



EST. 1851

# PLACER COUNTY SHERIFF CORONER-MARSHAL

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2929 RICHARDSON DR.  
AUBURN, CA 95603  
PH: (530) 889-7800 FAX: (530) 889-7899

TAHOE SUBSTATION  
DRAWER 1710  
TAHOE CITY, CA 96145  
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EDWARD N. BONNER  
SHERIFF-CORONER-MARSHAL

DEVON BELL  
UNDERSHERIFF

**TO:** Honorable Board of Supervisors  
**DATE:** September 28, 2010  
**FROM:** Edward Bonner, Sheriff-Coroner-Marshal  
**SUBJECT:** Agreement for Revenue Enhancement Services

### ACTION REQUESTED

Your Board's approval is requested for the agreement with Praeses, LLC for revenue enhancement services for the Inmate Telephone Systems and authorization for the Sheriff-Coroner-Marshal to execute the agreement. The initial term of the contract is for three (3) years. The cost of services will be in an amount equal to 10.97% of total amounts from the Inmate Telecommunications Service Provider (ITSP) and 33 1/3 % of all historical reconciliations a result of these services in the estimated amount of \$100,000 over the three year period. There is no impact to the County General Fund.

### BACKGROUND

Placer County Sheriff's Inmate Welfare Fund (IWF) provides telephone services for inmates incarcerated in the county jail. The current estimated revenues based on the contract with Global Tel Link are approximately \$240,000 annually. The revenue received from the inmate phone system is placed directly into IWF for the express benefit of the inmates and managed by the Sheriff's Office. Placer County Sheriff's Office does not currently have the expertise or manpower to adequately audit and manage this contract to the extent it could be monitored. Praeses, LLC provides services related to this field of expertise in day-to-day management, historical auditing and reconciliation, and consultation which would apply to the current and new proposed jail. Praeses, LLC is in the business of managing these types of systems and stays up-to-date on advances and changes in this field. Praeses, LLC guarantees that, as a result of this contract, revenue received by IWF will not decrease over the initial eighteen month period. Over the past several years the inmate telephone system revenue has been steadily decreasing. It is hoped that Praeses, LLC will ensure that all monies due will be secured to the maximum extent possible.

Praeses, LLC has the ability and resources to provide professional assistance and manpower to maximize and acquire additional funds for the IWF. Their services are provided and paid for through enhancements or new revenues received as a result of their efforts. Praeses, LLC will also provide support and consultation regarding the new jail in regards to acquiring the best services and configuration. Several other California counties currently contract with Praeses, LLC with positive comments to-date, although some of these are also in their initial contracting stages. Therefore, we recommend approval of the contract between IWF and Praeses, LLC and authorization for the Sheriff to execute.

### FISCAL IMPACT

Funding will be provided by additional revenues received by IWF. IWF is guaranteed to maintain their current revenue level. IWF has no impact on County General Funds. It is estimated that the cost of the initial three year contract will be \$100,000. All revenues from this contract are directed to IWF.

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**COPY**

**Project:**  
**Administering Agency:** Placer County Sheriff's Office Inmate Welfare Fund  
**Term:** Contract No. \_\_\_\_\_  
**Contract Description:**

**SERVICES AGREEMENT**

THIS AGREEMENT is made at Auburn, California, as of \_\_\_\_\_, by and between the Placer County Sheriff's Office, ("County"), and Praeses, LLC, a Louisiana Limited Liability Company, ("Contractor"), who agree as follows:

1. **Services.**

Subject to the terms and conditions set forth in this Agreement, Contractor shall provide the services described in Scope of Work, dated \_\_\_\_\_. Contractor shall provide said services at the time, place, and in the manner specified in the Scope of Work.

2. **Payment.**

County shall pay Contractor a rate of 10.97% of the total monies and benefits paid by Inmate Telecommunication Service Providers (ITSPs) to County for any and all revenues generated by and through the inmate telephone system operated by the ITSP at the County facilities.

County shall pay Contractor a rate of 33 1/3% of all historical reconciliation compensation paid to County. If no historical reconciliation is collected because County elects not to pursue identified compensation, then County will pay Contractor a rate of 15% of the identified historical reconciliation compensation. Historical reconciliation compensation is defined as specific anomalies in revenue or revenue due County but not initially reported or paid by an ITSP, which results in compensation paid to County. County's pursuit of identified historical reconciliation compensation is defined as performance of reasonable business means.

