

AGREEMENT FOR BUSINESS LICENSE SERVICES

This agreement is made and entered into as of the 18th day of **March 2003**, by and between the **City of Redlands**, a municipal corporation, hereinafter referred to as City, and **HdL Software, LLC**, a California corporation, hereinafter referred to as HdL.

A. BUSINESS LICENSE SOFTWARE

HdL shall provide the City with HdL's menu driven Business License Software System which includes the following capabilities:

1. Maintenance and Processing.

- a) The software will store, print and process all business license records, including annual licenses and those which may be issued on a daily, monthly, quarterly or semi-annual basis. It will process licenses for businesses based on any number of City-determined factors including, but not limited to, gross receipts, number of employees, coin-operated devices, and number of vehicles.
- b) The software will allow easy data entry of the information contained in business license applications. Based on business type and rate tables, it will calculate fees and print licenses. It will track unexpired licenses and print renewal notices at the end of the license period, which contain specific calculation instructions based on rate type. Delinquent notices will be generated, which include the calculation of late fees and penalties. The system will generate a journal entry for entering business license payments into the accounting records.
- c) The software provides a tracking system to help the City ensure that businesses have received the appropriate approvals and permits from various City departments.

- d) The software contains data fields for the entry of other business-related information, such as emergency contact name and address, alarm company or patrol company information, SIC and NAIC codes, and zoning information.
 - e) The system will maintain business license history for active and closed businesses, including payment history. The amount of history to be stored will be determined by the City, and is dependent upon the available free space on the City's computer.
 - f) Users will be able to make inquiries into the data set in a variety of ways: by license number, business name, owner name, address, telephone number, vehicle license number, and key word.
2. Audit Features. The business license software has the ability to cross check against other data sets available through HdL, such as telephone and professional directories. This will assist the City in detecting unlicensed businesses. These additional features will be added as developed at no additional cost to the City.
3. Reports. A variety of reports are available, in standard format and on an ad hoc basis, including, but not limited to, reports by business name, address, or type, and mailing labels. The system will also permit the export/import of data for use on laptop computers by field inspectors. The software will allow the generation of a variety of management reports, for example, by geographic area, SIC/NAIC code and/or amount of business license revenue paid.
4. Security. The system allows for user-defined levels of security and confidentiality through the use of passwords.
5. Ongoing software upgrades are provided as part of the annual maintenance fee.

B. MANAGEMENT SUPPORT

HdL is available to assist the City in evaluating current policies and procedures to enhance the audit, collection and enforcement of the City's business license taxes. Examples may include the redesign of forms and/or reports, and strategies for improving communication with the business community, as well as other City departments that are involved in the business license process.

C. CONVERSION AND IMPLEMENTATION

1. HdL will convert the City's existing business license data to HdL program files. HdL will build the tables for the City (rate tables, business type tables, SIC code and NAIC tables, etc). If rates or business types change in the future, or new ones are created, the tables are maintainable by the City.
2. The City agrees to provide current business license data information in machine-readable format. If this is not possible, there may be an additional charge for manually converting the data. The work will be done on a time and material basis in consultation with and with the prior written approval of the City, pursuant to Section M (2), "Customizing Services, Secretarial/Administrative" fees.
3. The new data set created during this process will be verified and audited for inconsistencies between existing data and the rate tables and business type tables using HdL's computerized systems.
4. The new data set and software will be installed on the City's designated stand-alone computer or computer network. If the City uses HdL sales and property tax programs, these programs will be integrated with the business license system at no additional cost. If the City is not a client for HdL sales and property tax programs, there will be a charge to link to another vendor's data set or for HdL to supply the data, pursuant to Section M (2), "Customizing Services, Principal Programmer" fees.

5. Training will be provided for the business license staff at the time of installation. A four-hour training session is anticipated. Trained HdL staff will be available for any follow-up needed, either by telephone or in person, as part of our ongoing maintenance and support.
6. User manuals will be provided.

D. TIMELINE

The timeline for implementation of the business license software system is approximately 150 days from the date that this Agreement is signed by all parties. However, the City understands that this timeline is conditional upon receipt of the City's license data and approval of the City's forms. The system may be installed 30 days after forms approval, or 30 days after all data has been converted, or 150 days from the date that this Agreement is signed by all parties, whichever comes later.

E. ESTIMATED CALENDAR OF EVENTS

1. A process meeting will be set up within 30 days of the date that this Agreement is signed by all parties.
2. By the end of approximately 60 days, HdL should have received the City's business license data, logo, business license forms and a copy of the City's ordinances, codes, classifications, business types and rate types.
3. At approximately 90 days, HdL will schedule a pre-install meeting.
4. At approximately 120 days, HdL will schedule an initial installation and training meeting.
5. At approximately 150 days, HdL will schedule a final installation and the City will go live with a fully functional Business License System.

