

**REPORT TO THE HONORABLE MAYOR AND COUNCIL****TO THE HONORABLE MAYOR AND COUNCIL:**

DATE: December 8, 2015

**SUBJECT: APPROVE AN AMENDMENT FOR BUSINESS LICENSE SOFTWARE WITH HdL SOFTWARE LLC FOR AN AMOUNT NOT TO EXCEED \$23,500, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE AMENDMENT**

**Report in Brief**

HdL Software, LLC has been the City's business license software vendor since 2004. It has been five (5) years since the last major business license software upgrade. The most current HdL Prime Business License Web Module will allow for new online applications in addition to online renewals. City staff will review and approve all new applications prior to acceptance and processing. In addition, the staff is recommending use of HdL's new Business Tax Discovery services. The HdL compliance team works in conjunction with City staff to discover unlicensed businesses. City staff will work with HdL to ensure the new business discovery process meets the City's compliance protocols and will approve all aspects of the discovery process.

Staff recommends that the City Council authorize the City Manager to enter into an amendment to the Agreement for Business License Web Renewal Services with HdL Software, LLC. for an amount not-to-exceed \$23,500 to upgrade the current business license software to HdL's Prime Business License Software system and add the business license tax compliance service.

**Discussion**

The City implemented HdL's Business License software in 2004 and the last major upgrade was performed in 2010 when the City has upgraded to the web renewal module. The HdL Business License Web Renewal module enhanced customer service and added efficiencies in processing business license renewals, allowing taxpayers to view data contained in their business license accounts, edit data specified by the City, calculate fees and submit credit card payment for the fees due. The requested upgrade to the business license software will further streamline the business license renewal process and add the ability to apply for a new business license online. Increasing online business license processing saves on supplies, reduces calculation errors, and the need for business owners to come to City Hall to apply for or renew their business license.

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LLC FOR AN AMOUNT NOT TO EXCEED \$23,500, AND AUTHORIZE THE CITY  
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In conjunction with the upgrade to the Prime Business License Web Module upgrade, staff is recommending adding a new business license discovery service with HdL. With this new business discovery service, HDL will work to discover unlicensed businesses, send mailings, collect data and revenue and will be responsible for data input. The new business data will be uploaded to the business license system automatically. The HdL fee for discovery is a one-time fee so that once the business is in the City's system, no additional HdL fees are invoiced to the City.

These improvements will allow staff to focus on delinquent business tax recovery.

**Fiscal Impact**

The cost of the HdL Prime Business License Web migration project is \$12,000 including one day of training. The annual maintenance cost is \$11,500 which represents a slight increase of approximately 7% from the current annual maintenance fee.

For the first year of new business tax discovery, HdL will retain 65% of the revenue of new businesses discovered until the \$23,500 is paid in full. Typically, the new business discovery fee is a one-time charge of 35% of the discovered revenue. The additional 30% will be applied against the \$23,500 cost of the upgrade. The net result is no out of pocket expenses for the City. The City will receive monthly updates of the recovery revenue to accurately post the revenue and expenditure for the HdL Prime system. After the upgrade fees are paid in full, HdL will retain only the one-time 35% for the discovery of new Concord Businesses for the contracted time.

**Public Contact**

The City Council Agenda was posted.

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**Recommendation for Action**

Staff recommends that the City Council approve the amendment to the Agreement for the Business License Web Renewal Module in an amount not to exceed \$23,500, and authorize the City Manager to execute the amendment.

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Attachment 1: Amendment to Agreement for Business License Web Renewal Module

**AMENDMENT TO AGREEMENT FOR BUSINESS LICENSE WEB RENEWAL MODULE**

This Amendment to Agreement for Business License Web Renewal Module is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_ 2015 ("Agreement Date"), by and between the **City of Concord**, a municipal corporation, hereinafter referred to as City, and **HdL Software, LLC**, a California company, hereinafter referred to as HdL.

