

LICENSE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
MARYLAND TREATMENT CENTERS, INC.

DATE: 3/27/07

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LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "License"), made this 27th day of March, 2006, by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic (the "County") and MARYLAND TREATMENT CENTERS, INC., (the "Licensee"), (the County and the Licensee together the "Parties").

WITNESSETH:

WHEREAS, the County is the owner of fee simple title in the improvements and contiguous grounds located at 14703 Avery Road, Rockville, Maryland (the "Licensed Premises"), and

WHEREAS, the County pursuant to a grant from the Maryland Alcohol and Drug Abuse Administration shall provide a non-hospital detox and intermediate care facility program for substance dependent men and women through the Department of Health and Human Services; and

WHEREAS, the County has agreed to enter into a License with the Licensee to provide a non-hospital detox and intermediate care facility program for substance dependent men and women to be located at the Licensed Premises; and

WHEREAS, the Licensee has agreed to provide such services at the Licensed Premises and the County agrees to license the Licensed Premises for this purpose.

In consideration of the covenants contained in this License, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties mutually agree as follows:

1. LICENSED PREMISES: The County does hereby grant Licensee the privilege, license and right to the improvements and contiguous grounds, walkways and parking area located at 14703 Avery Road, Rockville, Maryland as outlined in red on

EXHIBIT A (the "Licensed Premises"), which is attached to this License and incorporated as if fully set forth, for the exclusive purpose of the Licensee providing a non-hospital detox and intermediate care facility program for substance dependent men and women described in the Contract attached as **Exhibit B** and incorporated as if fully set forth herein (the "Contract").

2. LICENSE TERM: The License Term shall commence on October 1, 2006 and shall run concurrently with the Contract unless sooner terminated, and will expire automatically upon the termination of the Contract. Notice of any early termination of the Contract shall be given by Licensee to County as detailed in Paragraph 3, below.

3. EARLY TERMINATION: It is agreed between the Parties that this License may be terminated at any time during the License Term or any extension of the Licensed Term by the County giving, thirty (30) days written notice of the termination. If the Licensee is removed as Service Provider under the Contract this License shall automatically terminate on the date of termination of the Contract. The County is under no obligation to provide alternate space for Licensee and is not responsible for any moving costs or any expenses incurred by Licensee to relocate or move whether such move or relocation is the result of termination or any other reason.

4. LICENSE FEE: In consideration of services provided by the Licensee as set forth in attached Contract, and for the rights and obligations provided for in this License, Licensee shall pay One Dollar (\$1.00) per year. All payments are to be made in advance on the first day of the Term, during each license year, and shall be payable by check to: Montgomery County, Maryland, Office of Real Estate, P. O. Box 62077, Baltimore, Maryland 21264-2077.

5. USE OF LICENSED PREMISES: Licensee covenants and agrees that the Licensed Premises shall be used to provide a non-hospital detox and intermediate care facility program for substance dependent men and women which services are further described in the Contract, attached as Exhibit B (the "Permitted Use"). Licensee agrees to ensure compliance with all licensing and operational requirements regulating the use of the Licensed Premises therein described. Licensee shall be responsible for obtaining all licenses and certifications required by State, Federal, and County law to operate the

program as defined in the Contract. Failure to obtain and maintain any certifications and licenses required under State, Federal, or Local law to operate the program as defined in the Contract will constitute a breach of this License. Licensee will use and occupy the Licensed Premises during the License Term for no purpose other than the use as specified in the Contract.

6. ASSIGNMENT: The Licensee shall not assign, transfer, mortgage or otherwise encumber this License or sublet or rent (or permit a third party to occupy or use) the Licensed Premises or any part of the Licensed Premises.

7. CONDITION OF LICENSED PREMISES: Licensee accepts the Licensed Premises in "as is" condition. Licensee agrees to maintain the Licensed Premises in good condition and free of clutter throughout the License Term. Licensee acknowledges and agrees that at the end of the License Term, the Licensed Premises shall be returned to the County in the same condition as they were when Licensee accepted the Licensed Premises, with reasonable wear and tear and damage due to casualty excepted.

8. ALTERATIONS AND IMPROVEMENTS:

A. Licensee shall not undertake any alterations, changes or improvements to the Licensed Premises without the prior written consent of the County. Once the County's consent has been obtained, Licensee shall be responsible for the acquisition of any and all necessary permits and for the observance of all building and zoning ordinances and regulations then in effect. Failure to adhere to any previously approved plans, applicable ordinances or regulations shall be deemed to be a breach of this License.

B. The County's Approval and Inspection: In order to secure the County's approval of any structural alterations or improvements, Licensee shall submit to the County plans and specifications clearly setting forth the work to be performed. The County shall respond in writing within forty-five (45) days from receipt of plans and specifications. The County shall inspect the premises upon completion of the work to determine adherence to submitted specifications and compliance with applicable codes and regulations. In the event that the completed work is not satisfactory to the County, Licensee shall undertake any necessary corrections, at Licensee's risk and expense.

9. LIENS: Licensee shall not do or suffer anything to be done whereby the Licensed Premises shall be encumbered by any lien, including mechanic's liens. Licensee expressly covenants and agrees that it will, during the term hereof, within sixty (60) days after the filing thereof, promptly remove or release, by the posting of a bond or otherwise, as required or permitted by law, any lien attached to or upon the Licensed Premises or any portion thereof by reason of or any act or omission on the part of Licensee, and hereby expressly agrees to save and hold harmless the Licensor from and against any such lien or claim of lien. In the event any such lien does attach, or any claim of lien is made against said Licensed Premises, and shall not be thus released within said sixty (60) day period, the County, in its sole discretion (but nothing herein contained shall be construed as requiring it so to do), may pay and discharge the said lien and relieve the said Licensed Premises from any such lien, and Licensee agrees to pay and reimburse the County upon demand for or on account of any expense which may be incurred by the County in discharging such lien or claim.

10. SERVICES AND OPERATING EXPENSES:

A. By County: Subject to annual appropriation by the County Council and except for work necessitated by reason of Licensee's negligent or wrongful act, the County agrees to provide within the Licensed Premises, at the County's sole cost and expense the following:

- i. All repairs in the Licensed Premises costing in excess of Three Hundred Dollars (\$300.00) per repair;
- ii. Repair, replacement and preventive maintenance of HVAC, electrical and plumbing systems;
- iii. Major structural repairs;
- iv. Maintenance and repair to the exterior of the Licensed Premises including painting, roofing and gutters, including gutter cleaning;
- v. General maintenance, including but not limited to interior and exterior window cleaning, lawn maintenance including grass mowing; general grounds keeping including mulching, trimming of shrubbery and trees; snow and ice removal from

sidewalks and parking lots adjacent to the Licensed Premises, from parking areas and driveway; gutter cleaning; light bulb replacement; carpet cleaning and repair; and maintenance required for code compliance. All such services shall be provided and performed at the same level and manner as provided and performed for all Montgomery County serviced properties;

- vi. Utilities, including electric, gas, fuel oil and water;
- vii. Trash removal, recycling and pest control;
- viii. Fire extinguisher service and replacements as necessary; and
- ix. Interior painting as needed or as required by the County.

B. By Licensee: Licensee agrees to provide within the Licensed Premises, at Licensee's sole cost and expense, the following:

- i. Licensee agrees to pay the first Three Hundred Dollars (\$300.00) in each instance for each and every repair within the Licensed Premises, except those repairs set forth as the County's responsibility in Paragraph 10(A) above.
- ii. All custodial, janitorial and recycling services;
- iii. Telephone service;
- iv. Appliance replacement when, in County's sole judgment, replacement is necessary due to abuse, misuse, or negligence on the part of Licensee, its employees, patrons or agents. All appliances shall be approved by the County prior to their installation;
- v. Licensee shall not proceed with or use any unusual or hazardous materials in the performance of these requirements without consent of the County; and
- vi. Notwithstanding the obligations of the County regarding certain maintenance, Licensee will be responsible for damage to the structure, grounds

or contents of the Licensed Premises due to the willful or negligent acts of Licensee, Licensee's employees, patrons, residents, or agents. In the event of such damage, the Licensee shall immediately make the necessary repairs or replacement to the satisfaction of the County, at Licensee's sole cost and expense or the County shall make such repairs or replacements for which Licensee shall promptly reimburse the County.

A summary of such repairs shall be transmitted quarterly to the Department of Public Works and Transportation, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850, Attention: Director of Real Estate.

11. FURNITURE, FIXTURES AND EQUIPMENT: At the termination of this License, Licensee must deliver to the County the Licensed Premises in good, clean condition, reasonable wear and tear excepted. All items which are attached to the Licensed Premises, or are a part of the Licensed Premises systems at the time the Licensed Premises is delivered to Licensee, shall remain with the Licensed Premises. Any personal property remaining within the Licensed Premises after termination of the License shall become property of the County. The County shall dispose of any such property in the manner it deems appropriate.

12. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

A. Insurance Requirements:

i. Licensee agrees to obtain and maintain, during the full term of this License, and any extension thereof, a policy of general liability insurance with a minimum limit of liability of Two Million Dollars (\$2,000,000) per occurrence and Five Million Dollars (\$5,000,000) for bodily injury and property damage including Contractual Liability, Premises and Operations, Independent Contractors, Personal Injury and fire liability issued by an insurance company licensed in the State of Maryland and acceptable to the County.

ii. Licensee agrees to obtain and maintain, during the full term of this License, and any extension thereof, a policy of Automobile Liability Coverage with a minimum limit of liability of One Million Dollars (\$1,000,000), combined single limit, for bodily injury and property damage coverage per occurrence including owned automobiles, hired automobiles and non-owned automobiles.

iii. Licensee agrees to obtain and maintain, during the full term of this License, a policy of workers' compensation and employers' liability meeting all statutory requirements of the State of Maryland with the following minimum Employers' Liability limits; *Bodily Injury by Accident - \$100,000 each accident, Bodily Injury by Disease - \$500,000 policy limits and Bodily Injury by Disease - \$100,000 each employee*

iv. Licensee agrees to obtain and maintain, an All-Risks Property Policy during the License term and any renewal terms to protect the full replacement value of all contents of the Licensed Premises and all interests of the Licensee, the County and the Property of Others against any loss. Any deductibles under this policy shall be funded by the Licensee. The County does not provide any coverage for Licensee's owned contents and improvements to the Licensed Premises. County shall be named as a loss payee.

B. Additional Insured: The Licensee's Liability Policies must list Montgomery County, Maryland as an additional insured and all insurance policies obtained by the Licensee as required by this License Agreement must provide that the Licensee will give the County written notice of amendment, cancellation, termination or non-renewal, no later than forty-five (45) days prior to amendment, cancellation, termination or non-renewal. The Licensee must provide on an annual basis evidence that is satisfactory to the County of the insurance coverages required under this License Agreement and if requested copies of policies.

C. Certificate of Insurance: The Licensee must, within forty-five (45) days from execution of this License Agreement, deliver to the County a certificate(s) of insurance and copy of policies evidencing the coverages required under this License Agreement. The certificates must be issued to: Montgomery County, Maryland, Department of Public Works and Transportation, Office of Real Estate, 101 Monroe Street, 10th Floor, Rockville, Maryland 20850. Licensee has the obligation to assure that

the County always has a valid Certificate of Insurance and complete copies of the policies.

D. Subrogation: If a casualty or other occurrence which should be covered by the insurance required by this License Agreement occurs, the Licensee must look solely to its insurer for reimbursement and the Licensee must ensure that such insurance is so written that the Licensee's insurer waives all rights of subrogation and shall have no cause of action against the County, its agents, or employees as a result of such casualty or occurrence. The Licensee waives and releases all right of recovery which it might otherwise have against the County or its agents or employees by reason of any loss or damage resulting from such casualty or other occurrence, to the extent that the Licensee would be covered by insurance if the Licensee complied with the requirements of this License Agreement pertaining to insurance.

E. County's Insurance: The County will maintain its normal fire and liability insurance on the Licensed Premises. The County reserves the right to self-insure.

13. HOLD HARMLESS. Licensee agrees to indemnify and hold harmless and pay for the defense of the County from any and all claims of liability, actions, damages and expenses, including, but not limited to, reasonable attorneys fees and litigation costs, arising out of or related to Licensee's use of possession of the premises, including but not limited to play fields and play areas, from any breach of this License by Licensee, or from any claim, action, damage, liability or expense occasioned wholly or in part by any negligent act, errors or omission of Licensee, its agents, contractors, guests or employees, except such negligence as may be occasioned by the acts or omissions of the County, the County's employees, agents and contractors. Licensee further specifically agrees to hold the County harmless and pay for the defense of the County from any claim of liability made in connection with any construction or installation of equipment by the Licensee within the Licensed Premises, notwithstanding that any such construction or equipment may or may not be deemed to be a part of the Leased Premises hereinabove described.

