

AGREEMENT TO FURNISH MAILING SERVICES

This Agreement is made and entered into this 21st day of September, 2004 by and between the City of Redlands, a municipal corporation (hereinafter "City") and Inland Presort and Mailing Services hereinafter ("Contractor").

In consideration of the mutual promises contained herein, City and Contractor agree as follows:

ARTICLE 1 - ENGAGEMENT OF CONTRACTOR

- 1.1 City hereby retains Contractor to provide pick-up and processing of first class metered and/or permit mail on a daily basis ("Services").
- 1.2 The Services shall be performed by Contractor in a professional manner and Contractor represents that it has the skill and professional expertise necessary to provide the Services to City at a level of competency presently maintained by other practicing professional Contractors in the industry providing like and similar types of services.

ARTICLE 2 - SERVICES OF Contractor

- 2.1 Contractor shall pick up all first class and/or bulk mail from the City, at 35 Cajon Street, Suite 200, at no cost to City.
- 2.2 Contractor shall process and deliver to United States Postal Service ("USPS") all metered first class mail on the same day as it was picked up or post marked.
- 2.3 Contractor shall provide pre-sorting/bar-coding services including all management, supervision, operation, labor, equipment, supply and materials at no cost to City, except as stated in this Agreement.
- 2.4 Contractor shall maintain all vehicles in good running condition during the term of this Agreement to avoid any delay or disruption in the Service.
- 2.5 Contractor shall comply with "Move Update" requirements of USPS by utilizing FastForwarding with City's prior approval.
- 2.6 Contractor shall comply with applicable Federal, State and local laws in connection with its performance of the Services including, but not limited to, applicable State Labor Code requirements and the State's Fair Employment and Housing Act.

ARTICLE 3 - RESPONSIBILITIES OF CITY

- 3.1 City shall meter all first class mail at prevailing pre-sorted first class rate as approved by the USPS.
- 3.2 City shall place all metered mail in USPS supplied trays or tubs facing the same direction. The City will keep full postage mail, flat size mail or any special mail separate from its pre-sort mail.
- 3.3 City shall apply proper endorsements such as pre-sorted first class and current date for all first class metered mail as required by USPS.
- 3.4 City shall provide accurate count of all pre-sorted first class metered and permit mail and shall provide a signed copy of a mailing slip at the time of pick-ups.
- 3.5 City shall allow multiple pick-ups on heavy volume mailing days, if any, in order to process the mail one time by the Contractor.
- 3.6 City shall provide a fully executed USPS Form 8096 and Form 6014 to the Contractor prior to Contractor's commencement of the Services to facilitate Contractor's application to USPS for Value Added Rebate and FastForward service on City's mail.
- 3.7 City shall obtain "Drop Shipment Authorization" permit, if required, from USPS and endorse all metered First Class Mail with proper permit number.

ARTICLE 4 - PERIOD OF SERVICE

- 4.1 The term of this Agreement shall be for one year and shall commence on September 22, 2004.
- 4.2 This Agreement may be cancelled by either party, with or without cause, upon fifteen (15) days prior written notice.

ARTICLE 5 - PAYMENTS TO CONTRACTOR

- 5.1 There shall be no fee charged on first class mail metered at prevailing pre-sorted first class rate. If Contractor provides any other services such as flat mail or over 2 oz. mail sorting, inserting, folding and/or labeling, appropriate fees shall be charged as shown on Exhibit "A" attached hereto and incorporated herein by this reference.

- 5.2 Contractor shall bill City within ten days following the end of each month by submitting an invoice to City. Payments by City to Contractor shall be made within thirty (30) days after receipt and approval of Contractor's invoice, by warrant payable to Contractor.
- 5.3 All notices, bills and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail shall be addressed as follows:

City

City of Redlands
John Davidson, City Manager
P.O. Box 3005
Redlands, CA 92373

Contractor

Inland Presort and Mailing Services
Attn: Nick Chudasama
2025 W. Park Avenue, #7
Redlands, CA 92373

When so addressed, such notices shall be deemed given upon deposit in the United States Mail. Changes may be made in the names and addresses of the person to whom notices and payments are to be given by giving notice pursuant to this paragraph.

ARTICLE 6 - INSURANCE AND INDEMNIFICATION

6.1 Contractor Insurance to be Primary

All insurance required by this Agreement shall be maintained by Contractor during the term of this Agreement and shall be primary with respect to City and non-contributing to any insurance or self-insurance maintained by City. Contractor shall not perform any Services unless and until all required insurance listed below is obtained by Contractor. Contractor shall provide City with Certificates of Insurance and endorsements evidencing such insurance prior to commencement of the Services. All insurance policies shall include a provision prohibiting cancellation of the policy except upon thirty (30) days prior written notice to City.

6.2 Workers' Compensation and Employer's Liability

- A. Contractor shall secure and maintain Workers' Compensation and Employer's Liability insurance throughout the term of this Agreement in amounts which meet statutory requirements with an insurance carrier acceptable to City.
- B. City and Contractor expressly waive all rights to subrogation, each against the other, their respective elected officials, officers and employees for losses arising from the Services performed under this Agreement. Contractor expressly waives Contractor's immunity for injuries to Contractor's employees and agrees that the obligation to indemnify and hold harmless provided for in this Agreement extends to any claim brought by or on behalf of any employee of Contractor. This waiver is mutually

negotiated by the parties. This waiver shall not apply to any damage resulting from the sole negligence of City, its agents and employees. To the extent any of the damages referenced herein were caused by or resulted from the concurrent negligence of City, its agents or employees, the obligations provided herein to indemnify, defend and hold harmless are valid and enforceable only to the extent of the negligence of Contractor, its officers, agents and employees.

