

ADDENDUM 3

VENDOR'S INQUIRIES AND CITY'S RESPONSES

Please make the following changes to the above-referenced solicitation:

QUESTIONS AND ANSWERS:

Note: Spelling, grammar, and punctuation of the questions are shown exactly as submitted by the potential respondents.

No.	Question	Answer
1.	We are not currently doing business in Phoenix. We are interested in submitting a proposal but will not have Phoenix licensing, if required, until being awarded the contract. We are properly licensed in Minnesota and will be properly licensed in Phoenix. Is it still ok for us to submit and offer?	The City and this solicitation require that you have the required licenses at the time of submittal of your proposal.
2.	<p>Regarding statement of No Temp Labor – there continues to be almost a staffing crisis in our industry with not being able to find qualified candidates. Using a temp agency allows us to ensure properties remain staffed during periods without Full time staff. Office and maintenance. If a qualified temping agency is used, that runs background checks on their the temporary employees they send to the property, can they be used?</p> <p>a. The RFP also notes under 5.23 that we are in breach of contract if property isn't fully staffed for</p>	In our experience, the utilization of temporary labor from outside companies has been detrimental to the financial stability of our properties. The expectation is that our management companies have the capacity within their companies to utilize "floating" staff members or be in a position to temporally back-fill and cover from other properties. Property Management Companies requests to use Temp Labor must be approved by the City in writing and will be evaluated on a case-by-case basis.



	<p>longer than a 24 hour period. If there is a termination or staff out unexpectedly, we cant ensure this timeframe will be met with current restrictions in place.</p>	
3.	<p>It is not customary for ownership to view employee screening checks, these are employees of us, the contractor, and industry standard checks are in place to screen employees. The badging process does take time and slows down proper coverage of the property. I myself as a VP would technically not be allowed to go on-site when I travel to the property and possible help with anything because I have not had my background ran or have a City of Phoenix ID badge. Do all contracts, 3rd party vendors, with the City have badges? We would like to amend that proper on-site IDs for contractors employees can be done through Management Company.</p>	<p>The City of Phoenix recognizes that Management Companies perform background screening checks and is working to modify this provision to eliminate redundant processes. Unfortunately, until we are complete with this review, the current badging requirements for all on-site employees will stay in effect. Non-badged employees and others must be accompanied by a badged employee.</p>
4.	<p>No increase for staffing costs for 3 years; does this include if insurance rates go up? Is Management Agent required to absorb those expenses?</p>	<p>Increases in staffing costs or other operational costs will be review and approved during the annual budgeting process.</p>
5.	<p>Clarification on insurance claims – would we notify Phoenix HA and then ownership would process the claim with insurance company, or would be process directly?</p>	<p>The City of Phoenix should always be notified of any insurance claim. The management company will be responsible for pursuing claims with the provider unless a catastrophic event greater than \$250,000 occurs at which time the City of Phoenix will process the claim.</p>



6.	Approval to pay vendors, including Management Agent. Are these payments outside of normal contract and direct property expenses? Please clarify this.	We are not sure what you are referencing.
7.	Second signature required for over \$2500, request to change to \$7500 threshold. \$2500 is very low and would be normal things like Management Fee or utilities.	Budgeted items above \$2,500 do not need a secondary approval. All unbudgeted items above \$2,500 need asset management approval.
8.	Client will engage and procure audit firm, please confirm.	Yes and cost are billed to the operating budget.
9.	<p>Section 5.17 A3 - not subcontract any processing of PII (personal identifiable information)</p> <p>a. For example we use a 3rd party company name Flex, they allow residents to sign up directly through them and help the residents with rental payments. Many of our residents struggle with timing of paychecks and are often late on rent because they are waiting for that 2nd pay check of the month. Flex sets it up to where they pay the property directly on the 1st of the month, then collect from the resident directly their rent in payments. This is not a required service but</p>	Yes, this service will need to be approved in advance by the City of Phoenix and must comply with section 5.17 in the RFP Data Protection.