The management fee(s) described above will be deducted monthly from the remittance to County by Contractor at the time of the delivery of monthly reports to the County. Contractor will provide the remittance no later than the last day of the month following the receipt month of commissions and traffic from ITSP.

County shall pay Contractor for services rendered pursuant to this Agreement as indicated in the Scope of Work (Exhibit A). Contractor shall be compensated for all payments due for said services to County in the manner specified in the Scope of Work.

3. **Guarantee.**

If after eighteen (18) months from the delivery of the initial monthly revenue report, should Contractor fail to increase the average monthly net return from inmate telephones, after Contractor's fees are deducted, to an amount that is greater than the average monthly net return per month from inmate telephones received by County for the eighteen (18) months prior to the Effective Date of this Agreement, and County does not enter into any agreement(s), enact any laws, or take any other action that will

materially reduce inmate populations or inmate telephone revenue, upon timely request by County, Contractor will refund an amount equal to the difference in fees between the average monthly fees before the Effective Date of this Agreement and the average monthly fees earned for the first eighteen (18) remittance periods. This guarantee is intended to ensure that County's net return from inmate telephones does not fall below commissions earned during the eighteen months prior to the Effective Date of this Agreement. The refund shall not exceed what Contractor has retained in fees. This Guarantee is void if County enters into any agreement with an ITSP for rate or commission reductions that cause commission reductions that are beyond Contractor's control or takes any other action that will materially reduce inmate populations or inmate telephone revenue, or if this agreement is terminated, for any reason, prior to the end of the 18 month period.

4. **Facilities, Equipment and Other Materials, and Obligations of County.**

Unless otherwise specified, Contractor shall, at its sole cost and expense, furnish all facilities, equipment, and other materials that may be required for furnishing services pursuant to this Agreement.

5. **Exhibits.**

Scope of Work, Exhibit A, referred to herein shall be attached hereto and by this reference incorporated herein.

6. **Time for Performance.**

Time is of the essence. Failure of Contractor to perform any services within the time limits set forth in Scope of Work shall constitute material breach of this contract.

7. **Independent Contractor.**

At all times during the term of this Agreement, Contractor shall be an independent Contractor and shall not be an employee of the County. County shall have the right to control Contractor only insofar as the results of Contractor's services rendered pursuant to this Agreement. County shall not have the right to control the means by which Contractor accomplishes services rendered pursuant to this Agreement.

7. **Licenses, Permits, Etc.**

Contractor represents and warrants to County that it has all licenses, permits, qualifications, and approvals of whatsoever nature, which are legally required for Contractor to practice its profession. Contractor represents and warrants to County that Contractor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for Contractor to practice its profession at the time the services are performed except as otherwise outlined in Scope of Work.

8. **Time.**

Contractor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of Contractor's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

9. **HOLD HARMLESS AND INDEMNIFICATION AGREEMENT.**

The Contractor hereby agrees to protect, defend, indemnify, and hold Placer County free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, reasonable legal fees, and all other reasonable expenses incurred by Placer County arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the County) and without limitation by enumeration, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of, the contract or agreement. Contractor agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the Contractor. Contractor also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against Contractor or the County or to enlarge in any way the Contractor's liability but is intended solely to provide for indemnification of Placer County from liability for damages or injuries to third persons or property arising from Contractor's performance pursuant to this contract or agreement.

As used above, the term Placer County means Placer County or its officers, agents, employees, and volunteers.

10. **INSURANCE:**

Contractor shall file with County concurrently herewith a Certificate of Insurance, in companies acceptable to County, with a Best's Rating of no less than A-VII showing.

11. **WORKER'S COMPENSATION AND EMPLOYERS LIABILITY INSURANCE:**

Worker's Compensation Insurance shall be provided as required by any applicable law or regulation. Employer's liability insurance shall be provided in amounts not less than five hundred thousand dollars (\$500,000) each accident for bodily injury by accident, five hundred thousand dollars (\$500,000) policy limit for bodily injury by disease, and five hundred thousand dollars (\$500,000) each employee for bodily injury by disease.

If there is an exposure of injury to Contractor's employees under the U.S. Longshoremen's and Harbor Worker's Compensation Act, the Jones Act, or under laws, regulations, or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

Each Worker's Compensation policy shall be endorsed with the following specific language:

Cancellation Notice - "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer".

Contractor shall require all subcontractors to maintain adequate Workers' Compensation insurance. Certificates of Workers' Compensation shall be filed forthwith with the County upon demand.

