right to withhold payment of the Medi-Cal reimbursement for the final month (June) to satisfy cost settlement from current or previous years.

3.7.7 Depletion of funds. Provider shall provide services for the entire term of this Agreement. Depletion of the maximum financial obligation of the County due to monthly payments based on allowable cost shall not cause a termination of Provider’s obligation to provide services pursuant to this Agreement and shall not result in an increase of the maximum financial obligation of the County. Provider shall advise the Director or his/her designee in writing, if for any reason, there is a depletion of funds.

3.7.8 Provider owing County monies. If County determines that Provider owes County any monies that were previously paid to Provider pursuant to this Agreement, Provider shall, upon demand by the Director or his/her designee, reimburse County the amount owed within two weeks of the demand by the Director or his/her designee.

3.7.9 Cost Report. Final payment to Provider will be based on actual allowable costs, up to the maximum County obligation or the adjusted maximum County obligation, less any fees collected as described below. Provider shall submit a Cost Report to County within (sixty) 60 days of the termination of this Agreement.
or by November 30, whichever occurs first. If Provider fails to comply with the requirement set forth in the preceding sentence, Provider shall not receive any payments under this contract or under any renewal or new contract. The Cost Report shall be submitted in the manner prescribed by the Director. The report shall be submitted whether or not this Agreement is extended. Provider’s cost report shall be used to determine the settlement of sums due under this Agreement from either party to the other, and is subject to an audit. If, after reconciliation, Provider owes County monies under this contract, County may offset the overpayment against monies under a renewed or new contract.

3.8 Fees.

3.8.1 Client fees. Each client shall be assessed and pay a fee to Provider in an amount determined pursuant to this Agreement based on ability to pay. Fees collected shall be allocated to the appropriate program based on client eligibility and shall be reflected on the Cost Reimbursement Claim Form. Providers should establish and maintain fee schedules on file and submit to the County upon request.

a. Fee determination. Each client’s fee shall be determined by Provider according to the income and expenses of client. Flat entrance or intake fees are not allowed. A sliding fee scale shall be utilized. No client shall be refused services based on client’s inability to pay. The fees determined pursuant to this paragraph shall include entrance or intake fees. In determining the appropriate client fee, consideration shall be given to the existence of insurance, estates, responsible relatives, and other resources available to client. Individual fees charged to clients shall not exceed actual cost of the services.

b. Fee collection. Provider shall seek collection of client fees or third party payment from other sources to the maximum extent practicable.

c. Fee records. Provider shall maintain accurate and detailed records of fees charged and fees collected on an individual client basis, in the client’s record as well as in Provider’s financial books and records.

d. Use of fees. Fees collected shall be deducted from the drug treatment program’s cost of providing services under this Agreement.

3.8.2 Excess fees. Excess fees are those fees collected which exceed fees budgeted in Exhibit A-4. Excess fees shall be used to offset cost at cost settlement, to offset cost by the expiration or termination of this Agreement, or those fees that exceed fees budgeted in Exhibit A-4.

These excess fees may be expended for additional services of the kind described in Exhibit A-2, subject to written approval by Director or his/her designee. If Provider does not desire to provide additional services, is unable to do so, or such
proposed additional services are not approved by Director, such excess funds may be used to offset any existing allowable cost. Any remaining excess funds shall be immediately paid to County.

3.9 Withholding. In the event Provider fails to comply with any of the provisions of this Agreement, County may withhold payments regardless of whether or not County evokes the termination for cause provision. Prior to withholding payment, County shall notify Provider of its intention to withhold and shall specify the reasons for withholding. If the County fails to or decides not to withhold payments, it shall not constitute a waiver by the County of any other remedy that is available for violation by Provider of any terms of this Agreement.

3.10 Audits.

3.10.1 Right to Audit. All payments and expenditures of County, State, and Federal funds furnished to Provider pursuant to this Agreement, are subject to audit by the County, State, or Federal Governments and shall be adjusted accordingly. All audits conducted pursuant to this Agreement shall be conducted in accordance with generally accepted government auditing standards described in “Government Auditing standards (1994 Revision)” published for the U.S. General Accounting Office by the Comptroller General of the United States. Audit reports shall establish whether the Provider expended funds in accordance with the provisions of the Act, the requirements of Title 9, and county terms and conditions under which the funds were awarded. Provider agrees that during the duration of this Agreement and for a period of four years (five years total) after the furnishing of services pursuant to this Agreement, Provider will allow County, State, DHS, DHHS, Comptroller General of the United States, and any authorized representatives, access to inspect, review, obtain, and copy all records pertaining to the performance of this Agreement in order to evaluate the quality, appropriateness, and timeliness of services provided. If Provider subcontracts any portion of its obligations pursuant to this Agreement, Provider will ensure that its subcontractors agree in writing to this access provision. Provider agrees to provide County with any and all relevant information requested. The refusal of Provider to permit access to and inspection of books, records, and facilities as described in this part constitutes an express and immediate breach of this Agreement and will be sufficient basis to terminate the Agreement for cause. If the Provider refuses to permit access after termination of the Agreement, then the Provider agrees to be liable for any costs incurred by the County in obtaining access to and inspection of books, records, and facilities as described above. Any and all books, records, and facilities maintained by Provider and its subcontractors related to these services may be audited at any time during normal business hours. Unannounced visits may be made at the discretion of the auditing agency. Where costs are allocated between programs under this Agreement and other programs of Provider, sufficient information on those other programs shall be provided to the auditor to
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enable the auditor to prepare a certified statement regarding cost allocations. Audits may include, but are not limited to, the following:

a. To determine whether units of service claimed/reported are properly documented by service records and accurately accumulated for claiming/reporting;

b. To validate data reported by Provider for prospective contract negotiations;

c. To provide technical assistance in addressing current year activities and providing recommendations on internal controls, accounting procedures, financial records, and compliance with laws and regulations;

d. To determine the cost of services, net of related patient and participant fees, third-party payments, and other related revenues and funds;

e. To determine that expenditures are made in accordance with applicable State and federal laws and regulation and contract requirements;

f. To determine the facts in relation to analysis of data, complaints, or allegations, which may be indicative of fraud, abuse, willful misrepresentation or failure to achieve the contract objectives;

g. To ensure that contract funds are not used to supplant funds from any existing funds source or mechanism currently used to provide drug treatment services in the county; and/or

h. To ensure that the composition of the governing board of the Provider, such as its Board of Directors or Advisory Board, is in compliance with all applicable laws, including the Provider’s by-laws, articles or other governing documents, and that the roles of the members of such a board do not create or give the appearance of a conflict of interest.