	<p>something we offer at our communities. It helps resident save on late fee charges and ensure the property is also getting rent in full at the beginning of the month. We would like to use vendors like this at the property with owner approval.</p>	
<p>10.</p>	<p>Please share examples of when liquidated damages for recerts and lease renewals took place.</p> <p>a. Concern is the fact we cant support and cover the property in the ways that ensure the property runs, temps, other staff members from other properties.</p>	<p>The City of Phoenix is not able to share examples and does expect management companies to be able to stay current with renewal and recertifications.</p>
<p>11.</p>	<p>6.1 – Insurance</p> <p>a. I do see the property insurance but it indicates listing the city as a loss payee. They own these buildings correct? I also see the transfer of liability risk is all to us. There's no additional endorsement from the city. I also don't like the indemnification agreement, it's one side favoring them. We need a mutual identifying agreement in place.</p>	<p>Yes, these are City owned properties. The City does not negotiate Insurance and Indemnification requirements and the language in the RFP stands.</p>



12.	<p>We assume liability for subcontractors</p> <p>a. The property should assume this liability. All contractors are required to be vetted through approved processes, thus any negligence from their actions should be covered by property insurance.</p>	<p>The City does not negotiate on this language and the language in the RFP stands.</p>
13.	<p>We would like to add our standard HUD management agreement to the RFP as an addendum and be given the opportunity to work through those items with Phoenix HA legal to ensure both parties are covered.</p>	<p>Offeror must not take any exceptions to any terms, conditions or material requirements of this solicitation. Offers submitted with exceptions may be deemed non-responsive and disqualified from further consideration in the City's sole discretion. Offerors must conform to all the requirements specified in the solicitation.</p>
14.	<p>Will any aspect of capital work be expected of the management company (including bids, selection & monitoring vendors, tracking of project status, etc.) outside of the preparation of the 5 year capital plan?</p>	<p>Yes, management companies will be expected to work with the City of Phoenix to secure bids, execute capital improvement contracts and participate in the completion of capital improvement projects. An annual capital plan will be submitted with the annual operating budget.</p>
15.	<p>The budget format shown in Exhibit F differs from the current model required for this property group. Please confirm F is the correct format for all future budgets.</p>	<p>Exhibit F is just an example and the City will work with awarded contractor to have a final template and City will have final approval on that template.</p>
16.	<p>How will the evaluation committee confirm and score the information relayed in Question B9 "How many performance Cure Letters and/or Demand for Assurance has your company received in the past two years? What were the</p>	<p>Answers will be validated as the Housing Department deems necessary and false answers may receive zero points.</p>



	issues you were asked to address?”	
17.	The RFP requires waitlists be compiled and maintained in accordance with the ACOP. To do so would delay move in time and take more manpower hours. Can this waitlist conversion be added as start up costs	Yes – the City will work with the awardee to determine and finalize cost reasonableness during implementation.
18.	The RFP restricts the use of temporary work force. For property’s maintained by a single office employee, how is it required that sick time, vacations or any time away from the office be handled? Would it be preferred the office is closed and/or no maintenance be performed?	The expectation is that our management companies have the capacity within their companies to utilize “floating” staff members or be in a position to temporarily back-fill and cover from other properties. Property Management Companies requests to use Temp Labor must be approved by the City in writing and will be evaluated on a case-by-case basis. It is expected that coverage align with the minimum staffing requirements in the RFP at normal business hours. Yale Court does not have an office but expectations are that the phones are answered during normal business hours.
19.	The RFP specifically removes the option to recertify residents using self-certifications, which is a change to current policy and procedure provided in the plan structure implemented as of March 1, 2023, as it <i>does</i> allow self certifications on the 3 rd year of residency. Please confirm self certifications will no longer be permitted in year 3.	Self-Certifications are not permitted.
20.	Page 26, Letter A states “Compliance with Governmental Regulations: <i>Contractor shall be responsible for ensuring the properties comply with all federal, state and local government rules and regulations pertaining to the operation and management of the property and types of units operated.</i>	<i>Attachment H.1 and H.2 are incorporated at the end of this addendum.</i>



