File ID: 2026-01543 11/17/2026

[Contract Supplement] Step Up on Second Street - Case Carrying Outreach Services for Street Outreach, Safe Camping, Safe Parking, Emergency Shelter Voucher Program and Micro-Communities [Published for 10-day Review 11/05/2026]

File ID: 2026-01543

Location: Citywide

Recommendation: Pass a **Motion** authorizing the City Manager or designee to execute Supplemental Agreement No. 3 to City Agreement No. 2024-1505 with Step Up on Second Street for Case Carrying Outreach Services for Street Outreach, Safe Camping, Safe Parking, Emergency Shelter Voucher Program and Micro-Communities in an amount not-to-exceed $2,571,271, for a total not-to-exceed amount of $5,367,461.

Contact: Brian Pedro, Director, (916) 808-7816, bpedro1@cityofsacramento.org; Rolf Davidson, Program Manager, (916) 808-3703, Rdavidson@cityofsacramento.org; Department of Community Response

Attachments:
1-Description/Analysis
2-Step Up Case Carrying Outreach Services Supplement Agreement

Additional Description/Analysis
Issue Detail: Homelessness is an issue that impacts communities without regard to geographic or political boundaries and for which there is no single answer or solution. The Department of Community Response (“DCR”) deploys a multifaceted approach and varied strategies to address this complex problem. In an effort to better serve community members experiencing homelessness in Sacramento, DCR recommends the City Council approve a supplemental agreement with Step Up on Second Street (“Step Up”) in the amount of $2,571,271 to provide a 12-month extension of outreach services through December 31, 2027. The proposed supplemental agreement includes an expanded scope, adding case carrying outreach services for the new Micro-Community program.

Community outreach has been an integral part of DCR’s strategy to connect individuals experiencing homelessness with all available services. In July 2024, Council approved the suspension of

competitive bidding for Community Outreach Services and shortly after, DCR released a Request for Proposals for Community Outreach Services (P2523001021003). In December 2024, a contract was awarded to Step Up on Second Street to provide case carrying outreach services.

The goal of the Case Carrying Outreach Services program is to engage with unsheltered individuals and provide long-term support during their transition from encampments to interim shelters and eventually into housing.

Street Outreach

In coordination with DCR, Step Up provides ongoing and focused outreach Monday-Friday from 7 a.m. to 4 p.m. to unsheltered individuals encountered during street outreach and referred from DCR and contracted staff. This outreach may occur in an encampment setting, in an emergency shelter, or in interim/transitional/permanent housing. Ten (10) Step Up Outreach Case Navigators work to build trust with unhoused individuals and provide links to essential services like mainstream benefits (such as housing vouchers and food assistance), care coordination, and vital documents. Since launching the Case Carrying Outreach program in January 2025, Step Up has provided street outreach services to more than 778 individuals and assisted transitioning 214 people into emergency shelter, 21 people into temporary housing and medical care facilities, and 16 people into permanent housing.

Safe Camping and Safe Parking

In August 2025 the City Manager's Office, per Ordinance No. 2023-0015, directed staff to implement design and construction of a new Safe Camping site at 291 Sequoia Pacific Blvd. The Safe Camping site includes 96 tents, restrooms, shower service, trash collection, 24/7 security, a good neighbor policy and curfew for clients. Step Up provides case management services to clients at the Safe Camping site. Since the site's launch on June 29, 2026, Step Up has provided services to more than 175 individuals and assisted 31 people into emergency shelter, and two people into temporary housing.

City staff is also working to establish a new Safe Parking site where people can temporarily stay and sleep in their vehicles. Staff anticipate opening a site with space for 30-50 vehicles that will include restrooms, shower service, trash collection, 24/7 security, a good neighbor policy, a curfew for clients and case management services from Step Up through this contract supplement.

Emergency Shelter Voucher Program

In December 2020, the City of Sacramento entered into its first agreement to utilize a motel as an emergency shelter. Since that time, the City has partnered with various non-profit organizations, including Hope Cooperative, City of Refuge, and Step Up, to operate and provide support services to families in the City Motel Program ("CMP"). As the latest service provider for the CMP program, Step

Up provided motel oversight, case management and rehousing services to CMP clients.

