

File No. 181036

Committee Item No. 7

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance
Board of Supervisors Meeting

Date: November 1, 2018

Date: November 13, 2018

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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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Prepared by: John Carroll

Date: October 26, 2018

Prepared by: Linda Wong

Date: November 7, 2018

1 [Contract Agreement - Grant Street Group - Office of the Treasurer & Tax Collector and
2 Office of the Controller's Property Tax System Replacement Project - Not to Exceed
3 \$37,492,252]

4 **Resolution authorizing the Office of the Treasurer & Tax Collector and Office of the**
5 **Controller to enter into a contract with Grant Street Group, Inc. to implement and**
6 **configure a comprehensive, fully-integrated Property Tax System, including all**
7 **services related to delivery, installation, integration, customization, data conversion,**
8 **training, documentation, deployments, and project management, to replace the**
9 **obsolete legacy system currently in use, for a contract term of ten years, to**
10 **commence upon Board of Supervisors and Mayoral approval, in an amount not to**
11 **exceed \$37,492,252.**

12
13 WHEREAS, Charter, Section 9.118(b), requires the Board of Supervisors to approve
14 by resolution contracts estimated to exceed \$10,000,000, or with a term exceeding ten
15 years; and

16 WHEREAS, Office of the Treasurer & Tax Collector (TTX) and Office of the Controller
17 (CON) conducted a competitive solicitation through a Request-for-Proposals (RFP) for
18 development of the new Property Tax System, including all services related to delivery,
19 installation, integration, customization, data conversion, training, documentation,
20 deployments, and project management, to replace the obsolete legacy system currently in
21 use; and

22 WHEREAS, Grant Street Group was the highest scoring responsive RFP proposer;
23 and

24 WHEREAS, TTX and CON propose to award the contract for the Property Tax
25 System to Grant Street Group, Inc for a ten-year term, at a not-to-exceed contract sum of

1 \$37,492,252 of which \$17,200,000 is dedicated for implementation, and \$19,500,000 is for
2 ongoing license and maintenance costs; and

3 WHEREAS, TTX and CON's proposed new Property Tax System will modernize the
4 property tax system responsible for collection of \$3,200,000,000 in annual property tax
5 revenues; improve the efficiency and effectiveness of City operations; support and deliver
6 high quality and consistent customer service seamlessly; and facilitate open and
7 transparent City government operations; and

8 WHEREAS, The referenced contract was competitively bid and discounts have been
9 secured through the contract negotiation process; and

10 WHEREAS, The contract in substantially final form is on file with the Clerk of the
11 Board of Supervisors in File No. 181036; now, therefore, be it

12 RESOLVED, That the Board of Supervisors authorizes the Purchaser and the Office
13 of the Treasurer & Tax Collector and the Office of the Controller to execute the contract for
14 the new Property Tax System, with the terms described above, to commence following
15 enactment of this Resolution; and, be it

16 FURTHER RESOLVED, That within 30 days of the contract being fully executed by
17 all parties, the Purchaser, the Office of the Treasurer & Tax Collector and the Office of the
18 Controller shall provide the final contracts to the Clerk of the Board for inclusion into the
19 official file.

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
 FAX (415) 252-0461

October 26, 2018

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: November 1, 2018 Budget and Finance Committee Meeting

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Items 7 and 8 Files 18-1036 and 18-1037	Department: Controller, Assessor, and Treasurer/Tax Collector
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 18-1036 is a resolution authorizing the Treasurer and Tax Collector and the Controller to enter into a contract with Grant Street Group as part of the implementation of the Property Tax System Replacement Project. File 18-1037 is a resolution authorizing the Assessor-Recorder to enter into two contracts: (1) with Sapient Corporation for implementation services and ongoing support for the Property Tax System Replacement Project, and (2) with Carahsoft Technology Corporation for Salesforce software. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Assessor-Recorder and the Treasurer-Tax Collector currently have two systems to support property tax revenue. Both systems are old and lack audit trails and data validation. In FY 2014-15, the Committee on Information and Technology allocated \$2.72 million funding over three years to plan for replacement of these systems. • As the result of a competitive Request for Proposals, the City determined that Sapient Corporation (File 18-1037) and Grant Street Group (File 18-1036) were the highest responsive proposers for the Property Tax System Replacement Project. In addition, the Assessor-Recorder received a sole source waiver from the Office of Contract Administration in order to enter into an agreement directly with Carahsoft (File 18-1037). The contract with Sapient is for 12 years in a not-to-exceed amount of \$21,414,700, and the contract with Carahsoft is for 12 years for a not-to-exceed amount of \$14,432,762. The contract with Grant Street Group is for 10 years and not-to-exceed \$37,492,252. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The three proposed contracts' not-to-exceed amounts total \$73,339,713 over the next 12 years from November 2018 to October 2030. • The total Property Tax System Replacement Project budget over the 5-year period from FY 2018-19 through FY 2021-22, including City staff costs and contract costs, is \$72.4 million. This budget exceeds the budget of \$56 million recommended in the City's Information and Communications (ICT) plan, which was approved by the Board of Supervisors in 2017. According to the Assessor's Office, the \$56 million budget was estimated in FY 2015-16, prior to the hiring of the Gartner Group, an outside consultant, to evaluate the market for potential vendors, the issuance of the request for proposals, and the selection of vendors. During the planning and procurement phase, the estimates of the replacement systems increased to \$72.4 million. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Because of the increase in estimated project costs from \$56 million to \$72.4 million, the Board of Supervisors should request the Assessor, Treasurer-Tax Collector, and Controller to report to the Board of Supervisors on total estimated costs for Property Tax System Replacement Project and actions taken to contain these costs, as part of the Board of Supervisors approval of the new five-year ICT plan in Spring 2019. • Approve the proposed resolutions. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years or (2) requires expenditures of \$10 million or more is subject to Board of Supervisors approval.

BACKGROUND

The City’s Office of the Assessor-Recorder (Assessor-Recorder), the Office of the Controller (Controller), and the Treasurer and Tax Collector are responsible for administering property assessment and taxation. The Assessor-Recorder is responsible for carrying out property assessment related functions, such as identifying property ownership and assessing the value of property. The Controller calculates tax rates and applies them to assessed values and the Treasurer and Tax Collector is responsible for printing and mailing out the property bills, and collecting property taxes.

Current Systems

The Assessor-Recorder and the Treasurer and Tax Collector, along with the Controller, currently have two systems to support property tax revenue. The Assessor-Recorder uses a primary property assessment system EZ Access, which has been in place for approximately 20 years. According to the Assessor-Recorder, data within the system is difficult to manipulate and lacks transparency. Limitations in the old technology have forced the office to build multiple systems outside EZ Access, creating a complex and inefficient system.

The Treasurer and Tax Collector, along with the Controller, currently use Customer Information Control System (CICSP) for official property taxation and billing that has been custom developed over 50 years. However, the system runs on a computer programming language that is no longer supported. The office is unable to make changes to the system to adapt to new state and local laws or in evolving ownership structures. Additionally, like the Assessor-Recorder’s system, CICSP lacks audit trails and data validation.

Planning and Procurement Phase

In FY 2014-15, the three departments decided to replace the two legacy systems. The Assessor-Recorder, Controller, and Treasurer and Tax Collector submitted a project proposal to the Committee on Information Technology for approval and funding, which was approved in FY 2014-15. The Committee on Information and Technology allocated \$2.72 million funding over three years for a planning and procurement phase. The departments hired Gartner Group, a consulting firm, to (1) assess the California property assessment and tax system vendor market, (2) document future state business requirements, business process flows, and use cases, and (3) work with departments to identify areas of improvement in order to prepare for a large system implementation. Gartner Group completed the majority of their work in October 2017.¹

¹ Gartner Group has one outstanding deliverable with the Assessor-Recorder, which is the creation of a data dictionary that will be used during design and data conversion activities.

In 2015, the departments set up ongoing executive and steering committees to oversee cross-departmental business process activities, including those related to the system implementation. The committees made joint decisions during the planning phase, and will continue to meet during the system implementation as the two systems go through integration activities.

The departments decided to issue two parallel solicitations, one from Assessor-Recorder, and one from Treasurer and Tax Collector and the Controller. According to Ms. Rachel Cukierman, Deputy Director of Administration and Finance at the Office of the Assessor-Recorder, issuing two solicitations allowed the departments to evaluate systems that met their individual business requirements, including the ability of the systems to fully integrate. This strategy was chosen given the findings from the marketplace review by the Gartner Group. The departments worked together to draft the request for proposals that described the Property Tax System Replacement Project, including a joint system integration plan, and timelines that matched one another.

In 2017, the three departments issued two requests for proposals, developed in conjunction with the consultant the Gartner Group. The proposals that were deemed responsive were scored based on written proposals and demonstrations and interviews. The written proposal was evaluated by (1) vendor experience and qualifications, (2) business functionality, (3) technical functionality, (4) implementation, (5) maintenance and operations, and (6) cost. The Assessor-Recorder received three proposals: Sapient Corporation, Infosys, and Thomson Reuters Corporation. A panel composed of 19 subject-matter experts from the Assessor-Recorder, the City Chief Information Officer, the Airport's Chief Information Officer, and the Treasurer and Tax Collector's Director of Solutions Management evaluated the proposals. The proposals and scores are shown in Table 1 below.

Table 1: Proposals and Scores for the Assessor-Recorder Property Assessment and Tax System

Criteria (and potential points)	Infosys	Sapient	Thomson Reuters
Vendor Experience & Qualifications (100)	42	73	55
Business Functionality (300)	122	157	194
Technical Functionality (150)	76	117	92
Implementation (250)	100	171	122
Maintenance & Operations (50)	31	26	35
Cost (150)	108	98	150
Subtotal, Proposal Phase (500)	479	642	648
Execution (210)	142	162	113
Usability (90)	65	74	23
Interview (200)	152	175	89
Subtotal, Interview Phase (500)	358	411	225
Total (1500)	837	1052	873

The Treasurer and Tax Collector and the Controller received three proposals: Grant Street Group, Thomson Reuters Corporation and Ensono. Ensono's bid was deemed non-responsive and did not advance to scoring. A panel composed of 19 experts from the Assessor-Recorder,

Controller, and Treasurer and Tax Collector evaluated the proposals. The proposals and scores are shown in Table 2 below.

Table 2: Proposals and Scores for the Treasurer and Tax Collector and Controller Tax System*

Criteria (and potential points)	Thomson Reuters	Grant Street Group
Vendor Experience & Qualifications (10)	8.5	8.3
Business Functionality (45)	36.5	34.9
Technical Functionality (20)	14.6	17.3
Implementation (35)	27.0	28.7
Maintenance & Operations (10)	7.8	8.2
Cost (15)	15.0	8.0
Subtotal, Proposal Phase (135)	109.5	105.5
Demonstration (100)	77.1	85.4
General Interview (32)	25.2	27.0
Technical Interview (18)	14.7	16.5
Subtotal, Interview Phase (150)	117.0	128.9
Total (285)	226.6	234.4

*Reviewed numbers are rounded to the first decimal

The City determined that Sapient Corporation and Grant Street Group were the highest responsive bidders and began to negotiate the contracts.

Sole-Source Contract with Carahsoft

In their proposal, the Sapient Corporation stated that the Assessor-Recorder should use the Department of Technology’s current Enterprise License Agreement (ELA) with Carahsoft to purchase the Salesforce licenses. After the Sapient Corporation was competitively selected, Assessor-Recorder determined not to use the current ELA. According to Ms. Cuckierman, the Assessor-Recorder wanted stronger insurance provisions for the system. In addition, and the ELA expires in 2021 and the Assessor-Recorder wanted a long-term contract with set pricing. The Assessor-Recorder received a sole source waiver from the Office of Contract Administration in order to enter into an agreement directly with Carahsoft.

DETAILS OF PROPOSED LEGISLATION

File 18-1036 is a resolution authorizing the Treasurer and Tax Collector and the Controller to enter into a contract with Grant Street Group to implement and configure a comprehensive fully-integrated property tax system for a not-to-exceed amount of \$37,492,252 for a term of ten years, from November 15, 2018 through November 14, 2028.

File 18-1037 is a resolution authorizing the Office of the Assessor-Recorder to enter into two contracts:

1. A competitively bid contract with Sapient Corporation for the implementation services and ongoing support agreement for a not to-to-exceed amount of \$21,414,700 for a term of twelve years, from November 1, 2018 through November 1, 2030.

2. A sole-source contract with Carahsoft Technology Corporation for Salesforce software as a service for a non-to-exceed amount of \$14,432,762 for a term of twelve years, from November 1, 2018 through October 31, 2030.

FISCAL IMPACT

Contract Expenditures by Year

The three proposed contracts obligate the City to \$73,339,713 over the next twelve years. The approximate amount per year is shown in table 3 below.

Table 3: Estimated Contract Expenditures per Year

	Carahsoft (File 18-1037)	Sapient (FIE 18-1037)	Grant Street (File 18-1036, Pending)	Total
Year 1*	\$1,319,069	\$3,474,096	\$6,315,714	\$11,108,879
Year 2	1,341,292	5,037,315	13,203,332	19,581,938
Year 3	1,363,514	3,822,174	1,900,000	7,085,687
Year 4	825,023	815,999	1,966,500	3,607,522
Year 5	866,254	587,000	2,035,328	3,488,582
Year 6	909,521	587,000	2,106,564	3,603,085
Year 7	955,022	587,000	2,180,294	3,722,316
Year 8	1,002,757	587,000	2,256,604	3,846,361
Year 9	1,052,936	587,000	2,335,585	3,975,521
Year 10	1,105,567	587,000	2,417,331	4,109,898
Year 11	1,160,871	587,000	-	1,747,871
Year 12	1,218,869	587,000	-	1,805,869
<i>Subtotal</i>	<i>13,120,692</i>	<i>17,845,583</i>	<i>36,717,252</i>	<i>67,683,527</i>
Contingency	(10%)	(20%)**	(2%***)	
	1,312,069	3,569,117	775,000	5,656,186
Total	\$14,432,761	\$21,414,700	\$37,492,252	\$73,339,713

*The Sapient and Carahsoft contract years start from November 1, 2018 through October 31, 2019. The contract years for the Grant Street Group start from November 15, 2018 through November 14, 2019.

** The contingency was determined by looking at other large IT implementations across the City. EPIC had a 12 percent contingency, FSP had a 20 percent contingency. Given the complexity of the implementation and the need for the system to continue to meet changing state and local mandates, the Assessor-Recorder determined that a 20 percent contingency was appropriate.

*** The contract with the Grant Street Group includes funds for title research, auction and additional professional services. Title research and auction costs may be cost recovery based on if the property is purchased through an auction process.

Sixty percent of contract expenditures (or \$41.4 million out of \$67.7 million) will be during the implementation of the program, which is expected to occur between FY 2018-19 and FY 2021-22, and the balance of contract expenditures are for ongoing support and maintenance of the systems.

FY 2018-22 Information & Communication Technology (ICT) Plan

The Property Tax System Replacement Project was recommended for funding under the FY 2018-22 ICT Plan; which was approved by the Board of Supervisors on April 25, 2017. According to the plan, the Property Tax System Replacement Project budget was \$56 million over five years for implementation.

The current budget for the project is \$72.4 million over five years for implementation. This includes the planning and procurement phase, data cleanup and conversion, city staff, professional services, licenses and maintenance, and other operating expenses. According to Ms. Cukierman, the \$56 million budget was estimated in FY 2015-16, prior to the hiring of the Gartner Group for the market scan, the issuance of the request for proposals, and the selection of vendors. During the planning and procurement phase funded by the Committee on Information and Technology, the estimates of the replacement systems increased to \$72.4 million.

The current estimated budget of \$72.4 million for the project over the next five years is shown in Table 4 below.

Table 4: Projected Budget for Property and Tax System from FY 2018-19 to FY 2021-22

	TOTAL
Cross Department	
<u>Professional Services</u>	<u>\$2,708,244</u>
<i>Cross Department Subtotal</i>	<i>\$2,708,244</i>
Assessor Project	
Sapient Contract	\$15,075,103
Carahsoft Contract	\$4,848,899
Labor	\$11,598,066
Project Management	\$1,575,000
Data Conversion	\$5,150,000
Integration Vendors	\$1,500,000
Training	\$650,000
Hardware	\$600,000
Equipment & Office Supplies	\$112,000
<u>Work Orders (CAT and DT)</u>	<u>\$1,000,464</u>
<i>Assessor Subtotal</i>	<i>\$42,109,532</i>
TTX/CON Project	
Labor	\$2,529,330
Project Management	\$2,500,000
Grant St Contract	\$21,460,867
Integration Vendors	\$850,000
Training	\$100,000
Equipment & Office Supplies	\$40,000
<u>Work Orders (CAT and DT)</u>	<u>\$100,000</u>
<i>TTX Subtotal</i>	<i>\$27,580,197</i>
Total	\$72,397,973

In addition, the Assessor-Recorder and the Treasurer and Tax Collector, along with the Controller, have issued a request for proposals for project management services for the implementation of the project. The contract value is not to exceed \$1.575 million and \$2.5 million, respectively, over two years. These costs are reflected in Table 4 above.

The Assessor-Recorder, Treasurer and Tax Collector and the Controller are charging project overhead costs, such as management time, facilities, human resource and IT activities to their respective operating budgets. The total project budget currently sits within the Assessor Recorder’s budget, to which the Treasurer and Tax Collector and the Controller are charging their project expense. The Board of Supervisors has appropriated \$36,607,718 for the project through FY 2019-20, as shown in Table 5 below.

Table 5: Yearly Allocation for the Property Tax Assessment System

Year	Amount
Prior Years	\$2,720,000
FY 2017-18	10,274,600
FY 2018-19	11,867,218
<u>FY 2019-20</u>	<u>11,745,900</u>
Total	\$36,607,718

\$1,825,814 of the \$2.72 million allocated by the Committee on Information and Technology for FY 2014-15 through FY 2016-16 has been spent and encumbered. The departments plan to encumber the remaining funds for cross-departmental activities, such as program quality assurance and project management.

POLICY CONSIDERATION

Operational Savings

Section 26.1 of the Administrative Provisions of the Annual Appropriation Ordinance for FY 2017-18 and FY 2018-19 directs the Controller to apply operational savings from the offices of the Assessor, Controller, and Tax Collector to the property tax system replacement project, in order to minimize future General Fund appropriations required for the project. Section 26.1 requires a report on these savings be provided to the Board of Supervisor's Budget & Finance Committee and its Budget & Legislative Analyst's Office. As of June 1, 2018, a total of \$5,011,795 in net operating savings was applied to the project at FY 2016-17.

Additional staff

The Assessor-Recorder plans to add 14 staff in FY 2018-19, of whom seven have been hired, and an additional 3 staff in FY 2019-20 for a total of 17 new staff. In addition to the 17 new staff, the Assessor-Recorder has work order with the Department of Bureau Inspection to fund four positions with subject-matter-expertise in new construction for a total 21 positions in the Assessor-Recorder’s Office to support the property assessment and tax system.

