



County of Los Angeles
CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

DAVID E. JANSSEN
Chief Executive Officer

July 31, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**DEPARTMENT OF REGISTRAR-RECORDER/COUNTY CLERK:
APPROVE AMENDMENT NUMBER TWO TO AGREEMENT NUMBER 73635
WITH DIEBOLD ELECTION SYSTEMS, INC. FOR
ABSENTEE VOTER BALLOT MATERIAL PROCESSING
(ALL DISTRICTS - 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign Amendment Number Two ("Amendment") to Agreement Number 73635 ("Agreement") with Diebold Election Systems, Inc., (DESI) for the extension of automated Absentee Voter (AV) ballot material processing and the acquisition of enhanced scanner and inserting equipment for the Department of Registrar-Recorder/County Clerk (RR/CC). The Amendment will extend the term of the Agreement for three (3) years from September 1, 2007 through August 31, 2010, with two (2) one-year extension options. The cost to extend AV processing services for the term of the Agreement and the acquisition of the enhanced equipment is \$3,864,000. RR/CC has sufficient appropriation in the budget for this expenditure and the cost of the equipment, approximately \$378,000, is reimbursable under the Federal Help America Vote Act (HAVA) grant funds.
2. Authorize the RR/CC or her designee to: (i) exercise the extension options under the terms of the Agreement, if needed, and (ii) incorporate into the Agreement any new or revised Board-mandated provisions that may become effective during the term of the Agreement.

3. Authorize the RR/CC or her designee to amend the Agreement to increase the contract sum up to an additional twenty (20%) percent of the amended contract sum (\$772,800), if needed, to accommodate an expected future increase in the volume of AV ballots processed during the term of the Agreement, provided that sufficient funding is available in the Department's budget. If the authority to increase the contract sum is fully exercised, the maximum contract sum for this Amendment will not exceed \$4,636,800 over the term of the Agreement.
4. Authorize the RR/CC or her designee to amend the scope of work under this Agreement, to provide for software or hardware enhancements or other changes that may be required to meet the AV ballot material processing needs of the County so long as: (i) the Contract Sum under the Amendment does not exceed the maximum Contract Sum of \$4,636,800; and (ii) the form of the Amendment is approved by County Counsel prior to the execution thereof.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to extend the term of the Agreement for a three (3) year term with two (2) one-year extension options to ensure the continuation of automated AV ballot processing. On September 4, 2001, your Board adopted a competitively bid three-year contract with two one-year renewal options with Global Election Systems, Inc., to provide services to automate the processing of AV ballots. In 2003, Global Election Systems, Inc., became a wholly owned subsidiary of Diebold, Inc., and operates as Diebold Election Systems, Inc.,(DESI).

With each election year, the trend in the number of voters choosing to vote using the AV mail process has soared. For the most recent Statewide election, of the 3.8 million registered voters in the County, the number utilizing AV mail reached 800,000 and is expected to exceed 1,000,000 for elections in the 2008 cycle. The RR/CC's automation of the AV mail process began in 2001 when this contract was initiated. This was at a time when AV volumes were half of the current numbers. Renewal of the current services contract will provide a seamless continuation of the successful use of equipment, software and services which enable automated processing of the huge and ever-growing volume of AV ballots which must be processed within very short legally allowable timeframes.

The features this services contract entail include automated printing of voter specific data, including a barcode, on each customized AV ballot envelope followed by automatic inserting of the AV ballots/voter information materials into the 800,000+ customized envelopes. Subsequently, on the back end, the automated equipment enables speedy processing of the returned AV ballots by capturing the AV identification

(AV ID) numbers and voters' signatures on the outside of the AV envelopes and matching that data with the AV ID and signature images on the voter registration file. Use of this automatic signature recognition (ASR) software enabled a 35 percent increase in the rate of processing time to verify AV ballots with a commensurate 30 percent decrease in staff time for the November 2006 Gubernatorial General Election. Signature verification of each AV ballot against the voter signature on the voter registration file is a legal requirement in California. The use of this ASR software has permitted a much higher percentage of AV ballots to be signature verified, removed from their envelopes and ready to count on election night thereby leaving a smaller percentage of AV ballots remaining to be counted in the days following each election.

The current competitively bid contract will expire on August 31, 2007. In late 2006, the RR/CC was in the process of re-soliciting these services with an anticipated release of a Request for Proposal (RFP) when complications arose due to enactment of Assembly Bill (AB) 2770 with a January 1, 2007 effective date. AB 2770 requires that for any Statewide election or special election to fill a vacancy in a congressional or legislative office, votes cast by absentee ballots must be sorted, counted and reported by election precinct. The County's practice has been to sort, count and report AV ballots by ballot combination which is much simpler as there are 300-400 ballot combinations for a countywide election compared with 5,000+ precincts. Therefore, implementation of this new State law in a jurisdiction, the size of Los Angeles County, requires the acquisition of new, sophisticated sorting equipment and integration of that equipment into the existing AV equipment and processes.

At the time of enactment of AB 2770, the RR/CC was in full election mode preparing to conduct the November 2006 General Election. The RR/CC, concerned with the technological and operational impact this bill would have on the entire AV automation process, postponed the planned release of an RFP pending an analysis of the impact of AB 2770. When key RR/CC operations and technical managers assessed the technological and operational impact of AB 2770, it was determined that AV system integration issues were the vital factor in sustaining successful AV operations in an election environment now impacted by the daunting new requirements of AB 2770 coupled with the unprecedented requirement to conduct three statewide elections in 2008. The timelines are so tight that AV ballot processing must begin in early December 2007 for the first-ever February 5, 2008 Presidential Primary Election in California.

Therefore, the RR/CC determined that maintaining a stable elections environment required amending the current Agreement with the Diebold Election Systems, Inc., in order to ensure consistency of successful AV balloting operations. The recommended Amendment also provides for the acquisition of system specific ASR scanning and AV ballot inserter equipment to ensure faster processing time as well as enhanced quality

control features to meet increasing volumes of AV ballots -- including optical technology programmed to detect errors in assembly of AV ballot packet contents prior to mailing. Under the original competitively bid Agreement, equipment was provided at no cost to the County by Diebold Election Systems, Inc., as part of their initial system development and beta testing. This contract extension affords the County the opportunity to purchase system specific equipment using Federal Help America Vote Act (HAVA) grant funding in lieu of additional increased service charges on a per piece basis for continued use of vendor-owned equipment. Absent the acquisition of the equipment, these increased service charges would be applicable for every election conducted during the term of this extended contract. Incurring these increased service charges would exceed the costs of acquisition and would not meet eligibility requirements for reimbursement through Federal HAVA grant funding.

Implementation of Strategic Plan Goals:

The recommended action supports the County's Strategic Plan as follows:

Goal No. 3: Organizational Effectiveness: Ensure that service delivery systems are efficient, effective and goal-oriented. The services provided under the Amendment will ensure the optimal performance of the County's AV ballot processing services which is critical to conducting successful Federal, State, and local elections within the tight, legally-mandated timeframes.

Goal No. 4: Fiscal Responsibility: Strengthen the County's fiscal capacity. Use of existing Federal HAVA funding to acquire the inserting equipment and scanner component of this contract will allow the County to enhance these operations without incurring County costs.

FISCAL IMPACT/FINANCING

The cost of the recommended Amendment is \$3,864,000. The Department has sufficient appropriation in the budget for this expenditure. The Amendment will extend AV processing services at a cost of \$3,864,000 and provides for: (1) the purchase of enhanced scanner and inserting equipment at the approximate cost of \$378,000, which is fully reimbursable under the Federal HAVA grant funding; and (2) allows the RR/CC to execute Amendments increasing the maximum contract sum up to 20 percent of the amended contract sum, to accommodate expected future increases in the volume of AV ballots processed during the term of the Agreement, provided there is sufficient funding in the Department's budget. If the option to increase the contract sum is exercised, the maximum contract sum for this Agreement will not exceed \$4,636,800.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The RR/CC is responsible for conducting Federal, State and local elections in accordance with the California Elections Code. The recommended Amendment extends the term of the Agreement for three (3) years with two (2) one-year extension options. Approval of the Amendment will ensure the continuation of mission critical services and provide the necessary resources for processing the high volume of AV ballots and enable the County to meet functional, business and legal requirements mandated by Federal and State laws.

The Amendment updates and incorporates required Board provisions. DESI is in compliance with all Board, Chief Executive Office, and County Counsel requirements. The County's Chief Information Office concurs with the RR/CC's recommendations. The CEO and CIO have reviewed and approved the Board letter. County Counsel has reviewed this Board letter and approved the attached Amendment as to form.

