

CITY OF STOCKTON
STANDARD AGREEMENT

Attachment B

Agreement Number:

1. This Agreement is entered into between the City of Stockton ("City") and
HdL Coren & Cone ("Contractor") to provide Property Tax
as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and
Exhibit C section 8:
Commences on: Terminates on: 6/30/2030

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement,
including if authorized, reimbursement of expenses, is: \$ 187,500

4. The complete Agreement consists of all the following Agreement documents which by
reference are incorporated and made a part of this Agreement. The parties agree to comply with
the terms and conditions of this Agreement.

- (a) Exhibit A – Statement of Work
- (b) Exhibit B – Insurance
- (c) Exhibit C – General Terms & Conditions
- (d) Exhibit D – Professional Services Special Terms & Conditions
- (e) Exhibit E – Compensation Schedule
- (f) Exhibit F – Timeline
- (g) Exhibit G - Special Funding Terms & Conditions

(If applicable check box) YES ☐

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR

HdL Coren & Cone

Contractor's Name (if other than an individual, state whether a corporation, partnership, etc.):

Authorized Signature

Date

Printed Name and Title of Person Signing

Address

CITY OF STOCKTON

Steve Colangelo, Interim City Manager

Date

ATTEST:

Katherine Roland, CMC, CPMC, City Clerk

APPROVED AS TO FORM:

Lori M. Asuncion, City Attorney

BY:

EXHIBIT A

STATEMENT OF WORK

1. PROJECT OBJECTIVES

- 1.1. Consultant shall implement a Business License Tax Compliance Management program designed for discovery, audit and collections of various locally administered municipal businesses.
- 1.2. Consultant shall perform TOT/TBID to City to increase compliance, recover all of the TOT revenue to which it is entitled, and mitigate errors that may lead to long and drawn out battles for collections and to educate the third- party collectors and remitters of TOT/TBID to ensure maximum future compliance with the City's related codes and ordinances.

2. PROJECT SCOPE

- 2.1. All work will be performed remotely.
- 2.2. Consultant shall ensure that all communications with the City's business community is kept at a professional level maintaining a careful balance between compliance and revenue collection and tactfulness, sensitivity and taxpayer education.
- 2.3. Consultant shall perform a full administration program including providing monthly monitoring of each TOT/TBID return which removes the burden of administration from the City. Through Consultant's TOT/TBID Administration Program, the City shall benefit from streamlined return processing, online reporting, and increased revenues while the lodging community shall see such benefits as online filing and payment options, dedicated customer service, and consistent monitoring of returns designed to identify errors before huge penalty and interest accruals.
- 2.4. Consultant shall use its Business Tax Audit program to confirm that registered businesses are compliant with local reporting requirements and shall educate the business community in proper renewal and reporting procedures.

3. MAJOR DELIVERABLES

- 3.1. Project Planning and implementation
 - 3.1.1. Consultant's project management team shall work in partnership with the City to develop a detailed outline of the work plan and specific services/options deployed. During the project planning period, the City will review and approve general timelines and milestones for project implementation as well as project details such as language for business correspondence and other operational items. Consultant shall provide flexible project plans that evolve with the program, allowing Consultant and

the City to quickly make course corrections along the way to address needs or concerns that may arise.

3.2. Communication

Consulting and Support Consultant understands that the key to any partnership is communication. Consultant shall ensure the free flow of information between the City and the Consultant's Compliance Management team by establishing clear guidelines during project planning. Consultant shall provide multiple points of contact for City personnel and shall provide scheduled progress meetings via teleconference, webinars, and in person meetings.

3.3. Consulting and Support

In addition to the Discovery and Audit services delivered by Consultant under the Compliance Management Program, the Consultant shall provide a team of experts that include Certified Revenue Officers(CRO), former Finance Directors and City Managers and other team members with decades of 5 experience in servicing local government for the City to use. Consultant shall make these resources available to the City to provide support on complicated tax nexus issues, best practice approaches, sample documents and forms, ordinance reviews and other tax compliance and management related issues.

3.4. Reporting

Consultant shall deliver a suite of reporting options that capture a summary of the activities as well as details performed under the individual programs. Consultant shall provide a variety of standard weekly, monthly, quarterly and annual reports as well as the option to customize and develop unique reporting solutions to meet the City's ad-hoc requests.

3.5. Online Services

Consultant shall provide City and its business community online functionality to the Consultant's Compliance Management Program. The City will have access to a variety of services such as reporting and account lookups, and the City's business community will have access to file their applications, make payments, correspond with tax specialists and receive assistance for their business questions all online.