3.10.2 **County audits.** County may engage an independent auditor to conduct a financial and services or compliance audit of Provider’s operations under this Agreement at County’s expense or, County may rely on audit conducted pursuant to section 3.10.5 of this Agreement set forth below. County shall annually audit any public or private contractors with whom they have agreements and who expend $500,000 or more in federal funding and/or $300,000 or more in SACPA funding to ensure compliance with the provisions of the Act, the requirements of this Chapter, and the county terms and conditions under which the funds were awarded. When the County Audit finds that the provider has misspent funds, the county shall demand repayment from the provider in the amount of such audit findings (and for SACPA funds, shall deposit the recovered funds into the County trust fund). Provider shall repay County such amount within thirty (30) days of the date of County’s demand for repayment. The County may offset the amount due from Provider against any
amounts that would otherwise be due from the County to provider pursuant to this Agreement, or withhold any payment otherwise due under this Agreement until Provider repays such amount. Audit work papers supporting these findings shall be retained for a period of five years from the issuance of the audit report.

3.10.3 **Audits for Federal grant funds.** Pursuant to OMB Circular A-133, Providers expending $500,000 or more in federal funds in a fiscal year are required to have a single or program-specific audit performed in accordance with the requirements set forth in Exhibit C, Section E of the State Contract.

3.10.4 **Audits for Drug/Medi-Cal funds.** All Drug/Medi-Cal funds will be subject to audit. The purpose of these audits will be to determine the amount of actual, allowable cost. Audit procedures will include, but not be limited to verification of any required share of the cost, Medi-Cal eligibility, and third party collection for all persons receiving Drug/Medi-Cal services.

3.10.5 **Provider’s responsibility for independent audit.** Provider shall obtain the services of an independent certified public accountant (CPA) at Provider’s expense to audit the records of Provider and to express an opinion to County on Provider’s status, accuracy of the Cost Report, and on Provider’s compliance with the financial provisions of Title 9.

a. **Provider’s contract with audit firm.** Providers shall include in its contract with audit firms, a statement permitting access by the State and County to the records of the external, independent auditor relating to Provider. Unless otherwise provided, Provider shall also require that the working papers and audit reports be retained for a minimum of five years from the date of the audit report unless the auditor is notified in writing by the County or State to extend the retention period, in which case such records must be retained until written permission to destroy is received from the County or State.

b. **Submission of audits to County.** Audited financial statements shall be submitted to the Director in order to be considered as a base for any final settlement payments to Provider or County, on or before November 15, 2012. Annual audited financial statements must be submitted, including audited financial statements of affiliated and/or controlling entities that the County determines are material financial beneficiaries or supporters of Provider.

3.10.6 **Responsibility for audit exception.** Provider shall be responsible for receiving, replying to, and complying with any audit exceptions by audit agencies representing the funding sources for this Agreement. Provider shall pay to County any and all liability found to be due as a result of said audit exceptions, and for SACPA funds shall be deposited in County’s Trust Fund, or County may offset this amount from any monies owed by County to Provider. County shall pay
Provider any amounts found to be due Provider from the County as a result of said audits, not to exceed the maximum financial obligation of the County.

ARTICLE IV: CONTRACTING PRINCIPLES

4.1 This contract is a Type II service contract subject to the Resolution of Contracting Principles (Resolution) adopted by the Board of Supervisors on October 28, 1997 and amended on October 21, 2008. Accordingly, Provider shall comply with all of the following during the term of this contract (to the extent any of these provisions are inconsistent with other more specific terms of this Agreement, the more specific terms apply:

a. Provider shall comply with all applicable federal, state, and local rules, regulations, and laws.

b. Provider shall maintain financial records adequate to show that County funds paid under the contract were used for purposes consistent with the terms of the contract. These records shall be maintained during the term of this contract and for a period of five (5) years from termination of this contract or until all claims, if any, have been resolved, whichever period is longer, or longer if otherwise required under other provisions of this contract. (See Article III.)

c. To enable County to determine compliance with the requirements of the Resolution and this contract, Provider shall, through its designated representatives, provide to County or its designated agents reasonable access to facilities, records, and employees used and employed in conjunction with the provision of services under the contract, except where such access is prohibited by federal or state laws, regulations, or rules.

d. Provider shall provide to the County Department/Agency responsible for monitoring the contract, within fifteen (15) days of receipt by Provider, with copies of any and all financial audits completed during the term of the contract.

e. For the purposes of this section, “financial audit” includes any final audit report transmitted to Provider by the auditor, but does not include draft reports, or performance or program audits.

f. Provider shall use County funds paid under this contract for County services and shall not use County funds for general employer costs that do not support or otherwise directly relate to the scope of contracted services. Consistent with the legal and financial provisions of the contract, this requirement shall not preclude the realization of profit or savings.

g. Provider shall promptly advise the County Department/Agency responsible for monitoring the contract of: (1) the issuance of any legal complaint by an
enforcement agency, or of any enforcement proceedings by any Federal, State or Local agency for alleged violations of federal, state or local rules, regulations or laws, and/or (2) the issuance of citations, court findings or administrative findings for violations of applicable federal, state or local rules, regulations, or laws.

h. As required under the Resolution and the County’s implementing procedures, Provider must provide to County as a part of the selection or renewal process certain information pertaining to the provision of services under this contract and/or expenditures to be charged under the contract, including information concerning wages and benefits for Provider’s employees, length of service, staff turnover and training, complaints (if any) regarding legal violations, and collective bargaining agreements and/or personnel policies. Provider warrants and represents that the information so provided was complete and accurate.

4.2 The failure of Provider to comply with this Section or any portion thereof, and/or the breach of Provider’s warranty there under, may be considered a material breach of this contract and may, at the option of the County, constitute grounds for the termination and/or non-renewal of the contract. Provider shall be provided reasonable notice of any intended termination or non-renewal on the grounds of noncompliance with this Section, and the opportunity to respond and discuss the County’s intended action.

ARTICLE V: GENERAL PROVISIONS

5.1 Notices. Notices to the parties in connection with this Agreement shall be made by certified mail, return receipt requested. Notices are effective five (5) days after placement in the U. S. mail, postage paid or when actually received, whichever is earlier.

County:  Copy to:
Director
Department of Alcohol and Drug Services
976 Lenzen Avenue, 3rd Floor
San Jose, CA 95126

Clerk of the Board of Supervisors
70 West Hedding St., East Wing
San Jose, CA 95110

Provider:
Executive Director
Pathway Society, Inc.
1659 Scott Blvd. #30
Santa Clara, CA 95050

5.2 Assignment and Subcontracts. Without prior written consent of the County, this Agreement may not be assigned or subcontracted by the Provider either in whole or in part. If this Agreement is assigned or subcontracted, all assignees or subcontractors must agree to be bound by all the terms and conditions set forth in the Agreement.
5.3 **Amendments and Alterations.** The terms of the Agreement, such as units of service to be provided, nature of services rendered, the rates per unit of service, or any other provisions, may be modified by the Director of Alcohol and Drug Services on behalf of County by written amendment specifying the precise changes to be made. No amendments or alterations of this Agreement shall be valid unless in writing and duly executed by the parties hereto, or their designee as authorized herein.