The Treasurer and Tax Collector and Controller have five positions funded in their budgets to support implementation of the property assessment and tax system.

RECOMMENDATIONS

1. Request the Assessor, Treasurer-Tax Collector, and Controller to report to the Board of Supervisors on total estimated costs for the new property tax and assessment system and actions taken to contain these costs as part of the Board of Supervisors approval of the new five-year ICT plan in Spring 2019.
2. Approve the proposed resolution.

**City and County of San Francisco
Office of Contract Administration
Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685**

Tax Collection and Billing System License and Services Agreement

By and Between

**City and County of San Francisco
and
Grant Street Group, Inc.**

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AGREEMENT

This Agreement is made in the City and County of San Francisco, State of California, by and between Grant Street Group, Inc. ("Contractor") and the City and County of San Francisco acting by and through its Offices of the Treasurer & Tax Collector and Controller.

Recitals

WHEREAS, the Offices of the Treasurer & Tax Collector and Controller wish to obtain the Services, including the System, as those terms are defined below; and,

WHEREAS, this Agreement was competitively procured as required by San Francisco Administrative Code Chapter 21.1 through a Request for Proposals ("RFP") issued on October 27, 2017, in which City selected Contractor as the highest qualified scorer pursuant to the RFP; and

WHEREAS, the Local Business Entity ("LBE") subcontracting participation requirement for this Agreement is 4% for professional services related to implementation; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the Services required by City as set forth under this Agreement; and

WHEREAS, approval for this Agreement was obtained when the Civil Service Commission approved Contract number 47331-17/18.

Now, THEREFORE, the parties agree as follows:

Article 1 Definitions

The following definitions apply to this Agreement:

1.1. "Agreement" means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements which are specifically incorporated into this Agreement by reference as provided herein.

1.2. "City" or "the City" means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration or the Director's designated agent, hereinafter referred to as "Purchasing."

1.3. "City Data" means all material provided by the City loaded into and created and/or processed by the System.

1.4. "Contingency Change Order" means City's reallocation of contingency amounts available with respect to the Agreement in accordance with Article 3 of the Agreement.

1.5. "Code" means the object code of the Licensed Software, including all Updates and other modifications to the Licensed Software, and all other object code provided by Contractor to City pursuant to this Agreement.

1.6. "CMD" means the Contract Monitoring Division of the City.

1.7. "Contested Amount" means the amount of a charge from Contractor that the City disputes in writing in good faith.

1.8. "Contractor" means Grant Street Group, Inc., a Pennsylvania corporation, with principal place of business located at 339 Sixth Avenue, Suite 1400, Pittsburgh, PA 15222-2517 including its personnel.

1.9. **"Controller"** means the Controller of the City and County of San Francisco.

1.10. **"Deliverables"** means Contractor's work product resulting from the Services that are provided by Contractor to City during the course of Contractor's performance of the Agreement, as described in Appendix A-1 ("TaxSys Statement of Work").

1.11. **"Department"** means the Office of the Treasurer & Tax Collector and Office of the Controller.

1.12. **"Disabling Code"** means computer instructions or programs, subroutines, code, instructions, data or functions (including but not limited to viruses, worms, date bombs or time bombs), including but not limited to other programs, data storage, computer libraries and programs that self-replicate without manual intervention, instructions programmed to activate at a predetermined time or upon a specified event, and/or programs purporting to do a meaningful function but designed for a different function, that alter, destroy, inhibit, damage, interrupt, interfere with or hinder the operation of the City's access to the System and/or the City's processing environment, the system in which it resides, or any other software or data on such system or any other system with which it is capable of communicating.

1.13. **"Documentation"** means any written instructions, manuals, training materials, or other documents or materials, including any technical data associated with the Licensed Software, in paper, electronic, recorded or other format, relating to the functionality, operation, use, data structures, implementation, or maintenance of the Licensed Software, which are provided by Contractor to City.

1.14. **"Effective Date"** means the date upon which the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1.

1.15. **"First Live Use"** of Licensed Software occurs when the City first uses such Licensed Software for production purposes. For clarity, this is the date of First Live Use of Contractor's System.

1.16. **"Formal Amendment"** means a fully executed written amendment to this Agreement that has been approved by each Party in accordance with the terms of Article 3 of the Agreement. A Formal Amendment can either increase the GMP or reallocate contingency amounts.

1.17. **"Item"** means each individual line item of Licensed Software specified in Appendix A-1 (TaxSys Statement of Work) and/or Appendices B-1 and B-2 (Calculation of Charges). An Update is not a new Item, but will be deemed to be the same Item as the earlier version of Licensed Software upon which the Update is based.

1.18. **"Licensed Software"** means the software licensed to the City under the terms of this Agreement, which will be made available by Contractor through the System for the purposes indicated herein.

1.19. **"Mandatory City Requirements"** means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws, that impose specific duties and obligations upon Contractor.

1.20. **"Party"** and **"Parties"** mean the City and Contractor either collectively or individually.

1.21. **"Program Error"** means a reproducible error or defect in the Code that results in the failure of the Licensed Software or Item of Licensed Software to operate (including to produce output) in substantial conformity to descriptions of such operation in the Specifications for the Licensed Software or Item of Licensed Software.

1.22. **"Reasonable Workaround"** means a workaround of a Program Error that the Parties mutually agree, in good faith, does not materially decrease the general utility of the Licensed Software or

Item of Licensed Software as described in the Specifications. If the Parties have a reasonable, good faith disagreement, then an objective standard applies.

1.23. **"Services"** means professional implementation and maintenance services and access to the Licensed Software in connection with the System, provided by Contractor hereunder and to be used by City in connection with its billing, collection and administration of property taxes and related services.

1.24. **"System"** means Contractor's Licensed Software, and the related systems and website through which Contractor provides access to such Licensed Software, to be used by City in connection with its billing, collection and administration of property taxes and related services.

1.25. **"Specifications"** means the descriptions of the operation, output, or interoperation of the applicable Licensed Software identified in the Documentation for the release and functions provided by Contractor during the implementation of the System.

1.26. **"Subcontract"** means an agreement between a third party and Contractor pursuant to which the third party (the "Subcontractor") provides Services that are billed through directly to City.

1.27. **"Substantive Program Error"** means any Program Error that materially and adversely affects (i) City's operations; or (ii) City's ability to use the Item of Licensed Software for the purposes contemplated in the Specifications. A Substantive Program Error may give rise to a warranty claim during the Warranty Period. If the Parties disagree in good faith about whether a Program Error is a Substantive Program Error, an objective standard applies.

1.28. **"Uncontested Amount"** means an amount charged by Contractor that is not then a Contested Amount.

1.29. **"Update"** means a release or version of the Licensed Software (both the Code and its associated Documentation) containing functional enhancements, extensions, error corrections or fixes if such release or version is generally made available free of charge to Contractor's similarly situated customers of the System. An Update consists of any such Licensed Software Code and its associated Documentation.

1.30. **"Warranty Period"**, unless otherwise agreed to by the Parties, means, for each Item of the Licensed Software, the longer of (i) one hundred eighty (180) days after the date of the First Live Use of such Item, or (ii) thirty (30) days after the first acceptance of the roll following First Live Use. This is the time period during which the City may exercise its right to seek a refund for any Item of the Licensed Software. Substantive Program Errors reported after the Warranty Period for an Item of the Licensed Software are not subject to the refund remedy.

Article 2 Term of the Agreement

2.1 Term.

The term of this Agreement shall commence on November 15, 2018, and expire ten years later, unless earlier terminated as otherwise provided herein.

2.2 Options. (Reserved)

2.3 Effective Date.

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

Article 3 Financial Matters

3.1 Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Contractor's Services will commence and related charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year, provided, the City shall pay Contractor for all Services provided through the effective date of termination. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated, provided, the City shall pay Contractor for all Services provided through the effective date of termination. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement. The City shall make best efforts to provide reasonable advance written notice to Contractor upon learning that funding for this Agreement may be not be appropriated.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

3.2 Guaranteed Maximum Price.

The City's payment obligation to Contractor cannot at any time exceed the amount certified by the Controller for the purpose and period stated in such certification ("Guaranteed Maximum Price" or "GMP"). Absent an authorized emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments to Contractor under this Agreement in excess of the GMP without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

3.3 Compensation.

3.3.1 Payment. Contractor shall provide an invoice to the Department based on the payment schedule set out in Appendices B-1 and B-2, "Calculation of Charges." Payment shall be made for Services identified in the invoice that the Department, in its reasonable discretion, concludes has been satisfactorily performed in material conformance with the requirements set forth in this Agreement. Payment shall be made within 30 calendar days of receipt of the invoice, unless the City notifies the Contractor of a Contested Amount as to the invoice in accordance with Section 11.6.1. The City shall pay any Uncontested Amounts from the invoice. In no event shall the amount of this Agreement, for the term, exceed thirty seven million four hundred ninety two thousand two hundred fifty two dollars (\$37,492,252). The breakdown of charges associated with this Agreement appears in Appendices B-1 and B-2, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein. In no event shall City be liable for interest or late charges for any late payments.

3.3.2 Payment Limited to Satisfactory Services. Contractor is not entitled to any payments from City until the Department approves Services, including any furnished Deliverables, as satisfying all of the requirements of this Agreement and pursuant to agreed upon acceptance criteria and testing as stated in the Appendix A-1 – TaxSys Statement of Work. Payments to Contractor by City shall not excuse Contractor from its obligation to replace Deliverables that do not materially conform to the requirements of this Agreement, including equipment, components, materials, or Services even if the

nonconformance of such Deliverables, equipment, components, materials, or Services may not have been apparent or detected at the time such payment was made. Deliverables, equipment, components, materials and Services that do not materially conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay at no cost to the City.

3.3.3 Withhold Payments. If Contractor fails to provide Services in accordance with Contractor's obligations under this Agreement, the City must give Contractor written notice of such failure, including City's good faith basis for claiming such failure. If after ten (10) business days from the date of written notice, Contractor has still not provided such Services, then the City may withhold applicable payments due Contractor under the invoice(s) for the specific Services giving rise to such failure until such failure to perform is cured, and Contractor shall not stop work as a result of City's withholding of payments as provided herein. For the sake of clarity, the City shall not withhold applicable payments unless it has a good faith dispute that Contractor has materially breached its obligations hereunder. Any withholding of payments shall be subject to the dispute resolution procedures of Section 11.6.

3.3.4 Invoice Format. Invoices furnished by Contractor under this Agreement must be in a form reasonably acceptable to the Controller and City, and must include a unique invoice number. Payment shall be made by City as specified in Section 3.3.6, or in such alternate manner as the Parties have mutually agreed upon in writing.

3.3.5 LBE Payment and Utilization Tracking System. LBE Payment and Utilization Tracking System. During implementation, Contractor must submit all required payment information using the online LBE Utilization Tracking System (LBEUTS) as required by CMD to enable the City to monitor Contractor's compliance with the LBE subcontracting commitments in this Agreement. Contractor shall pay its LBE subcontractors within three working days after receiving payment from the City, except as otherwise authorized by the LBE Ordinance. The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of all required CMD payment information. Failure to submit all required payment information to the LBEUTS with each payment request may result in the Controller withholding 20% of the payment due pursuant to that invoice until the required payment information is provided. Following City's payment of an invoice, Contractor has ten (10) calendar days to acknowledge using the online LBEUTS that all LBE subcontractors have been paid. Contractor shall attend a LBEUTS training session. LBEUTS training session schedules are available at www.sfgov.org/lbeuts. The City acknowledges that this requirement only applies to implementation fees and not license or maintenance fees.

3.3.6 Getting paid for goods and/or services from the City.

(a) All City vendors receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments through the City's Automated Clearing House (ACH) payments service/provider. Electronic payments are processed every business day and are safe and secure. To sign up for electronic payments, visit www.sfgov.org/ach.

(b) The following information is required to sign up: (i) The enroller must be their company's authorized financial representative, (ii) the company's legal name, main telephone number and all physical and remittance addresses used by the company, (iii) the company's U.S. federal employer identification number (EIN) or Social Security number (if they are a sole proprietor), and (iv) the company's bank account information, including routing and account numbers.

3.4 Contract Amendments; Budgeting Revisions.

3.4.1 Formal Contract Amendment: Contractor shall not be entitled to an increase in the Guaranteed Maximum Price or an extension of the term unless the Parties agree to a Formal Amendment in accordance with the San Francisco Administrative Code and Section 11.5 (Modifications of this Agreement).

3.4.2 Revision to Program Budget: (Reserved)

3.5 Audit and Inspection of Records.

Contractor agrees to maintain and make available to the City for audit, upon reasonable advance written notice and during regular business hours in a manner agreed to by the Contractor so that the audit does not disrupt Contractor's business, accurate billing and payment books and accounting records for the fees and expenses relating to its Services. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices and financial, and/or other records required under Administrative Code Section 21.34, related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not fewer than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. To the extent required by applicable law or regulation, the State of California or any Federal agency having an interest in the subject matter of this Agreement shall have the same rights as conferred upon City by this Section. Contractor shall include the same audit and inspection rights and record retention requirements in all subcontracts.

3.6 Submitting False Claims.

The full text of San Francisco Administrative Code Chapter 21, Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Pursuant to San Francisco Administrative Code §21.35, any contractor or subcontractor who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor or subcontractor will be deemed to have submitted a false claim to the City if the contractor or subcontractor: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim unmet assumption.

Article 4 Services and Resources

4.1 Services.

4.1.1 **License.** Subject to the terms and conditions of this Agreement, Contractor grants City a limited, renewable, non-exclusive, non-transferable license to access, display in connection with authorized use for the intended purposes, and execute the Licensed Software during the Term of this Agreement and any renewals thereof, if any, solely in connection with the City's use of the System. For clarity the license grant is City-wide for an unlimited number of users.

4.1.2 Transfer of Products (Reserved).

4.1.3 **Documentation.** Contractor shall provide City with the Licensed Software specified herein, and a minimum of two copies of the Documentation. Contractor grants to City permission to duplicate all printed Documentation for City's internal use.

4.1.4 **Proprietary Markings.** City agrees not to remove or destroy any proprietary markings or proprietary legends placed upon or contained within the Licensed Software or any related materials or Documentation.

4.1.5 **Authorized Modification.** City shall also be permitted to develop, use and modify Application Program Interfaces (API's), macros and user interfaces. For purposes of this Agreement, such development shall be deemed an authorized modification. Any such APIs, macros or other interfaces developed by the City shall become the property of the City.

4.1.6 **Click-Agreement.** Contractor will include a click agreement with respect to use of its System, the terms of which are set forth in Appendix A-7, attached hereto. No other "click to accept" agreement may be required for the City's access to the System and no other "terms of use" or "privacy policy" referenced therein or conditioned for use of the System shall apply, unless agreed to by the Parties in an amendment to the Agreement. Only the provisions of this Agreement as amended from time to time shall apply to City

4.1.7 **Implementation.** Contractor agrees to perform the Services provided for in Appendix A-1 (TaxSys Statement of Work). Officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Services beyond the scope listed in Appendix A-1 unless Appendix A-1 is modified as provided in Article 3 of this Agreement (Contract Amendments; Budgeting Revisions).

4.2 **Warranties of Contractor:**

4.2.1 **Warranty of Services:** Contractor warrants that the implementation and maintenance Services will be performed with the degree of skill and care that is required by current, good and sound professional procedures and practices, and in conformance with generally accepted professional standards prevailing at the time the Services are performed.

4.2.2 **Warranty of Authority; No Conflict.** Contractor warrants that it is authorized to enter into this Agreement and that its performance thereof will not conflict with any other agreement.

4.2.3 **Warranty of Compliance with Description of System.** Contractor represents and warrants that the System specified in this Agreement and all Updates and improvements to the System will comply in all material respects with the Specifications (including performance, capabilities, accuracy, completeness, characteristics, specifications, configurations, standards, functions and requirements) in accordance with this Agreement; provided, however, that such warranty shall apply only to the functionality of the System as it exists at the First Live Use. For the sake of clarity and unless otherwise agreed by the parties, this warranty does not apply to new functionality, offered by Contractor to all of its customers during the term of this Agreement, which new functionality may be utilized by the City at its discretion subject to the payment of fees where applicable. Contractor does not warrant that the System will be uninterrupted or error free. The City agrees that the System is of such technical complexity that defects (inherent, latent and/or manifest) may exist. For clarity, Contractor is obligated to comply with the service levels detailed in Appendix A-6 – Maintenance Services and Support and Contractor understands and agrees that credits may apply should Contractor fail to comply with those service levels.

4.2.4 **Refund Remedy.** If, during the Warranty Period, the City notifies Contractor in writing that an Item of Licensed Software contains a Substantive Program Error and describes such Substantive Program Error, then Contractor will have an initial cure period of sixty (60) days from its receipt of such notice to correct or provide a Reasonable Workaround for any Substantive Program Error. The City will have an additional thirty (30) days from receipt of the correction or Reasonable Workaround to notify Contractor that either: (i) the City believes the applicable Substantive Program Error(s) have not been cured by Contractor; or (ii) the City believes it has identified new Substantive Program Errors in such

Item of Licensed Software arising out of the correction or Reasonable Workaround. Notice by the City must again be in writing and describe each Substantive Program Error that has not been cured or that arises out of Contractor's attempt to cure. Contractor will then have an additional cure period of thirty (30) days after such notification to correct or provide a Reasonable Workaround for any Substantive Program Error(s) and the process shall repeat until the parties mutually agree that the defect is resolved or cannot be resolved ("Cure Period").

Following the Cure Period, the Parties shall meet and confer and shall make a mutually agreed upon determination, based upon an objective standard, whether Contractor has corrected or provided a Reasonable Workaround for the Substantive Program Error(s). Should the Parties determine that defect(s) remain, then the City, acting in its sole discretion, may (1) terminate the license to that Item of Licensed Software and receive an associated refund to be negotiated by the parties if not otherwise clearly identifiable in Appendix A-1 (TaxSys Statement of Work) and/or Appendices B-1 and/or B-2 (Calculation of Charges); (2) accept that Item of Licensed Software and receive an associated credit for the degraded Licensed Software Performance; or (3) extend the Warranty Period sixty (60) days if the Parties mutually agree that Contractor's further effort to cure the defect may be successful. Any disagreement regarding a cure may be submitted to dispute resolution under Section 11.6, below.

This Refund Remedy is not available after the Warranty Period. Following the Warranty Period, as the City's sole and exclusive remedy for breach of the warranties contained herein, Contractor shall correct documented defects in the Licensed Software. For purposes of this Section, the term "defect" shall mean only material deviations from the Specifications supplied by Contractor. For clarity, nothing in this Section is intended to otherwise limit the City's remedies for breach of this Agreement.