3.6. Dispute Resolution

Whether a dispute arises from a newly registered business or from a deficiency determination on an existing business, Consultant shall support the City in resolving disputes arising from the City's business community. Consultant's shall utilize its dispute resolution process to assist the City in resolving taxpayer issues by providing ordinance reviews and interpretation, best practices, case law updates, expertise on nexus issues, refund defense, and other services tailored to assist the City in administering business.

4. TASK THAT SUPPORT THE DELIVERABLES

4.1. Business License Tax Discovery Services

Consultant shall apply the Business License Tax Discovery component of their Compliance Management Program to identify businesses that are subject to taxation under the City Municipal Code which are not registered and not paying the Business License Tax. Consultant shall identify businesses physically located within the boundaries of the City, and those businesses that may conduct business within the City while having an intermittent or no physical presence. The Consultant's performance of the Business License Tax Discovery Program services shall include:

4.1.1. Enriched Data Portfolio/Lead Identification

Utilizing data provided by the City, as well as the Consultant's Enriched Data Portfolio (EDP), Consultant shall build a comprehensive inventory and an enhanced listing of businesses subject to taxation in the City. Consultant shall facilitate a comprehensive comparative analysis with the City's records of those business that are registered. Consultant shall match these businesses electronically to the existing files of the City using advanced data matching algorithms, allowing Consultant to identify which businesses are non-reporting, non-registered and not compliant, and which businesses require follow up.

4.1.2. Field Surveys

Consultant's experienced field crews, equipped with the most advanced tools available (mobile mapping/GPS systems, tablet computers pre-loaded with various City and state-wide databases, etc.) shall physically canvass commercial areas of the City to develop and enhance the leads identified in the EDP and to validate businesses identified as unregistered or nonreporting. The Field Surveys shall provide additional inventories of active businesses, and provide on-site verifications of data culled from other sources.

4.1.3. Exception Resolution

Consultant shall review City records and filter out records that may lead to erroneous contacts. Consultant shall review City records to locate duplicate entries, unclosed businesses, change in deed information/new ownership. This extra step allows Consultant to find additional revenues not otherwise identifiable through electronic means and assists in reducing potential complaints levied at City staff and management.

4.1.4. Compliance Communication and Outreach

Upon completion of the exception resolution process, Consultant shall initiate contact with the identified and confirmed, unregistered or non-reporting businesses to educate the businesses regarding the City's business license tax requirements, reporting and renewal requirements, assist the businesses in completing the City's applicable registration form(s) and determine the amount of business license tax and penalties due for the current and prior periods. Consultant shall simplify the process for businesses and shall utilize a variety of City approved communication methods including mail, telephone, email and web-site access to notify

potential non-compliant entities of their options to comply or dispute their non-compliant status. Initial notification packets prepared by Consultant shall include everything a business needs to become compliant and multiple methods of resolving their accounts.

4.1.5. Business Assistance Center

Consultant shall maintain a Business Assistance Support and Service Center for the City's business community to access support during normal business hours. Consultant shall establish a toll-free line for City's businesses to call and the toll-free line shall have minimal hold times along with access to a variety of options which include filing support, payment options, resolution of specific tax issues and other services designed to reduce the burden of registering and filing taxes. Consultant's experts, including resident Certified Revenue Officers (CRO), shall implement a business friendly and education centric approach to supporting the business community in all aspects of the compliance process.

4.1.6. Business Assistance Center Online

Consultant shall provide to City's online businesses a range of services that are available on-line, 24 hours a day, seven days a week. These services include Consultant's Flex File which allows businesses to file their new business registration as well as make payments via Consultant's on-line filing portal. In addition to filing and paying for taxes, City's businesses can obtain copies of Business License applications, general support and FAQs, schedule appointments and request copies of their tax registration.

4.1.7. Document Submission/Processing

Prior to Consultant processing each Business License application received from businesses located in the City limits, Consultant shall review the application for completeness and accuracy. As a pre-requisite or courtesy to the businesses; Consultant shall request or forward additional documentation needed to complete the approval of a submission, such as a home occupation permit, to other City departments. All submissions shall be filed and stored electronically by Consultant and made available to the City via the remittance process described below or upon request.

4.1.8. Invoicing

Consultant shall approve the Business License application, and forward invoices to the business indicating detailed tax calculations and balances owed. Consultant shall provide businesses the opportunity to pay their balances via mail, online, or over the phone services. Consultant shall provide businesses continued access to Consultant's Business Support Center for any questions or disputes arising from the invoice process.