5.4 **Severability of Provisions.** If any one or more provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

5.5 **Additional restrictions.** The provisions of this Agreement are not intended to abrogate provisions of law or regulation, or any standards existing or enacted during the term of contract. This Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Federal or State Government that affect the provisions, terms, or funding of this contract in any manner.

5.6 **Totality of Agreement.** This document, including the attached exhibits incorporated herein, embodies the entire Agreement between the parties. All prior negotiations, written agreements or oral agreements between the parties with respect to the subject matter of this Agreement are merged into this Agreement.

5.7 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

5.8 **Waiver.** No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party must be in writing, and shall apply to the specific instance expressly stated.

5.9 **Dispute.** The parties will attempt to resolve any disputes related to this Agreement informally, to the extent possible, and will act in good faith to resolve such disputes in a mutually satisfactory manner.

5.10 **Authority.** Each party executing the Agreement on behalf of such entity represents that he or she is duly authorized to execute and deliver this Agreement on the entity’s behalf, including the entity’s Board of Directors or Executive Director.

5.11 **Construction.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. This Agreement shall not be construed as if it had been prepared by one party, but rather as if all parties
had prepared the Agreement. Any inconsistencies or ambiguities herein shall not be interpreted against either party as the drafter of the Agreement.

IN WITNESS WHEREOF the parties hereto have caused their duly authorized representatives to execute this agreement.

PROVIDER:

BY:  
Name/Title:
Date: 10/7/11

APPROVED:

BY:  
Emily Harrison
Deputy County Executive
Date: 10/6/11

COUNTY OF SANTA CLARA:

BY:  
Robert Garner, Director
Dept. of Alcohol and Drug Services
Date: 10/10/11

APPROVED AS TO FORM AND LEGALITY:

BY:  
Neysa Fligor
Deputy County Counsel
Date: 10/14/11

September 2011
Parolee Residential

Santa Clara County, DADS
Pathway
EXHIBIT A-1

UNIFORM ADMINISTRATIVE STANDARDS

I. Purpose

The purpose of the Uniform Administrative Standards is to inform providers of Santa Clara County's expectations for organization, administration, personnel, service, and fiscal policies and practices. The purpose also is to create the basis for annual program monitoring, evaluation and contract development.

The requirements in this Exhibit are in addition to the requirements contained in the body of the Agreement.

II. Contract Monitoring

Provider’s performance under this Agreement shall be monitored by County during the Term of the Agreement. Monitoring criteria shall include, but not be limited to:

a. Whether the quantity of work or services being performed conform with Exhibit A-2;
b. Whether Provider has established and is monitoring quality standards;
c. Whether Provider is abiding by all the terms and requirements of this Agreement; and
d. Whether Provider is abiding by the terms of any and all applicable state laws, regulations or funding guidelines.

The Department will evaluate and document Provider’s performance under this Agreement in accordance with the Board of Supervisors Policy Manual and any other applicable laws, policies or regulations. The evaluations shall comment on the following characteristics of the Provider:

a. Fiscal accountability;
b. Completion of work within the given time frame;
c. Ability and effort to meet performance criteria;
d. Quality of service; and
e. Recommendation for future contracting.

III. General Provider Requirements

A. Organization and Administration

1. Governing Body: Board of Directors or Advisory Board.
   a. Provider shall maintain a governing body that conducts itself in accordance with the laws of the State of California and Provider’s governing by-laws, articles, and other governing documents.
b. Provider shall have the following available for review:

1) Current list of names and addresses of the Board members
2) Assignments of any subcommittees of the Board
3) Minutes of Board meetings
4) Policies regarding recruitment and orientation of members

2. Organizational and Administrative Documents. Provider shall maintain and provide the following documents for review:

1) Articles of Incorporation
2) Current Agency Bylaws
3) Major duties and authority of the CEO/Executive Director
4) Current organizational chart of the agency, including the program’s placement in the agency, lines of authority and reporting relationships
5) Current licenses, permits, certification, and clearances
6) Staffing pattern: FTEs including contract and volunteer staff by language ability, for bilingual staff (if applicable) All staff who provide treatment services must be accounted for. Staff must be certified by DADS and State eligible for certification.
7) Program Operations Manual
8) Evidence of compliance with terms of Section 2.11 of the Agreement for the Provision of Services
9) Evidence of Compliance with the terms of the Health Insurance Portability and Accountability Act (HIPAA): 45 C.F.R. Parts 160 and 164, et. seq.
10) Compliance Plan, including code of conduct.

B. Personnel

1. Personnel Standards

a. Provider shall have written job descriptions for all program positions that clearly define the minimum qualifications, including level of education, and work experience required for each position.

b. Current staffing pattern(s) reflect the agency’s efforts to meet the cultural and language needs of the populations(s) served.

c. Reduction or elimination in the FTE of program staff shall have prior approval of the Director or designee.

d. Provider shall notify the Director or designee of any changes in program staff that affect the ability to provide services in languages specified in Exhibit A-2. This includes new personnel as a result
of new hire or turnover for counseling positions. Provider shall send documentation of certification/registration/license to DADS.

2. Personnel Policies

All personnel policies and procedures shall be in full accordance with the Fair Labor Standards Act and shall be made readily accessible to County for review upon request.

3. Personnel Records

a. Personnel files shall be kept on all paid and volunteer staff, including those staff who have contact with clients.

b. Provider shall provide evidence that the following personnel records are maintained according to program requirements:

The Department requires any/all staff who interact with clients and client information during the course of their work in your program attend the following mandated trainings:

1) Annually:
   a. Confidentiality, 42 CFR, and HIPAA
   b. Compliance

2) Every two years:
   a. Infectious Diseases (HEP-C, TB, HIV, AIDS)
   b. Ethics (Law and Ethics)
   c. Dual Relationships

Except for Law and Ethics, all the above trainings must be the trainings offered by the DADS Learning Institute. All new hires have six (6) months from hire date to complete the mandatory trainings.

3) Record of required annual TB test and result for program site staff; and

4) Record of Internal Certification (see Exhibit A-3 for Adult Services

5) Record of State license, certification and/or credential requirements, for the period of this contract

6) CPR/First Aid training (for residential treatment programs)

7) Signed code of conduct statements

C. Services
1. **General Service Standards**

a. Program services shall be provided in sites that meet the legal licensure requirements for the types of services provided. Director or designee shall be notified of changes in location of services. Notification must be submitted prior to changes.

b. Program services shall be provided as described in Exhibit A-2.

c. Provider shall provide services to all eligible persons in accordance with federal and state statutes and regulations. Provider shall assure that in planning for the provision of services, the following barriers to services are considered and addressed:

1) Lack of educational materials or other resources for the provision of services;
2) Geographic isolation and transportation needs of persons seeking services or remoteness of services;
3) Institutional or cultural barriers;
4) Language differences;
5) Lack of service advocates; and
6) Failure to survey or otherwise identify the barriers to service accessibility.

d. Provider shall implement and maintain a client grievance policy and inform clients of the policy and their rights to file a grievance.

e. Provider shall not treat clients negatively, withhold completion of treatment, and discharge clients when clients do not pay fees.