CONTRACT PROCESS

The original Agreement was competitively bid. This is an extension of that Agreement. There was no contracting process associated with the Amendment.

IMPACT ON CURRENT SERVICES/PROJECTS

Approval of the recommended Amendment will allow for the continuation and enhancement of automated AV ballot processing.

The Honorable Board of Supervisors
July 31, 2007
Page 6

CONCLUSION

Upon Board approval, the Executive Officer/Clerk of the Board is requested to return one original stamped copy of the approved Board letter and its attachments to:

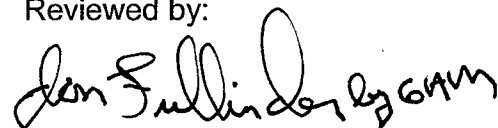
County of Los Angeles
Registrar-Recorder/County Clerk
12400 Imperial Hwy, Room 7201
Norwalk, CA 90650

Attn: Ngozi Ume, Manager
Finance & Management Division

Respectfully submitted,


DAVID E. JANSSEN
Chief Executive Officer

Reviewed by:


Jon W. Fullinwider
Chief Information Officer

DEJ:LN:CBM
NU:ljp

Attachments (2)

c: County Counsel
Chief Information Officer
Registrar-Recorder/County Clerk

diebold.bl

CIO ANALYSIS

**AUTHORIZATION TO SIGN AMENDMENT NUMBER TWO TO AGREEMENT NUMBER 73635 WITH DIEBOLD ELECTION SYSTEMS, INC. FOR ABSENTEE VOTER BALLOT MATERIAL PROCESSING AND THE ACQUISITION OF ENHANCED SCANNER AND INSERTING EQUIPMENT FOR THE DEPARTMENT OF THE REGISTRAR-RECORDER/COUNTY CLERK.
(ALL DISTRICTS 3 VOTES)**

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
☐ **DISAPPROVE**

Contract Type:

☐ **New Contract** ☒ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract** ☒ **Hardware Acquisition** ☐ **Other**

New/Revised Contract Term: **Base Term:** 3 Yrs **# of Option Yrs** 2

Contract Components:

☒ **Software** ☒ **Hardware** ☐ **Telecommunications**
☒ **Professional Services**

Project Executive Sponsor: Conny B. McCormack

Budget Information :

Y-T-D Contract Expenditures	\$
Requested Contract Amount	\$4,636,800
Aggregate Contract Amount	\$

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☒	☐	Is this project subvented? If yes, what percentage is offset? Approximately \$378,000 will be subvented by Federal HAVA grant funds.
☐	☒	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
☒	☐	Is this project in alignment with the County of Los Angeles Strategic Plan?
☒	☐	Is this project consistent with the currently approved Department Business Automation Plan?
☐	☐	

☒	☐	Does the project's technology solution comply with County of Los Angeles IT Directions document?
☒	☐	Does the project technology solution comply with preferred County of Los Angeles IT standards?
☐	☒	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

This recommendation is for the authorization to sign Amendment Number Two to Agreement Number 73635 with Diebold Election Systems, Inc. for the extension of automated Absentee Voter (AV) ballot material processing, and the acquisition of enhanced scanner and inserting equipment. The Amendment will extend the term of the Agreement for three (3) years from September 1, 2007 through August 31, 2010, with two (2) one-year options. The cost to extend AV processing services for the term of the Agreement and the acquisition of the enhanced equipment is \$3,864,000. If Board authorization is given authorizing the Registrar-Recorder or her designee to amend the Agreement to increase the Contract Sum up to an additional 20% of the amended Contract Sum, the maximum Contract Sum for this Amendment will not exceed \$4,636,800 over the term of the Agreement. RR/CC has sufficient appropriation in the budget for this expenditure and the cost of the equipment, approximately \$378,000, is reimbursable under the HAVA grant funds.

Background:

On September 4, 2001, your Board adopted a competitively bid three-year contract with two one-year renewal options with Global Election Systems, Inc. to provide services to automate the processing of AV ballots. In 2003, Global Election Systems, Inc. became a wholly owned subsidiary of Diebold, Inc. The RR/CC's automation of AV mail process began in 2001 when this contract was initiated. The current competitively bid contract will expire on August 31, 2007.

Project Justification/Benefits:

Renewal of the current services contract will provide a seamless continuation of the successful use of equipment, software and services which enable automated processing of the large number of AV ballots which must be processed within very short legally allowable timeframes. The features this services contract entails include the automatic printing of voter specific data, including a barcode on each customized AV ballot envelope, followed by automatic inserting of the AV ballots/voter information materials into the 800,000+ customized envelopes.

On the backend, the automated equipment enables speedy processing of the returned AV ballots by capturing the AV identification numbers and the voters' signatures on the outside of the AV envelopes and matching that data with signature images on the voter registration file. Use of this automatic signature recognition software enabled a 35% increase in the rate of processing to verify AV ballots with a commensurate 30% decrease in staff time for the November, 2006 Gubernatorial General Election. Signature verification of each AV ballot against the voter signature on the voter registration file is a legal requirement in California.

Project Metrics:

The project metric will be the seamless continuation of the successful use of the equipment.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

If the proposal is not approved, the RR/CC's ability to automatically process AV ballots would be negatively impacted.

Alternatives Considered:

None

Project Risks:

None

Risk Mitigation Measures:

None

Financial Analysis:

The base Contract Sum of the Agreement is \$3,864,000. The cost breakdown is as follows:

Extension of Term	\$3,486,000
Equipment	\$378,000
Total	\$3,864,000

The Department has sufficient appropriation in the budget for this expenditure and the cost of the equipment, approximately \$378,000, is reimbursable under the HAVA grant funds. The recommendation allows the RR/CC to execute Amendments increasing the Contract Sum up to 20% of the original Contract Sum. If the option to increase the Contract Sum is exercised, the maximum Contract sum for this Agreement will not exceed \$4,636,800.

CIO Concerns:

None

CIO Recommendations:

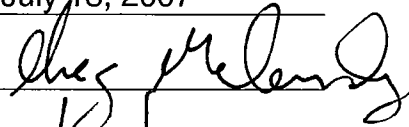
Based on our review of the Board Letter and discussions with the Department, we recommend your Board's approval of the recommended actions.

CIO APPROVAL

Date Received: July 17, 2007

Prepared by: Henry Balta

Date: July 18, 2007

Approved: 

Date: 7/18/2007

**AMENDMENT NUMBER TWO
TO AGREEMENT 73635
WITH DIEBOLD ELECTION SYSTEMS, INC.
FOR ABSENTEE VOTER BALLOT MATERIAL PROCESSING**

This Amendment Number Two ("Amendment Number Two") to Agreement Number 73635 ("Agreement") is entered into this _____ day of _____, 2007 by and between County of Los Angeles, a political subdivision of the State of California ("County") and Diebold Election Systems Inc., a Delaware corporation ("Contractor"). County and Contractor are sometimes hereinafter referred to collectively as the "Parties" and each individually as a "Party."

WHEREAS, the Agreement was originally entered into by and between County and Global Election Systems, Inc. ("Global") and approved by the County's Board of Supervisors on September 4, 2001;

WHEREAS, under that certain Change Notice Number One to the Agreement dated January 22, 2002, the Agreement was amended to reflect, among other things, a change in the identity of Global's Project Manager;

WHEREAS, under that certain Change Notice Number Two to the Agreement dated November January 29, 2002, the Agreement was further amended to, among other things, approve subcontracting of the inserting process of the Absentee Voter Ballot Material processing;

WHEREAS, under that certain Change Notice Number Three to the Agreement dated August 8, 2003, the Agreement was further amended to reflect, among other things, (i) the acquisition of Global by Diebold Elections Systems, Inc. and (ii) a further change in the identity of Contractor's Project Manager;

WHEREAS, under that certain Change Notice Number Four to the Agreement dated February 18, 2004, the Agreement was further amended to reflect, among other things, a further change in the identity of Contractor's Project Manager;

WHEREAS, under that certain letter from County to Contractor dated August 18, 2004, County exercised its option to extend the term of the Agreement for a six-month period from September 5, 2004 through March 4, 2005;

WHEREAS, under that certain Change Notice Number Six [sic] to the Agreement dated January 19, 2005, County exercised its option to further extend the term of the Agreement for an additional ninety (90) day period from March 5, 2005 through June 2, 2005;

WHEREAS, under that certain Amendment Number One to the Agreement dated June 2, 2005, the Agreement was further amended to, among other things, (i) replace