4.1.9. Remittance

Consultant shall ensure that the amount of payment received from businesses is correct. Upon collection of all requirements including the payment from the businesses, business license application, registration forms and/or other documentation, Consultant shall prepare a remittance package for the City that includes payment, as well as, copies of all

taxpayer correspondence and other relevant information. Consultant shall submit remittances to the City no less than once per week, and by the next business day following the City's fiscal year end (June 30th) each year.

- 4.1.10. Consultant may submit remittance packages electronically via the Consultant's electronic remittance process. If Consultant is utilizing the electronic remittance option, completed and approved business license applications together with all relevant information shall be provided to the City in an electronic image format with revenues distributed to the City in one payment net Consultants fees. Consultant's use of the electronic remittance option allows the City to upload the data directly to the City's database saving data entry time.

4.2. COMPLIANCE

Consultant shall use its Business Tax Audit program to confirm that registered businesses are compliant with local reporting requirements and shall educate the business community in proper renewal and reporting procedures. Consultant shall establish a comprehensive inventory of the registered businesses subject to taxation by City and perform an analysis of records of those entity's current and prior year's tax remittances. Consultant shall ensure businesses are reporting accurately, and shall ensure City is receiving the business license tax revenues. The Business License Tax Audit Program shall include:

4.2.1. Analysis and Selection

Consultant shall select potential audit candidates and meet with designated City staff to review and discuss potential audit candidates and mutually agree which business will be subject to audit review. Consultant shall provide to City preliminary analysis reports on each business selected prior to moving through the audit phases. Consultant shall only review/audit those businesses approved or requested by City.

4.2.2. Audit Notification and Scheduling

Consultant shall send a letter two (2) weeks in advance of the proposed audit date to the approved business notifying them of a scheduled Compliance Analysis Audit. Consultant shall make every effort to promote a positive experience for the taxpayer. Consultant shall include in the letter a detailed description of the requirements and relevant documentation required for the audit. If the business is unable meet the audit date selected by the City all efforts to reschedule the audit to a more accommodating date shall be made by the Consultant. Consultant shall provide businesses the opportunity to schedule flexible appointment times by contacting Consultant's Business Support Center or visiting Consultant's online support center.

4.2.3. Compliance Analysis and Audit

Consultant's audit team shall audit the financial records of the business to determine compliance with business tax regulations. Consultant shall compare audit records with City's records to identify potential under reporting or misclassified businesses subject to City's license tax. Consultant shall validate taxing variables such as gross receipts and other relevant information for determining compliance. In addition to identifying underreporting issues, the Consultant shall also focus on other compliance related issues such as assuring correct classifications, multiple location allocation, apportionment issues, and identifying business to business relationships that may create tax liability for 3rd parties. Consultant shall determine the amount of deficient tax owed for current and prior periods including applicable penalties. Consultant shall submit audit summaries to City for review and approval of calculated deficient tax owed.

4.2.4. Audit and Compliance Report

Upon Consultant's completion of the audit and analysis, and prior to additional actions, Consultant shall generate a monthly compliance report in a format to be mutually agreed upon by the Consultant and City and specified in the work plan, and review the report with the City. The report shall indicate specific results of the review and recommended future actions. Consultant shall include documentation that substantiates the findings in the report so the City and Consultant can determine the next step of the process,

4.2.5. Deficiency and Commendation Notification

Upon Consultant's and City's final review of the audit and analysis report, Consultant shall notify businesses that are found to have deficiencies of the findings, as well as, the payment and appeal processes. Consultant shall work with these businesses to educate each business where the review/audit identified a tax deficiency of the City's reporting and renewal requirements to prevent recurring deficiencies. Consultant shall send a commendation letter to the business license taxpayers who are found to be in compliance thanking them for being in compliance.

4.2.6. Invoicing and Collections

- 4.2.6.1. After approval of audit summary by City, Consultant shall invoice businesses through the standard City approved collections process for deficient tax and penalties owed. Consultant shall provide businesses with documentation supporting audit findings and deficient taxes/penalties owed. Consultant shall provide copies of all invoices and supporting documentation to City no later than three (3) business days after mailing of invoices.

4.2.7. Consultant shall collect balances and remit to City, through the City approved remittance processes, along with supporting documentation.

- 4.2.8. Consultant shall pursue collection of all deficient taxes and penalties invoiced in accordance with the guidelines for collections established in the work plan.