In 2025, the City completed an audit of the CMP, which identified several structural challenges, including extended lengths of stay, limited room turnover, and reduced rates of timely exits into permanent housing. The audit recommended implementing earlier engagement strategies, clarifying program objectives, and transitioning to a model better aligned with rapid stabilization and rehousing for families.

On Sept. 16, 2025, City Council passed Motion No. 2025-0300, authorizing the development of a voucher-based model for the CMP to better support client choice, create additional cost savings, and assist in maintaining the program. In response, the Department of Community Response created the Emergency Shelter Vouchers ("ESV") program to replace the existing CMP. The ESV program, which launched on June 1, 2026, utilizes a family-centered sheltering approach focused on prioritizing unsheltered families with minor children, facilitating rapid entry into shelter, initiating early supportive service engagement, and promoting timely transitions to stable housing. Step Up provides case management services to families in the ESV program. The ESV program design requires Step Up to focus on providing case management and rehousing services and shifts responsibility for motel oversight to the motel operators.

Since its launch on June 1, 2026, through September 30, 2026, Step Up has provided sheltering and support services to more than 159 households (572 individuals). Of the 239 individuals exited during that period, 109 individuals were placed into permanent housing (46%), and 135 individuals were exited to improved situations (56%).

Micro-Communities

On April 29, 2025, Department of Community Response presented the proposed development of Micro-Communities for seniors. Micro-Communities are interim supportive housing sites where seniors (55 years and older), who are unable to exit City shelters for financial reasons, can live for an extended period in a safe, pet-friendly community.

On Sept. 16, 2025, City Council passed Motion No. 2025-0299, authorizing a monthly program fee for micro-community participants of no more than 30% of their monthly gross income to help sustain and expand the program.

In August 2026, the City broke ground on the first Micro-Community site at 2461 Gardendale Road in District 8. This location will include 30-40 tiny homes, shared bathrooms, laundry facilities and outdoor dining area. It is projected to open Spring 2027. The second Micro-Community site will be located at 6360 25th St.in District 5. This location will initially include 27 tiny homes and feature shared bathrooms, laundry facilities and an outdoor dining area. Construction on this site will begin Spring 2027.

Step Up on Second will provide case management for seniors residing in the City's Micro-Communities.

Policy Considerations: Pursuant to Sacramento City Code section 3.56.090, any agreement for non-professional services that is for $250,000 or more requires City Council approval. This item was published for 10-day review on November 5, 2026, in compliance with the City Code.

Economic Impacts: Not applicable.

Environmental Considerations: This report concerns administrative activities and government fiscal activities that do not constitute a "project" and is not subject to the provisions of California Environmental Quality Act (California Code of Regulations Title 14, section 15378(b)(2)). Additionally, the activities in this report are exempt from California Environmental Quality Act review because it can be seen with certainty that no significant effects could occur as a result of implementation (California Code of Regulations Title 14, section 15061(b)(3)).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Services provided under this agreement address the ongoing need for supportive services for individuals experiencing homelessness in the City.

Financial Considerations: Sufficient funding is available (Measure U, Fund 2401) in the Community Response MYOP (I23000100) to execute the supplemental agreement with Step Up on Second Street for case carrying outreach services for an amount not-to-exceed $2,571,271 for a total not-to-exceed amount of $5,367,461.

Local Business Enterprise (LBE): Step Up on Second Street is an LBE.