Exhibit A (Statement of Work) with a new Exhibit A1 (Statement of Work) (Amended June 2, 2005) and; (ii) further extend the term of the Agreement for one-year period from June 3, 2005 through June 2, 2006;

WHEREAS, under that certain Change Notice Number Seven [sic] to the Agreement dated April 7, 2006, the Agreement was further amended to, among other things, (i) replace Exhibit A1 (Statement of Work) (Amended June 2, 2005) with a new Exhibit A1 (Statement of Work) (Amended April 7, 2006), and; (ii) replace Exhibit B (Pricing Schedule) with a new Exhibit B (Pricing Schedule) (Revised October 19, 2005);

WHEREAS, under that certain Change Notice Number Eight [sic] to the Agreement dated May 1, 2006, County exercised its option to further extend the term of the Agreement for an additional one-year period from June 3, 2006 through June 2, 2007;

WHEREAS, under that certain Change Notice Number Nine [sic] to the Agreement dated March 12, 2007, County exercised its option to further extend the term of the Agreement for an additional 90-day period from June 3, 2007 through August 31, 2007;

WHEREAS, County and Contractor wish to further amend the Agreement to, among other things, (i) extend the term of the Agreement for an additional three-year period commencing September 1, 2007 through August 31, 2010, (ii) provide County with options to further extend the term of the Agreement for two (2) one-year periods and six (6) month-to-month periods; (iii) increase the Contract Sum by Three million, Eight Hundred Sixty-four Thousand Dollars (\$3,864,000.00); (iv) replace the current Exhibit A1 (Statement of Work) (Amended April 7, 2006) with a new Exhibit A1 (Statement of Work) (Amended September 1, 2007); and (v) replace the current Exhibit B (Pricing Schedule (Revised June 1, 2006)) with a new Exhibit B (Pricing Schedule) (Revised September 1); and

WHEREAS, this Amendment Number Two is made pursuant to Paragraph 4.0 (Change Notices and Amendments) of the Agreement.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement, as previously amended, is hereby further amended as follows:

1. Paragraph 4.0 (Change Notices and Amendments) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 4.0 (Change Notices and Amendments) to read as follows:

“4.0 CHANGE NOTICES AND AMENDMENTS

- 4.1 The County reserves the right to initiate Change Notices that do not materially affect the scope, Term, Contract Sum or payments under this Agreement. All such changes shall be accomplished with an executed Change Notice signed by the County's Project Director and Contractor's Project Director.
- 4.2 Except as otherwise provided herein, for any change which materially affects the scope of work, Term, Contract Sum, payments, or any Term or condition included under this Agreement, an Amendment to this Agreement shall be prepared and executed by the Contractor and by County's Board of Supervisors.
- 4.3 The County's Board of Supervisors or Chief Administrative Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the Term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Administrative Officer. To implement such changes, an Amendment to the Agreement shall be prepared and executed by the Contractor and by the Registrar, or her designee. Should any such addition and/or change materially affect this Agreement as per Paragraph 4.1 above, the County's Board of Supervisors or Chief Administrative Officer shall comply with Paragraph 4.2 above, and such change shall not be in effect until Contractor agrees in writing with any such addition and/or change.
- 4.4 The Registrar may, with Contractor's written agreement, authorize extensions of time as defined in Paragraph 6 (Term). The Contractor agrees that such extensions of time shall not change any other term or condition of this Agreement during the period of such extensions. To implement an extension of time, written notice of the Registrar's exercise of such extension shall be prepared and executed by the Registrar, or her designee, and delivered to Contractor as set forth in Paragraph 28 (Notices) of the Agreement.
- 4.5 The Registrar may, with Contractor's written agreement, amend the scope of work under this Agreement, to provide for software or hardware enhancements or other changes that may be required to meet the AV ballot material processing needs of the County.

- 4.6 The Registrar may, under Board delegated authority, amend the Agreement to increase the contract sum up to an additional twenty (20%) percent of the amended contract sum if needed to accommodate an expected future increase in the volume of AV ballots.
2. Paragraph 6.0 (Term) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 6.0 (Term) to read as follows:
- “6.0 TERM
- 6.1 The “Term” of this Agreement shall commence upon approval by County’s Board of Supervisors, and will run through August 31, 2010, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.
- 6.2 County authorizes the Registrar-Recorder/County Clerk, or her designee, to exercise, at his or her sole discretion, upon notice to Contractor, the option to extend this Agreement up to two (2) additional one-year periods (“Extension Year”).
- 6.3 As used herein and except where expressly stated to the contrary, the “Term” shall mean the initial Term, and if extended, each Extension Year, as the case may be.
- 6.4 County further authorizes Registrar-Recorder/County Clerk, or her designee, at his or her discretion, to authorize additional month-to-month extensions of the Term for a period not to exceed six (6) months, at the end of the initial Term or each Extension Year, if exercised. Contractor agrees that such extension(s) shall be at the same rate(s), terms and conditions as the initial Term.
- 6.5 County shall notify Contractor of any determination to extend this Agreement not less than thirty (30) Days before any extension period is to begin.
- 6.6 Contractor shall notify Registrar Recorder/County Clerk when this Agreement is within six (6) months from the expiration of the Term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to Registrar Recorder/County Clerk at the address herein provided in Paragraph 28 (Notices) of this Agreement.”

3. Paragraph 12.0 (Indemnification and Insurance) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 12.0 (Indemnification and Insurance) to read as follows:

“12.0 INDEMNIFICATION AND INSURANCE

12.1 Indemnification

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Agreement.

12.2 General Insurance Requirements

Without limiting the Contractor's indemnification of the County and during the term of this Agreement, the Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at the Contractor's own expense.

- 12.2.1 Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to:

Henrietta Willis-Kendall, Contract Analyst
Los Angeles County Registrar Recorder/County Clerk
12400 Imperial Hwy., Room 5203
Norwalk, CA 90650

prior to commencing services under this Agreement. Such certificates or other evidence shall:

- a) Specifically identify this Agreement;
- b) Clearly evidence all coverages required in this Agreement;
- c) Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;

- d) Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Agreement; and
 - e) Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.
- 12.2.2 Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII unless otherwise approved by the County.
- 12.2.3 Failure to Maintain Coverage: Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Agreement upon which the County may immediately terminate or suspend this Agreement. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.
- 12.2.4 Notification of Incidents, Claims or Suits: Contractor shall report to the County:
- a) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence.

- b) Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Agreement.
- c) Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to the County's Project Manager.
- d) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to the Contractor under the terms of this Agreement.

12.2.5 Compensation for County Costs: In the event that the Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

12.2.6 Insurance Coverage Requirements for subcontractors: The Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

- a) The Contractor providing evidence of insurance covering the activities of subcontractors, or
- b) The Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

12.3 Insurance Coverage Requirements

12.3.1 General Liability insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million

Each Occurrence: \$1 million

12.3.2 Automobile Liability written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

12.3.3 Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which the Contractor is responsible. If the Contractor's employees will be engaged in maritime employment, coverage shall provide workers' compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which the Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident: \$1 million
Disease - policy limit: \$1 million
Disease - each employee: \$1 million

12.3.4 Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$1 million per occurrence and \$3 million aggregate. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Agreement.

12.3.5 Crime Coverage: Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payee.

Employee Dishonesty: \$ 500,000
Forgery or Alteration: \$ 500,000
Theft, Disappearance and Destruction: \$ 500,000
Computer Fraud: \$ 500,000
Burglary and Robbery: \$ 500,000"

4. Paragraph 21.0 (Prohibition Against Assignment and Delegation) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 21.0 (Prohibition Against Assignment and Delegation) to read as follows:

"21.0 PROHIBITION AGAINST ASSIGNMENT AND DELEGATION

- 21.1 Contractor shall not assign its rights or delegate its duties under the Agreement, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this Paragraph, County consent shall require a written amendment to the Agreement, which is formally approved and executed by the Parties. Any payments by County to any approved delegate or assignee on any claim under the Agreement shall be deductible, at County's sole discretion, against the claims which Contractor may have against County.
- 21.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.
- 21.3 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

5. Paragraph 22.0 (Compliance with Civil Rights Laws) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 22.0 (Nondiscrimination and Affirmative Action) to read as follows:

“22.0 NONDISCRIMINATION AND AFFIRMATIVE ACTION

- 22.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.
- 22.2 The Contractor shall certify to, and comply with, the provisions of Contractor's EEO Certification (Exhibit J).
- 22.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 22.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 22.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.
- 22.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Paragraph 22.0 when so requested by the County.

22.7 If the County finds that any provisions of this Paragraph 22.0 have been violated, such violation shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Agreement.