4.3. TRANSIENT OCCUPANCY TAX SERVICES (TOT)

Consultant shall perform TOT/TBID to City to increase compliance, recover all of the TOT revenue to which it is entitled, and mitigate errors that may lead to long and drawn out battles for collections and to educate the third- party collectors and remitters of TOT/TBID to ensure maximum future compliance with the City's related codes and ordinances. Consultant shall perform a full administration program including providing monthly monitoring of each TOT/TBID return which removes the burden of administration from the City. Through Consultant's TOT/TBID Administration Program, the City shall benefit from streamlined return processing, online reporting, and increased revenues while the lodging community shall see such benefits as online filing and payment options, dedicated customer service, and consistent monitoring of returns designed to identify errors before huge penalty and interest accruals.

4.4. Tax Registration Database Management

Consultant shall transfer City's existing databases related to TOT/STR, into Consultant's internal administration tools. Consultant shall maintain the data and provide reports to the City on a quarterly basis.

4.5. Ordinance and Process Review

Consultant shall perform the following tasks:

- 4.5.1. Review City's ordinances and resolutions requiring the collections and remittance of lodging taxes and fees due to the City to identify possible deficiencies, areas subject to legal challenge, or missing provisions such as successor liability. When misapplication is identified, calculate the amount of the deficiency and report back to City.
- 4.5.2. Review City's procedures in applying the ordinance to identify potential challenges based on administration of the ordinance.
- 4.5.3. Compare City's key ordinance provisions to ordinances of cities of comparable size and demographics.
- 4.5.4. Provide a written report to the City identifying provisions of the City ordinance that may warrant further review;
- 4.5.5. Meet with the City to discuss the findings and report, as well as select provisions or administrative recommendations for further review.
- 4.5.6. Recommend changes to the City's ordinance or administrative procedures, including additional language to cover identified issues, potential loopholes, and improper procedures that could result in an Equal Protection or Due Process claim.
- 4.5.7. Review hotel operator's internal controls relating to the preparation of the monthly lodging taxes and fees returns to determine the adequacy of those procedures over the calculation and reporting of lodging taxes due to City.

- 4.6. Return Processing Consultant shall process TOT/TBID filings within five (5) days of receiving submission from lodging provider taxpayer community. Consultant shall send by email, mail or fax TOT/TBID (each hotel) accounts all applicable forms necessary to complete the renewal process.
- 4.7. New Account Processing Consultant shall process any new TOT/TBID registrations for Lodging Establishments that change hands or are newly offered properties.
- 4.8. Payment Posting/Processing Consultant shall contact hotel operators to determine that payments remitted were based on verifiable and correctly calculated revenue. Consultant shall process all payments made for new and existing lodging providers. Consultant shall update TOT/TBID accounts with payment information and revenues shall be remitted to the City net Consultant's fees on no less than a monthly basis.
- 4.9. Customer Support Center Consultant shall provide lodging providers with multiple support options for registering, filing returns, making payments and for general inquiries. Consultant shall provide lodging providers a Stockton specific local telephone number to in order to access one of the Consultant's tax specialists Monday-Friday 8:00 a.m. to 5:00 p.m. Pacific Standard Time. Consultant shall provide Lodging providers access to support via, e-mail, fax, and via the Support Center On- Line.
- 4.10. On-Line Filing & Payment Processing With input from the City, Consultant shall create a custom web site and domain for taxpayers to submit online forms, returns, and payments along with other customer support related items.
- 4.11. Compliance Monitoring & Lodging Provider Audits 3.9 HdL Software, LLC Consultant shall ensure accurate filings of TOT/TBID returns by consistently monitoring returns and conducting desk audits as needed. Consultant shall provide full on-site compliance audits as mutually agreed to by the City and Consultant, ensuring all providers are audited at least once every three (3) years.
- 4.12. Reporting
In addition to standard monthly reports, Consultant shall provide the City with annual analysis reports designed to provide key insights in the lodging provider community and the details on reporting of each lodging provider.
Consultant shall prepare the following reports:
- a. Trend Analysis for Lodging Taxes and Fees: Indicate growth and decline comparison by various categories for forecasting and analysis, on a quarterly basis.