12. **GENERAL LIABILITY INSURANCE:**

A. Comprehensive General Liability or Commercial General Liability insurance covering all operations by or on behalf of Contractor, providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:

(1) Contractual liability insuring the obligations assumed by Contractor in this Agreement.

B. One of the following forms is required:

- (1) Comprehensive General Liability;
- (2) Commercial General Liability (Occurrence); or
- (3) Commercial General Liability (Claims Made).

C. If Contractor carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:

→One million dollars (\$1,000,000) each occurrence

→Two million dollars (\$2,000,000) aggregate

D. If Contractor carries a Commercial General Liability (Occurrence) policy:

(1) The limits of liability shall not be less than:

→One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)

→One million dollars (\$1,000,000) for Products-Completed Operations

→Two million dollars (\$2,000,000) General Aggregate

(2) If the policy does not have an endorsement providing that the General Aggregate Limit applies separately, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be two million dollars (\$2,000,000).

E. Special Claims Made Policy Form Provisions:

Contractor shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of County, which consent, if given, shall be subject to the following conditions:

(1) The limits of liability shall not be less than:

→One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage)

→One million dollars (\$1,000,000) aggregate for Products Completed Operations

→Two million dollars (\$2,000,000) General Aggregate

(2) The insurance coverage provided by Contractor shall contain language providing coverage up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims-made policy.

13. **ENDORSEMENTS:**

Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

A. "The County of Placer, its officers, agents, employees, and volunteers are to be covered as insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Agreement."

B. "The insurance provided by the Contractor, including any excess liability or umbrella form coverage, is primary coverage to the County of Placer with respect to any insurance or self-insurance programs maintained by the County of Placer and no insurance held or owned by the County of Placer shall be called upon to contribute to a loss."

C. "This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to the County of Placer"

14. **AUTOMOBILE LIABILITY INSURANCE:**

Automobile Liability insurance covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence.

Covered vehicles shall include owned, non-owned, and hired automobiles/trucks.

15. **Contractor Not Agent.**

Except as County may specify in writing in the attached Exhibit B, Letter of Agency, Contractor shall have no authority, express or implied, to act on behalf of County in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied pursuant to this Agreement to Bind County to any obligation whatsoever.

16. **Assignment Prohibited.**

Contractor may assign its rights and obligations under this Agreement only upon the prior written approval of County, said approval to be in the sole discretion of County.

17. **Term.**

This Agreement shall commence on the Effective Date and expire three (3) years from the delivery of the initial monthly revenue report to County and County will have the option to renew for consecutive one (1) year terms at the original terms and conditions unless either party provides notice of termination to the other via certified mail, return receipt requested, no less than sixty (60) days prior to the expiration date of this Agreement or any subsequent renewal term(s).

18. **Standard of Performance.**

Contractor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged in the geographical area in which Contractor practices its profession. All products of whatsoever nature which Contractor delivers to County pursuant to this Agreement shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Contractor's profession.

15. **Termination.**

A. County shall have the right to terminate this Agreement without cause upon sixty (60) days written notice to Contractor. In the event County shall give notice of termination, Contractor shall immediately cease rendering service upon receipt of such written notice, pursuant to this Agreement. In the event County shall terminate this Agreement:

- 1) County shall have full ownership and control of all such writings delivered by Contractor pursuant to this Agreement.
- 2) County shall pay Contractor the reasonable value of services rendered by Contractor to the date of termination pursuant to this Agreement not to exceed the amount documented by Contractor and approved by County as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the amount of the agreement specified in Exhibit A, and further provided, however, County shall not in any manner be liable for lost profits which might have been made by Contractor had Contractor completed the services required by this Agreement. In this regard, Contractor shall furnish to County such financial information as in the judgment of the County is necessary to determine the reasonable value of the services rendered by Contractor. The foregoing is cumulative and does not affect any right or remedy, which County may have in law or equity. **If COUNTY terminates this Agreement prior to the end of the 18 month guarantee, the Guarantee will no longer be in effect.**

B. Contractor may terminate its services under this Agreement upon sixty (60) working days' advance written notice to the County.

C. Notwithstanding any provisions in this Agreement to the contrary, County shall provide written notice to Contractor of any alleged breach of this Agreement and Contractor shall have thirty (30) days from the date of the receipt of such written notice to cure same.

16. **Non-Discrimination.**

Contractor shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex in contravention of the California Fair Employment and Housing Act, Government Code section 12900 et seq.