	<p><i>Contractor must adhere to all City of Phoenix Security Regulations (Attachment H.1 and H.2) and Housing Department Regulations.</i></p> <p>The attachment H.1 and H.2 were not found. Will they be sent as part of an addendum?</p>	
21.	<p>Is the collection & submission of sales tax required on this account? If so, please confirm City staff will be submitting the needed documentation and providing the needed identification numbers to management in order to submit payments.</p>	<p>No. Although the City has not completed its review of tax being charged on affordable rental units, as a matter of practice, no sales tax is being charged</p>
22.	<p>Confirm that all insurance expenses in 7.7 (pg62) is to be paid with property funds?</p>	<p>Yes, the Property Insurance listed on page 62 will be paid with Property Funds.</p>
23.	<p>Exhibit K is provided within the RFP; however, there is no explanation for this Exhibit. Could you explain its required use?</p>	<p>K - OCC-WEEKLY VACANCY REPORT PH</p> <p>This is not required for any sites in this RFP group - its applicable to Public Housing units.</p> <p>Please disregard this attachment</p>
24.	<p>Question B10 states <i>"Describe any circumstances whereby you were unable to achieve budgeted Net Income on a <u>City managed property</u> by more than 20% over the last where you have managed the property for at least 1 year."</i>, which is restrictive to only those who currently manage a City owned property. This does not support a level playing field and it is requested this be rewritten to be inclusive, or eliminated as a whole.</p>	<p>The words "City Managed" are removed to now read, "Describe any circumstances whereby you were unable to achieve budgeted Net Income on a <i>property</i> by more than 20% over the last where you have managed the property for at least 1 year. "</p>
25.	<p>Exhibit I is provided within the RFP; however, there is</p>	<p>I – MONTHLY EIV PIC REPORTS TRACKER</p>



	no explanation for this Exhibit. Could you explain its required use?	This is not required for any sites in this RFP group – its applicable to Public Housing units. Please disregard this attachment.
26.	Exhibit J is provided within the RFP; however, there is no explanation for this Exhibit. Could you explain its required use?	J - WEEKLY PH OCCUPANCY REPORT This is not required for any sites in this RFP group - its applicable to Public Housing units. Please disregard this attachment.
27.	Exhibit M is provided within the RFP; however, there is no explanation for this Exhibit. Is it anticipated that management will be required to participate in the relocation process (ie: weekly calls, management of and assistance with all relocation and tracking processes needed to rehouse residents) Please explain its required use and which properties are to be included in relocation.	M - HOLD FOR VACANTS AND APP STATUS COP RELOCATION This report was used for the relocation of EAST (600 units)- It is no longer applicable- we now use the Weekly Vacancy/Lease up Occupancy Report. In addition, all COP properties are subject to allowing for waitlist priority, when filling vacancies, to displaced residents from other COP sites per the Uniform Relocation Act.
28.	O & M Plans o Do any of the properties have an O & M plan? If not, will the Contractor/Manager be expected to obtain one? o Who will be responsible for the O & M cost?	From my understating it is standard industry that Management companies have O&M plans and they are usually shared or mentioned in the Management Plan Method of Approach. COP typically reviews their plan and may add or revise to the site's specific needs.
29.	Are there any capital projects scheduled for this year?	
30.	When was the last remodel if any for the assets? What was included in the last remodel?	The apartments have not been comprehensively remodeled
31.	When were the roofs on each asset replaced?	The properties have not received new roof replacements
32.	Do the properties have pest control issues, including termites?	All sites have current preventive maintenance pest control contracts and are serviced per the contract schedule. There are no major concerns that we are aware of.



33.	Are there underground leaks at the property? How many in the last year?	We do not have specific information on underground leaks at these properties and are not aware of any significant concerns regarding underground leaks.
34.	Are there any issues with plumbing at the sites?	There are no major concerns at this sites that we are aware of.
35.	What criminal activity issues have you had the last year?	Most apartment properties will experience some sort of criminal activities from time to time.
36.	Are you seeing an increase in criminal activity as the temperatures rise?	We are not aware on any association between ambient temperatures and criminal activities
37.	Are there any armed guards contracted on any of the properties?	No. At times the management companies will hire security patrol companies to help keep trespassing to a minimum
38.	Are two signatures on checks required on utility, payroll or if applicable mortgage payments which are not auto paid?	Two signatories will be required on any draft more than \$2,500.00.
39	An outside CPA and auditor are used for any annual reports or statements for any of the HUD and/or affordable properties we manage. The cost is borne by the property, not the management company. The Owner of the asset approves the outside firm used. Management assists the auditor with the financial reporting package. Please clarify if this is the correct process.	The City of Phoenix has contracted with an outside company to provide annual audits. These costs will be budgeted for during the annual budget process. Management companies may be contacted to provide some financial or demographic information.
40.	Is there a sample annual financial statement format the City would share as an example for future purposes if the Contractor/Manager is responsible for annual review/audit/ reporting?	The City has contracted for these services and Property Management Company will be required to provide information accordingly.
41.	Would you clarify 5.25 No Family Members means? Is this stating a family member who works at the selected management company may not work or assist at the site	The City of Phoenix is concerned with contractors' relatives or close family members being hired and creating a possible perception of preferential treatment and or conflicts of interest. All employees related to the contractor or employees living under the same roof are generally not allowed on property. Any exceptional