- b. Projections: For budgetary purposes, provide TOT/TBID projections based on optimistic, pessimistic and most likely economic conditions on a quarterly basis, (including one (1) five-year revenue forecast annually).
- 4.12.1. Lodging Tax and Fee Legislative Analysis, Risk Analysis, and Reporting Services:
 - a. Consultant shall provide quarterly updates of state and federal legislation affecting Lodging Tax and Fee procedures and collections including analysis on economic impact.
 - b. Consultant shall provide revenue risk analysis as a result of changes in technology.
 - c. Consultant shall make recommendations on ordinance and code changes as appropriate to protect and enhance current and future lodging revenue sources.
- 4.12.2. The Consultant shall develop a tax collection methodology for online lodging platforms (e.g., VRBO, Airbnb, Couchsurfing, HomeAway).
- 4.13. Specific Scope - Lodging Provider Audits
 - 4.13.1. Audit Notification & Scheduling
 Consultant shall submit a letter to lodging providers selected by Consultant and approved by the City and scheduled the lodging provider for a Compliance Analysis Audit. Consultant shall promote a positive taxpayer experience. Consultant shall remind lodging providers of the documents required for the audit that were discussed in webinars and previous communications. Consultant shall provide lodging providers the opportunity to schedule flexible appointment times by contacting the Consultant's Business Support Center or visiting Consultant's online support center.
 - 4.13.2. Compliance Analysis & Audit
 Consultant shall review the books and records of the lodging provider to determine compliance with transient occupancy tax regulations. Consultant shall validate taxable gross rents, exemptions, bank statements, daily/monthly summaries, and other relevant information for determining compliance. Supporting documentation for relevant items such as exemptions will also be documented for accuracy.
 - 4.13.3. Audit & Compliance Report
 Upon Consultant's completion of the audit and analysis, and prior to additional actions, Consultant shall generate a compliance report enumerating the audit procedures performed and the results of those audits procedures, and review the report with the City. The report shall include a findings section that shall identify any exceptions, errors, internal control weaknesses, lodging taxes, fees due, and noncompliance and indicate specific results of the reviews and recommended actions. Consultant shall include documentation

with the report to assist the City and Consultant in determining the next steps.

4.13.4. Deficiency and Commendation Notification

Upon Consultant's final review of the compliance report with the City, lodging providers that are found to have deficiencies are notified by Consultant of the findings, as well as, payment and appeal processes. Consultant shall schedule appointments with the taxpayers to review the findings and educate taxpayers on proper filing procedures designed to prevent future errors and deficiencies. Consultant shall hold exit conference meetings with the lodging providers and discuss issues identified in the report submitted to the City and the expected next steps. Lodging Providers found to be in compliant, are sent a commendation letter thanking them for their cooperation and compliance.

4.13.5. Invoicing & Collections

Upon request from City, Consultant shall invoice lodging providers found to be underreporting through the Consultant's standard compliance program using City approved processes. Consultant shall provide Taxpayers access to all of the services provided through Consultant's compliance program including the Taxpayer Support Center and online support systems, including options to make payments of outstanding tax balances online. Consultant shall collect balances and shall remit along with supporting documentation to the City through approved remittance procedures.

**(Invoicing and collections of deficiencies resulting from the Audit are included in phase 2 costs and are not subject to additional fees or percentages.)

4.14. Short Term Rental Services

4.14.1. Consultant's Short-Term Rental (STR) Program, is provided to ensure compliance and education of lodging providers, including short term rental hosts (STR Hosts), in transient occupancy tax regulations and filing procedures, regulatory permits and licensing, and other City specific goals and objectives. Consultant's program ensures a modular, customer service centric approach, that reduces City administrative costs and provides the City with assurances of future compliance and reporting practices from the City's short-term rental lodging industry.

4.14.2. Consultant shall provide a detailed analysis of STR listing on a variety of published methods, including Airbnb, Home Away, VRBO, etc. This process creates a full inventory of short term rentals within the City's proscribed geographic boundary, including the full name of the owner and the physical address of the unit. Each STR is tracked and updated nightly with valuable data that can include items such as number of nights rented, average occupancy rates, room rates, as well as trend and usage reporting.

4.14.3. Following identification, Consultant shall conduct a targeted education and compliance campaign designed to inform STR Hosts of their obligations to file and remit taxes and other requisite licenses and permits as may be needed. Each lodging provider is provided a full overview of the requirements and how to best comply both in the present and the future. During the registration process, Consultant shall provide a variety of support options to the community including online filing, file-by-phone, email, and registration via standard mail. Consultant's tax and license specialists shall be available throughout the process to provide support to the STR community and to assist in the registration process.