17. **Records.**

Contractor shall maintain, at all times, complete detailed records with regard to work performed under this agreement in a form acceptable to County, and County shall have the right to inspect such records at any reasonable time. Notwithstanding any other terms of this agreement, no payments shall be made to Contractor until County is satisfied that work of such value has been rendered pursuant to this agreement. However, County shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.

18. **Ownership of Information.**

All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become the property of County, and Contractor agrees to deliver reproducible copies of such documents to County on completion of the services hereunder. The County agrees to indemnify and hold Contractor harmless from any claim arising out of reuse of the information for other than this project.

19. **Waiver.**

One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this Agreement shall not operate as a waiver of any subsequent breach or default by the other party.

20. **Conflict of Interest.**

Contractor certifies that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of this agreement. In addition, Contractor agrees that no such person will be employed in the performance of this agreement without immediately notifying the County.

21. **Entirety of Agreement.**

This Agreement contains the entire agreement of County and Contractor with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.

22. **Governing Law.**

This Agreement is executed in the State of California, and the laws of that State shall govern its interpretation and effect. Any legal proceedings on this agreement shall be brought under the jurisdiction of the Superior Court of the County of Placer, State of California, and Contractor hereby expressly waives those provisions in California Code of Civil Procedure §394 that may have allowed it to transfer venue to another jurisdiction.

23. **Notices.**

Any notice, demand, request, consent, or approval that either party hereto is required to give the other pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by mail, addressed as follows:

TO Placer County:

Placer County Sheriff's Office  
Attn: Corrections Division

TO Contractor:

Praeses, LLC  
Attn: Frank Auer, CEO

2775 Richardson Drive  
Auburn, CA 95603

330 Marshall Street, Suite 800  
Shreveport, LA 71101

Executed as of the day first above stated:

COUNTY OF PLACER

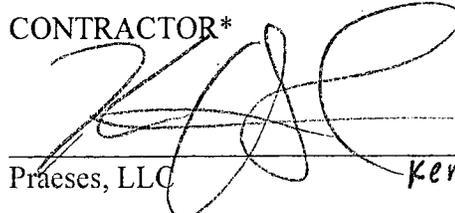
By:

\_\_\_\_\_  
Edward N. Bonner, Sheriff-Coroner-Marshal

CONTRACTOR\*

By:

\_\_\_\_\_  
Praeses, LLC

 *Kempton Schwab, President*

Approved As to Form

\_\_\_\_\_  
County Counsel

This Agreement must be signed by two corporate officers if a corporation; one must be the secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached delegating authority to a single officer to bind the corporation.

Exhibits

- A. Scope of Work
- B. Letter of Agency

**EXHIBIT A-  
SCOPE OF SERVICES**

**CONTRACTOR shall provide the following services:**

**I. MANAGEMENT**

Day-to-Day Management Services

CONTRACTOR will provide COUNTY with a dedicated single point of contact (National Account Manager) for all inmate telecommunications issues. This individual will work directly with each COUNTY facility to manage and coordinate a variety of day to day issues. The following are examples of issues handled by CONTRACTOR:

- End-user requests/ issues
- Repair/service issues
- Coordination of on-site technicians
- System upgrades/ maintenance
- Investigative reports
- Blocked numbers
- Coordination of new installation of equipment/ features
- Maintenance of inventory (phones, rate plans, commission structures, equipment)
- Verification of "free" phone numbers
- Telephone removals and relocations
- Vendor issues
- Reporting and commissions
- Opportunities for improvement in technology, commissions and service

CONTRACTOR will provide regular monthly reporting to COUNTY in a format approved by COUNTY. CONTRACTOR will modify or revise the reporting formats as requested by COUNTY and mutually agreed upon, to include information which may be requested in the future.

Supplier Compliance Services

CONTRACTOR will work with providers to ensure COUNTY receives optimal inmate telephone customer service. CONTRACTOR will ensure COUNTY's ITSP is contractually compliant in its service offerings. CONTRACTOR will utilize proprietary methods to detect mathematical errors and identify trends and anomalies. Any issues detected will be presented to COUNTY with recommendations and ultimately resolved by CONTRACTOR as directed by COUNTY

Examples of suppliers that CONTRACTOR typically monitors include prime telephone CONTRACTORS, call processing unit or equipment suppliers and billing companies.

