

HARBOR DIVISION

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**MINAH PARK**

**HELEN J. SOK**

**DATE: JULY 26, 2021**

**FROM: OFFICE OF THE CITY ATTORNEY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND APEX INVESTIGATIVE SERVICES INC. AND RJN INVESTIGATIONS INC.**

**SUMMARY:**

The Office of the City Attorney (Office) requests the Board of Harbor Commissioners (Board) approve Professional Services Agreements (Agreements) between the City Los Angeles Harbor Department (Harbor Department) and APEX Investigative Services Inc. (APEX) and RJN Investigations Inc. (RJN) for investigation services for Workers' Compensation claims and litigation support. The Agreements are for an initial term of one (1) year with an option to renew the term of the Agreement for two (2) consecutive renewal periods of one (1) year each, for a total term not to exceed three (3) years. The requested Agreement compensation authority for APEX is \$60,000, and the authority for RJN is \$60,000, or \$120,000 in aggregate, if all renewal options are exercised. The Harbor Department is financially responsible for payment for legal services rendered under the proposed Agreement.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California

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Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

2. Find in accordance to Charter Section 1022 that the scope of work of the proposed Agreements can be more economically and feasibly provided by an independent contractor than by City employees;
3. Approve a Professional Services Agreement with APEX Investigative Services Inc. in the amount of \$60,000 for a one-year term with an option to renew the term of the Agreement for two (2) consecutive renewal periods of one (1) year each, for a total Agreement term not to exceed three (3) years;
4. Approve a Professional Services Agreement with RJN Investigations Inc. in the amount of \$60,000 for a one-year term with an option to renew the term of the Agreement for two (2) consecutive renewal periods of one (1) year each, for a total Agreement term not to exceed three (3) years;
5. Authorize the Executive Director and Board Secretary to execute and attest to the Agreements; and
6. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – In accordance with Charter Section 275, the Office has determined that it requires consultant services for investigating Workers' Compensation claims. The Office previously had agreements for investigation services with DigiStream Investigations and RJN Investigations. The agreements expired on June 30, 2021 and an RFP was released on February 25, 2021 to seek replacement vendors.

Need for Investigation Services and Scope of Work - The Agreements (Transmittal 2 and 3) are necessary because the volume of the Harbor Department's Workers' Compensation claims and specific claims that require investigation services. Because of the steady work in this area, the Office has need for assistance from investigation firms when specialized expertise is required for Arising out Of Employment (AOE) and Course of Employment (COE) Workers' Compensation investigations, surveillance, social media investigations or medical records checks.

During the previous three-year period, thirty (30) investigation activities were completed by the incumbent investigators. Outcome reporting determined that these investigation activities resulted in increasing the Port's ability to accurately discern legitimate claims and identify suspicious claims. The Office anticipates a similar volume of claims during

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the three-year contract period. Services will include claims investigation, trial preparation, and as necessary, presenting cases to the District Attorney and to the Department of Insurance for fraud investigations.

Competitive Selection Process – The Office conducted a competitive Request for Proposals (RFP) selection process. The RFP document was posted on February 25, 2021 on the City of Los Angeles Business Assistance Virtual Network (LABAVN). Under the scope of work, investigation firms were able to propose AOE/COE investigations; surveillance where necessary to include activity checks; and specialized services including social media investigations, locating, serving and interviewing witnesses, researching prior injuries and medical histories and conducting detailed recorded interviews.

The Office received proposals from nine (9) firms (Transmittal 1). The proposals were evaluated by a three member review committee (Committee) consisting of Risk Manager of the Risk Management Division, Senior Personnel Analyst from the Human Resources Division, and the Office's Deputy City Attorney for Workers' Compensation. The Committee reviewed and rated the nine written applications. Four (4) firms with the highest ranking were interviewed. The evaluation criteria for the written applications and the interviews included demonstrated expertise, relevant experience and investigation services in a wide variety of Workers' Compensation claims matters; proposed staffing and strategy; and proposed rates and fees. Based on the review process, the Office determined that APEX and RJN are the most knowledgeable, experienced and responsive firms.

Proposed Agreement Terms - The Agreement terms are as follows:

- **Term:** Initial one (1) year term from date of Executive Director signature with an option to renew the term of the Agreement for two (2) consecutive renewal periods of one (1) year each, for a total Agreement term not to exceed three (3) years
- **Contract Authority:** Maximum amount not to exceed \$60,000 (\$60,000 for APEX and \$60,000 for RJN)
- **Scope of Work:** Investigation services for Harbor Department Workers' Compensation claims and other litigation support matters
- **Standard City Agreement provisions**

#### **ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of Agreements with APEX and RJN for investigation services for Workers' Compensation claims and litigation support, which is an administrative activity. Therefore, the Director of Environmental Management has

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determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed action is for the approval of Agreements for investigation services for an initial one (1) year term with an option to renew the term of the Agreement for two (2) consecutive renewal periods of one (1) year each, for a total Agreement term not to exceed three (3) years. The proposed compensation authority is \$120,000 (\$60,000 for APEX and \$60,000 for RJN). Funding in the amount of \$30,000 has been budgeted in the Fiscal Year 2021-22 Operating Budget within the Harbor Department City Attorney's Office Account No. 54410 (Legal Fees & Services), Division No. 120 and Program No. 000. Funding for future fiscal years if necessary, will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A funding out clause is included in the Agreements.

<b>Firm</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>TOTAL</b>
APEX Investigative Services Inc.	\$15,000	\$15,000	\$30,000	\$60,000
RJN Investigations Inc.	\$15,000	\$15,000	\$30,000	\$60,000
<b>TOTAL</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$60,000</b>	<b>\$120,000</b>

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**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed Agreements as to form and legality.

**TRANSMITTALS:**

1. List of Applicant Firms
2. Professional Services Agreement with APEX Investigative Services Inc.
3. Professional Services Agreement with RJN Investigation Services Inc.

FIS Approval: MB

CA Approval: SO

*Steven Otera*  
CARL CHEA  
Deputy City Attorney

APPROVED:

By *Steven Otera*  
JANNA B. SIDLEY  
General Counsel, Harbor Department

APPROVED:

By *Marla Bleavins*  
EUGENE D. SEROKA  
Executive Director

Board Meeting: August 19, 2021