	even if it falls under their department?	circumstances will be review and approved by the City on a case be case basis.
42.	7.7 Property Insurance, Building Coverage, Contents Coverage, Flood Insurance, Mechanical Breakdown & Machinery sections implies the contractor is responsible for purchasing. This insurance in the past and on other non-COP assets was paid for and selected by the Owner not Contractor/ Manager. Is it an Asset expense opposed to a Contractor/Manager expense?	The Property Insurance listed on in 7.7 will be paid with Property Funds out of the operating account.
43.	Prior RFP's Contractor/Manager was required to have insurance coverage for Environmental/Pollution on the asset, paid by the Contractor/Manager. We have noted it appears it is not included in this RFP. We would like to confirm it is not a requirement that the Contractor/Manager places this insurance. The insurance is placed per asset and it would be important we understand that when bidding for management if this is the cost of the Contractor/Manager.	The Environmental and Pollution requirements should have been and are now included in the requirement. Please see Attachment A to this addendum.
44.	Will all furniture and equipment in the leasing offices and maintenance shops require replacement or does the inventory currently on the site remain at the property?	The inventory currently on the site will remain at the property.
45.	Is there an outside agency the City uses for approving or processing the files on any of their affordable programs?	No



46.	May we have a description of each affordable program on the assets?	<p>Beginning in January 2023, all affordable housing residents currently earning 80% or less than the Area Median Income (AMI), as defined on the attached HUD Income Limits, will receive a rent increase of 7% upon annual recertification. All affordable housing residents currently earning more than 80% of AMI will receive a 10% increase upon annual certification. All new applicants or new leases will need to qualify at no more than 80% of AMI adjusted by family size with corresponding rent levels. Residents currently earning more than the 80% maximum will remain in place; no residents will be displaced due to the new requirement. All new applicants or new leases must income qualify at 1.5x current rent levels.</p> <p>Camelback has 15 HUD 50059 Voucher Units maintained via HUD’s Tenant Rental Assistance Certification System (TRACS).</p>																								
47.	May we have the current occupancies and 90 day projected occupancy on each of the assets? I believe some were given but I want to assure we heard correctly.	<table border="1"> <thead> <tr> <th data-bbox="685 1001 1101 1045">Name</th> <th data-bbox="1101 1001 1198 1045">% Occ</th> <th data-bbox="1198 1001 1312 1045">% Leased</th> <th data-bbox="1312 1001 1416 1045">% Trend</th> </tr> </thead> <tbody> <tr> <td data-bbox="685 1045 1101 1077">Camelback Properties</td> <td data-bbox="1101 1045 1198 1077">99.31</td> <td data-bbox="1198 1045 1312 1077">99.31</td> <td data-bbox="1312 1045 1416 1077">99.31</td> </tr> <tr> <td data-bbox="685 1077 1101 1108">Desert Meadows Apartmen...</td> <td data-bbox="1101 1077 1198 1108">97.29</td> <td data-bbox="1198 1077 1312 1108">99.32</td> <td data-bbox="1312 1077 1416 1108">97.97</td> </tr> <tr> <td data-bbox="685 1108 1101 1140">Paradise Greens Apartme...</td> <td data-bbox="1101 1108 1198 1140">98.50</td> <td data-bbox="1198 1108 1312 1140">100.00</td> <td data-bbox="1312 1108 1416 1140">98.50</td> </tr> <tr> <td data-bbox="685 1140 1101 1171">Red Mountain Springs</td> <td data-bbox="1101 1140 1198 1171">98.07</td> <td data-bbox="1198 1140 1312 1171">98.07</td> <td data-bbox="1312 1140 1416 1171">98.07</td> </tr> <tr> <td data-bbox="685 1171 1101 1203">Yale Court Apartments</td> <td data-bbox="1101 1171 1198 1203">100.00</td> <td data-bbox="1198 1171 1312 1203">100.00</td> <td data-bbox="1312 1171 1416 1203">100.00</td> </tr> </tbody> </table>	Name	% Occ	% Leased	% Trend	Camelback Properties	99.31	99.31	99.31	Desert Meadows Apartmen...	97.29	99.32	97.97	Paradise Greens Apartme...	98.50	100.00	98.50	Red Mountain Springs	98.07	98.07	98.07	Yale Court Apartments	100.00	100.00	100.00
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48.	What would be the expectations of the Contractor/Manager for supportive & resident services on each of the 5 assets?	<p>Group C does not have a supportive services requirement. COP expectation is that the Contractor host resident events per industry standards in addition to resident meetings.</p>																								
49.	Does any property have specific set-asides other than affordable housing? (Homelessness, domestic violence, etc.)	<table border="1"> <tbody> <tr> <td data-bbox="685 1459 1068 1486">Camelback Properties</td> <td data-bbox="1068 1459 1416 1486">3 Bed / 2 Bath</td> </tr> <tr> <td data-bbox="685 1486 1068 1514">Desert Meadows</td> <td data-bbox="1068 1486 1416 1514">2 Bed / 1 Bath</td> </tr> <tr> <td data-bbox="685 1514 1068 1541"></td> <td data-bbox="1068 1514 1416 1541">3 Bed / 2 Bath</td> </tr> <tr> <td data-bbox="685 1541 1068 1568"></td> <td data-bbox="1068 1541 1416 1568">4 Bed / 1 Bath</td> </tr> <tr> <td data-bbox="685 1568 1068 1596">Red Mountain Springs</td> <td data-bbox="1068 1568 1416 1596">2 Bed / 1.5 Bath</td> </tr> </tbody> </table>	Camelback Properties	3 Bed / 2 Bath	Desert Meadows	2 Bed / 1 Bath		3 Bed / 2 Bath		4 Bed / 1 Bath	Red Mountain Springs	2 Bed / 1.5 Bath														
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50.	It was mentioned that in several of the communities there are some outstanding cap-ex projects for 2023 at the property. Will they be completed prior to takeover? If not, is there a list of what	<p>The City of Phoenix is in the process of compiling a list of projects as part of the annual capital expenditure budgets. To that end, we are meeting with the various management companies to solicit their input prior to completing the budgets. Once that list is developed, management companies will receive a completed budgeted for the RFP properties.</p>																								