2. **Service/Program Policies.** Treatment and transitional housing programs shall have, and maintain in one manual, written policies and or procedures as required by local, state and federal laws and regulations and Department of Alcohol and Drug Services policies, including, but not limited to, the following

a. Non-discrimination in providing services
b. Confidentiality
c. Client rights
d. Client record organization
e. Client record maintenance and disposal*
f. Client’s access to records
g. Client grievance/appeal procedures
h. Reporting requirements for child/elder abuse and/or Tarasoff
i. Program rules
j. Referral**
k. Urinalysis, if applicable
l. Treatment**
m. Follow-up/aftercare**
n. Handling and disposing of prescription drugs, if applicable
o. Discharge/exit planning
p. Sexual harassment of clients
q. HIPAA Privacy Statement
r. If Provider is a faith based or religious organization, referral of clients to Alternative Services, pursuant to 42 C.F.R. parts 54 and 54a

* Client records for adult clients shall be maintained for a minimum of seven years from the expiration of the Agreement, and client records for adolescent clients shall be maintained for a minimum of seven years beyond the client's eighteenth birthday.

** Note: not applicable to transitional housing programs.

D. Provider Participation and Reporting Requirements

1. All treatment programs will have a clinical supervisor who is licensed or credentialed (e.g., CAADC/CAADEMFT/LCSW/Ph.D) and will be required to attend clinical supervisor meetings. Agencies that do not have a credentialed or licensed clinical supervisor may request a waiver of this requirement and submit a plan to meet the requirement.

2. Program managers or designees will be required to attend the Innovative Partnership meetings.

3. Provider shall submit information as required by the State. The information shall include but is not limited to, utilization reports, compliance reports, financial reports, treatment and prevention services reports, demographic characteristics of service recipients, and data as required pursuant to the following:

a. Drug and Alcohol Treatment Access Report (DATAR) and Provider Waiting List Record (WLR) in an electronic or hardcopy format provided or approved by the state;
b. California Outcome Measurement System (CalOMS);
d. CalOMS Prevention (Data must be entered weekly); and
e. Perinatal Treatment Network Services (PTNS) and/or Perinatal Substance Abuse Treatment (PSAT) data.

4. Services/activities will be entered into UNI/Care within 5 business days of the occurrence of the service/activity.
a. Activities include Admissions, Provider Services, and planned Discharges. All data required by the Department to admit, record a service and/or discharge a client is to be entered for the activity to be accepted. For an activity to be accepted it must be entered into UNI/Care in a method approved by the Department.

b. Data quality will be monitored by Department, for accuracy and quality as well as timeliness.

c. Consequences for failure to comply with data entry and/or correction requirements may include withholding of reimbursement, in accordance with Section 3.9 of the Agreement.

5. Annual Contract Monitoring Follow-up Plans will be submitted within 30 days of Provider’s receipt of request.

6. Provider will participate in Client Outcomes Study, Performance Measure Audits, Case Conferences, and DADS meetings/trainings/events as requested by the Department.

7. Provider will have internet e-mail capabilities, including e-mail access for each employee

E. Fiscal Standards

1. Compliance with all fiscal standards and requirements may be monitored by County Fiscal staff.

2. The Monthly Cost Reimbursement Claim and Available Staff Hours Form must be submitted within 45 days after the last day of the month which service was rendered. The Annual Cost Report must be submitted within 60 days of the termination of the Agreement or by August 31, whichever occurs first and shall reflect actual administration and operating costs and revenues. All documents shall be reported on County forms or in the format of County forms.

3. For claim and reimbursement purpose, administrative overhead cost shall be limited to a maximum of fifteen percent (15%) of total gross cost, unless prior written approval is granted by the Director or designee. Program management can be included under program personnel cost.

4. Expenditures that exceed an approved line item on the budget by more than twenty-five percent (25%) or $3000 which ever is less, requires prior approval by submitting a “Request for Adjustment of Budget” (Form 160).

5. Advances may be granted in accordance with Article III 3.7.5.
6. The County shall withhold a ten percent (10%) administrative fee for Medi-Cal processing during the payment process. For those participating in Medi-Cal, this fee should appear as a reversal in a line item under revenue in the budget.

7. Provider shall present a Fiscal Operations Manual for review, which shall include fiscal procedures addressing the following matters:
   
a. Accounting basis used by agency
b. Budgetary control procedure used to preclude incurring obligations in excess of funds available
c. Cost allocation methodologies
d. Control procedures for unused and voided checks and distributed payroll checks
e. Nature of expenditures paid through petty cash
f. Frequency of cash receipt deposits
g. Annual inventory of physical assets that value $5,000 or more for a single item
h. Procedures for tagging all property purchased with funds for this contract

8. Provider shall accurately maintain the following documents:
   
a. Inventory of fixed assets that value $5,000 or more for a single item
b. Current list of check signatories
c. Sliding fee scale and criteria for fee reduction
d. Documentation of client fee collection
e. Purchases during last fiscal year
f. Fixed assets list
g. Cash disbursement register
h. Cash receipt register
i. Payroll register
j. General ledger
k. General journal
l. Cost allocation plan and basis for allocation of indirect/joint costs
m. Bank reconciliation statements
n. W-4 forms
o. Quarterly payroll returns
p. Tax returns
q. Documentation of all donated personal property and services.
r. Audited financial statements
s. Agency-wide statements of revenues and expenses by programs
t. Supporting work papers/worksheets for the annual cost reports(s) and monthly claims
F. Fiscal Reports

1. An allocation plan and spreadsheet is required of agencies with multiple programs under multiple funding sources. This plan and spreadsheet shall be submitted with the proposed budget before the contract is signed.

2. The annual cost report shall be submitted as provided in Article III 3.7.9. Any variance between the monthly claims and the cost report shall be explained with supporting documentation submitted with the cost report. The report shall be submitted whether or not this Agreement is extended. This cost report shall be used to determine the settlement due under this agreement from either party to the other.