WHEREAS, HdL and City entered into that certain Agreement for Business License Web Renewal Module dated the 25<sup>th</sup> day of May 2010 ("Original Agreement"), whereby HdL agreed to provide HdL's Business License Web Renewal Module and related services; and

WHEREAS, HdL and City now desire to amend the Agreement to include HdL's Prime Business License Software System and business license tax compliance service, and provide for the compensation of the new system and services on the terms and conditions set forth herein;

THEREFORE, it is agreed by City and HdL as follows:

**1. SCOPE OF SERVICES**

Specific services to be performed by HdL are as described in **Exhibit A**. Includes scope, schedule, support, and system requirements.

**2. COMPENSATION**

City agrees to compensate HdL for services under this Agreement as described in **Exhibit B**.

**3. TERM OF AGREEMENT**

The term of this Agreement shall commence on the Agreement Date and shall continue each year thereafter until termination is requested. The process for termination can be found in **Exhibit C**.

**4. GENERAL TERMS AND CONDITIONS**

The General Terms and Conditions for this Agreement are as described in **Exhibit C**.

**5. NOTICE**

All notices required by this Agreement shall be given to the City and to HdL in writing, by personal delivery or first class mail postage prepaid, addressed as follows:

City	CITY OF CONCORD 1950 Parkside Drive Concord, CA 94519-2578
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HdL	HdL SOFTWARE, LLC 1340 Valley Vista Drive, Suite 200 Diamond Bar, California 91765
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**6. FULL FORCE AND EFFECT**

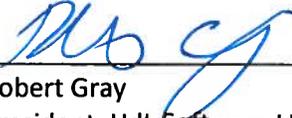
Except as modified pursuant to this amendment, all other terms and conditions of the Original Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

**CITY OF CONCORD**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HdL SOFTWARE, LLC**

By:  \_\_\_\_\_  
Robert Gray  
President, HdL Software LLC

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**ATTEST:**

\_\_\_\_\_  
City Clerk

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**EXHIBIT A - SCOPE OF SERVICE**

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**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. City will provide a current backup of the existing Microsoft SQL Server HdL database. This data will be required a minimum of two times during the conversion process.

**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 3<sup>rd</sup> 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 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. City has chosen to use Cybersource as the

payment gateway for credit card payment transactions. HdL will provide initial support for the Cybersource payment gateway for credit card payment transactions, and maintain such support as long as the Cybersource payment gateway interface remains unchanged. Should Cybersource change their service such that a new integration is required, City and any other HdL clients utilizing the Cybersource payment gateway will be responsible for all costs required to support the new integration. HdL will provide an estimate to and request approval from City prior to any such work. City may choose to utilize HdL's payment gateway services at any time.

**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** - 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. 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.

**1.6.2. 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.

1.6.3. **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.

1.6.4. **Network Specifications** - The software communicates via web services, and is designed to operate efficiently over the network. High-speed network connections are recommended.

1.6.5. **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. Business Tax Compliance Services

2.1. **Discovery** – Discovery services are designed to identify entities subject to licensure/taxation that are not currently registered or otherwise non-compliant.

2.1.1. **Lead Identification** – Develop a list of entities subject to licensure/taxation within the City.

2.1.2. **Exception Resolution** – Compare the list to City registration databases to remove properly registered businesses and identify and remove other potential exceptions.

2.1.3. **Compliance Communication Process** – Initiate Contact with confirmed entities through a series of City approved communication methods. HdL makes every effort to simplify the process for taxpayers and utilizes a variety of mediums for communication including mail, telephone, email, and web-site access. Potential non-compliant entities are notified of their options to comply or dispute their non-compliant status. HdL offers extended office hours for support via our Business Tax Service Center available to taxpayers 8:00am – 5:00pm Monday - Friday.

2.1.4. **Document Submission / Processing** – Review Taxpayer submissions such as applications for completion and accuracy prior to processing. Collect Additional documentation such as a home occupation permits and forwarded to other City departments either as a pre-requisite or as a courtesy for the taxpayer and other departments. All submissions are filed and stored electronically and made available to the City upon request.