4.2.5 Title. Contractor represents and warrants to City that it is the lawful owner and/or license holder of all Licensed Software, materials and property identified by Contractor as Contractor-owned and used by it in the performance of this Agreement and that Contractor has the right to permit City access to or use of the Licensed Software and Services and each component thereof. To the extent that Contractor has used Open Source Software ("OSS") in the development of the Licensed Software and Services, Contractor represents and warrants that it is in compliance with any applicable OSS license(s) and is not infringing.

4.2.6 Disabling Code. Contractor represents and warrants that the System and any information, reports or other materials provided to the City as a result of the operation of the System, including future enhancements and modifications thereto, shall be free of any Disabling Code at the time of their receipt by authorized users of the System; provided however, that Contractor is not responsible for Disabling Code caused by third parties in connection with User's access of the System via the internet (e.g., a file containing a virus uploaded by a City User of the System; the same file may be downloaded by another City User subsequently). For clarity, each party agrees that it has an obligation to maintain virus protection on its side of the network.

4.2.7 The limited warranties contained in Section 4.2 shall not apply if a claimed problem is caused by:

- (a) the malfunction of the City's computer hardware or other software or applications not produced, developed, or provided by Contractor;
- (b) the City's primary negligence or fault;
- (c) the City entering or providing improper data to be processed by the System; or
- (d) a "force majeure" under Section 11.15.

4.2.8 No Implied Warranties: Except for the express limited warranty set forth in this section 4.2, Contractor makes no warranty, representation, promise or guarantee, either express or

implied, statutory or otherwise, with respect to the System or any related Services provided hereunder, including their quality, performance, merchantability or fitness for a particular purpose.

4.3 Qualified Personnel.

Contractor shall utilize only competent personnel under the supervision of, and in the employment of, Contractor (or Contractor's authorized subcontractors) to perform the Services. Contractor will comply with City's reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to allow completion within the project schedule specified in this Agreement.

4.4 Acceptance Testing.

Acceptance Testing shall be performed as detailed in Appendix A-1 (TaxSys Statement of Work).

4.5 Training

Training shall be performed as detailed in Appendix A-1 (TaxSys Statement of Work).

4.6 Maintenance and Support.

Maintenance and Support shall be performed as detailed in Appendix A-6 (Maintenance Services and Support).

4.7 Hosting and Maintenance Services Contractor Agrees to Perform.

Hosting and Maintenance Services shall be performed as detailed in Appendix A-2 (Hosting and Maintenance Services Statement of Work).

4.8 Liquidated damages

Contractor agrees that in the event the Services to be performed by Contractor are delayed beyond any date specifically identified as a "Milestone" in the Appendix B-1, as the sole result of Contractor's failure to perform its obligations and not due to any contributing cause, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of two thousand dollars (\$2,000) per day for each calendar day of delay beyond each such Milestone (not to be assessed cumulatively, i.e. not more than two thousand dollars (\$2,000) per day) is not a penalty, but is a reasonable estimate of the loss that City will incur based on the delay, established in light of the circumstances existing at the time this contract was awarded. The liquidated damages shall be capped at one hundred eighty thousand dollars (\$180,000). Notwithstanding the foregoing, Contractor shall not be assessed the above liquidated damages for failure to meet the go-live estimate sooner than 24 months as such estimate is based upon Contractor's best efforts; instead, such liquidated damages should only be assessed if the System does not go live within 24 months.

Before the assessment of liquidated damages, the Parties will conduct a root cause analysis to ascertain the cause of the delay in meeting the applicable Milestone. A sum representing the liquidated damages shall be credited by Contractor to City as a non-transferable credit (not convertible to cash) that may be applied forward to any additional Services performed under this Agreement (for clarity, liquidated damages, if any, shall be deducted from/credited against future sums billed by and owed to Contractor). Should Contractor bring the project back on schedule and achieve a subsequent Milestone, Contractor may request and in that instance the City shall release any liquidated damages previously withheld. Liquidated damages shall be the exclusive remedy of the City for any such delays. Liquidated damages shall not apply to delays that are not solely attributable to Contractor. For clarity, liquidated damages shall not apply to delays caused by

the City or its personnel, third party delays, or a force majeure under Section 11.15. Additionally, the City shall not assess any liquidated damages during the pendency of a good faith dispute under the dispute procedures herein, until the cause of delay has been mutually agreed upon and/or otherwise finally determined.

4.9 Subcontracting.

4.9.1 Contractor may subcontract portions of the Services only upon prior written approval of City, such approval not to be unreasonably withheld. Contractor is responsible for its subcontractors throughout the course of the work required to perform the Services. All Subcontracts must incorporate the terms of Article 10 "Additional Requirements Incorporated by Reference" of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void.

4.9.2 City's execution of this Agreement constitutes its approval of the subcontractors listed below, subject to receipt of all requisite certificates of insurance from each such subcontractor:

1. Two Rivers, Corp.

4.10 Independent Contractor; Payment of Employment Taxes and Other Expenses.

4.10.1 **Independent Contractor.** Contractor acknowledges and agrees that at all times, Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor is liable for the acts and omissions of itself, its employees and its agents in connection with this Agreement. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this Section in accordance with San Francisco Administrative Code Section 21.34. Should City determine that Contractor, or any agent or employee of Contractor, is not performing in accordance with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's receipt of such notice, and in accordance with Contractor policy and procedure, Contractor shall remedy the deficiency. Notwithstanding, if City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

4.10.2 **Payment of Employment Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that an employee of Contractor is a City employee for purposes

of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor's employee shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this Section.

4.11 Assignment.

The Services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement; provided, however, that Contractor may assign its rights and duties hereunder without prior notice to the City to (a) any entity directly or indirectly controlling, controlled by, or under common control with Contractor, and (b) the successor (by sale, merger, reorganization or otherwise) to the business operations of Contractor, subject to the execution of a subsequent Formal Amendment of the Agreement. Consent by the City will not be unreasonably withheld. Any purported assignment made in violation of this provision shall be null and void.

Article 5 Insurance and Indemnity

5.1 Insurance.

5.1.1 **Required Coverages.** Without in any way limiting Contractor's liability pursuant to the "Indemnification" Section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

- (a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and
- (b) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- (c) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.
- (d) Professional liability insurance, applicable to Contractor's profession, with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with the Services.
- (e) Technology Errors and Omissions Liability coverage, with limits of \$5,000,000 each occurrence and each loss. The policy shall at a minimum cover professional misconduct or lack of the requisite skill required for the performance of services defined in this Agreement and shall also provide coverage for the following risks:

(i) Network security liability arising from the unauthorized access to, use of, or tampering with computers or computer systems, including hacker attacks; and

(ii) Liability arising from the introduction of any form of malicious software including computer viruses into, or otherwise causing damage to the City's or third person's computer, computer system, network, or similar computer related property and the data, software, and programs thereon.

(f) Contractor shall maintain in force during the full life of this Agreement Cyber and Privacy Insurance with limits of not less than \$5,000,000 per occurrence. Such insurance shall include coverage for liability arising from theft, dissemination, and/or use of confidential information, including but not limited to, bank and credit card account information or personal information, such as name, address, social security numbers, protected health information or other personally identifying information, stored or transmitted in electronic form.

5.1.2 Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(a) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(b) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

5.1.3 All policies shall be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the City address set forth in Section 11.1, entitled "Notices to the Parties."

5.1.4 Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

5.1.5 Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above for any coverage other than Professional Liability including but not limited to Technology Errors and Omissions and Cyber and Privacy Insurance.

5.1.6 Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

5.1.7 Before commencing any Services, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

5.1.8 The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees and agents.

5.1.9 Contractor shall ensure, as appropriate, that any subcontractor provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds where indicated above.

5.2 General Indemnification.

5.2.1 Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against, any and all third party claims for loss, cost, damage, injury, liability, on account of personal injury to or death of a person, including employees of Contractor or loss of or damage to tangible property, arising out of Contractor's performance of this Agreement, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and except to the extent such loss, damage, injury, liability or claim is the result of the negligence or willful misconduct of the City. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related reasonable third-party costs that the City necessarily incurs.

To the extent that both Parties are found to be at fault the City and Contractor shall each bear its own pro rata share of damages.

5.2.2 In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or reasonably potentially falls within this indemnification provision, while such claim is in effect, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

5.2.3 There shall be no limitation on the ability of either party to bring an action arising from or relating to this Agreement except those set forth in California Law.

5.2.4 Contractor's indemnification obligation applies only if (i) Contractor is notified in writing of the claim promptly following City receiving the claim (for clarity, the filing of a California Government Code claim in accordance with Sections 911, *et seq.*, is a jurisdictional prerequisite to a third-party filing suit), and (ii) City reasonably assists Contractor in obtaining information about the facts underlying the claim. If Contractor agrees in writing to defend, indemnify, and hold the City and its officers and employees harmless, Contractor may request sole control over the defense and settlement of the claim subject to City Attorney approval (not to be unreasonably withheld), with the exception that in any case a settlement calls for the payment of City funds or action on the part of the City, such settlement would be subject to final approval of the City Attorney and the San Francisco Board of Supervisors, each acting in its sole discretion.

5.3 Infringement Indemnification.

5.3.1 In accordance with San Francisco Administrative Code Section 21.21, Contractor shall indemnify and hold City harmless from all third party claims, loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of United States patent rights existing at the time of delivery of each Deliverable, or any copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of Deliverables supplied by Contractor in the performance of this Agreement ("Infringement Claim"). The obligation shall not be applicable to the extent that an Infringement Claim is based upon (i) the City's alteration or modification of the Deliverables delivered by the Contractor; (ii) the City's use of a Deliverable in a manner not intended by, or previously approved by Contractor, including combining Deliverables with items not furnished by Contractor, or (iii) the City's failure to use corrections or enhancements made available by Contractor. The provisions of 5.2.4 shall apply to infringement indemnification.

5.3.2 To the extent that both Parties are found to be at fault the City and Contractor shall each bear its own pro rata share of damages, unless in conflict with San Francisco Administrative Code Section 21.21.

5.3.3 In the event of an Infringement Claim, Contractor will have the option, at its expense, to: (i) procure the right for the City to continue using it, (ii) replace it with a noninfringing equivalent, or (iii) modify it to make it noninfringing. If the Parties mutually agree that such remedies are not reasonably available, Contractor has the option to terminate the Services affected by the Deliverable and refund to City such portion of the annual license and maintenance fees paid in advance for Services not performed as of the date of termination.

Article 6 Liability of the Parties

6.1 City's Liability Limit.

CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT, FOR THE SERVICES PROVIDED HEREUNDER, SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN ARTICLE 3 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

6.2 Contractor's Liability Limit.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CONTRACTOR BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

CONTRACTOR'S MAXIMUM LIABILITY FOR ANY DIRECT DAMAGES ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT DURING IMPLEMENTATION AND FOR THE FIRST 12 MONTHS AFTER FIRST LIVE USE ("INITIAL CAP PERIOD"), SHALL BE AS FOLLOWS: 1.5 TIMES EACH AMOUNT PAID TO CONTRACTOR BY CITY, AGGREGATED CUMMULATIVELY UP TO A TOTAL OF THE FULL IMPLEMENTATION AMOUNT AT FIRST LIVE USE. FOLLOWING THE INITIAL CAP PERIOD, CONTRACTOR'S MAXIMUM LIABILITY FOR ANY DIRECT DAMAGES ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT SHALL BE CAPPED IN THE AGGREGATE AT 2 TIMES THE ANNUAL MAINTENANCE FEE ("REGULAR CAP").

CONTRACTOR'S LIABILITY LIMIT SET FORTH ABOVE SHALL NOT APPLY TO:

(1) DAMAGES CAUSED BY CONTRACTOR'S GROSS NEGLIGENCE (FOR PURPOSES OF THIS SECTION, "GROSS NEGLIGENCE" SHALL MEAN A WANT OF EVEN SCANT CARE OR EXTREME DEPARTURE FROM THE ORDINARY STANDARD OF CONDUCT) OR WILLFUL MISCONDUCT;

(2) AFTER THE INITIAL CAP PERIOD, CLAIMS TO THE EXTENT COVERED BY CONTRACTOR'S INSURANCE COVERAGE REQUIRED UNDER THIS AGREEMENT, PROVIDED THAT SUCH CLAIMS SHALL BE CAPPED AT THE GREATER OF THE REGULAR CAP AND THE APPLICABLE INSURANCE COVERAGE AMOUNT REQUIRED UNDER THIS AGREEMENT;

(3) CONTRACTOR'S OBLIGATION TO INDEMNIFY AND DEFEND CITY PURSUANT TO THE GENERAL INDEMNIFICATION AND INFRINGEMENT INDEMNIFICATION PROVISIONS HEREIN;

(4) DAMAGES THAT ARISE FROM THE UNAUTHORIZED USE OR DISCLOSURE OR FAILURE TO MAINTAIN CONFIDENTIALITY OF CITY'S INFORMATION IN THE POSSESSION OR CONTROL OF CONTRACTOR RESULTING FROM CONTRACTOR'S BREACH OF SECTION 13.1 (NONDISCLOSURE OF PRIVATE, PROPRIETARY, OR CONFIDENTIAL INFORMATION), INCLUDING ALL OF CITY'S RELATED COSTS OF INVESTIGATION AND NOTIFICATION, AND STATUTORY FINES AND PENALTIES, UP TO AN AGGREGATE LIABILITY CAP OF \$5,000,000; AND

(5) WRONGFUL DEATH CAUSED BY CONTRACTOR.

6.3 Liability for Use of Equipment.

City shall not be liable for any injury to persons or damage to tangible property as a result of the use, misuse or failure of any equipment used by Contractor, or any of its subcontractors, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

Article 7 Payment of Taxes

7.1 Reimbursement by City.

Except for any applicable California sales and use taxes charged by Contractor to City, Contractor shall pay all taxes, including if applicable possessory interest taxes levied upon or as a result of this Agreement, or the Services delivered pursuant hereto. Contractor shall remit to the State of California any sales or use taxes paid by City to Contractor under this Agreement. Contractor agrees to promptly provide information requested by the City to verify Contractor's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 Possessory Interest Tax.

7.2.1 Contractor acknowledges that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply.

7.2.2 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.3 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf

of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code Section 480.5, as amended from time to time, and any successor provision.

7.2.4 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code Section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.5 Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

Article 8 Termination and Default

8.1 Termination for Convenience

8.1.1 City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor six (6) months' prior written notice of termination. The notice shall specify the date on which termination shall become effective.

8.1.2 Upon receipt of the notice of termination, Contractor shall use reasonable efforts to commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination.

8.1.3 Within 30 days after the specified termination date, Contractor shall submit a final invoice to City, which shall set forth any outstanding claim for payment.

8.1.4 In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services under this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable.

8.1.5 In arriving at the amount due to Contractor under this Section, City may deduct: (i) all payments previously made by City for the same Services covered by Contractor's final invoice; (ii) a Contested Amount under an applicable invoice which is properly disputed in accordance with and subject to the dispute resolution language of Section 11.6; and (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4.

8.1.6 City's payment obligation under this Section shall survive termination of this Agreement.

8.2 Termination for Default; Remedies.

8.2.1 City may terminate this Agreement for default, upon material breach by Contractor, by giving thirty (30) days' prior written notice to Contractor specifying such breach. In such event, Contractor shall have the right to cure the breach within the notice period. Each of the following may constitute an event of default ("Event of Default") under this Agreement:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement and fails to cure such breach within ten (10) days after written notice thereof from City to Contractor:

3.6	Submitting False Claims.	11.11	Compliance with Laws
4.13	Assignment	13.1	Nondisclosure of Private, Proprietary Confidential Information
Article 5	Insurance and Indemnity	13.4	Protected Health Information
Article 7	Payment of Taxes		

(b) Contractor fails or refuses to perform or observe any other material term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default continues for a period of thirty (30) days after written notice thereof from City to Contractor.

(c) Contractor (i) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (ii) makes an assignment for the benefit of its creditors; (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (iv) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

8.2.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. Upon any termination, City shall pay Contractor Uncontested Amounts for Services performed in material conformance to the requirements of this Agreement up to and on the effective date of termination, in accordance with Section 3.3.1. Any Contested Amounts shall be subject to the dispute resolution language detailed in Section 11.6 below.

8.2.3 Except where expressly (e.g., refund remedy and liquidated damages) provided otherwise herein, all remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 Non-Waiver of Rights.

The omission by either Party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other Party at the time designated, shall not be a waiver of any such default or right to which the Party is entitled, nor shall it in any way affect the right of the Party to enforce such provisions thereafter.

8.4 Rights and Duties upon Termination or Expiration.

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.1	Payment	11.6	Dispute Resolution Procedure
3.3.2	Payment Limited to Satisfactory Services	11.8	Agreement Made in California; Venue
3.5	Audit and Inspection of Records	11.9	Construction
3.6	Submitting False Claims	11.10	Entire Agreement
Article 5	Insurance and Indemnity (provided that the insurance requirements only survive to the extent required under Section 5.1.4)	11.11	Compliance with Laws
Article 6	Liability of Parties	11.12	Severability
Article 7	Payment of Taxes	11.14	Order of Precedence
8.1.6	Payment Obligation	12.1	No Third Party Beneficiaries
8.3	Non-Waiver of Rights	13.1	Nondisclosure of Private, Proprietary or Confidential Information
9.1	Ownership of System	13.4	Protected Health Information
9.2	Ownership of City Data		
11.1	Notice to the Parties		
11.3	Contractor Confidential Information		

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Contractor shall deliver in the manner, at the times, and to the extent, if any, Deliverable(s), directed by City that the Parties mutually agree Contractor owes provided that any work-in-progress shall be provided on an as-is basis, without warranty of any kind.

8.5 Transition Period.

Following the termination of this Agreement pursuant to Sections 8.1 or 8.2, upon the written request of the City (which notice shall be delivered prior to the effective date of termination), Contractor shall continue to provide Services to the City for a maximum period of twenty-four (24) months following the effective date of termination; provided that the City shall continue to pay mutually agreed upon fees for such Services annually in advance.

8.6 Return of City Data and Deletion Upon Termination or Expiration of this Agreement.

Upon written request by the City to Contractor made within thirty (30) days after the effective date of any such termination or expiration for the return of City Data ("Notice of Return of City Data"), Contractor will return City Data to the City by providing to the City the City Data in an easily machine readable format on one or more encrypted hard drives or other similar media and an export file containing the relevant keyword values and related file locations for the City Data. Contractor will work with the City on determining the transfer method most reasonably suitable to meet the City's requirements. The City shall be invoiced an amount determined by Contractor based on Contractor's then current list price as consideration for such return of City Data, or such other amount as mutually agreed upon by the parties.

8.6.1 **Additional Hosting Fees:** Within thirty (30) days after Contractor has transferred to the City the City Data, and to avoid the accrual of additional hosting fees, the City must either provide Contractor with written approval of the transfer of City Data ("Transfer Approval") or notify Contractor of a deficiency (including a reasonable basis for asserting the deficiency) in the City Data

provided ("Deficiency Notice"). If the City fails to provide a written Transfer Approval or Deficiency Notice within the thirty (30) day period, the City shall continue to incur and shall be required to pay hosting fees on a month to month basis for the extended period. Extended hosting fees will stop accruing as of the date of the City's written Transfer Approval or a Deficiency Notice.