City of SACRAMENTO

Contract Routing Sheet

☐ **Payment / Performance Bond Only**

General Routing Information

Department: Community Response Department

Contract Coordinator: Michele Kashiwagi Email: mkashiwagi@cityofsacramento.org

Effective Date: 11/17/2026 Expiration Date: 12/31/2027

Grant/Project Name: Case Carrying Outreach Services

Other Party: Step Up on Second Street

Original Not to Exceed Amount: $ 2,375,178.00

Assessor's Parcel Number(s):

Project Number: I23000125 Bid/RFQ/RFP#:

Supplements/Addendums/Change Orders ☑

Adjusted Amount of this Change (+/-): $ 2,571,271.00 New Not to Exceed Amount: $ 5,367,461.00

Change In Scope: Yes

Original Contract Number: 2024-1505 Supplement Number: 03

Council Approval ☑

Original Meeting Date: 12/09/2025 Council File ID: 2025-01752

Supplement Meeting Date: 11/17/2026 Council File ID: 2026-01543

Processing Information

- ☐ Clerk's Office to Mail for Recording
- ☐ Return to Dept for Other Party Signature
- ☐ Real Estate
- ☐ Return to Dept for Recording
- ☐ Construction Related
- ☐ Additional Originals Attached – Return to Dept.

Add notes/instructions, including any other contract or council file ID numbers related to this agreement:

Signing Authority - Department Directors up to $100K; $100K -$250K City Manager or Assistant City Manager; $250K+ Council Approval & Council Appointee or designee.

Department Review and Routing

AB 339 Review Confirmation (if needed)

Sign Rodolfo Davidson

Sign Jason Beckstrom (Oct 29, 2026 15:28:27 PDT)

Sign

Sign

Sign

CONTRACT #: 2024-1505
AMENDMENT #: 03
CONTRACT NAME: Case Carrying Outreach Services
NOT TO EXCEED AMOUNT (INCLUDING SUPPLEMENTS): $5,367,461.00

DATE: November 17, 2026
PROJECT: I23000125
SOLICITATION: N/A
MOTION / DATE OR FILE ID: 2026-01543

CITY OF SACRAMENTO

CONTRACT AMENDMENT
CHANGE IN SCOPE AND NOT-TO-EXCEED AMOUNT

The City of Sacramento ("City") and Step Up on Second Street ("Contractor"), as parties to that certain contract designated as Contract Number 2024-1505, including any and all prior amendments modifying the contract (the contract and all amendments are hereafter collectively referred to as the "Contract"), hereby amend the Contract as follows:

1. The Scope of Services in Exhibit A of the Contract is amended as follows:

   A. Pursuant to section 3, Time of Performance, the Contract is hereby extended for an additional 12-month term, terminating on December 31, 2027, unless further extended or terminated sooner in accordance with the provisions of this Contract.

   B. In Attachment 3 to Exhibit A, section III, subsection 1(B) is hereby amended to read as follows:

   "Contractor shall provide Case Carrying Outreach staff to the ESV program, Micro-Community site, Safe Camping/Parking sites, and Street Outreach teams. The Case Carrying Outreach staff shall be assigned as specified below:

   I. ESV program: staff shall be assigned to service ESV households at 1:25 ratio.
   II. Micro-Community: staff will provide services to site residents Monday – Friday.
   III. Safe Camping/Safe Parking: Staff will be assigned to provide services to site residents Monday - Friday.
   IV. Street Outreach - Street outreach staff will be deployed to zones defined by DCR. Each zone shall be assigned a minimum of 2 staff."

   C. The following subsection 5 is hereby added to section III of Attachment 3 to Exhibit A, section III to read as follows:

   "Micro-communities are interim supportive housing sites that are operated by the City of Sacramento where seniors (55 years and older) who are residing in City shelters, have demonstrated readiness to live independently and who are unable to exit City shelters due to income limitations, can live for an extended period.

   Step Up on Second will provide low intensity case management for stable seniors. Contractor shall meet a minimum of once a month to assess needs and goals of each client and help connect them to services as necessary."

2. The Budget attached hereto and incorporated herein as Attachment 4 to Exhibit B supersedes the Budget set forth in Attachment 3 to Exhibit B.