2.1.5. **Invoicing** – Once application has been approved, invoice entity indicating detailed tax calculations and balances owed. Taxpayers are given the opportunity to pay their balances via mail, online, other methods. HdL will provide Taxpayers continued access to Business Tax Service Center for any questions or disputes arising from the invoice process.

2.1.6. **Remittance** – Upon collection of all requirements including payment, application and other prerequisites, HdL will prepare a remittance package including payment documentation as well as copies of all taxpayer correspondence and relevant information. Remittances are done on no less than a monthly basis. Remittances packages done electronically via the HdL electronic remittance process will include Applications and other relevant information an electronic format. Revenues received are deposited into an HdL trust account and funds are distributed to the City in one payment net HdL's fees.

2.2. **Audit** – Audit services are designed to identify businesses that are registered but not properly reporting or paying the correct amounts. The specific services to be performed which may include:

2.2.1. HdL will identify potential underreporting and/or misclassified businesses by comparing City records with HdL business inventories

2.2.2. Review/Audit entities mutually agreed to by City and HdL that are identified as potential underreporting businesses or other entities requiring review.

2.2.3. Submit audit summaries to City staff and meet with staff to review and discuss further actions

2.2.4. Educate businesses on proper reporting practices

2.2.5. Invoice and collect identified deficiencies

2.3. **City's responsibilities**

2.3.1. **Data** – City will provide its business license database (registrations, payments, and any other information necessary for the compliance process or to facilitate HdL's invoicing of services) to HdL

according to a schedule acceptable to both HdL and the City. City agrees to provide the data as long as this Agreement is active, and thereafter for so long as HdL's right to invoice for services rendered continues.

- 2.3.2. City agrees to use reasonable and diligent efforts to collect, or to assist HdL in the collection of, deficiencies identified by HdL pursuant to this Agreement.

EXHIBIT B - COMPENSATION

1. Prime Software System

One Time Project Costs

Item	Price	Comments
Prime migration project	\$12,000.00	5 Users
Prime expanded web module	Included	
Travel Expenses	At Cost	
Training Costs – 1 day	Included	Additional days available at \$1800/day
<b>TOTAL</b>	<b>\$12,000.00</b>	<b>Total one-time costs</b>

Recurring Costs

Item	Price	Comments
Annual Software Use Fee	\$11,500.00	Will replace the existing annual use fee of \$10,708.36.

- 1.1. **Prime Migration Project Fee** - The prime migration project fee includes all efforts involved for installation and configuration of the software, and use of the software by the specified number of users. Additional user licenses are available for \$1,500 license fee plus \$400 annual software use fee.
- 1.2. **Annual Software Use Fee** - The software use fee is billed annually, and provides for ongoing customer support and updates to the software. The software use fee shall be adjusted at the beginning of each calendar year by the change in the Consumer Price Index – West Urban (CPI-WU) as reported by the Bureau of Labor Statistics. Each annual adjustment shall not be less than two percent (2%) or greater than ten percent (10%). The software use fee will include any amounts paid for any City licenses or permits which were required for this service.
- 1.3. **Travel Expenses** - Travel and lodging expenses are billed at cost and apply to all meetings; including process, pre-installation, installation, training, and support. HdL is dedicated to conserving public funds, and ensures any travel costs are indeed required and reasonable.
- 1.4. **Parcel Data** - HdL Prime includes comprehensive land management functionality. There are three ways to acquire the parcel data.
  - 1.4.1. If the City is a client for HdL property tax services, the parcel data will be provided at no cost.
  - 1.4.2. If the City is not a client for HdL property tax services, the parcel data may be purchased from HdL.
  - 1.4.3. If the City wishes to use any other source of parcel data, HdL can work with the City to create a re-useable import utility. The development of this utility will be billed on a time and material basis. Once the source data has been reviewed, a statement of work will be provided including a cost estimate.
- 1.5. **Customizing Services** - The software is a table-driven system and has been developed to meet almost all of the needs of a City. However, should the need occur, HdL is available to provide custom enhancements to the software on a pre-determined time and material basis. No work shall be performed without prior written approval of the City.
- 1.6. **Payment Schedule** – Compensation for the contract amount shall be as follows:
  - 1.6.1. One time project costs and the first year’s Software Use Fee – These fees will be paid by the City’s portion of revenue recovered by HdL’s business tax compliance service. See Business Tax Compliance Services pricing section for details.
  - 1.6.2. 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.
  - 1.6.3. Annual Software Use Fee - The software use fee will be invoiced each year on the anniversary of 60 days after 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. Business Tax Compliance Services