3. Annual audited financial statements must be submitted.
# EXHIBIT A-2
## DESCRIPTION OF PROGRAM SERVICES

**PROVIDER:** Pathway Society, Inc.  
**PROGRAM:** Pathway House Parolee 4 Beds  
**FY:** 2011/2012

<table>
<thead>
<tr>
<th>SERVICE TYPE</th>
<th>Residential Treatment</th>
<th>Outpatient Treatment</th>
<th>Prevention Services</th>
<th>Other Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Residential</td>
<td>Detoxification</td>
<td>Education</td>
<td>Assessment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intensive Outpatient</td>
<td>Community Based</td>
<td>Urinalysis Collection &amp; Testing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Processes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Early Identification</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Information</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dissemination</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Alternative</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Activities</td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>Check one of the funding sources below, if applicable.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASN</td>
<td>CDCI</td>
</tr>
<tr>
<td>CalWORKs</td>
<td>DCP</td>
</tr>
<tr>
<td></td>
<td>OTP</td>
</tr>
<tr>
<td></td>
<td>SACPA</td>
</tr>
<tr>
<td></td>
<td>SATTA</td>
</tr>
<tr>
<td></td>
<td>specify: Parolee Reentry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>Static Capacity</th>
<th>Dynamic Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adolescents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnic Groups (specify): All Languages (specify): English, Spanish</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CLIENT CAPACITY</th>
<th># of Beds (Residential, Detox, THU)</th>
<th>Static Capacity</th>
<th>Dynamic Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Clients (Outpatient Treatment, Drug Testing)</td>
<td>4</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNITS OF SERVICE/NNA</th>
<th>Check Bed Days or Available Staff Hours.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed Days (Residential, Detox and THU)</td>
<td>Multiply Static Capacity by the number of days in the contract term.</td>
</tr>
<tr>
<td>Available Staff Hours (Outpatient, Prevention, SACPA THU)</td>
<td>Multiply Total Direct Service FTEs by 1,601 (pro-rate for contract terms less than one full year).</td>
</tr>
<tr>
<td>Tests (Drug Testing) # of tests for the contract term</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST PER UNIT</th>
<th>Gross Cost/Unit</th>
<th>$99.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cost/Unit</td>
<td>Gross Budget ÷ Units of Service</td>
<td>$87.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADDITIONAL OUTPATIENT NNA</th>
<th>Dynamic Capacity X average # of individual sessions per client.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # Individual Sessions:</td>
<td></td>
</tr>
<tr>
<td>Total # Group Sessions:</td>
<td>Process groups of 4-10 only. Do not include psycho-education.</td>
</tr>
<tr>
<td>Total # Clients All Group Sessions:</td>
<td>Total process groups X average # of clients per group.</td>
</tr>
<tr>
<td># of Co-locations:</td>
<td></td>
</tr>
</tbody>
</table>

Note: Calculation instructions are for a full fiscal year, and may need to be pro-rated for actual contract term.
## EXHIBIT A-2
### DESCRIPTION OF PROGRAM SERVICES

#### LOCATION OF SERVICE SITES
(List all addresses below. Insert additional rows as needed.)

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City, State, Zip</th>
<th>Phone #</th>
<th>Fax #</th>
</tr>
</thead>
<tbody>
<tr>
<td>102 S. 11th Street</td>
<td>San Jose, CA 95112</td>
<td>408.998.5191</td>
<td>408.287.1930</td>
</tr>
</tbody>
</table>

#### PROGRAM STAFFING
(List all staff involved in the program, individually, by title, including first and last name initial. Insert additional rows as needed.)

<table>
<thead>
<tr>
<th>Direct Service Staff</th>
<th>FTE</th>
<th>Salary Range</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counselor I,II,III</td>
<td>0.80</td>
<td>$35,000 - $55,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Night Guard</td>
<td>0.12</td>
<td>$38,000 - $47,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Fill-in</td>
<td>0.10</td>
<td>$12 - $17</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>1.02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other/Support Staff</th>
<th>FTE</th>
<th>Salary Range</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Director</td>
<td>0.07</td>
<td>$60,000 - $80,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Clinical Supervisor</td>
<td>0.07</td>
<td>$55,000 - $70,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Executive Director</td>
<td>0.01</td>
<td>$95,000 - $145,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Food Service Manager</td>
<td>0.07</td>
<td>$40,000 - $55,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Maintenance Supervisor</td>
<td>0.07</td>
<td>$38,000 - $48,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Intake Coordinator</td>
<td>0.07</td>
<td>$35,000 - $42,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td>Benefits Coordinator</td>
<td>0.07</td>
<td>$36,000 - $48,000</td>
<td>Med,Dent,Life,LTD,Vision,WC</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>0.43</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td>1.45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### DESCRIPTION OF SERVICES
(Describe the program, including hours of operation. Residential programs must include a schedule of activities.)

Pathway House is an adult, co-ed residential treatment facility in downtown San Jose providing safe, drug/alcohol-free, residential, rehabilitative services for individuals with chemical and alcohol dependency issues and co-occurring disorders. Clients are typically referred to residential treatment for stabilization. Stabilization refers to creating a safe environment where the client is comfortable in their stage of recovery and who feels safe when they are ready to leave the recovery setting. This involves providing rules and the structure necessary for an individual to begin or continue their recovery and treatment. Stabilization is also provided for by ensuring each client receives an individualized treatment plan that is implemented and monitored by a trained Substance Abuse Counselor. Client needs are viewed from a holistic approach including their emotional, mental, physical...
and spiritual health and all of the factors contributing to the individual’s addiction.

Over the years Pathway has been involved in an organizational improvement effort to steadily expand and enrich its counseling, to ensure that it is clinically and process oriented and tailored to meet the individual needs of each client using ASAM Criteria, SRS and ORS client information. This initiative features a client centered approach that provides clients with the cognitive understanding to be able to think through the consequences of their behavior, and thereby achieve behavioral change. This is accomplished through structured, counseling-based interventions that are designed for all clients as well as criminal justice clients for actively engaging clients in all phases of treatment activities and for addressing cultural, gender and family-related issues. These interventions feature individualized assessments, individualized counseling, and group therapy, helping to steer clients through “stages of change” that make sense for them and that help them realize their own goals.

This approach builds the awareness of the clients of where they are in the cycle of addiction. Case management builds upon and connects clients to a wide range of community support groups, depending upon those most effective for each client – including self help programs, Framework for Recovery, Health Realization, church-based and community efforts, and other groups. Pathway completes a comprehensive Continuing Care Plan with each client. This includes a summary of treatment provided and recommendations for continued care within DADS System of Care or an aftercare plan if the client is leaving treatment entirely.

Snacks are provided to all clients between meals during the course of the day and clients are allowed to have personal food in their rooms in designated areas.

Intakes occur 7 days a week – including evenings.

Family groups are provided weekly throughout the year.

Pathway residential services adhere to the Best Practices Standards as set fourth by the Department of Drug and Alcohol Services of Santa Clara County.

Pathway House operates 24 hours a day, 7 days a week.
EXHIBIT A-3

SERVICE REQUIREMENTS AND PERFORMANCE MEASURES

Parolee Reentry Court Program for Adult Services

I. SERVICE REQUIREMENTS

A. **Policies and Procedures.** Provider will maintain and comply with, a complete, current copy of DADS Adult System of Care Policy and Procedure Manual.

B. **Client Centered Services.** Provider will provide services that are based on the clients’ individual needs, as identified on the multidimensional assessment.

C. **Dual Diagnosis Capable Services.** All providers in DADS Adult System of Care are expected to be Dual Diagnosis Capable Programs. The definition of Dual Diagnosis Capable Program includes: Routinely accepts dual diagnosed clients; is able to address the symptoms and functional impairment related to co-occurring illnesses of clients who are not so impaired as to substantially interfere with the clients’ treatment; has groups to specifically address issues related to co-occurring illness; routinely seeks consultation with qualified professionals; trains and supervises standard addiction staff to deal with issues related to clients with co-occurring illness; and maintains a more flexible position on client relapses in either psychiatric or substance related areas.