14. RESPONSIBILITIES OF LICENSEE: Licensee covenants and agrees as follows:

A. Licensee shall not keep gasoline or other flammable material or any explosive within the Licensed Premises which will increase the rate of fire insurance on the Licensed Premises beyond the ordinary risk established for the type of operations described in Paragraph 5, above. Any such increase in the insurance rate due to the above, or due to Licensee's operations within the Licensed Premises, shall be borne by Licensee. Licensee shall not willfully do any act or thing in or about the Licensed Premises which may make void or voidable any insurance on the Licensed Premises, and Licensee, upon receipt of the same in writing, agrees to conform to all rules and regulations established from time to time by the County, the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

B. Licensee shall not use or allow the Licensed Premises or any part thereof to be used for any illegal, unlawful or improper purpose or for any act or thing that may be a nuisance, annoyance, inconvenience, or cause damage to the Licensed Premises, adjacent properties or the adjacent neighborhood.

C. Licensee shall not place upon the Licensed Premises any placard, sign, lettering or awning except such, and in such place and manner as shall have been first approved in writing by County.

D. Licensee acknowledges that all responsibilities of Licensee relating to the use or misuse of the Licensed Premises and anything therein shall be construed to include use or misuse thereof by Licensee's agents and employees, guests and invitees.

E. Licensee shall not have pets in or about the Licensed Premises. This provision does not limit Licensee or Licensee's clients' rights to have bona fide service animals on the Licensed Premises. Licensee is solely responsible for the proper care of service animals in the Licensed Premises and in keeping the Licensed Premises clean and free of debris and waste associated with the care and feeding of service animals.

F. Licensee, upon receipt of the same in writing shall comply with all reasonable rules and regulations with regard to the use of the Licensed Premises that may

be from time to time promulgated by County, and any violation of said rules and regulations upon the expiration of any applicable notice and cure period shall be deemed to constitute a violation of this License. It is understood that such rules and regulations shall not unreasonably interfere with or prevent the intended uses of the demised premises as set forth in this License. County shall not discriminate against Licensee in the enforcement of any rule or regulation. If there shall be a conflict between this License and rules and regulations, the terms of this License shall govern.

G. Licensee must maintain in good condition, and promptly and diligently repair any damage to (or replace if reasonably necessary in the circumstances), any trade fixtures.

H. Licensee must require and assure that all entrance doors and windows in the Licensed Premises shall be closed and locked when the Licensed Premises are not in use. Further, Licensee before closing and leaving the Licensed Premises at any time must close all windows and doors and secure the Licensed Premises. No additional locks or bolts of any kind shall be placed upon any of the entrance or interior doors or windows by Licensee nor shall any changes be made in existing locks or the mechanisms thereof without prior written approval of County and in the event of an approved change, shall provide County with keys to the facility. Licensee shall, upon the termination of its tenancy, restore to the County all keys of the building, offices, and bathrooms, either furnished to, or otherwise procured by, the Licensee, and in the event of the loss of any keys so furnished the Licensee shall pay to the County the cost thereof.

I. All occupants of the Licensed Premises shall be informed as to the safe and proper operation of all appliances and equipment in the Licensed Premises.

J. The Licensee is responsible for on site management of the Licensed Premises and must keep posted, in a conspicuous place within the Licensed Premises, the Licensee's responsibilities and obligations as specified in the Contract

K. The Licensee must indemnify, defend and hold the County and the County's other tenants, licensees, agents and employees (together the "Indemnities") harmless from and against all liabilities, obligations, damages, judgments, penalties, claims, costs, charges and expenses, including, without limitation, reasonable architects'

and attorney's fees, which may be imposed upon, incurred by, or asserted against any of the Indemnities and arising, directly or indirectly, out of or in connection with (i) The Licensee's breach of its obligations under this License; (ii) the acts or negligence of the Licensee, its agents, contractors, and employees in the premises or on the Licensed Premises; and (iii) the use or occupancy of the Licensed Premises, and by the Licensee, its agents, servants, employees and contractors. In case any action or proceeding is brought against any of the Indemnities by reason of any of the foregoing, the Licensee must reimburse the County the cost of defending such action or proceeding, or upon the County's written demand and at the Licensee's sole cost and expense, the Licensee must defend such action and proceeding by counsel approved by the County.

L. The Licensee must not strip, overload, damage, or deface the Licensed Premises or any part of the premises of which the Licensed Premises are a part, including, but not limited to, hallways, stairways, or elevators.

M. The Licensee must not permit any trade or occupation to be carried on or use made of the Licensed Premises outside the scope of this License and the Contract. Further the Licensee agrees to and must obey any and all federal, state, county and local laws and regulations relating to their operation of business on and in the Licensed Premises and premises of which the Licensed Premises are a part.

N. The Licensee must not move any furniture or equipment which is the property of the County into or out of the Licensed Premises without the County's prior written consent.

15. DESTRUCTION OF LICENSED PREMISES:

A. In the event of damage to or destruction of the Licensed Premises or any part of the Licensed Premises by fire, storm, flood or other casualty which does not require the Licensee to suspend entirely its business, the County shall, as soon as practicable after said damage or destruction, repair and restore the Licensed Premises to the condition they were in immediately prior to said damage or destruction. Should such damage or destruction of said premises or any substantial part of the Licensed Premises render the Licensed Premises wholly unavailable for use by the Licensee for the Permitted Use, the County shall promptly begin and

diligently pursue the repairing, restoration and rebuilding of the Licensed Premises as nearly as possible to the condition they were in immediately prior to such damage or destruction or with such changes or alterations as the County may determine appropriate. In the alternative, the County may terminate this License within thirty (30) days following the date of the destruction of the Licensed Premises as described above by sending a termination notice to the Licensee.

B. In the event of damage to or destruction of fifty percent (50%) or more of the building of which the Licensed Premises are a part, the County may elect not to restore the said building and this License shall automatically terminate and the Parties shall be discharged from all responsibilities arising under this License.

16. DEFAULT: Licensee shall be considered in default of this License and the County may terminate this License upon the occurrence of any of the following:

- i. Failure to perform under any term, covenant or condition of this License;
- ii. The commencement of any action or proceeding for the dissolution or liquidation of Licensee, or for the appointment of a receiver or trustee of Licensee's property;
- iii. The making of any assignment for the benefit of Licensee's creditors;
- iv. The abandonment of the Licensed Premises by Licensee;
- v. any default or breach of the terms and conditions of the Contract which is not cured prior to the expiration of any applicable notice and cure period;
- vi. Use of the Licensed Premises by the Licensee or with the consent of Licensee, for uses other than the Permitted Uses; and

vii. The intentional use of the Licensed Premises by Licensee or by Licensee's agents, employee, contractors, or guests, for any unlawful purpose.

17. ACCESS: Licensee shall allow County and County's employees or agents to have access to the Licensed Premises at all times for the purpose of inspection, or in the event of fire or other property damage, or for the purpose of performing any work required to be performed by County, or which County considers necessary or desirable, or for any other purpose pursuant to the reasonable protection of the Licensed Premises.

18. SURRENDER OF POSSESSION: Licensee covenants and agrees that, at the expiration or other termination of this License, to remove all goods and effects from the Licensed Premises not the property of County, and to yield up to County the Licensed Premises and all keys, locks and other fixtures connected therewith (except property belonging to Licensee), in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk with respect to which Licensee is not herein expressly made liable excepted. Subject to the terms of this License Agreement to the contrary, Licensee shall pay for all damages to the Licensed Premises, its fixtures, and appurtenances, as well as all damages sustained by Licensee or occupants of the Licensed Premises due to any waste, misuse, or neglect of said Licensed Premises, its fixtures, and appurtenances, by said Licensee, its employees, or any other person or persons upon the Licensed Premises by Licensee's permission.

19. NOTICE OF ACCIDENTS, DEFECTS OR DAMAGES: Licensee shall give to the County prompt verbal notice of accidents in or damages to the Licensed Premises, and, within twenty-four (24) hours, the Licensee shall follow-up with a detailed written report of such accidents or damages.

20. COMPLIANCE WITH LAWS: It is understood, agreed and covenanted by and between the Parties that Licensee, at Licensee's expense, shall promptly comply with, observe and perform all of the requirements of all of the statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government, or any municipality in which the Licensed Premises are located, Montgomery County Department of Environmental Protection or Montgomery County Fire Marshal's Office (the "Applicable Laws"). In no event shall Licensee be liable for any violations of

Applicable Laws with respect to the Licensed Premises which are existing as of the Commencement Date. The County shall be required to ensure that the Building and the land upon which the Building is located are in compliance with all Applicable Laws.

21. WAIVER: The waiver of at any time by either of the Parties of any particular covenant, condition, obligation, or duty under this License shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver must not be construed or understood as waiving any further or other rights of either Party.

22. NON-DISCRIMINATION: The Licensee agrees to comply with the non-discrimination in policies in County contracts as required by Section 11B-33 and Chapter 27 of the Montgomery County Code (2004), as amended, as well as all other federal, state and local laws and regulations regarding discrimination. By signing this License Agreement, the Licensee assures the County that in accordance with applicable law, it does not, and agrees that it will not engage in any discrimination in violation of the above sections of the Montgomery County Code as well as any other federal, state or local laws, rules and regulations.

23. PUBLIC EMPLOYMENT: The Licensee understands and agrees that unless authorized under Sections 11B-52 and Chapter 19A of the Montgomery County Code 2004, as amended, that it is unlawful for any person or entity transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

24. MAILING NOTICES: All notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail and shall be deemed to be effective when received or refused by the addressee. Notices to the respective Parties shall be addressed as follows:

Licensee:

Maryland Treatment Centers, Inc.
P.O. Box 136
Emmitsburg, Maryland 21727
Attn: William J. Roby

County:

Montgomery County, Maryland
Department of Public Works &
Transportation
Office of Real Estate

Executive Vice President

101 Monroe Street, 10th Floor
Rockville, Maryland 20850
Attn: Director of Real Estate

With a copy, that does not constitute Notice to:

Montgomery County, Maryland
Office of the County Attorney
101 Monroe Street, 3rd Floor
Rockville, Maryland 20850
Attn: County Attorney

25. RESIDENT AGENT: The Resident Agent for the Licensee is William J. Roby, Executive Vice President for Maryland Treatment Centers, Inc. and the address for receipt of notices and service of process is P.O. Box 136, Emmitsburg, Maryland, 21727. Licensee must immediately notify County of any change in resident agent or address as provided herein.

26. PROHIBITION OF HAZARDOUS SUBSTANCES: The Licensee agrees not to store or bring hazardous substances onto the Licensed Premises. The Licensee indemnifies the County against any and all claims of any personal injuries or personal and real property damage as a result of any hazardous substance being brought on the Licensed Premises by the Licensee, its agents, contractors or employees or guests.

27. NON-APPROPRIATION: This License shall terminate automatically on July 1 of any year for which the County, for whatever reason does not appropriate funds to pay for the services specified in the Contract. The Licensee shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

28. AMERICAN DISABILITIES ACT REQUIREMENTS: County and Licensee agree that any future modifications made to the Licensed Premises shall be made in conformance with the requirements of the Americans with Disabilities Act, the Federal Fair Housing Act, and all safety and accessibility requirements in Federal, State, and County Laws and regulations. Licensee must obtain all required permits prior to

making any modifications to the Licensed Premises and must comply with all applicable Building and Safety Codes.

29. EMINENT DOMAIN: The Licensee is not entitled to any condemnation award granted to the County as owner of the Licensed Premises. In the event that the Licensed Premises shall be taken by any governmental or quasi-governmental authority pursuant to its power of eminent domain or sold under threat of such taking, the Licensee will not be entitled to recover from the County any capital expenditures for improvements and betterments made by the Licensee to the Licensed Premises at the Licensee's expense.

30. FORCE MAJEURE: Neither Party will be deemed in default with respect to the performance of any terms, covenants, and conditions of this License if same shall be due to any strike, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or upsurged power, sabotage, inability to obtain any material or service, through natural or other cause beyond the control of either party; provided, however, that this provision shall not excuse any non-payment of License Fees. For purposes of this provision, lack of funds shall not be considered a cause beyond the control of a Party.

31. ENTIRE AGREEMENT: This License (which contains and includes the Exhibits) is the entire agreement between the Parties, and no representations, inducements, or agreement, oral or otherwise, between the Parties not contained in this License shall be of any force or effect.