4.14.4. Once registered, Consultant shall move accounts into a standard administration process. Consultant manages the filing of tax returns and other prerequisites on a quarterly or monthly basis, depending on City requirements. This includes mailing of tax returns, processing of payments, customer support, delinquency follow up, and the development and management of an online portal for registration, filing, payments, and other support related needs.

4.15. STR Identification & Monitoring

Consultant shall compile a list of all actively posted short term rentals available from a wide array of sources. Lists are compiled and aggregated to accommodate duplicate listings from various sites. During the identification and monitoring process, Consultant shall:

- i. Scan over 20 different rental sites, including global aggregators like HomeAway/VRBO, Airbnb, Turnkey.com, and Booking.com, national aggregators like Vacasa and Turnkey and small, local property management firms.
- ii. Match Listings to specific parcels using GIS and property tax assessor data.
- iii. Create comparison reports to determine which properties may already be compliant or registered and paying taxes.
- iv. Provide visual map of all listings within the City.
- v. Record listing details such as start date, various sites linked to, other information necessary for documenting evidence of STR activity.
- vi. Continually monitor activity to identify and record new listings and closures to ensure accurate real-time identification and monitoring.

4.16. Education, Registration, and Compliance

Using the list of active STR listings, Consultant shall conduct a series of City approved education-based programs ranging from mailers to direct phone contacts. Each education based packet and contact shall contain all the information necessary to obtain registration and comply with local requirements. Consultant shall assist STR hosts throughout the program with information and support with all aspects of becoming compliant. During this program, Consultant shall:

- a. Validate listing to ensure proper identification and filter out records that may lead to erroneous contacts.
- b. Notify non-compliant taxpayers with a series of education-based packets designed to garner compliance.
- c. Provide a support center for assistance with general questions, support, and assistance with filing and paying renewal returns.
- d. Provide online portal with links to FAQs, education packets, and support for registering, filing returns, and making payments online.
- e. Follow up with non-compliant lodging provider accounts to obtain registration.
- f. Work with City to identify additional requirements and ensure collection of data necessary to enforcement procedures.
- g. Establish optional implementation items such amnesty

5. **NOTICES**

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

Contractor: HdL Software, LLC
 Attn: Joshua Davis
 120 S. State College Blvd., St 200
 Brea, CA 92821

City: City of Stockton
 Attn: City Manager
 425 N. El Dorado Str
 Stockton, CA 95202

6. KEY PERSONNEL

HdL Software, LLC			
Joshua Davis	Director Professional Services	jdavis@hdlcompanies.com	714-879-5000
Michelle Godfrey	Senior Operations Manager	mgodfrey@hdlcompanies.com	714-879-5000

City of Stockton, CA			
Sharon Dhillon-Ghio	Revenue Officer	Sharon.Dhillon-Ghio@stocktonca.gov	209-937-8215
Mario Caballero	Project Manager III	Mario.caballero@stocktonca.gov	209-937-8330
Procurement		procurement@stocktonca.gov	209-937-8357

7. TERM.

The term of the Agreement shall be up to 5 years or until the contract value reaches \$223,500. The total term of the Agreement including the extended term shall not exceed 5 years.

Exhibit B:
Insurance Requirements
(Professional Services)

Consultant shall procure and maintain for the duration of the contract 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.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

- 1. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- 3. Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
- 4. Professional Liability (Errors and Omissions)** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used). Additional insured Name of Organization shall read "City of Stockton, its officers, officials, employees, and volunteers." Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract.

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City of Stockton, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies. The City of Stockton does not accept endorsements limiting the Contractor's insurance coverage to the sole negligence of the Named Insured.

Umbrella or Excess Policy

The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor's primary and excess liability policies are exhausted.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City of Stockton.

Waiver of Subrogation

Contractor hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any

endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City of Stockton. The City of Stockton may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City of Stockton. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds \$25,000 unless approved in writing by City of Stockton. Any and all deductibles and SIRs shall be the sole responsibility of Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City of Stockton may deduct from any amounts otherwise due Contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City of Stockton reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City of Stockton.

Claims Made Policies (Professional & Pollution only)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***five (5)*** years after completion of work.

Verification of Coverage

Contractor shall furnish the City of Stockton with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City of Stockton before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Duration of Coverage

CGL & Excess liability policies **for any construction related work, including, but not limited to, maintenance, service, or repair work**, shall continue coverage for a minimum of 5 years for Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Certificate Holder Address

The address for mailing certificates, endorsements and notices shall be:

City of Stockton
Its Officers, Officials, Employees, and Volunteers
400 E Main St, 3rd Floor – HR
Stockton, CA 95202

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.