3. The maximum not-to-exceed amount that is specified in the Contract for payment of Contractor's fees and expenses is **increased** by $2,571,271.00, and the Contract's maximum not-to-exceed amount is amended as follows:

Contract's original not-to-exceed amount:	$1,187,589.00
Net change by previous amendments:	$1,608,601.00
Not-to-exceed amount prior to this amendment:	$2,796,190.00
Increase by this amendment:	$2,571,271.00
New not-to exceed amount including all amendments:	$5,367,461.00

4. Contractor agrees that the amount specified in sections 1 and 2 above shall fully compensate Contractor under the Contract, as modified by this amendment, including any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised services, and costs associated with any changes and/or delays in schedules or in the delivery of other services by Contractor.

5. Contractor warrants and represents that the person or persons executing this contract amendment on behalf of Contractor is duly authorized by Contractor to sign this amendment and bind Contractor to the terms hereof.

6. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform as required under the Contract, as modified by this amendment.

[SIGNATURES ON FOLLOWING PAGE]

SUPPLEMENTAL CONTRACT

Approval Recommended By:

Brian Pedro , Director, DCR

Approved By:

Tod Lipka, CEO

Approved By:

Ryan Moore, Assistant City Manager
City of Sacramento

Approved As To Form By:

Senior Deputy City Attorney

Attest:

City Clerk

Attachment 4 to Exhibit B
Budget

COMPONENT	CURRENT BUDGET	SUPPLEMENT #3	NEW BUDGET
STAFFING			
Executive Oversight (VP 0.10 FTE, Sr. Director .55 FTE, Director .80 FTE)	191,000.00	213,350.00	404,350.00
Program Manager (2)	203,200.00	176,000.00	379,200.00
Service Coordinator - Housing Specialist (1)	136,000.00	58,000.00	194,000.00
Outreach Case Manager (11)	884,000.00	616,000.00	1,500,000.00
ESV Case Manager (5)	196,000.00	280,000.00	476,000.00
Safe Camping/Parking Case Manager (3)	98,000.00	168,000.00	266,000.00
Micro Community Case Manager (1)		56,000.00	56,000.00
Benefits	418,600.00	407,511.00	826,111.00
STAFFING SUBTOTAL	**2,126,800.00**	**1,974,861.00**	**4,101,661.00**
OPERATIONS			
Motel/Hotel/ Deposits	30,000.00	-	30,000.00
Transportation (Bus tickets, Uber, etc.)	8,500.00	-	8,500.00
General Costs (Client needs; clothing, hygiene, life documents, snacks)	5,000.00	-	5,000.00
IT	25,500.00	15,000.00	40,500.00
Office Supplies	16,300.00	20,000.00	36,300.00
Training (trauma informed care, harm reduction, case management, etc.)	9,000.00	10,000.00	19,000.00
Telephone/Internet	20,000.00	23,460.00	43,460.00
Travel (staff mileage reimbursement, vehicle usage)	50,500.00	60,000.00	110,500.00
Recruiting	3,200.00	4,500.00	7,700.00
Postage/Printing/ Shipping	2,625.00	4,500.00	7,125.00
Leased Vehicles (2 x 800 = 1600 x 12 = 19,200)	11,200.00	19,200.00	30,400.00
Insurance (General Umbrealla and Vehicle insurance)	32,200.00	55,200.00	87,400.00
Occupancy- Corp Rent	38,500.00	66,000.00	104,500.00
Occupancy- Taxes and Licenses	59.00	100.00	159.00
Occupancy- Utilities - other	291.67	500.00	791.67
Occupancy- Utilities - Water	700.00	1,200.00	1,900.00
Professional contracted services - I.T. Consultant	8,868.42	15,203.00	24,071.42
Professional contracted services - E.H.R. (separate mode)	6,846.00	11,736.00	18,582.00
OPERATIONS SUBTOTAL	**269,290.09**	**306,599.00**	**575,889.09**
CLIENT SERVICES			
Client Rehousing Support	88,000.00	-	88,000.00
Bus Passes, Transportation	10,000.00	10,000.00	20,000.00
Client General Costs	25,000.00	25,000.00	50,000.00
CLIENT SERVICES SUBTOTAL	**123,000.00**	**35,000.00**	**158,000.00**
In-direct Costs (not to exceed 11%)	277,099.91	254,811.00	531,910.91
TOTAL PROGRAM COSTS	**2,796,190.00**	**2,571,271.00**	**5,367,461.00**

