



AGENDA REPORT

Meeting Date: April 7, 2009
Item Number: F-12
To: Honorable Mayor & City Council
From: Noel Marquis, Assistant Director of Administrative Services - Finance
Subject: APPROVALS RELATED TO VARIOUS CITY PURCHASING AND BUDGET TRANSACTIONS AS DESCRIBED HEREIN
Attachments: 1. Agreements (2)

Item A. AWARD OF BID NO. 09-25 TO DATA SYSTEMS WORLDWIDE, INC. FOR THE ROUTINE REPLACEMENT OF NETWORK SWITCHES AND OPTICS; AND

APPROVAL OF A PURCHASE ORDER IN THE AMOUNT OF \$197,074.73

RECOMMENDATION

Staff recommends that the City Council move to award Bid No. 09-25 to Data Systems Worldwide for the routine replacement of network switches and optics; and the approval of a purchase order in the amount of \$197,074.73.

INTRODUCTION

The networking equipment identified is at the end-of-life and will soon be unsupported by the manufacturer. These network switches are an essential part of the City's data network.

Included in this purchase are network optic devices that will dramatically improve throughput speeds and reliability for network interconnects. This additional throughput is essential for transport of high-bandwidth applications including CCTV, video-on-demand, and other UNITE-based applications. Current network interconnects are experiencing some quality-of-service issues that impede network performance.

DISCUSSION

On February 27, 2009, the City released a Request for Proposal (RFP), referred to as Bid No. 09-25, requesting proposals for Network Hardware Components. On March 10,

2009 at 2:00 p.m., sealed bids were opened by the Deputy City Clerk. Five responses were received (prices are before tax):

<u>VENDOR</u>	<u>BID</u>
Data Systems Worldwide:	\$181,006.00
Extreme Networks	\$190,609.00
Dell Marketing L.P	\$224,694.00
Quagga	\$264,389.08
Sigmanet	\$283,423.90

Of the five responses, Data Systems Worldwide, Inc. provided the lowest bid. IT staff will be installing the equipment.

The total amount being requested is \$197,074.73 includes the cost for all hardware, equipment, maintenance and applicable taxes.

FISCAL IMPACT

Funds were budgeted and are available in the Community Video Security CIP (31410342-85050) of the Information Technology Internal Service Fund for this purpose.

Item B. AWARD OF BID NO. 09-26 TO DATA SYSTEMS WORLDWIDE INC. FOR THE PURCHASE OF AN ENHANCED DOMAIN NAME SERVICE SYSTEM; AND,

APPROVAL OF A PURCHASE ORDER IN THE AMOUNT OF \$69,879.58

RECOMMENDATION

Staff recommends that the City Council move to award of Bid No. 09-26 to Data Systems Worldwide Inc. for the purchase of an enhanced domain name service system and approval of a purchase order in the amount of \$69,879.58.

INTRODUCTION

The Domain Name Server (DNS) is a hierarchical naming system for computers, services, or any resource participating in the internet. DNS also stores other types of information, such as the list of mail servers that accept email for a given Internet domain. By providing a world-wide, distributed keyword-based redirection service, the DNS is an essential component of the functionality of the Internet.

The City currently relies on a third party service for its external DNS. These services allow the City's World Wide Web traffic to be translated into a protocol compatible with the computers supporting the internet. Any and all web traffic leaving or entering the City is processed by DNS. This purchase enhances our current DNS capabilities to be less reliant on 3rd party providers, and increases our presence on the World Wide Web. Additionally, this purchase will better position the City to provide network services to our partners including the Beverly Hills Unified School District.

DISCUSSION

On March 2, 2009, the City released a Request for Proposal (RFP) referred to as Bid No. 09-26, requesting proposals for a Domain Name Service System. On March 10,

2009 at 2:00 p.m., sealed bids were opened by the Deputy City Clerk. One response was received from Data Systems Worldwide in the pretax amount of \$63,963.00.

The total amount being requested is \$69,879.58 includes the cost for all hardware, software, equipment and maintenance, and applicable taxes. Additionally, the City has an existing agreement for professional services for anticipated network infrastructure initiatives such as this. The installation, configuration and knowledge transfer will be conducted pursuant to that agreement (Agreement No. 227-02). The cost of these professional services will be \$15,000, for a total project cost of \$84,879.58.

FISCAL IMPACT

Funds were budgeted and are available in the Computer Acquisition - CIP Equipment (31410329-85050) of the Information Technology Internal Service Fund for this purpose.

Item C. AWARD OF BID NO. 09-27 TO DELL MARKETING L.P. TO PURCHASE SPECIALIZED NETWORK HARDWARE COMPONENTS; AND,

APPROVAL OF A PURCHASE ORDER IN THE AMOUNT OF \$101,060.04

RECOMMENDATION

Staff recommends that the City Council move to award of bid no. 09-27 to Dell Marketing L.P. to purchase specialized network hardware components and approve a purchase order in the amount of \$101,060.04.

INTRODUCTION

The City currently connects to the internet via a single third party Internet Service Provider (ISP). For redundancy and improved security it is the goal of the City's IT Department to have multiple Internet connections that are based on a peer infrastructure rather than a third party ISP.

Due to the expansion of the City's Municipal Area Network (MAN) and it's relationships to other networking tenants such as the Beverly Hills Unified School District (BHUSD), staff recommends that the City establish its internet connectivity through multiple paths that are more directly connected to the core of the internet. In order to accomplish this the City must have the capacity to process the hundreds of thousands of routes that appear across the World Wide Web.

The equipment purchased in this bid provides the power to accomplish this complex routing in a redundant array of processing hardware and software. With this purchase the City will have the ability to leverage its position on the internet from a simple user of services into a world class participant on the World Wide Web and open its doors as a provider of internet services across the City's ever widening municipal network.

DISCUSSION

On February 27, 2009, the City released a Request for Proposal (RFP) referred to as Bid No. 09-27, requesting proposals for Network Hardware Components. On March 10, 2009 at 2:00 p.m. sealed bids were opened by the Deputy City Clerk. Five responses were received (prices are before tax):

<u>VENDOR</u>	<u>BID</u>
Dell Marketing L.P.	\$93,358.00
Data Systems Worldwide	\$110,224.00
Quagga	\$116,523.56
Extreme Networks	\$124,400.50
Sigmanet	\$129,370.80

Of the five responses, Dell Marketing L.P. provided the lowest bid. IT staff will be installing all equipment.

The total amount requested \$101,060.04, includes the cost for all hardware, software, equipment, maintenance and applicable taxes.

FISCAL IMPACT

Funds were budgeted and are available in the Computer Acquisition - CIP Equipment (31410329-85050) of the Information Technology Internal Service Fund for this purpose.

Item D. APPROVAL OF A PURCHASE ORDER TO AHERN RENTAL & SALES FOR ONE COMPACT WHEEL LOADER TRACTOR IN THE TOTAL NOT-TO-EXCEED AMOUNT OF \$71,850.45

RECOMMENDATION

Staff recommends that the City Council approve a purchase order to Ahern Rental & Sales for one compact wheel loader tractor in the total not-to-exceed amount of \$71,850.45.

INTRODUCTION

As part of its annual replacement review, Fleet Services has evaluated described equipment for age, use and maintenance cost and has determined that it has met all of its established replacement criteria.

After joint deliberation between staffs from the Solid Waste Division and the Fleet Services, it was decided that this piece of equipment be replaced with a similar type, but slightly heavier, tractor.

After assembling the specification for the desired tractor, Bid No. 09-21 was posted to solicit bids from interested vendors. Six proposals were submitted by vendors of various makes of compact wheel loader tractors.

DISCUSSION

On February 6, 2009, six sealed bid proposals were opened at the City Clerk's Office:

Bidders	Total Bid
Ahern Rental & Sales	\$71,850.45
Volvo Construction Equipment	\$74,908.36
H&E Equipment Services	\$89,578.45
Power Trip Rentals	\$76,054.39
Scott Equipment	\$87,776.91
D3 Equipment	\$82,388.63

After reviewing the six proposals and conducting hands-on evaluations of the top two pieces of equipment offered, staff determined that the proposal submitted by Ahern Rental & Sales in the amount of \$71,850.45 including all taxes and fees is a responsible bid offering the lowest cost to the City

FISCAL IMPACT

Funds were budgeted and are available in the Vehicle Replacement Program (35088502-85050) of the Capital Assets Internal Service Fund for this purpose.

Item E. APPROVAL OF A CHANGE ORDER IN THE AMOUNT OF \$50,000 TO THE PURCHASE ORDER TO JSLS, INC. FOR DEBT COLLECTION CONTRACTUAL SERVICES FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$99,500

RECOMMENDATION

Staff recommends that the City Council move to approve a change order in the amount of \$50,000 to the purchase order to JSLS, Inc. for debt collection contractual services for a total not-to-exceed amount of \$99,500.

INTRODUCTION

JSLS, Inc. has been with the City since 2006. The vendor provides revenue collection services through discovery of non-compliant businesses within the City of Beverly Hills. Their services have been contracted for four years and are considered an important aspect of the City's revenue collection program.

DISCUSSION

The original purchase order was for \$49,500. The additional \$50,000 is needed to continue the debt collection services for the remainder of the fiscal year.

FISCAL IMPACT

Funds are paid directly from the funds collected and therefore, have no fiscal impact.

Item F. APPROVAL OF A CHANGE ORDER IN THE AMOUNT OF \$40,000 TO THE PURCHASE ORDER TO LA COUNTY DEPARTMENT OF PUBLIC WORKS INDUSTRIAL WASTE DIVISION FOR ADMINISTERING THE INDUSTRIAL WASTE DISCHARGE PROGRAM FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$90,000

RECOMMENDATION

Staff recommends that the City Council move to approve a change order in the amount of \$40,000 to the purchase order to LA County Department of Public Works Industrial Waste Division for administering the industrial waste discharge program for a total not-to-exceed amount of \$90,000.

INTRODUCTION

The County of Los Angeles, Department of Public Works Industrial Waste Division administers the industrial wastewater discharge program for the City. Mandated by the

Environmental Protection Agency (EPA), this requirement is in compliance with Ordinance No. 90-0-2092 entitled the "Wastewater Ordinance of Beverly Hills," which governs the disposal of industrial wastes to the sanitary sewer system.

DISCUSSION

Currently the City has over 100 industrial waste permittees that require inspection and two industrial customers that require water testing, including the City's Water Treatment Plant.

As a result of several non-compliant sites which required additional inspection an additional \$40,000 is needed to continue the inspection through the remainder of this fiscal year.

The City has in place a fee system that recoups these additional charges from non-compliant sites. The revenues collected are placed in the Wastewater Enterprise Fund.

FISCAL IMPACT

Funds were budgeted and are available in the Wastewater Enterprise Fund (8505404-73180) for this purpose.

Item G. APPROVAL OF AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND MAINLINE INFORMATION SYSTEMS, INC. FOR EQUIPMENT, INSTALLATION AND CONFIGURATION SERVICES RELATED TO REPLACEMENT OF THE CITY'S STORAGE AREA NETWORK SWITCH; AND

APPROVAL OF A PURCHASE ORDER IN A TOTAL NOT-TO-EXCEED AMOUNT OF \$258,084.32

RECOMMENDATION

Staff recommends that the City Council approve an agreement with Mainline Information Systems, Inc. and a purchase order in the amount of \$258,084.32 for equipment, installation and configuration services related to replacement of the City's storage area network (SAN) switch.

INTRODUCTION

A SAN is a network for sharing high-performance storage hardware such as disk drive arrays (RAID) and tape backup libraries across multiple servers and workstations. The SAN Switch is required for interconnecting multiple Windows and AIX servers with such centralized resources.

A SAN separates 'capacity' from "processing power" allowing scaling of storage or servers independently at exactly the right time. A SAN also eliminates downtime for critical applications like the City's email system and application databases.

The City currently has Switch which was purchased in December of 2001 that is now at the end-of-life, and is due for replacement in line with the City's replacement schedule.

DISCUSSION

On February 9, 2009, the City released a Request for Proposal (RFP) requesting bid proposals for replacement of the City's SAN Switch, referred to as Bid No. 09-22. On February 23, 2009 at 2:00 p.m., the sealed bids were opened by the Deputy City Clerk. Three responses were received (prices are before tax):

VENDOR	BID
Mainline Information Systems	\$237,254.00
Sigmanet	\$262,132.74
MicroAge	\$237,934.00

Of the three responses, Mainline Information Systems provided the lowest bid in the amount of \$258,084.32 for all hardware, software, equipment and services, and applicable taxes.