22.8 The Parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Agreement, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Agreement."

6. Paragraph 35.0 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 35.0 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) to read as follows:

"35.0 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

35.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

35.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Agreement to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and

Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).”

7. Paragraph 36.0 (Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Paragraph 36.0 (Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program) to read as follows:

”36.0 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 36.0 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) of this Agreement shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of notice by the Los Angeles County Child Support Services Department shall be grounds upon which County may terminate this Agreement pursuant to Paragraph 16.0 (Termination for Default) and pursue debarment of Contractor pursuant to County Code Chapter 2.202.”

8. Paragraph 40.0 (Records and Audit) of the Agreement is hereby deleted in its entirety, and shall be replaced by a new Paragraph 40.0 (Record Retention and Inspection/Audit Settlement) to read as follows:

“40.0 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

40.1 The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Agreement in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement. The Contractor agrees that the County shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Agreement upon 30 days written notice which specifies with reasonable clarity what the County wishes to examine.. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the

term of this Agreement and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location, subject to Contractor's reasonable travel restrictions and/or policies. Contractor maintains the sole option of shipping all such documents to County, at Contractor's sole expense, should Contractor desire to do so, in lieu of County employee's travel to Contractor site.

- 40.2 In the event that an audit of the Contractor is conducted specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 40.3 Failure on the part of the Contractor to comply with any of the provisions of this Paragraph 40.0 shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement, subject to Contractor's 30 day right to cure.
- 40.4 If, at any time during the term of this Agreement or within five (5) years after the expiration or termination of this Agreement, representatives of the County conduct an audit of the Contractor regarding the work performed under this Agreement, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Agreement or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Agreement exceed the funds appropriated by the County for the purpose of this Agreement."

9. Paragraph 41.0 (Confidentiality) of the Agreement is hereby deleted in its entirety, and shall be replaced by a new Paragraph 41.0 (Confidentiality) to read as follows:

“41.0 CONFIDENTIALITY

- 41.1 The Contractor and County shall maintain the confidentiality of all records obtained from each other under this Agreement in accordance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality.
- 41.2 The Contractor and County shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Agreement.
- 41.3 The Contractor shall cause each employee performing services covered by this Agreement to sign and adhere to the provisions of the Exhibit D1 (Contractor Employee Acknowledgment and Confidentiality Agreement).
- 41.4 The Contractor shall cause each non-employee performing services covered by this Agreement to sign and adhere to the provisions of the Exhibit D2 (Contractor Non-Employee Acknowledgment and Confidentiality Agreement)”

10. The following new Paragraph 62.0 (Equipment Purchase and Maintenance) is hereby inserted immediately following Paragraph 61.0 (Software Upgrades) of the Agreement to read as follows:

“62.0 EQUIPMENT PURCHASE AND WARRANTIES

- 62.1 Contractor shall purchase, on behalf of County, inserter equipment system as provided in Exhibit A1 (Statement of Work) (Amended September 1, 2007) of the Agreement. Inserter equipment system shall be the sole property of County. Pricing paid by County to Contractor shall be set at Contractor's cost to BBH plus 10%. In any case, cost to purchase the equipment shall not exceed \$378,000 excluding installation and maintenance costs. Contractor's pricing shown in Exhibit B shall reflect the pricing structure in the preceding sentence, and shall be adjusted consistently upon any changes required by BBH and approved by the County regarding equipment purchased. The County agrees that any payment terms by County to Contractor regarding inserter equipment shall be net 10 days less than the County's approved payment terms between Contractor and BBH for the purchase of such inserter equipment. Any other terms of

purchase and/or license of inserter equipment shall be as agreed and approved by County, Contractor and BBH.

62.2 Contractor shall supply scanning equipment, as provided in Exhibit A1 (Statement of Work) (Amended September 1, 2007). Scanners shall be the sole property of County.

62.3 Contractor shall ensure that the supplier transfers all maintenance services and other warranties applicable to or made in connection with any inserter equipment system obtained by or delivered to County through or from Contractor under this Agreement upon delivery and installation of such inserter equipment system, subject to County's full payment to Contractor in accordance with Section 62.1 above.

62.4 Contractor shall ensure proper and timely maintenance of scanner as part of the maintenance agreement as provided in Exhibit B (Pricing Schedule)(Revised September 1, 2007).

11. The following new Paragraph 63.0 (Force Majeure) is hereby inserted immediately following Paragraph 62.0 (Equipment Purchase and Maintenance) of the Agreement to read as follows:

"63.0 FORCE MAJEURE

63.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, acts of government, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

63.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the reasonable control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this sub-paragraph,

the term “subcontractor” and “subcontractors” mean subcontractors at any tier.

63.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

12. Exhibit A1 (Statement of Work) (Amended April 7, 2006) of the Agreement is hereby deleted in its entirety and is replaced by a new Exhibit A1 (Statement of Work) (Amended September 1, 2007), a true and correct copy of which is attached hereto and incorporated herein by this reference.
13. Exhibit B (Pricing Schedule) (Revised June 1, 2006) of the Agreement is hereby deleted in its entirety and shall be replaced with a new Exhibit B (Pricing Schedule) (Revised September 1, 2007), a true and correct copy of which is attached hereto and incorporated herein by this reference.
14. Exhibit D (Contractor Acknowledgement and Confidentiality Agreement) of the Agreement is hereby deleted in its entirety and shall be replaced by a new Exhibit D1 (Contractor Acknowledgement and Confidentiality Agreement) and Exhibit D2 (Non Contractor Non-Employee Acknowledgment and Confidentiality Agreement), a true and correct copy of which is attached hereto and incorporated herein by this reference.
15. Except as otherwise provided under this Amendment Number Two, the Agreement, as previously amended, and including all preambles and recitals set forth herein and therein, shall remain unchanged and in full force and effect.

/

/

/

/

/

/

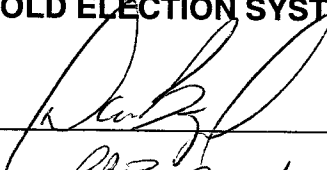
/

/

**AMENDMENT NUMBER TWO
TO AGREEMENT 73635
WITH DIEBOLD ELECTION SYSTEMS, INC.
FOR ABSENTEE VOTER BALLOT MATERIAL PROCESSING**

IN WITNESS WHEREOF, Contractor has executed this Amendment Number Two, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment Number Two to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day, month, and year first above written.

DIEBOLD ELECTION SYSTEMS, INC.

By 

Title PRESIDENT

Tax ID # 850394190

COUNTY OF LOS ANGELES

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By _____
Chairman, Board of Supervisors

By _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By 
José Silva
Principal Deputy County Counsel

**ABSENTEE VOTER BALLOT MATERIAL PROCESSING
STATEMENT OF WORK
(Amended 9/1/07)**

I. PURPOSE

The County of Los Angeles has up to 1,000,000 voters using the absentee ballot process in a major Election. The purpose of the Absentee Voter Ballot Material Processing services is to assist the Registrar-Recorder/County Clerk (RR/CC) to expedite the mailing of Election material and return processing of Absentee Voter (AV) ballots. The process includes the printing of voter specific data including a barcode on a custom return envelope; inserting the ballot, printed material, and return envelope (printed with the voter's specific information) in the outgoing window envelope; processing the returned ballots and capturing the Absentee Voter identification (AV ID) so that the image of the voter's signature can be compared to the signature on the return envelope. AV processing interfaces with the County's election management system so that the signature images can be automatically retrieved in the same order as incoming envelopes. This allows comparing of signatures quickly without entering the AV ID for each voter. In response to recent legislation requiring AV reporting by precinct, it is the RR/CC's intent to integrate the AV process with upgraded sorting equipment to be purchased under a separate agreement. At such future point in time the Contractor will be required to work with the RR/CC to create the necessary interface.

Incoming absentee envelopes containing voted ballots are grouped by tray. Data associated with the tray, Tray Number and AV ID, is in sequential order and provided in electronic media for upload into the County's voter registration system in support of signature verification. A signature capture to this process provides additional data elements consisting of signature clips associated with the tray envelopes. The data form will be compressed TIFF files named with the AV ID.

1. Significant Events

Elections affecting the required services are as follows:

- Uniform District Election Law (UDEL) Elections are scheduled in November of odd numbered years.
- Primary Elections are scheduled in June of even numbered years.
- General Elections are scheduled in November of even numbered years.
- Special Elections are scheduled when called.
- Presidential Primary Elections beginning February 2008.