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 7/1/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
(LA) Heffernan Insurance Brokers
757 S Alameda St Ste 350
Los Angeles CA 90021

License#: 0564249

CONTACT NAME: Heffernan Insurance Brokers
PHONE (A/C, No, Ext): 213-622-6500 **FAX (A/C, No):** 213-785-6966
E-MAIL ADDRESS: hibcertrequest@heffins.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Insurance Company	18058
INSURER B : Nonprofits United Vehicle Insurance Pool	
INSURER C : Travelers Casualty and Surety Company of America	31194
INSURER D : Atlantic Specialty Insurance Company	27154
INSURER E :	
INSURER F :	

INSURED
Step Up on Second Street, Inc
1328 2nd Street
Santa Monica CA 90401

STEPUPO-01

COVERAGES **CERTIFICATE NUMBER:** 1529090191 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X **COMMERCIAL GENERAL LIABILITY** [ ] CLAIMS-MADE [X] OCCUR X Deductible: $0 GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY [ ] PRO-JECT [ ] LOC [ ] OTHER:	Y	Y	PHPK2572685-015	6/30/2026	6/30/2027	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG 	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 3,000,000 $ 3,000,000 $
B	**AUTOMOBILE LIABILITY** X ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS X HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			2131	7/1/2026	7/1/2027	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) 	$ 5,000,000 $ $ $ $
A	X **UMBRELLA LIAB** [X] OCCUR **EXCESS LIAB** [ ] CLAIMS-MADE DED X RETENTION $ 10,000			PHUB870912-015	6/30/2026	6/30/2027	EACH OCCURRENCE AGGREGATE 	$ 5,000,000 $ 5,000,000 $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					[ ] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
C A D	Crime - Employee Theft Sexual Abuse/Molestation Professional Liability			108525481 PHPK2572685-015 MML-013862-0726	7/1/2026 6/30/2026 7/1/2026	7/1/2027 6/30/2027 7/1/2027	Limit: $1,000,000 Occur: $1,000,000 Occur: $1,000,000	Ded.: $10,000 Agg: $3,000,000 Agg: $1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Re: As per contract or agreement on file with the Insured. City of Sacramento c/o EXIGIS Risk Management Services its officials, employees, and volunteers are included as additional insured on General Liability policy per the attached endorsement, if required. Waiver of Subrogation is included on the General Liability policy per the attached endorsement, if required.

CERTIFICATE HOLDER

City of Sacramento
c/o EXIGIS Risk Management Services
P.O. Box 947
Murrieta, CA 92564

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GENERAL LIABILITY DELUXE ENDORSEMENT: HUMAN SERVICES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Extended Property Damage	Included	2
Limited Rental Lease Agreement Contractual Liability	$50,000 limit	2
Non-Owned Watercraft	Less than 58 feet	2
Damage to Property You Own, Rent, or Occupy	$30,000 limit	2
Damage to Premises Rented to You	$1,000,000	3
HIPAA	Clarification	4
Medical Payments	$20,000	5
Medical Payments – Extended Reporting Period	3 years	5
Athletic Activities	Amended	5
Supplementary Payments – Bail Bonds	$5,000	5
Supplementary Payment – Loss of Earnings	$1,000 per day	5
Employee Indemnification Defense Coverage	$25,000	5
Key and Lock Replacement – Janitorial Services Client Coverage	$10,000 limit	6
Additional Insured – Newly Acquired Time Period	Amended	6
Additional Insured – Medical Directors and Administrators	Included	7
Additional Insured – Managers and Supervisors (with Fellow Employee Coverage)	Included	7
Additional Insured – Broadened Named Insured	Included	7
Additional Insured – Funding Source	Included	7
Additional Insured – Home Care Providers	Included	7
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	7
Additional Insured – Lessor of Leased Equipment	Included	7
Additional Insured – Grantor of Permits	Included	8
Additional Insured – Vendor	Included	8
Additional Insured – Franchisor	Included	9
Additional Insured – When Required by Contract	Included	9
Additional Insured – Owners, Lessees, or Contractors	Included	9
Additional Insured – State or Political Subdivisions	Included	10