32. MODIFICATION: This License (other than the Rules and Regulations, which may be changed from time to time) must not be modified in any manner except by an instrument in writing executed by both Parties with the same formality as this License.

33. GOVERNING LAW: This License and its performance is to be governed, interpreted, construed and regulated by the laws of Montgomery County and the State of Maryland.

34. CLAIMS: Any action brought by or on behalf of either Party in connection with the performance of this License must be filed and maintained in a court of competent jurisdiction in Montgomery County, Maryland.

35. PARKING: The Licensee is entitled to full use of the parking facilities which are a part of the Licensed Premises as of the date of execution of this License. Parking for the Licensee and any other occupants of the building, their staff, clients and guests will be confined to the surfaced parking areas in existence as of the date of execution of this License.

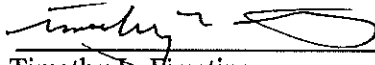
SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties have caused this agreement to be properly executed.

WITNESS:

COUNTY:
MONTGOMERY COUNTY,
MARYLAND

By: Rebecca S. Domaruk

By: 

Timothy L. Firestine
Chief Administrative Officer

Date: 3/27/2007

WITNESS:

LICENSEE:
MARYLAND TREATMENT
CENTERS, INC.

By: Marge Stonowicz

By: William J. Roby

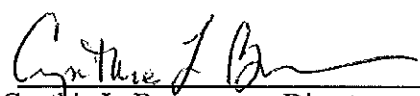
William J. Roby
Title: Executive Vice President

Date: 3/21/07

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

RECOMMENDED

By: Eileen P. Brennan

By: 

Cynthia L. Brenneman, Director
Office of Real Estate

Date: 3/9/2007

Date: 2/14/07

NOTE: SHOT ELEVATIONS AT CORNERS
GIVEN IN METERS.

LEG	TH
PROPOSED	SOLID LINE
EXISTING	DASHED LINE
PROPOSED	DOTTED LINE
EXISTING	DASHED-DOTTED LINE
PROPOSED	DOTTED-DOTTED LINE
EXISTING	DOTTED-DOTTED-DOTTED LINE
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EXHIBIT-A

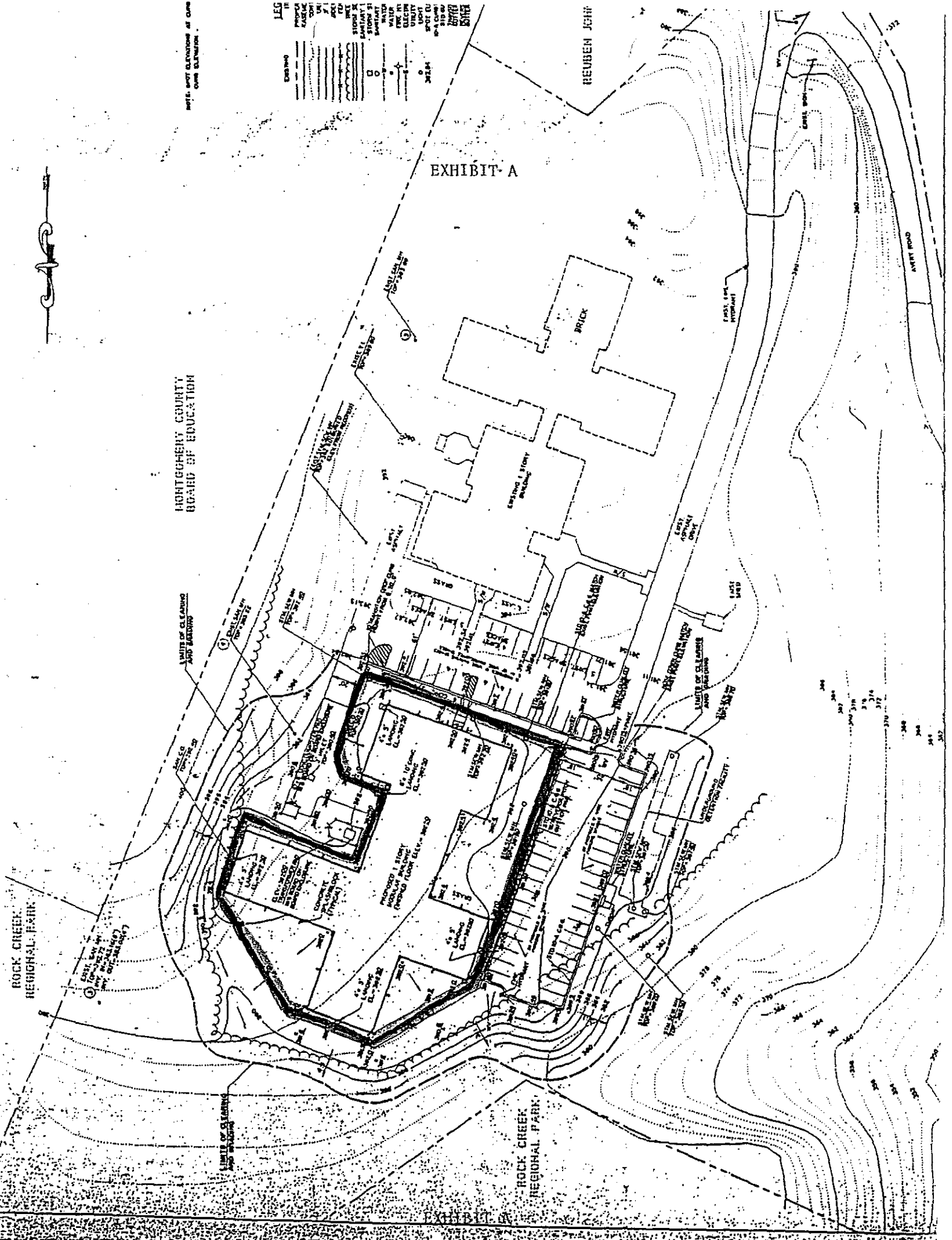
MONTGOMERY COUNTY
BOARD OF EDUCATION

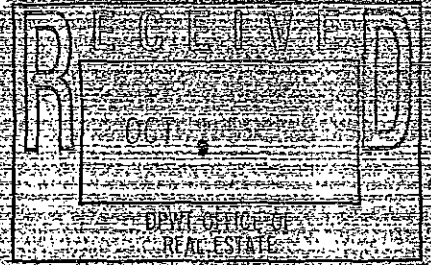
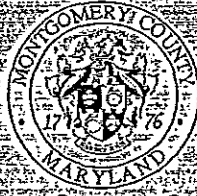
REUBEN JOHN

ROCK CREEK
REGIONAL PARK

ROCK CREEK
REGIONAL PARK

AVERTY ROAD





Montgomery County Government
Department of Health and Human Services

Notice of Contract Action

Date: October 6, 2006

TO: Maryland Treatment Centers, Inc.
P.O. Box 136
Emmitsburg, Maryland 21727

FROM: Ren Beegh
Contract Management Team

SUBJECT:	Contract Number	6648025026-AA
	Fiscal Year	2007
	Program/Services	Level III.7.D Detoxification and Level III.7 intermediate care services
	Program Monitor	C. McAlpine
	Phone	240/777-4703

Unless otherwise noted, please consider this your organization's Notice to Proceed with Services, as delineated in the referenced contractual document.

Attached, please find copies of the following document(s):

- | | | | |
|-------------------------------------|----------------|--------------------------|----------------|
| <input checked="" type="checkbox"/> | Contract | <input type="checkbox"/> | Amendment # |
| <input checked="" type="checkbox"/> | Purchase Order | <input type="checkbox"/> | Delivery Order |
| <input type="checkbox"/> | Change Order | <input type="checkbox"/> | Other |

Please forward related invoices to the Program Monitor designated above, and include the contract number and purchase order number in the invoice.

Thank you for your support of the Department's efforts. If you have questions, please contact your Program Monitor.

EXHIBIT B



John Lee Collier
CONTRACTING OFFICER DATE

0001
THE PO NUMBER MUST APPEAR ON
ANY CORRESPONDENCE
PURCHASE ORDER NO

P07648025017

REQUISITION NO: 07648025020 VENDOR NO: 32174 BUYER: SCF CHANGE ORDER NO:

VENDOR INFORMATION
MARYLAND TREATMENT CENTER
4203 AVERY ROAD
ROCKVILLE MD 20853
ATTN: WILLIAM J. ROBY
TEL: 301 447 2361
FAX: 301 447 3673

DELIVER TO / BILL TO
BEHAVIORAL HEALTH COMM CASIE MGMT
401 HUNGERFORD DRIVE
ATTN: RON BERGER
ROCKVILLE MD 20850
TEL: 240 777 3874
FAX:

ITEM AND DESCRIPTION	QUANTITY	U/M	UNIT PRICE	EXTENDED PRICE
01 952-05 ALCOHOL AND DRUG DETOXIFICATION CONTRACT NUMBER 6648025026AA DETOXIFICATION & SUBSTANCE ABUSE TREATMENT SERVICES NEW CONTRACT AS THE RESULT OF RFP FY07 ENCUMBRANCE	293,706.00	EA	1.0000	293,706.00
02 952-05 ALCOHOL AND DRUG DETOXIFICATION CONTRACT NUMBER 6648025026AA	739,400.00	EA	1.0000	739,400.00
03 952-05 ALCOHOL AND DRUG DETOXIFICATION CONTRACT NUMBER 6648025026AA	839,761.00	EA	1.0000	839,761.00

TERMS
EFFECTIVE PERIOD: OCTOBER 1, 2006 THROUGH JUNE 30, 2007

TOTAL CHARGES AGAINST THIS BLANKET PURCHASE ORDER SHALL NOT EXCEED THE TOTAL LISTED BELOW.

* QUESTION REGARDING THIS BLANKET PURCHASE ORDER SHOULD BE DIRECTED TO RON BERGER AT (240) 777-3865.

DELIVERY DATE	TERMS	FOB	TOTAL
01/OCT/06	NET 30	DEST	1,872,867.00

SUFFIX	INDEX CODE	SUB OBJ	PROJECT	PROJECT DET	GRANT	GRANT DET	AMOUNT
01	648023904	2598		F60004 07			293,706.00
02	6480255A4	2028					739,400.00
03	6480259A3	2028		F64044 07			839,761.00
							1,872,867.00

PURCHASE ORDER/CHANGE ORDER TERMS, CONDITIONS AND INFORMATION ARE ON REVERSE SIDE

ISSUED BY: MONTGOMERY COUNTY MARYLAND - OFFICE OF PROCUREMENT - 255 ROCKVILLE PIKE SUITE 180 - ROCKVILLE, MD 20850-4166

CONTRACT

This contract is between Montgomery County, Maryland (the "County") and Maryland Treatment Centers, Inc. (the "Contractor"); P.O. Box 136, Emmitsburg, Maryland 21727

BACKGROUND

1. The County requires a program of non-hospital detoxification services (Level III.7.D) for up to 20 alcohol and/or drug dependent individuals and/or individuals with co-occurring disorders including substance abuse and mental health. The County also requires a program of intermediate care services (Level III.7) for up to 40 alcohol and/or drug dependent adults and/or adults with co-occurring disorders, based in the disease model of addictions that incorporates evidence based practices to improve retention and motivation to continue in further treatment. Both of these programs are operated and managed in a facility provided by the County.
2. The Contractor has the appropriate experience and expertise to provide the services required under this Contract.
3. The Contractor was selected to provide these services pursuant to request for proposals #6648025026.

TERMS AND CONDITIONS

I. SCOPE OF SERVICES

- A. The Contractor must operate and manage an integrated continuum of residential detoxification (Level III.7.D) and intermediate care services (Level III.7) for adult Montgomery County residents experiencing acute symptoms of withdrawal from alcohol and/or other drugs and persons who may have co-occurring mental health and substance abuse disorders. Level III.7.D services are to provide non-hospital detoxification services for a minimum 14 alcohol and/or drug dependent adult men and women; and Level III.7 services are to provide intermediate care services for a minimum of 35 alcohol and/or drug dependent individuals in keeping with State standards under COMAR Title 10, Subtitle 47 promulgated by the Alcohol and Drug Abuse Administration (ADAA).
- B. The Contractor may operate and manage an additional capacity of up to six (6) detoxification (Level III.7.D) and up to five intermediate care (Level III.7) slots on a fee for service basis to be funded by revenue drawn from consumer self-pay, third-party reimbursement or through contractual agreements with a government entity.
- C. The Contractor must operate and manage these programs in a smoke-free facility owned by the County located at 14703 Avery Road, Rockville, Maryland. This facility is known as Avery Road Treatment Center (ARTC). Before providing services under this Contract, the Contractor must sign a space license agreement with the County for the use and occupancy of the County's facility. As more particularly stated in the space license, trash and snow removal, periodic grass

mowing and costs of utilities such as water, electric and gas, will be the responsibility of the County. The Contractor will be responsible for facility repairs in the event of negligence.