F. NETWORK AND HARDWARE REQUIREMENTS

The business license software will be installed on the City's network on hardware supplied by the City. The HdL business license software is a Windows application requiring Microsoft Windows NT 4.0/2000/XP Pro.

Network Requirements:

The City will allow HdL to run a net test software program on their network that will Benchmark the City's network performance. This test will be run two times, first, prior to execution of a contract and second, prior to preinstall of the system.

If either of these tests return with unacceptable results, the processing will stop until the City is able to raise the performance of its network to an acceptable level (see Exhibit "A" – Network Benchmark Utility).

Peer to peer networks are not supported.

Network Server Specifications:

	<u>Required</u>
Hard Disk Space	1 gigabyte to accommodate initial data sets
Operating System	Netware (3.X or higher), Windows NT (4.0 or higher), Windows 2000 Server

The above requirements are for a stand-alone server dedicated to the HdL Business License System. If the network server is providing additional services or hosting other applications, the requirements will increase.

Workstation Hardware Requirements:

The program resides on the workstation and the database resides on a dedicated file server. The program can support Access relational database, SQL server or Oracle. The City is not required to have a license for Access. However, the City must obtain a license for SQL server or Oracle if it does not already have such a license (there is also an additional HdL software licensing fee to present the system in SQL or Oracle).

The recommendations below are based on user feedback regarding performance levels.

Recommended

CPU	600Mhz or better
Memory	128 MB Ram
Video	1024x768, 16 bit color

The software is designed to work with a laser printer. An HP4000/8000 or comparable is recommended. Each make and model of printer has different drivers and therefore has slightly different results when printing. We design forms/reports for HP LaserJet printers.

G. CITY DATA REQUIREMENTS

The City shall provide HdL with current license data in an ASCII format (standard delimited format) with a file layout detailing the content, format and size of the fields included in the data set. This data will be required two times during the conversion process as follows:

1. The first request for data will enable HdL to write the necessary conversion programs and will be needed as soon as possible after this Agreement has been signed by all parties.
2. The second request for data will include all recent work by the City and is needed a few days before the City goes “live” on the HdL Business License System.

The City understands that the second data set MUST be provided in the SAME format and on the same media as the first data set. Any inconsistencies between the first and second data sets will result in a delayed installation date and additional charges for conversion.

H. ACCEPTANCE OF THE SOFTWARE

The scheduled date of acceptance of the software by the City is when all data has been converted, all tables have been built, and licenses, renewals and reports can be generated.

At such time, the City will "Go Live". The acceptance date ("Go Live" date) will become the anniversary date of the Agreement. See Exhibit "B".

I. SOFTWARE MAINTENANCE AND CUSTOMER SUPPORT

HdL will provide ongoing software upgrades and updated data from HdL's proprietary data sets and cross-directories to assist the City in its audit work. HdL's standard maintenance and customer support includes telephone support as needed by the City, and up to eight hours of on-site support annually.

The first year maintenance and support is provided at no cost. There is an annual maintenance fee beginning the second year. (See "Compensation" Section L for the fee schedule.) The second year begins twelve (12) months from "Go Live" date.

J. CUSTOMIZATION

The business license software is a "table driven" system and has been developed to meet almost all of the needs of a City with regard to the management, processing and reporting of business licenses. However, should the need occur, HdL is available to provide custom enhancements on a time and material basis. HdL shall perform no work without the prior approval of the City. (See "Compensation" Section L for the fee schedule.)

K. SOFTWARE LICENSE

1. License. HdL hereby provides a license to the City to use HdL's Business License Software. The software shall be used only by the City. The City shall not sublet, duplicate, or modify said software. The software shall be returned to HdL at the time the license expires, which is the last day of the last year for which the City has paid the annual maintenance fee to HdL. 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.

2. **City Data.** HdL acknowledges that the business license data is the property of the City. At the termination of this Agreement, the business license data will be available to the City in machine-readable format.
3. **Proprietary Information.** As used herein, the term “proprietary information” means any information which relates to HdL’s computer or data processing programs; data processing applications, routines, subroutines, techniques or systems; or 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.

L. COMPENSATION

1. **Software License Fee.** The one time software license fee shall be \$22,500, which is based on three-five (3-5) concurrent users. Each additional group of five (5) concurrent users is \$6,000.

50% of the license fees shall be due and payable within 30 days of the effective date of the Business License Agreement, 40% within 90 days of the effective date of the Business License Agreement and the remaining 10% within 30 days of the “go-live” final install date.