	would be outstanding at the takeover?	
51.	Are there specific cap-ex plans currently in place for the assets beginning in 2024? If so, may we receive a list of those items?	See item above.
52.	Are there any HOA Fees for properties other than Desert Meadows and if so how much are they?	Desert Meadows is the only site in Group C sites where HOA fees are applicable.
53.	Desert Meadow Specific Questions ■ What is the cost of the HOA fees on Desert Meadows?	\$775 Monthly

The balance of the specifications and instructions remain the same. Bidder must acknowledge receipt and acceptance of this addendum by signing below and returning the entire addendum with the bid or proposal submittal.

Name of Company: _____

Address: _____

Authorized Signature: _____

Print Name and Title: _____



Attachment A

1.1.1. Contractor's Pollution Liability

For losses caused by pollution conditions that arise from the operations of the Contractor as described in the Scope of Services section of this Contract.

Per Occurrence \$1,000,000

General Aggregate \$2,000,000

- The policy should be written on an "occurrence" basis with no sunset clause.
- Such insurance must name the City of Phoenix as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Contractor.
- The policy must provide coverage for pollution conditions that arise from the operations of the contractor described under the scope of services of the contract. The policy should include the following coverages:
 - Bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death and medical monitoring costs.
 - Property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, cleanup costs, and the loss if use of tangible property that has not been physically injured or destroyed including diminution in value.
 - Environmental damage including physical damage to soil, surface water or groundwater, or plant or animal life, caused by Pollution Conditions and giving rise to Clean-Up Costs.
 - Defense including costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensation damages
 - Asbestos or lead – no exclusion
 - Mold and legionella coverage

Environmental Services or Operations

This indemnification language IN ADDITION to the indemnification clause already in the solicitation. The environmental indemnification clause shown below is added as a second paragraph after the primary indemnification clause.

Contractor ("Indemnitor") must defend, indemnify, and hold harmless the City of Phoenix and its officers, officials (elected or appointed), agents, and employees ("Indemnitee") from and against any and all demands, claims, complaints, losses, damages, actions or causes of action, assessments, liabilities, costs or expenses including, without limitation, interest, penalties and reasonable attorney fees, expert fees, and reasonable expenses of investigation and remedial work (including but not limited to investigations and remediation by engineers, environmental consultants and similar technical personnel) asserted against or imposed upon or incurred by Indemnitee arising in connection with, or resulting from, any Environmental Law, including but not limited to, any use, generation, storage, spill, release, discharge or disposal of any Hazardous Substance that is now or comes to be located on, at, about or under the property or because of, or in connection with, the violation of any Environmental Law (hereinafter collectively referred to as "Losses") to the extent that such Losses are caused by the fault of Indemnitor, its officers, officials, members, managers, agents, employees, contractors, volunteers, tenants, subtenants,