D. **Referrals and Admissions.** Provider will accept referrals, and will admit all clients, from Gateway Assessment Center and satellite assessment sites, Quality Improvement (QI) Division, and other DADS Adult System of Care contract Providers.

E. **Group Type and Size Standards.** Process groups should have no fewer than four, no more than ten, participants. Psycho-educational groups may be larger than process groups. Programs will be expected to provide psycho-education groups to clients who score low severity on all ASAM dimensions. Groups that routinely have greater than ten participants should be recorded and documented as structured discovery groups or other type of psycho-educational groups.

F. **Caseload for Outpatient Counselors.** An outpatient caseload of 48 clients per counselor is assumed for budget and program planning purposes. Actual caseloads may vary depending on the clinical need and intensity of services provided to clients. Providers must obtain prior approval from DADS Clinical Standards Coordinator for caseload reductions.

G. **Clinical Standards.** Providers will be required to abide by clinical and productivity standards, including changes or modifications to standards that are promulgated by DADS.
H. **Direct Services Hours.** A minimum of 40% of available staff hours must be face-to-face contact with clients. Providers will be expected to use Unicare to monitor this requirement.

I. **Outcome Rating Scale (ORS) and Session Rating Scale (SRS).** Providers are expected to use these tools as directed by DADS.

J. **Transitional Housing Unit (THU) Providers must provide services in accordance with established procedures and standards as described in the Transitional Housing Unit (THU) Standards (Appendix C, Adult System of Care Policy and Procedure Manual).**

K. **Providers providing service to pregnant and substance using or parenting and substance using, with child(ren) ages birth through 17 must comply with the Perinatal Services Network Guidelines as specified in Part I, Article (B)(7) of the Negotiated Net Amount (NNA) contract or NNA and Drug Medi-Cal (D/MC) combined contract between the State and the counties.**

L. **Drug Testing.** Drug testing for SACPA clients is governed by a separate contract. If this Agreement does not provide for SATTA funding, drug testing with SACPA funding is not allowed for SACPA clients.

M. **Residential Utilization.** Residential providers must submit a request to the Department’s Quality Improvement (“QI”) Division for approval of a length of stay beyond forty-five (45) days. Request must be submitted prior to the 35th day in residential treatment.

N. **Parolee Reentry Court (PRC) Program Reporting Requirements.** Below are the following requirement and due dates for PRC services and funding. The due dates are monthly. Data requirements for performance measures (#1-2) will be reported by DADS. The timesheets and the monthly claim (#3-4) should be submitted and emailed by the specific dates below to:

Mel whitlow@hhs.sccgov.org

1. **Number of residential bed days of programming provided to participants with PRC funds.**
2. **Number of participants who received services with PRC funds.**
3. **Timesheets for positions identified in the PRC contract will be due to DADS within fifteen (15) days after the last day of the month which service was rendered.**
4. **Monthly claims will be due to DADS within fifteen (15) days after the last day of the month which service was rendered.**
II. PERFORMANCE MEASURES

A. Performance Evaluation.

Provider overall performance (POP) is continuously monitored by the QI Division. QI staff track, collect, record and analyze data and reports that show a provider's performance on certain contractual requirements. The QI Division issues quarterly POP reports to all providers so that they may track their own performance and make adjustments throughout the fiscal year as needed.

Currently, the following performance indicators are monitored: (1) average operational capacity, (2) number of days closed to referrals, (3) data quality and timeliness, (4) attendance at required meetings, (5) timely submission of required reports, and (6) annual contracts review rating. In FY11, the following performance indicators may be added to the POP monitoring and reports: (1) wait time between a client’s first request for service and first treatment session, (2) the number of clients who fail to show for appointments (no show rate), (3) the number of admissions to treatment, (4) continuation rate from the first through the sixth treatment session for Outpatient, (5) number of days to record a successful discharge, and (6) 40% direct service time.

B. Enhanced Performance Measures for Cost-Based Contracts.

In addition to the Provider Overall Performance monitoring and the annual Performance Measures Audit described above, the following performance measures may be audited (via data reports):

1) Provider will maintain a turnover rate in counseling staff no greater than 25%. Exceptions must be reviewed and approved by the County.

2) Counseling staff shall, at a minimum, be registered and in the process of obtaining CAADC or CAADE certification, or MFT/LCSW/Psychologist licensure.

a. All non-licensed and non-certified individuals providing counseling in an AOD program licensed and/or certified by ADP shall be registered to obtain certification as an AOD counselor with CAADAC or CAADE. Registrants shall complete certification as an AOD counselor within five (5) years of the date of registration. New hires will have six (6) months to become registered. An individual who has not completed certification within the five year time period may not be an AOD counselor at any AOD program licensed and/or certified by ADP. An AOD program licensed and/or certified by ADP that allows an individual to provide services as an AOD counselor that is not a licensed professional, certified AOD counselor or has exceeded the five-year time limit as a registrant is out of compliance and will receive a deficiency citation from ADP.

b. Section 13010, Title 9, Division 4, Chapter 8, Subchapter 2, California Code of Regulations requires that, by April 1, 2010, at least thirty percent (30%) of staff providing counseling services in all AOD Programs Licensed and/or Certified by ADP shall be...
licensd or certified pursuant to the requirements of this Chapter. Effective April 1, 2010, any AOD program licensed and/or certified by ADP that allows less than 30% licensed professionals and/or certified counselors will be cited by ADP for non-compliance with Section 13010. For more information on counselor certification requirements, please go to the State ADP website http://www.adp.ca.gov/Licensing/lcbhome.shtml

In addition, counseling and other staff are expected to obtain DADS internal certification in specific areas unique to the DADS Adult System of Care.

III. Internal Certification.

Providers' counselors and other staff must obtain internal certification by DADS. Certification is achieved by passing a set of tests designated according to the staff member's position in the agency, as listed below. The Department's Learning Institute provides trainings on all of the test topics throughout the year to assist staff in achieving DADS internal certification. Documentation for staff certification in the areas listed below will be audited during the annual contract monitoring review. Areas below may overlap with the mandatory trainings listed in Exhibit A-1.

Counselors, QI Coordinators, Screeners and Assessors
1. ASAM
2. Stages of Change
3. Best Practices
4. Adult System of Care
5. Unicare
6. 42 CFR
7. Dual Relationships
8. CDOI

Clerical Staff (and Social Model Detox Staff)
1. Adult System of Care
2. 42 CFR
3. Dual Relationships
4. Unicare

Program Managers/Directors
1. Adult System of Care
2. 42 CFR
3. Unicare (overview and information on report(s) capacity)
4. Dual Relationships

THU staff
1. Adult System of Care
2. 42 CFR
3. Dual Relationships
4. Supportive Role of THU staff
5. Unicare

**Medical Staff (MD, LVN, RN)**
1. 42CFR
2. Adult System of Care
3. Unicare
4. Dual Relationships

**Residential Facility Managers**
1. Same as Clerical (1-3)
2. Unicare (as applicable)

**Residential Facility Support Staff (gardeners, cooks, maintenance, drivers)**
1. Dual Relationships
2. Confidentiality (42CFR)

**Researchers and Analysts**
1. Same as MD requirement
2. Dual Relationships (as needed)
APPENDIX TO EXHIBIT A-3

ADULT SERVICES PERFORMANCE MEASURES

Treatment Services: Residential, Outpatient, Perinatal, Addiction Medicine Therapy

To be determined.