- 2.1. **Discovery** – HdL’s fee for performing discovery services shall be a contingency fee of 35% of the revenues received as a result of the service. This fee applies to monies received for the current tax/license period and any other prior period collected, including monies received for taxes, penalties, interest, and fees.
  - 2.1.1. **Prime Migration Fees** – HdL will retain an additional 65% of the revenues received in order to fund the Prime migration project fees, including all one time project costs and the first year’s software use fee as specified above. HdL will continue to retain this additional portion until such time as the Prime migration project fees have been fully paid, after which HdL will immediately begin remitting this additional portion to City.
  - 2.1.2. **City Discovery Discount** – HdL’s fee for following up on accounts that are identified and confirmed as non-compliant by the City shall be a contingency fee of 25% of the revenues received as a result of the service. This fee also applies to delinquent business license tax accounts referred by the City as failing to make payment or properly renew an existing license.
- 2.2. **Audit** – HdL’s fee for performing Audit services shall be a contingency fee of 35% of the revenues received as a result of the service. This fee applies to monies received for the current tax/license period and any other prior period collected, including monies received for taxes, penalties, interest, and fees.
- 2.3. **Collection** – HdL’s fee for performing collections services shall be a contingency fee of 25% of the revenues received as a result of the service. This fee applies to monies received for the current tax/license period and any other prior period collected, including monies received for taxes, penalties, interest, and fees.
- 2.4. **Option to waive business tax recovery** – City may, at its discretion, elect to waive or reduce the business tax recovery for a business. Should the City elect to waive all or a portion of the deficiency identified by HdL, HdL shall be entitled to compensation in the amount of one half (1/2) of the compensation HdL would have otherwise earned on the waived/reduced amount. Deficiencies which are uncollectable due to insolvency or dissolution of the customer, or for deficiencies which are otherwise incapable of collection (e.g. statute of limitations or other legal defense) shall not be considered a voluntary election to waive by the City, and thus HdL would not be entitled to compensation for these amounts.
- 2.5. **Travel Expenses** – Travel and lodging expenses are billed at cost and apply to all meetings; including process, pre-installation, installation, training, and support. HdL is dedicated to conserving public funds, and ensures any travel costs are indeed required and reasonable.