invitees or licensees. Indemnitor's duty to defend Indemnitee accrues immediately at the time a claim is threatened or a claim is made against Indemnitee, whichever is first. Indemnitor's duty to defend exists regardless of whether Indemnitor is ultimately found liable. As used in this section: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, or other petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal, state or local laws and regulations, including common law, that relate to health, safety or environmental protection; and (c) "Fault" means those nonculpable acts or omissions giving rise to strict liability under any Environmental Law pertaining to Hazardous Substances, as well as culpable conduct (negligence or willful misconduct). In consideration of the award of this Contract, Indemnitor agrees to waive all rights of subrogation against Indemnitee for losses arising from or related to any work performed by Indemnitor or Indemnitor's Agents for the City of Phoenix. The obligations of Indemnitor under this provision survive the termination or expiration of this Contract.



City of Phoenix

ADMINISTRATIVE REGULATION	A.R. NUMBER 1.90 revised
	FUNCTION General Page 1 of 5
INFORMATION PRIVACY AND PROTECTION	EFFECTIVE DATE March 19, 2009
	REVIEWED DATE

I – Purpose

Maintaining information privacy and protection is essential to preserving the City's high level of public trust. This Administrative Regulation (AR) establishes Citywide policies to protect personal identifying information (PII) and restricted City information regardless of its format (i.e. electronic, computerized or hard copy formats). Information is defined as any data or record collected, obtained and/or maintained by the City of Phoenix. This AR applies to all employees, contractors and third parties with access to City information. For more information specific to contractors and third parties, see Administrative Regulation 1.91. Any questions should be directed to the City Privacy Officer/Information Technology Services.

II – Definitions

1. Personal Identifying Information: refers to any information that identifies and describes an individual, including but not limited to, the individual's first name and last name, or first initial and last name **combined** with:
 - *private information* – examples include residence or mailing address, telephone number, protected health information, date of birth, mother's maiden name, etc.; or
 - *government-issued identifiers or information* – examples include Social Security Number, driver's license or non-operating identification number, citizenship status or alien identification number, tax identification number, etc.; or
 - *financial account information* – examples include credit card or debit card numbers, savings or checking account numbers, any other security entitlement account number, retirement account number, account passwords or access codes, etc.
2. Restricted City Information: information for which unauthorized access, modification, or loss could have a negative affect on the City or the public. Examples include sensitive public infrastructure and/or utility information, all information exempt from public disclosure under state or federal public records laws, customer databases, employee personnel records and information, selected procurement information, licensed proprietary or copyrighted information, and security information.

3. Breach of Information Security (Breach): unauthorized acquisition of and access to personal identifying and restricted City information. Good-faith acquisition of personal identifying and restricted City information by a City employee or agent is not a breach of information security, provided the information is not used for a purpose unrelated to City business or subject to further willful unauthorized disclosure.
4. Critical Breach of Information Security (Critical Breach): unauthorized acquisition of and access to unencrypted or unredacted computerized information that contains an individual's first name or first initial and last name in combination with one or more of the following: (1) the individual's Social Security Number, (2) driver's license or non-operating identification number, (3) financial account number or credit/debit card number in combination with any required security code, access code or password that would permit access to the individual's financial account. In addition, access to this information must materially compromise the security or confidentiality of the information maintained and cause or be reasonably likely to cause substantial economic loss to an individual. Good-faith acquisition of this information by a City employee or agent is not a critical breach of information security, provided the information is not used for a purpose unrelated to City business or subject to further willful unauthorized disclosure.

III – Securing Personal Identifying Information and Restricted City information

Personal identifying information and restricted City information should only be accessed in order to perform specific job-related responsibilities or assignments. All employees should comply with their department's Information Management Plan, which establishes departmental policies for collecting, managing and securing personal identifying information and restricted City information collected or obtained in the course of conducting City business.

Personal identifying information and restricted City information, whether in electronic format or hard copy, should be secured and protected at all times to avoid unauthorized access. When not in use, users should ensure this type of information is physically secured or protected through approved electronic methods. When this type of information is saved to laptop computers, computerized devices, or removable storage devices, the data should be protected through a City-approved method, such as encryption or password protection, and the equipment or device itself should be secured by storing it in a locked desk, cabinet, or by another appropriate method when not in use.