Social Model Detox Services

1. Clinical Index Withdrawal Assessment (CIWA) completed.
2. Documentation reflects client was given information on continuing care.

Transitional Housing Unit

1. Clients (except BASN clients) referred to THU placement who accept the referral, will be placed within two (2) working days from the time THU provider receives paperwork from THU Care Coordinator.
2. Client will sign the Complete Orientation Summary to THU Services and Rules within two (2) working days of placement.
3. Client will complete a housing exit plan prior to discharge.
4. Clients will have a THU Client Status Reporting Form (THU CSR) completed at intake, discharge, and at any change of status as specified in the Audit Guide.
5. Required documents and/or signatures are present in the chart.

Revised June 2011
## Program Budget

**Provider:** Pathway Society, Inc.  
**Program:** Pathway Parolee  
**Fiscal Year:** 2011/2012  
**10/1/2011 to 9/30/2012**  
**4 Beds**

### Cost Category (Edit as needed.)  
**Annual Budget**

<table>
<thead>
<tr>
<th>Cost Category (Edit as needed.)</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
</tr>
<tr>
<td>1.00 ADMINISTRATIVE</td>
<td></td>
</tr>
<tr>
<td>1.01 Personnel (Position Title)</td>
<td>% FTE</td>
</tr>
<tr>
<td>EXEC DIRECTOR</td>
<td>0.01 $ 1,220</td>
</tr>
<tr>
<td>ASSOCIATE DIRECTOR</td>
<td>0.01 $ 1,436</td>
</tr>
<tr>
<td>Finance Director</td>
<td>0.03 $ 2,986</td>
</tr>
<tr>
<td>Operations</td>
<td>0.03 $ 1,723</td>
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<tr>
<td>Sr. Accountant</td>
<td>0.03 $ 1,956</td>
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<tr>
<td>BOOKKEEPER-ADMIN</td>
<td>0.03 $ 1,328</td>
</tr>
<tr>
<td>Office Manager</td>
<td>0.03 $ 1,314</td>
</tr>
<tr>
<td>CLERK</td>
<td>0.03 $ 1,149</td>
</tr>
<tr>
<td>Data Entry</td>
<td>0.03 $ 861</td>
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<tr>
<td><strong>Total Salaries</strong></td>
<td>$ 13,972</td>
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<tr>
<td><strong>Total Benefits</strong></td>
<td>$ 3,687</td>
</tr>
<tr>
<td><strong>Total Personnel (1.02 + 1.03)</strong></td>
<td>$ 17,659</td>
</tr>
<tr>
<td><strong>Administrative Operating</strong></td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>$ 1,062</td>
</tr>
<tr>
<td>Office</td>
<td>$ 517</td>
</tr>
<tr>
<td>Telephone</td>
<td>$ 144</td>
</tr>
<tr>
<td>Postage</td>
<td>$ 43</td>
</tr>
<tr>
<td>Occupancy</td>
<td>$ 749</td>
</tr>
<tr>
<td>Equipment Rental</td>
<td>$ 43</td>
</tr>
<tr>
<td>Printing/Subs</td>
<td>$ 115</td>
</tr>
<tr>
<td>Auto</td>
<td>$ 115</td>
</tr>
<tr>
<td>Conference/Education</td>
<td>$ 316</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>$ 129</td>
</tr>
<tr>
<td>Misc</td>
<td>$ 129</td>
</tr>
<tr>
<td><strong>Total Administrative Operating</strong></td>
<td>$ 3,362</td>
</tr>
<tr>
<td><strong>Total Administrative (1.04 + 1.06)</strong></td>
<td>$ 21,021</td>
</tr>
</tbody>
</table>

### Cost Category (Edit as needed.)  
**Annual Budget**

<table>
<thead>
<tr>
<th>Cost Category (Edit as needed.)</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Operating</strong></td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>$ 3,730</td>
</tr>
<tr>
<td>Supplies/Food</td>
<td>$ 15,273</td>
</tr>
<tr>
<td>Telephone</td>
<td>$ 764</td>
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<tr>
<td>Postage</td>
<td>$ 58</td>
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<tr>
<td>Occupancy</td>
<td>$ 8,065</td>
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<tr>
<td>Equipment Rental</td>
<td>$ 451</td>
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<td>Printing/Subs</td>
<td>$ 218</td>
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<tr>
<td>Travel</td>
<td>$ 1,804</td>
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<tr>
<td>Conference/Education</td>
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<tr>
<td>Specific Asst.</td>
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<tr>
<td>Membership Dues</td>
<td>$ 545</td>
</tr>
<tr>
<td>Donated Service/Misc.</td>
<td>$ 2,581</td>
</tr>
<tr>
<td>Other Insurance</td>
<td>$ 364</td>
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<tr>
<td>Depreciation</td>
<td>$ 1,047</td>
</tr>
<tr>
<td><strong>Total Program Operating</strong></td>
<td>$ 36,646</td>
</tr>
<tr>
<td><strong>Total Program (2.04 + 2.06)</strong></td>
<td>$ 123,655</td>
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<tr>
<td><strong>Gross Expenditures (1.07 + 2.07)</strong></td>
<td>$ 144,675</td>
</tr>
</tbody>
</table>

### Revenues

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Fees</td>
<td>$ 390</td>
</tr>
<tr>
<td>Drug Medi-Cal</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
</tr>
<tr>
<td>In-Kind</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>$ 2,545</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>$ 5,856</td>
</tr>
<tr>
<td>Food Bank Donations</td>
<td></td>
</tr>
<tr>
<td>Entitlement (specify)</td>
<td></td>
</tr>
<tr>
<td>Medi-Cal Admin Fee (10%)</td>
<td></td>
</tr>
<tr>
<td>Other Government Services</td>
<td>$ 3,904</td>
</tr>
<tr>
<td>Work Study</td>
<td>$ 488</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 16,676</td>
</tr>
<tr>
<td><strong>Net Expenditures (3.00-4.01)</strong></td>
<td>$ 128,000</td>
</tr>
</tbody>
</table>

### Pass-Through Revenue (e.g. Medi-Cal)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pass-Through Revenue</strong></td>
<td>$ -</td>
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</tbody>
</table>

### Max. Financial Obligation

<table>
<thead>
<tr>
<th>Obligation</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>Max. Financial Obligation</strong></td>
<td>$ 128,000</td>
</tr>
</tbody>
</table>
Considered

