Los Angeles County
Department of Regional Planning

*Planning for the Challenges Ahead*

James E. Hartl, AICP
Director of Planning

December 16, 2002

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: James E. Hartl, AICP
Director of Planning

**SUBJECT: NOTIFICATION OF INTENT TO NEGOTIATE SOLE SOURCE CONTRACT – TITLE EXAMINERS CONSULTANT SERVICES**

In accordance with your Board's policy on prospective sole source contracts of $250,000 or greater, this letter provides advance notification that the Department of Regional Planning (DRP) intends to file a request for the Board's approval of a sole source consulting contract. County Counsel concurs with this approach based on the justification enumerated in this letter. The contract is intended to be with Paragon Partners Ltd. (Paragon). The proposed contract is for a two (2) year period, commencing upon Board approval, with two (2), one-year renewal options. At present, the first year anticipated contract expenditure amount is $380,000, which will stay within the funds allocated by your Board for this effort. The subsequent three years' annual expenditures will be the same or less depending on additional prosecutions initiated by the District Attorney's Office or civil suits filed against the County due to the actions of Emmet Taylor.

Under a currently existing contract administered through the County Counsel's Office, Paragon has been providing title investigation and related services to the DRP as part of the Department's investigation of terminated employee Emmet Taylor and the illegal issuance of Certificates of Compliance. This on-going investigation has resulted in the arrest of Emmet Taylor on October 9, 2002 by investigators from the District Attorney's Office. Mr. Taylor has entered a plea of not guilty. The date for a Preliminary Hearing is scheduled to be set on January 16, 2003.

The County Counsel's Office has suggested that the DRP now assume responsibility for administration of the contract. Since the investigation portion of the process is

320 West Temple Street • Los Angeles, CA 90012 • 213-974-6411 • Fax: 213-626-0434 • TDD: 213-617-2292

concluding, County Counsel and DRP believe that the contract would now be more appropriately administered by the DRP.

## BACKGROUND

On August 15, 2000, the DRP placed Emmet Taylor on Administrative Leave and initiated an investigation of Certificate of Compliance cases that he had processed following the discovery of irregularities. The DRP concluded that he facilitated the illegal subdivision of land through the Certificate of Compliance process. Mr. Taylor was terminated from County service on November 30, 2000.

The DRP and the County Counsel's Office determined that it would be necessary to investigate at least one thousand four hundred three (1,403) Certificates of Compliance that had been processed by Emmet Taylor. Additional cases processed by other current and former employees were also to be investigated to determine the extent of wrongdoing.

The investigation could not allow in-house staff or retired staff to participate in the title search effort because they were subjects of the investigation. Other County agencies were unable to loan title search personnel to the DRP. Therefore, the services of Paragon Partners Ltd. were retained under a contract administered through the County Counsel's Office in anticipation of possible prosecution and other litigation.

Paragon staff completed title investigations for one thousand four hundred three (1,403) Certificates of Compliance prior to our July 1, 2001 deadline. To date, title investigations have been completed for one thousand seven hundred (1,700) cases. The title investigation portion of the investigation has been completed. An analysis of one thousand two hundred seventy five (1,275) of the title searches has also been completed. The analysis has identified five hundred (500) Certificates of Compliance cases as having been illegally issued (39% of the cases we have analyzed). Requisite corrective actions have already been completed on one hundred sixty one (161) of the identified violation cases.

Under the proposed contract, Paragon staff will complete analysis of the remaining four hundred nine (409) title searches and prepare written reports on those cases identified as having been issued illegally. Paragon staff will continue to prepare documentation that will support corrective actions that must be performed by the Department of Regional Planning staff; including the preparation of Rescission documents, Conditional Certificates of Compliance, Notices of Intention to Issue a Notice of Violation, and Notices of Violation. Paragon staff will also continue to assist the staff of the District Attorney's Office in its prosecution of Emmet Taylor.

## SOLE SOURCE JUSTIFICATION

*-- Support the continuing criminal proceedings*

Quick action is required to support the continuing criminal proceedings. Additional services are needed to complete this ongoing task and it would be prohibitively costly in time to engage in a competitive solicitation for a new provider. With January 16, 2003 set as the date to schedule a Preliminary Hearing, there is no time available for a routine solicitation. Additionally, the District Attorney continues to investigate certain property owners.

*-- Highly specialized consulting services*

Paragon's highly specialized consulting services are needed to complete ongoing tasks. When Paragon was originally retained on February 1, 2000, only three other firms were found to have the required expertise. Only one of those firms applied for the contract. However, both DRP and County Counsel recommended Paragon as the most highly qualified firm. No additional firms have been identified as qualified to provide these highly specialized title examinations and inspections. Paragon's work product continues to be satisfactory for all County departments.

*-- Uniquely qualified*

Paragon is now uniquely qualified to continue reviewing and analyzing the remaining 409 COC cases. Further, of the COC cases already determined to be in violation of the "Act," Paragon has the requisite investigative knowledge to implement corrective actions for those cases and illegally created lots identified as violations. These corrective actions include statutorily prescribed administrative proceedings held before the DRP Hearing Officer, the Regional Planning Commission, and the Board of Supervisors. Additionally, the District Attorney's Office still requires Paragon's assistance with its prosecutorial efforts.

*-- In the best interest of the County*

We believe and the County Counsel concurs that it is in the best interest of the County, at this time, to contract with Paragon and avoid the administrative costs associated with the solicitation process. Also, a new service provider would have too long a learning curve to train new staff before providing the special reports and additional investigation activities required by all involved County departments.

In accordance with your Board's notification policy, the DRP will commence negotiating a sole source contract with Paragon on or about January 6, 2003, unless otherwise instructed.

If you have any questions or need additional information, please call me at 213-974-6401, or your staff can call Richard A. Guizado, Contract Manager, at 213-974-6631. Thank you for your attention on this matter.

JEH:RAG:cb

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors