# REPORT TO CITY COUNCIL

DATE: APRIL 12, 2017

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE

SUBJECT: PURCHASE OF HDL PRIME BUSINESS LICENSING AND TRANSIENT OCCUPANCY TAX SOFTWARE

In order to meet the business community's needs for online payment of business licenses and transient occupancy tax (TOT), the City has decided to obtain new business licensing and TOT software. Hinderliter, de Llamas & Associates Software (HdL) was formed in 1996 to provide software systems for other city revenues and to link to other HdL revenue tracking systems. The City is a current client with HdL for sales tax and property tax.

Currently, businesses must mail in their renewal for a business license or to pay TOT. This system will allow for payment online, which is something that many businesses have been requesting.

Commonly known as "HdL Prime," the business license portion of the software includes enhancements, such as an automated business license application and renewal system. It also would allow the City to cross-index the business license database to sales tax, property tax, and Franchise Tax Board (FTB) data to assist with ensuring that all businesses are properly licensed. The software is a sole source purchase because it is the only software that can cross-index to the other HdL software and to the FTB. The TOT portion would allow for payment of both TOT and the Tourism Business Improvement District (TBID) charges. This payment would be accepted by electronic check.

The implementation of the new system, including data migration, training, and software updates and technical support were included in the City's two-year budget. For the first-year agreement with HdL costs should not exceed $33,000. The cost would be paid $20,000 this current fiscal year and $13,000 in Fiscal Year 2017/18. Annual licensing and maintenance expenses would be $6,500 annually, with a CPI index tied to future payments.

Prior to 2012, the City utilized HdL to maintain business licensing. In 2012, the City contracted with Tyler for Energov and Incode software, a fully integrated financial management solution. As initially proposed, the Energov software was to provide an online business licensing solution. However, to date, the software has not included an

online business licensing solution. While the rest of the financial management solution is fully functional, the business licensing is not available online.

The proposed agreement has been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends the City Council approve the Agreement for consultant services with HdL Software, LLC, for the purchase of business licensing and transient occupancy tax software.

AGREEMENT FOR CONSULTANT SERVICES
WITH THE CITY OF AGOURA HILLS

NAME OF CONSULTANT: HdL Software, LLC

RESPONSIBLE PRINCIPAL OF CONSULTANT: Attn: Robert Gray

CONSULTANT'S ADDRESS: 160 Via Verde
                                                     Suite 150
                                                     San Dimas, CA 91773

CITY'S ADDRESS: City of Agoura Hills
                                                     30001 Ladyface Court
                                                     Agoura Hills, CA 91301
                                                     Attn: City Manager

PREPARED BY: Christy Pinuelas

COMMENCEMENT DATE: April 12, 2017

TERMINATION DATE:

CONSIDERATION: Contract Price
                                                     Not to Exceed: $92,000/yr

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ADDITIONAL SERVICES *(Describe Services, Amount, and Approval):*

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_____

Date: _____ Amount: $_____ Authorized By: _____
            (Not to Exceed 10% of Contract Price)   City Manager

AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF AGOURA HILLS AND HDL SOFTWARE, LLC

THIS AGREEMENT is made and effective as of April 12, 2017 between the City of Agoura Hills, a municipal corporation ("City") and HdL Software, LLC ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on April 12 2017 and shall remain and continue in effect until tasks described herein are completed, but in no event later than April 12, 2021, unless sooner terminated pursuant to the provisions of this Agreement.

The City may, at its option, extend this Agreement for one additional term of three years upon providing written notice of its intent to extend this Agreement to the Consultant not less than thirty (30) days prior to the expiration of the initial Term. Such extension shall be at the same price and conditions as set forth herein.

Consultant shall perform the services and tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

2. PERFORMANCE

In meeting its obligations under this Agreement, Consultant shall at all times faithfully and competently perform all tasks described herein in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

3. PAYMENT

A. The City agrees to pay Consultant, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B other than the payment rates and schedule of payment are null and void. This amount shall not exceed ($92,000.00) Ninety-Two Thousand Dollars and Zero Cents ("Contract Price") for the initial Term of the Agreement unless additional payment is approved as provided in this Agreement.

The City Manager may approve additional work up to ten percent (10%) of the amount of the Agreement. Any additional work in excess of this amount shall be approved by the City Council.

B. Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by the City Council and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

C. Consultant shall submit invoices monthly for actual services performed. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on

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the invoice. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars ($50) in such form as approved by the Director of Finance.

4. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

A.   The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

B.   In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the City pursuant to Section entitled "**PAYMENT**" herein.

5. DEFAULT OF CONSULTANT

A.   The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

B.   If the City Manager or his delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, it shall serve the Consultant with written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement."

6. OWNERSHIP OF DOCUMENTS

A.   Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of City or its designees at reasonable times to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

B. Proprietary information. As used herein, the term "proprietary information" means any information which relates to hdl's software systems, audit processes or related services, techniques, or general business processes. City shall hold in confidence and shall not disclose to any other party any hdl proprietary information in connection with this agreement, or otherwise learned or obtained by the city in connection with this agreement. The obligations imposed by this paragraph shall survive any expiration or termination of this agreement. The terms of this section shall not apply to any information that is public information.

C. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, and in a format acceptable to both the city and hdl.

7.   INDEMNIFICATION

Consultant shall defend, indemnify, and hold the City, its officials, officers, employees, agents and independent consultants serving in the role of City officials, and volunteers (collectively "Indemnitees") free and harmless from any and all claims, demands, causes of action, proceedings, costs, expenses, liabilities, losses, damages or injuries, in law or equity, to property or persons, including wrongful death (collectively "Claims"), in any manner arising out of or incident to any acts or omissions of Consultant, its officials, officers, employees, agents or sub-consultants in connection with the performance of this Agreement, including without limitation the payment of all consequential damages, attorneys' fees, and other related costs and expenses, except for such Claims arising out of the sole negligence or willful misconduct of the Indemnitees. With respect to any and all such Claims, Consultant shall defend Indemnitees at Consultant's own cost, expense, and risk and shall pay and satisfy any judgment, award, or decree that may be rendered against Indemnitees. Consultant shall reimburse Indemnitees for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant or Indemnitees. All duties of Consultant under this Section shall survive termination of this Agreement.

8.   INSURANCE REQUIREMENTS

Prior to commencement of work, Consultant shall procure, provide, and maintain, at Consultant's own expense, for the duration of this Agreement, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

A.   Minimum Scope of Insurance. Coverage shall be at least as broad as:

1)   Insurance Services Office Commercial General Liability form No. CG 00 01 11 85 or 88, or equivalent.

2)   Insurance Services Office Business Auto Coverage form CA 00 01 06 92, or equivalent, covering Automobile Liability, code 1 (any auto). If the Consultant owns no automobiles, a non-owned auto endorsement to the General Liability policy described above is acceptable.

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3) Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance. If the Consultant has no employees while performing under this Agreement, worker's compensation insurance is not required, but Consultant shall execute a declaration that it has no employees.

4) Professional Liability Insurance shall be written on a policy form providing professional liability for the Consultant's profession.

B.   Minimum Limits of Insurance. Consultant shall maintain limits no less than:

1) General Liability: $1,000,000 per occurrence for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2) Automobile Liability: $1,000,000 per accident for bodily injury and property damage for all activities of the Consultant arising out of or in connection with work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rental vehicles.

3) Worker's Compensation as required by the State of California; Employer's Liability: One million dollars ($1,000,000) per accident for bodily injury or disease.

4) Professional Liability coverage: One million ($1,000,000) per claim and in aggregate.

C.   Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City Manager. At the option of the City Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D.   Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1) The City, its officers, officials, employees and volunteers are to be covered and named as additional insureds in respect to: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

2) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insured maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

4) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the City. Consultant agrees to oblige its insurance agent or broker and insurers to provide City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

E. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Self insurance shall not be considered to comply with these insurance requirements.

F. Verification of Coverage. **Consultant shall furnish the City with original endorsements, specifically naming the City of Agoura Hills, its officers, officials, employees and volunteers as additional insured, effecting coverage required by this clause.** The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. The endorsements are to be on forms acceptable to the City. Insurance certificates and endorsements must be received and approved by City's Risk Manager prior to commencement of performance. Current insurance certificates and endorsements shall be kept on file with the City at all times during the term of this agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

G. Mailing Instructions. Insurance documents shall be mailed with the signed Agreement to the attention of the staff person indicated on the cover sheet of this Agreement, to the City of Agoura Hills, 30001 Ladyface Court, Agoura Hills, CA 91301. Executed Agreement(s) cannot be released nor may any work commence on a project until the signed Agreement and appropriate insurance documents are on file with the City Clerk.

9. INDEPENDENT CONSULTANT

A. Consultant is and shall at all times remain as to the City a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the City. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

10. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees,

shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

11. RELEASE OF INFORMATION

A.   All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents or sub-consultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

B.   Consultant shall promptly notify City should Consultant, its officers, employees, agents or sub-consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

12. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by: (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by Notice. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

> To City: City of Agoura Hills
> 30001 Ladyface Court
> Agoura Hills, California 91301
> Attention: City Manager
>
> To Consultant: HdL Software, LLC
> 160 Via Verde
> Suite 150
> San Dimas, CA 91773

13. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed

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up to, and including, the date of termination or as may be otherwise agreed to in writing between the City Council and the Consultant.

14. LICENSES

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

15. GOVERNING LAW

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Agoura Hills. In the event such litigation is filed by one party against the other to enforce its rights under this Agreement, the prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

16. PROHIBITED INTEREST

No officer, or employee of the City of Agoura Hills shall have any financial interest, direct or indirect, in this Agreement, the proceeds thereof, the Consultant, or Consultant's sub-consultants for this project, during his/her tenure or for one year thereafter. The Consultant hereby warrants and represents to the City that no officer or employee of the City of Agoura Hills has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, or in the business of the Consultant or Consultant's sub-consultants on this project. Consultant further agrees to notify the City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement.

17. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

18. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF AGOURA HILLS

_____

Harry Schwarz,
Mayor

ATTEST:

_____

Kimberly M. Rodrigues, MMC
City Clerk
Date Approved by City Council: _____
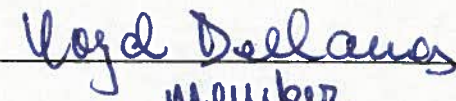
APPROVED AS TO FORM:

_____

Candice K. Lee,
City Attorney

CONSULTANT

HdL Software, LLC
160 Via Verde
Suite 150
San Dimas, California 91773

By: _____
Name: Robert Gray
Title: President

By: _____
Name:
Title:

[Signatures of Two Corporate Officers Required]

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EXHIBIT A

TASKS TO BE PERFORMED

The specific elements (scope of work) of this service include:

1. **Prime Software System**
   1.1. **City Management Support** - HdL will assist the City in evaluating current policies and procedures in order to enhance operational efficiency. This may include suggestions to redesign forms/reports, implement new processes, or adopt new strategies for improving communication with the business community and other City departments.
   1.2. **Data Conversion** - HdL will convert the City's existing data. If City is migrating from HdL "Classic" Business License, City will provide a current backup of the existing Microsoft Access or Microsoft SQL Server HdL database. If City is converting from another vendor's software, the City agrees to provide its current data in ASCII delimited file format, SQL Server backup, or another format agreed upon between HdL and the City; along with a file layout detailing the content of the file. This data will be required a minimum of two times during the conversion process. The City understands that the second (and any subsequent) data set must be provided in the same format and layout as the first data set. Any inconsistencies between the first and second data sets will result in a delayed installation date and additional charges for conversion.
   1.3. **Implementation**
      1.3.1. **HdL's responsibilities**
         1.3.1.1. **Project manager** - HdL will provide a project manager (PM) to guide the software implementation process. The primary responsibility for the HdL PM is to ensure successful and timely completion of each step of the software implementation schedule. The HdL PM will work closely with the City's designated project manager to define the software implementation schedule, identify City needs and configure the software accordingly, validate the data conversion, provide user training, and generally shepherd the City through the software implementation process.
         1.3.1.2. **IT support** - HdL will provide a dedicated IT staff member to provide IT support during the software implementation process. This individual will provide the necessary instruction and assistance in order to install the software in the City's computing environment, and will provide any needed technical support.
         1.3.1.3. **Training** - HdL will provide software training as defined in the agreed upon software implementation schedule. This generally consists of two separate training sessions. The size and participants of each training session will be determined by the HdL PM and the City's designated project manager.
         1.3.1.4. **User manual** - HdL will provide access to a digital copy of the software user manual. The City may use the manual as needed for internal use by City staff. The user manual contains proprietary and confidential information, and as such is bound by the confidentiality portion of this agreement. The user manual may not in any circumstances be distributed to any 3rd party or any individual that is not a current City staff member responsible for using or maintaining the software.
      1.3.2. **City's responsibilities**
         1.3.2.1. **Project manager** - The City will designate a staff member to serve as the City's project manager (PM). This individual must be intimately involved in the daily business processes which the software will automate, and be empowered to make, or quickly secure from management, decisions required for the implementation of the software. The primary responsibility for the City PM is to ensure that all City responsibilities during the software

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implementation are met according to the agreed upon software implementation schedule. The City PM will be instrumental in the successful implementation of the software; working closely with the HdL PM to verify data conversion, review and approve reports, establish business rules, and configure all aspects of the software.

1.3.2.2.   **IT support** - The City will designate an IT staff member to work with HdL staff throughout the software implementation process. This individual must be knowledgeable about the City's computing environment and be authorized to manage the SQL Server database and install and configure software on the network server and workstations. The primary responsibility of the City's IT designee is to provide data to HdL for conversion (if required), install the SQL Server database, and install the software in the City's computing environment.

1.3.3. **Schedule** – The default timeline for complete implementation (including "Go Live") of the software is approximately 60 days from the start of implementation. When the Agreement is signed by all parties, HdL will immediately work with the City to establish a specific implementation schedule.

1.4. **Payment Gateway** - For online payment functionality HdL's solutions include built in payment gateway services supporting both credit card and eCheck transactions. If a different payment gateway is required, there will be a $5,000 development cost to establish the custom payment gateway integration.

1.5. **Maintenance and Support**

1.5.1. **Customer Support** - HdL will provide customer support by telephone, email and the web during the term of this Agreement. In the United States, no charge support is available as follows: For customer support between the hours of 8:00 am and 5:00 pm Pacific time, Monday through Friday, email support@hdlcompanies.com or call the HdL offices at (909) 861-4335 and ask for software support. For technical support before 8:00 am or after 5:00 pm Pacific time, Monday through Friday (or anytime Saturday), email 911@hdlcompanies.com and an HdL staff member will be paged. Please only include your name, agency and contact # in emails to 911@hdlcompanies.com. You will be contacted as soon as possible.

1.5.2. **Support Policy Regarding Reports** - HdL provides a number of reports with the installation of the software. These reports are developed using Crystal Reports and fall into one of two categories, standard or HdL custom developed. HdL provides support on both standard and HdL custom developed reports, provided that the reports have not been modified by the client or other third party. As part of support, HdL will make minor modifications to reports as needed by the City. This includes change of logo, phone #, address, signatures, and minor text edits. Other report edits and modifications requested by the City may not be covered under the Software Use Fee, and will be developed on a time and material basis at the current rate.

1.5.3. **Software Upgrades** - Except to the extent that upgrades of the software include new modules or features not previously offered as part of the software as of the date hereof, City is entitled to upgrades of the software within the terms of this Agreement. Though rare, additional costs may apply depending on the extent of the upgrade. Potential additional costs include training, consulting, configuration, or other requested services.

1.5.4. **Outside Connections to HdL Database** - HdL programs rely on the integrity of the database to operate properly. As such, it is critical that any outside connection to the database be implemented with HdL's full knowledge and participation. Only "read only" connections will be established to the HdL database. No modifications will be made to the HdL database, including database/table design and data content. Any repair work necessary due to violations of the above items will not be covered by the Software Use Fee, and as such will be billable to the client on a time and material basis. The City shall contact HdL for

instructions if any added functionality is required, including reading additional data or writing to the HdL database.

1.6. **System Requirements** – These system requirements are only applicable if the HdL system will be deployed directly on the City's equipment. If the City opts to utilize HdL's hosting services, see the hosting services section for system requirements.

1.6.1. **On site deployment** – The software and database will be installed on the City's network on hardware supplied by the City. Any specifications provided below indicate minimum requirements. It is the City's responsibility to ensure that any hardware used to host the software/database or run the client application meets the specifications dictated by the operating system and any software/services hosted by the hardware. For example, minimum operating system specifications will not be sufficient if the file server is also hosting the City's email system.

1.6.1.1. **Application Server Specifications** - The application server will host the HdL Prime web service, which serves as the HdL Prime business layer. The HdL Prime web service uses the Microsoft Windows Server with IIS platform. The following versions are supported: MS Windows Server 2003 / 2003 R2, with IIS v6.0 or later, MS Windows Server 2008 / 2008 R2, with IIS v7.0 or later, MS Windows Server 2012 / 2012 R2, with IIS v8.0 or later. The application server should have at least 200 megabytes of space available.

1.6.1.2. **Database Server Specifications** - The database server will host all application data. The database server should be dedicated to server related functions. Using a client's PC as the database server in a multi-user environment is not supported. HdL Software systems use the Microsoft SQL Server database platform. The following versions are supported: MS SQL Server 2008 / 2008 Express, MS SQL Server 2008 R2 / 2008 R2 Express, MS SQL Server 2012 / 2012 Express, MS SQL Server 2014/ 2012 Express. Any server operating system supported by the selected version of SQL Server is supported as a database server; provided it meets the hardware specifications indicated by both the operating system and the version of SQL Server. The database server should have at least 15 gigabytes of space available to allow for the initial database and growth.

1.6.1.3. **Workstation Specifications** - The software will be run on the client workstation. HdL Prime is deployed to the workstation via a click once installer. The Crystal Reports and .NET 4.x runtimes will also need to be installed on the workstation. The following hardware recommendations are based on user feedback regarding performance levels: 4+GB Memory, 1280x1024 screen resolution, MS Windows XP Pro/Vista/7/8/10 operating system.

1.6.1.4. **Network Specifications** - The software communicates via web services, and is designed to operate efficiently over the network. High-speed local area network connections are always helpful, but Prime will also run without difficulty over slower WAN connections such as T1 or mobile broadband.

1.6.1.5. **Printer Specifications** - The software is designed to work with laser printers. A PCL compliant laser printer is recommended. Each make and model of printer has different drivers and therefore has slightly different results when printing. We design forms/reports using HP LaserJet printers.