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Duties in the Event of Occurrence, Claim or Suit	Included	10
Unintentional Failure to Disclose Hazards	Included	10
Transfer of Rights of Recovery Against Others To Us	Clarification	10
Liberalization	Included	11
Bodily Injury – includes Mental Anguish	Included	11
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	11

A. Extended Property Damage

SECTION I – COVERAGES, **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection **2. Exclusions**, Paragraph **a.** is deleted in its entirety and replaced by the following:

a. Expected or Intended Injury

"Bodily injury" or property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

B. Limited Rental Lease Agreement Contractual Liability

SECTION I – COVERAGES, **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection **2. Exclusions**, Paragraph **b. Contractual Liability** is amended to include the following:

(3) Based on the named insured's request at the time of claim, we agree to indemnify the named insured for their liability assumed in a contract or agreement regarding the rental or lease of a premises on behalf of their client, up to $50,000. This coverage extension only applies to rental lease agreements. This coverage is excess over any renter's liability insurance of the client.

C. Non-Owned Watercraft

SECTION I – COVERAGES, **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection **2. Exclusions,** Paragraph **g. (2)** is deleted in its entirety and replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 58 feet long; and

(b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

D. Damage to Property You Own, Rent or Occupy

SECTION I – COVERAGES, **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE**

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LIABILITY, Subsection **2. Exclusions**, Paragraph **j. Damage to Property**, Item **(1)** is deleted in its entirety and replaced with the following:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property, unless the damage to property is caused by your client, up to a $30,000 limit. A client is defined as a person under your direct care and supervision.

E. Damage to Premises Rented to You

1. If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word "fire" is changed to "fire, lightning, explosion, smoke, or leakage from automatic fire protective systems" where it appears in:

a. The last paragraph of **SECTION I – COVERAGES**, **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection **2. Exclusions**; is deleted in its entirety and replaced by the following:

Exclusions **c.** through **n.** do not apply to damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III – LIMITS OF INSURANCE**.

b. **SECTION III – LIMITS OF INSURANCE**, Paragraph 6. is deleted in its entirety and replaced by the following:

Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems while rented to you or temporarily occupied by you with permission of the owner.

c. **SECTION V – DEFINITIONS**, Paragraph 9.a., is deleted in its entirety and replaced by the following:

A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

2. **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Subsection **4. Other Insurance**, Paragraph **b. Excess Insurance**, **(1) (a) (ii)** is deleted in its entirety and replaced by the following:

That is insurance for fire, lightning, explosion, smoke, or leakage from automatic fire protective systems for premises rented to you or temporarily occupied by you with permission of the owner;

3. The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:

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a. $1,000,000; or

b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, or leaks from automatic fire protective systems or any combination thereof.

F. HIPAA

SECTION I – COVERAGES, **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**, is amended as follows:

1. Paragraph **1. Insuring Agreement** is amended to include the following:

We will pay those sums that the insured becomes legally obligated to pay as damages because of a "violation(s)" of the Health Insurance Portability and Accountability Act (HIPAA). We have the right and the duty to defend the insured against any "suit," "investigation," or "civil proceeding" seeking these damages. However, we will have no duty to defend the insured against any "suit" seeking damages, "investigation," or "civil proceeding" to which this insurance does not apply.

2. Paragraph **2. Exclusions** is amended to include the following additional exclusions:

This insurance does not apply to:

a. Intentional, Willful, or Deliberate Violations

Any willful, intentional, or deliberate "violation(s)" by any insured.

b. Criminal Acts

Any "violation" which results in any criminal penalties under the HIPAA.

c. Other Remedies

Any remedy other than monetary damages for penalties assessed.

d. Compliance Reviews or Audits

Any compliance reviews by the Department of Health and Human Services.