8.6.2 Deficiency Notice: If the City provides Contractor with a Deficiency Notice, then Contractor and the City shall work together to determine the manner in which the City Data is deficient and the method to provide such City Data. Within thirty (30) days after Contractor has re-sent to the City the City Data, and to avoid the accrual of additional hosting fees, the City must either provide Contractor with written Transfer Approval or provide Contractor with a Deficiency Notice. If the City fails to provide a written Transfer Approval or Deficiency Notice within the thirty (30) day period, the City shall continue to incur and shall be required to pay hosting fees on a month to month basis for the extended period. Extended hosting fees will stop accruing as of the date of the City's written Transfer Approval or a Deficiency Notice. With respect to the City providing a Deficiency Notice, this process shall be repeated until the City has provided a written Transfer Approval.

8.6.3 Transfer Approval and Deletion of City Data: The City acknowledges and agrees that within thirty (30) days after the date of the City's written Transfer Approval, Contractor shall have no obligation to maintain or provide any City Data and Contractor may delete such City Data from all of Contractor's data centers. Once Contractor has deleted all such City Data from all of Contractor's data centers, including all backup copies, Contractor shall provide the City with written confirmation that all such City Data has been deleted.

8.7 Contractor's Right to Suspend

Should Contractor determine that the City or any of the City's authorized users has violated Contractor's terms of use of the Services under this Agreement, or otherwise materially breached the terms of this Agreement, Contractor shall have the right temporarily to suspend the Services upon giving the City twenty-one (21) calendar days written notice with an opportunity to cure. During the twenty-one (21) day cure period, Contractor and City will actively work together to cure the violation. Upon Contractor's determination that the issue has been resolved, Contractor shall reinstate the Services. If the Parties are unable to agree upon a resolution, the Parties shall submit the matter to dispute resolution under section 11.6 below. If the matter involves a Contested Amount, the Parties shall expedite the dispute resolution process as mutually agreed. Notwithstanding the foregoing, Contractor may suspend services if the City fails to pay any Uncontested Amounts as described in Section 3.3.1, due hereunder within 60 days after Contractor's prior written notice, unless the City cures the non-payment within such 60-day cure period.

Article 9 Rights In Deliverables

9.1 Ownership of System.

Subject to the limited rights expressly granted hereunder, Contractor reserves all rights, title and interest in and to the Licensed Software, System, Documentation, Services, and improvements, and/or Contractor created derivative works, including all related patent rights (including, without limitation, patent applications and disclosures), copyrights, trade secrets, know-how, database structures, specifications, techniques, methods and any other intellectual property rights recognized in any country or jurisdiction in the world, including all additions, improvements, and modifications made thereto in the course of this Agreement.

9.2 Ownership of City Data.

The Parties agree that as between them, all rights, including all intellectual property rights, in and to the City Data and any derivative works of the City Data shall remain the exclusive property of the City. The Contractor hereby warrants that it will not export the City Data outside of the System and/or Scope of Work (Appendix A) without written authorization from the City.

9.3 Use of City Data.

Contractor is provided a limited non-exclusive license to use the City Data solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license, right or title to City Data to Contractor or any third-party. Unauthorized use of City Data by Contractor or third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for unrelated commercial purposes, advertising or advertising-related purposes, or for any other purpose other than security or service delivery.

9.4 Access to and Extraction of City Data.

The City will have access 24/7 to the City Data through the System. A subset of City Data will be available for transfer to the City in a mutually agreed upon format as detailed in Appendix A-1 (TaxSys Statement of Work).

9.5 Data Security and City Data

9.5.1 Contractor shall at all times during the term of this Agreement provide and maintain security measures consistent with generally accepted industry standards, with respect to (a) the System, (b) Contractor's physical facilities, and (c) Contractor's networks, to prevent unauthorized access or "hacking" of City's Data.

9.5.2 Contractor shall provide security for its networks and all Internet connections consistent with generally accepted industry practices, and will promptly install all patches, fixes, upgrades, updates and new versions of any security software it employs.

9.5.3 Contractor will maintain reasonable and appropriate safeguards to restrict access to City's Data to those employees, agents or service providers of Contractor who need the information to carry out the purposes for which it was disclosed to Contractor.

9.5.4 For information disclosed in electronic form, Contractor agrees that appropriate safeguards include electronic barriers (e.g., "firewalls", Transport Layer Security (TLS), Secure Socket Layer [SSL] encryption, or most current industry standard encryption, intrusion prevention/detection or similar barriers) and secure authentication (e.g. password protected) access to the City's Confidential Information and hosted City Data.

9.5.5 City's Data shall be encrypted in transit with controlled access, and as of the First Live Use date for the System, Contractor will encrypt data at rest. For clarity, City Data under this Agreement will include personally identifiable information (addresses, marital status, and Federal Employer Identification Numbers) (PII), but does not include personal health information (PHI), or personal credit information (PCI).

9.5.6 Contractor also will establish and maintain any additional physical, electronic, administrative, technical and procedural controls and safeguards to protect the City's Data that are no less rigorous than generally accepted industry practices (including, as periodically amended or updated, the International Organization for Standardization's standards: SSAE 18 SOC 2 or its successor, the Information Technology Library (ITIL) standards, the Control Objectives for Information and related Technology (COBIT) standards or other applicable industry standards for information security), and shall

provide that all such controls and safeguards, including the manner in which City Confidential Information is collected, accessed, used, stored, processed, disposed of and disclosed, comply with applicable data protection and privacy laws, as well as the terms and conditions of this Agreement.

9.5.7 Contractor warrants to the City compliance with the following (as periodically amended or updated) as applicable: The California Information Practices Act (Civil Code §§ 1798 *et seq.*).

9.5.8 **Data Privacy and Information Security Program.** Without limiting Contractor's obligation of confidentiality as further described herein, Contractor shall be responsible for establishing and maintaining a data privacy and information security program, including reasonable physical, technical, administrative, and organizational safeguards, that is designed to: (i) provide for the security and confidentiality of the City Data; (ii) protect against any anticipated threats or hazards to the security or integrity of the City Data; (iii) protect against unauthorized disclosure, access to, or use of the City Data; (iv) provide for the proper disposal of City Data; and, (v) provide that all of Contractor's employees, agents, and subcontractors, if any, comply with all of the foregoing.

9.6 SSAE 18 SOC 2 Audit Report.

During the Term of the Agreement, Contractor will provide, on an annual basis, the SSAE 18, SOC 2 or its successor Audit report ("Audit Reports") (if Contractor is using a hosting service provider, the Audit Report it receives from its service provider) as follows: (a) the Audit Reports will include a 365 day (twelve month) testing period; and (b) the Audit Reports will be available to City no later than thirty (30) days after City's written request. Contractor shall implement reasonably required safeguards as identified by any third-party SSAE auditor of Contractor's data privacy and information security program.

9.7 Security Incident

The Parties acknowledge the ongoing existence and occurrence of "Unsuccessful Security Incidents" (as defined below) for which detailed notice to the City shall not be required. Instead, Contractor shall provide the City notice on a quarterly basis on the volume, frequency, and average quarterly rate of "denials of service" and "unsuccessful log on attempts" for the information systems, and the security systems that safeguard the information systems, which receive, transmit, process, store, and/or maintain City Data. "Unsuccessful Security Incidents" include, but are not limited to, pings, and other broadcast attacks on Contractor's firewall, port scans, unsuccessful log on attempts, denials of service and any combination of the above, provided that no such incident results in unauthorized access, use, disclosure, modification, breach, or destruction of City Data or interference with system operations in an information system that receives, transmits, processes, stores, and/or maintains City Data. As mutually agreed and upon written request by the City, Contractor may provide the City with additional information regarding Unsuccessful Security Incidents.

9.8 Audit of Contractor's Policies.

If there is no conflict with Contractor's company policies or security standards, Contractor agrees to make available to City, Contractor's policies, procedures and practices regarding data security upon request, for review onsite or via webex as mutually agreed by the Parties.

9.9 Disaster Recovery.

In the event of a disaster, as defined below, Contractor will be responsible for providing disaster recovery services in accordance with the provisions of Appendix A-2 (Hosted and Maintenance Statement of Work) and Appendix A-3 (Hosted Services Equipment Maintenance), or as otherwise set forth in this Agreement

or any Statement of Work. A force majeure under Section 11.15 shall not excuse Contractor of its obligations for performing disaster recovery services as provided in this Section, except to the extent such force majeure also applies to the disaster recovery services. In the event that a disaster occurs the Contractor shall immediately initiate a failover to the mirrored secondary site. The Contractor will begin assessment of the failure of the primary site and inform the City of the event and cause within one hour of the start of failure. For purposes of this Agreement, a "disaster" shall mean an interruption in the hosting services in the primary data center or the inability of Contractor to provide City with the System and hosting services for any reason.

9.10 Notification of Legal Requests.

Contractor shall immediately notify City upon receipt of any electronic discovery, litigation holds, discovery searches and expert testimonies related to City's Data under this Agreement, or which in any way might reasonably require access to City's Data, and in no event later than forty-eight (48) hours after it receives the request. Contractor shall not respond to subpoenas, service of process and other legal requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including without limitation any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

9.11 Data Breach; Loss of City Data.

In the event of any data breach that compromises the security or integrity of City Data, Contractor shall, as applicable:

9.11.1 Notify City immediately following discovery, but no later than forty-eight (48) hours, of becoming aware of such occurrence or suspected occurrence. Contractor's report shall identify:

- (i) the nature of the event, use or disclosure;
- (ii) the information accessed, used or disclosed;
- (iii) the person(s) who accessed, used and disclosed and/or received protected information (if known);
- (iv) what Contractor has done or will do to mitigate any deleterious effect of the unauthorized access, use or disclosure, and
- (v) what corrective action Contractor has taken or will take to prevent future unauthorized access, use or disclosure.

9.11.2 Coordinate with the City in its data breach response activities including without limitation:

- (i) Immediately preserve any potential forensic evidence relating to the data breach, and remedy the breach as quickly as circumstances permit;
- (ii) Promptly (within 5 business days) designate a contact person to whom the City will direct inquiries, and who will communicate Contractor responses to City inquiries;

(iii) As rapidly as circumstances permit, apply appropriate resources to remedy the data breach condition, investigate, document, restore City service(s) as directed by the City, and undertake appropriate response activities;

(iv) Provide status reports to the City on data breach response activities, either on a daily basis or a frequency approved by the City;

(v) Make all reasonable efforts to assist and cooperate with the City in its data breach response efforts;

(vi) Ensure that knowledgeable Contractor staff are available on short notice, if needed, to participate in City initiated meetings and/or conference calls regarding the data breach; and

(vii) Cooperate with City in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials as it relates to City's Data only, required to comply with applicable law or as otherwise required by City.

9.11.3 Perform or take any other actions required to comply with applicable law as a result of the occurrence;

9.11.4 Provide disaster recovery or back-up data in the case of data loss to City, without charge to City; and

9.11.5 Provide to City a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence.

Article 10 Additional Requirements Incorporated by Reference

10.1 Laws Incorporated by Reference.

Contractor represents and warrants that it will comply with all applicable laws and regulations in performing the Services. Subject to the foregoing, the full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement ("Mandatory City Requirements") are available at http://www.amlegal.com/codes/client/san-francisco_ca/

10.2 Conflict of Interest.

By executing this Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*); or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3 Prohibition on Use of Public Funds for Political Activity.

In performing the Services, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in,

support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

10.4 Reserved.

10.5 Nondiscrimination Requirements.

10.5.1 Non Discrimination in Contracts. Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

10.5.2 Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2. Contractor does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance.

Contractor shall comply with all applicable provisions of Chapter 14B ("LBE Ordinance"). Contractor is subject to the enforcement and penalty provisions in Chapter 14B. Contractor shall utilize LBE Subcontractors for at least 5.4% of the professional services during implementation, except as otherwise authorized in writing by the Director of CMD. Contractor shall incorporate the requirements of the LBE Ordinance in each subcontract made in the fulfillment of Contractor's LBE subcontracting commitments.

10.7 Minimum Compensation Ordinance.

Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. By signing and executing this Agreement, Contractor certifies that it is in compliance with Chapter 12P.

10.8 Health Care Accountability Ordinance.

Contractor shall comply with San Francisco Administrative Code Chapter 12Q. Contractor shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q.

10.9 First Source Hiring Program.

Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

10.10 Alcohol and Drug-Free Workplace.

City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of any Contractor or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City's ability to maintain safe work facilities or to protect

the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

10.11 Limitations on Contributions.

By executing this Agreement, Contractor acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

10.12 Slavery Era Disclosure. (Reserved)

10.13 Working with Minors. (Reserved)

10.14 Consideration of Criminal History in Hiring.

Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to a Contractor's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

10.15 Public Access to Nonprofit Records and Meetings. (Reserved)

10.16 Food Service Waste Reduction Requirements.

Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the remedies for noncompliance provided therein.

10.17 Sugar-Sweetened Beverage Prohibition. (Reserved)

10.18 Tropical Hardwood and Virgin Redwood Ban.

Pursuant to San Francisco Environment Code Section 804(b), the City urges Contractor not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product:

10.19 Preservative Treated Wood Products. (Reserved)

Article 11 General Provisions

11.1 Notices to the Parties.

Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To CITY:
David Augustine
Tax Collector
1 Dr. Carlton B. Goodlett Place, Room 140
San Francisco, CA 94102
Email: David.Augustine@sfgov.org

To CONTRACTOR:
Daniel J. Veres
Executive Vice President
Grant Street Group, Inc.
339 Sixth Avenue, Suite 1400
Pittsburgh, PA 15222
dan.veres@grantstreet.com

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.2 Compliance with Americans with Disabilities Act.

Contractor shall provide the Services in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 Contractor Confidential Information

11.3.1 City acknowledges and understands that the Licensed Software and System provided under this Agreement is owned by Contractor and that Contractor asserts that the Licensed Software and System constitutes a valuable trade secret belonging to Contractor. City also acknowledges and understands that Contractor is willing to provide City with certain proprietary business and technical information regarding its System pursuant to this Agreement ("Contractor Information"). "Contractor Information" includes without limitation: (i) all Contractor software; copies of System web pages, pop-ups, online help features, etc.; specifications related to System modifications or enhancements; site performance data, information, training and/or user manuals; and any other documentation relating to the System, and (ii) any other information, documents or materials designated or marked in writing by Contractor as "Confidential" or "Proprietary". Such Contractor Information may be in hard copy, printed or electronic format. For Clarity, the City may share Contractor Information internally and/or otherwise with third-parties as necessary to administer this Agreement. Before the City shares Contractor Information with a third-party, the City agrees to notify Contractor as indicated in Appendix A-1 (TaxSys Statement of Work). The City understands that Contractor may require such third-party to enter into a Contractor confidentiality or other form of agreement with Contractor as appropriate.

11.3.2 Contractor Information does not include information which: (i) is or becomes generally available to the public other than as a result of a disclosure by City; or (ii) becomes available to City on a non-confidential basis from a source other than Contractor; or (iii) is required to be disclosed pursuant to any legal process or request from any governmental authority or body having jurisdiction over City, provided that, prior to any such disclosure, City shall provide adequate notice to Contractor, except as provided by law, in order to enable Contractor to seek an appropriate protective order or injunctive relief.

11.3.3 In the event of a request for the disclosure of Contractor Information pursuant to California Government Code Sections 6250 *et. seq.*, the provisions of Section 11.4 below shall apply.

11.3.4 City hereby agrees to: (i) hold the System and/or all Contractor Information as confidential information and take such steps as are reasonably necessary to safeguard the System and/or Contractor Information to the same extent that City safeguards its own confidential information (ii) exercise reasonable care to prevent the disclosure of the System and/or Contractor Information to any third party, except as otherwise provided herein; and (iii) restrict the use of the System and/or Contractor Information by City solely for City's purposes, subject to the terms of this Agreement. City's obligations as set out in this Section 11 survive any termination of this Agreement.

11.3.5 City further agrees not to sell, assign, lease, license, or in any manner encumber, pledge, convey, or transfer the System or any interest therein.

11.3.6 City acknowledges that should it breach its obligations under this Section 11.3, Contractor may suffer harm, which may not be adequately compensated by monetary damages. In such event, Contractor may, in addition to monetary damages, seek equitable relief to enjoin such breach.

11.4 **Sunshine Ordinance.**

11.4.1 **Public Records Request:** Contractor acknowledges that this Agreement and all records related to its formation, Contractor's performance of Services, and City's payment are subject to the California Public Records Act, (California Government Code §6250 *et. seq.*), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

11.4.2 **Contractors Obligations:** If the City receives a public records request pertaining to Contractor, the City will use best efforts to notify Contractor of the request and to provide

Contractor with a description of the material that the Department deems responsive and the due date for disclosure ("Response Date"). If Contractor asserts that some or all of the material requested contains or reveals valuable trade secrets or other information belonging to Contractor that is exempt from disclosure and directs the City in writing to withhold such material from production ("Withholding Directive"), then the City will comply with the Withholding Directive on the condition that Contractor seeks judicial relief on or before the Response Date. If any third-party initiates or threatens to initiate legal action to compel the production of Contractor's material, Contractor shall defend, indemnify and save harmless City and its officers, agents and employees from any and all such third-party claims. Should Contractor fail to seek judicial relief on or before Response Date, the City shall proceed with the disclosure of responsive documents.

11.4.3 **Agreement not to Sue:** Contractor agrees that it will not sue the City for damages in connection with the disclosure by the City of information that Contractor asserts is exempt from disclosure, so long as such disclosure was inadvertent and the City uses reasonable efforts to mitigate the effects of the inadvertent disclosure and/or uses reasonable efforts to retrieve the information as appropriate.

11.5 **Modification of this Agreement.**

This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, "Notices to Parties," regarding change in personnel or place, and except by written instrument executed by the Parties and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of CMD any amendment, modification, supplement or change order that would result in a cumulative increase of the Guaranteed Maximum Price of this Agreement by more than 20% (CMD Contract Modification Form).

11.6 **Dispute Resolution Procedure.**

11.6.1 **Negotiation; Non-Binding Alternative Dispute Resolution.**

(a) The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance or receipt of services under this Agreement, including those related to non-payment or disputed invoices ("Disputes") in accordance with the following escalation process. Upon written notice by a Party to the other Party of a Dispute ("Dispute Notice"), such Dispute shall first be referred to Contractor's lead engagement partner or, principal, or managing director (or designee) and City's Contract Administrator (or designee). If they are unable to resolve the Dispute within fifteen (15) days of the Dispute Notice, the Dispute will be escalated to Contractor's lead client service partner (or designee) and the Department's Deputy Director of Administration and Finance (or designee). If the Parties are still unable to resolve the dispute within fifteen (15) additional days, then each Party may resort to the formal dispute resolution procedure set forth in Section 11.6.1(b) or, pursuant to San Francisco Administrative Code Section 21.36, Contractor may submit to the Contracting Officer a written request for administrative review and documentation of the Contractor's claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing the Contractor of its right to judicial review

(b) After the Parties have exhausted the informal dispute resolution process outlined in Section 11.6.1(a), then, if agreed by both Parties in writing, Disputes may be resolved by a mutually agreed-upon non-binding alternative dispute resolution process. If the Parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law.