FISCAL IMPACT

Funds were budgeted and are available in the Computer Acquisition-CIP Equipment (31410329-85050) of the Information Technology Internal Service Fund for this purpose.

Item H. APPROVAL OF AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND MUNISERVICES, LLC. FOR REVENUE ENHANCEMENT SERVICES

RECOMMENDATION

Staff recommends that the City Council move to approve the renewal of an agreement between the City of Beverly Hills and MuniServices, LLC. for revenue enhancement services. This current renewal agreement, through a re-tasking of some services, provides an ongoing cost reduction of \$120,000 per year from the prior agreement.

INTRODUCTION

MuniServices, LLC has provided revenue enhancement services through discovery of non-compliant entities, revenue enhancement audits, collection and recovery services from non-payment of taxes, compliance audits and information services as tools to enhance local revenue. Through their audit programs of the City's business and transient occupancy taxes, audits of point of sale reporting of sales tax to the State and review of property tax allocations the City is assured that our revenues in these vital areas are continually monitored and errors and omissions, by both tax payers and other taxing authorities are caught and corrected. In addition, MuniServices provides research and information related to our economic base aiding the economic development efforts of City staff and the Chamber.

DISCUSSION

The City has utilized the services of MuniServices, LLC since 1992 and considers their product a vital revenue enhancement tool. They work exclusively with the government sector and provide municipal revenue enhancement services, helping municipalities preserve, enhance, and manage their revenue base.

Meeting Date: April 7, 2009

FISCAL IMPACT

Funds were budgeted and are available in the General Fund (0101704) for this purpose.



Noel Marquis
Finance Approval



Scott G. Miller
Approved By

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS
AND MAINLINE INFORMATION SYSTEMS, INC. FOR
EQUIPMENT, INSTALLATION AND CONFIGURATION
SERVICES RELATED TO REPLACEMENT OF THE CITY'S
STORAGE AREA NETWORK SWITCH

NAME OF CONSULTANT: Mainline Information Systems, Inc.

RESPONSIBLE PRINCIPAL
OF CONSULTANT: Sherrie Kishbaugh, Vice President of Operations

CONSULTANT'S ADDRESS: 1700 Summit Lake Drive
Tallahassee, FL 32317

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: David Schirmer, Chief Information
Officer

COMMENCEMENT DATE: March 25, 2009

TERMINATION DATE: Upon satisfactory completion of all services
required by this Agreement as determined by the
City Manager or his designee

CONSIDERATION: \$258,084.32 (includes sales tax)

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS
AND MAINLINE INFORMATION SYSTEMS, INC. FOR
EQUIPMENT, INSTALLATION AND CONFIGURATION
SERVICES RELATED TO REPLACEMENT OF THE CITY'S
STORAGE AREA NETWORK SWITCH

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "City"), and Mainline Information Systems, Inc., (hereinafter called "Consultant").

RECITALS

A. City desires to have Consultant provide certain hardware, software, equipment and services related to replacement of the City's Storage Area Network ("SAN") Switch, as detailed in Exhibit A, attached hereto and incorporated herein by this reference (the "Services").

B. Consultant represents that it is qualified and able to perform the Services in accordance with the terms set forth herein.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

Section 1. Consultant's Services. Consultant shall provide information technology consulting services on an "as-needed" basis as more particularly described in Exhibit A, in a manner satisfactory to City and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.

Section 2. Time of Performance. This Agreement shall commence upon a notice to proceed, and shall terminate on the Termination Date set forth above, unless sooner terminated pursuant to Section 11 of this Agreement.

Section 3. Compensation. City agrees to compensate Consultant, and Consultant agrees to accept in full satisfaction for the services required by this Agreement the Consideration set forth above and more particularly described in Exhibit B, attached hereto and incorporated herein by this reference. Said Consideration shall constitute reimbursement of Consultant's fee for the services as well as the actual cost of any equipment, materials, and supplies necessary to provide the services (including all labor, materials, delivery, tax, assembly, and installation, as applicable).

Section 4. Independent Contractor. Consultant is and shall at all times remain, as to City, a wholly independent contractor. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as herein set forth. Consultant shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of City.

Section 5. Assignment and Subcontracting. Consultant shall not assign or attempt to assign any portion of this Agreement, or subcontract any required performance hereunder, without the prior written approval of City. Consultant, however, shall at all times be responsible for the services performed by any subcontractors.

Section 6. Party Representatives.

(a) Consultant: Responsible Principal. The Responsible Principal set forth above shall be principally responsible for Consultant's obligations under this Agreement and shall serve as principal liaison between City and Consultant. Designation of another Responsible Principal by Consultant shall not be made without the prior written consent of City.

(b) City Representative. The City Manager or his designee shall represent City in the implementation of this Agreement.

Section 7. Personnel. Consultant represents that it has, or shall secure at its own expense, all personnel required to perform Consultant's services under this Agreement.

Section 8. Interests of Consultant. Consultant affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the services contemplated by this Agreement. No person having any such interest shall be employed by or be associated with Consultant.

Section 9. Insurance.

(a) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Consultant.

(b) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Professional Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to City in writing and be approved by City. Further, Consultant agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(c) Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by Contractor in performing the services required by this Agreement.

(d) Consultant agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation insurance as required by law.

(e) Consultant shall require each of its sub-Consultants or sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(f) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+,VII in the latest edition of Best's Insurance Guide.

(g) Consultant agrees that if it does not keep the aforesaid insurance in full force and effect City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Consultant's expense, the premium thereon.

(h) At all times during the term of this Agreement, Consultant shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth on Exhibit C, attached hereto and incorporated herein, or a form satisfactory to the City Attorney and Risk Manager, showing that the aforesaid policies are in effect in the required amounts. Consultant shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates.

(i) The policies of insurance required by this Agreement shall contain an endorsement naming the City and City's elected officials, officers and employees as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(j) The insurance provided by Consultant shall be primary to any coverage available to City, and any insurance or self-insurance maintained by City, its officers, officials, employees, agents or volunteers shall be excess of Consultant's insurance and shall not contribute with it. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation. The Consultant hereby waives all rights of subrogation against City.

(k) Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

Section 10. Indemnification.

(a) Consultant agrees to indemnify, hold harmless and defend the City of Beverly Hills, the City Council and each member thereof, and every officer, employee and agent of the City from any claim, liability or financial loss (including without limitation, attorneys fees and costs) arising out of the acts or omissions of Consultant, its employees, agents, representatives, and/or subcontractors, whether intentional, reckless, negligent, or otherwise wrongful, in the performance of this Agreement.

(b) Consultant agrees to indemnify, hold harmless and defend the City, the City Council and each member thereof, every officer, employee and agent of the City from and

against any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any claim that the technology and services provided by Consultant under this Agreement infringes upon any copyright, trade secret, trademarks, patent or other proprietary or intellectual property right of any third party.

Section 11. Termination.

(a) City may cancel this Agreement, with or without cause, at any time upon five (5) days written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by City, due to no fault or failure of performance by Consultant, Consultant shall be paid full compensation for all services performed by Consultant, in an amount to be determined as follows: For work done in accordance with all of the terms and provisions of this Agreement, Consultant shall be paid an amount equal to the amount of services performed prior to the effective date of termination or cancellation; provided, in no event shall the amount of money paid under the foregoing provisions of this paragraph exceed the amount which would be paid Consultant for the full performance of the services required by this Agreement.

Section 12. City's Responsibility. City shall provide Consultant with all pertinent data, documents, and other requested information as is available for the proper performance of Consultant's services.

Section 13. Information and Documents. All data, information, documents and drawings prepared for City and required to be furnished to City in connection with this Agreement shall become the property of City, and City may use all or any portion of the work submitted by Consultant and compensated by City pursuant to this Agreement as City deems appropriate.

Section 14. Non-Disclosure.

(a) Pursuant to the terms of this Agreement, City has provided, or will provide Consultant with certain information, and/or access to certain information including public safety information (the "Information"), which was or will be obtained by the City pursuant to a License Agreement with a third party, or which is the proprietary information of the City, or which is not publicly known. Consultant, its employees, agents, representatives, contractors and subcontractors shall hold the Information private and confidential, and shall not:

(i) Use the Information, nor cause the Information to be used for any purpose other than in performance of its duties to the City,

(ii) Participate in the wrongful use, illegal use, or unauthorized disclosure of the Information, or

(iii) Sell, release, free trade, assign, or provide access to the Information, directly or indirectly, to third parties. This provision survives termination of Consultant's duties to the City.

Section 15. Notice. Any notice required by this Agreement shall be deemed received on: (a) the day of delivery if delivered by hand or overnight courier service during regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses set forth above or to such other addresses as the parties may designate in writing.

Section 16. Attorney's Fees. In the event of litigation between the parties arising out of or connected with this Agreement, the prevailing party in such litigation shall be entitled to recover, in addition to any other amounts, reasonable attorney's fees and costs of such litigation.

Section 17. Entire Agreement. This Agreement represents the entire integrated agreement between City and Consultant, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Consultant.

Section 18. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 19. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

Section 20. No Third Party Beneficiaries. This Agreement and the obligations hereunder are not intended to benefit any party other than CITY and CONSULTANT, except as expressly provided otherwise herein. No entity not a signatory to this Agreement shall have any rights or causes of action against any party to this Agreement as a result of that party's performance or non-performance under this Agreement, except as expressly provided otherwise herein.

EXECUTED the ____ day of _____, 200__.

CITY OF BEVERLY HILLS
A Municipal Corporation

NANCY KRASNE
Mayor of the City of Beverly Hills

ATTEST

(SEAL)
BYRON POPE
City Clerk

[Signatures continue]

MAINLINE INFORMATION SYSTEMS,
INC.



RICHARD S. KEARNEY
President and CEO

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT



DAVID SCHIRMER
Chief Information Officer



KARL KIRKMAN
Risk Manager

EXHIBIT A

SCOPE OF SERVICES

The City requires replacement of the current FC9000 SAN Switch, which shall include two switches, with all necessary hardware, software, equipment, cabling, and five (5) years' maintenance and support for all hardware, software, and equipment. Consultant shall provide all hardware, software, equipment and services necessary to ensure successful replacement of the City's SAN switch (the "Services"). The Services shall include, but are not limited to the following:

Task 1: Consultant shall provide the following hardware, software, equipment, and/or support manufactured by QLogic:

- (a) Two (2) SB9200 Base Chassis Switch w/32 ports, front to back airflow
- (b) Two (2) 4/2/1 Gb I/O Blades, each includes sixteen 4Gb/2Gb/1Gb auto-sensing Fiber Channel ports
- (c) Two (2) CPU Fault Tolerance Failover Software License, 1 year support included
- (d) Two (2) 24/7 Prime Support for SB9200 – Upgrade - 3 year, 7day/24hr remote support, 4hr on-site/spares
- (e) Four (4) 24/7 Prime Support for SB9200 – Renewal - 1 year, 7day/24hr remote support, 4hr on-site/spares
- (f) Four (4) 24/7 EFS Support for Fault Tolerance Failover Software, Enterprise Fabric Suite Software Maintenance Agreement 1-Year Renewal 7x24 Support
- (g) Twenty-Four (24) 4 Gb SFP Transceivers (4 pack)

Task 2: Consultant shall provide the hardware, and equipment manufactured by IBM:

- (a) Ten (10) IBM 4GB Single Port HBA's, DS4000 Single Port 4GB 64Bit 133MHz PCI-X Fibre Channel Host Bus Adapter
- (b) Two (2) IBM Enterprise C13 PDU's
- (c) Two (2) IBM DPI 30A Cords (NEMA L6-30P), Power Cords
- (d) Ten (10) Fiber Cables 25m Multimode (LC-LC), Network Cables
- (e) Thirty (30) Fiber Cable 22m Multimode (LC-SC), Network Cables

Task 3: Consultant provide the following services related to replacement of the City's SAN Switch, including installation and configuration of the deliverables listed in Sections 5-2 and 5-3 above, and all necessary testing and knowledge transfer to ensure successful implementation, including, but not limited to the following:

- (a) Rack and stack two (2) SB9200-32A-E units. Identify, install and configure as required:
 - i. Username and password
 - ii. Date/time and NTP configuration
 - iii. Addition & restriction of system services (telnet, SSL, SSH, etc)
 - iv. Set IP address & active ethernet port
 - v. Confirm and/or install latest firmware revision
- (b) Install and configure SB9200-32A-E units with SB9004-4G blades. Identify, install and configure as required:
 - i. Setting all blade properties
 - ii. Setting of port properties
 - iii. Alarm configuration
 - iv. Nickname configuration
- (c) Apply the required firmware updates and licenses. Identify, install and configure as required:
 - i. Fault Tolerant Failover Software Licenses
 - ii. Perform required failover testing
 - iii. Power supplies
 - iv. CPUs
- (d) Establish connectivity to IBM 3584 LTO1 and LTO4 drives
 - i. Perform required connectivity testing
- (e) Establish connectivity to IBM 2105-F20, DS6000, DS4700 and DS4000 storage units
 - i. Perform required connectivity testing

- (f) Establish connectivity to IBM X and P series servers
 - i. Perform required connectivity testing
- (g) Establish, complete and test best practices zoning configuration including creation of zone-set zones for the current environment
- (h) Establish, complete and test best practices backup and recovery processes including the initial archive of the switch configuration
- (i) Provide knowledge transfer and documentation to City representatives as required, including but not limited to:
 - i. Documentation of port maps for hosts and targets
 - ii. How to add & delete host and targets from zones, zonesets
 - iii. How to add & delete volumes from host
 - iv. How to create and mount new volumes from SAN
 - v. How to view blade, port information
 - vi. How to view Logs and port statistics
- (j) Provide any additional services necessary to ensure successful implementation of the new SAN Switch system, as directed by City.