License Fee Includes: design of standard forms, construction of rate and business type tables, SIC code and NAIC tables, links to other data directories, user guide manuals. **Customized forms** include one Business License Certificate, one Application, three Renewal Notices, one Balance Due Letter, plus two additional letters of City’s choice. **System forms** include Exception Reports, Mailing Labels, Firm, License, Rate Type, Business Type and SIC/NAIC Code Listings, Cash Receipt, Balance Due Letter, three Renewals, Business License Certificate, and Summaries for Rate Type, Business Type, SIC/NAIC Codes and Totals/Averages.

2. **Implementation Plan.** This one time fee of \$ (10% of software fee) covers the cost of analyzing existing data, fee structure, resolutions, current business practices and policies and forms. This allows HdL to develop the implementation plan.
3. **Access Database.** The program runs in an Access database and is included in the one time software license fee.
4. **Data Conversion.** Data conversion will be at a cost of \$1.00 per business license record plus 50¢ for each year of transaction data per record. If the City's current business license data information cannot be provided in standard delimited format on magnetic tape or diskette, there will be an additional charge for manually converting the data. Manual conversion will be done on a time and material basis, pursuant to Section M (2), "Customizing Services, Principal Programmer" fees.
5. **Establish Rate Types.** Rate types will be billed at follows:

01 through 12	Included in license fee
13 through 24	\$1,200.00
Over 24 types	\$135.00 each
6. **Travel and Lodging Costs.** Travel and lodging costs will be billed at cost and apply to all process, pre-installation, installation and training meetings (mileage at .360 IRS Reimbursement Rate).
7. **Training.** The cost for training is \$1,200 per day.
8. **Crystal Report Writer.** The cost is \$400. The City is not required to obtain the report writer unless it intends to maintain or create its own reports.

If the City has the following needs, an additional fee will apply as follows:

9. **Business Improvement District.** To establish a Business Improvement District with separate fee tables, the cost is \$3,000 per district if it follows the expiration date and penalty calculations. If it renews at some other period, then BID must be treated as a separate license record for each business.

10. **False Alarm Module**. The cost is \$5,000 plus data conversion. Data conversion will be \$1.00 per false alarm record plus .50 cents for each year of transaction data per record. Data must be presented in delimited ASCII format on electronic media. An initial conversion will be performed as well as a final conversion.
11. **Additional training** will be billed at \$1,200 per day. Travel costs for additional training will be billed at actual cost (mileage at .360 IRS Reimbursement Rate).
12. **Additional form layout or letters** will be billed at \$120 per hour for staff layout of forms, and \$170 per hour for programming.

M. ANNUAL MAINTENANCE AND CUSTOMER SUPPORT FEE

1. There is no charge for the first year of maintenance and customer support. The annual maintenance fee shall begin at the second year (which includes software upgrades and support to your staff) and shall be \$4,500 for three-five (3-5) concurrent users. Each additional group of 5 concurrent users shall be \$1,200.

This maintenance fee is based on the number of users, defined as those who have access to the system to add or edit. There is no additional user fee for "inquiry only" users, information system staff and department approvals.

Maintenance Fee Includes: Unlimited telephone support, up to eight hours on-site support annually, and upgrades to the software. Additional training will be billed at \$1,200 per day. Travel and lodging costs will be billed at actual cost (mileage at .360 IRS Reimbursement Rate).

The annual maintenance fee will be increased each year in an amount equal to the increase in the most recently published Consumer Price Index for the surrounding statistical metropolitan area, (Los Angeles, Orange and Riverside Counties) all urban consumers. The maintenance fee will be invoiced each year by HdL, and shall be due and payable within 30 days of the date of the invoice.

2. Customizing Services. The business license software is a “table driven” system and has been developed to meet almost all of the needs of a City with regard to the management, processing and reporting of business licenses. However, should the need occur, HdL is available to provide custom enhancements to the business license software on a pre-determined time and materials basis. No work shall be performed without prior written approval of the City. Fees for these services are as follows:

Principal	\$170 per hour
Principal programmer	\$170 per hour
Associate / Form layout	\$120 per hour
Associate programmer	\$120 per hour
Secretarial / Administrative	\$ 55 per hour

Travel and lodging fees will be billed at actual cost (mileage at .360 IRS Reimbursement Rate).

N. INSURANCE REQUIREMENTS

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

1. Worker’s Compensation and Employer’s Liability. HdL shall secure and maintain Workers’ Compensation and Employer’s Liability insurance throughout the duration of this Agreement in amounts, which meet statutory requirements with an insurance carrier acceptable to the City.