(c) The status of any Dispute or controversy notwithstanding but subject to Contractor's suspension rights under Section 8.7, Contractor shall proceed diligently with the performance of its obligations under this Agreement in accordance with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this Section

11.7 Government Code Claim Requirement.

No suit for money or damages may be brought against the City until a written claim therefor has been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Contractor's compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

11.8 Agreement Made in California; Venue.

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

11.9 Construction.

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

11.10 Entire Agreement.

This contract sets forth the entire Agreement between the Parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, "Modification of this Agreement."

11.11 Compliance with Laws.

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner applicable to Contractor's performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

11.12 Severability.

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the Parties and shall be reformed without further action by the Parties to the extent necessary to make such provision valid and enforceable.

11.13 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of City and Contractor, and both Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No Party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

11.14 Order of Precedence.

Contractor agrees to perform the services described below in accordance with the terms and conditions of this Agreement, and Appendix A-1 (TaxSys Statement of Work). The terms of this Agreement are to be read and interpreted together with all other documents, appendices, exhibits, and addenda attached to the Agreement as a single agreement.

11.15 Force Majeure

Neither Party shall be liable for any failure of or delay in performance of its obligations under this Agreement to the extent such failure or delay is due to a "force majeure". For purposes of this Agreement, the term "force majeure" means any cause, action or agency delaying or preventing the performance of a Party's obligation(s) under this Agreement which is beyond the reasonable control or foreseeability of such Party including but not limited to natural disasters, wars, power failures, internet outages and other acts of God. Upon notice of a force majeure event, the Party whose performance under this Agreement is affected thereby shall: (i) promptly notify the other Party by the quickest means available, explaining the nature and expected duration thereof; and (ii) use reasonable efforts to diligently remedy the interruption or delay, provided that the interruption or delay is reasonably capable of being remedied by that Party.

Article 12 Department Specific Terms

12.1 No Third Party Beneficiaries.

No third parties are intended by the Parties hereto to be third party beneficiaries under this Agreement, and no action to enforce the terms of this Agreement may be brought against either Party by any person who is not a party hereto.

Article 13 Data and Security

13.1 Nondisclosure of Private, Proprietary or Confidential Information.

If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of Services, Contractor may have access to City's proprietary or confidential information ("City Confidential Information"), the disclosure of which to third parties may damage City. If City discloses City Confidential information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement, except as required by law, professional rule or regulation. Contractor shall exercise the same standard of care to protect such City Confidential Information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

13.2 Payment Card Industry ("PCI") Requirements. (Reserved)

Article 14 MacBride And Signature

14.1 MacBride Principles -Northern Ireland.

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Contractor confirms that Contractor has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

Article 15 List of Appendices

The following appendices and attachments are attached hereto and incorporated herein:

Appendices

A:

- A-1 TaxSys Statement of Work
- A-2 Hosted and Maintenance Statement of Work
- A-3 Hosted Services Equipment Maintenance
- A-4 Infrastructure
- A-5 Service Level Agreement
- A-6 Maintenance Services and Support
- A-7 Online Confidentiality Agreement

B:

- B-1 Calculation of Charges: Implementation
- B-2 Calculation of Charges: License & Service Fees,
and other Charges

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

Recommended by:

Tajel Shah
Chief Assistant Treasurer

Recommended by:

Ben Rosenfield
Controller

Approved as to Form:

Dennis J. Herrera
City Attorney

By: _____

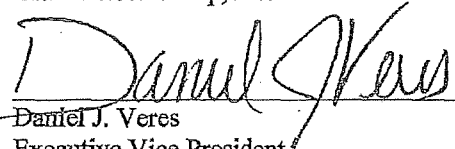
Louise S. Simpson
Deputy City Attorney

Approved:

Jaci Fong
Director of the Office of Contract Administration, and
Purchaser

CONTRACTOR

Grant Street Group, Inc.



Daniel J. Veres
Executive Vice President

Supplier ID: 0000035040

This Exhibit contains Confidential and proprietary information pertaining to a data processing software licensing agreement and as such is exempt from disclosure through public records requests pursuant to California Government Code Sections 6250 et. seq. Contractor should be promptly notified of any requests for disclosure of this document so that it may seek an appropriate protective order or injunctive relief.

Appendix A-1

TAXSYS STATEMENT OF WORK

I. System Description

The System is a comprehensive web-based tax billing, collection and apportionment system used for the management of secured, unsecured, and unitary taxes. The System will be the primary record of all property tax payment statuses, balances and rates. The System will receive and load annual property tax data from the Assessor (the Local Roll) and the State (the State Roll) and merge them, extending taxes to produce bills. The System will also track the apportionment of collected property tax funds, including those that are advanced through the alternate method of tax apportionment (Teeter). The System is hosted at two (2) enterprise-class co-location data centers and is delivered using a Software as a Service (SaaS) model. Contractor shall provide maintenance, service and support for the System during implementation and testing and for the duration of the term of the Agreement.

Contractor shall provide City with software and services to implement, maintain, and support the TaxSys Application, a tax billing, collection and distribution system, and integrated suite of collection software (collectively the "System") subject to the terms of the Agreement and as set forth in the response to the Request for Proposal for Property Tax Solution RFP# TTX2017-09, but only those related to the requirements marked "COTS: Non Technical Configuration" or "COTS: Technical Configuration", plus requirements related to the Wausau Cashiering Interface (Tax Collector Requirements PAY-03, PAY-20, PAY-21, PAY-26 and General Requirements INT-06, INT-14).

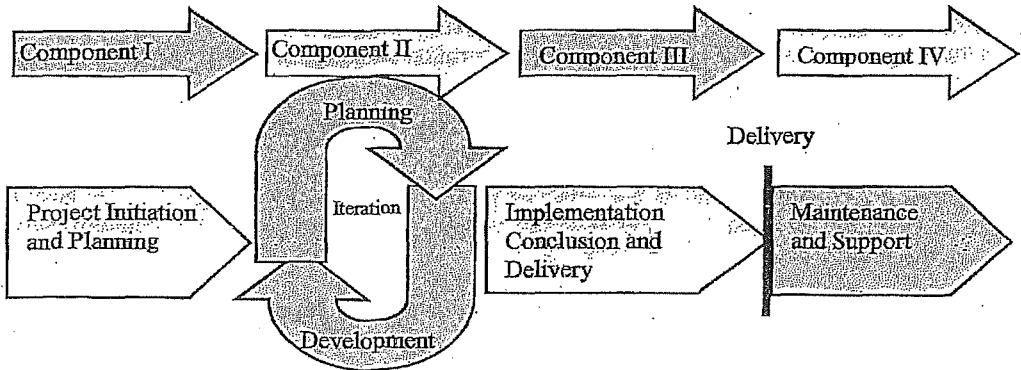
II. Project Methodology

Implementation of the System is anticipated to occur over eighteen (18) months and a maximum twenty-four (24) month period in accordance with the timeline attached to this Exhibit (the "Attachment – Preliminary Implementation Timeline"). The project is comprised of four (4) components:

- I. Project Initiation and Planning
- II. System Implementation (Development Planning and Execution)
- III. Implementation Conclusion and Delivery
- IV. Maintenance and Support

Component Summary

Below is an illustration of the flow of all components during the term of the Agreement:



Completion of each component is dependent upon the efforts of both Contractor and City. Should City fail to meet its obligations as set forth in the project plan, the implementation date will be extended to account for the resultant time delay.

Component I – Project Initiation and Planning

Contractor will develop an initial set of project documents that together comprise the project plan. These project documents will be updated as appropriate throughout the project. The project plan, developed by Contractor's project team with City's assistance, includes the Component I outputs referenced below.

The project scope document lists the project deliverables that include, but are not limited to, project management documents, business processes to be ported to the System, and associated deliverable acceptance criteria, as well as a scope management plan. Requirements management includes processes for prioritizing the project requirements, creating a detailed work breakdown structure (WBS), and tracking the effort required to implement each requirement. The project schedule and schedule management documents the initial project milestones and, as work is identified, the project schedules are updated to include the activities that comprise the WBS. Quality assurance is an on-going process used to ensure the project is following Contractor's Project Management Office and City project management standards. All of the project stakeholders and their roles and responsibilities, as well as their on-boarding and off-boarding dates and processes are documented in the project's resource plan. The project communications plan documents all stakeholder communications and includes what information will be communicated, what media will be used, and the communication frequency. The risk management plan includes a risk register that is the repository for all identified risks, risk triggers, and risk mediation plans.

Data Conversion

Data conversion discovery is also performed during execution of Component I. The Contractor's data conversion project team, with City assistance, will develop a Data Conversion Plan and perform data conversion discovery. Data conversion discovery includes a review of legacy system data, identification of characteristics for special data cases, understanding of balancing reports and detailed reports, explanation of the TaxSys Standard format (TSF), assistance with data mapping to the TaxSys intermediate format, and completion of a preliminary data conversion. The final converted data set will include twelve (12) years of data plus all unpaid bills.

Component I is considered complete when the final Project Plans and Data Conversion Plan are delivered and accepted by the City.

Component II – System Implementation and Project Management

Application Conversion

With the City's participation, Contractor will execute the project plans developed in Component I by performing project "iterations". During each iteration, Contractor and City focus on identifying and resolving gaps between the System and City's business needs, steadily moving the project closer to successful implementation. The duration and number of iterations will be determined by the needs of the project, but typically occur every 4-8 weeks throughout the project.

Prior to each iteration, Contractor, with City input, will establish the goals, required people and resources, and the estimated duration of the iteration. Each iteration will focus on a subset of the business processes identified in the project scope statement.

The goal of each iteration is to successfully port these business processes to the System by resolving gaps between City's requirements and the System as it currently exists. During the iteration, the WBS will be enhanced to include all of the activities necessary to close these gaps. This includes business process modifications, training, and changes to the System via application configuration, application development, and data conversion work.

During select iterations, and once the business process definitions are sufficiently complete, training materials and integration test plans are documented. The City, with Contractor assistance, will review and recommend revisions to the training materials and integration test plans. Once the business

processes, training materials, and integration test plans have been completed, Contractor will deliver training and assist City during execution of the integration test plan.

The go live rehearsal, or mock conversion, requires the participation of all of City's users of the System and provides the project team with an opportunity to rehearse final data conversion and all of the business processes and support procedures required for a successful System implementation. System acceptance planning occurs throughout the iterations and is validated during the go live rehearsal. Lessons learned during go live rehearsal are incorporated into the System acceptance plan. Items identified during this rehearsal as requiring remediation will be added to a "punch list". This list may include recommended changes to the business process, additional modifications to application configurations, data conversion issues, or training requirements. If the punch list items discovered during this rehearsal significantly impact the ability to perform the business process, additional rehearsals of the business process will be conducted.

Application Conversion Component II is considered complete upon delivery of training, successful execution of the integration test plans, and a successful go live rehearsal is executed.

Data Conversion

With the City's support, Contractor will execute the data conversion project plan from Component I by performing data conversion iterations. In each iteration, data from the City's legacy system will be mapped to the TaxSys Standard Format (TSF) by Contractor where it can then be copied to the TaxSys production data format. Mapping the data frequently involves data transformation from the City's legacy format to TSF and will require City staff expertise to understand the location of key data sources.

During this component, the City must provide a full copy of the source data regularly to ensure the data conversion is accurately copying the source data and can handle all the data scenarios that may appear throughout the tax year. Every night the Contractor's team will report on successful conversion percentages, allowing the City insight into project progress toward a completed conversion.

Data Conversion Component II concludes upon delivery of final data verification, successful execution of the integration test plan, and a successful go live rehearsal.

Component III – Implementation Conclusion and Delivery

This component is an intense (8)-week period in which certain punch list items identified during go live rehearsal are addressed, a final data extract load and balancing are completed, and remaining portions of the System acceptance are executed.

Component III is considered complete with First Live Use of the System.

Component IV – Maintenance and Support

The successful implementation of the System marks the beginning of the Maintenance and Support component. Prior to go live a Support Plan will be provided that will detail both City and Contractor roles and responsibilities for the duration of Component IV. This component will last for the duration of the term of the Agreement.

III. Roles and Responsibilities

The table below defines both the Contractor and City Roles and Responsibilities necessary to successfully deliver components I-IV above. Contractor and City project managers will ensure each of these roles is satisfied.

Role	Responsibilities
Contractor Project Management Team	<ul style="list-style-type: none"> • Conducts the Pre-Kickoff and Kickoff Meetings • Develops the Project Management Plan • Coordinates Business Process development • Coordinates Integration Training • Coordinates Integration Testing

	<ul style="list-style-type: none"> • Develops the Go Live Plan • Coordinates the Support Plan development • Directs and manages the Contractor Project team • Monitors status of the project and deliverables • Facilitates problem resolution, including risk mitigation • Assumes responsibility for the execution of Contractor's activities
City Project Management Team	<ul style="list-style-type: none"> • Participates in the Pre-Kickoff and Kickoff Meetings • Serves as the primary liaison with City management and the Project team • Monitors status of the project and deliverables • Facilitates problem resolution, including risk mitigation • Assumes responsibility for the execution of City activities • Notifying Contractor before City shares any Contractor Information with a third-party • Reviews and accepts project deliverables
Contractor Business Process Owners	<ul style="list-style-type: none"> • Develops City Business Processes • Coordinates Development of System Interfaces • Leads business process walkthroughs • Configures System per City needs and advises the City on business process development • Develops training materials and delivers training to all City staff during Component II • Participates in integration testing
City Business Process Owners	<ul style="list-style-type: none"> • Knowledgeable of existing business processes as SMEs • Participates in Initial and Final Business Process Walkthroughs • Serves as primary point-of-contact for development of System business processes • Responsible for signing off on TaxSys business process documentation • Participates in integration testing • Attends training • Trains future staff after go-live • Leads go live rehearsals • Participates in Support Plan development
Contractor Data Conversion Specialists	<ul style="list-style-type: none"> • Data Analysis & Specifications • Monitors and reports on status of the legacy to TSF data conversion • Plans and facilitates the on-site data verification • Authors the Data Conversion Progress Report • Assists with the verification of data quality
City Data Specialists	<ul style="list-style-type: none"> • Provide regular extracts of source data for updated load and verification • Assist Contractor Data Conversion Specialists mapping source data to TSF requirements
Contractor Project Management Office	<ul style="list-style-type: none"> • Responsible for overall project quality control • Ensures project adherence to Contractor project management standards
City Project Management Office	<ul style="list-style-type: none"> • Responsible for overall project quality control • Oversight on deliverable sign off

	<ul style="list-style-type: none"> • Ensures project adherence to City security vendor and contracting standards • Coordinates with City Assessor
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IV. Work to be Performed

Component 1 – Project Initiation and Planning

Work

1. Hold Kickoff meetings
2. Develop initial Application Project Plan as described below
3. Training on Project Management Information System (JIRA, Confluence)
4. Develop initial Data Conversion Plan as described below
5. Data conversion discovery
 - a. Review of legacy system data schemas
 - b. Identify characteristics for special data cases
 - c. Understand balancing reports and detailed reports
 - d. Explanation of TSF
 - e. Data mapping for conversion
 - f. Preliminary data conversion

Outputs

1. Initial Application Project Plan that includes:
 - a. Scope and Change Management Plan
 - b. Project deliverables and associated acceptance criteria;
 - c. Requirements Management Plan
 - d. Project schedule and schedule management;
 - e. Quality assurance plan;
 - f. Resource roles and responsibilities and resource management;
 - g. Communications plan and communications management; and
 - h. Risk management plan
2. Initial Data Conversion Project Plan that includes:
 - a. A detailed roadmap for how the data conversion project will be executed
 - b. A list of data conversion project deliverables and acceptance criteria
 - c. Project processes for managing the project's execution
 - d. A list of key project resources their roles and responsibilities
 - e. Project schedule

Component II – System Implementation (Development Planning and Execution)

This project will be delivered in Business Processes, the list of which is included below along with their appropriate interfaces:

Name	Description and Interfaces
Finance and Accounting	Outlines the process of balancing payment and item type activity and generating export files to be sent to PeopleSoft. Interface files include: - <ul style="list-style-type: none"> • PeopleSoft Journal Entries Interface (out/in) • PeopleSoft Refunds Interface (out/in) • PeopleSoft Apportionment Distribution Interface (out/in)
Third Party Cashiering	Covers standard daily payment activities and all communications with Wausau Financial. Includes the following interfaces:

	<ul style="list-style-type: none"> • Wausau Bill Balance Batch Interface • Wausau Payment Batch Interface • Wausau Negative Payment Batch Interface
Special/Advanced Cashiering	Covers error handling and reporting for Wausau Imports, canceling transactions or bad payments, using pending refunds as tenders, and managing Advance Deposits.
Balancing and Reconciliation	Covers the actions and reports needed to review, balance, and deposit funds from the prior business day's payment and journal entry activity.
Refunds	Handles the research, review, approval and processing of refunds, including sending refund data to the accounting system and receiving refund status back.
Roll Loading	Covers the annual process of loading property tax data required to create a new tax year roll in TaxSys. Includes defining load files; configuring county wide districts, voter approved bonds, direct charges, tax increment finance districts, and exemption codes; and roll balancing reports. Interfaces: <ul style="list-style-type: none"> • Assessor Local Roll Interface • State Assessed Roll Interface
Roll Maintenance	Covers the application of all roll changes from the assessor, including additions to the secured and unsecured rolls, and the management of those accounts as they transfer between rolls, including transfers to redemption and to unsecured. Interface: <ul style="list-style-type: none"> • Assessor Corrections Interface
Manual Corrections	Covers the one-off manual correction of property tax accounts.
Secured, Supplemental, and Escape Current Property Tax	Covers the life of an assessment from billing until tax default (for secured) or fiscal year end (for unsecured). Includes creating and sending bills (individually and in bulk), return address handling, tax clearance issuance, government proration, lien and judgment tracking, and bankruptcy claim tracking. Defines internal and state mandated reporting. Also includes necessary set up for accepting CORTAC payments.
Unsecured Current Property Tax	Covers the life of an unsecured assessment from billing until tax delinquency. Includes creating and sending bills (individually and in bulk), return address handling, tax clearance issuance, government proration, lien and judgment tracking, and bankruptcy claim tracking. Defines internal and state mandated reporting. Also includes an interface to the Collections system for late payments.
Redemption Secured and Year-End Rollover	Covers the actions related to unpaid secured account types eligible for transfer to the redemption roll. Includes assessee notices and legal publications.