EXHIBIT B

COMPENSATION AND PAYMENT

City shall pay Consultant the amount of Two Hundred Fifty-Eight Thousand, Eighty-Four Dollars and Thirty-Two Cents (\$258,084.32) as set forth in the purchase order issued by City for all hardware, software, equipment and services provided pursuant to this Agreement. City shall compensate Consultant at the rates set forth below:

Item	Description	Part Number	Qty	Unit Price	Extended Price
1	QLogic SB9200 Base Chassis w/32 ports (front to back airflow)	SB9200-32A-E	2	\$41,490.00	\$82,980.00
2	QLogic 4/2/1 Gb I/O Blades	SB9004-4G	2	\$5,693.00	\$11,386.00
7	QLogic 4 Gb SFP Transceivers (4 pack)	SFP4-SW-JD4	24	\$952.00	\$22,848.00
8	IBM 4GB Single Port HBA	39M5894	10	\$995.00	\$9,950.00
9	IBM ENTERPRISE C13 PDU	39Y8941	2	\$334.00	\$668.00
10	IBM DPI 30A CORD (NEMA L6-30P)	40K9614	2	\$113.00	\$226.00
11	IBM Fiber Cable 25m Multimode (LC-LC)	39M5698	10	\$62.00	\$620.00
12	IBM Fiber Cable 22m Multimode (LC-SC)	11P3897	30	\$64.00	\$1,920.00
Hardware, Software & Equipment (Taxable Subtotal):					\$130,598.00
3	QLogic CPU Fault Tolerance License	LK-9200-FT	2	\$4,658.00	\$9,316.00
4	QLogic 3 Years 24/7 Prime Support	PRIME-3U-SB9200	2	\$22,770.00	\$45,540.00
5	QLogic 1 year of 24/7 Prime Support	PRIME-R-SB9200	4	\$10,985.00	\$43,940.00
6	QLogic 1 year 24/7 EFS Software support	SMA-EFS-7x24	4	\$1,965.00	\$7,860.00
13	Consulting Services	Services	1		\$8,750.00
	Sales Tax (9.25%)	Sales Tax			\$ 12,080.32
Grand Total:					\$258,084.32

Within 30 days after the end of each month, Consultant shall submit to City an itemized statement which shall set forth in detail a description of the hardware, software and equipment delivered and the services performed during that month. City shall pay Consultant the amount of such billing within thirty (30) days of receipt of the itemized statement.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/06/2009

PRODUCER
MARSH USA INC.
3475 PIEDMONT ROAD NE
SUITE 1200
ATLANTA, GA 30305
Attn: Brenda Young-Epps (404) 995-3074
570938--ALL-08-09

INSURED
MAINLINE INFORMATION SYSTEMS, INC.
ATTN: BOBBI J. COFFEY
1700 SUMMIT LAKE DRIVE
TALLAHASSEE, FL 32317

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: St. Paul Fire & Marine Ins Co	24767
INSURER B: Phoenix Insurance Company	25623
INSURER C: Travelers Casualty Insurance Company Of	19046
INSURER D: N/A	N/A
INSURER E:	

COVERAGES

2

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	TE06804479	12/31/08	12/31/09	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES(Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> \$500 Comp Ded - Hired Autos <input checked="" type="checkbox"/> \$1,000 Coll Ded - Hired Autos	TE06804479	12/31/08	12/31/09	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$	TE06804479	12/31/08	12/31/09	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 Deductible \$ 10,000
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	HVYCN-UB-8533L34-4-08 (AOS including Alaska) HS-UB-8552L29-1-08 (California)	12/31/08	12/31/09	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A		OTHER CyberTech+ (Errors & Omissions Liability Network & Information Security Communications and Media Liab)	TE06804479	12/31/08	12/31/09	Each Wrongful Act Limit 5,000,000 Total Limit 5,000,000 Each Wrongful Act Deductible 100,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 City of Beverly Hills, its City Council and City's elected officials, officers and employees shall be named as Additional Insured as their interest may appear per written and executed contract.

CERTIFICATE HOLDER ATL-001676134-05

CANCELLATION

CITY OF BEVERLY HILLS
455 N. REXFORD DRIVE
BEVERLY HILLS, CA 90210

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL **30** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.
Kimberly Bowers Jimenez

Kimberly Bowers Jimenez

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
MUNISERVICES, LLC FOR REVENUE ENHANCEMENT SERVICES**

NAME OF CONSULTANT: MuniServices, LLC

RESPONSIBLE PRINCIPAL
OF CONSULTANT: Marc Herman, President

CONSULTANT'S ADDRESS: 7335 N. Palm Bluffs Avenue
Fresno, CA 93711

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: Noel Marquis
Assistant Director of Administrative Services

COMMENCEMENT DATE: August 12, 2008

TERMINATION DATE: August 13, 2013

CONSIDERATION:

Fiscal Year	Fixed Fee
2006-2007:	\$1,003,047.00
2007-2008:	\$1,045,777.00
2008-2009:	\$1,089,341.00
2009-2010:	\$ 980,406.54

The fixed fee for future years is subject to annual escalation as described in Exhibit B-1.

Additional Services not to exceed \$250,000.00 per year, as more fully described in Exhibit B-1

**AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
MUNISERVICES, LLC FOR REVENUE ENHANCEMENT SERVICES**

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "CITY"), and MuniServices, LLC, a Delaware limited liability company (hereinafter called "CONSULTANT").

R E C I T A L S

A. CITY desires to have certain services provided (the "services") as set forth in the Exhibits A1 through A9 ("the Exhibits"), attached hereto and incorporated herein.

B. CONSULTANT represents that it is qualified and able to perform the services.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONSULTANT's Services.

(a) CONSULTANT shall perform the services as described in the Exhibits to the full satisfaction of CITY.

(b) Subject to the terms and conditions set forth herein, CONSULTANT shall provide to CITY those services set forth in Exhibits attached hereto in exchange for the fees set forth in this section. Upon mutual agreement, CONSULTANT and CITY may add services to be performed by CONSULTANT for CITY under this Agreement by executing additional written Exhibits signed by both parties. Such additional Exhibits shall contain, at a minimum, a description of the services to be performed, the anticipated compensation for such services, and any additional terms required to give effect to the request for services (collectively "Services"). Such additional Exhibits shall be signed by the City Manager or his designee and representatives of CONSULTANT having authority to so bind the parties. CONSULTANT shall provide the Services in the manner specified in each applicable Exhibit. CONSULTANT shall not be required to perform, nor CITY be required to pay for, services not contained in an applicable Exhibit

Section 2. Independent Contractor Status.

(a) CONSULTANT is an independent contractor, and not an employee of CITY, who will be engaged in providing consulting services for CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT or between CITY and any employee or agent of CONSULTANT. Both parties acknowledge that CONSULTANT is not an employee for state or federal tax purposes. CONSULTANT shall retain the right to perform services for others during the term of this Agreement. Nothing in this Agreement shall be construed as creating a partnership, joint venture, or designating CONSULTANT as an agent of CITY, except as authorized by the Exhibits attached hereto. CONSULTANT shall have no authority to bind, contract, or obligate CITY, financially or otherwise. CITY shall not have any right to control the means by which CONSULTANT performs the Services including the

facilities used, the employees, contractors, or agents assigned by CONSULTANT. CONSULTANT may utilize subconsultants with the prior written approval of CITY. CONSULTANT shall be responsible for any subcontracts entered into in the course of performance of the Services for CITY and CONSULTANT shall be solely responsible for payment to the subcontractors.

Section 3. Compensation. CITY agrees to compensate CONSULTANT, and CONSULTANT agrees to accept in full satisfaction for the services required by this Agreement the Consideration set forth above and more particularly described in Exhibit B-1, attached hereto and incorporated herein, or if the compensation is for a service added under Section 1, then CITY shall compensate CONSULTANT as set forth in that added Exhibit. Said Consideration shall constitute reimbursement of CONSULTANT's fee for the services as well as the actual cost of any equipment, materials, and supplies necessary to provide the services (including all labor, materials, delivery, tax, assembly, and installation, as applicable) except for those expenses or costs that are noted in an applicable Exhibit as being the CITY's responsibility or that receive prior written approval from CITY. CITY shall pay CONSULTANT said Consideration in accordance with the schedule of payment set forth in Exhibit B-2, attached hereto and incorporated herein.

Section 4. Confidentiality.

(a) During the term of this Agreement, each party may have access to certain confidential information of the other including such party's products, services, technical data, trade secrets, inventions, processes, and constituent information. All such information shall be deemed "Confidential Information" to the extent authorized by law. Each party shall use the Confidential Information of the other solely for performance of this Agreement, and all Confidential Information shall remain the sole property of the respective parties. With regard to Confidential Information, each party shall use the same care as it uses to maintain the confidentiality of its own confidential information, which shall be no less than reasonable care, and shall not make disclosure of the Confidential Information to any third party without the written consent of the Disclosing Party, except to employees, consultants or agents to whom disclosure is necessary to the performance of this Agreement and who are bound by a duty of confidentiality, and to the extent required by law. Information shall not be deemed confidential if it (i) is rightfully known to the receiving party prior to receipt from the disclosing party as reasonably evidenced by such party; (ii) becomes known to the receiving party from a source other than one who is under an obligation of confidentiality to the disclosing party; (iii) becomes publicly known or otherwise ceases to be confidential other than by an unauthorized act; or (iv) deemed public as defined by law. At all times, in accordance with Graham-Leach Bliley and other applicable State and Federal regulations, taxpayer information containing Personally Identifiable Information, as defined in applicable regulations, shall be held in the strictest confidence by CONSULTANT.

(b) The parties agree that a breach of the terms of paragraph 4.1 would result in irreparable injury to the non-breaching party for which a remedy in damages would be inadequate. The parties agree that in the event of such breach or threatened breach, the non-breaching party shall be entitled to, in addition to any other remedies available at law or in equity, seek an injunction to prevent the breach or threatened breach.

(c) The obligation of confidentiality as set forth in paragraph 4.1 shall continue for a period of three (3) years from the date of disclosure of the information, provided, however, that for any information which constitutes a Trade Secret (as defined by applicable law), business gross receipts, or sales tax information, the obligation of confidentiality shall continue during the entire term of this Agreement and shall survive the termination of this Agreement indefinitely.

Section 5. Term. This Agreement shall be effective as of the date written above and shall continue in full force and effect for a period of five (5) years as written above.

Section 6. Termination.

(a) CITY may cancel this Agreement at any time upon five (5) days written notice to CONSULTANT. CONSULTANT agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by CITY, due to no fault or failure of performance by CONSULTANT, CONSULTANT shall be paid full compensation for all services performed by CONSULTANT, in an amount to be determined as follows: for work done in accordance with all of the terms and provisions of this Agreement, CONSULTANT shall be paid an amount equal to the amount of services performed prior to the effective date of termination or cancellation, provided, in no event shall the amount of money paid under the foregoing provisions of this paragraph exceed the amount which would be paid CONSULTANT for the full performance of the services required by this Agreement.

Section 7. Responsible principal(s).

(a) CONSULTANT'S Responsible Principal set forth above shall be principally responsible for CONSULTANT's obligations under this Agreement and shall serve as principal liaison between CITY and CONSULTANT. Designation of another Responsible Principal by CONSULTANT shall not be made without the prior written consent of CITY.

(b) CITY's Responsible Principal shall be the City manager or his designee set forth above who shall administer the terms of the Agreement on behalf of CITY.