D. The Contractor must enter and maintain client data in the Washington/Baltimore High Intensity Drug Trafficking Area (HIDTA) Addiction Tracking System (HATS) or successor data management information system in accordance with established State and County procedures. All required data for the State Addiction Management Information System (SAMIS) must be transmitted electronically through HATS or its successor system to the State of Maryland Alcohol and Drug Abuse Administration (ADAA) monthly by the 10th day of the subsequent month.

E. The Contractor must maintain, throughout the term of this Contract, the administrative and supervisory capacity to operate both a Level III.7.D and Level III.7 program according to applicable Code of Maryland Regulations (COMAR) (i.e., §§10.47.02.09 and 10.47.02.10). In addition, the Contractor must ensure that all members of its staff providing services under this Contract have:

1. knowledge of and experience with issues affecting alcohol and/or drug dependent adult men and women and those with co-occurring mental health disorders;
2. knowledge of and experience with community resources related to the treatment of adult men and women who are alcohol and/or drug dependent and those with co-occurring mental health disorders; and
3. knowledge of and experience with the application of evidence-based practices that improve treatment admission, engagement, and retention rates for this level of residential care.

F. The Contractor must employ or retain through contract a sufficient number of qualified staff to provide direct services to consumers in order to satisfy requirements under COMAR §§10.47.02.09 and 10.47.02.10 and the approved Certificate of Need (CON) for the Avery Road Treatment Center. The number of staff must be sufficient to maintain a residential facility and program operations that serve consumers 24 hours per day, seven days per week. There must be at least two employees on duty between the hours of 11 p.m. and 7 a.m. who have experience in crisis management, one of whom must be a licensed registered nurse (RN) or practical nurse (LPN). The Contractor must ensure that at all times at least two on-duty staff have been certified to perform CPR. Staff (employee or contractor personnel) providing direct services to consumers must, at a minimum, include each of the following:

1. one Executive Director (full or part-time) who has a master's degree in counseling or a related field regulated under the Health

Occupations Article, Annotated Code of Maryland, and certification or licensure.

2. one Clinical Director (full-time) who has a master's degree in counseling or a related field regulated under the Health Occupations Article, Annotated Code of Maryland and applicable certification or licensure, and who must be approved to supervise alcohol and drug counselors and trainees by the Board of Professional Counselors and Therapists. The Clinical Director will serve as the primary liaison with the Contract Administrator and with allied community agencies.
3. a Clinical Supervisor who has a master's degree in counseling or a related field regulated under the Health Occupations Article, Annotated Code of Maryland, and certification or licensure as an alcohol and drug counselor by the Board of Professional Counselors and Therapists or be approved to supervise by the Board of Professional Counselors and Therapists. The County prefers, but does not require, that the Clinical Director have five or more years of experience as a supervisor or program director with progressive responsibility in oversight and clinical operation of a residential substance abuse treatment program and at least two years of experience in the treatment of co-occurring disorders.
4. a ratio of one full-time certified counselor or trainee per eight consumers in the Level III.7.D and Level III.7 program and the equivalent of one Certified Associate Counselor-Alcohol and Drug (CAC-AD) for every three counselors or trainees. The County prefers, but does not require, that the Contractor provide at least one Counseling Supervisor or Lead Counselor who has a master's degree and licensure with at least two years experience in substance abuse or co-occurring disorders treatment.
5. a Director of Nursing who is a licensed registered nurse possessing at least a Bachelor's degree and two years of relevant work experience in the management of medical protocols and complications associated with acute and post-acute withdrawal from alcohol, opiates and other drugs of abuse.
6. a sufficient number of licensed nurses to provide nursing services to consumers during all hours of operation. At least eight hours of each day, five days per week a licensed registered nurse must be on duty. The remaining coverage may be provided by a licensed practical nurse.

7. a sufficient number of physician, physician assistant or nurse practitioner hours to complete a physical examination within 24 hours of admission and an initial assessment documenting medical necessity within 36 hours of admission. A physician, physician's assistant or nurse practitioner must be available on-call 24 hours per day. The Certificate of Need for this facility requires that a physician be present at the facility at least one hour per day, 7 days per week. (This requirement may be satisfied under this Contract by a physician's assistant or nurse practitioner.)
8. a sufficient number of employees or contractual staff to provide admission and treatment services to persons who require special accommodations, including those with Limited English proficiency, hearing and speaking disabilities, and physical and mental disabilities.
9. a sufficient number of culinary staff or subcontractors to prepare three meals per days, seven days per week for consumers. The Contractor must ensure that the dietary service has or contracts with a registered dietician licensed under Health Occupations Article 85-101 to develop and implement the food service operation. The Contractor must ensure that the facility has a Food Service Facility License obtained from the Montgomery County DHHS Licensure and Regulatory Services (255 Rockville Pike, 2nd floor, Rockville) and has at least one certified Food Service Manager on site during the preparation and serving of food.
10. a sufficient number of employees or contractual staff to provide secretarial, office management, billing and housekeeping support for the facility, consumers and employees of the program.

In addition, the Contractor must:

11. designate a physician as the Medical Director responsible for the direction of medical care in the facility with admitting privileges to the local hospital designated by the Contract Administrator as the Level IV:7.D inpatient facility serving County residents who will act as the patient's attending physician.
12. retain the services of a psychiatrist who is capable of providing initial assessment of patients who may have chronic and persistent mental disorders, co-occurring disorders and/or an Axis I diagnosis secondary to a substance abuse disorder.

G. The Contractor must incorporate American Society of Addiction Medicine Patient Placement for admission, discharge and continued stay criteria, and address the seven (7) functional domains in all plans of service.

H. The Contractor must establish clinical and operational policies and procedures that meet COMAR requirements (10.47.02.09 Medically Monitored Intensive Inpatient Treatment) and are sufficient for certification by the Office of Healthcare Quality for both a Level III.7.D detoxification program and a Level III.7 intermediate care facility. The policies and procedures must be reviewed by and approved by the County's Contract Administrator within 90 days of execution of this Contract and must be set forth in a policies and procedures manual. This manual must include:

1. the objectives of the programs to be attained by the provision of both non-hospital detoxification and intermediate care levels of service to adults with alcohol and/or drug dependency and/or individuals with co-occurring mental health disorders;
2. the objective, behavioral criteria used to measure consumer progress toward the attainment of program objectives that incorporates ASAM guidelines of medical necessity;
3. a description and justification of the primary diagnostic and treatment modalities utilized by the programs within the chronic disease model of addiction that incorporates evidence based practices that improve retention and motivation to continue in further treatment;
4. a description of therapeutic activities available for consumers who will receive residential services in the (Level III.7.D) non-hospital detoxification program for approximately one to five days;
5. a description of program services (Level III.7) in the intermediate care protocol for consumers who will receive services for a variable length of stay, typically from 14 days to a maximum of 28 days, that provides for a minimum of 36 hours per week of therapeutic activities that includes but is not limited to: individual, group, and family counseling sessions, substance abuse or co-occurring education programs, motivational enhancement, case management, smoking cessation programs, health and nutritional education programs that reflect ASAM criteria, COMAR 10.47.02.09, and evidence-based practices;
6. a plan to introduce each consumer to self-help 12 Step Programs by a schedule of minimum attendance;

7. a plan to provide family care services to include addiction education and/or co-occurring disorders education services, and support services to consumer's families, including compliance with federal, state and local regulations regarding patient privacy and confidentiality of substance abuse treatment;
8. a plan to coordinate referrals for clients to continued alcohol and/or drug dependent treatment and/or co-occurring disorders treatment;
9. a policy and procedure to coordinate the provision of services with the County's continuum of substance abuse treatment as well as with the mental health, criminal justice, child welfare and homeless systems;
10. an organizational chart showing the relationship between and the function of all program staff and administrators; and
11. a plan to provide and implement the following services for each consumers admitted to and residing in the program:
 - (a) housekeeping, linens, laundry facilities and personal hygiene products;
 - (b) daily meal service (breakfast, lunch, dinner & snacks); and
 - (c) assistance in application for entitlements such as Medical Assistance, Pharmacy Assistance and/or other benefits for which the consumer may be eligible
12. a plan to adhere to the County's Department of Health and Human Services' mandate to serve indigent and vulnerable adults who do not have access to substance abuse treatment through private insurance or self-pay mechanisms and to meet public health and public safety needs of the County.
13. a written plan describing the organization and delivery of dietary services (COMAR 10.47.01.06).
14. a mechanism and a written protocol to transport consumers in a vehicle provided by the Contractor from the location of consumer referral to the ARTC site for admission and for provision of other services for consumers as determined to be appropriate by the Contractor. The Contractor's vehicle must be well maintained, insured, and registered in the State of Maryland. The Contractor must ensure that any driver providing transportation services under this Contract has a current valid driver's license. Approved drivers must not have had a suspended license or acquired more than 4 points for moving violations within the prior two years, and be without serious infractions such as reckless driving, driving while impaired, or leaving the scene of an accident for a period of at least 5 years.

I. The Contractor must establish clinical and medical practice guidelines in the form of written policies and procedures that meet COMAR requirements (10.47.02.09 Medically Monitored Intensive Inpatient Treatment) and are sufficient for certification by the Office of Healthcare Quality for both a Level III.7.D detoxification program and a Level III.7 intermediate care facility. The policies and procedures must be reviewed by and approved by the County's Contract Administrator within 90 days of execution of this Contract. The minimum required medical and clinical protocols, policies and procedures to be established are:

1. a written policy and procedure for the intake, admission and initial evaluation to the program to include a plan for admissions on an urgent basis 365 days per year. Priority for admission is to be given to persons who present a public health risk such as pregnant women, and persons who have HIV/AIDS or another communicable disease, and to persons already participating within the County's continuum of substance abuse treatment. The written policy and procedure for intake and admittance of consumers must include:

- a. a requirement that all persons who enter the facility are to be medically cleared by the appropriately licensed medical personnel within 23 hours to determine medical necessity for admission and medical and/or psychiatric stability suitable to either level of care. If a person requires treatment for a medical or psychiatric condition prior to admission, the Contractor must not admit that individual. In such instances, once the person's condition is sufficiently stable, as determined by the appropriately licensed medical personnel, to participate in the program, and if the person still requires the services of the non-hospital detoxification and/or intermediate care services programs, then the Contractor may admit the individual for treatment;

- b. a requirement that written evaluation of the consumer's psychosocial, medical, and addiction treatment and behavioral health needs (COMAR 10.47.01.10) be completed within 24 hours of admission, is inclusive of current ASAM PPC criteria and gives consideration to co-occurring mental health disorders and any special needs, including limited English proficiency, physical or cognitive disabilities;

- c. a Memorandum of Understanding with community-based providers of medication assisted treatment (methadone) for co-management of methadone maintenance therapy and storage of medication at the ARTC site when a person is to be treated at ARTC for abuse of alcohol and/or other drugs; and

d. a protocol to assess medical necessity and management of treatment for persons who claim a chronic pain or disabling somatic or psychiatric condition(s) that may require the use of narcotics, benzodiazepines or stimulant drugs; to include planning for continued substance abuse treatment and pain management services either within the County's continuum and/or with private medical care provider(s), following discharge.

2. a written individual treatment plan (ITP) for each consumer based upon the consumer's medical examination, psychosocial evaluation, ASAM dimensions, the Client Assessment Instrument (CAI), the Addiction Severity Index (ASI), and other available information about the consumer that meets the requirements of COMAR 10.47.01.04. The ITP must be completed within 48 hours of admission to the Level III.7 program. The Contractor must encourage each consumer to participate in the development of his/her ITP. The Contractor must document in the consumer's record that the consumer has been informed of the opportunity to participate in the development of the ITP, the nature and extent of the consumer's participation, and the consumer's consent to the ITP. Each consumer's ITP must include:

a. a diagnosis of a primary substance abuse disorder and statement(s) of the problem areas to be addressed including items identified in the CAI, ASI, ASAM and readiness to change;

b. the short and long term goals of treatment stated in measurable, behavioral terms;

c. the types of services needed by the consumer while in the Contractor's programs;

d. the types of services needed by the consumer that will be deferred until after discharge and a written plan to coordinate these services with another provider of medical and/or behavioral health services; and

e. a Family Care Plan, family counseling and support services as identified in the consumer's ITP and to facilitate a discharge plan, with any person providing family therapy having formal training in this modality. The Family Care Plan is to include:

(1) assessment of service needs of the consumer in relation to his/her family of origin, significant other, and/or minor children who will be involved in the treatment process and discharge plan;

- (2) informational and educational materials available in written format and presented in group and/or individual formats that are oriented to meet the needs of (adult) family members or significant others that must be offered on a regular schedule (a minimum of twice monthly); and
- (3) strategies that inform and encourage family members and/or significant others to participate in community-based support activities such as Al-Anon, Nar-Anon, National Alliance of the Mentally Ill (NAMI) and other self help groups.