Tax Sale	Covers preparation for and execution of the redemption tax sale. This includes communicating with the applicable tax sale vendor.
AB-8 and Other Factors	Covers the various AB-8 steps needed to generate factors that will be used later for AB-8 apportionment. This also calculates and "locks-in" various expected fees and amounts for the year, such as PTAF and subventions.
Distribution and Apportionment	Covers distribution of the unitary, secured, unsecured and supplemental 1%, direct charges, voter approved bonds, and other collections. Also includes Teeter and bank interest distributions.
IFD Maintenance	Covers Increment Finance District maintenance, including RDA successor agencies.
Public Site / Public Portal	Includes functionality for the public who will use the public portal to make payments, manage accounts, and communicate with the City.
Administering and Securing TaxSys	Outlines the responsibilities of the City system administrator with regard to TaxSys. This includes user, role, and permission management, communication channels within the City and with Contractor staff, and reviewing TaxSys promotion information.

Work

1. Iterations (per each business process)
 - a. Set goals
 - b. Plan iteration and update WBS
 - c. Gather and document requirements
 - (1) Conduct document review, interviews, and observation of current business processes
 - (2) Conduct demonstrations of System functionality
 - (3) Perform gap analysis
 - e. Application configuration and documentation
 - f. Enhance future business process documentation
 - g. Train end-users
 - i) During the implementation phase, Contractor will train business process owners and designated trainers in the City offices in addition to anyone else in the office that would like to participate
 - ii) City will supply training facilities large enough to accommodate all participants in a single session of end-user training for each topic covered
 - iii) Post implementation, City trainers will assume responsibility for training
 - iv) Contractor will supply future instruction covering newly added functionality free-of-charge in single online group sessions for all Contractor clients
 - h. Execute business processes for practice in demonstration environment
 - i. Extract, transform, and load legacy data
 - j. Data balancing and debugging
 - k. Develop and configure data conversion code
 - l. Test data conversion code

Assess network and System performance

- n. Verify data by City
- o. Iteration close-out, including:
 - (1) Review work completed for this iteration
 - (2) Review status of business processes included in the iteration and all punch list items
 - (4) Review of outstanding items to be included in the next iteration
- 2. User Acceptance and Integration Testing
 - a. Finalize and Execute User Acceptance Tests
 - b. Finalize and Execute Integration Test
- 3. Mock Conversion (Go-Live Rehearsal)
 - a. Set goals
 - b. Plan iteration and update WBS
 - c. Execute mock conversion
 - (1) Conduct parallel processing
 - (2) Rehearse and verify all business processes
 - (3) Transform and load legacy data
 - (4) Data balancing
 - d. Conduct final City data verification
 - e. Update punch list with items identified during mock conversion
 - f. Finalize configuration and integration specification documents

Outputs

- 1. Updated WBS
- 2. Gap Analysis Report
- 3. Initial Business Processes
- 4. Refined Business Processes
- 5. Final Business Processes
- 6. Configured TaxSys system
- 7. City data loaded in testing environment
- 8. Completion of City data verification
- 9. User Acceptance and Integration Test Plans finalized and successfully executed
- 10. Training Materials
- 11. Trained end-users
- 12. Updated Punch list
- 13. Readiness for go-live

Component III – Implementation Conclusion and Delivery

Work

- 1. Final planning for conversion week
 - a. Coordinate staffing including Contractor staff on-site
 - b. Establish on-site support procedures
 - c. Schedule final review of business processes and procedures
- 2. Address select punch list items
- 3. Deliver transition and support plan
- 5. Completion of final City data verification
- 6. Conclude system acceptance
- 7. Final conversion weekend
 - a. Execute final data transformation, and load
 - b. Complete final balancing
 - c. Delivery
- 8. Complete First Use of the System

Outputs

- 1. City data loaded in production environment
- 2. System acceptance signoff
- 3. Transition and Support Plan
- 4. Successful implementation of the System
- 5. All staff trained and all business process documentation turned over to the City

Component IV – Maintenance and Support

Work

1. Host production, training, testing, and disaster recovery environments
2. Provide customer support
3. Provide software maintenance and operation, including defect resolution
4. Provide software release notifications and documentation
5. Provide updated System user guides
6. Maintain and operate server hardware, including database administration and tuning and capacity planning
7. Maintenance and operation of backup recovery systems
8. Maintenance and operation of disaster recovery network equipment

Outputs

1. Maintenance and Support
2. Support Plan
3. User Help Documentation
4. Access to "Frequently Asked Questions" and Other Resources

C. The City shall maintain an available internet connection, modern Windows-based personal computer, and modern up-to-date web browser for each user of the System, as required in A-2, Maintenance and Support Statement of Work, and elsewhere in these appendices.

D. *Intentionally left blank*

E. Contractor shall assume the overall responsibility for the work, and shall provide project management and expertise necessary to complete all project components in a professional and timely manner in accordance with the Agreement.

F. **Optional Additional Services**

In addition to the software and services required to implement the System, the following integrated value added products and services may be included and would go live at the same time as the System.

1. **Online Ownership & Encumbrance Reports (TitleExpress®)**

Contractor may provide online Ownership & Encumbrance reports (O&E Reports, or in the singular, O&E Report) and the electronic transfer of O&E Report information directly through the System. In doing so, Contractor shall provide O&E Report services and related documentation, which will be electronically requested via the System and electronically transmitted back into the System, for each property prior to the tax-defaulted property sale of that particular property. Contractor may engage the services of a third party title company for the O&E Reports.

The System functionality for TitleExpress services shall include:

- a. Electronic ordering of O&E Reports;
- b. Electronic tracking of O&E Reports;
- c. Electronic receipt of O&E Reports;
- d. O&E Reports and other title documentation being electronically available;
- e. Electronically generated "parties to notify" letter identifying the names and addresses listed on the O&E Report to receive notification, as well as the names and addresses of any additional parties that City elects to enter directly in the System; and
- f. Printing feature permitting all O&E Report and title documentation to be printed individually or in bulk

Contractor shall perform title examinations for use by City pursuant to Revenue and Taxation Code section 3701. In performing title examinations, Contractor shall do the following:

1. Rely on the accuracy of the legal description supplied by City for searching property-based records for names and addresses of the parties entitled to receive notice.
2. Search both name index records and the property-based records in order to identify all parties entitled to receive notice.
3. Provide searches that include all instruments, encumbrances, liens, satisfactions, judgments and/or other documents of record affecting the real property listed by City.
4. Prepare all O&E Reports on TitleExpress letterhead stationery, and each report shall include a signature of the person performing the search or an officer of the Contractor's corporation.

2. Online Escrow Processing and Payment (EscrowExpress®)

Contractor shall provide an online escrow processing website for escrow companies and tax paying agents. The purpose of this website is for banks and other entities that are paying a large number of tax bills (e.g. taxes held in escrow for homeowners) to manage their own payment process, with no work required by the City. The EscrowExpress website includes:

a. Contractor provided Services:

Technical support for EscrowExpress users via phone and e-mail between 8 A.M. and 5 P.M. Pacific Time on business days.

b. Escrow Company / Tax Paying Agent Functionality:

- (1) Download roll archive file - download a file of roll information for all accounts, including due amounts, delinquent taxes, and other information.
- (2) Upload Request File - upload the list of accounts for which the company plans to make a payment.
- (3) Upload Payment File - upload a file listing all accounts they intend to pay taxes for and the associated amount to pay.
- (4) View archived uploads - All file uploads will be stored and catalogued permanently within the website, along with the relevant statistics and reports.
- (5) View statistics and reports, including:
 - Total count of accounts requested
 - Total count of accounts paid
 - Total amount paid
 - Total count of accounts with unpaid delinquent taxes
 - List of problem records from upload, with details of error.
- (6) View file import errors - improperly formatted import files will be rejected, with appropriate error messages to assist in resolving issues.
- (7) Request refund of un-used funds

c. City Administrative Functionality:

Administrative dashboard view via the System to monitor EscrowExpress user activity and progress on the site, such as:

- (1) Roll file download date
- (2) Request file upload date
- (3) Payment file upload date
- (4) Amount deposited
- (5) Total Paid and number of accounts paid
- (6) Refund requested, date and amount

Prior to applying payment for taxes due, an EscrowExpress user must send a check/wire to City. This payment is recorded and the funds are credited to the user. The money then becomes available to use for payment of taxes.

3. Electronic Billing (BillExpress™)

Contractor shall provide a module for electronic billing of tax notices and reminders.

Taxpayer functionality:

- (1) Sign up for e-bills online and confirm their subscription
- (2) Receive tax bills by email
- (3) Pay bills using a link in the email directly to the payment page of the public website
- (4) Unsubscribe to e-bills if they no longer wish to receive them

City Administrative functionality:

- (1) Sign taxpayers up for e-bills if they provide an email address
- (2) Send e-bills in bulk or for individual accounts
- (3) Configure a 'cover message' to be included at the top of the e-bills
- (4) Reporting on e-bill subscriptions (number of subscribers, which accounts are subscribed)

4. Online Tax-defaulted Property Auction Website (DeedAuction®)

Contractor shall provide Website to advertise for auction of tax-defaulted properties. Auction Website services will include organizing, posting, hosting, and servicing advertised tax-defaulted properties (including pictures of the properties when needed). These advertised properties will be auctioned on the Website at the direction of the City. For the duration of each auction, advertising on the Website will be available to the public twenty-four hours per day, seven days per week ("24/7"). In addition, Contractor will collect information from successful purchasers for use by the City in completion of deed certificates.

Auction advertising for three to four weeks is anticipated before the auction of properties. The auction Website will be developed and maintained to accommodate all necessary aspects of auction advertising acceptable to City, including posting of sale results.

Contractor shall, at the direction of the City, establish parameters for auction advertising (in terms of time, minimum price, reserve price and settlement terms), disseminate due diligence information online to potential bidders, and support the sale of tax-defaulted properties.

Contractor shall assign passwords to registered, pre-qualified bidders. The City will determine which bidders are qualified and will provide that information to the Contractor.

Contractor shall send emails to registered users and bidders upon the occurrence of any of the following events: (1) auction advertising information posted online (2) auction commencement (3) bid has been received (4) bidder has been outbid. Contractor shall structure auction advertising so that bidders can bid automatically.

(1) Pre-Qualification of Bidders:

Contractor must structure the auction advertising Website to be conducted so as to inform potential buyers of certain relevant information concerning California property tax sales and to require potential buyers to acknowledge the receipt of this information as a precondition to bidding on properties. In addition to the acknowledgments mentioned above, if the City elects to require a deposit the auction Website will require that potential bidders submit a qualifying deposit to City, demonstrating the bidder's ability to comply with the terms of sale as a precondition to bidding on any tax sale property in exchange for a password from the Contractor enabling those bidders to make a bid. At the sole discretion of City, a qualifying deposit may be waived and other bidder qualifications may be imposed.

Contractor will assess auction registrants a \$35 non-refundable payment processing fee for each deposit processed.

(2) Rejecting Bids:

Contractor must structure the auction Website in a manner that permits City to reject a bid for tax-defaulted properties for any reason whatsoever.

(3) Withdrawing Bids:

Contractor must structure the auction Website in a manner that permits City to withdraw single or multiple properties from the on-going auction Website for any reason whatsoever.

(4) Confirmation of Successful Bid:

Contractor will notify the successful bidder, at the direction of City, immediately after the auction. Contractor will make available the results of each tax-defaulted property auction.

(5) Payment:

Contractor must structure the auction Website so that a bidder must tender payment into City account within seventy-two (72) hours or three (3) business days of notification that he or she is the successful bidder. This tender will go towards the property; will offset cost of bid; or will be returned. Various means of payment will be established such as cash, credit card, cashier's check, wire transfer, or any other means as directed by City.

(6) Bidder's Instructions:

Contractor must include a bidders' instruction section on the auction Website that sets forth the following information: (1) This is a "buyer beware" sale (2) All sales are where is, as is, and final (3) You must be 18 years of age to bid (4) The minimum price should be listed on the Website; (5) Auction start date and time (6) Auction ending date and time (7) City's method of pre-qualifying buyers (8) City's right to reject bids for any reason whatsoever (9) City's right to withdraw bids for any reason whatsoever.

(7) Seller's Instructions:

City will provide Contractor data as requested in a bulk asset upload form provided by Contractor. City will provide this data at least one week prior to the beginning of the City's preview period, during which interested bidders may examine the property listings and due diligence online. In addition, City will provide photos in .jpeg in a 229W x 177H pixel format, and maps in .PDF or in .jpeg in a 450W pixel format.

(8) Security:

Contractor must provide a secure online environment to protect the confidentiality of the data exchanged. The auction Website must be hosted on a secure server, using Secured Socket Layers. Site must provide a complete audit trail of all transactions. If Contractor chooses to deviate from these requirements, Contractor must justify the security features of its chosen system to City.

City Responsibilities:

- (1) Providing Contractor with all relevant data required to conduct the sale in a format accessible and usable by Contractor.
- (2) Providing Contractor with all banking information required for the collection and deposit of funds into a designated City account.

ATTACHMENT I

Preliminary Implementation Schedule

The table below illustrates a project plan comprised of four (4) phases completed in a tentative 18-month timeline. At the conclusion of each project phase an evaluation of the progress of the data conversion and application development will be executed. The conclusions resulting from the evaluation may result in project schedule revisions for work planned for each of the subsequent project phases, potentially extending the project by

up to six (6) months for a total of twenty four (24) months. A final go-live decision will be made at the conclusion of the project's phase 3.

Pre Project

Oct 2018 Full data extract and supporting data dictionary
Oct 2018 Data extract balancing reports

Phase 1, Months 1-6

Jan 2019: Project Kickoff
Jan 2019: Data Conversion Survey and Data Extract
Jan 2019: Train Business Process Owners on Confluence/JIRA
Jan-Feb 2019: Initial Project Planning Complete
Jan-Feb 2019: Document Wausau Cashiering and PeopleSoft Accounting System Interfaces
Jan-Jun 2019: Complete Gap Analysis for existing TaxSys functionality
Jan 2019-Jun 2019: Data Conversion of Unpaid Secured Annual Accounts from Most Recent Year
Data Verification
Feb-Jun 2019: Develop Wausau Cashiering and PeopleSoft Accounting System Interfaces
May 2019-Jun 2019: Business Process Development and Documentation
Business Process Software Development
Business Process Testing
Jul 2019 **Data Conversion and Application Development Evaluation**
Jul 2019 **Implementation Schedule Revisions as Required**

Phase 2, Months 7-12

Jul 2019-Dec 2019: Business Process Development and Documentation
Business Process Software Development
Business Process Testing
Jul 2019-Dec 2019: Data Conversion of all Unpaid Secured and Unsecured Accounts
Data Verification
Jan 2020 **Data Conversion and Application Development Evaluation**
Jan 2020 **Implementation Schedule Revisions as Required**

Phase 3, Months 13-15

Jan 2020-Mar 2020: Business Process Development and Documentation
Business Process Software Development
Business Process Testing
Integration Testing Planning
Training Planning
Go Live Planning
Jan 2020-Mar 2020: Data Conversion of all Unpaid Accounts
Data Verification
Mar 2020 **Data Conversion and Application Development Evaluation**
Mar 2020 **July 2020 Go Live Decision**
Mar 2020 **Implementation Schedule Revisions as Required**

Phase 4, Months 16-18

Apr-May 2020: Execute integration tests
Revise and repeat throughout this period
Apr-May 2020: Data Conversion
Data Verification
Jun 2020: Go Live Rehearsal
Jul 2020: **TaxSys Go Live**

Phase 5, Months 19-24 (Post Go-Live)

Aug - Dec 2020: Post Go-Live Clean Up to load data not finished before go-live
Production Support to address accounts that were not loaded in
Post Go-Live Cleanup as-needed
Ongoing: TaxSys Support

Appendix A-2
Hosted and Maintenance Statement of Work

1.0 Hosted Environment Upgrades

Contractor agrees to provide: (i) periodic releases of the Licensed Software that may contain fixes or incremental enhancements to the Licensed Software; (ii) periodic releases of the Licensed Software that contain significant enhancements that may include changes necessary to accommodate changes in the hardware platform, database, platform, operating system or major changes in capability and functionality; and (iii) versions of the Licensed Software which add functionality to the Licensed Software periodically per Contractor's standard operating and change control procedures. Contractor will make the most current schedule of periodic major releases available to City at least 30 days in advance of each release. Notwithstanding the foregoing, releases to be provided hereunder will not include any enhancement or functionality that is made generally available to Contractor's other System customers where such enhancement or functionality requires a separate charge.

Releases to be provided at no additional charge (e.g., any charge in excess of the recurring License and Services Fee) include corrections needed to resolve reported bugs and defects in the Licensed Software. Software bugs and defects shall be reported by the City to Contractor in writing, using Contractor's tracking system or established e-mail protocol.

2.0 Training on System:

The System will provide context-sensitive training/help links in the System as well as searchable written training materials to describe the out-of-the box System features.

3.0 Data Centers.

Contractor will provide hosting at a SSAE 18 SOC 2 Tier III or higher facility as defined by the Uptime Institute, Inc. Per the hosting data center's disclosure policies, Contractor will provide, where allowable, a copy of the data center's annual SSAE 18 SOC 2 Type 2 (or successor) audit report. Contractor will provide a co-production (the two co-production sites being "mirror" of each other) hosting site with equivalent status for disaster recovery should a major catastrophic outage occur.

3.1 Data Center Location.

The System will be hosted by Contractor on Contractor owned equipment at a physically-secure commercial third-party hosting facility. All facilities shall be located within the United States.

3.2 High Availability, Performance, and Capacity.

Contractor assumes full responsibility for the physical components of the hosted platform. This includes industry-leading technology to provide a load balanced, redundant, and highly available hosting services. An N-tiered architecture is used to support presentation, application, processing, and data services. For enhanced security in the hosted platform, technologies such as firewalls, intrusion detection and prevention, and vulnerability management are used.

3.3 Technical Hardware Upgrades and Updates.

Contractor's hosted services include system administrators who complete infrastructure upgrades and hardware installation. Upgrades to City's System are done in accordance with the Agreement.

3.4 Secure Data Centers.

Contractor uses two hardened, video-monitored data centers. Both data centers have redundant network paths and backups for fuel, power, network, and HVAC. Contractor's data centers can run on generator power for three full days. Data Centers shall be geographically located in low seismic risk areas.

3.5 Business Continuity and Disaster Recovery (BCDR).

Hosting includes disaster recovery redundancy. Contractor maintains a high availability configuration in the primary data center, a mirrored copy of the City's production environment and supporting infrastructure in the secondary data center. Contractor maintains a standard procedure that governs the disaster event process. A disaster recovery test plan is reviewed and updated periodically. Upon reasonable notice from City, disaster recovery tests can be mutually scheduled and completed at most once a year at the City's request. Contractor will provide City Chief Security Officer with access to review BCDR plan even if NDA is required.