Section 8. Equal Employment Opportunity. During performance of this Agreement, CONSULTANT, for itself, its assignees and successors in interest, agrees as follows:

(a) Compliance With Regulations: CONSULTANT shall comply with Executive Order 11246, "Equal Employment Opportunity" and labor regulations (41 C.F.R. Part 60), hereinafter referred to as the "Regulations."

(b) Nondiscrimination: CONSULTANT, with regard to any work performed pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, or veteran status in the selection and retention of employees, subcontractors, the procurements of materials or leases of equipment.

(c) Solicitation for Subcontractor, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by CONSULTANT for work to be performed under any subcontract, including procurements of materials or equipment, such potential subcontractor or supplier shall be notified by CONSULTANT of CONSULTANT's obligation under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, religion, sex, national origin, or veteran status.

(d) Information and Reports: CONSULTANT shall provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by CITY to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of CONSULTANT is in the exclusive possession of another who fails or refuses to furnish this information, CONSULTANT shall so certify to CITY and shall set forth what efforts it has made to obtain the information.

(e) Incorporation of Provisions: CONSULTANT shall include the provisions of paragraphs 6.1 through 6.4 in every subcontract issued pursuant to this Agreement. CONSULTANT shall take such action with respect to any Regulations, order or instructions issued pursuant thereto. CONSULTANT shall take such action with respect to any subcontract or procurement as CITY may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event CONSULTANT becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, CONSULTANT may request CITY to enter such litigation to protect the interests of CITY.

Section 9. Indemnification.

CONSULTANT agrees to indemnify, hold harmless and defend CITY, City Council and each member thereof, and every officer, employee and agent of CITY, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of consultant or any person employed by consultant in the performance of this agreement.

Section 10. Insurance.

(a) CONSULTANT shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of comprehensive General Liability insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by CONSULTANT.

(b) CONSULTANT shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of comprehensive Vehicle Liability insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by CONSULTANT in performing the services required by this agreement.

(c) CONSULTANT shall at all times during the term of this Agreement, carry, maintain and keep, in full force and effect, a policy or policies of Professional Liability insurance (errors and omissions) with minimum limits of one million dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by CITY. Further, CONSULTANT agrees to maintain in full force and effect such insurance for one year after performance of work under this agreement is completed.

(d) CONSULTANT agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation and employer's liability insurance as required by California State law.

(e) CONSULTANT shall require each of its sub-consultants or sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(f) The policy or policies required by this Agreement shall be issued by an insurer admitted in the state of California and with a rating of at least a B+;vii in the latest edition of Best's Insurance Guide.

(g) CONSULTANT agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CITY may take out the necessary insurance and pay, at CONSULTANT's expense, the premium thereon.

(h) At all times during the term of this Agreement, CONSULTANT shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit C, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. CONSULTANT shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the CITY as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to CITY, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(i) The insurance provided by CONSULTANT shall be primary to any coverage available to CITY. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(j) Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, CONSULTANT shall either reduce or eliminate the deductibles or self-insured retentions with respect to CITY, or CONSULTANT shall procure a bond guaranteeing payment of losses and expenses.

Section 11. General Provisions

(a) Personnel. CONSULTANT shall assign only competent personnel to perform services pursuant to this Agreement. In the event that CITY, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by CONSULTANT to perform services pursuant to this Agreement, CONSULTANT shall remove any such person immediately upon receiving notice from CITY of the desire of CITY for the removal of such person or persons.

(b) Gratuities, Gifts, Conflict of Interest. CONSULTANT shall, at all times, comply with any CITY policies regarding gifts, gratuities, or conflicts of interest. At no time shall CONSULTANT, an employee, agent, director, or contractor offer or accept any gift or gratuity from a third party who may be subject to findings resulting from Services, to or from any CITY official, employee, contractor, or agent, or from any other party where such gift or gratuity could be construed as a conflict of interest. CONSULTANT, its officers, directors, employees, agents, and contractors shall avoid all conflicts of interest, financial or otherwise, or the appearance thereof, in the performance of this Agreement or the applicable Services.

(c) Ownership of Work Product. CONSULTANT shall retain all right, title, and interest in and to the processes, procedures, models, inventions, software, ideas, know-how, and any and all other patentable or copyrightable material used, developed, or reduced to practice in the performance of this agreement. All data, information and documents prepared for CITY and required to be furnished to CITY in connection with this agreement shall become the property of CITY, and CITY may use all or any portion of the work submitted by CONSULTANT and compensated by CITY pursuant to this agreement, as CITY deems appropriate.

(d) Assignment. This agreement covers professional services of a specific and unique nature, and CONSULTANT shall not assign or attempt to assign any portion of this agreement without the prior written approval of CITY.

(e) Confidential Information. Pursuant to Revenue and Taxation Code Section 7056(b), CONSULTANT:

(i) Shall disclose information contained in, or derived from, sales or transactions and use tax records only to authorized officers or employees of CITY.

(ii) Shall not perform consulting services for a retailer during the term of this Agreement.

(iii) Shall not retain the information contained in, or derived from, those sales or transactions and use tax records, after this Agreement is terminated.

(f) Severability. In the event that any portion of this Agreement is held to be unenforceable, the unenforceable portion shall be construed as nearly as possible to reflect the original intent of the parties and the remainder of the provisions shall remain in full force and effect.

(g) Conflicts Of Interest. CONSULTANT agrees not to accept any employment or representation during the term of this Agreement which is or may likely make

CONSULTANT "financially interested" (as provided in California Government Code Sections 1090 and 87100) in any decision made by CITY on any matter in connection with which CONSULTANT has been retained pursuant to this Agreement.

(h) Waiver. Either Party's failure to insist upon strict performance of any provision of this Agreement shall not be construed as a waiver of that or any other of its rights hereunder at any later date or time.

(i) Force Majeure. Neither party shall be liable for failing to perform its obligations hereunder where delayed or hindered by war, riots, embargoes, strikes or acts of its vendors or suppliers, accidents, acts of God, or any other event beyond its reasonable control.

(j) Notices. All notices including notices of address changes contemplated hereunder shall be deemed received on the third day after mailing if sent by mail, or immediately if sent by facsimile. Notices shall be sent to the following:

If to CONSULTANT :
MuniServices, LLC
7335 N. Palm Bluffs Avenue
Fresno, CA 93711
Attn: Corporate Counsel

If to CITY:
City of Beverly Hills
455 North Rexford Drive, Suite 250
Beverly Hills, CA 90210
Attn: Noel Marquis, Assistant
Director of Administrative Services

(k) Attorney's Fees. In the event that CITY or Contractor commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover its costs of suit, including reasonable attorney's fees.

(l) Entire Agreement. This Agreement, including the Exhibits attached hereto and made part hereof, constitutes the entire agreement between CONSULTANT and CITY with respect to the Services provided. This Agreement supercedes and replaces any and all prior agreements, of whatever kind or nature, with respect to the Services provided hereunder. Any prior agreements, discussions, or representations not expressly set forth herein are of no force or effect.

(m) No Oral Modification. No modification of this Agreement shall be effective unless set forth in writing and executed by both parties with the same formality as this Agreement.

(n) Construction. This Agreement shall be construed in accordance with the laws of the State of California.

(o) Headings. The section headings herein are for convenience and reference purposes only and shall not serve as a basis for construction or interpretation.

(p) Order of Precedence. In the event of any conflict between the terms of this Agreement and the terms of any Exhibits, the terms of this Agreement shall prevail. No additional terms and conditions, or oral or written representations of any kind shall be of any force and effect unless in writing and executed with the same formality as this Agreement.

(q) Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Executed the _____ day of _____, 200 __, at Beverly Hills, California.

“CITY”
CITY OF BEVERLY HILLS
A Municipal Corporation

NANCY KRASNE
Mayor of the City of
Beverly Hills, California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

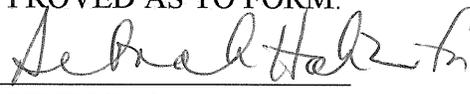
“CONSULTANT”:
MUNISERVICES, LLC



MARK HERMAN
President



KEVIN CERUTTI
Vice President Finance

APPROVED AS TO FORM:


LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

RODERICK J. WOOD, CCM
City Manager



SCOTT G. MILLER
Director of Administrative Services/
Chief Financial Officer



KARL KIRKMAN
Risk Manager

EXHIBIT A-1

BUSINESS LICENSE TAX COMPLIANCE SERVICES

- Consultant' Local Tax Compliance service (the "LTC service") assists the City to locate tax revenue the City may not be receiving from its local tax registry by detecting, documenting, and assisting with the correction of errors and omissions made by tax payers who are subject to the local business tax and by collecting local tax deficiencies that have already been identified.
- The LTC service also aims to reduce future errors by informing the business that are identified as having errors or omissions about the proper methods for compliance. Informing business owners of the requirements of the ordinance helps to prevent future mistakes by business making future enforcement efforts by the City less burdensome for the City.
- The City desires to have Consultant provide the LTC service to the City.

The parties, therefore, agree to the following:

- 1. Procedures for the LTC service.** Consultant provides the LTC service according to the following procedures.
 - 1.1. Initial Meeting.** Consultant meets with the City Staff to review the procedures and objectives of the LTC service, business entity relations and logistical matters, including establishing an appropriate liaison with City management and staff and logical checkpoints for measuring progress (the "Initial Meeting"). Consultant and City will schedule the meeting within 10 days after Consultant receives the fully-signed copy of this addendum from the City.
 - 1.2. Workplan.** Based on the Initial Meeting, Consultant develops a workplan that incorporates the logistical matters agreed to in the Initial Meeting and describes in detail how the objectives of the LTC service will be met (the "Workplan").
 - 1.3. Commencement of services.** After the Workplan is developed, Consultant will begin providing the three services described in paragraphs 1.4 thru 1.6 below. Consultant' obligation to provide services is contingent on the City providing the necessary information and cooperation. All three services are provided as part of the bundled service.
 - 1.4. Discovery Service.** The discovery service portion of the LTC service is designed to identify entities subject to the City's local business tax that are not properly registered with City or otherwise not reporting business taxes to City. In performing the discovery service, Consultant shall:
 - a. Establish a comprehensive inventory of the entities subject to the City's local business tax and determine the database elements needed to compare Consultant records with the City's records of those entities that are properly registered;
 - b. Compare Consultant records with City records to identify potential non-reporting and non-registered entities subject to the City's business tax;
 - c. Assist each confirmed, unregistered or non-reporting entity, as necessary, to complete City's applicable registration form(s) and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate);

- d. Invoice entity (including supporting documentation) on behalf of City for the amount of identified deficiencies, with payment to be remitted to City or to Consultant;
- e. Establish a call center open during normal business hours to assist entities with questions about the application of City's taxes and entity's reporting and remittance requirements; and
- f. Educate entity regarding City's reporting requirements to prevent recurring deficiencies in future years.

1.5. Audit Service. The audit service portion of the LTC service is designed to identify entities subject to the City's business tax that are underreporting their business taxes and to review the entities' records to ensure compliance with City's taxes. In performing the Audit Services, Consultant shall:

- a. Establish a comprehensive inventory of the registered entities subject to the City's business tax and the database elements needed to analyze each entity's current and prior years tax remittance records;
- b. Compare Consultant records with City records to identify potential under-reporting entities subject to taxation;
- c. Meet with designated City staff to review and discuss potential audit candidates and mutually agree which entities will be subject to review;
- d. For potential under-reporting entities identified, obtain authorization from City to conduct a review of the entities' records and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate);
- e. Submit audit summaries (also referred to as a "Deficiency Notice") to City to permit City to determine the amount of a deficiency owed, if any;
- f. Invoice entity (including supporting documentation) on behalf of City for the amount of identified deficiencies, with payment to be remitted to City or to Consultant; and
- g. Educate entity regarding City's reporting requirements to prevent recurring deficiencies in future years.

1.6. Collection service. The third portion of the LTC service is collecting on delinquent tax-related accounts (as mutually defined by the parties in the Workplan) referred by the City. These accounts shall only consist of those referred by the city and not those accounts subject to the Discovery and Audit services mentioned above. Consultant shall collect on those tax-related delinquent accounts the City designates for collection. Consultant and City may also mutually agree for Consultant to collect non tax-related delinquent accounts if City and Consultant agree on scope of that collection service and the compensation. The method for designating a tax-related account for collection and the objectives and standards for the collection will be set forth in the Workplan. After testing a sample file and identifying all record fields/codes to assure proper reading of the information and receiving the City's approval on the form and content of the collection letters, Consultant will start generating collection notices and making phone calls. Consultant is not authorized to and shall not take legal action on the City's behalf to collect on

accounts. The Work Plan will describe, in more detail, how Consultant will meet the following objectives in the collection service:

- a. Analyze the referred accounts;
- b. Identify accounts requiring skip tracing;
- c. Contact the delinquent account holder by mail and/or phone, prepare and mail customized letters, conduct a tailored telephone notification program and prepare and mail special mailings (i.e. multiple account letters, etc.); Consultant shall submit the proposed collection notice form(s) to the City for review and approval.
- d. Provide debtor assistance;
- e. Attend necessary conversations/meetings with the City;
- f. Prepare client collection reports on requested basis, review overall performance and collection goals, analyze delinquent accounts and review status of payment arrangements;
- g. Forward payments on accounts to the City within 48 hours of receipt, posting reports will be sent according to the City's schedule;
- h. Provide the following reports: Annual Performance Report, Monthly and Weekly Reports detailing collection activities and results and other mutually agreeable Special Reports upon request;
- i. Agree with City on a mutually desirable means for sending or sharing data (electronic or tape); and
- j. Develop with City a method for handling unidentified payments.