2. RR/CC Technical Systems and Interface Requirements

The RRCC operates a Microsoft Windows 2000 domain server environment using TCP/IP as the primary network protocol. The RR/CC has standardized

software from Microsoft, including Microsoft Office, Microsoft Project, Microsoft Windows 2000 & XP for desktops, Microsoft Windows 2000 Server for servers, and Microsoft SQL Server for database applications. Contractor shall provide all Deliverables and other work hereunder so as to remain compatible with County's existing IT infrastructure.

II. SCOPE OF WORK

Contractor shall:

1. Provide the software and equipment to print the required variable data on the envelopes, insert ballot and material and process the returned mail ballots. The inserter equipment shall be purchased on behalf of the RR/CC and shall be the sole property of the RR/CC.
2. Produce an election specific return envelope sized to accommodate the ballot. This return envelope contains imprinted barcodes or other machine-readable codes embedding and AV ID information.
3. Insert the ballot, printed material, and return envelope (printed with the absentee voter's specific information) in the outgoing window envelope.
4. Match the absentee voter specific return envelope to the precinct specific ballots and to other material during an automated inserting process.
 - a. For Primary Elections, the ballot type, political party, and language printed on all absentee voter return envelopes processed by the Contractor must match with 100% accuracy official AV ballots and material inserted into each mail piece.
 - b. For General Elections, the ballot type, and language printed on all absentee voter return envelopes processed by the Contractor must match with 100% accuracy official AV ballots and material inserted into each mail piece.

Matching criteria may change based on mandated federal/state legislation (i.e. AV by Precinct).

5. Prepare County's permanent absentee voter mailings per United States Postal Service (USPS) standard requirements and all others per USPS First Class requirements.
6. Place return envelope containing voted ballot in tray in the same sequence as scanned.

7. Provide to RR/CC, in electronic media form, clipped signature from the image of the absentee voter's return envelope in a compressed TIFF format.
8. Interface with County election management system that is managed by Data Information Management System (DIMS).
9. Automatically capture the AV signature as part of the scan process.
10. Contractor shall keep current with, and bring to the attention of County, technology that would improve and enhance the Absentee Voter Ballot Material Process.

III. TASKS AND DELIVERABLES

TASK 1 - PROJECT MANAGEMENT

Project planning and event management process are critical to track time-sensitive events that if not properly executed may compromise delivery and processing of AV material. A comprehensive and detailed plan for each Election shall be developed by Contractor and delivered to County. This plan shall be known as the Election Plan.

County will meet with or submit a written request to Contractor no later than 88 days (E-88) before the date of the Election to formally request the use of Contractor's automated AV Processing System. The written request shall include the date of the Election; expected overall volume; expected average daily volume; expected highest peak in a 24-hour processing day; County's administrative, operational, and technical contacts (including name, phone number, and email address); and County's overall Project Director. At the time of County's request, County will instruct Contractor on the sorting of AV material by ballot type or precinct as mandated by state or federal legislation/law.

Contractor upon receiving County's written request shall prepare and deliver the Election Plan, with attachments as defined in this Statement of Work (SOW), no later than E-76. County shall review and approve the Election Plan no later than E-66. County will monitor/oversee Contractor's progress based on the approved Election Plan, the Agreement, SOW, and Amendments to the Agreement.

The Election Plan shall incorporate all Contractor Tasks and Subtasks listed in the Agreement, SOW, and any amendments to the Agreement.

The Election Plan shall include the following:

1. Name of Contractor staff who will be assigned as the onsite Project Manager for the Election. Project Manager shall use commercially reasonable efforts to supply a project manager who possesses at least three years experience

performing similar AV services in a jurisdiction with greater than 750,000 registered voters.

2. A List of Contractor Staff who will be assigned to provide onsite support for the following areas: a) Operations b) Administrative and c) Technical. Include a short description of duties and responsibilities for each staff member
3. A list of Contractor tasks and subtasks required to successfully support the Election. Start and end dates and responsibility assignments shall be included. At a minimum, all of the tasks and subtasks in the Agreement, SOW, and Amendments to the Agreement shall be included in the list.
4. A list of Tasks and Subtasks that are to be executed by the County as determined by Contractor and after review and approval by County's Project Director.
5. A list of sub-contractor agencies that will be used by Contractor (including address, phone number, and main contact person) and a short description of services that shall be provided.
6. A list of procedures for transfer of electronic files between the County and the Contractor and a preliminary schedule with cutoff dates. At a minimum, the list shall include transfer of initial batch of AV records, daily transmittal of AV records, software upgrades, patches or fixes, and any other files that Contractor deems necessary for successful completion of critical tasks. The preliminary schedule shall be reviewed and approved by the County before it is considered final. County is aware that changes to the approved schedule may be necessary and will be handled on a case-by-case basis.
7. A table showing category separation schemes and what postage rate is going to be used for each separation (1st or Standard class). County will provide this information and Contractor shall validate and update their software if any new codes for the different AV categories are identified.
8. A list of resources required by Contractor, to be provided by County, to successfully support the Election. Resources may include but not limited to office supplies, office space, administrative computers, printers, and other office or administrative related items.
9. A list showing dates and location of periodic meetings that are to be held to review the Election Plan and report on status of critical tasks. Include a short description or agenda for each meeting.

County will be responsible for overall oversight and control of tasks identified in the Agreement, SOW and amendments to the Agreement. Contractor shall manage and coordinate all Tasks and Subtasks listed in the Election Plan. Contractor shall provide

sufficient staff to complete its assigned Tasks and Subtasks as described in the Election Plan and report progress to County's Project Director in writing. Any delay in execution of any task that may materially or substantially delay legally mandated processing deadlines shall be reported to the Project Director within 24 hours of discovery. Any changes to the Election Plan must be reviewed and approved by the County's Project Director, such approval not to be unreasonably withheld or denied.

DELIVERABLE 1.

Contractor prepares an Election Plan in compliance with Project Management specifications set forth above and delivers it to County by E-76. County shall review the Election Plan and submit final changes no later than 8 days after receiving plan from Contractor. Contractor shall review the changes requested by County and be prepared to discuss in detail within 48 hours.

TASK 2 - ENVELOPES

1. Contractor shall be required to prepare two (2) separate envelopes per voter as follows:

- a. Outgoing mailers:

There are four (4) different types of outgoing window mailers. They are of standard weight, 5 7/8" by 9 1/2" with custom window in lower right hand corner and imprinted with County specific information as follows:

- First Class Permit Indicia
- Federal Frank (Military/Overseas) Indicia
- Blank Indicia for Metering
- Standard Non Profit Indicia

- b. Ballot return envelope with variable voter data:

There are four (4) different types of custom ballot return envelopes, 5 5/8 x 9 inches imprinted with County specific information on USPS approved light lavender paper stock as follows:

- Courtesy Reply
- Business Reply conforming to BRMAS Standards
- Federal Frank – Military
- Federal Frank – Overseas

2. Delivery of outside mailer envelopes will be required no later than 60 days prior to each election. No overages or shortages accepted.

3. County will pay shipping charges for envelopes. County and contractor will make every effort to reduce shipping costs.
4. County will work with Contractor to create required artwork.

DELIVERABLE 2.

Contractor provides all required envelopes per Envelopes specifications. Contractor shall bill County for only the envelopes ordered and delivered.

TASK 3 - APPLICATION SOFTWARE

Contractor shall provide its existing AV processing Application Software that automates, to the fullest extent possible and commercially reasonable, the functions required to handle the high volume of AV applications in Los Angeles County. Contractor shall provide comprehensive and highly customized software that manages and controls both AV outgoing and incoming processes. Application Software functionality shall include but not be limited to: sound data integrity checks, exception reporting, formatting of print output that conforms to USPS requirements, integration with County election management system, and automated tools for transfer of data to/from County election management system. At a minimum, Application Software shall include:

1. Basic Data Capture: A software application that supports the Voter Signature Verification return data containing the County election management system AV ID number in specified order or group in a tray. This database shall be delivered to RR/CC on electronic media.
2. Signature Capture: A software application that will support Item 1 above plus provide additional data elements consisting of signature clips associated with the tray envelopes. The form of the data will be compressed TIFF files named with the AV ID.
3. Automated Signature Recognition (ASR): An Application Software interface that allow operators to easily select trays (from a list of available trays). One, several, or all trays may be selected for processing. A tray is considered a batch and a unique batch number is assigned to each tray for tracking purposes. The Application Software must provide capability to allow specification of envelope, count per batch, and is usually set between 300 and 350 in Los Angeles County.
4. Contractor shall provide a report that list individual AV ID numbers and envelope sequence numbers (by tray) and shall be available for on-demand printing. The report is to be organized into separate groupings by tray and by the following categories: a) challenged signatures and b) signatures that meet or exceed pre-determined verification thresholds. Both "A" and "B" will be provided in separate reports. A report that sorts by AV ID number is available at the County election management system level after scanner data is uploaded.