### EXHIBIT A-5
**SUMMARY OF BUDGET**

**CONTRACTOR AGENCY:** PATHWAY SOCIETY, INC.  
**FISCAL CONTACT PERSON:** Derek Chen  
**FISCAL CONTACT PHONE #:** 408-244-1834  
**FY 2011/2012**

**Date:** 9/9/2011

<table>
<thead>
<tr>
<th>PROGRAM NAME/SERVICE TYPE</th>
<th>RESIDENTIAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATE NNA UNITS</strong></td>
<td>1,460</td>
<td></td>
</tr>
<tr>
<td><em>(Bed Days or Available Staff Hours)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GROSS COST PER UNIT</strong></td>
<td>$ 99.09</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td><strong>NET COST PER UNIT</strong></td>
<td>$ 87.67</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td><strong>GROSS BUDGET AMOUNT</strong></td>
<td>$ 144,675</td>
<td>$144,675</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUES <em>(Edit line items, and insert or delete rows, as needed.)</em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Fees</td>
</tr>
<tr>
<td>Drug Medi-Cal</td>
</tr>
<tr>
<td>Rent</td>
</tr>
<tr>
<td>Work Study</td>
</tr>
<tr>
<td>Donations</td>
</tr>
<tr>
<td>Food Stamps</td>
</tr>
<tr>
<td>Food Bank Donations</td>
</tr>
<tr>
<td>Entitlement (specify) OGS</td>
</tr>
<tr>
<td>Third Party</td>
</tr>
<tr>
<td>Other Funds (specify) Agency</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

| NET BUDGET AMOUNT                                           | $ 128,000 | $    |

| PASS-THROUGH REVENUE (Medi-Cal)                             | $ - | $ - |

| MAXIMUM FINANCIAL OBLIGATION *(Net Budget + Pass-Through)*  | $ 128,000 | $    |

*Amounts must agree with Program Budget(s) on Exhibit A-4.*
EXHIBIT B-3 (revised)

INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICES CONTRACTS (e.g. Medical, Legal, Financial services, etc.)

Indemnity

The Contractor shall indemnify, defend, and hold harmless the County of Santa Clara (hereinafter "County"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Contractor and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of personnel employed by the County. It is the intent of the parties to this Agreement to provide the broadest possible coverage for the County. The Contractor shall reimburse the County for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Contractor is obligated to indemnify, defend and hold harmless the County under this Agreement.

Insurance

Without limiting the Contractor's indemnification of the County, the Contractor shall provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions:

A. Evidence of Coverage

Prior to commencement of this Agreement, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a certified copy of the policy or policies shall be provided by the Contractor upon request.

This verification of coverage shall be sent to the requesting County department, unless otherwise directed. The Contractor shall not receive a Notice to Proceed with the work under the Agreement until it has obtained all insurance required and such insurance has been approved by the County. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

B. Qualifying Insurers

All coverages, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- V, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the County's Insurance Manager.
EXHIBIT B-3 (revised)

C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified County insurance requirements without 30 days' prior written notice of such cancellation or change being delivered to the County of Santa Clara or their designated agent.

D. Insurance Required

1. Commercial General Liability Insurance - for bodily injury (including death) and property damage which provides limits as follows:
   a. Each occurrence - $1,000,000
   b. General aggregate - $2,000,000
   c. Personal Injury - $1,000,000

2. General liability coverage shall include:
   a. Premises and Operations
   b. Personal Injury liability
   c. Severability of interest

3. General liability coverage shall include the following endorsement, a copy of which shall be provided to the County:

   Additional Insured Endorsement, which shall read:

   "County of Santa Clara, and members of the Board of Supervisors of the County of Santa Clara, and the officers, agents, and employees of the County of Santa Clara, individually and collectively, as additional insureds."

Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by the County of Santa Clara, its officers, agents, and employees shall be excess only and not contributing with insurance provided under this policy. Public Entities may also be added to the additional insured endorsement as applicable and the contractor shall be notified by the contracting department of these requirements.
4. **Automobile Liability Insurance**

For bodily injury (including death) and property damage which provides total limits of not less than one million dollars ($1,000,000) combined single limit per occurrence applicable to owned, non-owned and hired vehicles.

4a. **Aircraft/Watercraft Liability Insurance** (Required if Contractor or any of its agents or subcontractors will operate aircraft or watercraft in the scope of the Agreement)

For bodily injury (including death) and property damage which provides total limits of not less than one million dollars ($1,000,000) combined single limit per occurrence applicable to all owned non-owned and hired aircraft/watercraft.

5. **Workers' Compensation and Employer's Liability Insurance**

a. Statutory California Workers' Compensation coverage including broad form all-states coverage.

b. **Employer's Liability coverage for not less than one million dollars ($1,000,000) per occurrence.**

6. **Professional Errors and Omissions Liability Insurance**

a. Coverage shall be in an amount of not less than one million dollars ($1,000,000) per occurrence/aggregate.

b. If coverage contains a deductible or self-retention, it shall not be greater than fifty thousand dollars ($50,000) per occurrence/event.

c. Coverage as required herein shall be maintained for a minimum of two years following termination or completion of this Agreement.

7. **Claims Made Coverage**

If coverage is written on a claims made basis, the Certificate of Insurance shall clearly state so. In addition to coverage requirements above, such policy shall provide that:

a. Policy retroactive date coincides with or precedes the Consultant's start of work (including subsequent policies purchased as renewals or replacements).

b. Policy allows for reporting of circumstances or incidents that might give rise to future claims.
EXHIBIT B-3 (revised)

E. Special Provisions

The following provisions shall apply to this Agreement:

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Contractor and any approval of said insurance by the County or its insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Contractor pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

2. The County acknowledges that some insurance requirements contained in this Agreement may be fulfilled by self-insurance on the part of the Contractor. However, this shall not in any way limit liabilities assumed by the Contractor under this Agreement. Any self-insurance shall be approved in writing by the County upon satisfactory evidence of financial capacity. Contractors obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.

3. Should any of the work under this Agreement be sublet, the Contractor shall require each of its subcontractors of any tier to carry the aforementioned coverages, or Contractor may insure subcontractors under its own policies.

4. The County reserves the right to withhold payments to the Contractor in the event of material noncompliance with the insurance requirements outlined above.

F. Fidelity Bonds (Required only if contractor will be receiving advanced funds or payments)

Before receiving compensation under this Agreement, Contractor will furnish County with evidence that all officials, employees, and agents handling or having access to funds received or disbursed under this Agreement, or authorized to sign or countersign checks, are covered by a BLANKET FIDELITY BOND in an amount of AT LEAST fifteen percent (15%) of the maximum financial obligation of the County cited herein. If such bond is canceled or reduced, Contractor will notify County immediately, and County may withhold further payment to Contractor until proper coverage has been obtained. Failure to give such notice may be cause for termination of this Agreement, at the option of County.