2. Additional Consulting. City may request that Consultant provide additional consulting services at any time during term of the Agreement to which this Addendum is attached. If Consultant and City agree on the scope of the additional consulting services requested, then Consultant shall provide the additional consulting services on a Time and Materials basis. Depending on the personnel assigned to perform the work, Consultant' standard hourly rates range from \$75 per hour to \$300 per hour. These additional consulting services will be invoiced at least monthly based on actual time and expenses incurred.

EXHIBIT A-2

TRANSIENT OCCUPANCY TAX COMPLIANCE REVIEW SERVICES

OBJECTIVES AND METHODS

The purpose of Consultant's Transient Occupancy Tax Compliance Review Program is to assist the City in realizing all of the TOT revenue to which it is entitled; and to educate the third party collectors and remitters of TOT to ensure maximum future compliance with the City's related codes and ordinances. Consultant's TOT audit service detects, documents and corrects tax return errors, thereby producing new revenue that would not otherwise have been realized by the City.

TOT COMPLIANCE REVIEW PROCEDURES

Consultant reviews the daily and weekly reporting of receipts and occupancy, bank statements and other activity logs. Consultant then determines whether the ordinance has been properly applied and if the lodging provider has properly documented and applied exemptions to the tax. When misapplication is identified, the amount of the deficiency is calculated and reported back to the City.

Consultant conducts its reviews in a cooperative and educational manner. The focus of the review will be, first, to document the reporting as compared to the actual activity, and then to inform the hotel's owner/operator of the accurate and correct application of the tax and to educate them in the requirements of the ordinance to prevent future errors.

In executing its TOT program, Consultant follows these procedures:

- Coordinate with City's designated staff to review service objectives, scope, workplan schedule, public relations and logistical matters; Consultant will also establish an appropriate liaison with the City's coordinator and logical checkpoints for reviewing progress.
- Review applicable provisions of the City's municipal code and ordinances adopted by the City and recommend changes, where applicable, to improve the program.
- Obtain from City the most recent three years' tax returns for each lodging property.
- Provide City staff with a detailed list of all records required to be made available by entities for conduct of the reviews, together with a draft engagement announcement letter to be sent to each lodging provider.
- Conduct unobtrusive on-site collection of information on each property, including number of rooms, occupancy rate, property's condition, and business dynamics.
- Conduct analysis and clean up of all tax return data for each property.
- In coordination with City staff, schedule and conduct reviews at each property location to examine records pertaining to TOT.
- Verify accuracy of filed TOT returns with daily and monthly activity summaries;
- Review a random sample of the daily and monthly summaries to determine if the daily summaries reconcile to the monthly summaries.
- Review bank statements to verify that deposits reconcile with the reported revenue on the TOT returns. Review exempted revenue for proper qualifying documentation; review a random sample of exempted guest revenue and trace registration and/or other source documents to verify compliance with the City ordinance. Where possible, compare the state and federal tax filings with the TOT returns.
- For each error/omission identified and confirmed, submit substantiating documentation to designated staff in order to facilitate recovery of revenue due from prior periods.

- Coordinate with designated City official(s) as necessary to review findings and recommendations.
- Provide additional assistance as necessary to support the City in recovering and preventing tax deficiencies.
- Provide assistance to City in reviewing any matters submitted in extenuation and mitigation by lodging providers in contesting a deficiency determination.
- Prepare and document any changes to the review findings and provide revised tax, interest or penalty amounts due the City.

TIMING AND REPORTING

Unless instructed otherwise by the City, Consultant shall commence the TOT Compliance Review Services within 60 working days of receipt of a fully executed agreement, authorization to commence and receipt of the necessary data. Compliance review of all of the City's businesses subject to the TOT Compliance Review Services shall be completed every three year period. A Compliance Review Report shall be provided to the City within thirty (30) days of completion of a Compliance Review for any particular business.

The Compliance Review Report will contain the following information:

- Rent and TOT returned and found for the period of review; generally the most recent 36 months.
- Written explanations of findings.
- Revenue deficiency amounts identified for the City by Consultant on a monthly or quarterly and cumulative basis, and written explanations thereof. Draft notices of deficiency determination, letters of commendation, and other correspondence to be sent by the City to lodging providers.

Seminar Services:

At the City's option, but no more frequently than once every three years, the City may opt to have Consultant perform the following seminars.

- Conduct a seminar session with City staff to present and discuss issues pertaining to lodging tax administration. Key topics for normal City staff sessions include applicable state and federal law, return analysis, deficiency determination techniques and collections. City may add select topics of City concern to be reviewed at this session;
- Conduct a seminar session for local lodging providers to disseminate information intended to further the providers' understanding of their duties and responsibilities under the City's lodging tax ordinance, their responsibilities for collections and record keeping, and to address any points requiring clarification in the lodging providers' understanding of the City's lodging tax ordinance.

City staff shall be encouraged to attend both seminar sessions so as to become familiar with the issues and concerns facing local lodging providers and to interact directly with the lodging providers.

EXHIBIT A-3

PROPERTY TAX

Consultant, LLC (Consultant) shall provide to the City of Beverly Hills, (City) Consultant's Tax Compliance Services which consists of Discovery, Audit and Recovery Services.

PROPERTY TAX AUDITING - OBJECTIVES AND METHODS

Consultant's property tax audit assists City in recovering all of the revenue to which it is entitled from its Property Tax. Administrative errors and omissions combined with general compliance problems are inevitable given the non-standard, complex nature of state and local property taxes. Error rates rise with respect to property tax applicability, rates, exceptions, exemptions, quirks and other inconsistencies.

Because there are time limitations on the City's ability to recover misallocated revenue, prompt correction of these errors and omissions is essential to maximizing revenue potential.

The following steps are taken in conducting Consultant's Property Tax Audit:

- Contact City's designated staff to review service objectives, scope, workplan schedule, public relations and logistical matters. Consultant will also establish an appropriate liaison with the City's coordinator and logical checkpoints for progress reviews.
- Represent the City for purposes of examining records pertaining to property tax and RDA tax increment to identify and confirm any errors/omissions that are resulting in deficient payment of tax revenues to the City.
- For each error/omission identified and confirmed, prepare documentation to substantiate and facilitate recovery of revenue due from prior periods plus applicable interest and penalties (collectively "Misallocations").
- Meet with designated City official(s) as necessary to review our findings and recommendations.
- Prepare and forward to the appropriate parties requests for corrective action and revenue recovery for Misallocations. The date appropriate parties receive and acknowledge these requests is the Date of Knowledge.
- From the Date of Knowledge, the County Assessor's office will review the identified Misallocations, and for those Misallocations for which a correction is required, an Assessor's Roll Correction (ARC) will be processed by the County correcting those Misallocations, typically triggering a reallocation. The Roll Year in which the assessments first appear corrected is the Date of Correction. Corrected assessments result in proper allocations in subsequent Roll Years ("Corrected Allocations").
- Provide additional assistance as necessary to support the City in recovering and preventing tax allocation errors/omissions.

Specifically, Consultant shall:

- Establish a comprehensive inventory of every parcel located within the City and within the RDA project(s), including the database elements needed to facilitate a comparison analysis with County secured and unsecured taxable values.
- Conduct an audit of the City local secured and unsecured valuations, on a parcel-by-parcel basis to determine tax rate area (TRA) miscoding errors and omissions.

TIMING AND REPORTING

Consultant shall commence the revenue enhancement audits and annual report services within 10 working days of authorization (unless instructed otherwise by the City) with the objective of delivering the initial audit reports within 90 to 120 working days. Thereafter, Consultant shall provide the City with audit progress reports to include, but not be limited to, the following:

- Actual revenue produced for the City by Consultant's service on an annual and cumulative basis.
- Projected revenue forthcoming to the City as a result of Consultant's audit service, specified according to source, timing and one-time payment versus ongoing.
- Listing of all errors/omissions detected for the City including, for each, the account number, correction status, payment amount received by the City, period to which payment is related and payment type (e.g. reallocation, deficiency assessment, etc.).
- Status of the work including copies of reports provided by the County addressing each reporting error/omission individually, the Incorrect Parcel Number, Correct Parcel Number, Assessee, Correct TRA assignment, Business ID, Address, Secured and Unsecured Valuation, Exemptions, Net Total Valuation of misallocated assessments.

COMPREHENSIVE ANNUAL FINANCIAL REPORTS (CAFR)

Consultant will provide the City with the following CAFR reports at no charge as long as the City contracts for Property Tax Services:

Basic Package Reports:

Assessed and Estimated Market Values (3)
Direct & Overlapping Property Tax Rates
Property Tax Land Use Distribution
Principal Property Tax Payers
Principal Sales Tax Payers

Additional Reports:

Principal Employers
Demographic and Economic Statistics
Direct & Overlapping Debt

Additional Information Service (upon mutual agreement)

If the parties agree, Consultant's property tax information service, Property *LINK* can be added to this agreement for compensation to be mutually agreed upon.

EXHIBIT A-4

SALES AND USE TAX AUDIT (SUTA)

OBJECTIVES AND METHODS

Consultant's sales and use tax audit service is designed to maximize the City's income - and minimize the cost of lost revenue - by detecting and documenting misallocations of sales and use tax activity within the statute of limitations on recoverability.

In performing the sales and use tax audit program Consultant shall:

- Identify and correct the sales/use tax reporting errors of businesses that, based on the nexus of their activities, are not properly registered with the City.
- Identify and correct the reporting of businesses that are improperly reporting tax to state and county pools (i.e. classifying sales tax as use tax) and thereby depriving the City of sales tax revenue.
- Detect, document and correct sales/use tax reporting errors/omissions and thereby generate new, previously unrealized revenue for the City.
- Ensure through comprehensive audit measures that the revenue information used for ongoing economic analysis includes all sales/use tax generators.
- Assist the City with strategies to preserve and even enhance sales and use tax revenue generated by existing businesses within the City.

Consultant's proposed sales/use tax allocation audit services for the City includes five distinct types of audits:

- Taxable Nexus Field audits
- Permitization audits
- Deficiency assessment audits
- Accounts payable audits
- Quarterly Distribution Report audits

TAXABLE NEXUS FIELD AUDITS

Consultant's initial and periodic taxable nexus field audits include a physical canvassing and evaluation of sales/use tax generating businesses located in the City. In the absence of this undertaking, significant misallocations will remain undetected. Consultant's field audits focus on those businesses located in the City from which the City has not been receiving sales/use tax revenue. The result is new or 'found' revenue for the City.

PERMITIZATION AUDITS

Wholesalers, contractors, processors, manufacturers and other non-retail businesses will frequently not have a sales or use tax permit properly registered to the City in which they are located because their

business operations do not include a point-of-sale qualifying activity. However, these companies will often generate local sales/use tax from the State Board of Equalization (SBE) audit deficiency assessments, occasional sales (i.e., mergers and acquisitions), and self-accrual of use tax on purchases. Consultant's field audits facilitate the identification and correction of improperly registered permits for companies having point-of-sale operations in the City.

DEFICIENCY ASSESSMENT AUDITS

When the California State Board of Equalization audits taxpayers for sales/use tax compliance, it is not uncommon for the taxpayer to receive a substantial deficiency assessment due to underpayments and/or under-collections. In many cases, the local allocation portion of the deficiency assessment is distributed in error to the State pool, county pools, or other Cities. Accordingly, Consultant has developed proprietary criteria and techniques to detect and correct SBE deficiency assessment misallocations and thus expand the benefits produced by Consultant's allocation audit service.

ACCOUNTS PAYABLE AUDITS

When California taxpayers purchase tangible personal property for which title passes out-of-state, the transactions are subject to use tax (rather than sales tax) which is collected by the vendor who in turn remits it to the SBE, with the local allocation typically distributed statewide or countywide through the pools.