## 3. Payment

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

**EXHIBIT C**  
**GENERAL TERMS AND CONDITIONS**

1. **OWNERSHIP OF MATERIALS, CONFIDENTIALITY.**
  - 1.1. **Software License.** If access to any HdL software systems are provided to City as part of this Agreement, HdL hereby provides a license to the City to use HdL's software while the associated service is in effect through this Agreement. The software shall only be used by the City. The City shall not sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of said software. The license granted hereunder shall not imply ownership by City of said software, rights of the City to sell said software, or rights to use said software for the benefits of others. This license is not transferable. City shall not create any derivative work or product based on or derived from the Software or documentation, or modify the Software or documentation without the prior written consent of HdL. In the event of a breach of this provision (And without limiting HdL's remedies), said modification, derivative work or product based on the Software or documentation is hereby deemed assigned to HdL. Upon termination, the software license shall expire, all copies of the software shall be removed from the City's computers and network and all digital copies deleted or otherwise destroyed.
  - 1.2. **Agency Data.** HdL acknowledges that the data provided by the City ("Agency Data") during the course of this Agreement is the property of the City. City authorizes HdL to access, import, process and generate reports from the Agency Data with its various proprietary systems. No confidential or otherwise sensitive information will be released. If appropriate, at the termination of this Agreement the Agency Data will be made available to the City in a format acceptable to both the City and HdL.
  - 1.3. **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.
2. **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.
3. **MISCELLANEOUS EXPENSES.** HdL will notify the City of any miscellaneous expenses and request authorization to proceed. HdL will not be reimbursed for any miscellaneous expenses unless authorized by the City. Miscellaneous expenses may include travel, lodging and meal expenses, and other expenses which are above and beyond the ordinary expenses associated with performance of this Agreement.
4. **PRICING ADJUSTMENTS.** All pricing listed in this Agreement will be honored during initial implementation of the services. Any additional/optional services needed after services are active will be provided using the pricing currently established at the time the service is requested.
5. **LICENSE, PERMITS, FEES AND ASSESSMENTS.** HdL shall obtain such licenses, permits and approvals (collectively the "Permits") as may be required by law for the performance of the services required by this Agreement. City shall assist HdL in obtaining such Permits, and City shall absorb all fees, assessments and taxes which are necessary for any Permits required to be issued by City. If City requires payment for such Permits, the associated costs will be included with the next invoice.
6. **INSURANCE REQUIREMENTS.** HdL shall maintain the policies set out below, and in amounts of coverage not less than those indicated herein. Additionally, where required by City, HdL shall name the City as an additional insured and provide a Certificate of Insurance.
  - 6.1. **Worker's Compensation and Employer's Liability** - In accordance with applicable law.
  - 6.2. **Comprehensive General Liability** - Bodily injury liability in the amount of \$1,000,000 for each person in any one accident, and \$1,000,000 for injuries sustained by two or more persons in any one accident. Property damage liability in the amount of \$1,000,000 for each accident, and \$2,000,000 aggregate for each year of the policy period.
  - 6.3. **Comprehensive Automobile Liability** - Bodily injury liability coverage of \$1,000,000 for each accident.
  - 6.4. **Errors and Omissions** - In addition to any other insurance required by this Agreement, HdL shall provide and maintain, during the term of this Agreement, professional liability insurance in the amount of \$1,000,000 as evidenced by a Certificate of Insurance.
7. **TERMINATION.** This Agreement, or individual services provided by this Agreement, may be terminated as follows:
  - 7.1. **Software** – Software services may be terminated by either party upon written notice at least 90 days prior to the end of the established annual billing cycle. Software services are provided on an annual basis. No credit will be provided for any unused portion of the annual term. Upon termination, the software license shall expire and (a) City will immediately remove the software from computers, servers and network, and destroy or erase all copies of the software and any Proprietary Information and confirm destruction of same by signing and returning to HdL an "Affidavit of Destruction" acceptable to HdL, and (b) upon City's request, HdL will assist in extracting the City data in a format acceptable to both the City and HdL.

- 7.2. **Services** - City may discontinue a service by sending a letter of intent to HdL at least 90 days prior to desired last date of service.
8. **INDEPENDENT CONTRACTOR.** HdL shall perform the services hereunder as an independent contractor. No agent, representative or employee of HdL shall be considered an employee of the City.
9. **NON-ASSIGNMENT.** This Agreement is not assignable either in whole or in part by HdL or the City without the written consent of the other party.
10. **GOVERNING LAW.** The laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and shall also govern the interpretation of this Agreement.
11. **INDEMNIFICATION.** HdL shall indemnify and hold harmless City and its officers, officials and employees from any liability for damage or claims for personal injury, including death, as well as from claims for breach of confidentiality or property damage, including attorney fees, which may arise out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of HdL, its officers, agents and employees under this Agreement.

City shall indemnify and hold harmless HdL, its officers, agents and employees, from any liability for damage or claims for personal injury, including death, as well as from claims for breach of confidentiality or property damage which may arise from City's negligent acts, errors or omissions under this Agreement.