3. SECTION V – DEFINITIONS is amended to include the following additional definitions:

a. "Civil proceeding" means an action by the Department of Health and Human Services (HHS) arising out of "violations."

b. "Investigation" means an examination of an actual or alleged "violation(s)" by HHS. However, "investigation" does not include a Compliance Review.

c. "Violation" means the actual or alleged failure to comply with the regulations included in the HIPAA.

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G. Medical Payments – Limit Increased to $20,000, Extended Reporting Period

If **COVERAGE C MEDICAL PAYMENTS** is not otherwise excluded from this Coverage Part:

1. The Medical Expense Limit is changed subject to all of the terms of **SECTION III - LIMITS OF INSURANCE** to the greater of:

   a. $20,000; or
   b. The Medical Expense Limit shown in the Declarations of this Coverage Part.

2. **SECTION I – COVERAGE**, **COVERAGE C MEDICAL PAYMENTS**, Subsection **1. Insuring Agreement**, a. (3) (b) is deleted in its entirety and replaced by the following:

   (b) The expenses are incurred and reported to us within three years of the date of the accident.

H. Athletic Activities

SECTION I – COVERAGES, **COVERAGE C MEDICAL PAYMENTS**, Subsection **2. Exclusions**, Paragraph **e. Athletic Activities** is deleted in its entirety and replaced with the following:

e. Athletic Activities

To a person injured while taking part in athletics.

I. Supplementary Payments

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGE A AND B are amended as follows:

1. b. is deleted in its entirety and replaced by the following:

1. b. Up to $5000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these.

1.d. is deleted in its entirety and replaced by the following:

1. d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $1,000 a day because of time off from work.

J. Employee Indemnification Defense Coverage

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B the following is added:

We will pay, on your behalf, defense costs incurred by an “employee” in a criminal proceeding occurring in the course of employment.

The most we will pay for any “employee” who is alleged to be directly involved in a criminal proceeding is $25,000 regardless of the numbers of “employees,” claims or “suits” brought or persons or organizations making claims or bringing “suits.

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K. Key and Lock Replacement – Janitorial Services Client Coverage

SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B is amended to include the following:

We will pay for the cost to replace keys and locks at the "clients" premises due to theft or other loss to keys entrusted to you by your "client," up to a $10,000 limit per occurrence and $10,000 policy aggregate.

We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your partners, members, officers, "employees", "managers", directors, trustees, authorized representatives or any one to whom you entrust the keys of a "client" for any purpose commit, whether acting alone or in collusion with other persons.

The following, when used on this coverage, are defined as follows:

a. "Client" means an individual, company or organization with whom you have a written contract or work order for your services for a described premises and have billed for your services.

b. "Employee" means:

(1) Any natural person:

(a) While in your service or for 30 days after termination of service;

(b) Who you compensate directly by salary, wages or commissions; and

(c) Who you have the right to direct and control while performing services for you; or

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1)** above, who is on leave; or

(b) To meet seasonal or short-term workload conditions;

while that person is subject to your direction and control and performing services for you.

(3) "Employee" does not mean:

(a) Any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

(b) Any "manager," director or trustee except while performing acts coming within the scope of the usual duties of an "employee."

c. "Manager" means a person serving in a directorial capacity for a limited liability company.

L. Additional Insureds

SECTION II – WHO IS AN INSURED is amended as follows:

1. If coverage for newly acquired or formed organizations is not otherwise excluded from this

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Coverage Part, Paragraph **3.a.** is deleted in its entirely and replaced by the following:

a. Coverage under this provision is afforded until the end of the policy period.

2. Each of the following is also an insured:

a. Medical Directors and Administrators – Your medical directors and administrators, but only while acting within the scope of and during the course of their duties as such. Such duties do not include the furnishing or failure to furnish professional services of any physician or psychiatrist in the treatment of a patient.

b. Managers and Supervisors – Your managers and supervisors are also insureds, but only with respect to their duties as your managers and supervisors. Managers and supervisors who are your "employees" are also insureds for "bodily injury" to a co-"employee" while in the course of his or her employment by you or performing duties related to the conduct of your business.