Under certain conditions, the seller may allocate the local tax by situs or the City may elect to self-accrue the use tax and remit it directly to the SBE, in which case the local portion will come back to the City in the same manner as sales tax.

Consultant's accounts payable audit will include a review of the City's purchases to identify opportunities for the City to capture the 1% local allocation on purchases subject to use tax. In this regard, Consultant will prepare the documentation to facilitate the election, including assistance in preparing and filing the tax returns.

QUARTERLY DISTRIBUTION REPORT AUDITS

Every three months, the City and Consultant receive a Quarterly Distribution Report (QDR) from the SBE with the local allocation amount reflected by permit number.

Consultant's QDR audits detect and correct taxpayer reporting errors and thereby generate new, previously unrealized sales/use tax revenue for the City. Consultant's QDR audits focus on those accounts where Consultant observes a substantial decline in the sales/use tax revenue allocation for a particular business entity in a given quarter. In most cases, accounts showing zero balances have either relocated or simply reported late, in which case the payments will not be reflected until the next quarter's QDR. Therefore, six months must lapse before the QDR's indicate whether a zero balance account can be attributed to a late payment or a misallocation.

Cities and counties may only recover misallocated revenue for three quarters prior to the SBE being notified of the reporting error. Therefore QDR audits must be conducted in a timely manner in order to preserve the opportunity for the City to recover misallocated revenue. Consultant shall conduct the QDR audit each and every quarter to minimize the potential of lost revenue to the City.

SUTA DETECTION AND DOCUMENTATION

Consultant shall represent the City for purposes of examining SBE records pertaining to sales and use tax to identify errors and omissions. Consultant's procedures for detecting and documenting misallocations are as follows:

- ❑ Review applicable provisions of the City's municipal code and ordinance adopted by the City.
- ❑ Procure a computer tape of sales/use tax permit records from the State Board of Equalization (SBE).
- ❑ Analyze sales tax distribution reports provided by the SBE for five or more of the most recent consecutive quarters.
- ❑ Clean-up, standardize and computerize data from City's quarterly sales tax distribution reports provided by SBE for previous quarters, current quarter and each future quarter service is provided.
- ❑ Prepare an aggregated list of business entities on electronic media; this list is derived from multiple private and public sources (hard copy and electronic), including specialized business listings and directories, and the City's revenue payment files.
- ❑ Clean, standardize and integrate, in address-order, each entity's business name, address and payment file information, to eliminate redundancies, using Consultant's proprietary software.
- ❑ Physically canvas commercial/industrial area within the City's borders.
- ❑ Develop a target list of potential point of sale/use reporting errors/omissions based on:
 - 1) An electronic comparison of Consultant's comprehensive inventory against the SBE's quarterly distributions for the City, and
 - 2) An analysis of each potentially misallocated account based on proprietary guidelines established by Consultant.
- ❑ Meet with designated City official(s) to review service objectives and scope, Consultant workplan schedule, public relations and logistical matters.
- ❑ Contact personnel in sales, operations and/or tax accounting at each target business to determine whether a point-of-sale/use reporting error exists. (Note: this is accomplished with the highest regard to discretion and professional conduct. Consultant's allocation audits are predicated on a non-controversial, constructive public relations approach which emphasizes the importance of each business to the City and the mutual benefits of correcting reporting errors.)
- ❑ Provide to the City and SBE reports addressing each taxpayer reporting error individually, including the business name, address, telephone number, California sales tax permit number, individuals contacted, date(s) of contact, nature of business, reason(s) for error, recommended corrective procedure and, if available, estimated sales/use tax revenue which should be forthcoming to the City.
- ❑ Consultant may also provide suggested language for letters to be sent to the taxpayers and/or SBE from the City (or from Consultant on behalf of the City) urging cooperation in promptly correcting the distribution error.
- ❑ Respond to negative findings by SBE with timely reconfirmation documentation in order to preserve the City's original dates of knowledge.
- ❑ Receive and process registration control record information monthly.
- ❑ Receive and process sales tax distribution reports quarterly.
- ❑ Coordinate with the taxpayer and State Board of Equalization to make the necessary corrections and collect eligible back quarters amounts.
- ❑ Monitor and analyze the quarterly distribution reports with an audit focus on the following:
 - 1) Accounts with previously reported point-of-sale/use distribution errors to ensure that the corrections are made for current quarters and all eligible back quarters.

- 2) Major accounts comprising 90% or more of the City's total sales tax revenue to identify any irregularities or unusual deviations from the normal pattern (e.g. negative fund transfers, significant decreases, unusual increases, etc.) and ensure that the City is not receiving less revenue than it is entitled to.
 - 3) Those accounts receiving deficiency assessments to ensure that the City receives its local allocation
- Identify opportunities for the City to recover local allocation on purchase transactions subject to use tax. Consultant will prepare the necessary documentation to facilitate recovery, including assistance in preparing and filing the returns.

SUTA DETECTION TIMING CONSIDERATIONS

For each misallocated account detected, Consultant will coordinate with the business and SBE to make the necessary corrections plus retroactive adjustments for eligible amounts of sales/use tax improperly distributed in prior quarters. Consultant coordinates and communicates between typically four parties; sales/operations personnel at the taxpayer's local operation, tax personnel at the company's corporate headquarters, and State Board of Equalization personnel and the in-state/out-of-state district offices. Correction of the account is considered to have been made once the payments on identified taxpayer accounts are being properly allocated by the taxpayer to the City in the period in which the payment was made.

As needed, Consultant will represent the City before state officials, boards, commissions and committees for the purpose of correcting sales tax distribution errors that have deprived the City of revenue to which it is entitled.

TIMING

Consultant shall commence auditing the sales/use tax and preparing the sales tax Query System within 10 working days of receipt of a fully executed contract and Confidentiality Resolution designating Consultant as the authorized City Consultant to examine sales and use tax records, on a form attached hereto and incorporated herein as Attachment 1 to Exhibit A-4.

CONFIDENTIALITY PROVISIONS

Consultant is authorized by this Agreement to examine sales and use tax records of the State Board of Equalization provided to City pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law.

Consultant is required to disclose information contained in, or derived from, those sales and use tax records only to an officer or employee of the City who is authorized by resolution to examine the information.

Consultant is prohibited from performing consulting services for a retailer during the term of this Agreement.

Consultant is prohibited from retaining the information contained in, or derived from, those sales and use tax records, after this Agreement has expired.

ATTACHMENT 1 TO EXHIBIT A-4

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS
DESIGNATING A BEVERLY HILLS CONSULTANT AS THE AUTHORIZED CITY
REPRESENTATIVE TO EXAMINE SALES AND USE TAX RECORDS**

WHEREAS, pursuant to California Revenue and Taxation Code Section 7200, et. seq., the City of Beverly Hills has adopted a sales and use tax ordinance which imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization along the same and existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes; and

WHEREAS, pursuant to California Revenue and Taxation Code Section 7056, the City of Beverly Hills, by resolution, may designate any officer, employee or any other person to examine all of the sales and use tax records of the Board pertaining to sales and use taxes collected for the City; and

WHEREAS, the City of Beverly Hills has entered into an agreement for sales tax audit and information services with the firm of MuniServices, LLC, to designate MuniServices, LLC as the authorized Consultant to examine such sales tax records maintained by the Board on behalf of the City of Beverly Hills; and

WHEREAS, all legal prerequisites prior to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Beverly Hills as follows:

1. In all respects as set forth above, the City Council of the City of Beverly Hills hereby certifies to the State Board of Equalization that MuniServices, LLC is the designated representative of the City of City to examine all of the sales and use tax records of the Board pertaining to sales and use taxes collected by the Board on behalf of the City of Beverly Hills.
2. Pursuant to California Revenue and Taxation Section 7056(b), the City Council of the City of Beverly Hills certifies that MuniServices, LLC (hereinafter referred to as "Consultant") meets all of the following conditions:
 - a. Consultant has an existing contract with the City to examine sales tax records;
 - b. Consultant is required by that contract to disclose information contained in, or derived from, those sales tax records only to an officer or employee of the City who is authorized by resolution to examine the information;
 - c. Consultant is prohibited by the contract from performing consulting services for a retailer during the term of the contract; and
 - d. Consultant is authorized by the contract to continue retaining the information contained in, or derived from, those sales tax records for three (3) years after the contracts have expired.

[Insert Name], [Insert City Official's Title]

I hereby certify that the foregoing Resolution No. _____ was duly and regularly adopted at a regular meeting of the Beverly Hills City Council on _____, 2008 by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

[Insert Name]. City Clerk

EXHIBIT A-5

SALES/USE TAX ANALYSIS & REPORTING SERVICE (STARS)

OBJECTIVES AND METHODS

Consultant's STARS Digest provides a summary that features a general analysis regarding statewide trends that may affect the City's sales tax plus a specific analysis of the City's sales tax composition, changes and performance. Report graphically illustrates the data and analysis presented in the Summary. Each Consultant STARS Digest includes the Quarterly Management Summary. The Consultant STARS Digest also includes specialized reports that provide analysis of the City's sales tax economic base and performance for the latest complete quarter and benchmark year.

TIMING & REPORTS

Consultant shall:

- Provide the City with quarterly updated STARS Digests.
- Install the STARS Query System on a City designated PC
- Update quarterly the City's sales tax registration and allocation data from the State Board of Equalization (SBE) from Consultant's proprietary STARS Query System on IBM compatible PCs with Microsoft Access export capacity. (note: STARS is provided in encrypted formats)
- Train authorized City staff in the use of the STARS Query System.

QUARTERLY STARS DIGEST

Consultant will provide the City with quarterly updated bound STARS Digests including accounts from which the City receives sales tax revenue. The primary reports included in the STARS Digest are:

- Allocation Summary** - Reconciles SBE advances, cleanup payments and pool allocations with budget projections to assist the City with revenue forecasting and receipt monitoring.
- Cash Analysis** - Quarterly aberrations due to SBE audits, fund transfers, and other causes are also identified and analyzed for budget planning and revenue forecasting purposes.
- Top 100 Five-Year** - Historical performance of the top 100 accounts comparing current benchmark year ranking and sales tax produced with that of prior years.
- Top 100 Detail** - Sales tax performance of the City's top 100 sales tax accounts is shown in order of sales tax produced with the results for the most recent five quarters prominently displayed. The proportion of City sales tax produced is also shown by each account.
- Economic Category Performance** - An analysis of the changes that occurred by economic category and segment with the specific businesses responsible for the significant changes delineated.
- Significant Change Analysis** - A report reflecting magnitude of change, indicating which key businesses grew or declined, measured in absolute dollars and percentages.

- **Business Code Classification** - This report shows the various business codes assigned by the SBE and the accounts assigned those codes in order of sales tax produced. Five quarters of sales tax data are shown for each significant account.
- **Historical Economic Composition** - Data are summarized by economic category and segment by quarters and benchmark years. Percentage of total sales tax generated by each category and segment is also shown to indicate trends in sales tax composition as well as performance.
- **Geo-Area Reports** - Tracks sales tax performance within designated areas of the City (e.g., key shopping centers, business parks, and downtown /business districts,). Charts and printed reports are included for each geo-area.
- **Cross-Reference Reports** - These reports allow the user to look up any account shown in the STARS Digest by name, address or account number.

STARS QUERY SYSTEM

Consultant shall install the STARS Query System (a software program) on a City designated, IBM-compatible PC. Each quarter, Consultant shall provide the City with updated information from SBE on CD-ROM. The data shall be provided in an encrypted format allowing the City to export sales tax information from the Query System in an Access-compatible format.

- The Query System enables City staff to analyze the contribution of sales/use tax revenue from each taxpayer in the City on an individual, grouped or sorted-order basis by business name, business type, permit number, size ranking, street address, development, shopping center or other geographic area. Reports may be generated by any year (i.e., calendar, fiscal, benchmark) or for any particular quarter for all periods stored in the historical database.

The initial STARS Digest and Sales Tax Query System shall be delivered and installed within 45 working days following receipt of a fully executed contract, confidentiality resolution and the SBE sales tax registration and payment data. Subsequent quarterly Query System updates and STARS reports will be delivered to the City within 30 days following receipt of the quarterly distribution reports from the SBE.

LICENSE AGREEMENT

The STARS Query System is licensed software provided by Consultant. The terms and conditions of the STARS Query System License Agreement are provided herein. By installing and using the STARS Query System, City agrees to be bound by the terms of the License Agreement.