3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.

3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor's invoice, City will review invoice, and if acceptable make payment on approved invoice.

3.2 Upon completion of work and acceptance by City, Contractor shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

4. **Sufficiency of Contractor's Work.** All Contractor services, work, and deliverables shall be performed in a good and workmanlike manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor's work shall be adequate and sufficient to meet the purposes of this Agreement.

5. **Ownership of Work.** All reports, work product, all other documents completed or partially completed by Contractor or its approved subcontractors, in performance of this Agreement, and if applicable, drawings, designs, and plan review comments shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree

to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor and its approved subcontractors shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

6. Timeliness. Time is of the essence in this Agreement. Further, Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibit A and Exhibit F may result in economic or other losses to the City.

7. Changes. Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. Amendment. No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. Contractor's Status.

9. 1 In performing the obligations set forth in this Agreement, Contractor shall have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City. Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to City's

control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. Subcontractor.

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that all Subcontractors must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Subcontractors personnel.

11. Termination.

11.1 Termination for Convenience of City. The City may terminate this Agreement at any time by mailing a notice in writing to Contractor. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

11. 2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

11.3 Funding- Non-Appropriation. It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

12. Non-Assignability. The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify City of Stockton and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City of Stockton. This obligation is independent of, and shall not in any way be limited by, the minimum insurance obligations contained in this agreement. These obligations shall survive the completion or termination of this agreement.

14. Insurance. During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. Notices. All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. Conformance to Applicable Laws. Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

17. Licenses, Certifications and Permits. Prior to the City's execution of this Agreement and prior to the Contractor's engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full force and effect during the term of this Agreement.

18. Records and Audits. Contractor shall maintain all records regarding this Agreement and the services performed for a period of three (3) years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles, such records to include, but not be limited to, payroll records, attendance cards, time sheets, and job summaries.

19. Confidentiality. Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

20. Conflicts of Interest. Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor's services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

21. Waiver. In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this Agreement.

22. Governing Law. California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

23. No Personal Liability. No official or employee of City shall be personally liable to Contractor in the event of any default or breach by the City or for any amount due Contractor.

24. Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

25. Non-Discrimination. During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, gender identity, gender expression, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that "no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." (42 USC Section 2000d). <http://www.dol.gov/oasam/regs/statutes/titlevi.htm>. The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

26. Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.

27. Taxes and Charges. Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

28. Cumulative Rights. Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

29. Advice of Attorney. Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

30. Heading Not Controlling. Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

31. Entire Agreement, Integration, and Modification.

31.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

31.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

32. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

33. Authority. The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

EXHIBIT D

PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

1. Definitions. The following words and phrases have the following meanings for purposes of this Agreement:

1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

1.2 "Deliverable" means quantifiable goods or services that will be provided upon completion of a project. A deliverable is any tangible material, work or thing delivered by one party to the other, including associated technical documentation. A deliverable can be tangible or intangible parts of the development process, and often are specified functions or characteristics of the project.

2. General. The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. Time for Performance.

3.1 Contractor shall perform the services according to the schedule contained in Exhibit F.

3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other

losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City.

4. Standard of Performance

In addition to Exhibit C, Section 4 and 17, Contractor agrees as follows:

4.1 Contractor's Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with the profession's standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

4.2 Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Using Agency and delivered in a timely manner consistent with the requirements of this Agreement.

4.3 If Contractor fails to comply with the foregoing standards, Contractor must perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure. Any review, approval, acceptance or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of its Services and Deliverables. This provision in no way limits the City's rights against Contractor either under this Agreement, at law or in equity.

5. Compensation

5.1 In addition to Section 3 Compensation in Exhibit C – GTC, the Contractor shall be compensated for the services provided under this Agreement as follows:

5.1.1 Contractor shall be compensated for services rendered and accepted under this Agreement and shall be paid monthly, in arrears on a not to exceed

basis, based upon the rates set forth in Exhibit E attached hereto and made a part of this Agreement. Contractor may vary the compensation for each task in Exhibit E provided that the total project compensation listed in Exhibit E and the Standard Agreement is not exceeded.

6. Personnel

6.1 None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written agreement and shall be subject to each provision of this Agreement. Contractor shall provide subcontractor a copy of this fully executed Agreement.

6.2 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

6.3 Key Personnel: Because of the special skills required to satisfy the requirements of this Agreement, Contractor shall not reassign or replace key personnel without the written consent of the City, which consent the City will not unreasonably withhold. "key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

7. Reports and Information

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters are covered by this Agreement as specified in Exhibit A and Exhibit E.