When personal identifying information and restricted City information, regardless of its format, is no longer necessary or exceeds record retention requirements, the information should be redacted or destroyed through appropriate and secure methods. For appropriate authorization and disposal of public records, follow established procedures outlined in AR 1.61 Records Retention Policy. For information on disposal of electronic media, contact Information Technology Services.

Separate and apart from the requirements for protecting personal identifying information as defined previously in this AR, employees are reminded that Social Security Numbers or financial account information should never be disclosed.

Any concerns regarding the unauthorized access to or inappropriate use of personal identifying information and restricted City information should be reported to an employee's immediate supervisor as soon as possible. In the event of a potential critical breach of information security, the Department Head and City Privacy Officer shall also be notified.

IV – Information Management Plan

Each City department will develop an Information Management Plan establishing policies for collecting, managing and securing personal identifying information and restricted City information generated, collected, or obtained in the course of conducting City business. Departments should develop an inventory of the information they currently collect, use and/or store, including information shared with another department or business entity. The Plan should:

- identify all departmental personal identifying information and restricted City information regardless of format
- limit or eliminate collection and/or storage of redundant or unnecessary personal identifying information and restricted City information
- define appropriate measures to be taken to ensure privacy and security of personal identifying information and restricted City information
 - computerized information – procedures ensuring information is protected through a City-approved method and appropriate connectivity in accordance with relevant City AR's and IT standards as well as applicable regulatory, legal, and contractual requirements
 - hard copy – procedures for assuring that files or documents containing personal identifying information and restricted City information are secure when not in use or when removed from the office for business purposes
- outline departmental policies for the creation, access, use and destruction of personal identifying information and restricted City information
- identify appropriate levels of access for personal identifying information and restricted City information, and all positions with potential access

- identify procedures for sharing information with private and third-party requests that meet public records laws without violating privacy laws or interests
- Every Department which accepts credit/debit cards is responsible for ensuring reasonable steps are taken to identify how the department intends to comply with payment card industry (PCI) standards (refer to A.R. 3.96 for specific requirements)
- outline strategies that will be used to inform and educate employees regarding information privacy and protection

Department Heads are responsible for assuring the department's Information Management Plan complies with all applicable laws, regulatory requirements, City policies and contractual requirements. To assist departments with ensuring they meet this requirement, questions regarding the nature, scope or extent of personal identifying information and restricted City information should be reviewed with the Law Department. Public records management or record retention requirements should be reviewed with the City Clerk Department. Infrastructure requirements and methods for appropriately protecting computerized data should be reviewed with Information Technology Services.

Departments are responsible for maintaining current Information Management Plans. Plans should be revised as appropriate when business processes change that affect personal identifying information or restricted City information. At a minimum, departments shall review their Plans annually. Copies of the initial plan and any updates should be submitted to the City Privacy Officer, who may circulate it for review by a team of representatives including the Law, City Clerk, Personnel and Information Technology Services Departments. The City Privacy Officer shall also maintain a central repository of all current department Plans.

V – Handling Unauthorized Access, Disclosure or Loss of Personal Identifying Information and Restricted City information

Each department is responsible for ensuring reasonable steps are taken to ensure the privacy, integrity and security of personal identifying information and restricted City information is maintained. These steps include:

- All potential breaches of information security shall be reported up the supervisory chain of command to the Department Head. In the event of a potential critical breach of information security, the City Privacy Officer shall also be notified.
- An investigation shall be conducted, subject to the needs of law enforcement, taking necessary measures to determine the nature and scope of the incident. An investigative summary shall be forwarded to the City Privacy Officer for his/her review and recommendations.

- If the investigation reveals a critical breach of information security, the City Privacy Officer shall notify the City Manager's Office. The City Manager, or his/her designee, in consultation with the Law Department and Public Information Office, shall determine how the affected individuals or organizations will be notified.
- The City is only obligated to notify individuals affected by **critical** breaches of information security. Although not legally required to do so, the City may choose to issue notifications regarding other breaches. All notifications must be approved by the Public Information Office and the City Manager, or his/her designee.
- The City shall take all appropriate actions to address unauthorized use and/or recover lost or stolen personal identifying information and restricted City information.

VI – Acknowledgement

Departments are responsible for ensuring all affected employees, business partners and third parties are aware of and trained on the department's Information Management Plan and this AR. At a minimum, follow-up training shall occur annually and any time the department's Plan is revised.