STARS END-USER NOTICE AND LICENSE AGREEMENT FROM CONSULTANT

Notice to end-user: Carefully read the following legal agreement ("license"). Installation or use of the enclosed STARS Query System software and associated Data (together "Software") on a computer system constitutes your acceptance of these terms. If you do not agree to the terms of this license, discontinue this installation and promptly delete the Software from the computer system, destroy any copies you made of the Software or any installation diskettes of the Software, and dispose of all written materials in your possession regarding the Software. This License is effective until terminated. You may terminate it at any time by destroying the Software and all copies of it. It will also terminate if you fail to comply with any term or condition of this License. You agree upon termination to destroy the Software together with all copies of the Software.

License Grant: Consultant, LLC grants to You a license to install and use one copy of the Software on a single computer. Your license to use the Software is conditioned upon Your compliance with the terms of this Agreement. A License is required for each installation of the Software. You may make one (1) copy of the Software for archival purposes only.

Copyright: The Software is protected by copyright laws and international treaty provisions. You acknowledge that no title to the intellectual property in the Software is transferred to You. You further acknowledge that title and full ownership rights to the Software will remain the exclusive property of Consultant, LLC, and You do not acquire any rights to the Software except as expressly set forth in this license. The Software in source code form remains a confidential trade secret of Consultant, LLC and decompiling, disassembling, or otherwise reverse engineering the Software in any way is prohibited as a violation of those copyrights.

Prohibited Uses: You may not (a) use, copy, modify, alter, or transfer the Software or documentation except as expressly provided in this License; (b) translate, disassemble, decompile, reverse program or otherwise reverse engineer the Software; (c) sublicense or lease the Software or its documentation; or (d) use a single installation of the Software in a multi-user or multiple computer environment or in a rental, time sharing or computer service business. Without prejudice to any other rights, Consultant, LLC may terminate this License if You fail to comply with its terms and conditions. In such event, You must destroy all copies of the Software.

Limited Warranty: Consultant, LLC warrants that the Software will perform substantially in accordance with the accompanying written materials for a period of thirty (30) days from the date of purchase.

End-User Remedies: If the Software does not conform to the "Limited Warranty" section above, Consultant, LLC's entire liability and Your sole and exclusive remedy shall be, at Consultant, LLC's option, either to (a) correct the error, or (b) help you work around the error. The Limited Warranty is void if failure of the Software has resulted from accident, abuse, or misapplication. Any replacement software will be warranted for the remainder of the original Limited Warranty period.

No other warranties: Consultant, LLC does not warrant that the software is error free, except for the express limited warranty in the "limited warranty" section. CONSULTANT, LLC DISCLAIMS ALL OTHER WARRANTIES WITH RESPECT TO THE SOFTWARE, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. Some Cities do not allow the exclusion of implied warranties or limitations of how long an implied warranty may last, or the exclusion of limitation of incidental damages, so the above limitations or exclusions may not apply to you. This warranty gives you specific legal rights and you may also have other rights which vary from City to City.

No Liability for Consequential Damages: in no event shall Consultant, LLC, or its licensors, suppliers or licensees be liable to you for any consequential, special, incidental, or indirect damages of any kind arising out of the performance or use of the software, even if Consultant, LLC has been advised of the possibility of such damages.

Governing Law: This Agreement is governed by the laws of the State of California, U.S.A. without regard to its conflict of laws principals.

U.S. Government Restricted Rights: Use, duplication or disclosure of the Software by any agency, department or other entity of the U.S. Government is restricted in accordance with FAR 12.212 for

civilian agencies and DFARS 227.7202 for military agencies. The Software is a commercial product. Use of the Software by the U.S. Government is further restricted by the terms of this License.

Acknowledgement: CITY's installation or use of this product for any period of time constitutes CITY's acceptance of this agreement and License and binds CITY to its terms, contents and conditions.

EXHIBIT A-6

GEOBASED REVENUE INFORMATION PROGRAM (GRIP)

PURPOSE & SCOPE

Consultant shall develop and maintain a database to monitor and analyze revenue generated from the City's economic base and revenue structure and input the data elements into GRIP - Consultant's Geobased Revenue Information Program.

GRIP facilitates the reorganization, monitoring and analysis of revenue contribution on a total amount, segregated and aggregated basis according to revenue source, business type, industry, business, land use, facility, development and designated geographic area.

GRIP is a leading edge analytical and management tool which will enable Consultant to assist the City to develop and implement strategies to preserve and enhance the City's revenue base (and therefore service funding capacity) through applications such as:

- Economic Development
 - Business Retention
 - Business Attraction
 - Business Expansion
 - Business Cooperation
- Land Use Planning
- Revenue Productivity Analysis*
- Budgeting & Revenue Projections
- Business License Strategic Analysis
- Fiscal & Economic Impact Analysis*
- Benefit Assessment Districts

GRIP provides the City with standardized, integrated and quarterly-updated data on all key revenue sources and revenue generators in one database. Specifically, the GRIP database shall encompass:

- The land parcels, major buildings, and users (commercial, industrial, institutional, governmental, residential) located within the City's boundaries; and
- The City's major sources of general fund revenue including, but not limited to, the following:
 - Business License Tax
 - Utility User's Tax and Franchise Fees
 - Property Tax
 - Sales/Use Tax
 - State Subventions
 - Transient Occupancy Tax

* Consultant recommends that elements of physical presence (e.g., number of employees, land area/building space, etc.) be included in the GRIP database to maximize the value of these applications to the City.

Consultant defines a revenue generator as any entity that has a physical presence within the City. Such an entity may either occupy or own a parcel within the City, or be conducting business that generates revenue to the City. The GRIP database has at least one record for each revenue generator.

As an option, the GRIP database can be expanded to include physical presence information (number of employees, land/building size based on availability) for the City's Core Revenue Generators. A Core Revenue Generator is defined as being one of the City's most significant entities in terms of revenue generation. A city typically has up to 150 Core Revenue Generators.

GRIP is a relational database, designed for extraction of information by structuring appropriate queries. Imbedded in the database is geographic locational information that allow queries to be address-specific, address range-specific or parcel-specific.

In providing the Core GRIP Services, Consultant shall:

- Meet with City's designated staff to review service objectives, scope, procedures, public relations and logistical matters; Consultant will also establish an appropriate liaison with the City's coordinator and define logical checkpoints for reviewing progress
- Review applicable provisions of the City's municipal code and ordinances adopted by the City
- Study City-provided data such as current year's budget, financial statements, general plan, aerial photos, maps, special reports and studies (economic, market, feasibility, fiscal, etc.) that provide relevant background or insight
- Inventory the land parcels and commercial, industrial, institutional, governmental and residential (other than single family) revenue generators located within the City's boundaries
- For each residential revenue generator, ascertain address and/or assessor parcel number, revenue source and amount received by the City during the most current year available (to be compiled for future years)
- For each business, ascertain name, address, assessor parcel number, business category, revenue source, and City's portion of revenue generated (historical revenue to be compiled over future years)
- Electronically integrate all applicable revenue sources by business for each address location by matching name to address and "sanitizing" all data to assure its accuracy
- Update the data accuracy, completeness and integration each quarter as a byproduct of our ongoing Revenue Enhancement Audit Program
- Arrange revenue receipts on a modified accrual basis for each period
- Assign each revenue generator a business category number
- Maintain, update and integrate the database for the duration of the contract
- Prepare and install initial and quarterly-updated GRIP Query System for onsite access by authorized City staff in formats that provide for confidential and non-confidential outputs
- In conjunction with the initial installation, Consultant will conduct a one-day session to train authorized City staff in the use of the GRIP Query System and an easy- to-follow user manual, also furnished by Consultant
- In conjunction with the quarterly updates, Consultant will conduct a 1-to-2-hour session to train authorized staff in the use of the GRIP Query System
- Using standard GRIP Query System menu output, format data to be compatible with City's GIS to link through assessor parcel numbers
- Prepare and present to the City initial and quarterly-updated GRIP Digests, which reflect Consultant's monitoring and analysis of the City's revenue, and revenue generators, to

identify revenue performance, trends, gains, declines, projections, issues, opportunities and options

The City agrees to support Consultant by providing or arranging to provide (to the best of its ability) the following:

- Letters of introduction (as required)
- Requests for information (as required) from third parties (such as the state, county, utility companies, etc.)
- Codes/ordinances covering each tax imposed by the City
- Current year's budget report
- Revenue receipt information for City-imposed taxes and state subventions
- Computer equipment and related software

Hardware

- Windows-based Pentium PC
- Color Monitor capable of 1024x768 resolution
- 32 MEG RAM
- 500 MEG hard drive
- CD ROM
- Mouse

TIMING

Consultant shall commence providing the Core GRIP Services within 10 working days following contract authorization (including the GRIP licensing agreement) with the objective of meeting with the City within 90 working days, and each quarter thereafter, to:

- Deliver and install the initial and quarterly-updated **GRIP Query System**
- Train authorized City staff in the use of the **GRIP Query System** (an easy-to-follow user manual is also furnished by Consultant)
- Review and discuss the initial and quarterly-updated GRIP Digests

GRIP QUERY SYSTEM

Within 90 days after commencing the project, and each quarter thereafter, Consultant shall deliver quarterly-updated GRIP databases to be updated on a City-designated IBM compatible PC to allow onsite access by authorized City staff.

The GRIP Query System includes data for each of the City's major sources of general fund revenue as follows:

- All revenue information is integrated according to revenue generator name and geographic location
- Revenue contributions for individual and aggregate sources of revenue are displayed for each revenue generator
- Combined revenue information for multiple revenue generators is presented in user-defined geographic areas

Since the GRIP database contains information that is deemed confidential by businesses, state agencies and the major utility companies, the GRIP data is encrypted and the System is password-protected to ensure access by authorized personnel only.

In addition to providing training for authorized staff, Consultant will also provide technical support free of charge via telephone on an as-needed basis for up to 5 hours per quarter.

The updates shall include revenue generator, address and/or parcel number, business category code, business identification number, historical payments and the most current revenue data available.

Consultant's GRIP Query System will enable City staff to analyze the contribution of revenue (from individual or aggregated sources) by each revenue generator in the City, on an individual, grouped or sorted order by business name, business type, business identification number, size ranking, street address, assessor parcel number, or specific user-defined geographic areas.

The GRIP Query System can also be used to geo-code additional user-defined areas such as City Council Districts, business industrial parks, redevelopment project areas, etc.

The GRIP Query System provides the City with a leading edge analytical and management information tool for a broad range of fiscal, economic and strategic applications.

GRIP DIGEST

Upon delivery of the GRIP database, and each quarter thereafter, Consultant shall prepare and deliver to the City initial and quarterly updated confidential and non-confidential versions of the GRIP Digest.

Each issue of the GRIP Digest reflects Consultant's monitoring and analysis of the City's continually changing economic base and revenue structure, and subsequent identification of revenue performance, trends, gains, declines, projections, issues and opportunities.

Consultant's GRIP Digest will enable the City to answer questions such as:

- How is the City's economic base performing in terms of revenue generation?
- What changes are occurring in the City's economic base and how will those changes impact the City's revenue?
- Where is the City's tax revenue coming from?
- What trends, good or bad, are occurring to the City's general fund revenue base?
- Which businesses is the City most dependent on for its tax revenue?
- Which business types are the most economically desirable/undesirable?
- How are specific geographic areas (mutually defined by City/Consultant) performing?
- How will actual/potential changes to the City's revenue structure (legal decisions, legislation, regulation, deregulation, technological change, etc.) impact the City's revenue?

The scope of each GRIP Digest shall include, but not be limited to:

- Monitoring and analyzing the City's revenue, and most significant revenue generators, based on the following:
 - Management Summary & Charts - GRIP Digest includes a confidential and non-confidential Management Summary with supporting color charts that graphically portray revenue composition and performance for the City.
 - Analysis Section - The Analysis Section of Consultant's GRIP Digest compares the revenue performance of the most significant revenue generators for the latest complete quarter benchmark year to the same period in the prior year(s).

The Analysis Section includes the following: (1) historical performance to be compiled for up to four years; (2) an analysis of the changes that occurred by business sector; and (3) an analysis by magnitude of change indicating which key businesses grew or declined, measured in absolute dollars and percentages.

- o General Fund Trend Report. Data is summarized by type of revenue in summary form in order to develop revenue trends which are shown using successive benchmark years. Percentage of revenue contributed is also shown by successive benchmark year to indicate trends in revenue composition as well.
- o Top 100 Revenue Generators - Revenue generated by the City's top 100 Revenue Generators is shown in order of aggregate revenue, including historical performance.
- o Top 20 Revenue Generators by Revenue Source - This report shows the 20 largest revenue generators within each revenue source.

OPTIONAL GRIP SERVICES

The scope of Consultant's GRIP Services can be customized to fit the City's specific needs by adding to the Core GRIP Services one or more of the Optional GRIP Services briefly described below. The Optional GRIP Services can be added to the Core GRIP Services from the outset or at any time during the term of the contract.