8. Findings Confidential

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor's possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure.

9. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Agreement that might be subject to copyright shall be the property of the City and all such rights shall belong to the City, and the City shall be sole and exclusive entity who may exercise such rights.

10. Deliverables

Contractor shall prepare or provide to the City various Deliverables. "Deliverables" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City. The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, or if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement. Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its commitments under this Agreement.

11. Applicable Laws

Deliverables must conform with all applicable federal, state, and local laws. Such conformity includes compliance with federal sanctions, and Contractor certifies that it has not and will not engage in prohibited transactions with sanctioned persons or entities.

EXHIBIT E

COMPENSATION SCHEDULE

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. Project Price

1.1 The maximum the Contractor shall be paid on this Agreement is **\$223,500** (hereafter the “not to exceed” amount). The “not to exceed” amount includes all payments to be made pursuant to this Agreement, including City approved reimbursable expenses, if any. Nothing in this Agreement requires the City to pay for work that does not meet the Standard of Performance identified in Exhibit D section 4 or other requirements of this Agreement.

1.2 Standard Reimbursable Items: Only the reimbursable items identified in Exhibit A, C, and D (Compensation), shall be compensated to the Contractor. Reimbursable expenses will be reimbursed without markup. Fees plus reimbursable expenses shall not exceed the amount set forth in section 1.1 of this Exhibit and a copy of the original invoice for the items listed in i, ii or iii below shall be attached to the invoice submitted to the City for reimbursement. Payments shall be based upon work documents submitted by the Contractor to the City and accepted by the City as being satisfactory to City’s needs. The City shall not pay a markup on any of the items listed in i, ii or iii. Additionally, items such a telephone, fax, postage or freight are already included in the billable hourly rate. Contractor shall be reimbursed the direct expenses, which are the actual cost of the following items that are reasonable, necessary and actually incurred, by the Contractor in connection with the services:

- i. Expenses, fees or charges for printing, reproduction or binding of documents at actual costs with no markup added to the actual cost.
- ii. Any filing fees, permit fees, or other fees paid or advanced by the Contractor at actual costs with no markup added to the actual cost.
- iii. Travel expenses shall be reimbursed in accordance with the City’s travel policy, which is incorporated herein by reference. Reimbursement shall be made at actual costs with no markup added to the actual cost.

1.3 The Contractor shall be entitled to receive payments for its work performed pursuant to the Agreement. The City will pay Contractor based on invoices for acceptable work performed and approved until the “not to exceed” amount is reached. Thereafter, Contractor must complete services based on the Agreement without additional compensation unless there is a material change to the Statement of Work and Scope by a written Amendment.

1.4 If work is completed before the “not to exceed” amount is reached, the Contractor’s compensation will be based on the Contractor’s invoices previously submitted for acceptable work performed and approved.

1.5 Subcontractor Costs: Compensation for subcontractors shall be limited to the same restrictions imposed on the Contractor. Maximum markup Contractor may apply to subcontractor fees, minus reimbursable expenses, shall not exceed NA %.

2. Task Price. Below is the price for the services and reimbursable expenses as described in Exhibit A of this Agreement.

Task	Description	Task Price
1	Estimated Annual Cost Business License	\$24,700
2	Estimated Annual Cost (TOT)	\$20,000
3		\$
TOTAL ANNUAL PRICE		\$44,700

3. Hourly Rates. The following is a list of hourly billable rates that Contractor shall apply for additional services requested of the Contractor. Contractor shall be compensated based on the hourly rates set forth below, on a time and material basis for those services that are within the general scope of services of this Agreement, but beyond the description of services required under Exhibit A, and all services are reasonably necessary to complete the standards of performance required by this Agreement. Any changes and related fees shall be mutually agreed upon between the parties by a written amendment to this Agreement.

Hourly Billable Rate Schedule

Title	Role on Project	Hourly Billable Rates
		\$
		\$
		\$
		\$
		\$
		\$
		\$

4. Additional Fees. Should an amendment to the Agreement be issued for additional services that require the following items, the unit prices are as follows:

Title	Unit Price
	\$

5. Invoice to Address. Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work product/deliverable for the agreed upon price listed in this Exhibit. Invoices shall be submitted to the below address:

City of Stockton Administrative Services Department
Attention: Budget Office
425 N. El Dorado Street
Stockton, CA 95202