5. The ASR Application Software shall enhance the Incoming Absentee Ballot Material Process by reducing the current workflow; specifically by minimizing any manual side-by-side signature verifications which are processed utilizing County election management system. All signatures that meet or exceed pre-determined signature verification thresholds will not be presented for side-by-side manual verification and will be electronically sent to County election management system for automatic updating of AV return status.
6. RR/CC agrees to provide access to a network folder that contains signatures exported from County election management system. An existing utility in County election management system shall be used to export signatures. After the first initial load of all available signatures on file, daily updates will be appended to the main file.
7. In order to allow operator to correct misscans, misfeeds, or any other physical or logical condition that causes the Application Software to reject envelopes in a tray, the Application Software shall alert operator by sending the rejected envelopes into the error tray located on the backside of the output bin. The Application Software provides a process for rescanning just the rejected envelopes, rather than the entire tray.
8. ASR Application Software and associated physical components shall be scalable and able to meet RR/CC's requirement of being able to process 50,000 incoming envelopes within a 16-hour workday. Processing in this context is defined as going through the following series of discrete steps: a) scanning/endorsement; b) image recognition and storage; c) signature verification; d) file export; e) error and exception handling for rejected envelopes until they are deemed corrected or manually reconciled
9. ASR Acceptance Testing by RR/CC shall consist of conducting a test using files from a specified Election and Contractor agrees to provide a working version of the System (both hardware and software) and provide on-site/telephone technical and operational support. Scope of Acceptance Testing shall include end-to-end processing of envelopes from scanning to file export.

DELIVERABLE 3.

Contractor provides its existing Application Software which manages and controls, to the highest extent possible and commercially reasonable, both AV outgoing and incoming processes, including sound data integrity checks, exception reporting, printing that conforms to USPS requirements, and integration with County election management system for the transfer of data.

TASK 4 - OUTGOING PROCESS

1. Contractor shall be required to prepare and transfer to the USPS a specified number of ballot mailers within a specified period in order to meet statutory requirements for delivery of mail ballots to voters.
2. The mailing out process shall be done on a daily basis for a specific period of time. The outgoing mail preparation typically starts 60 days (E-60) before an Election. From E-36 to E-4 there will be a daily mailing. The daily mail quantities could be as high as 60,000.
3. AV outgoing mail processing includes voter data extract processing, bar coding and inkjet printing of voter specific variable data on the custom ballot return envelope, and the insertion of that envelope into the outgoing window mailer.

The following will be inserted into the outgoing window mailer.

- ◆ Ballot return envelope printed with variable voter data (provided by Contractor)
 - ◆ 3 ¼" by 9" ballot (provided by County)
 - ◆ AV guide or Sample Ballot booklet (5 ½" x 8 ½") and voter instructions/information sheet. (Provided by County based upon mutually agreeable insert specifications)
 - ◆ A gray ballot secrecy sleeve (provided by County).
4. Ballots must be retained by County in a secure location that is locked and sealed until processed and delivered to USPS.
 5. Contractor shall sort mailers and place in mailer trays in such a manner as to accommodate postal processing delivery and obtain the lowest available postage rate for first class mail.
 6. Contractor shall provide the ballot return envelope, the outside mailing envelope and any other material used in the insertion process that are not provided by County. The "Official Election" mail logo must be included on the envelopes.
 7. County will provide voter specific variable data and bar coding, ballots, gray ballot secrecy sleeves, voter instructions/information sheets, and either the AV guide or the Sample Ballot booklet.)
 8. Contractor shall provide the equipment, software and personnel required to print all required information on the envelopes and insert material.
 9. Contractor shall insert the ballot, printed material, and return envelope (printed with the absentee voter's specific information) in the outgoing window envelope.

10. Contractor shall provide all training to County staff on any functions County personnel will perform with the exception of inserting equipment which Contractor will purchase from Bowe Bell + Howell on behalf County. Bowe Bell + Howell will provide training on inserting equipment.
11. Contractor shall provide on-site support personnel at all times during the AV ballot processing, including business days, nights, weekends and holidays if needed.
12. Contractor shall arrange for stand-by inserting machine operator and maintenance/service technician. County shall contact Contractor to dispatch operator and/or technician as needed at a cost set forth in Exhibit B (Price Matrix) of the Agreement.

DELIVERABLE 4

Contractor processes and delivers all AV mailers to USPS daily in accordance with the Outgoing Process specifications set forth above.

TASK 5 - INCOMING PROCESS

Contractor shall be required to process incoming AV envelopes returned by voters. The return process starts approximately E-26 in varying amounts depending upon return mail quantities and continues through E+2. The quantity of the incoming mail typically increases with each day.

Incoming AV envelopes (mailed back by voters) containing voted ballots are grouped into batches and dropped in trays. Application Software provided by Contractor shall be used to manage and track scanning of returned AV envelopes and extraction of data needed by County election management system to verify signature and validate voted AV ballots. Contractor shall provide upgraded scanner equipment when and if the same is developed to County to process the returned mail ballots. Scanner hardware shall be the sole property of County once purchased. Contractor shall arrange for maintenance/service technicians as needed.

1. Application Software together with System Hardware shall be capable of processing up to 75,000 envelopes in a 7-hour processing period. Processing shall begin at the point envelopes are scanned and include time expended for handling error conditions such as duplicates, misprinting of endorser number, misfeeds or jams, and any other condition that triggers manual counting and viewing of individual envelopes in a batch to verify counts and integrity of data.

2. Application Software shall automatically read and interpret data from barcodes printed on the envelopes. A single electronic file containing AV IDs within each batch, in the order they were scanned, shall be generated and automatically sent to County election management system for further processing. Upon County completion of necessary modifications to the County Election Management System, an automated interface shall be developed and implemented to allow automatic transmittal and processing of electronic file directly to the County Election Management System.
3. Application Software shall automatically read and save clipped signature images from scanned envelopes. A single electronic file containing signatures within each batch, in the order they were scanned, shall be generated and automatically sent to County election management system for further processing. Upon County completion of necessary modifications to County election management system, an automated interface shall be developed and implemented to allow automatic transmittal and processing of electronic file directly to the County election management system. Signature files created from this subtask shall be automatically linked to the AV ID file described in item #2 above.
4. Application Software shall have a verification mechanism for ensuring that the number of envelopes scanned in each batch or tray matches the count of records saved to files described in items #2 and #3 above. The same verification mechanism shall also verify that the records in these files are stored in the same order as when the envelopes were physically scanned.
5. After the envelopes are scanned and tracking reports printed for each tray, County shall put them back in tray in the same order they were scanned.
6. In the event the automated interface described in items #2 and #3 above rejects any of the files, a method shall be available for manually uploading the files to County election management system. Contractor shall include procedures for such manual method in the Election Plan.
7. Scanner Equipment shall include six (6) Accuscan Scanner ES and one (1) Accuscan Server with monitor. Scanner equipment shall have scan capability of 2,700 envelopes per hour.

DELIVERABLE 6

Contractor processes all incoming AV envelopes in conformance with the requirements of Incoming Process set forth above.

TASK 7 - PRINTING SPECIFICATIONS - VARIABLE DATA

Contractor shall provide a Software Application that supports the imprinting of voter specific variable data on the custom ballot return envelope for use in a high-speed production distribution of ballot and material to a voter as detailed below:

1) Registered Voter Information:

- a) RR/CC will provide the specific variable information for each registered voter on electronic media. The data will be provided in a fixed field format.
- b) All variable information will be printed on the back of the return envelope. The name and address of the registered voter will be printed on the envelope so that the name and address will show through the window when it is inserted into the outer window envelope and must meet USPS automation addressing specifications regarding address printing (this includes OCR-Readable type styles). The name/address block will be:

Voter Name

Address Line 1

Address Line 2

Address Line 3 (this will be the mailing address information, if different from the residence address)

2) Barcode Printing

- a) Delivery-point barcode will be printed over the city and state line with the name/address block. It will consist of the ZIP+4 code for the mailing address of the registered voter and must meet all of the USPS POSTNET barcode specifications for height, width, and pitch. The barcode must show in the window per a "shift test" and USPS Domestic Mail Manual (DMM) specifications.
- b) A return sort code will be created with the POSTNET barcode format that meets the USPS specifications for height, width, and pitch. It will be located on the return envelope per USPS DMM specifications. The return sort code will be used to mechanically sort the envelopes when the voters return them. It will consist of a 5 digit number representing precinct information plus a checksum digit.
- c) The Code 3 of 9 barcode will be printed at least 1/8" from all edges in the lower left hand side of the return envelope just below the signature block. It will not show in the window of the outer envelope. The Code 3 of 9

barcode will consist of the same information as above and used for manual scanning.