4.0 System Monitoring.

Contractor provides 24x7 monitoring of the security, availability, and performance, including response times, of both the data centers and System, and this include intrusion monitoring. Contractor's technical support is a primary point of contact for monitoring, investigating, and responding to issues related to the System under the hosted services. Contractor will provide City with access to the web-based monitoring tools as it becomes available, and/or copies of uptime reports on a monthly basis at no cost to the City, within 48 hours upon request by the City.

5.0 Security and Compliance.

Contractor's hosted services comprehensive security program includes administrative, physical, and technical safeguards including an application PEN testing on a 2 year cycle. Contractor will obtain, at least annually, a SOC 2 Type II Audit using a generally accepted objective audit standard (e.g., the SOC 2 standard, or its successors). Upon City's written request (to City's Contractor technical coordinator or Contractor's hosting security lead), within five (5) business days following receipt of City's request, Contractor will deliver to City a copy of the most recent independent auditor's deliverable to Contractor produced in connection with the audits described in this paragraph that is intended for distribution to Contractor's customers (Audit Report). In addition, upon City's reasonable request, Contractor will provide City with information it generally makes available to its customers about its current operations for a written security assessment, risk analysis or similar assessment.

6.0 Database and Infrastructure Management.

Contractor will perform database and infrastructure management and monitoring, including the following tasks:

6.1 Database Management and Backups:

- a. Daily full backups of the production database.

- b. Realtime replicated copy of the data in the co-production data center.
- c. Full database backup before every major software release.
- d. Backup retention: seven daily backups, five weekly backups, and twelve monthly backups.
- e. Backups are stored on site and off site.

6.2 Reviewing System Logs

(For Performance Monitoring, error messages, other abnormalities, etc.)

- a. Continual Monitoring of resource utilization for capacity and performance management.
- b. Contractor will also perform regular ongoing reviews of System performance, and perform tasks such as reviewing automated email notifications and output from diagnostic scripts, and adjusting the configuration settings of monitoring tools, as appropriate, based on Contractor's experience.
- c. Contractor assumes full responsibility for the physical components supporting the application stack composing the hosted service. This includes industry-leading technology to provide a load-balanced, redundant, and highly available hosted services. An N-tiered architecture is used to support presentation, application, processing, and data services for enhanced security in the Contractor's private cloud.
- d. Platform, technologies such as firewalls, intrusion detection and prevention, and vulnerability management are used.

7.0 Technical Support.

Contractor will provide telephone or online technical support related to problems reported by City and related to the operation and performance of the System, environment and software as defined in Attachment A-6 – Maintenance and Support Services.

8.0 Infrastructure Availability.

8.1 System Administration.

Contractor will perform system administration duties as required to maintain the service levels described below and to facilitate timely restoration of City's data and operations, if necessary, following unanticipated interruptions of the System.

Notwithstanding the foregoing, maintenance downtime (i.e., taking the System offline such that it is not accessible to the City or third party users) may be scheduled during between Friday at Midnight (12:00 a.m.) and Monday at 5:00 a.m. Pacific Time and during nationally recognized holidays, from the start of the holiday at Midnight 12:00 a.m. until 5:00 a.m. Pacific Time of the following business day (the "Maintenance Window").

Contractor may also request scheduled System maintenance outside of the Maintenance Window under the following conditions:

1. Maintenance occurs outside of Normal City Business Hours (6:00 a.m. to 7:00 p.m. Pacific Time Monday through Friday);
2. Contractor provides City with 48 hours advance notice. After Contractor's advance notice, City will have 24 hours to request a mutually agreed upon schedule change;
3. Maintenance will result in a System outage no more than 20 minutes in duration; and
4. Maintenance may not occur more than once in a given week.

No scheduled maintenance (inside the Maintenance Window or otherwise) may be performed between March 1 through April 20, the last week of June through the end of July, and November 1 through December 20 ("City Peak Periods") without City's approval. Routine low risk maintenance that is not expected to impact the performance of the System can be done any time.

8.2 Notice for Unplanned Outage.

For unplanned outages, to remedy a significant security or performance problem, Contractor will endeavor to provide as much notice as is practicable under the circumstances for Updates and fixes which must be applied on a more urgent basis. The City shall be entitled to a written Root Cause Analysis ("RCA") for any System outage or degradation.

8.3 Update, Upgrade, Change or Replacement of Components of the System.

Contractor may update or upgrade the build or version of the System from time to time at Contractor's expense, so long as the change does not degrade City's service as to render it unusable. Contractor also may change, replace, update or upgrade the hardware or other software components of the System from time to time. City agrees to collaborate with Contractor and assist Contractor in connection with the completion of installation and testing of any update or upgrade of the System.

9.0 User Group Conference.

Contractor will provide two (2) registrations to all Contractor regional and national user group conferences at no cost to the City.

10.0 City Internet Connection.

City is responsible for obtaining and maintaining all software, hardware (including without limitation network systems), telephonic or other communications circuits, and Internet Service Provider relationships that are necessary or appropriate for City to properly access and use the System. Contractor shall have no responsibility or liability under this Agreement for any unavailability or failure of, or nonconformity or defect in, the System that is solely caused by the City. Contractor shall cooperate and assist City using standard support mechanisms in answering questions or providing other assistance needed to gain access to the System.

City shall have or install a primary Internet connection and communication network that includes a minimum available bandwidth of 10 megabits per second for System users from the main and branch offices to the Internet as well as a backup Internet connection of sufficient capacity (at least 3 megabits per second) to support anticipated use of the System when the primary connection is out of service. Both connections shall be operational no later than thirty (30) days prior to scheduled First Live Use. City users of the System need a suitable computer (< 4 years old) with a modern web browser (< 1 year old)

installed. Any network proxies, virus scanners, or similar tools should be set to bypass or "trust" the System for maximum performance.

11.0 Security Meetings.

At minimum once annually, the parties shall meet to discuss and share information regarding security and/or other hosting/application issues. In advance, the parties shall create an agenda that each believes will be useful and will identify required participants and/or designees.

Appendix A-3
Hosted Services Equipment Maintenance

Contractor shall provide, host, manage and maintain the System as follows:

1.0 Manage, Support and Maintenance of Hardware.

1. Contractor will provide a mirrored backup of the System that will provide a high availability environment and allow for a switch over in the event the main production environment suffers a failure.
2. Contractor will provide, manage and maintain, for the System, the physical hardware, racks and switches. This will involve any physical fix, updates and refreshes as necessary.

2.0 Capacity Planning and Monitoring.

Contractor will be responsible for monitoring capacity and performing capacity planning to ensure the System environment has sufficient capacity to meet the service level agreements. Infrastructure Management to be performed by Contractor shall consist of providing sufficient computer and communication hardware, software, databases, people and policies to support the activities, functions and operations for City as set forth herein. Contractor agrees to maintain the site, server, network, the System, and database according to standards set forth herein.

3.0 Security Event Logging.

Contractor will provide Security Event Logging. Security Event Logging is a detective control that enables the recording of security events on system hosts based on preset parameters. The administrative tool's logging function is enabled and the security events are retained in a record for future review.

4.0 Vulnerability Scan and Report.

Contractor will provide Vulnerability management. Vulnerability management includes preventive and detective services to identify vulnerabilities as they emerge; to prevent those vulnerabilities from affecting the System; to detect when the System has been affected; and to cure the System. Vulnerability management includes both Vulnerability Alert management and Vulnerability Scanning processes. Vulnerability Alert management is the preventive process that collects known vulnerabilities and prioritizes vulnerabilities based on associated risk. Vulnerability Scanning is the detective process of identifying potential vulnerabilities on servers for exposures to such vulnerabilities.

5.0 Managed Cluster.

Contractor will use server clustering technologies when appropriate to enhance service availability. Contractor will manage configuration, provisioning and capacity to meet availability requirements.

6.0 Host Based Intrusion Detection.

Contractor will provide Host Based Intrusion Detection. Host Based Intrusion Detection is the real-time identification, detection and notification of suspected unauthorized intrusion on individual servers.

7.0 Secondary Mirrored Site Management.

Contractor will provide mirrored co-production site, which allows for replication of the primary site in the event of a natural disaster rendering the primary data center inoperable. Contractor will provide skilled

staff to support all operational support services. These services include support processes necessary to provide a secondary mirrored site. This secondary site will be a high availability, active hosted environment that will be failed over to in the event the production hosted environment is unavailable.

8.0 Data Recovery.

Contractor support will include:

1. Use of database replication technologies to provide recovery point during release process.
2. Daily backups of databases along with associated transaction logs to be able to recover the complete database or individual tables.
3. Use of internal tools to failover to the co-production site in case of a severe primary site outage.

Appendix A-4 Infrastructure

Contractor shall provide the equipment, hardware and network infrastructure necessary to operate and sustain the Licensed Software on behalf of the City.

1.0 Environments

This equipment will include the necessary development, test/training, and production environment/tenants. Additionally, a co-production environment, which will only be operationally activated by Contractor, will be provided for the production environment. The Contractor's System implementation shall provide functional equivalents of the following environments; hardware and software requirements must include provisions to support these environments:

- a. Production: where regular daily work takes place.
- b. Demo: a training and demonstration environment, where users can make changes to data without impacting the production environment. Demo is running the same code as production. Data is copied from Production to Demo frequently, typically twice per week.
- c. Beta: used to test changes to the System code before they are promoted to Production. Data is copied from Production to Beta monthly and on-demand.
- d. Contractor's co-production data center and associated mirrored co-production data center.
- e. In addition, Contractor hosts three more environments for their own use: Dev, Test, and Staging. Dev is used as a Development environment by software developers. Test is used for internal unit testing of new features and functionality. Staging is used to run regression tests prior to promotion to Production.

**Appendix A-5
Service Level Agreement**

1.0 Down-Time.

Normal System availability schedule is twenty-four (24) hours per day and seven (7) days per week.

The System shall be available and functioning for use as described in the table below, outside the Maintenance Window. The Maintenance Window, as described in A-2 Hosted and Maintenance Statement of Work, will not count toward any unavailability time period.

For clarity, the service levels in the chart below apply during the City Normal Business Hours of 6 a.m. to 7 p.m. Pacific Time, Monday through Friday (excluding City holidays) and during the entirety of the following two City Peak Periods as defined in Attachment A-2 of the Agreement.

Uptime	Downtime per year
Greater than or equal to 99.5%	Less than or equal to 1.83 days
Less than 99.5%-99.0%	More than 1.83 days
Less than 99.0%-95.0%	More than 3.65 days
Less than 95.0%	More than 18.26 days

Appendix A-6
Maintenance Services and Support

1.0 Limitations.

The following Contractor services are not covered by this Agreement as part of the Support Services; however, they may be separately available at rates and on terms which may vary from those described herein:

- a. Services required due to misuse of the Contractor Licensed Software;
- b. Services required due to Licensed Software corrections, customizations, or modifications not developed or authorized by Contractor;
- c. Services requested by City to be performed by Contractor outside of City Normal Business Hours ;
- d. Services required due to external factors including, but not necessarily limited to, City's use of software or hardware not authorized by Contractor;
- e. Services required due to the operation of interfaces between the Contractor Licensed Software and other software products or systems, where such interfaces were not provided or implemented by Contractor;
- f. Services which relate to tasks other than maintenance and support of City's existing implementation and configuration of the Contractor Licensed Software products including, but not necessarily limited to, enhancing or adapting such products for specific operating environments; and
- g. Additional services requested by the City not included in the Agreement.

2.0 City Obligations.

As required, City will provide Contractor or its authorized partner with appropriate access to City's facilities, data systems, and other resources. If security restrictions impair such access, City acknowledges that some Services hereunder may not be provided to City.

3.0 Assigned Resources.

3.1 Relationship Manager.

Contractor will provide an assigned Relationship Manager to City, and direct access to Tier 2 Support Resource(s). The Relationship Manager will have responsibility for the City relationship including overall City satisfaction.

3.2 Support Team.

The Contractor will provide a team of business analyst subject matter experts, developers, and network experts responsible for answering support requests via the toll-free number, email, or issue tracking system. The support team is responsible for working with the Relationship Manager to ensure the most effective support and development solutions for the City. The support team is available to manage questions or challenges related to accessing a City's environment.

4.0 Authorized Contacts.

City may designate up to eight (8) named City individuals who are authorized to directly contact Contractor support.

5.0 Live Incident Handling and Case Handling.

The following incident handling, time frames and support are applicable for Contractor support only to City's live-production environment.

Priority Level	Response
<p>Priority 1: Critical Business Impact Event means the impact of the reported defect is such that the City or third party users are unable to either use the System or reasonably continue work using the System. An event at this level is deemed critical if any core business module that comprises the System cannot be used to access/view records or to complete transactions. Also included is lack of access or interoperability with linked systems or modules, and/or complete lack of access to major components or modules of, or the System as a whole.</p>	<p>A response time goal within one (1) hour of notification and commercially reasonable efforts to resolve or reduce to Priority 2 all Priority 1 Events within four (4) hours after the Event is logged.</p>
<p>Priority 2: Significant Business Impact Event means important features of the System are not working properly. While other areas of the System may not be impacted, the reported defect has created a significant, negative impact on the City's productivity and/or service level. Events deemed significant at this level are those that entail intermittent or a significant reduction of System performance. There is some use of the System available or workarounds for specific issues, however there is an adverse impact on business productivity.</p>	<p>A response time goal of four (4) hours and commercially reasonable efforts to resolve or reduce to Priority 3 all Priority 2 Events within eight (8) Business Hours after the Event is logged.</p>
<p>Priority 3: Some Business Impact Event means features of the System are not working properly, but City impact is minimal loss of operational functionality but the System can still operate. Issues in this category are considered to be more in the nature of nuisance, and do not have major impact on business productivity.</p>	<p>A response time goal of one (1) day and commercially reasonable efforts to provide a work-around solution in a time period not to exceed 30 days, and to resolve the Event in a future Update release.</p>

The credit's described below shall be the City's exclusive remedy, and Contractor's sole obligation under the Agreement, for Contractor not meeting the service level commitments outlined; provided, however, that the foregoing shall not prevent the City from exercising its rights under the Agreement with respect to incidents which would otherwise constitute a material breach under the terms of the Agreement.

- a. Priority 1: If a Priority 1 Event is not resolved or reduced to Priority 2 Event within one business day after the Event is logged by the City, the City will receive a \$2,000 credit for each day that the Event remains in Priority 1 status in City Peak Periods and a \$1,000 credit for each day that the Event remains in Priority 1 status outside of City Peak Periods. Priority 1 credits shall be capped at \$4,000 per day.
- b. Priority 2: If a Priority 2 Event is not resolved or reduced to a Priority 3 Event or if there is no work-around within two business days after the Event is logged by the City, the City will receive a \$1,000 credit for each day the Event remains in Priority 2 status in City Peak Periods; and \$500 credit for each day the Event remains in Priority 2 status outside of City Peak Periods. Priority 2 credits shall be capped at \$2,000 per day.

Contractor shall not be liable for any credits during the Warranty Period or if the service level failures are attributable in whole or in part to (i) City's acts, omissions or improper use of the System; (ii) issues with City's systems or products or services supplied to the City by third-parties, or (iii) force majeure events as described in the Agreement.

Any credits earned in the aggregate under this Section 5 shall be capped at 10% of the most recent Contractor's Annual Maintenance and License Fee paid in any 12 month period and will be applied against the next payment due from City. If the credits are earned at the end of the Agreement and there are no pending payments due Contractor from City, Contractor shall issue a check to City in the amount of the outstanding credits.

6.0 City Self Support.

Contractor will provide City online self-support, available 24 hours a day, seven (7) days a week, excluding federal and state holidays observed by Contractor. City online self-support will consist of an online Knowledge Base and online self-support Site where City can research issues and questions and report maintenance incidents.

7.0 Upgrade/Downgrade of Priority Level.

If, during the support request process the issue either warrants assignment of a higher priority level than currently assigned or no longer warrants the priority level currently assigned based on mutual agreement of its current impact on the production operation of the System, then the priority level will be upgraded or downgraded accordingly to the priority level that most appropriately reflects its current impact.

8.0 Escalation.

If Contractor does not respond within the time frames set forth above, City may use the escalation procedures as provided in this paragraph. As a first stage, party subject matter experts will seek to resolve the issue. If that attempt is unsuccessful, either party may escalate the issue per the table below. The goal of the escalation procedures will be to (i) resolve the specific problem as quickly as possible; and (ii) ensure that future delays in service response times are prevented. At each stage of this process, the individuals occupying the positions listed below, or their functional equivalents, if the titles within the organizations have changed, will confer and attempt to resolve the relevant issues. Each party understands that depending on the circumstances, it may be impossible to reach one or more of the individuals set forth below. These discussions may occur by telephone, videoconference or in person.

Escalation at each step of this process will occur based on City determination that the existing level of involvement is not satisfactorily resolving the problem.

The parties will exchange mutual peer escalation lists (including lead application and network engineers) as the point persons for issue resolution. This will ensure that the parties have peer to peer subject matter experts to work on issue resolution. On City's side, the issue leads will be maintained by the Department.

The focus of this process is to resolve the problem as quickly as possible. The escalation path will be:

Contractor	City
1. Support Resource	1. Department Issue Lead
2. Relationship Manager	2. Department Manager
3. Contractor Executive	3. Chief Information Officer

Notwithstanding any of the foregoing, in the event of a Priority Level 1 issue that is not resolved per the priority table above and the escalation process listed above has been exhausted, City may escalate the problem to Contractor's Chief Executive Officer.

9.0 Telephone Support:

System support will be provided during the Contractor's Normal Business Hours (6 a.m. to 6 p.m. Pacific Time, Monday through Friday, excluding City recognized holidays). Contractor shall respond in a prompt, commercially reasonable manner during Contractor Business Hours. Outside of Contractor Business Hours, the City can call the Contractor support line and to leave a voice message (if unanswered), which will immediately be routed to qualified Contractor personnel, who will in turn promptly return City's call.

10.0 Issue Tracking Support:

Contractor will provide the City with issue tracking support 24x7x365.

11.0 Online Support Materials.

Contractor will make available to the City technical information in Contractor's online support databases. This online support will be continuously available to City.

12.0 External Vendors.

Contractor will be responsible for scheduling or managing support from external vendors as required by a particular hardware or software program/system covered under maintenance agreements held by Contractor.

Appendix A-7
Online Confidentiality Agreement

Grant Street Group ("Contractor") grants You, subject to the terms and conditions of the Tax Collection and Billing System License and Services Agreement between Contractor and City and County of San Francisco, a license to use the System for the sole purpose of assisting the City and County of San Francisco with billing, collection and administration of certain taxes. You acknowledge and understand that the System licensed under this Agreement constitutes a valuable trade secret that is owned by Contractor. You also acknowledge and understand that You will have access to proprietary information owned by Contractor. Accordingly, You agree that You will not knowingly allow anyone to log into the System with your personal login credentials nor will You disclose or reproduce, in person, in print or electronically, screen images from the System to/for anyone other than a City employee with a need to know.