**II. CONSULTATION**

CONTRACTOR will conduct in-depth requirements gathering and site surveys in order to understand COUNTY's unique needs, requirements and any political forces affecting the inmate telecommunications environment. This information will be compiled to serve as a foundation for providing ongoing consulting services. CONTRACTOR will consult with COUNTY to ensure that COUNTY is aware of new technologies, regulations and industry trends. This includes consulting through any Request for Proposal (RFP) process. CONTRACTOR'S RFP consulting services include RFP creation, supplier RFP response evaluations, contract negotiations and supplier/equipment transitions. CONTRACTOR makes no decisions on behalf of the COUNTY. COUNTY has final decision making COUNTY on all matters, including final selection of inmate telephone vendor.

**III. RECONCILIATION**

CONTRACTOR fully evaluates the accuracy of calling rates, revenues and commissions. CONTRACTOR will work at the discretion of COUNTY to collect any earned but unpaid monies. In addition, CONTRACTOR will

conduct a historical reconciliation in which CONTRACTOR will reconcile all records for the life of the current contract to validate that COUNTY has been paid what it earned in inmate telephone commissions and bonuses.

***COUNTY's responsibilities:***

I. COUNTY shall promptly execute the Letter of Agency (Exhibit B) designating CONTRACTOR as its authorized agent with respect to all matters regarding Inmate Telephone System ("ITS") provisioning described herein.

II. COUNTY shall provide CONTRACTOR, to the extent possible, with COUNTY records to assist CONTRACTOR in managing the ITSP. Such information will include but not be limited to:

- Addresses of all COUNTY owned and operated facilities
- Number of inmate telephones at each COUNTY facility
- Average Daily Population and number of beds at each COUNTY facility
- Telephone numbers of phones located in Facilities and used by inmates
- Information on ITSPs at each COUNTY location including company name and contact person
- Revenue and commission data for each inmate telephone at each COUNTY facility
- Any other information pertinent to CONTRACTOR's management of the ITS.

III. COUNTY shall provide CONTRACTOR reasonable access to COUNTY locations during normal business hours for the purpose of inspecting, evaluating and monitoring the ITS quality.

IV. COUNTY shall assist CONTRACTOR with obtaining data from ITSP if and/or when ITSP declines to give the requested data to CONTRACTOR.

**EXHIBIT B- LETTER OF AGENCY**

LETTER OF AGENCY

TO: Inmate Telephone Service Equipment Providers  
Inmate Call Billing Companies  
Public / Inmate Telephone Department

The undersigned appoints Praeses, LLC as agent (hereinafter the "Agent") to obtain all information and manage all aspects of the inmate telephone service you provide to the undersigned customer, including but not limited to, receiving commissions, revenue reports, traffic detail reports, raw call detail records, LEC billing files, LEC reject reports and any and all other data and reports that are deemed necessary by customer for the Agent to fully analyze and reconcile monthly traffic activity, historical traffic activity and contract terms regarding inmate telephone service, as well as coordinate any modifications to the inmate telephones or placement thereof. The undersigned also confirms that it continues to have the option to act on its own behalf regarding any inmate telephone service issues relating to the locations owned, operated and/or managed by the undersigned.

You are hereby released from any and all liability for making pertinent information available to the Agent, and/or any successor or assignee, and for following the Agent's instructions with reference to any request for information on the undersigned's public and/or inmate telephone service. Furthermore, this Letter of Agency hereby revokes and cancels any prior Letters of Authorization/Agency which may be on file with your establishment.

You may deal directly with the Agent on all matters pertaining to said public and/or inmate telephone service and should follow the Agent's instructions with reference thereto. This authorization will remain in effect until otherwise notified.

Customer:

\_\_\_\_\_  
Signature Date

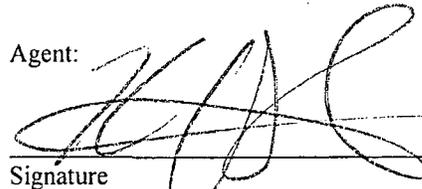
\_\_\_\_\_  
Name (Print or Type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Customer's Address

\_\_\_\_\_  
Customer's Telephone #

Agent:

  
\_\_\_\_\_  
Signature Date

Kempton Schwab

\_\_\_\_\_  
Name (Print or Type)

President  
\_\_\_\_\_  
Title

330 Marshall Street, 8<sup>th</sup> Floor, Shreveport, LA 71101  
\_\_\_\_\_  
Agent's Address

(318) 424-8125  
\_\_\_\_\_  
Agent's Telephone #