- d) A human readable code line will be printed in a human readable font above the name/address on the return envelope and will be positioned to show with the name/address block through the window of the outer envelope. The font will be no smaller than eight (8) lines per inch (LPI) and ten (10) characters per inch (CPI). The format of the human readable code lines shall be:

Field Description	Length	Sample
Election Date	10	11,07,2007
Election ID	9	X-X
Voting Precinct	12	9999999X
Voter ID	9	9-9
Voter Name	74	X-X
Residence Address	40	X-X
Residence City/Zip	35	X-X
Mailing Address: Care of	40	X-X
Mailing Address: Street	40	X-X
Mailing City	40	X-X
Mailing State	2	XX
Mailing Zip Code	5	99999
AV ID	7	9999999

- e) Human readable lines will be printed below the Code 3 of 9 barcode. The format will be the contents of the barcode.
- f) Contractor shall obtain prior approval in writing from County on the printing layout to be used in the printing of the ballot return envelope. The ballot return envelope should be in a format approved by the USPS addressed to: "County of Los Angeles, Registrar-Recorder/County Clerk, PO Box 30960, Los Angeles, CA. The Zip+4 for the Courtesy Reply and Federal Frank should be 90030-0960. The Zip+4 for the Business Reply should be 90099-9283. The return address portion of the outgoing envelope should be "County of Los Angeles, Registrar-Recorder/County Clerk, PO Box 30450, Los Angeles, CA 90030-0450." There are four (4) different indicia to be used in the upper right hand corner of an envelope:
1. Courtesy Reply: "First Class Postage Required, Post Office will not deliver without proper postage"
 2. Business Reply: "No Postage Necessary if Mailed in the United States"

3. Federal Frank: "U.S. Postage Paid, 39 USC 3406, Par Avion per DMM E080"

4. Standard Non Profit

DELIVERABLE 7

Contractor provides a Software Application which accurately and timely supports the imprinting of voter specific variable data pursuant to the specification set forth above.

TASK 8 - INSERTION OF MATERIAL

Contractor shall perform all services in connection with the insertion of material into envelopes pursuant to the following:

- 1) Ballot Mailer Package: The ballot mailer package will consist of:
 - (a) Outgoing window envelope.
 - (b) Ballot return envelope of standard weight and 5 5/8" by 9" in size.
 - (c) AV guide or Sample Ballot booklet and pre-folded voter instructions/information sheet.
 - (d) Optical Scan InkaVote Card Ballot.
 - (e) Gray ballot secrecy sleeve.
- 2) Provision of Supplies: Contractor will supply items (a) and (b) above and provide the required software needed for the entire process. Contractor, on behalf of County, will purchase the required inserter hardware needed for the entire process. The inserter hardware shall be the sole property of the RR/CC. County will provide items (c) through (e) above.
- 3) Storage of Supplies: Ballots are highly accountable serialized documents. County will maintain storage for the ballots. The printing and insertion process will be done at the RR/CC office. Contractor provide on-site operational support during the process.
- 4) Inserter Hardware Specifications. Inserter hardware shall be the Bowe Bell + Howell Phillipsburg Mark II model with JetVision Gold and JetVision Platinum camera systems and shall meet the specifications provided by Bowe Bell + Howell.

- 5) Specific Insertion Instructions:
 - a) The ballot return envelope with the variable data printed on it, optical scan InkaVote card ballot, gray ballot secrecy sleeve, AV guide or Sample Ballot booklet and the voter instructions/information sheet shall be inserted into the outgoing window mailer envelope.
 - b) All ballots will be provided to Contractor with the large ballot stub removed for insertion into the outer envelope.
 - c) Ballots will be divided into separate precincts, ballot groups and/or by Political Parties as required by the Election and matched with the corresponding addressed return envelopes.
 - d) The return envelope shall be inserted in such a manner that the voter information and delivery point barcode shows through the window of the outgoing mailer in accordance with USPS guidelines.
 - e) Any additional material such as special absentee ballot instructions will also be inserted as needed.
 - f) Military/overseas voter facsimile ballot.
- 6) Spoiled Ballots: Any ballots or envelopes spoiled or otherwise rendered unusable during the insertion process must be given to RR/CC staff for accountability.

DELIVERABLE 8

Contractor performs all services in connection with the voter material insert process accurately and completely.

TASK 9 - DELIVERY TO POSTAL SERVICE

1. Mailers must be completed and ready for delivery to the USPS on the following schedule:
 - a) For all elections:
 - ◆ Early AV's inserted and ready to mail:
 - Military & overseas voters: E-60 to E-55 days before the election.
 - Permanent & "declared" AV voters: E-36 days before the election.
 - ◆ Daily AV's inserted and mailed each day from E-36 days through E-4 days before the election.

- b) For daily absentee ballot mailings all mailings must be completely processed within 24 hours from the time that the variable data is provided. For smaller daily quantities the County will consider an optional in-house office process for printing of ballot return envelopes and manual insertion process as mutually agreed.
- c) County will provide data available to Contractor for application of variable data as specified below:
 - ◆ At E-60 to E-55 days before the election.
 - ◆ Supplemental at E-36 days and E-4 days before the election.
 - ◆ Supplemental by 1:00 p.m. each day through six (6) days before the election.
- 2. On completion of the insertion of material, the outgoing mailer will be sealed and presorted according to USPS requirements for first class.

DELIVERABLE 9

Contractor meets all required timetables set forth above for delivery of AV election material to USPS.

TASK 10 - EXPECTED VOLUME

- 1. UDEL Election - Approximately 120,000
- 2. Primary Election - Approximately 650,000 – 800,000
- 3. General Election - Approximately 1,000,000
- 4. Special Election - Usually 5,000 - 75,000 but could go as high as 800,000
 - a. This type of election varies depending on the affected district(s) and the number of registered voters in the district(s). A statewide special election or recall election for example.
 - b. RR/CC is notified no later than 61 days before a Special Election as to the services the County is to provide. (Elections Code 10002)
- 5. A more approximate estimate will be given to Contractor 60 days before an election date and again at 45 days prior to the election date.
- 6. All order quantities provided verbally or in writing by other than the County Project Manager will not be binding to the County for payment consideration.

DELIVERABLE 10

Contractor meets all required workload volumes and timeframes as necessary.

TASK 11 - REPORTS AND RECORDS

Contractor must produce a daily report, whose totals must balance to the number of records on the transaction file supplied by the RR/CC. Report is to contain the number of absentee voter envelopes produced by precinct, ballot group and/or political party. Additionally, an exception report containing unprocessed records is to be produced. The exception report is to contain sufficient data as to identify the voter, i.e., voter ID and absentee voter ID.

Contractor shall provide reports to County. These reports are needed to provide an audit trail of critical events and allow for quick identification of problems so that they can be resolved quickly. The reports shall also give the County, additional tools for reconciling/balancing workload and manually reconciling rejected records.

1. Report that shows count of records accepted, count of records rejected, reason why records were rejected, and AV identification numbers (AV ID) of rejected records. This report shall be known as the "Upload Summary Report."
2. Contractor shall maintain a file delivery log that contains at a minimum, filenames, delivery dates/times, count of records accepted (by file), count of records rejected (by file), and total record count (running totals and grand total). A copy of such log shall be delivered to County by 10:00 am each day and shall show all accumulated file deliveries as of the previous day (midnight cutoff).
3. Contractor shall maintain an envelope print log that contains at a minimum, print dates/times, count of envelopes printed (by file), count of records rejected (by file), and total print count (running totals and grand total). A copy of such log shall be delivered to County by 10:00 a.m. each day and shall show all accumulated print jobs as of the previous day (midnight cutoff).
5. Contractor shall surrender to County any ballots or envelopes spoiled or otherwise rendered unusable during the insertion process and provide a written report containing daily count of envelopes and ballots spoiled as of the previous processing day (midnight cutoff). This report shall be known as the "Daily Envelope Spoilage Report."
6. After all mailers have been prepared for mailing, Contractor shall provide County with a written report that shows quantity sorted and quantity mailed. Report shall include count of rejected mailers, reason why they were rejected, and AV ID of rejected pieces. This report shall be known as the "CASS Report."