VII – City Auditor Department

The City Auditor Department will conduct periodic audits to evaluate compliance with the responsibilities set forth in this AR. Those audits will include departmental assessments of Information Management Plans and the department-specific policies, procedures, and mechanisms in place to ensure sustained compliance with those Plans.

VIII – Violation of this Policy

Violation of this AR may be subject to disciplinary action up to and including termination.

FRANK FAIRBANKS, City Manager

By: 

Lisa Takata
Executive Assistant to the City Manager



City of Phoenix

ADMINISTRATIVE REGULATION	A.R. NUMBER
	1.91 revised
SUBJECT INFORMATION PRIVACY AND PROTECTION SUPPLEMENT – DATA SHARED WITH THIRD PARTIES	FUNCTION
	General Page 1 of 3
	EFFECTIVE DATE
	March 19, 2009
	REVIEW DATE

I – Purpose

This Administrative Regulation (AR) is intended to supplement AR 1.90, Information Privacy and Protection, by providing guidance for City Departments when sharing data, including personal identifying information and restricted City information, with a third party. Maintaining information privacy and protection is essential to preserving the City's high level of public trust. All City employees and Departments share responsibility for ensuring information collected and maintained by the City is adequately protected. This AR does not address public records requests, but rather, instances when the City is sharing data with external business partners. Any questions should be directed to the City Privacy Officer/Information Technology Services.

II – Definitions

1. The definitions set forth in AR 1.90 are incorporated by reference to this AR.
2. Third Party: refers to any non-City employee, entity or organization to whom the City may provide information in the course of performing City business. Examples include vendors, consultants, contractors, insurance companies, credit bureaus, residents, and other government entities.

III – Department Responsibilities

Individual departments are responsible for the oversight of third parties who have access to the department's data, including personal identifying information and restricted City information.

Prior to sharing personal identifying information and/or restricted City information with a third party, the department must complete each of the following steps:

- Document in its Information Management Plan why sharing personal identifying information or restricted information with third parties is necessary.
- Clarify in its Information Management Plan the data being shared that is to be considered personal identifying information and/or restricted information.
- Require the third party to comply with state, federal, and local privacy laws, and City policies.

- Verify whether the third party conducts background checks of its employees and any other individuals who will have access to the personal identifying information and restricted City information it receives from the department. Require third-party employee credentialing and bonding for these employees.
- Verify whether the third party has appropriate data security systems and procedures, including transfer safeguards, disposal procedures, breach response and notification procedures.
- Require third parties to acknowledge that they are prohibited from releasing information to other independent parties and from using the information for any purpose other than that which it received the information.
- Require the third party to notify the contracting City department immediately if a breach is suspected.
- Require the third party to acknowledge that it is prohibited from notifying individuals affected by a breach or critical breach of the City's information without the prior written consent of the City. The third party must also acknowledge that it will be responsible for costs incurred by the City to investigate potential breaches and/or to notify those affected. The third party must also acknowledge that it will be responsible for any costs the City incurs to defend itself, including attorneys' fees, and for any monetary damages or penalties the City is assessed as a result of breaches of information resulting from the third party's negligence.
- Include provisions in written contracts with third parties that require data security safeguards. Where the business relationship with the third party is not conducive to the execution of a written contract, the department must enter into a Data Security Agreement with the third party.

IV – Contracts and/or Data Security Agreements

In light of the above responsibilities, departments shall enter into written agreements that detail the City's expectations regarding information privacy and protection. The Law Department shall be consulted and must approve all contract language.

Where a City Department is required by state, federal, or local law to disclose information to a third party and that information includes personal identifying information and restricted City information, a written agreement will not be required.

The Municipal Court is subject to the administrative supervision of the Arizona Supreme Court pursuant to Article VI, § 3, of the Arizona Constitution and is exempt from the requirements of this AR to the extent such requirements may be inconsistent with Rules and Administrative regulations of the Arizona Supreme Court.


V – City Auditor Department

The City Auditor Department will conduct periodic audits to evaluate compliance with the responsibilities set forth in this AR. Those audits will include not only assessments of department-specific policies, procedures, and mechanisms in place to ensure sustained compliance with this AR, but also assessments of the information security measures implemented by the third party.

VI – Violation of this Policy

Violation of this AR may be subject to disciplinary action up to and including termination.

FRANK FAIRBANKS, City Manager

By 

Lisa Takata
Executive Assistant to the City Manager