The above agreement applies except as otherwise required by law or as required under the Agreement.

Appendix B-1 – Calculation of Charges

Implementation

In consideration of the services provided by Contractor described in Appendices A – 1 through A-7; and subject to the terms of the Agreement, City shall pay Contractor based on the following project milestone payment schedule, which assumes a tentative 18-month timeline. City and Contractor will conduct ongoing evaluations of milestone progress and if needed will make revisions to the project timeline, which may extend the project by up to six (6) months.

Implementation Milestones	Percentage of Implementation Fee	Estimated Date	Amount
<ul style="list-style-type: none"> • Delivery of Project Plan documents • Training Business Process owners on JIRA/Confluence • Completion of initial data conversion survey • Sign-off on specifications for Wausau and PeopleSoft interfaces 	15%	February 28, 2019	\$2,582,857
<ul style="list-style-type: none"> • Documentation of initial select property tax gap analysis findings • Initial conversion of unpaid secured annual accounts from most recent year • Initial on-site data verification 	10%	June 30, 2019	\$1,721,905
<ul style="list-style-type: none"> • Initial Business Process walkthroughs complete for ten BPs • First on-site data verification for unpaid secured and unsecured accounts 	5%	September 30, 2019	\$860,952
<ul style="list-style-type: none"> • Initial Business Process walkthroughs for all remaining BPs • Final Business Process walkthroughs for six BPs • Second on-site data verification for unpaid secured and unsecured accounts 	10%	December 16, 2019	\$1,721,905
<ul style="list-style-type: none"> • Final Business Process walkthroughs for ten BPs • On-site data verification for all unpaid accounts 	15%	February 28, 2019	\$2,582,857
<ul style="list-style-type: none"> • Final Business Process walkthroughs for all remaining BPs • Delivery of integration test plans. • Execution of fist integration test(s) 	15%	April 30, 2020	\$2,582,857
<ul style="list-style-type: none"> • Delivery of training plan and materials • Completion of end-user training • Go-live plan developed • Final data verification 	5%	May 30, 2020	\$860,952
<ul style="list-style-type: none"> • Execution of go-live rehearsal • Updated go-live plans approved 	5%	June 30, 2020	\$860,952
<ul style="list-style-type: none"> • Final data conversion • Execution of go-live plans • Use of TaxSys as system of record (acceptance of system) 	20%	July 1, 2020	\$3,443,809

Total Implementation Fees	\$17,219,046
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The implementation fees are inclusive of travel expenses. In general, it is anticipated that representatives of Contractor will travel to City offices for approximately one week out of every month during the implementation phase of the project. In addition, Contractor will be on-site at City offices during critical periods such as go-live week and possibly some weeks following.

Appendix B-2 – Calculation of Charges

License & Service Fees, and other Charges

1. License and Services Fees. The first year License and Services fee is due upon contract signing. Each additional License and Services fee is due annually in advance at the beginning of each year.

First Year License & Services Fee	Billed upon contract signing	\$1,150,000
Second Year License & Services Fee	1/1/20	\$1,150,000
Third Year License & Services Fee	1/1/21	\$1,900,000
Fourth Year License & Services Fee	1/1/22	\$1,966,500
Fifth Year License & Services Fee	1/1/23	\$2,035,328
Sixth Year License & Services Fee	1/1/24	\$2,106,564
Seventh Year License & Services Fee	1/1/25	\$2,180,294
Eighth Year License & Services Fee	1/1/26	\$2,256,604
Ninth Year License & Services Fee	1/1/27	\$2,335,585
Tenth Year License & Services Fee	1/1/28	\$2,417,331
Total License & Services Fees		\$19,498,206

2. During years 1-5, any additional work that falls outside of the scope of Appendices A-1 through A-7 ("out-of-scope work") shall be billed at Contractor's professional services hourly rate of \$250 per hour. During years 6-10 Contractor's professional services hourly rate shall be \$275 per hour. Such charges shall not exceed \$25,000 during this Agreement. Any amount in excess of \$25,000 shall require an amendment to the Agreement. In the event an amendment would not be approved or City cannot pay additional amounts beyond \$25,000, Contractor shall not be required to provide the out-of-scope work.
3. Beginning in year 6, the License and Services Fees shall escalate annually at the rate of 3.5% or the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, whichever is greater, capped at 5%. Any increase in License & Service Fees above the rate of 3.5% shall require an amendment to the Agreement.
4. The fees for Contractor's value added additional services as described in Appendix A-1 – TaxSys Statement of Work, shall be as follows:

TitleExpress – online ownership & encumbrance reports	Contractor will assess a fee of \$ 250.00 per parcel search requested (via TaxSys) payable by City. Such charges shall not exceed \$700,000 during this Agreement. Any amount in excess of \$700,000 shall require an amendment to the Agreement.
EscrowExpress – online escrow tax processing and payment	No cost to City. Contract will assess a fee of \$0.50 per account to be paid by the mortgage companies or tax servicing companies.
Electronic Billing (BillExpress™) for property taxes	There shall be no fee associated with City's use of BillExpress
Online Tax-Defaulted Property Sale Auction Website (DeedAuction)	\$150 per property advertised paid by City or a flat fee of \$5,000, whichever is greater.

	Contractor will assess auction registrants a \$35 non-refundable payment processing fee for each deposit processed. Such charges shall not exceed \$50,000 during this Agreement. Any amount in excess of \$50,000 shall require an amendment to the Agreement.
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CARMEN CHU
ASSESSOR-RECORDER

JOSE CISNEROS
TREASURER

BEN ROSENFELD
CONTROLLER



SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER
TREASURER & TAX COLLECTOR
OFFICE OF THE CONTROLLER

October 16, 2018

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Dear Ms. Calvillo:

Attached please find two proposed resolutions for the Board of Supervisors approval of the Office of the Assessor-Recorder's contracts with Sapient Corporation and Carahsoft Technology Corp and for the Treasurer & Tax Collector's contract with Grant Street Group.

These contracts will allow the Office of the Assessor-Recorder, Treasurer & Tax Collector, and Office of the Controller to implement and configure two comprehensive, fully-integrated property assessment and tax systems.

The following is a list of accompanying documents:

- o Resolution for the contracts with Sapient Corporation and Carahsoft Technology Corp
- o Copy of the agreement with Sapient Corporation
- o Copy of the agreement with Carahsoft Technology Corp
- o Resolution for the contract with Grant Street Group
- o Copy of the agreement with Grant Street Group
- o Forms SFEC-126 for the Board of Supervisors and Mayor

The remainder of this document provides an overview of the Property Assessment and Tax System Replacement Program and the corresponding contracts.

For questions any, please contact:

Rachel Cukierman
Office of the Assessor-Recorder, Deputy Director
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rachel.cukierman@sfgov.org

David Augustine
Treasurer & Tax Collector, Tax Collector
(415)554-7601
david.augustine@sfgov.org

Michelle Allersma
Office of the Controller, Budget & Analysis Division Director
(415)554-4792
michelle.allersma@sfgov.org

Sincerely,

Handwritten signature of Carmen Chu.

Carmen Chu
Assessor
Office of the Assessor-Recorder

Handwritten signature of José Cisneros.

José Cisneros
Treasurer
Treasurer & Tax Collector

Handwritten signature of Ben Rosenfield.

Ben Rosenfield
Controller
Office of the Controller

OVERVIEW OF THE PROPERTY ASSESSMENT AND TAX SYSTEM REPLACEMENT PROGRAM

Summary

These legislative items allow the City to execute contracts required to replace antiquated systems used to manage, collect, and distribute property taxes, the City's largest single revenue source. These contractors have been selected through competitive selection processes. This project has been approved as part of the City's technology plan, which has been adopted by the Mayor and Board of Supervisors. Funds required to support the project – including the cost of these contracts – have been appropriated as part of the adopted budget for fiscal year (FY) 2018-19 and FY 2019-20.

Program Overview and Objectives

The City's Office of the Assessor-Recorder (ASR), Controller (CON), and Treasurer & Tax Collector (TTX) are responsible for administering property assessment and taxation. At a high level, the area of responsibilities for each Office are:

1. ASR is responsible for carrying out property assessment related functions mandated by the State, including identifying property and ownership, assessing the value of property, approving and applying exemptions, and preparing the assessment roll.
2. CON calculates tax rates and applies them to assessed values, levies parcel taxes and other direct charges, maintains the property tax rolls, and allocates revenues to taxing entities.
3. TTX is responsible for printing and mailing out the property tax bills, collecting property tax payments and delinquent taxes, and conducting the sale of tax defaulted properties.

The Property Assessment and Tax System Replacement Program (Program) is a multi-year, multi-department effort to replace the two legacy systems that support property tax revenue operations for these three offices and to provide more effective and efficient services to City departments and the public. The objectives of the Program are to:

1. Modernize and secure the property assessment and tax systems that enable assessment and collection of approximately \$3.2 billion in annual revenues that fund our local neighborhood services and public schools;
2. Improve efficiency, accuracy, and effectiveness of City operations;
3. Support and deliver high quality and consistent customer service seamlessly across all three departments; and
4. Sunset the existing systems, since they have exceeded their useful life.

The Program is a major IT project highlighted in the City's 5-year Information and Communication Technology Plan and funded by the Committee on Information Technology.

Current Systems

Property tax revenue operations are currently supported by two legacy systems that reside in ASR and TTX. Both systems face limitations that can result in foregone property tax revenue and cause uncertainty and confusion for property owners and taxpayers. Due to aging technology, integration between the two systems requires manual processes and workarounds that can lead to error. The systems are reaching their end of life and it has become a challenge to find and retain employees who can continue to support the systems.

ASR System: The primary property assessment system used by ASR is EZ Access, which has been in place for approximately 20 years. EZ Access is a COBOL, AS400 system that functions as the system of record for ASR's property and assessment information.

ASR is facing issues with EZ Access which has led to the need for a new system. Data within the system is difficult to manipulate and lacks transparency. Limitations in the current technology have required ASR to build ancillary systems outside of EZ Access in order to access and report on ASR data. Supporting multiple systems is complex and inefficient and requires maintenance and reconciliation between systems. Furthermore, EZ Access lacks audit trails and data validation, making it difficult for ASR to identify and correct errors within the system.

TTX / CON System: The City's current central Property Tax System is CICSP and is the basis for all official property taxation and billing. CICSP is a COBOL, file-based mainframe system that has been custom developed over 50 years to meet the City's legal needs for property tax. The existing mainframe system runs on COBOL, which is no longer supported or used. It has been a challenge to find and retain employees who can continue to support this system. The City is not able to make changes to the system to adapt to changes in state and local law or in evolving ownership structures. Additionally, like the ASR System, CICSP lacks audit trails and data validation. The limited ability to update system functionality results in manual processes and slower responses to taxpayer needs.

Planning and Procurement Phase

Over the last few years, ASR, TTX and CON have been working closely together to strategize on how to replace their two systems and to ensure the departments are ready for two large system implementations. The departments kicked off a Planning Phase in FY15-16 that included the following milestones:

1. **Joint Governance:** The three departments established a Steering Committee to oversee cross-department business processes, including data sharing between the current legacy systems.
2. **Data Clean Up:** To prepare for the upcoming system replacements, the departments have been focusing on identifying and cleaning data that will be migrated to the new systems.
3. **Market Scan:** The departments hired Gartner Inc. to conduct a California property assessment and tax system market scan to better understand the vendor market and estimated costs.
4. **Business Requirements Documentation:** Part of Gartner's scope of work was to document the departments' business requirements and future business processes. This work resulted in approximately 2,500 business requirements that were attached to a subsequent Request for Proposals. Requirements included full integration of the two systems.
5. **Request for Proposals (RFPs):** The departments worked alongside each other to draft two, parallel RFPs. Both RFPs included a joint system integration plan that looked closely at the ability of the systems to integrate with one another as well as meet each department's unique business requirements. The two RFPs were issued in October 2017, and the subsequent proposals were evaluated by subject-matter-experts from across the City. As a result of the procurement process, ASR selected Sapien using a Salesforce platform and TTX/CON selected Grant Street Group.

ASR Contracts

ASR is proposing to enter into a contract with Sapien Corporation to provide system integration and maintenance services and with Carahsoft (reseller of Salesforce) to license Salesforce Software as a Service. This new Property Assessment Solution will improve the department's operations by providing a highly configurable system that can adjust to changing needs as well as allow for transparent data that will improve ASR operations.

The contract with Sapient Corporation is \$21,414,700 over 12 years and includes implementation services and ongoing support. The implementation services are deliverable based over a three year project schedule. The implementation will go-live in phases, with the final phase projected to go-live in FY21-22. Sapient will continue to provide ongoing support through the life of the contract.

The contract with Carahsoft is \$14,432,762 over 12 years and includes licenses to Salesforce Software as a Service. ASR used the City's existing Carahsoft Enterprise License Agreement terms and conditions as a boilerplate, with a few notable exceptions – the ASR contract includes an increase to the insurance requirements and an extension of the contract termination date. The contract with Carahsoft is a sole source contract approved by the Office of Contract Administration.

TTX/CON Contract

TTX and CON are proposing to enter into a contract with Grant Street Group, Inc. for approximately \$37M over 10 years, of which \$17.2M is dedicated for implementation, and \$19.5M is dedicated for ongoing license and maintenance costs. The system is a Software as a Service (SaaS)-based solution configured for the California market and compliant with state Revenue & Taxation Code (R&T) requirements. Grant Street Group is committed to an 18-month implementation plan, which is accelerated from the normal 24-month plan, in order to go live at the end of FY 19-20. Implementation will include a team of approximately 20 Grant Street Group staff working full time on the project, including data conversion and testing.

System Integration

One of the main objectives of the Property Assessment and Tax System Replacement Program is to ensure that the two systems are fully integrated once complete. In order to ensure successful integration, the Controller's Office will engage an external vendor to provide quality assurance and project management oversight on the system integration. Also, the three departments will continue to staff a cross-department Steering Committee throughout the system implementation and after deployment.

SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Grant Street Group, Inc.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
1. Contractor's Board of Directors: Myles Harrington, Daniel J Veres, Bill Haskins 2. Contractor's Chief Executive Officer, Myles Harrington, Daniel J Veres, Chief Financial Officer Bill Haskins, and Chief Operating Officer Fred Bumette: 3. Any person who has ownership of 20 percent or more in the contractor: Myles Harrington, Daniel J Veres. 4. Any subcontractor listed in the bid or contract: Two River, Corp (LBE subcontractor) 5. Any political committee sponsored or controlled by the contractor: none	
Contractor address: 339 Sixth Ave, Suite 1400 Pittsburgh, PA 15222	
Date that contract was approved:	Amount of contract: \$37,492,252.00
Describe the nature of the contract that was approved: Implement and configure property tax system	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
 a board on which the City elective officer(s) serves: San Francisco Board of Supervisors

Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Relocation Appeals Board, and Local Workforce Investment Board) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

Introduction Form

By a Member of the Board of Supervisors or the Mayor
RECEIVED
SUPERVISORS
SAN FRANCISCO

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one) 2018 OCT 23 PM 2:47

- 1. For reference to Committee. BY _____
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

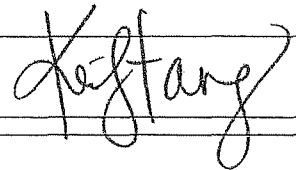
Katy Tang

Subject:

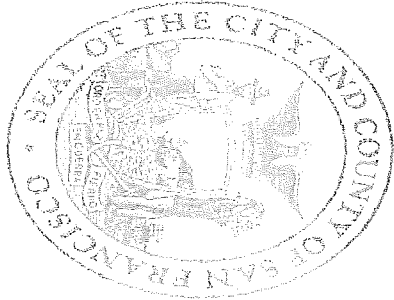
Contracts - Grant Street Group - Office of the Treasurer & Tax Collector and Office of the Controller's Property Tax System Replacement Project - Not to Exceed \$37,492,252

The text is listed below or attached:

Please see attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:



**Property Assessment and
Tax System Replacement
Program (PATs)**

**Assessor-Recorder, Treasurer & Tax
Collector, and Controller**

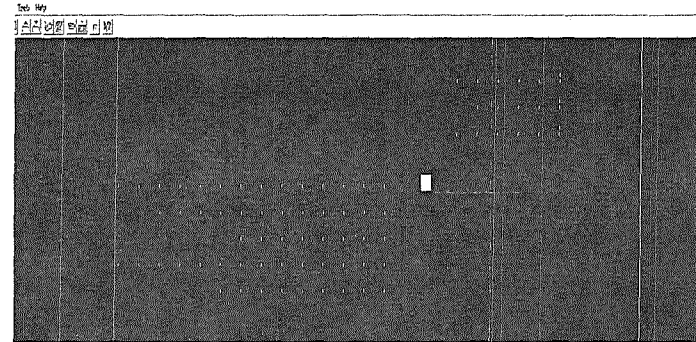
Program Summary

- Joint multi-year project between Assessor-Recorder, Treasurer & Tax Collector, and the Controller
- Current legacy systems have been around for 20+ years
- Program will modernize and secure the property assessment and tax systems that enable the assessment and collection of approximately \$3.2 billion in annual revenues
- Major IT Replacement Project approved and funded by COIT



Issues with Current Systems

- Data exchanged between systems leads to errors and manual corrections
- Manual entry and workarounds
- Limited data transparency
- Lack audit trails and data validation
- Unsupported in the near future



Planning and Procurement Phase

- Established joint governance
- Began data clean up efforts
- Conducted market scan
- Documented approximately 2,500 business requirements
- Issued parallel Request for Proposals in October 2017
- Evaluated and selected vendors



Grant Street Group Contract Summary – TTX / CON

- SaaS based solution configured for CA market with state Revenue & Taxation (R&T) requirements in place
- Agile deployment with live CCSF data used in each iteration and delivery based payments
- Complex jurisdictions using solution in FL and conducting go-live rehearsals with San Mateo County
- \$17.2M for 18-month implementation
- \$19.5M in license and maintenance costs
- Implementation will include team of approximately 20 Grant Street Group staff working full time on project, including data conversion and testing.



Sapient and Carahsoft Contract Summary - ASR

Sapient Contract

- Implementation and ongoing Maintenance Services
- Implement over 2,000 requirements
- Deliverable based payments for implementation services
- Phased implementation
- Partnered with legacy vendor
- 12-year term
- \$15 M for 3-year implementation
- \$6.4 M for ongoing maintenance

Carahsoft Contract

- Sole source contract
- Provisions match Department of Technology Carahsoft Enterprise License Agreement plus a longer term, higher insurance coverage, and inclusion of social provisions
- Hosted solution
- Salesforce Software as a Service
- 12-year term
- \$14.4 M in license and maintenance costs



How will the departments integrate the two systems?

- Evaluated and scored as part of the RFP process
- Oversight from Controller's Office on systems integration
- Implement business requirements that capture data sharing needs
- Continued joint governance process



Questions / Comments