3. when there is a documented need in the consumer's Individual Treatment Plan (ITP) the Contractor must provide the following treatment services, directly or indirectly (by formal agreement for outside services), if approved by the County, for each admitted consumer:

- a. medical screening and evaluation of need for further treatment;
- b. medical supervision of detoxification;
- c. individual, group, and family counseling focusing on alcohol and/or drug dependency problems and the development of an alcohol and drug free lifestyle;
- d. health, smoking cessation, and nutritional education programs;
- e. therapeutic recreational activities;
- f. psychological and psychiatric treatment services; and
- g. case management to coordinate legal, medical, psychiatric, housing/shelter and continuing treatment services.

4. when a consumer requires medical services that the Contractor cannot provide, the Contractor must provide the consumer with a referral for evaluation and treatment of the medical condition by a community provider. In non-emergency situations, the Contractor must provide to the consumer a list of services for non-acute medical/dental conditions ranging from office visits to emergency room care from which the consumer may choose to have medical situations evaluated. The following applies:

- a. the Contractor's Physician or licensed medical personnel acting as his/her authorized designee has the discretion to retain

such persons in the treatment program following an overnight absence from the facility.

b. the consumer is responsible for payment of all medical services beyond the scope of medical treatment normally provided by the Contractor. Emergency medical situations will also be self-pay when handled as an emergency with a call to 911.

c. when evaluation or treatment of the medical issue requires the consumer to be out of the facility overnight, ^{and} it will substantially interfere with the treatment provided in the ARTC program, the Contractor must medically discharge the consumer. Re-admission of the consumer to the program when the medical issue has stabilized will be based on medical necessity criteria and will be determined by the Contractor's Physician or licensed medical professional acting as his/her authorized designee.

5. a written protocol to only administer medication to consumers with specific authorization of the consumer's physician and in accordance with federal, state and local laws and regulations.

6. a mechanism and a protocol to coordinate the provision of services to each consumer with other agencies to whom the County or Contractor refers the consumer, or with other agencies providing services to the consumer and/or family. The Contractor must abide by federal confidentiality regulations as defined by HIPAA and 42 CFR Section 2, including execution of valid release of information from the consumer prior to contacting other service providers when required. Coordination of services with the County's central assessment and referral site and referrals for continued substance abuse treatment within the continuum of care must be made electronically via HATS or its successor system.

7. a mechanism and a protocol to obtain and document the approval of the County prior to the discharge of a consumer from either program for noncompliance with the consumer's ITP. If the consumer poses an immediate threat to the health and/or safety of staff and/or other residents as determined by the Contractor, then the Contractor may discharge the consumer without the prior approval of the County. The Contractor must document and justify the reason for a consumer's discharge from the program in the consumer's written record and notify the County within 24 hours by a phone message left with the Program Monitoring Unit.

J. The Contractor must establish clinical and medical practice guidelines in the form of written policies and procedures that meet County requirements to provide consumers with referrals for continued treatment of substance dependence and/or co-occurring disorders within the County continuum of care. Persons who are discharged with a "successful" completion will be referred directly by ARTC (via

consultation and release of applicable records contained in HATS or its successor system) to another provider within the County's continuum. Persons who are therapeutically discharged or otherwise do not complete treatment will be referred back to the County's central assessment and referral site for evaluation and placement in an appropriate treatment program with proper consent to release records via HATS or its successor system. The Contractor must complete a discharge summary that includes date of admission and discharge, progress while in treatment, recommendations for continued substance abuse treatment, and other referrals provided/recommended for needs identified in the ITP. The discharge summary is to be completed within 48 hours of the discharge event and is to be made available (with proper consents) to the subsequent treatment provider and/or the County's Central Assessment and Referral site via HATS or its successor system.

K. At the inception of the Contract term, the Contractor must develop and implement a plan, to be approved by the County, to comply with Office of Health Care Quality (OHCQ) certification requirements to have State of Maryland Office of Healthcare Quality certification for both levels of care and maintain this certification during the term of this Contract. Throughout the duration of the Contract period the Contractor must notify the County of any denial, probation, suspension or revocation of certification.

L. The Contractor may elect to become JCAHO accredited during the term of this Contract. If programmatic changes are needed to maintain JCAHO accreditation as a result of a JCAHO review, the Contractor must notify the County about the nature of those changes and obtain the approval from the County before making those changes.

M. The Contractor must develop and implement a plan, to be approved by the County, to maintain a Food Service Facility License from the Montgomery County Licensure and Regulatory Services.

N. Throughout the Contract term, the Contractor must maintain documentation verifying that each administrative and clinical staff member has reviewed a copy of the service, medical and clinical policy and procedure manual within three weeks of employment and annually thereafter as part of in-service training for staff.

O. The Contractor must present and implement a written client satisfaction survey as part of an overall plan for Continuous Quality Improvement (CQI) within 90 days of Contract execution. The Contractor must develop outcome measures for CQI purposes that must be linked to improved client engagement and retention, and improved customer satisfaction. The Contractor's outcome measures are subject to County approval. A written report and summary of CQI activities is to be provided to the County every 90 days in addition to an annual summary of data and corrective actions taken for the duration of the Contract term.

P. All Parties to this Contract are required to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, which was enacted on August 21, 1996. Sections 261 through 264 of HIPAA require the

Secretary of Health and Human Services to publicize standards for the electronic exchange, privacy and security of health information. Collectively these are known as the Administrative Simplification provisions.

Q. The Contractor must participate in annual data collection activities and monthly reporting on outcomes for research and program evaluation purposes as required by any funding source and consistent with patient confidentiality as regulated by the Code of Federal Regulations (CFR), title 42, Section 2. The Contractor must develop a policy on data collection activities and reporting on outcomes within 90 days of Contract execution.

R. The Contractor must comply, by reference, with the Human Services Agreement Manual of the Maryland Department of Health and Mental Hygiene (DHMH) Section 2251.40.

S. Within six months after execution of this Contract, the Contractor must develop a written policy and procedure subject to County approval for the transfer or disposition of the Contractor's caseload of consumers referred under this Contract upon termination of this Contract. The Contractor must implement the policy and procedure for caseload transfer or disposition upon written notice from the County. The Contractor's caseload transfer or disposition policy must address:

1. the time period for the completion of the transfer or disposition of Contractor's caseload;
2. the plan to maintain and secure archived client records and program documents that contain client identifying information (i.e., facility or nursing log books) in accordance with COMAR, Title 42 CFR, and HIPAA requirements;
3. the Contractor's plan to assure that adequate consumer services are continued; and
4. the County's right to review and make a determination of the need of each of the consumers served through this Contract for continuing care and financial assistance.

T. The Contractor must develop a mechanism and implement a protocol to establish and maintain a schedule of consumer fees and a method of charging and collecting fees from consumers, their insurance provider(s) and their families that must be approved by the County within 30 days of the start of direct services under this Contract. The Contractor must develop and implement a plan, to be approved by the County, to pursue payments on behalf of consumers from all appropriate third party payers for which consumer services are billable, such as the Maryland Medical Assistance Program or Medical Assistance/Temporary Cash Assistance (TCA) and Maryland Administrative Services Organization (MAPS-MD, www.apshealthcare.com). Indigent Montgomery County residents cannot be denied admission based on an inability to pay for services.

U. The Contractor must develop and implement a written service policy and procedure, to be approved by the County, for the implementation of case management services focused on continuity of care in a format approved by the County for consumers who are to be discharged from ARTC. The Contractor's case management protocol must include coordination with other residential and outpatient treatment providers, homeless and income support programs, and care coordination for continuity of medical and psychiatric needs of consumers as they transition back into the community. These services must focus on early recovery issues and motivational enhancement for consumers while supporting engagement in 12 Step Programming, maintaining abstinence, and transition to the next level of care. Documentation is to be maintained in the patient's written record.

II. RECORDS AND REPORTS

A. The Contractor must develop and implement a plan, to be approved by the County, to maintain a system of written records which conform to the certification standards for this type facility and programs as specified by COMAR 10.47.01.08 for non-hospital detoxification and intermediate care facilities and must comply with federal requirements of HIPAA and 42 CFR § 2. As stated in Paragraph 9, Documents, Material and Data, of the General Terms and Conditions, the Contractor must make available to the County all consumer records, including specific medical information contained therein, upon request by the County. Each consumer record at a minimum must include:

1. a unique patient identifier constructed or pre-existing in HATS;
2. the results of the consumer's medical examination which was completed by a licensed physician, physician's assistant, or nurse practitioner within 24 hours of the consumer's admission to the facility which includes notation of any current medical and/or psychiatric conditions, allergies and laboratory reports;
3. the criteria for admission, continued stay and discharge must include documentation on the seven (7) dimensions set forth in current ASAM PPC criteria;
4. the intake information including demographic information, the Client Assessment Instrument (CAI), Addiction Severity Index (ASI) and a written evaluation of the consumer's psychosocial and addiction treatment needs;
5. the consumer's individual treatment plan as described in the Work Statement/ Specifications, with progress notes completed daily;
6. notation of any incidents to be documented on the day of occurrence by the Contractor; and

7. discharge summary that includes a referral for continued care for consumers who successfully complete the program or, for those who are discharged prior to completion, the purpose and justification for the consumer's termination from the program and a referral to the County's Central Assessment and Referral site, in a narrative format approved by the County.

B. The Contractor must develop and implement a plan, to be approved by the County, to maintain an internal quality review system that includes a customer satisfaction survey and a mechanism for addressing customer complaints, resolving grievances of consumers (COMAR 10.47.01.07) and employees, and taking corrective action following serious incidents. A quality improvement committee must be established and be empowered to routinely review and revise clinical and operational matters of this facility and to report quarterly to the County on its efforts and progress, in a format approved by the County.

C. The Contractor must develop and implement a plan, to be approved by the County, to maintain a utilization rate of 90% or better for Level III.7.D for the minimum of 14 beds allotted for Montgomery County residents and a rate of 85% or better for the minimum of 35 beds allotted for Montgomery County residents in the III.7 level of care. The Contractor must develop and implement a plan, to be approved by the County, to provide the County with a daily census for both levels of care, a waiting list and a monthly report of the utilization and occupancy rates by the 15th of the subsequent month. Any discrepancies between the Contractor's report and SAMIS or HATS or successor system data must be reconciled within 10 business days.

D. The Contractor must provide evidence of an annual audit affirming solvency and fiscal practices of the organization that meet standard accounting requirements and, if applicable, terms or conditions that apply to a section 501(c)(3) organization.

III. OUTCOMES

A. The Contractor must provide an annual report to the County, not later than 15 days after the close of the County's fiscal year (June 30), which details achievement under this Contract of the County's goal of providing effective treatment for individuals suffering from substance abuse and mental illness as measured by the aggregate number and percentages of consumers who:

1. complete a safe detoxification;
2. are in detoxification who continue into another level of care;
3. are in intermediate care who continue into another level of care;
4. are referred for and/or receive housing assistance, preventing homelessness;

5. complete applications for entitlement programs such as MA and Pharmacy Assistance, and the number who are subsequently approved for benefits;
6. have co-occurring disorders and are provided access to mental health care;
7. have family members who attend services available on site; and
8. (of those consumers who attend another level of care) achieve the following objectives within 90 days of discharge:
 - a. become employed
 - b. pay for treatment services (from ARTC)
 - c. are arrest free while in the next level of care
 - d. attend 12-step fellowship
9. do not return to ARTC for further treatment within 12 months of completion of and discharge from the treatment program.

B. The Contractor must also report on the utilization rate by Montgomery County residents of detoxification and intermediate care beds on a monthly basis, the number waiting for admission (by gender) at the start and end of each month, the average number of days on the wait list (by gender) for each patient admitted, and the units of service provided to consumers with Limited English Proficiency.

IV. COMPENSATION

A. The Contractor's fiscal year line item budget as approved by the County is included as Attachment B to this Contract. Modifications to the Contractor's approved budget during the fiscal year must be justified by the proposing party and must be approved in writing by the County. Not later than 60 days prior to the expiration date of the initial term or any extended term of this Contract, the Contractor must submit a line item budget for the following fiscal year for which the County has the right to renew this Contract.