- 6.3 Comprehensive General Liability Insurance. Contractor shall secure and maintain in force throughout the term of this Agreement comprehensive general liability insurance with carriers acceptable to City. Minimum coverage of one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) aggregate for public liability, property damage and personal injury is required. Contractor shall obtain an endorsement that City shall be named as an additional insured.
- 6.4 Professional Liability Insurance. Contractor shall secure and maintain professional liability insurance throughout the term of this Agreement in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) annual aggregate.
- 6.5 Business Auto Liability Insurance. Contractor shall have business auto liability coverage with minimum limits of one million (\$1,000,000) per occurrence, combined single limit for bodily injury liability and property damage liability. This coverage shall include all Contractor owned vehicles used in connection with Contractor's performance of the Services, hired and non-owned vehicles, and employee non-ownership vehicles. Contractor shall obtain an endorsement that City shall be named as an additional insured.
- 6.6 Assignment and Insurance Requirements. Contractor is expressly prohibited from assigning any of the Services to be performed under this Agreement without the express written consent of City. In the event of mutual agreement between the parties to assign a portion of the Services, Contractor shall add the assignee as an additional insured and provide City with the insurance endorsements prior to any work being performed by the assignee. Assignment does not include printing or other customary reimbursable expenses that may be provided for in this Agreement.
- 6.7 Hold Harmless and Indemnification. Contractor shall defend, indemnify and hold harmless City, its elected officials, officers and employees from and against any and all actions, claims, demands, lawsuits, losses and liability for damages to persons or property, including costs and attorneys' fees, that may be asserted or claimed by any person, firm, entity, corporation, political subdivision or other organization arising out of, or in connection with, Contractor's negligent and/or intentionally wrongful acts or omissions in performing the Services, but excluding such actions, claims, demands, lawsuits and liability for damages to persons or property arising from the sole negligence or intentionally wrongful acts of City, its elected officials, officers and employees or agents.

ARTICLE 7 - GENERAL CONSIDERATIONS

- 7.1 In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing party shall, in addition to any costs and other relief, be entitled to the recovery of its reasonable attorneys' fees.
- 7.2 Contractor is for all purposes an independent Contractor. Contractor shall supply all tools and instrumentalities required to perform the Services. All personnel employed by Contractor are for its account only, and in no event shall Contractor or any personnel retained by it be deemed to have been employed by City or engaged by City for the account of, or in behalf of, City.
- 7.3 The last regular daily pickup from City's location will be around 4:00 p.m. Any earlier pick-ups will be scheduled to satisfy both the parties' need and convenience. With the mutual consent, the pick-up times could be rearranged in the future. In the event of a special job, change in normal operation or change in pick-up location, City will notify Contractor 48 hours in advance.
- 7.4 This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 7.5 Contractor shall maintain books evidencing payroll costs and all expenses associated with the Services. Such books shall be available at all reasonable times for examination by City at the office of Contractor.
- 7.6 This Agreement, including the exhibits incorporated herein by reference, represents the entire agreement of the parties as to the matters contained herein, and any prior negotiations, proposals and agreements relating to the subject matter hereof are superseded by this Agreement. Any amendment to this Agreement shall be in writing, approved by the City Council of City and Contractor.
- 7.7 This Agreement shall be governed by and construed in accordance with the laws of the State of California.

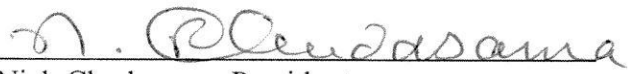
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IN WITNESS WHEREOF, duly authorized representatives of City and Contractor have signed in confirmation of this Agreement.

CITY OF REDLANDS

INLAND PRESORT AND MAILING SERVICES

By: 
Susan Pepler, Mayor

By: 
Nick Chudasama, President

ATTEST:

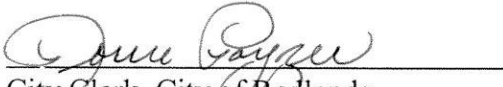

City Clerk, City of Redlands

EXHIBIT "A"

Single-Piece and Presorted

Weight Not Over (ounces)	Single-Piece	Non-presort Surcharge	Presorted	Presort Surcharge	Saving/piece
Letters, Flats, and Parcels					
1a	0.370	\$0.120	\$0.352	\$0.055	0.083
2	0.600		0.577		0.023
3b	0.830		0.761		0.069
4	1.060		0.986		0.074
5	1.290		1.211		0.079
6	1.520		1.436		0.084
7	1.750		1.661		0.089
8	1.980		1.886		0.094
9	2.210		2.111		0.099
10	2.440		2.336		0.104
11	2.670		2.561		0.109
12	2.900		2.786		0.114
13	3.130		3.011		0.119
				Total Saving	1.140
Post cards c	0.230		0.212		

Average saving will be **0.08769**)

Service charge will be **0.04**) **These charges & savings are only for the Flats**

Total av.saving will be **0.04769**)

a. Nonmachinable surcharge in 11.0 might apply to pieces that weigh 1 ounce or less: single-piece \$0.12; presorted \$0.055

Note: The surcharge is only applicable to **Flat** (1 ounce only)

b. Presorted rates for pieces weighing over 2 ounces reflect a discount of \$0.041 per piece.

c. Rates shown apply to each single or double postcard when originally mailed; reply half of double postcard must bear postage at applicable rate when returned unless prepared as business reply mail

11.0 Nonmachinable SURCHARGES

Surcharge per piece (see C050.2.2, E130, and E140):

a. Single-piece rate: \$0.12.

b. Presorted and automation rate: \$0.055.