2. **Payment Processing Services**

2.1. **Payment Processing** - HdL shall provide its Services to support payments remitted to City. HdL shall transmit transactions for authorization and settlement through HdL's certified payment processor. Funds for transactions processed by HdL hereunder shall be submitted to City's designated bank account as follows: (i) no more than two (2) business banking days after all Transactions (other than electronic Check Transactions) that are successfully processed prior to 5:00 p.m. ET on each business banking day (e.g., a Transaction authorized at 2:00 p.m. ET on Monday will be submitted on Wednesday; a Transaction successfully processed at 8:00 p.m. ET on Monday will be submitted on

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2.6.2. The fees set forth in Exhibit B Payment Schedule do not include expenses, late fees or charges, or taxes, all of which shall be the responsibility of City. In addition to the charges specified in Exhibit B Payment Schedule, City shall be responsible for (a) all interchange and network provider fees, (b) all dues, fees, fines and assessments established and owed by City to Visa and/or Mastercard, (c) for all costs and fees associated with changes to ATM protocol caused by City's conversion to the Services, and (d) any increase in postage charges, provided that any increase in charges resulting from (a) through (d) shall not exceed the actual increase incurred by HdL.

2.6.3. HdL reserves the right to review and adjust all City and convenience fee pricing on an annual basis in June. This adjustment may be consistent with the then most recent ECI adjustment or three percent (3%) whichever is greater. Items that will be considered in the review of fees may include, but are not limited to: regulatory changes, card association rate adjustments, card association category changes, bank/processor dues and assessments, average consumer payment amounts, and card type utilization.

2.6.4. City agrees to maintain a depository account with a financial institution reasonably acceptable to HdL for the payment of amounts payable hereunder, and hereby authorizes HdL to initiate debit entries to such account for the payment of amounts payable hereunder. City agrees to provide HdL with any and all information necessary for HdL to initiate such debit entries via the Automated Clearing House (ACH) system. For any amount that is not paid within thirty (30) days after its due date, City shall pay a late fee equal to the lesser of one and one-half percent (1 ½%) per month of the unpaid amount or the maximum interest rate allowed by Law.

PAYMENT RATES AND SCHEDULE

1. Prime Software System

One Time Project Costs

Item	Price	Comments
Prime Business License - Software License Fee	$20,000.00	3 Users
Prime Web Module	Included	Must use HdL supported payment processor - FIS Global. Alternative payment gateways will require a $5,000 development fee.
Implementation	$5,000.00	Project management, installation, configuration, report design, training, etc.
Transient Occupancy Tax	$3,000.00	Includes one form
Data Conversion	$5,000.00	
Travel Expenses	At Cost	
Training Costs – 1 day	Included	Additional days available at $2000/day
TOTAL	$33,000.00	Total one-time costs

Recurring Costs

Item	Price	Comments
Annual Software Use Fee	$6,500.00	Due at "Go Live" and renewed annually + CPI

OPTIONAL SERVICES. Optional services beyond the scope of this agreement are available at hdl's hourly rates in effect at the time service is requested. Hdl will provide city a statement of work specifying the scope, timeline, and cost for the requested service. Depending on the personnel assigned to perform the work, hdl's standard hourly rates range between $75 and $275 per hour.

1.1. **Software License Fee** - The license fee includes the use of the software by the specified number of users, software user manual in digital format, and all standard forms and reports. Additional user

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1.8.3. Travel Expenses. Travel and lodging expenses are billed at cost as they are incurred. Travel expenses shall be due and payable within 30 days of the billing date.

1.8.4. Annual Software Use Fee. The software use fee will be invoiced each year on the anniversary of the effective date of the Agreement, and shall be due and payable within 30 days of the invoice date. The software use fee billing cycle can be prorated as needed should the City desire an alternative billing cycle.

2. **Payment Processing Services** - HdL will provide City with eCheck, credit and debit card payment processing (merchant) services under a Convenience Fee Funded pricing model. HdL reserves the right to not accept any payment type in situations where doing so may be in violation of the rules and regulations governing that payment type.

Service (Convenience Fee Model)	Compensation
Credit and Debit Cards processing	3.0%, Minimum of $2.00
ACH/eCheck processing	$1.25 per transaction
Monthly Reporting and Statement Fee	Waived
Monthly Hosting and Maintenance	$30.00 per month
ACH and eCheck Returns	$0
Chargebacks	$0

3. **Payment**
HdL will provide detailed invoices for all work completed. City will submit payment to HdL within 30 days of receiving the invoice.