- FOCUSED ECONOMIC DEVELOPMENT STRATEGIES**
By analyzing City-specific information derived from the GRIP database, Consultant can assist the City in developing and implementing focused strategies for business retention, attraction, expansion, and cooperation.
- PHYSICAL PRESENCE, FISCAL IMPACT & REVENUE PRODUCTIVITY ANALYSIS**
By capturing and relating elements of Physical Presence to revenue contribution, in size-adjusted equivalent units of measurement, Consultant is able to analyze the relative fiscal impact and revenue productivity for each revenue generator in the City.
The need for this information becomes increasingly critical as each city moves towards fiscal self-reliance and dependence on the revenue generated from its own economic base to fund the City's general services. Physical presence data (such as number of employees, land/building size, etc.) can be gathered by the City and/or Consultant.
- BUSINESS LICENSE STRATEGIC ANALYSIS**
Each city is becoming increasingly dependent on its own economic base and discretionary (city-imposed) taxes to fund general services. In doing so, business license tax is emerging as a key element in balancing a city's ability to fund general services and still be competitive with other cities in retaining and attracting businesses. Consultant's analysis of the existing business license tax ordinance (and potential revisions thereof) will assist the City in defining the strategic role of the ordinance in shaping the fiscal and economic future of the City.
- FISCAL, ECONOMIC & TAX MODELING**
The GRIP database and computerized modeling capability enable Consultant to simulate the fiscal and economic impacts that various land uses, developments, businesses and tax structures have on the City's residents, businesses and the City itself. With this modeling capability, Consultant can rapidly simulate and analyze the impacts under numerous "what if" scenarios based on criteria such as fairness, equity, self-reliance and competitiveness with other cities.

□ STRATEGIES WORK-SESSIONS & OTHER MEETINGS

By analyzing City-specific information derived from the GRIP database, Consultant can assist the City by conducting interactive work-sessions to facilitate strategic decision-making based on:

- Interrelatedness of City's economic base & revenue structure
- Identification & analysis of City's fiscal and economic SWOTs*
- Exploration, development & prioritization of feasible strategies to improve the City's fiscal and economic stability
- Consensus building

In addition to facilitating strategies work-sessions, Consultant is also available to assist the City on an as-needed basis by participating in presentations, public hearings or other types of meetings with members of City staff or Council, the Chamber of Commerce, media, citizen advisory groups, committees, etc.

□ SPECIAL ANALYSIS AND REPORTS

Given the many possibilities for the use of GRIP information, Consultant can assist the City in undertaking a variety of special analyses using GRIP data alone or in conjunction with other data sources.

* Strengths, Weaknesses, Opportunities, Threats

EXHIBIT A-7

CABLE AUDIT REVIEW & MONITORING SERVICES

CABLE AUDIT REVIEW

This review is designed to verify that the City has received all the franchise monies due to the City for any eligible prior years. This review will only be provided if in the judgment of Consultant the reviews of the Cable Franchise Fees are not current. The information from this review would be used for the Video Monitoring Program.

WORK TO BE PERFORMED

In conducting the cable television compliance review, Consultant will generally use the following procedures:

- Obtain from Beverly Hills a letter of authorization, copies of the franchise agreements and any correspondence with the cable operators, and a three-year history of franchise payments.
- Obtain and review available documents, reports, work papers, and any prior reports prepared by the internal or external auditors, which concern the computation or methodologies for computing the franchise fee paid to the Beverly Hills.
- Attempt to obtain from the cable operator a waiver of statutes of limitations regarding this review.
- Review franchise agreements and correspondence relating to Beverly Hills's franchise fees.
- Obtain from the cable operator the information needed to complete our review.
- Review the work papers and supporting documentation used in the computation of the franchise fee payments.
- Review and analyze the cable company's financial statements. Compare and analyze the data for reasonableness, completeness, and accuracy as related to the franchise fee computations.
- Review and analyze all the cable company revenue accounts in detail for all calendar years under review.
 - Determine revenues that are to be included or excluded from the franchise fee computations.
 - Review the revenues excluded from the computations, if any, and determine if they are permitted by the Beverly Hills's franchise agreement.
- Sample test the cable operator's billings for completeness and accuracy of franchise fee collections from subscribers and verify that all monies collected are submitted to Beverly Hills.
- Compare the cable operator's payments, exclusions, and other computations as related to the franchise agreement. Compare the actual payments made to the Beverly Hills for timeliness and accuracy.
- Review findings with cable operator and obtain the cable operator's position on the findings.
- Prepare a written report with findings that describe and explain the results of Consultant's review, potential additional monies due to Beverly Hills, and any applicable penalties and interest. Consultant will schedule a final presentation of these findings with the City.
- Provide any and all necessary schedules and supporting documents to assist Beverly Hills in collecting underpaid franchise fees.
- Analyze the subscriber base to verify that subscribers are correctly coded to the proper jurisdiction. (If the cable operator provides us with the data on electronic media, Consultant

will perform a 100% test of their subscriber base and provide the cable operator with the accounts that are incorrectly coded. While most firms will sample test the accuracy of the cable operator's subscriber database, sample testing will not enable the cable operator to correct their database.)

- If desired and for an additional fee, provide technical and legal assistance, as necessary, to assist the City in negotiating disputed issues with the cable operator.

CABLE MONITORING PROGRAM

Background

The telecom providers (mainly AT&T and Verizon) are beginning to offer video services to many communities in the Southern California under a state franchise agreement. These services will start taking subscribers from the existing cable operator. The Cable Monitoring Service is designed to assist Cities in managing the companies providing video services to their community.

Goal of Review

To provide the City with annual report on the status of video programming in the City and its collection of franchise fees, as well as verifying that the City continues to receive all the franchise fees due. On-going review and communications with the video providers will keep these video providers honest and communicating with the City.

Work to be Performed

In conducting the cable television monitoring service, Consultant will generally use the following procedures:

- Track the franchise fees paid by type (Basic, Pay-per-View, Installation, etc.), comparing with past payment performance and with payment practices of other video providers on a quarterly basis.
- Review franchise payment history for excluded revenues or anomalies, and provide comparative analysis with other providers.
- Discuss any issue detected with video provider to get explanations to exceptions noted.
- Provide the City with a summary report on an annual basis on all providers.
- Perform a jurisdictional coding review of the video providers' subscriber base on an as needed basis.
- Compare the franchise fees collected from subscribers to the franchise fees paid to the City and verify that the City receives all the franchise fees collected.

EXHIBIT A-8 SOLID WASTE SERVICES

STATE COMPLIANCE REVIEW

Goal of Review

To provide the City with any options identified regarding its compliance with AB 939 in both the short and long-term prospective.

Work to be Performed

A summary of the work Consultant would perform.

- ❑ Review recent annual reports and documents pertaining to the City's inclusion in the Los Angeles Area Waste Management Authority (Authority).
- ❑ If possible, establish the short and long-term benefits espoused by the Authority and provide a comparison as to what the City might expect to obtain as a stand-alone entity.
- ❑ Examine the Source Reduction and Recycling Elements (SRRE) and the recent CIWMB Planning Annual Report Information System (PARIS) reports to determine the City's compliance with the program implementation requirements of AB 939.
- ❑ Perform a snap-shot review of City's 2007 disposal and diversion levels, and project the City's 2007 diversion rate.
- ❑ Prepare a report that summarizes findings and provides the City with recommendations to consider.

HAULER FRANCHISE FEE REVIEW

Goal of Review

The goal of this review is to provide the City with an analysis the franchise haulers' compliance with their agreement and identify any potential breaches. In addition, we would identify any areas where the City might benefit from additional or improved services.

Work to be Performed

A summary of the work to be performed.

- ❑ Review the current franchise agreement and the City's solid waste ordinances.
- ❑ Review all reports submitted by the City's franchised hauler for the past 12 months to ascertain gross receipts, tons hauled, tons disposed and tons diverted.
- ❑ Investigate program service types and quantify results.
- ❑ Prepare a report that summarizes haulers' accuracy with regards to reporting franchise fees and potential areas for improvement in both fee remittance and program services.
- ❑ Analyze the customer base to verify that customers are correctly coded to the proper jurisdiction. (If the Hauler provides us with the data on electronic media, Consultant will perform a 100% test of their subscriber base and provide the cable operator with the accounts that are incorrectly coded. While most firms will sample test the accuracy of the Hauler's customer database, sample testing will not enable the hauler to correct their database.)

EXHIBIT A-9
TRAINING

- Consultant will provide training to the City's business license department. Consultant will contract with a local educational institution to assist with the training.
- Once the City provides Consultant with job descriptions for each position in the business license department, Consultant will submit to the City for approval a workplan outlining the details of the training and an expected timeline for completion of the training.
- After the City approves the workplan in writing (an email is acceptable), Consultant will begin the training.

EXHIBIT B-1

COMPENSATION

In consideration for the services of CONSULTANT's Business License Tax Compliance Service (BLT Service), Transient Occupancy Tax Compliance Review Services (TOT), Property Tax Service (PTX), Sales and Use Tax Audit Services (SUTA), Sales and Tax Analysis & Reporting Service (STARS), the Geobased Revenue Information Program (GRIP), Cable Audit Review and Monitoring Services, Solid Waste Services, and Training, CITY agrees to pay CONSULTANT the Fixed Fees set forth on page 1 of the Agreement.

Commencing in the 2010-2011 fiscal year, the Annual Fixed Fee of Nine Hundred Eighty Thousand Four Hundred Six Dollars and Fifty-Four Cents (\$980,406.54) shall be adjusted at the beginning of each calendar year by the percentage change in the Consumer Price Index - Los Angeles, Long Beach (CPI-U) as reported by the Bureau of Labor Statistics, with the first adjustment to occur at the beginning of the calendar year following execution of this Agreement. The adjustments will be based on the CPI-U from December of the prior calendar year. Each Annual Fee adjustment shall not be less than two percent (2%) or greater than ten percent (10%). The adjustment to the fixed fee shall be effective on July 1 of each year.

Additional services requested by CITY as described in Section 1 of the Agreement shall be compensated by mutual agreement of the parties in an amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) per year.

EXHIBIT B-2

PAYMENTS

The Annual Fixed Fees as described on page 1 of the Agreement shall be payable in equal quarterly installments and shall be invoiced quarterly on a calendar quarter basis in advance beginning as of the effective date of this Agreement. CONSULTANT shall submit to CITY for its services performed quarterly an invoice on a form approved by CITY. CITY shall pay CONSULTANT the amount of such billing within thirty (30) days of receipt of such invoice.

The Annual Fixed Fee provided for herein is a discounted fee for the bundled service of CONSULTANT's Business License Tax Compliance Service (BLT Service), Transient Occupancy Tax Compliance Review Services (TOT), Property Tax Service (PTX), Sales and Use Tax Audit Services (SUTA), Sales and Tax Analysis & Reporting Service (STARS), the Geobased Revenue Information Program (GRIP), Cable Audit Review and Monitoring Services, Solid Waste Services, and Training as each is set forth in the Exhibits A-1 through A-9 attached hereto. At any time that CITY elects to cease receiving any of the services, the other services provided may be continued upon the terms and conditions set forth herein but for an adjustment to the compensation to be mutually agreed to in writing by CITY and CONSULTANT. CITY may elect to add additional services available from CONSULTANT in writing upon the terms and conditions set forth herein and for compensation to be mutually agreed to in writing by CITY and CONSULTANT.

CONSULTANT shall be responsible for all costs and expenses incident to the performance of services for City, including but not limited to, all costs of equipment provided by CONSULTANT, all fees, fines, licenses, bonds or taxes required of or imposed against CONSULTANT and all other of CONSULTANT's costs of doing business. CITY shall not be responsible for expenses incurred by CONSULTANT in performing services for CITY, except as noted in an applicable Exhibit, or such expenses that receive prior written approval from CITY.



CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

NAMED INSURED

COMPANIES AFFORDING COVERAGE

- A.
- B.
- C.

ADDRESS

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	B.I.	LIMITS	
					P.D.	AGGREGATE
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONTRACTOR'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the **City of Beverly Hills**, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the **City of Beverly Hills** and the named insured is covered under the policy: Contractor agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of contractor's officers, employees, agents or others employed by Contractor while engaged by Contractor in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the **City of Beverly Hills**.

In the event of cancellation or material change in the above coverage, the company will give **30 days** written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, **exclusions and conditions** of such policies.

DATE: _____

BY: _____
Authorized Insurance Representative

AGENCY: _____

TITLE: _____

ADDRESS _____

: _____