This provision does not change Item 2.a.(1)(a) as it applies to managers of a limited liability company.

c. Broadened Named Insured – Any organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.

d. Funding Source – Any person or organization with respect to their liability arising out of:

(1) Their financial control of you; or

(2) Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

e. Home Care Providers – At the first Named Insured's option, any person or organization under your direct supervision and control while providing for you private home respite or foster home care for the developmentally disabled.

f. Managers, Landlords, or Lessors of Premises – Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.

g. Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You – Any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or

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organization is an insured only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

h. Grantors of Permits – Any state or political subdivision granting you a permit in connection with your premises subject to the following additional provision:

(1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with the premises you own, rent or control and to which this insurance applies:

(a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners or decorations and similar exposures;

(b) The construction, erection, or removal of elevators; or

(c) The ownership, maintenance, or use of any elevators covered by this insurance.

i. Vendors – Only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

(1) The insurance afforded the vendor does not apply to:

(a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

(b) Any express warranty unauthorized by you;

(c) Any physical or chemical change in the product made intentionally by the vendor;

(d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

(e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

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(g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(i) The exceptions contained in Sub-paragraphs **(d)** or (**f**); or

(ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

(2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing.

j. Franchisor – Any person or organization with respect to their liability as the grantor of a franchise to you.

k. As Required by Contract – Any person or organization where required by a written contract executed prior to the occurrence of a loss. Such person or organization is an additional insured for "bodily injury," "property damage" or "personal and advertising injury" but only for liability arising out of the negligence of the named insured. The limits of insurance applicable to these additional insureds are the lesser of the policy limits or those limits specified in a contract or agreement. These limits are included within and not in addition to the limits of insurance shown in the Declarations

l. Owners, Lessees or Contractors – Any person or organization, but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by:

(1) Your acts or omissions; or

(2) The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured when required by a contract.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

(a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

(b) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

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m. State or Political Subdivisions – Any state or political subdivision as required, subject to the following provisions:

(1) This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit, and is required by contract.

(2) This insurance does not apply to:

(a) "Bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or

(b) "Bodily injury" or "property damage" included within the "products-completed operations hazard."

M. Duties in the Event of Occurrence, Claim or Suit

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph **2.** is amended as follows:

a. is amended to include:

This condition applies only when the "occurrence" or offense is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An executive officer or insurance manager, if you are a corporation.

b. is amended to include:

This condition will not be considered breached unless the breach occurs after such claim or "suit" is known to:

(1) You, if you are an individual;

(2) A partner, if you are a partnership; or

(3) An executive officer or insurance manager, if you are a corporation.

N. Unintentional Failure To Disclose Hazards

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 6. Representations is amended to include the following:

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

O. Transfer of Rights of Recovery Against Others To Us

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 8. Transfer of Rights of

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Recovery Against Others To Us is deleted in its entirety and replaced by the following:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

Therefore, the insured can waive the insurer's rights of recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

P. Liberalization

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, is amended to include the following:

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

Q. Bodily Injury – Mental Anguish

SECTION V – DEFINITIONS, Paragraph **3.** Is deleted in its entirety and replaced by the following:

"Bodily injury" means:

a. Bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and

b. Except for mental anguish, includes death resulting from the foregoing (Item **a.** above) at any time.

R. Personal and Advertising Injury – Abuse of Process, Discrimination

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of "personal and advertising injury" is amended as follows:

1. SECTION V – DEFINITIONS, Paragraph 14.b. is deleted in its entirety and replaced by the following:

b. Malicious prosecution or abuse of process;

2. SECTION V – DEFINITIONS, Paragraph 14. is amended by adding the following:

Discrimination based on race, color, religion, sex, age or national origin, except when:

a. Done intentionally by or at the direction of, or with the knowledge or consent of:

(1) Any insured; or

(2) Any executive officer, director, stockholder, partner or member of the insured;

b. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured;

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c. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or

d. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

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