2. **Comprehensive General Liability.** HdL shall secure and maintain in force throughout the duration of this Agreement comprehensive general liability insurance with carriers acceptable to City Minimum coverage of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for public liability, property damage and personal injury is required. HdL shall obtain an endorsement that City shall be named as an additional insured.
3. **Professional Liability Insurance.** HdL shall secure and maintain professional liability insurance throughout the duration of this Agreement in the amount of one million dollars (\$1,000,000) per claim made.
4. **Business Auto Liability Insurance.** HdL 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 consultant owned vehicles used on the project, hired and non-owned vehicles, and employee non-ownership vehicles. Consultant shall obtain an endorsement that City shall be named as an additional insured.

O. WARRANTY

Commencing upon the City's final acceptance of HdL's Business License System, HdL warrants: (1) the complete system, including, but not limited to, all software components and software support for one year; and (2) against defective materials and workmanship for each year that the Business License System is covered by maintenance.

Calls for warranty and maintenance response time shall be within 1 hour of notification by the City of its need for maintenance services.

P. TERMINATION

This Agreement may terminate each year upon written notice 30 days prior to the anniversary date of the Agreement by either party. Upon termination, the software license shall expire and the software shall be returned to HdL.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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 REDLANDS
 P. O. Box 3005
 Redlands, California 92373-1505

HdL HdL SOFTWARE, LLC
 1340 Valley Vista Drive, Suite 200
 Diamond Bar, California 91765

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 REDLANDS:

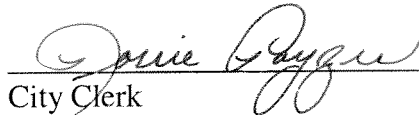


Mayor of the City of Redlands

HdL SOFTWARE, LLC:


Nancy E. Hicks

APPROVED AS TO FORM:


City Clerk

n/a
City Attorney

EXHIBIT “A”

Network Benchmark Utility

The network benchmark measures how well your server handles network file operations.

Its tests send a variety of I/O (input/output) requests to the server and measure how long the server takes to handle them.

The goal is to ensure that HdL applications will operate correctly and at acceptable speeds in the client’s environment.

EXHIBIT "B"



The HdL Business License Software System NOTICE OF FINAL ACCEPTANCE

This Notice of Final Acceptance is in reference to that certain Agreement dated March _____, 2003 for HdL's Business License Software System and Services by and between HdL Software, LLC, a California corporation, herein referred to as "HdL" and the City of Redlands, a municipal corporation, hereinafter referred to as "City".

NOTICE RECITALS:

- HdL and City entered into that certain Agreement for HdL's Business License Software System dated March _____, 2003 whereby HdL agreed to render and install HdL's Business License Software System.
- Date of Completion and Acceptance. HdL and City desire to schedule the "Final Acceptance Date" of the Business License Software system by the City (whereupon the City can "go live" with the system). The "Final Acceptance Date" shall be the date when all data has been converted, all training is complete, all tables have been built, and licenses, renewal notices, letters, receipts and reports can be generated.

TERMS OF NOTICE:

- HdL and City agree that the Final Acceptance Date ("Go Live Date") for the Business License system is _____. This Final Acceptance Date will become the anniversary date of the Business License Agreement of the same date each year thereafter ("Anniversary Date").

Example of Basic Timeline:

- | | |
|------------------------------------|--|
| 1. 1 st Process Meeting | 60 days |
| 2. Pre-install Meeting | 90 days |
| 3. Final install/training | 120 days |
| 4. "Go Live" – Acceptance Date | 150 days (Anniversary date of Agreement) |

- The final payment, representing 10% of the contract price for the Business License System software, shall be paid by the City to HdL within 30 days of the Final Acceptance Date as stated above.
- HdL Software Warranty. Commencing upon the City's final acceptance of HdL's Business License System, HdL warrants: (1) the complete system, including, but not limited to, all software components and software support for one year; and (2) against defective materials and workmanship for each year that the Business License System is covered by maintenance.
- Warranty and maintenance response time shall be within 24 hours of notification by the City of its need for maintenance services.

City Conditions and Comments: _____

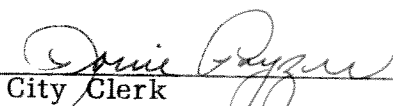
THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE TERMS OF THIS NOTICE OF FINAL ACCEPTANCE.

In witness whereof, the parties hereto have caused this Notice of Final Acceptance to be executed on the date shown below written by their respective officers duly authorized in their behalf.

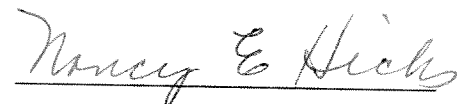
CITY OF REDLANDS

By: 
Mayor

Dated: March 18, 2003

Attest: 
City Clerk

HdL SOFTWARE, LLC

By: 

Dated: 3/7/03

*Turned over to
M. Reynolds
City Treasurer
at time of
approval.*