B. The County will reimburse the Contractor for program expenses incurred in providing the goods and services described in this Contract in accordance with the approved line item budget for the period, subject to the following limitations and conditions:

1. the maximum compensation payable by the County to the Contractor under this Contract must not exceed \$1,872,867 for the initial contract term;

2. no compensation will be paid for any program expenses that exceed the relevant line item in the Contractor's approved contractual fiscal year budget by more than 10% unless approved in advance in writing by the County;
3. no compensation will be paid for program expenses that exceed the Contractor's approved contractual fiscal year budget;
4. no compensation will be paid for consumers admitted to the program who are not residents of Montgomery County or of another government entity with which Montgomery County has entered into a Memorandum of Understanding regarding the provision of such services; and
5. compensation for goods and services is subject to the appropriation of funds and review of invoices by the Contract Monitor.

C. The County will appropriate funds on an annual basis for a majority of the total cost of all goods and services required to provide the Scope of Service to Montgomery County residents. The County does not intend the funds appropriated to be the total funding for ARTC. The Contractor must generate an agreed upon revenue stream as shown in its approved budget. The revenue stream sources include, but are not limited to: consumer fees, Medical Assistance, Temporary Cash Assistance (TCA), the designated Administrative Services Organization (ASO) and other third parties. The Contractor will be responsible for collecting fees from consumers and billing third party payors on behalf of consumers to offset the total cost of the ARTC program.

D. The total maximum compensation under this Contract for all goods and services as described under Article I., Scope of Services, Article II, Records and Reports, and Article III, Outcomes, above, must not exceed \$1, 872, 867 unless modified by an executed amendment and purchase order or change order, or superseded by another purchase order issued by the County's Office of Procurement. Any amounts to be paid to the Contractor must be established in the purchase order(s) executed by the County's Office of Procurement.

E. The Contractor will retain all fees up to the amount of actual expenses beyond the compensation provided by the County. Any excess fees must be remitted to the County in one final payment no later than October 15th of the subsequent fiscal year for each term of this Contract.

F. The Contractor is expected to solicit contracts and enter into other formal agreements with government entities and insurance companies for the use of up to six (6) beds in Level III.7.D (in addition to the 14 beds for County clients) and no more than five (5) beds in the Level III.7 service for non-County, non-indigent adults in need of this level of service, subject to the County's right (see G., below) to purchase this capacity. These beds are to be occupied on a fee-for-

service, per diem basis. Revenues obtained from such external agreements in excess of the amount shown in the Contractor's approved budget will be applied as a reduction to the amount of the total operational costs provided by the County with 60% of such revenues (above actual cost) being retained by the Contractor. The County will not be liable for and will not reimburse the Contractor for expenses incurred for the operation of this portion of the program. Any delinquency in recouping revenue will be at the sole risk of the Contractor. The Contractor must provide quarterly reports to the County on the expenses incurred, the revenue due (accounts payable) and the actual receipts. The County and the Contractor will reconcile expenses against receipts in the 12th month and again 90 days after the end of the Fiscal Year with any amount due back to the County returned no later than October 15th of the subsequent fiscal year.

G. For each Contract renewal period, the County has the option to purchase the use of up to six additional beds for the Level III.7.D service and up to five additional beds for the Level III.7 service at the actual per diem cost. If the County elects to purchase any additional beds above the minimum 14 Level III.7.D beds and the 35 Level III.7 beds, it will notify the Contractor in writing not later than 60 days prior to the beginning of the renewal period. For each renewal period for which this option is exercised, the Contractor must provide the additional purchased capacity for Montgomery County clients regardless of arrangements made pursuant to paragraph F above.

V. INVOICES

A. The Contractor must submit monthly invoices documenting program expenses to the County in a format approved by the County within 30 days after the close of each month, except for the invoice documenting June expenses, which must be submitted by July 9. The Contract Monitor will approve the format for monthly invoice submissions and reports that are due that document the delivery of services to consumers and the progress of the program in achieving performance measures. The Contractor must export statistical reports from HATS or successor system on a monthly basis with quarterly and annual summaries, and the Contractor must submit customer satisfaction and quality assurance reports to be submitted quarterly with an annual summary report due within 60 days of the end of each applicable fiscal year.

B. The Contractor's monthly invoices will not be processed if other contract requirements, such as timely and accurate submission of reports to the County and State, have not been met.

C. Monthly invoices must delineate the amount and source of fees and other revenues collected from and on behalf of clients served. Revenue is to be applied to the total cost of program operations as a reduction to the amount due from the County. Revenue will be applied as it is collected and be credited toward the

fiscal year in which such services were provided.

VI. TERM

The effective date of this Contract begins upon signature by the Director, Office of Procurement (Director). The period in which the Contractor must perform all work under this Contract begins on the Contract's effective date and ends on June 30, 2007. Before the contract term ends, the Director at his or her sole option may (but is not required to) renew this contract for four additional one-year periods plus one additional period not to exceed one year for the sole purpose of transfer and disposition of the Contractor's caseload of active clients. Satisfactory performance does not guarantee renewal of this Contract.

VII. GENERAL CONDITIONS AND INSURANCE

The attached General Conditions of Contract between County and Contractor (Attachment A) are incorporated and made part of this Contract. The following insurance requirements supersede those outlined in the General Conditions: Prior to the execution of the Contract by the County, the Contractor must obtain at its own cost and expense the following insurance with insurance company/companies licensed to do business in the State of Maryland and acceptable to the Division of Risk Management. This insurance must be kept in full force and effect during the term of this contract, including all extensions. The insurance must be evidenced by a certificate of insurance and, if requested by the County, the Contractor shall provide a copy of the insurance policies. The Contractor's insurance shall be primary.

Commercial General Liability

A minimum limit of liability of *one million dollars (\$1,000,000)*, combined single limit, for bodily injury and property damage coverage per occurrence including the following coverages:

- Contractual Liability
- Premises and Operations
- Independent Contractors
- Products and Completed Operations during and for two years following completion of the work.

Professional Liability

Professional liability insurance covering errors and omissions and negligent acts committed during the period of contractual relationship with the County with a limit of liability of at least *one million dollars (\$1,000,000)* per claim and aggregate and a maximum deductible of \$25,000. Contractor/proposer agrees to provide a one-year discovery period under this policy.

Worker's Compensation/Employer's Liability

Meeting all statutory requirements of the State of Maryland Law and with the following minimum Employer's Liability limits:

Bodily Injury by Accident - \$100,000 each accident

Bodily Injury by Disease - \$500,000 policy limits

Bodily Injury by Disease - \$100,000 each employee

Additional Insured

Montgomery County, Maryland, its elected and appointed officials, officers, consultants, agents and employees must be named as an additional insured on Contractor's Commercial and Excess/Umbrella Insurance for liability arising out of Contractor's products, goods and services provided under this Contract.

Policy Cancellation

Forty-five (45) days written notice of cancellation or material change of any of the policies is required.

Certificate Holder

Montgomery County, Maryland
Department of Health and Human Services/Ron Berger
401 Hungerford Drive, Sixth Floor
Rockville, Maryland 20850

VIII. PRIORITY OF DOCUMENTS

The following documents are incorporated by reference into and made part of this Contract and are listed in order of legal precedence below in the event of a conflict in their terms:

- A. This Contract document;
- B. The County's General Conditions of Contract Between County & Contractor (Attachment A); and
- C. The Contractor's County approved fiscal year line item budget (Attachment B).

(Signature Page Follows)

SIGNATURES

MARYLAND TREATMENT CENTERS, INC.

MONTGOMERY COUNTY, MARYLAND

William J. Roby EXEC. V.P.

Signature

Beatrice P. Tignor

Beatrice P. Tignor, Ph.D., Director
Office of Procurement

Typed William J. Roby

Date 10/1/06

Title Executive Vice President

RECOMMENDED

Date 09/27/06

Carolyn W. Calvin

Carolyn W. Calvin, Director
Department of Health and Human Services

Date: 9/20/06

APPROVED, OFFICE OF THE COUNTY ATTORNEY

[Signature]

Date 9-25-06

ATTACHMENT A
GENERAL CONDITIONS OF CONTRACT BETWEEN COUNTY & CONTRACTOR

1. ACCOUNTING SYSTEM AND AUDIT, ACCURATE INFORMATION

The contractor certifies that all information the contractor has provided or will provide to the County is true and correct and can be relied upon by the County in awarding, modifying, making payments, or taking any other action with respect to this contract including resolving claims and disputes. Any false or misleading information is a ground for the County to terminate this contract for cause and to pursue any appropriate remedy. The contractor certifies that the contractor's accounting system conforms with generally accepted accounting principles, is sufficient to comply with the contract's budgetary and financial obligations, and is sufficient to produce reliable financial information.

The County may examine the contractor's and any first-tier subcontractor's records to determine and verify compliance with the contract and to resolve or decide any claim or dispute arising under this contract. The contractor and any first-tier subcontractor must grant the County access to these records at all reasonable times during the contract term and for 3 years after final payment. If the contract is supported to any extent with federal or state funds, the appropriate federal or state authorities may also examine these records. The contractor must include the preceding language of this paragraph in all first-tier subcontracts.

2. AMERICANS WITH DISABILITIES ACT

The contractor agrees to comply with the nondiscrimination requirements of Titles II and III, and other provisions, of the Americans with Disabilities Act of 1990, Pub. Law 101-336, as amended, currently found at 42 U.S.C., § 12101, *et seq.*

3. APPLICABLE LAWS

This contract must be construed in accordance with the laws and regulations of Maryland and Montgomery County. The Montgomery County Procurement Regulations are incorporated by reference into, and made a part of, this contract. In the case of any inconsistency between this contract and the Procurement Regulations, the Procurement Regulations govern. The contractor must, without additional cost to the County, pay any necessary fees and charges, obtain any necessary licenses and permits, and comply with applicable federal, state and local laws, codes and regulations. For purposes of litigation involving this contract, except for contract Disputes discussed in paragraph 8 below, exclusive venue and jurisdiction must be in the Circuit Court for Montgomery County, Maryland or in the District Court of Maryland for Montgomery County.

Furthermore, by signing, or performing work under, a contract for services or arising from a grant award to participate in a County-funded program, contractor expressly certifies and agrees that it will not expend County funds to assist, promote, deter, or otherwise influence union activity or organizing, and that it will comply with the requirements of Montgomery County Code, Section 11B-33B.

4. ASSIGNMENTS AND SUBCONTRACTS

The contractor may not assign or transfer this contract, any interest herein or any claim hereunder, except as expressly authorized in writing by the Director, Office of Procurement. Unless performance is separately and expressly waived in writing by THE DIRECTOR, OFFICE OF PROCUREMENT, an assignment does not release the contractor from responsibility for performance of this contract. Unless otherwise provided in the contract, the contractor may not contract with any other party for furnishing any of the materials or services herein contracted without the written approval of the Director, Office of Procurement.

5. CHANGES

The Director, Office of Procurement, may unilaterally change the work, materials and services to be performed. The change must be in writing and within the general scope of the contract. The contract will be modified to reflect any time or money adjustment the contractor is entitled to receive. Contractor must bring to the Contract Administrator, in writing, any claim about an adjustment in time or money resulting from a change, within 30 days from the date the Director, Office of Procurement, issued the change in work, or the claim is waived. Any failure to agree upon a time or money adjustment must be resolved under the "Disputes" clause of this contract. The contractor must proceed with the prosecution of the work as changed, even if there is an unresolved claim. No charge for any extra work, time or material will be allowed, except as provided in this section.

6. CONTRACT ADMINISTRATION

A. The contract administrator, subject to paragraph B below, is the Department representative designated by the Director, Office of Procurement, in writing and is authorized to:

- (1) serve as liaison between the County and Contractor;
- (2) give direction to the Contractor to ensure satisfactory and complete performance;
- (3) monitor and inspect the Contractor's performance to ensure acceptable timeliness and quality;
- (4) serve as records custodian for this contract, including wage requirements;
- (5) accept or reject the Contractor's performance;
- (6) furnish timely written notice of the contractor's performance failures to the Director, Office of Procurement and to the County Attorney, as appropriate;
- (7) prepare required reports;
- (8) approve or reject invoices for payment;
- (9) recommend contract modifications or terminations to the Director, Office of Procurement;
- (10) issue notices to proceed; and
- (11) monitor and verify compliance with any MFD Performance Plan.

B. The contract administrator is NOT authorized to make determinations (as opposed to recommendations) that alter, modify, terminate or cancel the contract, interpret ambiguities in contract language, or waive the County's contractual rights.