7. Contractor shall retain records of the use of ASR to confirm that payments due have been made in accordance with the Agreement terms. Contractor shall provide County with said records of ASR use, upon County's request.

DELIVERABLE 11

Contractor provides required reports with specified detail as described above to County on a daily basis.

TASK 12 - OPERATIONS/TECHNICAL SUPPORT

Contractor shall assist with the County's statutory responsibilities in the preparation and delivery of AV ballots to the voter. Contractor staff shall therefore insert material and prepare AV mailing packets for delivery to the USPS as well as process all of the returned AV ballots. County shall provide access to County facilities for Contractor staff for the purpose of training, on-site support, maintenance, and general management/supervision of the entire operation.

County designated staff reserves the right to stop the operation if at any time it appears that specifications are not being met, and to hold up the operations until satisfied that the conditions are as specified. Any such stoppage will be resolved without undue delay so as to minimize the interruption of operations.

Contractor shall provide sufficient staff at the County's facility to ensure timely completion of Tasks and Subtasks listed in this Statement of Work.

1. Contractor shall provide personnel to operate inkjet and inserting machines and associated peripheral equipment. Contractor supplied personnel shall perform the actual printing of required variable data on the envelopes, stuffing of material into envelopes, and other operations specified by County.
2. Contractor shall provide personnel to operate software that controls and manages inkjet and inserting machines, file imports/exports, and associated peripheral equipment or operations that directly or indirectly support the automated AV processing System. Contractor shall submit list of staff who will be working onsite along with a short description of duties and responsibilities no later than E-66.
3. Contractor staff must be physically present and available at all times during County working hours, including evenings, weekends and holidays when contractor specific processes are ongoing. On or before E-66 until E+8, Contractor staff shall report to RR/CC headquarters facility in Norwalk and shall be ready to support County staff in performing Tasks and Subtasks identified in this SOW.

4. Contractor shall arrange for availability of stand-by inkjet and inserting machine operators. Contractor shall also arrange service technicians that are capable of fixing any machine malfunctions on the inkjet machine. Contractor shall be responsible for contacting Contractor to dispatch operator and/or technician as needed at a cost not to exceed price listed in Exhibit B (Price Matrix) of the Agreement.
5. County staff shall monitor all processing and preparation of AV material so it is essential that Contractor staff are actually assigned onsite and physically present during County working hours.

DELIVERABLE 12

Contractor provides personnel and support services as required under Task 12 (Operations/Technical Support) above to County's satisfaction.

TASK 13 - SECURITY

County has statutory responsibilities in the preparation and delivery of the ballots to the voter. However, preparation for delivery to the USPS, and the processing of the return mail ballots, will be performed by Contractor who will be assisted by County personnel. County will provide access to Contractor personnel at all times during the entire process for the purpose of training, on-site support, maintenance and general supervision.

- 1) The County must maintain controlled access to storage spaces where the ballots are stored with a record of all employees having access to the area and a sign-in/sign-out log for all persons entering the space, including Contractor personnel.
- 2) Contractor will provide County with a list of all employees authorized to have access to the ballots and secure areas.
- 3) Contractor personnel responsible for training and providing on-site support shall display on their person a valid photo identification card.

RR/CC reserves the right to stop any or all operations if at any time it appears that specifications are not being met, and to hold up the operations until satisfied that the conditions are as specified. Any such stoppage will be resolved without undue delay so as to minimize the interruption of operations.

DELIVERABLE 13

Contractor provides County with list of all employees with access to ballot secure area. Contractor staff displays photo ID badges and abides by all County security requirements at all times while on site.

**ABSENTEE VOTER BALLOT MATERIAL PROCESSING
PRICE MATRIX
(Revised 9/1/07)**

The billing components of the Agreement shall consist of five (5) major components: Materials, Outgoing Mail, Incoming Mail, Automated Signature Recognition (ASR), and Miscellaneous Services. The unit price for each component shall be based on actual materials and/or services performed. Price shall include any and all charges including shipping and delivery cost and all applicable taxes. Contractor shall invoice County for materials provided and services performed in accordance with this Price Matrix.

1. MATERIALS:

1. Outgoing Window Envelopes:
 - a. First Class
 - b. Federal Frank (Military/Overseas) Indicia
 - c. Blank Indicia for Metering
 - d. Non Profit
2. Return Envelopes
 - a. Courtesy Reply
 - b. Business Reply Conforming to BRMAS Standards
 - c. Federal Frank – Military
 - d. Federal Frank – Overseas

2. OUTGOING MAIL PROCESS: The unit price shall include but is not limited to the following processes:

1. Voter data extract processing, bar coding and inkjet printing of voter specific variable data on the custom ballot return envelope.
2. On demand envelope printing per voter. VoteRemote and Counter software used for distribution of ballots to voters.
3. Automated inserting of absentee ballot materials per Road Maps (15+ groups).
4. Automated sorting of absentee ballot materials by postal SCF.
5. On-Site Project Management.

3. INCOMING MAIL PROCESS: The unit price shall include but is not limited to the following processes:

1. Basic Data Capture to support the Voter Signature Verification return database containing the VIMS Absentee Voter Identification Number specified order or group in a tray. This database is delivered to RR/CC on electronic media.
2. VoteRemote Signature Capture which supports item #1 above plus provides additional data elements consisting of signature clips associated with the tray envelopes. The form of the data will be compressed TIFF files named with the Absentee Voter identification.

4. AUTOMATED SIGNATURE RECOGNITION: This includes but is not limited to the following processes:

1. Automated Signature Recognition ("ASR") is a specialized computer software program that compares signatures on absentee ballot with registered voter signature on file.
2. A "Per-Use Royalty" Fee will be applied each time ASR is used to compare a pair of signatures. All costs associated with ASR processing shall be factored in the "Per-use Royalty Fee." No other costs will be paid by RR/CC.
3. RR/CC will provide Contractor with a written report of its use of ASR within 30 days of each Election. Contractor will invoice County the Per-Use Royalty Fee as stated herein in accordance with Paragraph 5.5 (Invoices and Payments), of the Agreement.
4. Contractor shall install ASR capability on one or more computers at the RR/CC Headquarters facility in Norwalk for use by or at the direction of Contractor to provide services to County. ASR will run on a dedicated PC with enough licenses to account for the county's volume over each 12 month period. Pricing per license based off of pricing structure attached.

5. MISCELLANEOUS TIME AND MATERIALS CHARGE

1. An hourly rate for non-scheduled services (processing, maintenance, etc.) as requested and agreed to by the RR/CC.

All invoices shall reference each component and specific description category as referenced herein:

	COMPONENT NO.	DESCRIPTION	UNIT PRICE
1	Materials	a. Custom USPS approved, windowed envelope	\$0.06
		b. Custom USPS approved, Reply envelope	\$0.06
		Subtotal	\$0.12
2	Outgoing Mail Process	a. VoteRemote Software & Management	\$0.23
		b. Ink Jet Printing County Supplied Option for discount Pricing	\$0.03
		c. Automated Inserting on NEW state of the art equipment: Inserting of Absentee voter ballot material per Road Maps (15+ groups)	\$0.16
		d. Mailware Software & Mail Preparation: Address accuracy, standardization, CASS report, & SCF sorting	\$0.08
		Subtotal	\$0.50
3	Incoming Mail Process	a. VoteRemote Signature Capture: Signature Capture w/clipped image to VIMS voter registration system	\$0.15
		b. Per Election Setup	\$250.00
4	ASR Per-Use Royalty Fee	a. Signature verification scanning process	\$0.10
		b. One time setup charge per CPU (Each CPU is capable of handling 1.5 million ASR attempts in a 12 month period. During peak years it may be necessary to install a secondary ASR machine.)	\$6,000 (note reduction from 9,000 in prior contract)
5	Misc. Time & Materials	Time & Material charge for non-scheduled processing, maintenance, etc.	\$75.00/HR

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name _____ Contract No. _____

Employee Name _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name _____ Contract No. _____

Non-Employee Name _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR'S EEO CERTIFICATION

Contractor Name

Address

Internal Revenue Service Employer Identification Number**GENERAL CERTIFICATION**

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- | | | | |
|----|---|------------------------------|-----------------------------|
| 1. | The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | Yes ☐ | No ☐ |
| 2. | The Contractor periodically conducts a self analysis or utilization analysis of its work force. | Yes ☐ | No ☐ |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | Yes ☐ | No ☐ |
| 4. | Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes ☐ | No ☐ |

Authorized Official's Printed Name and Title

Authorized Official's Signature

Date