7. COST & PRICING DATA

Chapter 11B of the County Code and the Montgomery County Procurement Regulations require that cost & pricing data be obtained from proposed awardees/contractors in certain situations. The contractor guarantees that any cost & pricing data provided to the County will be accurate and complete. The contractor grants the Director, Office of Procurement, access to all books, records, documents, and other supporting data in order to permit adequate evaluation of the contractor's proposed price(s). The contractor also agrees that the price to the County, including profit or fee, may, at the option of the County, be reduced to the extent that the price was based on inaccurate, incomplete, or noncurrent data supplied by the contractor.

8. DISPUTES

Any dispute by Contractor arising under this contract that is not disposed of by agreement must be decided under the Montgomery County Code and the Montgomery County Procurement Regulations. Pending final resolution of a dispute, the Contractor must proceed diligently with contract performance. Subject to subsequent revocation or alteration by the Director, Office of Procurement, the head of the County department, office or agency ("Department Head") of the contract administrator is the designee of the Director, Office of Procurement, for the purpose of dispute resolution. The Department Head, or his/her designee, must forward to the Director, Office of Procurement, a copy of any written resolution of a dispute. The Department Head may, with the contractor's consent, delegate this responsibility to another person (other than the contract administrator). A contractor must notify, in writing, the contract administrator of a claim, and must attempt to resolve a claim with the contract administrator prior to filing a dispute with the Director, Office of Procurement. The contractor waives any dispute or claim not made in writing and received by the Director, Office of Procurement, within 30 days of the event giving rise to the dispute or claim, whether or not the contract administrator has responded to a written notice of claim or resolved the claim. The Director, Office of Procurement, must dismiss a dispute that is not timely filed. A dispute must be in writing, for specific relief, and any requested relief must be fully supported by affidavit of all relevant calculations, including cost and pricing information, records, and other information. At the County's option, the Contractor agrees to be made a party to any related dispute involving another contractor.

9. DOCUMENTS, MATERIALS AND DATA

All documents, materials or data developed as a result of this contract are the County's property. The County has the right to use and reproduce any documents, materials, and data, including confidential information, used in the performance of, or developed as a result of, this contract. The County may use this information for its own purposes, including reporting to state and federal agencies. The contractor warrants that it has title to or right of use of all documents, materials or data used or developed in connection with this contract. The Contractor must keep confidential all documents, materials, and data prepared or developed by the contractor or supplied by the County.

10. DURATION OF OBLIGATION

The contractor agrees that all of contractor's obligations and warranties, including all requirements imposed by the Minority Owned Business Addendum to these General Conditions, if any, which directly or indirectly are intended by their nature or by implication to survive contractor performance, do survive the completion of performance, termination for default, termination for convenience, or termination by mutual consent of the contract.

11. ENTIRE AGREEMENT

There are no promises, terms, conditions, or obligations other than those contained in this contract. This contract supersedes all communications, representations, or agreements, either verbal or written, between the parties hereto, with the exception of express warranties given to induce the County to enter into the contract.

12. ETHICS REQUIREMENTS/ POLITICAL CONTRIBUTIONS

The contractor must comply with the ethics provisions contained in Chapters 11B and 19A, Montgomery County Code, which include the following:

- (a) a prohibition against making or offering to make certain gifts. Section 11B-51(a).
- (b) a prohibition against kickbacks. Section 11B-51(b).
- (c) a prohibition against a person engaged in a procurement from employing or offering to employ a public employee. Section 11B-52 (a).
- (d) a prohibition against a contractor that is providing a recommendation to the County from assisting another party or seeking to obtain an economic benefit beyond payment under the contract. Section 11B-52 (b)
- (e) a restriction on the use of confidential information obtained in performing a contract. Section 11B-52 (c).
- (f) a prohibition against contingent fees. Section 11B-53.

Furthermore, the contractor specifically agrees to comply with County Code Sections 11B-51, 11B-52, 11B-53, 19A-12, and/or 19A-13.

In addition, the contractor must comply with the political contribution reporting requirements currently codified under Title 14 of Article 33 of the Annotated Code of Maryland.

13. GUARANTEE

- A. Contractor guarantees for one year from acceptance, or for a longer period that is otherwise expressly stated in the County's written solicitation, all goods, services, and construction offered, including those used in the course of providing the goods, services, and/or construction. This includes a guarantee that all products offered (or used in the installation of those products) carry a guarantee against any and all defects for a minimum period of one year from acceptance, or for a longer period stated in the County's written solicitation. The contractor must correct any and all defects in material and/or workmanship that may appear during the guarantee period, or any defects that occur within one (1) year of acceptance even if discovered more than one (1) year after acceptance, by repairing, (or replacing with new items or new materials, if necessary) any such defect at no cost to the County and to the County's satisfaction.
- B. Should a manufacturer's or service provider's warranty or guarantee exceed the requirements stated above, that guarantee or warranty will be the primary one used in the case of defect. Copies of manufacturer's or service provider's warranties must be provided upon request.
- C. All warranties and guarantees must be in effect from the date of acceptance by the County of the goods, services, or construction.
- D. The contractor guarantees that all work shall be accomplished in a workmanlike manner, and the contractor must observe and comply with all Federal, State, County and local laws, ordinances and regulations in providing the goods, and performing the services or construction.
- E. Goods and materials provided under this contract must be of first quality, latest model and of current manufacture, and must not be of such age or so deteriorated as to impair their usefulness or safety. Items that are used, rebuilt, or demonstrator models are unacceptable, unless specifically requested by the County in the Specifications.

HAZARDOUS AND TOXIC SUBSTANCES

Manufacturers and distributors are required by federal "Hazard Communication" provisions (29 CFR 1910.1200), and the Maryland "Access to Information About Hazardous and Toxic Substances" Law, to label each hazardous material or chemical container, and to provide Material

Safety Data Sheets to the purchaser. The contractor must comply with these laws and must provide the following documents, including Material Safety Data Sheets, prior to performance of work or contemporaneous with delivery of goods.

15. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) COMPLIANCE

In addition to the provisions stated above in Section 3: "Applicable Laws," contractor must comply with all requirements in the federal Health Insurance Portability and Accountability Act (HIPAA), to the extent that HIPAA is applicable to this contract. Furthermore, contractor must enter into the County's standard Business Associate Agreement when contractor or the County, as part of this contract, may use or disclose information, to the individual whose health information is at issue, or to a third-party, any protected health information that is obtained, provided to, made available to, or created by, or for, the contractor or the County.

16. IMMIGRATION REFORM AND CONTROL ACT

The contractor warrants that both the contractor and its subcontractors do not, and shall not, hire, recruit or refer for a fee, for employment under this contract or any subcontract, an alien while knowing the alien is an unauthorized alien, or any individual without complying with the requirements of the federal Immigration and Nationality laws, including any verification and record keeping requirements. The contractor further assures the County that, in accordance with those laws, it does not, and will not, discriminate against an individual with respect to hiring, recruitment, or referral for a fee, of an individual for employment or the discharge of an individual from employment, because of the individual's national origin or, in the case of a citizen or prospective citizen, because of the individual's citizenship status.

17. INCONSISTENT PROVISIONS

Notwithstanding any provisions to the contrary in any contract terms or conditions supplied by the contractor, this General Conditions of Contract document supersedes the contractor's terms and conditions, in the event of any inconsistency.

18. INDEMNIFICATION

The contractor is responsible for any loss, personal injury, death and any other damage (including incidental and consequential) that may be done or suffered by reason of the contractor's negligence or failure to perform any contractual obligations. The contractor must indemnify and save the County harmless from any loss, cost, damage and other expenses, including attorney's fees and litigation expenses, suffered or incurred due to the contractor's negligence or failure to perform any of its contractual obligations. If requested by the County, the contractor must defend the County in any action or suit brought against the County arising out of the contractor's negligence, errors, acts or omissions under this contract. The negligence of any agent, subcontractor or employee of the contractor is deemed to be the negligence of the contractor. For the purposes of this paragraph, County includes its boards, agencies, agents, officials and employees.

19. INDEPENDENT CONTRACTOR

The contractor is an independent contractor. The contractor and the contractor's employees or agents are not agents of the County.

20. INSPECTIONS

The County has the right to monitor, inspect and evaluate or test all supplies, goods, services, or construction called for by the contract at all reasonable places (including the contractor's place of business) and times (including the period of preparation or manufacture).

21. INSURANCE

Prior to contract execution by the County, the proposed awardee/contractor must obtain at its own cost and expense the insurance specified in the applicable table (See Tables A and B) or attachment to these General Conditions, with one or more insurance company(ies) licensed or qualified to do business in the State of Maryland, and acceptable to the County's Division of Risk Management. Contractor must keep this insurance in full force and effect during the term of this contract, including all extensions. Unless expressly provided otherwise, Table A is applicable to this contract. The insurance must be evidenced by one or more Certificate(s) of Insurance and, if requested by the County, the proposed awardee/contractor must provide a copy of any and all insurance policies to the County. At a minimum, the proposed awardee/contractor must submit to the Director, Office of Procurement, one or more Certificate(s) of Insurance prior to award of this contract, and prior to any contract modification extending the term of the contract, as evidence of compliance with this provision. The contractor's insurance must be primary. Montgomery County, MD, including its officials, employees, agents, boards, and agencies, must be named as an additional insured on all liability policies. Forty-five days written notice to the County of cancellation or material change in any of the policies is required. In no event may the insurance coverage be less than that shown on the applicable table, attachment, or contract provision for required insurance. The Director, Office of Procurement, may waive the requirements of this section, in whole or in part.

22. INTELLECTUAL PROPERTY APPROVAL AND INDEMNIFICATION - INFRINGEMENT

If contractor will be preparing, displaying, publicly performing, reproducing, or otherwise using, in any manner or form, any information, document, or material that is subject to a copyright, trademark, patent, or other property or privacy right, then contractor must: obtain all necessary licenses, authorizations, and approvals related to its use; include the County in any approval, authorization, or license related to its use; and indemnify and hold harmless the County related to contractor's alleged infringing or otherwise improper or unauthorized use. Accordingly, the contractor must protect, indemnify, and hold harmless the County from and against all liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits, or actions, and attorneys' fees and the costs of the defense of the County, in any suit, including appeals, based upon or arising out of any allegation of infringement, violation, unauthorized use, or conversion of any patent, copyright, trademark or trade name, license, proprietary right, or other related property or privacy interest in connection with, or as a result of, this contract or the performance by the contractor of any of its activities or obligations under this contract.

23. NON-CONVICTION OF BRIBERY

The contractor hereby declares and affirms that, to its best knowledge, none of its officers, directors, or partners or employees directly involved in obtaining contracts has been convicted of bribery, attempted bribery, or conspiracy to bribe under any federal, state, or local law.

24. NON-DISCRIMINATION IN EMPLOYMENT

The contractor agrees to comply with the non-discrimination in employment policies and/ or provisions prohibiting unlawful employment practices in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code, as well as all other applicable state and federal laws and regulations regarding employment discrimination.

The contractor assures the County that, in accordance with applicable law, it does not, and agrees that it will not, discriminate in any manner on the basis of race, color, religious creed, ancestry, national origin, age, sex, marital status, disability, or sexual orientation.

The contractor must bind its subcontractors to the provisions of this section.

CONTRACT DOLLAR VALUES (IN \$1,000's)

	<u>Up to 50</u>	<u>Up to 100</u>	<u>Up to 1,000</u>	<u>Over 1,000</u>
Workers Compensation (for contractors with employees)				
Bodily Injury by Accident (each)	100	100	100	See Attachment
Disease (policy limits)	500	500	500	
Disease (each employee)	100	100	100	
Commercial General Liability minimum combined single limit for bodily injury and property damage per occurrence, including contractual liability, premises and operations, and independent contractors	300	500	1,000	See Attachment
Minimum Automobile Liability (including owned, hired and non-owned automobiles)				
Bodily Injury each person	100	250	500	See Attachment
each occurrence	300	500	1,000	
Property Damage each occurrence	300	300	300	
Professional Liability* for errors, omissions and negligent acts, per claim and aggregate, with one year discovery period and maximum deductible of \$25,000	250	500	1,000	See

Certificate Holder
Montgomery County Maryland (Contract #)
Office of Procurement
Rockville Center
255 Rockville Pike, Suite 180
Rockville, Maryland 20850-4166

*Professional services contracts only

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(See Paragraph #21 Under the General Conditions of Contract Between County and Contractor)

	<u>Up to 50</u>	<u>Up to 100</u>	<u>Up to 1,000</u>	<u>Over 1,000</u>
Commercial General Liability, minimum combined single limit for bodily injury and property damage per occurrence, including contractual liability, premises and operations, independent contractors, and product liability	300	500	1,000	See Attachment

Certificate Holder

Montgomery County Maryland (Contract #)
Office of Procurement
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No payment by the County may be made, or is due, under this contract, unless funds for the payment have been appropriated and encumbered by the County. Under no circumstances will the County pay the contractor for legal fees. The contractor must not proceed to perform any work (provide goods, services or construction) prior to receiving written confirmation that the County has appropriated and encumbered funds for that work. If the contractor fails to obtain this verification from the Office of Procurement prior to performing work, the County has no obligation to pay the contractor for the work.

If this contract provides for an additional contract term for contractor performance beyond its initial term, continuation of contractor's performance under this contract beyond the initial term is contingent upon, and subject to, the appropriation of funds and encumbrance of those appropriated funds for payments under this contract. If funds are not appropriated and encumbered to support continued contractor performance in a subsequent fiscal period, contractor's performance must end without further notice from, or cost to, the County. The contractor acknowledges that the County Executive has no obligation to recommend, and the County Council has no obligation to appropriate, funds for this contract in subsequent fiscal years. Furthermore, the County has no obligation to encumber funds to this contract in subsequent fiscal years, even if appropriated funds may be available. Accordingly, for each subsequent contract term, the contractor must not undertake any performance under this contract until the contractor receives a purchase order or contract amendment from the County that authorizes the contractor to perform work for the next contract term.

26. PERSONAL PROPERTY

All furniture, office equipment, equipment, vehicles, and other similar types of personal property specified in the contract, and purchased with funds provided under the contract, become the property of the County upon the end of the contract term, or upon termination or expiration of this contract, unless expressly stated otherwise.

27. TERMINATION FOR DEFAULT

The Director, Office of Procurement, may terminate the contract in whole or in part, and from time to time, whenever the Director, Office of Procurement, determines that the contractor is:

- (a) defaulting in performance or is not complying with any provision of this contract;
- (b) failing to make satisfactory progress in the prosecution of the contract; or
- (c) endangering the performance of this contract.

The Director, Office of Procurement, will provide the contractor with a written notice to cure the default. The termination for default is effective on the date specified in the County's written notice. However, if the County determines that default contributes to the curtailment of an essential service or poses an immediate threat to life, health, or property, the County may terminate the contract immediately upon issuing oral or written notice to the contractor without any prior notice or opportunity to cure. In addition to any other remedies provided by law or the contract, the contractor must compensate the County for additional costs that foreseeably would be incurred by the County, whether the costs are actually incurred or not, to obtain substitute performance. A termination for default is a termination for convenience if the termination for default is later found to be without justification.

28. TERMINATION FOR CONVENIENCE

This contract may be terminated by the County, in whole or in part, upon written notice to the contractor, when the County determines this to be in its best interest. The termination for convenience is effective on the date specified in the County's written notice. Termination for convenience may entitle the contractor to payment for reasonable costs allocable to the contract for work or costs incurred by the contractor up to the date of termination. The contractor must not be paid compensation as a result of a termination for convenience that exceeds the amount encumbered to pay for work to be performed under the contract.

29. TIME

Time is of the essence.

30. WORK UNDER THE CONTRACT

Work may not commence under this contract until all conditions for commencement are met, including execution of the contract by both parties, compliance with insurance requirements, encumbrance of funds, and issuance of any required notice to proceed.

THIS FORM MAY NOT BE MODIFIED WITHOUT THE PRIOR APPROVAL OF THE OFFICE OF THE COUNTY ATTORNEY. PMMD-45. REVISED 01/06/05

SEP 13 2006

AVERY ROAD TREATMENT CENTER
BUDGET RECAP
FOR THE YEAR 1 PERIOD OCTOBER 1, 2006 TO JUNE 30, 2007

BUDGET	9 MONTH BUDGET
FACILITY AND MEDICAL OPERATIONS	
FOOD	106,500.00
DIETARY	12,000.00
AUTO EXPENSE	13,500.00
JANITORIAL SERVICES	54,000.00
EQUIPMENT/MAINTENANCE	12,750.00
DATA PROCESSING	3,600.00
OFFICE SUPPLIES	9,000.00
HOUSEKEEPING SUPPLIES	14,250.00
PHYSICIAN EXPENSES	88,342.00
CONSULTANTS	13,500.00
AUDIT	5,250.00
COMMUNICATION	12,750.00
PATIENT EDUCATION	1,650.00
LINEN	900.00
ACTIVITY SUPPLIES	900.00
MAINTENANCE SUPPLIES	750.00
FACILITY MAINTENANCE	1,875.00
JCAHO EXPENSE	10,500.00
LAB	19,500.00
PHARMACY	27,000.00
MEDICAL SUPPLIES	22,500.00
MISCELLANEOUS	3,750.00
SUB TOTAL FACILITY AND MEDICAL OPERATIONS	434,767.00
SALARIES	
SALARIES	1,528,725.00
PAYROLL TAXES	133,763.00
FRINGE BENEFITS	71,391.00
OTHER INDIRECT EXPENSES	27,750.00
STAFF GROWTH AND DEVELOPMENT	3,000.00
SUB TOTAL SALARIES	1,764,629.00
INSURANCE	
HEALTH INSURANCE	94,500.00
LIABILITY INSURANCE	66,000.00
AUTOMOBILE INSURANCE	6,000.00
WORKMAN'S COMPENSATION INSURANCE	30,000.00
SUB TOTAL INSURANCE	196,500.00
TOTAL EXPENDITURES	2,395,896.00
INCOME	
OTHER COUNTY CONTRACTS	27,654.00
PATIENT INCOME	7,500.00
PAROLE AND PROBATION	75,000.00
MEDICAL ASSISTANCE MCO	165,000.00
OTHER INSURANCE INCOME	243,750.00
MARYLAND HEALTH PARTNERS INCOME	3,750.00
MISCELLANEOUS	375.00
TOTAL INCOME	523,029.00
EXPENDITURES LESS INCOME	1,872,867.00
DUE FROM MONTGOMERY COUNTY	1,872,867.00

Submitted For Approval:
Bloby 9/12/06
Executive Director Management Services

Approved 9/13/2006
CMC [Signature]
Account # 6648025024

BUDGET JUSTIFICATION for AVERY ROAD TREATMENT CENTER YEAR PERIOD 10/01/06 - 06/30/07

The following is justification of the 9 month budget for Avery Road Treatment Center for the year 1. This justification is based on our experience in managing Avery Road Treatment Center for Montgomery County Government since 1991. This budget provides the resources for a daily census of 60 clients and assumes an average utilization rate of 90%. It also provides the resources for detoxification services for up to 2 urgent care admissions for co-occurring clients on Thursday and Friday evenings from 3 pm - 11 pm and on Saturday morning from 8 am - 12 pm. Since we are responsible for raising other income, 49 beds will be available for Montgomery County residents, 2 beds for MHA clients and 9 beds will be available for the contractor to utilize to raise other income.

A. FACILITY AND MEDICAL OPERATIONS

1	<p>FOOD Food supplies represent the cost of providing raw food for three resident meals daily, plus snacks. Based on historical food cost numbers.</p>	106,500.00
2	<p>DIETARY Dietary supplies will include such items as mops, plates, pots & pans, utensils, paper products, cleaning detergents, plastic gloves, appliance warranties on dietary equipment, and other products that will be used by the dietary department.</p>	12,000.00
3	<p>AUTO EXPENSE This includes gasoline, lease payment and maintenance on the vans.</p>	13,500.00
4	<p>JANITORIAL SERVICES Marotta will provide staff to keep the facility clean. Included in their contract, Marotta will clean the linens used at the facility on a daily basis using the washers and dryers at the facility.</p>	54,000.00
5	<p>EQUIPMENT/MAINTENANCE This figure is based on the current and projected equipment leasing costs.</p>	12,750.00
6	<p>DATA PROCESSING Costs to process payroll through ADP.</p>	3,600.00
7	<p>OFFICE SUPPLIES Office supplies will include items such as printing, copier paper, writing utensils, binders, folders, postage, and other miscellaneous office items in order to administer services.</p>	9,000.00
8	<p>HOUSEKEEPING SUPPLIES Includes cleaners, mops, shower curtains, toiletries, service for cleaning of mats, and other miscellaneous items & services not provided by the contract with the janitorial company.</p>	14,250.00
9	<p>PHYSICIAN EXPENSES Expense for Medical Director and consulting Psychiatrist</p>	88,342.00
10	<p>CONSULTANTS Outside vendor used to transcribe history and physical information for each patient.</p>	13,500.00
11	<p>AUDIT Fee for the annual audit of the financial statements of Maryland Treatment Centers, Inc.</p>	5,250.00
12	<p>COMMUNICATION Includes local line charges, long distance and cell phones.</p>	12,750.00

BUDGET JUSTIFICATION for AVERY ROAD TREATMENT CENTER 10/01/06 - 6/30/07

13	PATIENT EDUCATION Books, films, and other items necessary for the treatment program.	1,650.00
14	LINEN Purchase of bed linens, bedspreads, blankets and towels.	900.00
15	ACTIVITY SUPPLIES Includes athletic equipment and other entertainment items.	900.00
16	MAINTENANCE SUPPLIES Supplies needed to maintain facility and equipment in accordance with the contract and license agreement.	750.00
17	FACILITY MAINTENANCE Includes items needed to maintain facility as outlined in license agreement.	1,875.00
18	JCAHO EXPENSE Includes charge from JCAHO for accreditation.	10,500.00
19	LAB Based on the history of Avery Road Treatment Center's Laboratory tests - all admissions per month are administered the health profile, urine drug screen and any test deemed appropriate by the medical director.	19,500.00
20	PHARMACY This figure is based on historical medication costs.	27,000.00
21	MEDICAL SUPPLIES This figure is based on historical medical supply costs.	22,500.00
22	MISCELLANEOUS Includes personnel recruitment ads, and other unbudgeted items needed to operate the facility.	3,750.00

BUDGET JUSTIFICATION for AVERY ROAD TREATMENT CENTER 10/01/06 - 6/30/07

B. SALARIES				1,528,725.00
		FTE	HOURLY RATE	
1	SALARIES			
	NURSING			
	Director of Nursing	1.0	33.00	51,480.00
	Licensed Nurse	10.5	25.00	409,500.00
	Nursing Aide	2.5	12.50	48,750.00
	Phlebotomist			5,850.00
	Physician's Assistant Salary	0.75	40.00	46,800.00
	Total Nursing Salary			562,380.00
	THERAPY			
	Clinical Director	1.0	31.73	49,500.00
	Clinical Supervisor	1.0	25.00	39,000.00
	Lead Counselor	1.0	22.50	35,100.00
	Counselors	7.0	21.00	229,320.00
	Community Techs	6.0	12.50	117,000.00
	Extender	0.2	23.08	7,200.00
	Total Therapy Salary			477,120.00
	DIETARY			
	Dietary Director	1.0	25.00	39,000.00
	Cook	3.0	13.25	62,010.00
	Dietary Aide	1.5	11.50	26,910.00
	Total Dietary Salary			127,920.00
	ADMINISTRATION			
	Executive Director	0.6	43.27	40,500.00
	Utilization Review Coordinator	1.0	25.00	39,000.00
	Human Resources Assistant	1.0	19.00	29,640.00
	Administrative Assistant	1.0	13.00	20,280.00
	Admission Coordinator	1.0	21.00	32,760.00
	Driver	2.0	12.50	39,000.00
	Receptionist	1.0	12.50	19,500.00
	Total Administration Salary			220,680.00
	Total Nursing Salary			562,380.00
	Total Therapy Salary			477,120.00
	Total Dietary Salary			127,920.00
	Total Administration			220,680.00
				1,388,100.00
	Indirect Salary			140,625.00
	Total Salaries			1,528,725.00
2	PAYROLL TAXES			133,763.00
	Payroll taxes are based on the following:			
	Net Salaries 1,528,725.00 x 8.75% =			133,763.00
3	FRINGE BENEFITS			71,391.00
	Employee Vacation & Personal			
	1,528,725.00 x 4.67% =			71,391.00
4	OTHER INDIRECT COSTS			27,750.00
	Includes costs related to billing and collection of patient income.			
5	STAFF GROWTH & DEVELOPMENT			3,000.00

BUDGET JUSTIFICATION for AVERY ROAD TREATMENT CENTER 10/01/06 - 6/30/07

C. INSURANCE

1	HEALTH INSURANCE includes health and life Insurance for the full-time employees at Avery Road Treatment Center.	94,500.00
2	LIABILITY INSURANCE This figure was an estimated quote from our agent.	66,000.00
3	AUTOMOBILE INSURANCE This figure was an estimated quote from our agent.	6,000.00
4	WORKMAN'S COMPENSATION INSURANCE This figure was an estimated quote from our agent.	30,000.00